

**SONOMA COUNTY
JUNIOR COLLEGE DISTRICT**

SANTA ROSA, CALIFORNIA

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

YEAR ENDED JUNE 30, 2011

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

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SONOMA COUNTY JUNIOR COLLEGE DISTRICT

ORGANIZATION YEAR ENDED JUNE 30, 2011

DESCRIPTION OF DISTRICT

The Sonoma County Junior College District (the District) was established in 1918 with the founding of Santa Rosa Junior College. The District operates a campus in the City of Santa Rosa, a campus in the City of Petaluma, and classes at numerous other locations throughout the District. The District is comprised of an area of approximately 1,600 square miles. There were no changes in the boundaries of the District during the current year.

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Richard W. Call	President	2012
Jeff Kunde	Vice President	2014
Onita Pellegrini	Clerk	2014
B. Robert Burdo	Member	2014
Don Edgar	Member	2012
W. Terry Lindley	Member	2012
Don Zumwalt	Member	2014
Mark Goitom	Student Member	2012

ADMINISTRATION

Robert F. Agrella Superintendent/President
Mary Kay Rudolph Vice President of Academic Affairs/Assistant Superintendent
Doug Roberts Vice President of Business Services
Ricardo D. Navarrete Vice President of Student Services/Assistant Superintendent
Jane Saldaña-Talley Vice President, Petaluma Campus

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**Members of the Board of Trustees
Sonoma County Junior College District
Santa Rosa, California**

We have audited the accompanying financial statements of the business-type activities, discretely presented component unit and remaining fund information of the Sonoma County Junior College District (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, discretely presented component unit and remaining fund information of the Sonoma County Junior College District, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**Members of the Board of Trustees
Sonoma County Junior College District
Page 2**

The Management's Discussion and Analysis on pages 4 through 16 and the Schedule of Funding Progress for Postemployment Benefits on page 41 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is not a required part of the financial statements and is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The Schedule of State Financial Assistance and other supplemental financial information is not a required part of the financial statements and is presented for purposes of additional analysis as required by the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gilbert Associates, Inc.

**GILBERT ASSOCIATES, INC.
Sacramento, California**

November 18, 2011

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the Sonoma County Junior College District (SRJC) for the year ended June 30, 2011. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes which follow this section.

The District was required to implement the reporting standards of Governmental Accounting Standards Board Statements No. 34 and 35 during the fiscal year 2002-03. The California Community College Chancellor's Office, through its Fiscal Standards and Accountability Committee, recommended that all community college districts implement the new reporting standards under the Business Type Activity (BTA) model. To comply with the recommendation of the Chancellor's Office and to report in a manner consistent with other California Community College Districts, the District has adopted the BTA reporting model for these financial statements. Under the BTA model of financial reporting, a single entity-wide statement is required to report financial activity for all funds of the District.

Sonoma County Junior College District is a public two-year community college, which serves approximately 31,500 students. The District has two campuses, located in Santa Rosa and Petaluma, California and two centers, a Public Safety Training Center located in Windsor, California and the Robert Shone Agricultural Center located in Forestville, California. Students may choose from 96 associate degree majors and 169 certificate programs, complete courses toward the first two years of a bachelor's degree program, or pursue courses for other professional or personal reasons.

Reporting Highlights

- ☐ The annual report consists of three basic financial statements that provide information on SRJC as a whole: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. The information provided on the statements that follow includes all funds and the Bookstore, but excludes the fiduciary funds that are reported separately. The following information is provided to assist with the understanding of the financial statements and the financial position of the District. Each statement is presented in a consolidated format and will be discussed separately.
- ☐ Per GASB 39, the financial statements of the Sonoma County Junior College Foundation are also included under this cover as a discretely presented component unit as well as presented under separate cover in greater detail.
- ☐ The District maintains fiduciary funds to account for assets held by the District as an agent on behalf of others. The District's fiduciary funds are the Student Representation Fee and Associated Students, both reported as agency funds.

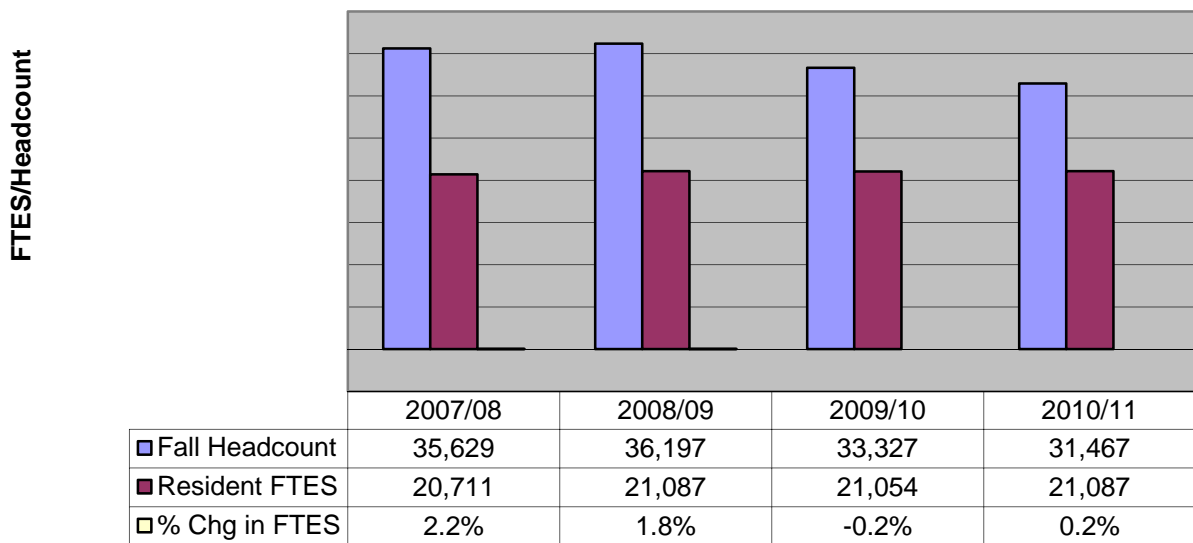
SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

Financial and Attendance Highlights

Beginning in 2005-06 and extending through 2008-09, the District experienced four successive years of increase in the number of FTES it served. The District's cumulative growth over this period was slightly over 8%. In 2009-10, the State imposed a workload reduction of 3.39% or 800 FTES on the District. The District counteracted this reduction in funding by reducing course offerings. The reduction actually achieved for 2009-10, however, was less than planned due to an increased demand for community college courses caused by the economy, unemployment, and the restrictions placed on incoming freshmen by the UC and the CSU systems. Because of this, the District served an unfunded 760 FTES in 2009-10 which were used to capture the growth funding in 2010-11.

Annual Enrollment and Headcount



Notes:

1) FTES = full-time equated students; 1 FTES = 525 lecture hours of instruction.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

- ☐ In 2010-11, during the ninth year of implementation of its \$251.7 million General Obligation Bond program (Measure A), the District completed numerous maintenance projects as well as the remodel of Bailey Hall. The District issued the 2002 General Obligation Bonds, Series A, in the amount of \$60 million on February 4, 2003 and the 2002 General Obligation Bonds, Series B, in the amount of \$105 million on October 13, 2005. The 2002 General Obligation Bonds, Series C in the amount of \$69.71 million were issued on September 17, 2007 and the 2002 General Obligation Bonds, Series D in the amount of \$16.99 million were issued on April 2, 2008. The remaining major project included in Series C is the B. Robert Burdo Culinary Arts Center. The Series D bond issue is being invested in tax free municipals to address longer term technology needs of the District. While many of the infrastructure and technology needs of the District have been met with this bond, there are still numerous upgrades, buildings, and other projects that are still necessary and will need to be addressed in future years.
- ☐ The District's cash is invested in the Sonoma County Pooled Investment Fund, administered by the County Treasurer. The interest rate (after fees) for the quarter ending June 30, 2011 was 0.567% compared to 0.9337% for the June 30, 2010 quarter.

Financial Aid

For the years ended June 30, 2011 and 2010, the following sources of student financial aid and scholarships were disbursed:

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>% Change</u>
Federal	\$ 20,420,175	\$ 16,818,741	\$ 3,601,434	21.41%
State	719,239	677,229	42,010	6.20%
Local	297,784	1,029,580	(731,796)	-71.08%
TOTAL	<u>\$ 21,437,198</u>	<u>\$ 18,525,550</u>	<u>\$ 2,911,648</u>	<u>15.72%</u>

The local funds are from the "Bridging the Doyle" campaign that the District raised funds through and put in place to provide student scholarships during the suspension of Doyle Trust distributions. The Doyle scholarship funds are derived from the Frank P. Doyle and Polly O'Meara Doyle Trust. Just over fifty percent of the annual dividends generated from the common stock in Exchange Bank are distributed to the Doyle Trust, which then distributes the funds to SRJC for scholarships to assist students attending Santa Rosa Junior College. Two scholarship programs are provided with Doyle funds: The Doyle Scholarship and the Doyle Occupational Education Award. Award amounts range from \$1,000 to \$1,600 per academic year. In 2008-09, there was a suspension of Exchange Bank stock dividends beginning with the third quarter of 2008 and dividends have not resumed. In 2010-11, a total of 427 Bridging the Doyle scholarships in the amount of \$500 were awarded to students.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

Statement of Net Assets

The Statement of Net Assets includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector organizations. Net assets – the difference between assets and liabilities – are an indicator of the financial health of a District.

	<u>2011</u>	<u>2010</u>	<u>Change</u>
ASSETS			
Current assets	\$ 67,305,881	\$ 73,625,221	\$ (6,319,340)
Non-current assets	<u>367,703,082</u>	<u>366,379,853</u>	<u>1,323,229</u>
TOTAL ASSETS	<u>\$ 435,008,963</u>	<u>\$ 440,005,074</u>	<u>\$ (4,996,111)</u>
LIABILITIES			
Current liabilities	\$ 26,240,222	\$ 23,972,864	\$ 2,267,358
Non-current liabilities	<u>219,139,166</u>	<u>227,803,921</u>	<u>(8,664,755)</u>
TOTAL LIABILITIES	<u>\$ 245,379,388</u>	<u>\$ 251,776,785</u>	<u>\$ (6,397,397)</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 128,104,008	\$ 130,542,329	\$ (2,438,321)
Restricted	49,371,020	49,903,645	(532,625)
Unrestricted	<u>12,154,547</u>	<u>7,782,315</u>	<u>4,372,232</u>
TOTAL NET ASSETS	<u>\$ 189,629,575</u>	<u>\$ 188,228,289</u>	<u>\$ 1,401,286</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 435,008,963</u>	<u>\$ 440,005,074</u>	<u>\$ (4,996,109)</u>

Current assets at June 30, 2011 consist of:

- ☐ Current cash and cash equivalents, mainly held at the county treasury, total \$22.8 million.
- ☐ Restricted cash and cash equivalents includes cash in the Bond Fund (\$7.6 million), as well as the portion of cash in the General Obligation debt service fund that is due to be paid in the next year (\$49.5 million).
- ☐ Deposits held in escrow contains cash held with trustee for major construction projects that have not been completed.
- ☐ Accounts receivable includes amounts due from State, Federal and local grants, contracts, and general apportionment earned, but not received, by year-end. Accounts receivable increased \$3.5 million over prior year, mainly due to timing in apportionment payments.
- ☐ Inventory consists primarily of Bookstore inventory of approximately \$546 thousand.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

Non-current assets are:

- ☐ Restricted cash and cash equivalents consists of tax revenues collected by the county for payment of principal and interest in future years.
- ☐ Restricted investments is the General Obligation Bond, Series D issue that is invested with BondLogistix.
- ☐ Capital assets are reported at historical cost of land, buildings, and equipment less accumulated depreciation, where applicable. The footnotes to the financial statements contain detailed information for capital assets.

Current liabilities consist of:

- ☐ Accounts payable consists mainly of amounts due to vendors (\$3.8 million) and employees (\$3.0 million). This represents an increase of \$1.3 million over prior year, due to an increase in retention accounts for construction projects (\$512 thousand) and an increase in timing of payments to vendors (\$594 thousand). Liabilities related to the Self-Insurance Fund represent \$572 thousand of the total accounts payable.
- ☐ Deferred revenue relates to federal, state and local program funds received but not yet earned as of the end of the fiscal year. Most grant funds are earned when expended (up to the grant amount awarded). Also included are deferred enrollment fees for the Summer and Fall 2011 semesters (\$783 thousand).

Non-current liabilities are:

- ☐ Noncurrent liabilities represent debt to be paid in one year or later. The major component of the non-current portion is long-term debt (\$212 million). Detailed information regarding the District's long-term debt can be found in the footnotes to the financial statements.

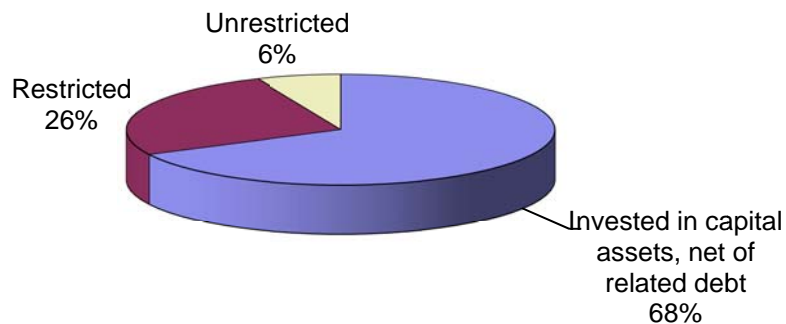
SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

Analysis of the District's Financial Position

Net assets, the difference between the District's assets and liabilities, are an indicator of the District's financial position. Net Assets are reported in three components: Invested in Capital Assets, Net of Related Debt, Restricted and Unrestricted. Invested in Capital Assets, Net of Related Debt, (\$128 million) consists of capital assets net of accumulated depreciation, less outstanding capital debt net of unspent proceeds. Restricted Net Assets include amounts legally restricted for payment of debt service (\$49.4 million). Unrestricted Net Assets (\$12.2 million) represents resources with no external restrictions, but which may be designated by the Board of Trustees for contingencies and other special purposes. Unrestricted Net Assets represents 6% of the Total Net Assets at June 30, 2011.

**Net Assets
As of June 30, 2011**



SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the operating finances of the District, as well as the non-operating revenues and expenses. State general apportionment funds, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles.

	<u>2011</u>	<u>2010</u>	<u>Change</u>
Total operating revenues	\$ 53,148,116	\$ 56,966,869	\$ (3,818,753)
Total operating expenses	<u>152,370,135</u>	<u>156,136,575</u>	<u>(3,766,440)</u>
Operating income (loss)	\$ (99,222,019)	\$ (99,169,706)	\$ (52,313)
Total non-operating revenues	\$ 85,534,896	\$ 81,464,667	\$ 4,070,229
Income (loss) before other revenues, expenses, gains or losses	\$ (13,687,123)	\$ (17,705,039)	\$ 4,017,916
Capital revenues	<u>\$ 15,088,409</u>	<u>\$ 19,759,671</u>	<u>\$ (4,671,262)</u>
Increase in net assets	\$ 1,401,286	\$ 2,054,632	\$ (653,346)
Net Assets - Beginning of year	<u>188,228,289</u>	<u>186,173,657</u>	<u>2,054,632</u>
Net Assets - End of year	<u>\$ 189,629,575</u>	<u>\$ 188,228,289</u>	<u>\$ 1,401,286</u>

Changes in operating revenues:

- ☐ Net tuition and fees decreased to \$12.8 million. Enrollment fees are set by the state legislature for all community colleges, which was \$26 per unit in 2010-11.
- ☐ Auxiliary enterprise sales and charges are primarily Bookstore sales (\$7.2 million) and Farm sales (\$426 thousand). Bookstore sales decreased by \$590 thousand from prior year, while Farm sales decreased by \$68 thousand.

Changes in non-operating revenues:

- ☐ State apportionment represents total state general revenue earned less property taxes and enrollment fees. State apportionments, non-capital, represent \$52.2 million of the non-operating revenues and property taxes are \$38.3 million. State apportionment increased by \$4.4 million from prior year and property tax revenue decreased by \$1.1 million.
- ☐ Investment income – non-capital is a gain of \$59 thousand after adjusting the cash and investments to fair market value as required by GASB 31.

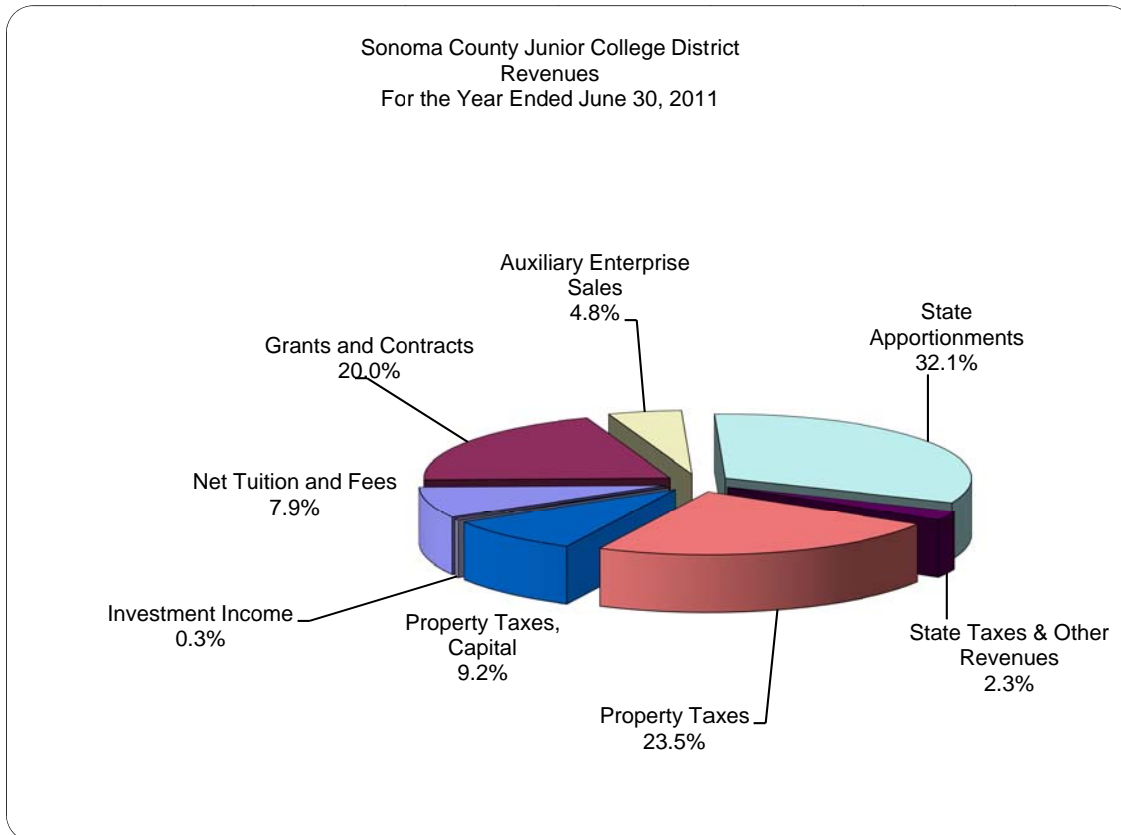
SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

Revenues

For the Year Ended June 30, 2011

Net Tuition and Fees	\$	12,852,892
Grants and Contracts		32,497,237
Auxiliary Enterprise Sales		7,797,987
State Apportionments		52,251,129
State Taxes & Other Revenues		3,663,526
Property Taxes		38,328,895
Property Taxes, Debt Service		14,943,122
Investment Income		446,824
Other Non-Operating Revenue		-
Total Revenues		<u>\$ 162,781,612</u>



SONOMA COUNTY JUNIOR COLLEGE DISTRICT

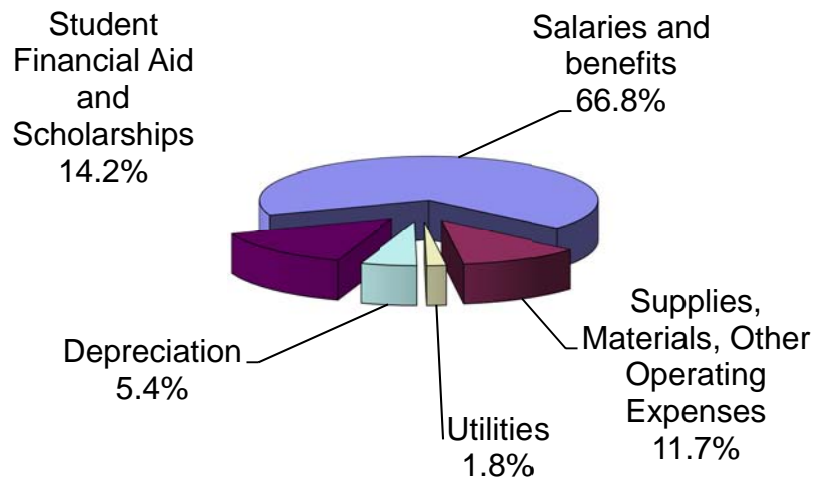
MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

Operating Expenses (By natural classification)

For the Year Ended June 30, 2011

Salaries	\$	78,699,970
Employee Benefits		23,051,229
Supplies and Materials		3,905,297
Other Operating Expenses and Services		13,928,143
Utilities		2,817,995
Depreciation		8,294,216
Student Financial Aid and Scholarships		<u>21,673,285</u>
Total Operating Expenses	\$	<u>152,370,135</u>

Sonoma County Junior College District Expenditures For the Year Ended June 30, 2011



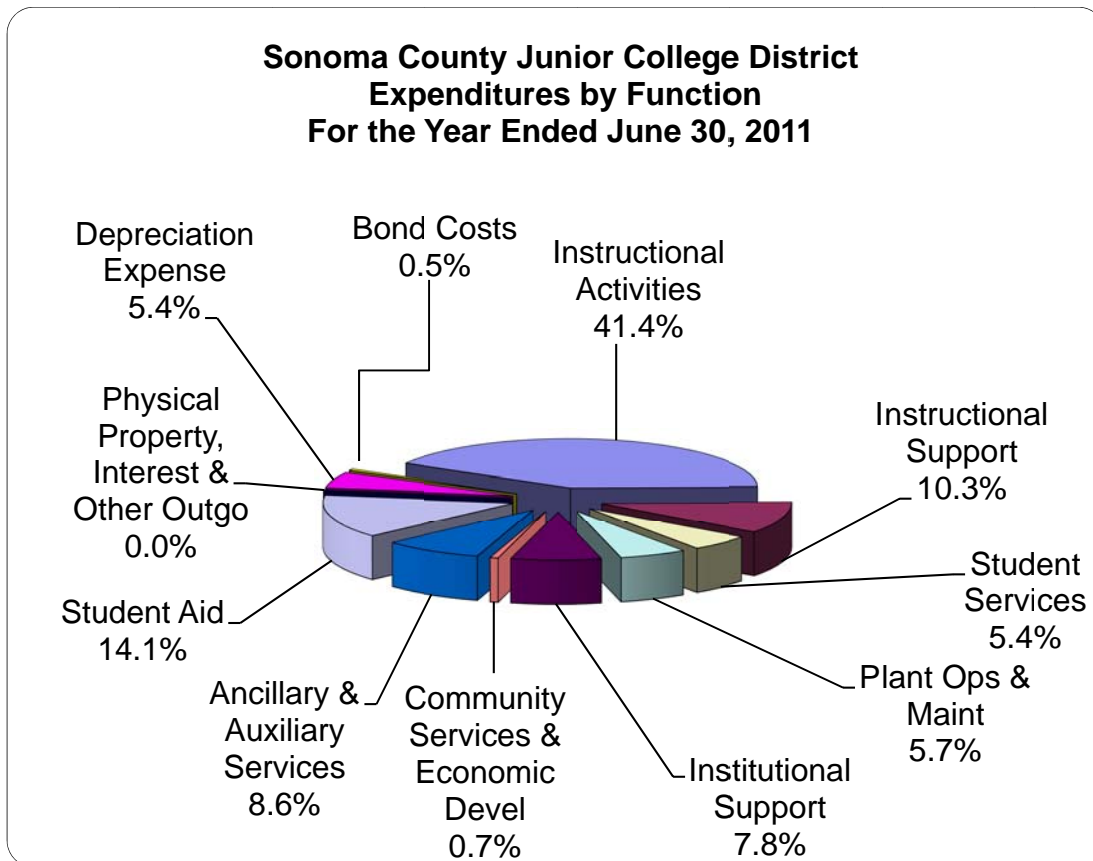
SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

Operating Expenses (by function)

For the Year Ended June 30, 2011

Instructional Activities	\$	63,133,785
Instructional Support		15,718,604
Student Services		8,212,413
Plant Operations & Maintenance		8,712,466
Institutional Support		11,865,581
Community Services & Economic Development		1,048,838
Ancillary & Auxiliary Services		13,046,878
Student Aid		21,505,181
Physical Property, Interest & Other Outgo		9,145
Depreciation Expense		8,285,082
Bond Costs		<u>832,162</u>
Total Operating Expenses	\$	<u>152,370,135</u>



SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This statement also helps interested parties assess the District's ability to generate net cash flows, its ability to meet its obligations as they come due, and the need for external financing.

	For the Years Ended June 30		
	<u>2011</u>	<u>2010</u>	<u>Change</u>
Net Cash Provided (Used) By:			
Operating activities	\$ (90,087,162)	\$ (100,417,005)	\$ 10,329,843
Non-capital financing activities	91,375,957	90,284,005	1,091,952
Capital and related financing activities	(14,271,710)	(6,982,049)	(7,289,661)
Investing activities	<u>59,195</u>	<u>81,254</u>	<u>(22,059)</u>
Net increase (decrease) in cash	(12,923,720)	(17,033,795)	4,110,075
Cash - Beginning of the fiscal year	<u>88,714,323</u>	<u>105,748,118</u>	<u>(17,033,795)</u>
Cash - End of the fiscal year	<u>\$ 75,790,603</u>	<u>\$ 88,714,323</u>	<u>\$ (12,923,720)</u>

- ☐ Net cash used for operating activities decreased by \$10.3 million from the prior year. This change was largely due to a decrease in payments to suppliers and employees.
- ☐ Net cash provided by noncapital financing activities are from state apportionments and property taxes. Cash received from state apportionments and receipts increased by \$1.1 million over prior year due mainly to timing of apportionment payments from the state, the restatement of prior year apportionment revenue and decreased property taxes.
- ☐ Capital and related financing activities include cash provided from local property taxes collected for debt service, state apportionment for capital purposes and interest on capital investments. Cash outflows relate to purchases of capital assets and principal and interest payments on capital debt. Cash inflows were comprised of changes in state apportionments for capital purchases (\$145 thousand), property taxes (\$14.9 million), and interest in capital investments (\$387 thousand). Cash outflows were comprised of changes in principal (\$4.4 million) and interest (\$12.8 million) paid on long term debt, deposits with fiscal agents (\$275 thousand), and construction or acquisition of capital assets (\$12 million).

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

Capital Assets

The District had additions of \$12 million in capital assets for the year, of which \$11.4 million were for buildings and construction costs. Major projects include the continued construction of the new B. Robert Burdo Culinary Arts Center. Capital assets are primarily acquired with General Obligation Bond proceeds while using matching state funds when available. As of June 30, 2011, the District had contracts and commitments for construction and property acquisitions totaling \$5.98 million.

The District has budgeted approximately \$12.4 million for capital projects in 2011-12. Construction plans include the continued construction the B. Robert Burdo Culinary Arts Center. Other plans include equipment for the Culinary center, renovation and modernization of classrooms and campus-wide technological upgrades.

Long-Term Debt

The District's long-term debt balance of \$219.1 million is comprised of: bonds payable, \$211.7 million; post-employment health benefits, \$3.5 million; interest payable, \$2.6 million; and compensated absences, \$1.3 million. Additional information regarding the District's long-term debt can be found in the footnotes to the financial statements.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2011

Economic Factors That May Affect the Future

- ☐ Although 2.21% growth funding was received from the State in 2010-11, the increase does not offset the drastic reductions made in 2009-10, 2010-11 or 2011-12, which are being carried forward into future years. Those cuts included a 3.39% workload reduction in 2009-10, and additional probability of mid-year reductions in 2011-12, a nearly 50% reduction to many categorical programs, some of whose expenses are federally mandated, and a third year of no Cost of Living Adjustment (COLA).
- ☐ Compounding the problem of reduced State funding have been the annual increases in the District's operations costs. These include increases in the costs of utilities, insurance, health benefits and other contractual obligations, over which the District has some control. However, there are other cost increases over which the District has no control such as the rate-increases made by the Public Employee Retirement System (PERS) which will add over \$1 million in additional annual costs by 2012-13. Similar rate-increases are expected to be assessed by the State Teachers Retirement System (STRS) as well.
- ☐ Thus far, the District has made budgetary ends meet through various cost-cutting measures, including a 15% reduction to discretionary operational costs and the implementation of "re-engineering" which includes reducing the cost of temporary employees through a better alignment of the work performed by full-time employees as well as a realignment of existing employees with higher need areas and the freezing of positions. However, the largest component of budgetary cost savings achieved by the District has been through temporary salary and benefits concessions which the District negotiated with the help of its employee groups.
- ☐ The District's 2011-12 adopted budget included a planned \$3.2 million reduction to the general fund's ending fund balance. This reduction spends down the \$2.9 million increase to fund balance from 2010-11 that resulted from the availability of growth funding from the State that was not budgeted in the 2010-11 adopted budget.
- ☐ In budgeting for 2011-12, the District proactively assumed that it would receive mid-year reductions from the State. It also incorporated into its revenue assumptions an additional property tax shortfall for the year. Given the State's precarious economic situation, the District used conservative revenue projections in the adopted budget specifically to protect itself from the potential revenue losses.
- ☐ The District issued General Obligation Bonds Series D on April 2, 2008 in the amount of \$16.99 million. This issuance has been invested with BondLogistix and has been designated to address long term technology needs of the District, although the District will be using a portion of these funds in 2011-12 to meet other Bond related needs. As the Bond funds are spent down, the District will need to start setting aside funds in order to maintain the new and existing buildings in the future.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2011

	Primary Institution	Foundation
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 22,847,707	\$ 2,036,669
Restricted Cash and Cash Equivalents	24,510,430	
Deposits Held in Escrow	424,219	
Accounts Receivable	18,053,157	18,035
Pledges Receivable		87,461
Inventory	579,591	
Prepaid Expenses	890,777	122,347
Total Current Assets	67,305,881	2,264,512
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	28,432,466	
Restricted Investments	17,582,523	27,331,470
Endowment Fund		884,307
Pledges Receivable		46,115
Charitable Remainder Trust Investments		1,626,827
Deferred Charges	2,198,358	
Capital Assets, Net	319,489,735	
Total Noncurrent Assets	367,703,082	29,888,719
TOTAL ASSETS	\$ 435,008,963	\$ 32,153,231
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 7,433,564	\$ 48,094
Deferred Revenue	3,932,143	155,718
Interest Payable	7,788,192	
Liabilities Under Charitable Remainder Trusts		59,270
Amounts Held on Behalf of Others	882,923	587,754
Long-Term Liabilities Due Within One Year:		
Compensated Absences Payable	1,698,500	
Bonds Payable	4,504,900	
Total Current Liabilities	26,240,222	850,836
Noncurrent Liabilities:		
Compensated Absences Payable	1,300,000	
Postemployment Benefits	3,501,511	
Interest Payable - Noncurrent Portion	2,621,223	
Liabilities Under Charitable Remainder Trusts - Noncurrent Portion		319,905
Bonds Payable	211,716,432	
Total Noncurrent Liabilities	219,139,166	319,905
TOTAL LIABILITIES	245,379,388	1,170,741
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	128,104,008	
Restricted for:		
Expendable:		
Capital Projects	3,059,909	
Debt Service	45,689,815	
Other Special Purposes	621,296	
Restricted by Donors		29,787,642
Unrestricted	12,154,547	1,194,848
TOTAL NET ASSETS	189,629,575	30,982,490
TOTAL LIABILITIES AND NET ASSETS	\$ 435,008,963	\$ 32,153,231

The accompanying notes are an integral part of these financial statements.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2011

	Primary Institution	Foundation
OPERATING REVENUES:		
Tuition and Fees (gross)	\$ 17,966,072	
Less: Scholarship Discounts and Allowances	(5,113,180)	
Net Tuition and Fees	12,852,892	
Grants, Contracts, and Donations, Noncapital:		
Federal	22,421,780	
State	7,804,805	
Local	2,270,652	
Contributions		2,461,887
Other		592,576
Auxiliary Enterprise Sales and Charges	7,797,987	
TOTAL OPERATING REVENUES	53,148,116	3,054,463
OPERATING EXPENSES:		
Academic Salaries	49,669,792	
Classified Salaries	29,030,178	
Employee Benefits	23,051,229	
Supplies and Materials	3,905,297	
Other Operating Expenses and Services	13,928,143	429,643
Utilities	2,817,995	
Depreciation	8,294,216	
Student Financial Aid and Scholarships	21,673,285	977,238
TOTAL OPERATING EXPENSES	152,370,135	1,406,881
OPERATING GAIN (LOSS)	(99,222,019)	1,647,582
NON-OPERATING REVENUES (EXPENSES):		
State Apportionments, Noncapital	52,105,842	
Local Property Taxes	38,328,895	
State Taxes and Other Revenues	3,663,526	
Investment Income - Noncapital	59,195	4,805,691
Investment Income - Capital	387,629	
Interest Expense on Capital Asset-Related Debt	(8,984,349)	
Other Non-Operating Expenses	(25,842)	
Other Non-Operating Transfers		(501,939)
TOTAL NON-OPERATING REVENUES (EXPENSES)	85,534,896	4,303,752
GAIN (LOSS) BEFORE CAPITAL REVENUES:	(13,687,123)	5,951,334
State Apportionments, Capital	145,287	
Local Property Taxes and Revenues, Capital	14,943,122	
INCREASE (DECREASE) IN NET ASSETS	1,401,286	5,951,334
NET ASSETS -- BEGINNING OF YEAR, AS RESTATED	188,228,289	25,031,156
NET ASSETS -- END OF YEAR	\$ 189,629,575	\$ 30,982,490

The accompanying notes are an integral part of these financial statements.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2011

	Primary Institution	Foundation
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and Fees	\$ 12,779,786	
Federal Grants and Contracts	22,452,836	
State Grants and Contracts	6,583,527	
Local Grants and Contracts	2,789,284	
Contributions		\$ 2,477,139
Payments to Suppliers	(20,315,144)	(603,170)
Payments to/on behalf of Employees	(99,752,703)	
Payments to/on behalf of Students	(21,691,112)	(977,238)
Auxiliary Enterprise Sales and Charges	7,861,893	
Other Receipts and Payments	<u>(795,529)</u>	<u>1,070,930</u>
Net Cash Provided (Used) by Operating Activities	<u>(90,087,162)</u>	<u>1,967,661</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State Apportionments and Receipts	53,047,062	
Property Taxes	38,328,895	
Other Transfers		<u>(501,939)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>91,375,957</u>	<u>(501,939)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
State Apportionments for Capital Purposes	145,287	
Purchases of Capital Assets	(12,184,110)	
Proceeds from Sales of Capital Assets	21,973	
Deposits Held in Escrow	(275,008)	
Principal Paid on Capital Debt	(4,401,700)	
Interest Paid on Capital Debt	(12,798,059)	
Purchases of Capital Investments	(8,760,943)	
Proceeds from Sale of Capital Investments	8,650,099	
Interest on Capital Investments	387,629	
Local Property Taxes and Other Revenues for Capital Purposes	<u>14,943,122</u>	
Net Cash Used by Capital and Related Financing Activities	<u>(14,271,710)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Investments		(16,339,074)
Sales and Maturities of Investments		14,300,198
Interest on Cash and Cash Equivalents	<u>59,195</u>	
Net Cash Provided (Used) by Investing Activities	<u>59,195</u>	<u>(2,038,876)</u>
NET DECREASE IN CASH AND EQUIVALENTS	(12,923,720)	(573,154)
CASH AND EQUIVALENTS -- BEGINNING OF YEAR	<u>88,714,323</u>	<u>2,609,823</u>
CASH AND EQUIVALENTS -- END OF YEAR	<u>\$ 75,790,603</u>	<u>\$ 2,036,669</u>

The accompanying notes are an integral part of these financial statements.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF CASH FLOWS (Continued) YEAR ENDED JUNE 30, 2011

Reconciliation to Statement of Net Assets:		
Cash and Equivalents	\$ 22,847,707	\$ 2,036,669
Restricted Cash and Cash Equivalents - Current	24,510,430	
Restricted Cash and Cash Equivalents - Noncurrent	<u>28,432,466</u>	
Total Cash and Cash Equivalents	<u>\$ 75,790,603</u>	<u>\$ 2,036,669</u>
 RECONCILIATION OF NET OPERATING GAIN (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Gain (Loss)	\$ (99,222,019)	\$ 1,647,582
Donated investments		(26,140)
Adjustments to Reconcile Net Income (Loss) to Net Cash Used by Operating Activities:		
Depreciation Expense	8,294,216	
Changes in Assets and Liabilities:		
Accounts Receivable	(384,605)	(12,787)
Pledges Receivable		56,701
Inventories, Prepaids, and other assets	(462,042)	(154,062)
Accounts Payable	982,413	(154,414)
Deferred Revenue	(107,269)	(2,522)
Postemployment Benefits	780,177	
Compensated Absences	31,967	
Liabilities Under Charitable Remainder Trusts		27,830
Amounts Held on Behalf of Others		<u>54,362</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (90,087,162)</u>	<u>\$ 1,436,550</u>
 NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Amortization of Deferred Amount on Refunding	\$ (153,432)	
Amortization of Premium on Long-Term Debt	2,325,075	
Amortization of Cost of Issuance of Long-Term Debt	<u>(217,527)</u>	
Net Non-Cash Investing, Capital, and Financing Activities	<u>\$ 1,954,116</u>	<u>\$</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS JUNE 30, 2011

	<u>Agency Funds</u> Associated Students and Student Representation Fees
ASSETS:	
Cash and Cash Equivalents	\$ 396,477
Accounts Receivable	<u>13</u>
TOTAL ASSETS	<u>\$ 396,490</u>
LIABILITIES:	
Due to District	\$ 4,815
Amounts Held in Trust for Others	<u>391,675</u>
TOTAL LIABILITIES	<u>\$ 396,490</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

1. ORGANIZATION AND REPORTING ENTITY

The Sonoma County Junior College District (the District) was established in 1918 with the founding of Santa Rosa Junior College. The District operates a campus in the City of Santa Rosa, a campus in the City of Petaluma, a criminal justice training center in the Town of Windsor, and classes at numerous other locations throughout the District.

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39. The District, based on its evaluation of these criteria, identified the Santa Rosa Junior College Foundation (the Foundation) as a component unit.

Discretely presented component unit – The Foundation was established as a legally separate non-profit entity to support the District and its students through fundraising activities. In addition, the Foundation develops and maintains student scholarships and trust accounts for the District students. Furthermore, the funds contributed by the Foundation to the District and its students are significant to the District's financial statements. Therefore, the District has classified the Foundation as a component unit that will be discretely presented in the District's annual financial statements. The Foundation also issues complete audited financial statements that may be obtained from the District or the Foundation.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and *Audits of State and Local Governmental Units*, issued by the American Institute of Certified Public Accountants (AICPA) and, where applicable, Financial Accounting Standards Board (FASB) Statements issued through 1989.

Basis of accounting – For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. Accordingly, the District's financial statements have been presented using economic resources measurement focus and accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when an obligation has been incurred. All significant interfund transactions have been eliminated.

The budgetary and financial accounts of the District are recorded and maintained in accordance with the Chancellor's Office of the California Community Colleges' Budget and Accounting Manual, which is consistent with generally accepted accounting principles in the United States of America.

In addition to the District's business-type activities, the District maintains fiduciary funds. These funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are accounted for using the economic resources measurement focus. The District reports the following fiduciary funds:

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

Agency Funds – This fund includes the Associated Students and the Student Representation Fee Fund. The amounts reported for student body funds represent the combined totals of all accounts for the various student body clubs and activities within the District. Individual totals, by club, are maintained within the Associated Student's accounting system. The Student Representation Fee Fund accounts for the student representation fee assessment, which is used by students for legislative advocacy.

Budgets and budgetary accounting – By state law, the District's governing board must approve a tentative budget no later than July 1st and adopt a final budget no later than September 15th of each year. A hearing must be conducted for public comments prior to adoption.

The budget is revised during the year to incorporate categorical funds which are awarded during the year and miscellaneous changes to the spending plans. Revisions to the budget are approved by the District's governing board.

Estimates used in financial reporting – In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. Funds invested in the county treasurer's investment pool are considered cash equivalents.

Restricted cash, cash equivalents and investments – Cash, cash equivalents, and investments that are externally restricted per contractual obligations are classified as current or non-current assets in the statement of net assets based on anticipated use.

Deposits held in escrow – Cash deposited in an escrow account as retention on major construction projects that has been earned but will not be released until the project is satisfactorily completed, a notice of completion is filed, and the Board of Trustees have approved the release of retention funds, is classified as deposits held in escrow in the statement of net assets.

Investments – Investments are reported at fair value on the balance sheet based on open market quotes for debt and equity securities. Unrealized gains and losses are recorded on the statement of revenues, expenses and changes in fund balances.

Accounts Receivable – Accounts receivable consist of amounts due from federal, state and local governments, or private sources, in connection with reimbursement of allowable expenses based on a contract or agreement between the District and the funding source. Additionally, accounts receivable consist of tuition and fee charges to students.

Pledges Receivable – The Foundation accounts for its pledges in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions* (GASB 33). GASB 33 establishes reporting standards for non-exchange transactions which, in the case of the Foundation, are restricted pledges to be contributed in the future. Endowed pledges are not recognized according to GASB 33.

Inventory – Inventories consist principally of textbooks and are stated at the cost method (first-in, first-out method) or market.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

Capital assets – Capital assets are those assets purchased or acquired with an original cost of \$20,000 for Buildings and Improvement of Sites, and \$5,000 for all other capital assets. These assets are reported at historical cost or estimated historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Asset Class	Years
Improvement of Sites	20
Buildings	50
Vehicles	8
Restricted Programs - Machinery	5-15
Machinery and Equipment	5-15

Deferred revenues – Deferred revenues include amounts received for tuition and fees and certain categorical program revenues received prior to the end of the fiscal year, but related to the subsequent accounting period. Deferred revenues also include amounts received from grants and contracts that have not yet been earned. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Compensated absences – Employee vacation pay is accrued at year-end for financial statement purposes based on vacation time accrued and current pay rate. The liability and expense incurred are recorded at year-end as accrued vacation payable in the statement of net assets and as a component of employee benefits. It is the District's policy to record sick leave in the period taken, since the employee's right to sick leave payment does not vest upon termination.

Non-current liabilities – Non-current liabilities include estimated amounts for accrued compensated absences, post-employment benefits, and bond repayments and related interest that will not be paid within the next fiscal year.

Net assets – The District's net assets are classified as follows:

- Invested in capital assets, net of related debt – This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component invested in capital assets, net of related debt.
- Restricted net assets – expendable – Restricted expendable net assets include resources that the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

- Unrestricted net assets – Unrestricted net assets represent resources derived from student tuition and fees, state apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose. Unrestricted net assets include amounts internally designated for District obligations.

Classification of revenues – The District has classified its revenues as either operating or non-operating revenues according to the following criteria:

- Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises; (3) most Federal, State and local grants and contracts and Federal appropriations.
- Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9, “Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting” and GASB No. 34, such as State Appropriations and investment income.

Scholarship discounts and allowances and financial aid – Student tuition and fee revenues are reported net of scholarship discounts and allowances in the statement of activities. The District offers Board of Governor’s Grants (BOG) to qualified students and these tuition waivers are reported as scholarship discounts and allowances. Grants, such as Federal, State or non-governmental programs, are recorded as operating or non-operating revenues in the District’s financial statements.

Property taxes – Secured property taxes attach as an enforceable lien on property as of January 1, and are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31. The County of Sonoma bills and collects the taxes for the District. Tax revenues are recognized by the District when received.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The District’s cash, cash equivalents, and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and cash equivalents	\$ 22,847,707
Restricted cash and cash equivalents	52,942,896
Restricted investments	17,582,523
Statement of fiduciary net assets:	
Cash and cash equivalents	<u>396,477</u>
Total cash, cash equivalents and investments	<u>\$ 93,769,603</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

The District's cash, cash equivalents, and investments as of June 30, 2011 consist of the following:

Cash and cash equivalents in Sonoma County Treasury	\$ 71,054,439
Deposits with financial institutions	4,589,263
Cash on hand	59,894
Cash equivalents and investments with fiscal agent:	
Money Market	85,702
Cash held by trustee	397,782
U.S. Municipal Securities	<u>17,582,523</u>
 Total cash, cash equivalents and investments	 <u>\$ 93,769,603</u>

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Sonoma County Treasury (the Treasury). The Treasury pools these funds with those of other districts in the county and invests the cash. The share of each fund in the pooled cash account is separately accounted for and interest earned is apportioned quarterly to funds that are legally required to receive interest based on the relationship of a fund's daily balance to the total of pooled cash and investments.

Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distributed to pool participants.

The Treasury is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. and is restricted by Government Code Section 53635, pursuant to Section 53601. The funds maintained by the Treasury are either secured by federal depository insurance or are collateralized.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

Investments Authorized by the District's Investment Policy

The table below identifies the investment types authorized for the entity by the California Government Code Section 53601. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds or Notes	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposits	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Mortgage Pass-through Securities	5 years	20%	None
Joint Power Agreements	5 years	None	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Funds (LAIF)	N/A	None	None

Investments Authorized by Debt Agreements

The District's cash, cash equivalents, and investments with fiscal agent in the amount of \$17,668,225 represents unspent proceeds of the General Obligation Bond, Series D at June 30, 2011, which are restricted for specific purposes under terms of the bonds offering.

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair values to changes in market interest rates. As of June 30, 2011, the weighted average maturity of the investments contained in the District's Treasury's investment pool is approximately 751 days. As of June 30, 2011, the District had the following investments held by trustees:

<u>Investment Type</u>	<u>Total Market Value</u>	<u>Remaining Maturity (in Years)</u>		
		<u>Less than 1 Year</u>	<u>1 to 5 Years</u>	<u>5 to 10 Years</u>
U.S. Municipal Securities	\$ 17,582,523	\$13,043,351	\$ 4,539,172	\$ 0

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County Treasury investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Investment Type	Total Market Value	Exempt From Disclosure	Rating as of Year End (Standard and Poor's)			
			AAA	AA+	AA	AA-
U.S. Municipal Securities	\$ 17,582,523		\$ 6,265,274	\$ 2,477,168	\$ 5,000,863	\$ 3,839,218
Money Market	85,702	\$ 85,702				
	\$ 17,668,225	\$ 85,702	\$ 6,265,274	\$ 2,477,168	\$ 5,000,863	\$ 3,839,218

Concentration of Credit Risk

The investment policy contains no limitations on the amount that can be invested in any one issuer. There were no investments in any one issuer (other than U.S. treasury securities and mutual funds) that represent 5% or more of the total investments balance.

Cash on Hand, in Banks, and in Revolving Fund

As of June 30, 2011, the carrying amount of the District's bank balance was \$4,435,526. Of the bank balance, \$250,000 was insured by the Federal Depository Insurance Corporation (FDIC), and \$1,339,798 was insured under the FDIC's Dodd-Frank Deposit Insurance Provision. Cash on hand of \$59,894 is not insured. District deposits held with financial institutions in excess of FDIC limits were \$2,845,798. Of the total bank balance, \$4,176,237 is held by the primary institution and \$259,289 is held by fiduciary funds.

Restricted Cash, Cash Equivalents, and Investments

The District's restricted cash, cash equivalents, and investments are \$70,525,419 at June 30, 2011. Included in this restricted balance is \$25,258,714 for the 2005 Series B General Obligation Bond, 2007 Series C General Obligation Bond, and 2008 Series D General Obligation Bond unspent proceeds and the 1972 Series B bond sinking fund required minimum balance and \$45,266,705 for the assessments collected by the County Treasurer's Office on behalf of the District for the repayment of the General Obligation Bonds.

Derivative Investments

The District did not directly enter into any derivative investments. Information regarding the amount invested in derivatives by the County Treasury was not available.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2011:

Federal Grants and Contracts	\$ 646,940
State Grants and Contracts	2,513,350
Local Grants and Contracts	209,483
State Apportionment-Non-Capital	12,886,835
Auxiliaries	42,671
Tuition and Fees	1,099,683
Other	<u>654,195</u>
Totals	<u>\$ 18,053,157</u>

5. FUNCTIONAL EXPENSES

For the year ended June 30, 2011, operating expenses are charged by function as follows:

<u>Function</u>	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Supplies, Materials & Other Operating Expenses & Services</u>	<u>Other Outgo</u>	<u>Depreciation</u>	<u>Foundation</u>	<u>Totals</u>
Instructional							
Activities	\$ 46,078,464	\$ 12,788,210	\$ 4,218,041	\$ 49,070			\$ 63,133,785
Instructional Support	11,254,259	3,503,075	961,270				15,718,604
Student Services	5,632,202	1,795,274	650,158	134,779			8,212,413
Plant Operations & Maintenance	3,612,567	1,660,010	3,439,889				8,712,466
Institutional Support	6,770,324	1,588,464	3,506,793			\$ 1,406,881	13,272,462
Community Services & Economic Development	601,858	126,286	316,089	4,605			1,048,838
Ancillary & Auxiliary Services	4,684,826	1,569,762	6,783,156		\$ 9,134		13,046,878
Student Aid			20,350	21,484,831			21,505,181
Physical Property, Interest, & Other Outgo			9,145				9,145
Depreciation Expense					8,285,082		8,285,082
Bond Cost	<u>65,470</u>	<u>20,148</u>	<u>746,544</u>				<u>832,162</u>
Totals	<u>\$ 78,699,970</u>	<u>\$ 23,051,229</u>	<u>\$ 20,651,435</u>	<u>\$ 21,673,285</u>	<u>\$ 8,294,216</u>	<u>\$ 1,406,881</u>	<u>\$ 153,777,016</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Additions	Decreases/ Reclassific- ations	Balance June 30, 2011
Capital Assets, Not Depreciated:				
Land	\$ 11,966,606			\$ 11,966,606
Construction in Progress	4,990,232	\$ 9,946,146		14,936,378
Total Capital Assets, Not Depreciated	16,956,838	9,946,146		26,902,984
Capital assets, Depreciated:				
Buildings	331,000,589	1,490,779		332,491,368
Improvement of Sites	9,832,020	243,502		10,075,522
Vehicles	3,478,659	190,000	\$ 653,222	3,015,437
Machinery and Equipment	13,449,659	313,682	1,732,659	12,030,682
Total Capital Assets, Depreciated	357,760,927	2,237,963	2,385,881	357,613,009
Less Accumulated Depreciation for:				
Buildings	38,597,662	7,328,885		45,926,547
Improvement of Sites	8,168,016	147,436		8,315,452
Vehicles	2,768,647	200,797	654,154	2,315,290
Machinery and Equipment	9,535,783	617,098	1,683,912	8,468,969
Total Accumulated Depreciation	59,070,108	8,294,216	2,338,066	65,026,258
Total Capital Assets, Depreciated, Net	298,690,819	(6,056,253)	47,815	292,586,751
Capital Assets, Net	\$ 315,647,657	\$ 3,889,893	\$ 47,815	\$ 319,489,735

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

7. LONG-TERM LIABILITIES

General Obligation Bonds

In September 2005, the District issued General Obligation Bonds, Series B, in the amount of \$105,000,000, with an interest rate of 5.00%.

The General Obligation Bonds, Series B mature as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012		\$ 5,197,000	\$ 5,197,000
2013		5,197,000	5,197,000
2014		5,197,000	5,197,000
2015		5,197,000	5,197,000
2016		5,197,000	5,197,000
2017-2021		25,985,000	25,985,000
2022-2026	\$ 31,325,000	24,437,875	55,762,875
2027-2030	<u>72,615,000</u>	<u>7,483,125</u>	<u>80,098,125</u>
Subtotal	103,940,000	83,891,000	187,831,000
Plus: Unamortized Premium	<u>4,479,657</u>		<u>4,479,657</u>
Totals	<u>\$ 108,419,657</u>	<u>\$ 83,891,000</u>	<u>\$ 192,310,657</u>

In September 2005, the District issued General Obligation Bonds, Refunding Bonds, in the amount of \$36,526,697. The General Obligation Bond issue included \$4,000,000 of current interest bonds, with an interest rate of 3.00%, and \$32,526,697 of capital appreciation bonds with an interest rate of 12.00%. The debt was issued to provide resources to purchase U.S. Government State and Local Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$60,556,353 of General Obligation Bonds, Series A. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets.

The General Obligation Refunding Bonds mature as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 3,949,900	\$ 3,815,100	\$ 7,765,000
2013	3,637,686	4,397,314	8,035,000
2014	<u>3,352,727</u>	<u>4,964,720</u>	<u>8,317,447</u>
Subtotal	10,940,313	13,177,134	24,117,447
Plus: Unamortized Premium	3,858,292		3,858,292
Less: Unamortized Deferred Amount on Refunding	<u>(345,223)</u>		<u>(345,223)</u>
Totals	<u>\$ 14,453,382</u>	<u>\$ 13,177,134</u>	<u>\$ 27,630,516</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

In September 2007, the District issued General Obligation Bonds, Series C, in the amount of \$69,710,000, with interest rates of 4.00% and 5.00%.

The General Obligation Bonds, Series C mature as follows:

Year Ending June 30,	Principal	Interest	Total
2012		\$ 3,449,350	\$ 3,449,350
2013		3,449,350	3,449,350
2014		3,449,350	3,449,350
2015		3,449,350	3,449,350
2016		3,449,350	3,449,350
2017-2021	\$ 30,360,000	14,860,275	45,220,275
2022-2024	39,350,000	3,106,250	42,456,250
Subtotal	69,710,000	35,213,275	104,923,275
Plus: Unamortized Premium	3,110,051		3,110,051
Totals	<u>\$ 72,820,051</u>	<u>\$ 35,213,275</u>	<u>\$ 108,033,326</u>

In April 2008, the District issued General Obligation Bonds, Series D, in the amount of \$16,990,000, with interest rates of 4.00% and 5.00%.

The General Obligation Bonds, Series D mature as follows:

Year Ending June 30,	Principal	Interest	Total
2012		\$ 811,700	\$ 811,700
2013		811,700	811,700
2014		811,700	811,700
2015	\$ 3,780,000	736,100	4,516,100
2016	4,655,000	544,125	5,199,125
2017-2018	8,555,000	362,375	8,917,375
Subtotal	16,990,000	4,077,700	21,067,700
Plus: Unamortized Premium	1,008,242		1,008,242
Totals	<u>\$ 17,998,242</u>	<u>\$ 4,077,700</u>	<u>\$ 22,075,942</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

Revenue Bonds

The District's revenue bond indebtedness at June 30, 2011 consisted of the following:

	Amount of Original Issue	Outstanding July 1, 2010	Current Year Payments	Current Year Additions	Outstanding June 30, 2011
Revenue Bonds, 1972 Series B – Accumulated in a sinking fund in annual installments ranging from \$10,000 to \$30,000, plus interest at a rate of 7%, final maturity in 2012.	\$ 500,000	\$ 435,000			\$ 435,000
Lease Revenue Bonds, 1998 Series A – Payable in annual installments ranging from \$75,000 to \$210,000, plus interest at rates ranging from 3.6% to 4.625%, final maturity in 2023.	<u>3,215,000</u>	<u>2,210,000</u>	<u>\$ 115,000</u>		<u>2,095,000</u>
Totals	<u>\$ 3,715,000</u>	<u>\$ 2,645,000</u>	<u>\$ 115,000</u>	<u>\$</u>	<u>\$ 2,530,000</u>

Future payments relating to revenue bonds payable were as follows at June 30, 2011:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 555,000	\$ 94,012	\$ 649,012
2013	125,000	88,438	213,438
2014	135,000	82,441	217,441
2015	140,000	76,081	216,081
2016	145,000	69,491	214,491
2017-2021	830,000	238,187	1,068,187
2022-2024	<u>600,000</u>	<u>42,550</u>	<u>642,550</u>
Subtotal	2,530,000	691,200	3,221,200
Plus: Sinking Fund Balance	<u>423,110</u>		<u>423,110</u>
Totals	<u>\$ 2,953,110</u>	<u>\$ 691,200</u>	<u>\$ 3,644,310</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

Changes In Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 220,149,676		\$ 6,458,344	\$ 213,691,332	\$ 3,949,900
Revenue Bonds	2,645,000		115,000	2,530,000	555,000
Other Postemployment Benefits (Note 10)	2,721,334	\$ 1,959,622	1,179,445	3,501,511	
Compensated Absences	2,966,533	31,967		2,998,500	1,698,500
Total	\$ 228,482,543	\$ 1,991,589	\$ 7,752,789	\$ 222,721,343	\$ 6,203,400

8. SELF INSURANCE AND JOINT VENTURES (Joint Powers Agreements)

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and students; natural disasters; and providing dental benefits to employees. The District is partially self-insured for its general liability and property coverage, and is 100% self-insured for dental benefit coverage. The District has chosen to establish a risk financing internal service fund where assets are set aside for claim settlements associated with the above risks of loss up to certain limits.

The District participates in three joint ventures under joint powers agreements (JPAs), the Statewide Association of Community Colleges (SWACC), Schools Association for Excess Risk (SAFER) and the Protected Insurance Program for Schools (PIPS). The relationship between the District and each JPA is such that no JPA is a component unit of the District for financial reporting purposes.

Each JPA is governed by a board consisting of a representative from each member organization. The boards control the operations of the JPAs, including selection of management and approval of operating budgets independent of any influence by the members beyond their representation on the governing boards. SWACC provides property and liability insurance for its members. PIPS arranges for and provides workers' compensation insurance for its members. SAFER provides services for the establishment, operation, and maintenance of a self-funded excess property and liability fund for California schools and community college districts. The members of each JPA pay premiums commensurate with the level of coverage requested, and they share surpluses and deficits proportionate to their participation in the JPAs.

The JPAs are independently accountable for their fiscal matters. The insurance groups maintain their own accounting records. Budgets are not subject to any approval other than that of the JPAs' governing boards. Complete separate financial statements for the JPA may be obtained from:

JPA	Address
SWACC	180 Grand Avenue, Suite 1380, Oakland, CA 94612
PIPS	2355 Crenshaw Blvd., Suite 200; Torrance, CA 90501
SAFER	2355 Crenshaw Blvd., Suite 200; Torrance, CA 90501

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

Self-insurance and other limits are as follows:

<u>Type of Coverage</u>	<u>Self-Insurance</u>	<u>SWACC</u>	<u>PIPS</u>	<u>SAFER</u>
General Liability	Up to \$50,000	\$50,000 - \$1,000,000	N/A	\$1,000,000- \$25,000,000
Property	Up to \$10,000	\$10,000 - \$5,250,000	N/A	\$5,250,000- \$250,000,000
Workers' Compensation	N/A	N/A	To Statutory Limits	N/A
Dental Benefits	100% Self-Insured	N/A	N/A	N/A

All property is insured at full replacement value. For the past seven years, there have been no significant reductions in any of the District's insurance coverage types and no settlement amounts have exceeded commercial or authority insurance coverage.

Annual premiums are charged by each JPA using various allocation methods that include actual costs, trends in claims experience, and number of participants.

Condensed financial information reported by each JPA for the years indicated are as follows (not covered by independent auditor's report):

	<u>SWACC Property / Liability June 30, 2010</u>	<u>SAFER Property / Liability June 30, 2010</u>	<u>PIPS Workers' compensation June 30, 2010</u>
Total Assets	\$ 46,019,292	\$ 147,570	\$ 117,734,937
Total Liabilities	21,417,925	6,200	69,742,511
Net Assets	<u>24,601,367</u>	<u>141,370</u>	<u>47,992,426</u>
Total Liabilities and Net Assets	\$ 46,019,292	\$ 147,570	\$ 117,734,937
Total Revenues	\$ 11,118,079	\$ 39,295,919	\$ 5,305,101
Total Expenses	<u>12,547,315</u>	<u>39,284,942</u>	<u>596,363</u>
Net Increase (Decrease) in Net Assets	<u>\$ (1,429,236)</u>	<u>\$ 10,977</u>	<u>\$ 4,708,738</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

9. COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

Litigation

The District is a defendant in various lawsuits. However, based on consultation with legal counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

Construction Commitments

The District has construction contracts and property acquisition commitments of approximately \$5,981,489 at June 30, 2011. General Obligation Bonds have been approved for such construction commitments.

Sick Leave

Employees do not gain a vested right to accumulated sick leave, however they are entitled to service credit for the calculation of their retirement benefits. The District tracks the sick leave balance for each employee and reports it to PERS or STRS at retirement to determine the service credit.

10. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

CalPERS Plan Description

The District contributes to the School Employer Pool under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

CalPERS Funding Policy

Active plan members are required to contribute 7% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2010-11 was 10.707% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2011, 2010, and 2009 were \$2,853,426, \$2,577,959, and \$2,698,277, respectively, and equal 100% of the required contributions for each year.

CalSTRS Plan Description

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 100 Waterfront Place, West Sacramento, California 95605.

CalSTRS Funding Policy

Active plan members are required to contribute 8% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2010-11 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2011, 2010, and 2009, were \$3,002,239, \$3,162,996, and \$3,258,389, respectively, and equal 100% of the required contributions for each year.

Other Information

Under CalSTRS law, certain early retirement incentives require the employer to pay the present value of the additional benefit, which may be paid on either a current or deferred basis. The District has no obligations to CalSTRS for early retirement incentives granted to terminated employees.

Two alternative retirement plans are offered to part-time employees. First, in addition to the CalSTRS plan previously described, effective January 1, 1998, the District offered its part-time employees participation in a Cash Balance Retirement Plan (the Plan) for employees of California's public schools, sponsored by CalSTRS. Eligibility is determined by CalSTRS and retirement benefits are based on an amount equal to the balance of the participant's account, including interest earned on contributions. Participants in the Plan have an immediate vested right to their benefits and no annual maintenance fees are allocated to the Plan.

The Plan requires contributions from the eligible members and from the District. Currently, the faculty members' and the District's required contributions are each 4% of gross salary. During the fiscal year ended June 30, 2011, employees and the District each contributed \$311,513 to the Plan.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

The second plan is a 403(b) plan administered by Fidelity Investments. The IRS recognizes a 403(b) investment plan as a qualified pension plan that employers may offer in lieu of Social Security to employees not covered by CalSTRS or CalPERS. This alternative retirement system has been in effect since January 1, 1992, and is an employee-directed defined contribution plan. Currently, both the members and the District contribute 3.75% of gross salary. Participants contributing to a 403(b) plan have an immediate vested right to their benefits. During the fiscal year ended June 30, 2011, employees and the District each contributed \$148,010 to the 403(b) plan.

OTHER POSTEMPLOYMENT BENEFIT PLAN

Under the terms of certain District employee agreements and Board adopted policies, the District maintains a single-employer plan to provide \$84-\$136.50 per month for specified group health insurance for the life of eligible retiring employees and their surviving spouses. Benefit provisions and obligations to contribute for non-management employees are established and may be amended through employee union negotiations. Benefit provisions and obligations to contribute for management employees are established and may be amended by the District's Board of Trustees. At June 30, 2011, there were 326 retirees receiving health care benefits. The retiree must be age 55 or greater at retirement with at least 15 years of service. For classified retirees, the total of age plus years of service must be at least 80 years.

As of June 30, 2011, the District had not established an irrevocable trust or designated a trustee for the payment of plan benefits. As such, there is no separately issued report of the plan.

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. During the year ended June 30, 2011, expenditures of \$1,959,622 were recognized for the OPEB expense. The 2010-11 contributions consist of \$1,179,445 of postemployment benefits for current retirees on a pay-as-you-go basis.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimations are made about the future. Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point, and, if applicable, the disclosure that the projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation. The schedule of funding progress included in the required supplementary information presents information regarding whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar over a rolling 30 years
Remaining amortization period at June 30, 2011	27
Interest rate assumption	5% Single Weighted Average
Health inflation assumption	4-8%
Projected payroll increase	0%
Annual required contribution	\$ 2,000,582
Interest on net OPEB obligation	136,067
Adjustment to annual required contribution	<u>(177,027)</u>
Annual OPEB expense	1,959,622
Contributions made	<u>(1,179,445)</u>
Increase in OPEB obligation	780,177
Net OPEB obligation at July 1, 2010	<u>2,721,334</u>
Net OPEB obligation at June 30, 2011	<u>\$ 3,501,511</u>

The District's annual OBEB cost, the percentage of annual OPEB cost contributed to the plan and the net obligation for the years ended June 30, 2011, 2010, and 2009 is as follows:

<u>Fiscal year ended</u>	<u>Annual OBEB expense</u>	<u>% of annual OPEB expense contributed</u>	<u>Net OPEB obligation</u>
6/30/09	\$ 2,427,800	43.02%	\$ 1,383,261
6/30/10	\$ 2,427,800	44.89%	\$ 2,721,334
6/30/11	\$ 1,959,622	60.19%	\$ 3,501,511

The District's funding status for other postemployment benefits as of the most recent valuation date, July 1, 2010, is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ([b - a] / c)</u>
7/1/10	\$ 0	\$ 18,095,593	\$ 18,095,593	0%	\$ 53,387,655	34%

11. ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA

The District was the recipient of on-behalf payments made by the State of California to STRS. These payments consisted of state general fund contributions to STRS in the amount of \$1,548,322 (4.267% of salaries subject to STRS).

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

12. RESTATEMENT OF NET ASSETS

During the year ended June 30, 2011, the District made a correction to its recognition of internally designated prior year apportionment revenue and redevelopment tax revenues. As a result of this correction, beginning net assets as of July 1, 2010 were increased and accounts payable decreased by \$3,505,383.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS YEAR ENDED JUNE 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
6/30/09	\$ 0	\$ 23,240,100	\$ 23,240,100	0%	\$ 56,700,000	41%
7/1/10	\$ 0	\$ 18,095,593	\$ 18,095,593	0%	\$ 53,387,655	34%

SUPPLEMENTARY INFORMATION SECTION

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Program Expenditures
U.S. Department of Education:			
Student Financial Assistance Programs Cluster:			
Pell Grant Program	84.063	N/A	\$ 15,242,513
Supplemental Educational Opportunity Grant Program	84.007	N/A	158,008
Federal Work-Study Program	84.033	N/A	378,177
Academic Competitive Grant	84.375	N/A	146,761
Federal Family Education Loan Program	84.032	N/A	<u>4,349,543</u>
Subtotal Student Financial Assistance Programs Cluster			<u>20,275,002</u>
Passed Through California Community Colleges Chancellor's Office (CCCCO):			
Title II-C	84.048	04-C01-061	595,705
ARRA - State Fiscal Stabilization Fund	84.394	S394A090005	62,469
Technical Preparation Education	84.243	04-139-069	<u>69,708</u>
Passed Through California Department of Education:			
Adult Education (English Literacy/Civics Education Grant)	84.002A	14109	56,996
Adult Education (English As a Second Language)	84.002A	14508	<u>148,483</u>
Subtotal Adult Education and Family Literacy Act			<u>205,479</u>
Passed Through California Department of Rehabilitation:			
ARRA - Vocational Rehabilitation (Workability)	84.390A	27468A	11,695
College to Career	84.126A	28109	185,346
Vocational Rehabilitation (Workability III)	84.126	24626	<u>132,969</u>
Subtotal Vocational Rehabilitation Cluster			<u>330,010</u>
Total U.S. Department of Education			<u>21,538,373</u>
U.S. Department of Health and Human Services:			
Passed Through CCCC0:			
Temporary Assistance to Needy Families (TANF)	93.558	N/A	107,742
Passed Through County of Sonoma:			
Temporary Assistance to Needy Families (SonomaWorks)	93.558	17-0405-1SW	<u>199,319</u>
Subtotal TANF State Programs			307,061
Medical Administrative Activities	93.778	04-35070	125,891
Passed Through California Department of Education:			
Child Development - Resource Program	93.575	CCAP-7469	<u>892</u>
Total U.S. Department of Health and Human Services			<u>433,844</u>
U.S. Department of Labor			
Passed Through County of Marin Health & Human Services Department:			
ARRA - Workforce Investment Act	17.260		<u>16,219</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Program Expenditures</u>
U.S. National Science Foundation:			
Education and Human Resources	47.076	DUE-9952831	<u>20,831</u>
Small Business Administration:			
Passed Through Humboldt State University Sponsored Programs Foundation:			
Small Business Development Center	59.037	C02-0057	<u>196,220</u>
U.S. Department of Agriculture:			
Passed Through California Department of Education:			
USDA - Agriculture Marketing Service	10.168	12-25-G-1135	16,083
Child and Adult Care Food Program	10.558	1800-1A	51,982
Passed Through County of Sonoma:			
Healthy Food Outlet (Rural Business Enterprise Grant)	10.769		<u>984</u>
Total U.S. Department of Agriculture			<u>69,049</u>
U.S. Department of Commerce			
Passed Through The Foundation for California Community Colleges:			
ARRA - California Connects Program	11.557	06-43-B10541	<u>2,071</u>
U.S. Corporation of National and Community Service			
National Service Trust Grant	94.006	N/A	<u>228,357</u>
Total Expenditures of Federal Awards			<u>\$ 22,504,964</u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE YEAR ENDED JUNE 30, 2011

Program Title	Entitlements		Program Revenues			Program Expenditures
	Current Year	Deferred Revenue and Cash Received	Accounts Receivable	Deferred/ Payables	Total	
Apprenticeship	\$ 83,151	\$ 76,498	\$ 6,653		\$ 83,151	\$ 83,151
Articulation Re-appropriation		2,183		\$ 315	1,868	1,868
Basic Skills 08/09		193,834			193,834	193,834
Basic Skills 09/10		190,489		170,073	20,416	20,416
Basic Skills 10/11	161,357	148,448	12,909	161,357		
Block Grant 00/01		709,225		709,225		
CA AB1632	76,446		76,446		76,446	76,446
CalWorks	341,230	312,869	16,010		328,879	328,879
Child Development	564,277	552,655		8,721	543,934	543,934
Child Development Consortium	15,000	15,000		456	14,544	14,544
Child Development Resource Program	3,147	764	2,383		3,147	3,147
Cooperative Agency Resource Education	44,171	40,637	3,534		44,171	44,171
CTE Core	132,000		7,250		7,250	7,250
CTE Green Water	96,407	65,684	19,926		85,610	85,610
CTE Napa Valley	32,714	19,551	13,163		32,714	32,714
Disabled Student Program & Services	2,010,673	1,846,284	164,389		2,010,673	2,010,673
DSPS carryover		10,259			10,259	10,259
Early Assessment Program	3,000	3,000		800	2,200	2,200
Early Assessment Program	40,000		22,641		22,641	22,641
Economic Development	20,000		5,104		5,104	5,104
Employment Training Panel	265,008		24,424	83	24,341	24,341
Employment Training Panel / Contract Education	106,561	34,007			34,007	34,007
Enrollment Growth	260,687	218,977	41,710	129,622	131,065	131,065
Enrollment Growth Carryover 09	55,379	21,018	55,379		76,397	76,397
Extended Opportunity Program and Services	447,261	411,480	35,781		447,261	447,261
Faculty and Staff Diversity	9,296	12,099	744	2,012	10,831	10,831
Financial Aid Administration	582,285	533,402	48,883	61,338	520,947	520,947
Financial Aid Administration Carryover		60,349			60,349	60,349
Foster Parent Training Program	181,199	110,195	71,004		181,199	181,199
Healthcare Workforce Dev IDR	275,862	275,862		72,191	203,671	203,671
Hope Grant Extension	72,232		72,232		72,232	72,232
Instructional Equip 06/07 (1x)		34,819			34,819	34,819
Instructional Equip 07/08		223,193		223,193		
Instructional Equip 08/09		202,811		36,175	166,636	166,636
Instructional Equip 08/09 (1x)		170,747		170,747		
Matriculation (Credit)	646,753	595,013	51,740		646,753	646,753
Matriculation (Non-Credit)	169,260	155,719	13,541		169,260	169,260
MESA	50,500	37,875	12,625		50,500	50,500
MESA CTE	9,000	2,048	9,000		11,048	11,048
MESA Day	20,000	20,000		2,979	17,021	17,021
MESA Schools Pilot Program	80,000	80,000			80,000	80,000
MESA Schools Rollover		396			396	396
MHSA-PEI	150,000	60,798	24,325		85,123	85,123
POST Pre-employment	46,000	5,847	920		6,767	6,767
Program for Infant/Toddler Caregivers	35,000	29,322	5,678		35,000	35,000
Scheduled Maintenance		40,563			40,563	40,563
Scheduled Maintenance 06/07		497,451		392,727	104,724	104,724
Scheduled Maintenance 07/08		121,488		121,488		
Scheduled Maintenance 08/09		221,139		221,139		
Telecommunications and Technology		33,379			33,379	33,379
Transfer Center and Articulation		2,555		2,555		
Workforce Innovation Partnership	150,000		73,996		73,996	73,996
YESS-ILP	22,500	10,953	11,547		22,500	22,500
Total	<u>\$ 7,258,356</u>	<u>\$ 8,410,885</u>	<u>\$ 903,937</u>	<u>\$ 2,487,196</u>	<u>\$ 6,827,626</u>	<u>\$ 6,827,626</u>

See the accompanying notes to supplemental information.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF STATE GENERAL APPORTIONMENT ATTENDANCE YEAR ENDED JUNE 30, 2011

STATE GENERAL APPORTIONMENT

<u>Categories</u>	<u>Full-Time Equivalent Students</u>
Summer Intersession:	
Noncredit	604.43
Credit	1,624.74
Census Procedure Courses:	
Weekly Census Contact Hours	13,732.84
Daily Census Contact Hours	965.09
Actual Hours of Attendance Courses:	
Noncredit	2,444.58
Credit	613.99
Alternative Attendance Accounting Procedure:	
Weekly Census Procedure Courses	855.50
Daily Census Procedure Courses	243.02
Noncredit Independent Study	<u>3.05</u>
Total Full-Time Equivalent Students	<u>21,087.24</u>

Supplemental Information

In-service Training Courses	324.22
Basic Skills courses and Immigrant Education	
Noncredit	580.67
Credit	619.16

Note: There were no adjustments between the reported FTES on Form CCFS-320 and the audited FTES.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
(CCFS-311) WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>
June 30, 2011 Annual Financial and Budget Report (Form CCFS-311) Fund Balance	\$ 12,112,132
Adjustments and Reclassifications increasing fund balance:	
Adjustment to recognize apportionment revenue from prior periods that had been deferred when designated for the future payoff of lease revenue bonds	<u>2,171,305</u>
June 30, 2011 Audited Financial Statements Fund Balance	<u><u>\$ 14,283,437</u></u>

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2011

1. PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The audit of the District for the year ended June 30, 2011, was conducted in accordance with OMB Circular A-133, which requires disclosure of the financial activities of all federally funded programs. To comply with OMB Circular A-133, the Schedule of Expenditures of Federal Awards was prepared by the District.

- General – The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the District. The District reporting entity is defined in Note 1 to the District's basic financial statements.
- Basis of Accounting – The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 2 to the District's basic financial statements.

Schedule of State Financial Assistance

The California Community Colleges Chancellor's Office requires disclosure of the financial activities of all state funded programs. To comply with this requirement, the Schedule of State Financial Assistance is presented.

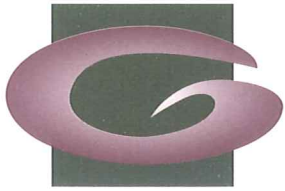
Schedule of State General Apportionment Attendance

The Schedule of State General Apportionment Attendance represents the basis of apportionment for the District's annual source of funding.

Reconciliation of Annual Financial and Budget Report (Form CCFS 311) With Audited Financial Statements

This schedule provides the information necessary to reconcile the net asset balances of all funds as reported on the Form CCFS-311 to the audited financial statements.

OTHER INDEPENDENT AUDITOR'S REPORTS



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

**Members of the Board of Trustees
Sonoma County Junior College District
Santa Rosa, California**

We have audited the financial statements of the Sonoma County Junior College District (the District) as of and for the year ended June 30, 2011, and have issued our report thereon dated November 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

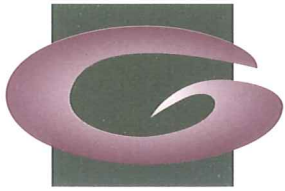
**Members of the Board of Trustees
Sonoma County Junior College District
Page 2**

This report is intended solely for the information and use of the Board of Trustees, District management, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gilbert Associates, Inc.

**GILBERT ASSOCIATES, INC.
Sacramento, California**

November 18, 2011



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

Independent Auditor's Report

**Members of the Board of Trustees
Sonoma County Junior College District
Santa Rosa, California**

Compliance

We have audited Sonoma County Junior College District's (the District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control

**Members of the Board of Trustees
Sonoma County Junior College District
Page 2**

over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

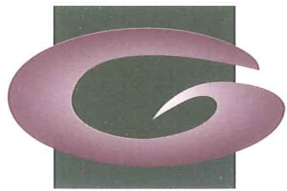
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, District management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gilbert Associates, Inc.

**GILBERT ASSOCIATES, INC.
Sacramento, California**

November 18, 2011



REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS IN ACCORDANCE WITH THE CONTRACTED DISTRICT AUDIT MANUAL

Independent Auditor's Report

**Members of the Board of Trustees
Sonoma County Junior College District
Santa Rosa, California**

We have audited the Sonoma County Junior College District's (the District) compliance with the types of compliance requirements described in Section 400, State Compliance Requirements, of the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office identified in the schedule below for the year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Section 400, State Compliance Requirements, of the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a material effect on the programs identified in the below schedule occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary under the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In connection with the requirements referred to above, we have selected and tested transactions and records to determine the District's compliance with the applicable programs identified below:

- Salaries of Classroom Instructors (50% Law)
- Apportionment for Instructional Service Agreements/Contracts
- State General Apportionment Funding System
- Residency Determination for Credit Courses
- Students Actively Enrolled
- Concurrent Enrollment of K-12 Students in Community College Credit Courses
- Gann Limit Calculation

**Members of the Board of Trustees
Sonoma County Junior College District
Page 2**

- Enrollment Fee
- California Work Opportunity and Responsibility to Kids (CalWORKS)
- Open Enrollment
- Student Fees – Instructional Materials and Health Fees
- Economic and Workforce Development (EWD)
- Extended Opportunity Programs and Services (EOPS)
- Disabled Student Programs and Services (DSPS)
- Cooperative Agencies Resources for Education (CARE)
- Preference for Veterans and Qualified Spouses for Federally Funded Qualified Training Programs
- To Be Arranged Hours (TBA)

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2011.

This report is intended solely for the information and use of the Board of Trustees, District management, the California Community Colleges Chancellor's Office, the California Department of Finance, and the California Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Gilbert Associates, Inc.

**GILBERT ASSOCIATES, INC.
Sacramento, California**

November 18, 2011

FINDINGS AND RECOMMENDATIONS SECTION

SONOMA COUNTY JUNIOR COLEGE DISTRICT

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified?	<u> </u> Yes	<u> X </u> None Reported

Noncompliance material to financial statements noted?

	<u> </u> Yes	<u> X </u> No
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Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified?	<u> </u> Yes	<u> X </u> None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?

	<u> </u> Yes	<u> X </u> No
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Identification of major programs

<u>CFDA Numbers</u>	<u>Name of Federal Programs or Cluster</u>
84.063, 84.007, 84.033, 84.375, 84.032	Student Financial Assistance Programs Cluster
84.126, 84.126A, 84.390A	Vocational Rehabilitation Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

State Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified?	<u> </u> Yes	<u> X </u> None Reported

Type of auditor's report issued on compliance for state programs: Unqualified

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no financial statement findings reported.

SECTION III – STATE COMPLIANCE

There were no state compliance findings reported.

SECTION IV - FEDERAL COMPLIANCE

There were no federal compliance findings reported

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS YEAR ENDED JUNE 30, 2011

Recommendation	Current Status	District Explanation If Not Implemented
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10-1 PHYSICAL INVENTORY OF EQUIPMENT Implemented

Federal Program: Career and Technical Education - Title II-C (CTE)

Federal Agency: U.S. Department of Education

Award Year: 2009-2010

CFDA Number: 84.048

Pass-through Entity: California Community Colleges Chancellor's Office

We recommend that the District perform the rotating inventory of fixed assets on a two-year cycle rather than a three-year cycle, thus ensuring that all equipment purchased with federal funds is inventoried within a two-year period.