SOLANO COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Solano Community College District
Fairfield, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Solano Community College District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Solano Community College District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Solano Community College District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Solano Community College District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, effective July 1, 2022, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 96, *Subscription-Based Information Technology Arrangements.* This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Solano Community College District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Solano Community College District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Solano Community College District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the District's proportionate share of the net pension liability (CalSTRS-STRP and CalPERS-Schools Pool Plan), schedule of the District's pension contributions (CalSTRS-STRP and CalPERS-Schools Pool Plan), schedule of changes in the net postemployment healthcare benefits liability and related ratio, and schedule of postemployment healthcare benefits contributions, schedule of postemployment healthcare benefits money-weighted rate of return on plan assets, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Solano Community College District's basic financial statements. The schedule of state financial assistance - grants, schedule of workload measures for state general apportionment, reconciliation of governmental funds to the statement of net position, reconciliation of the 50 percent law calculation and schedule of education protection act expenditures report, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of state financial assistance - grants, schedule of workload measures for state general apportionment, reconciliation of governmental funds to the statement of net position, reconciliation of the 50 percent law calculation, schedule of education protection act expenditures report and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the history and organization but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023, on our consideration of the Solano Community College 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 solely 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 the effectiveness of the Solano Community College District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Solano Community College District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
December 20, 2023

Using This Annual Report

The purpose of this annual report is to provide readers with information about the activities, programs, and financial condition of Solano Community College District (the District) as of June 30, 2023. The report consists of three basic financial statements: the Statement of Financial Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

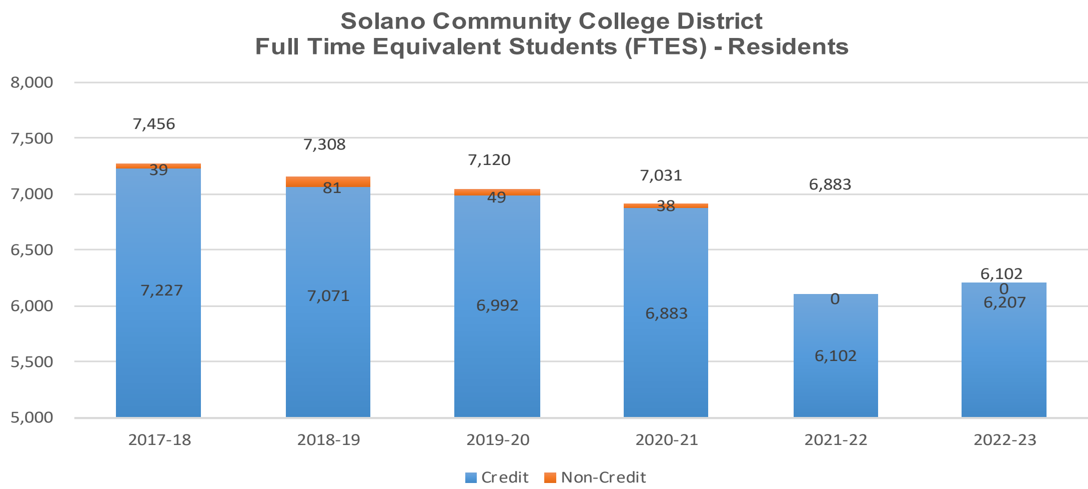
Overview of the Financial Statements

Solano Community College District's financial statements are presented in accordance with Governmental Accounting Standards Board Statements No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and No. 35, *Basic Financial Statements - and Management Discussion and Analysis - for Public College and Universities*. These statements allow for the presentation of financial activity and results of operations which focuses on the District as a whole. The business-type financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the traditional presentation by fund type. The focus of the Statement of Net Position is designed to be similar to the bottom-line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term liabilities. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities with revenues and expenses categorized as operating and nonoperating, and expenses are reported by natural classification. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

The California Community Colleges Chancellor's Office has recommended that all state community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

Attendance Highlights

The 2021-22 fiscal year was the last year the District is in "hold harmless" for SCFF funding. Since then, the District's revenue is based on FTES, Supplemental, and Success funding and is eligible for the Cost of Living Adjustments (COLA).



Solano Community College District
Full Time Equivalent Students (FTES) - Residents
8,000
7,500
7,000
6,500
6,000
5,500
5,000
7,456
39
7,227
7,308
81
7,071
7,120
49
6,992
7,031
38
6,883
6,883
0
6,102
6,102
0
6,207
2017-18
2018-19
2019-20
2020-21
2021-22
2022-23
Credit
Non-Credit

THE DISTRICT AS A WHOLE

Net Position

Table 1

	2023	2022	Change
Assets			
Current Assets			
Cash and Investments	$ 71,347,426	$ 51,693,544	$ 19,653,882
Accounts Receivable, Net	6,048,952	8,992,097	(2,943,145)
Prepaid Expenses and Other Current Assets	336,603	497,726	(161,123)
Total Current Assets	77,732,981	61,183,367	16,549,614
Noncurrent Assets			
Restricted Cash Equivalents and Investments	154,775,101	175,268,449	(20,493,348)
Capital Assets, Net	174,196,665	163,408,275	10,788,390
Total Noncurrent Assets	328,971,766	338,676,724	(9,704,958)
Total Assets	$ 406,704,747	$ 399,860,091	$ 6,844,656
Deferred Outflows of Resources	$ 27,396,065	$ 21,553,226	$ 5,842,839
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	$ 13,373,224	$ 10,092,655	$ 3,280,569
Unearned Revenue	25,412,899	17,102,673	8,310,226
Long-Term Liabilities Due Within One Year	13,989,021	13,631,310	357,711
Total Current Liabilities	52,775,144	40,826,638	11,948,506
Long-Term Liabilities	475,234,031	466,901,544	8,332,487
Total Liabilities	$ 528,009,175	$ 507,728,182	$ 20,280,993
Deferred Inflows of Resources	$ 9,414,867	$ 26,072,435	$ (16,657,568)
Net Position			
Net Investment in Capital Assets	$ (110,984,220)	$ (110,314,683)	$ (669,537)
Restricted	21,596,597	23,602,640	(2,006,043)
Unrestricted Deficit	(13,935,607)	(25,675,257)	11,739,650
Total Net Position	$ (103,323,230)	$ (112,387,300)	$ 9,064,070

Assets

The District's primary assets include cash and investment (include restricted cash from bond proceeds), receivables, and capital assets.

Cash equivalents and investments and restricted cash equivalents and investments decreased by approximately $0.8 million due principally to the recent bond expenses. Restricted cash equivalents and investments includes amounts restricted for debt service.

Receivables and prepaid expenses decreased by approximately $3.1 million due to the timing of unreceived grant funds.

Capital assets increased by approximately $10.8 million primarily due to completion of various bond projects.

Liabilities

The District's primary liabilities include accounts payable, unearned revenue and long-term liabilities.

Accounts payable and accrued liabilities increased by approximately $3.3 million primarily due to timing in construction activities and therefore payments due to vendors at year-end.

Unearned revenue increased by approximately $8.3 million primarily due to unspent grant funds.

Long-term liabilities include general obligation bonds outstanding, revenue bonds, employee compensated absences, lease and subscription liabilities, and pension and retirement liabilities, which -

> Increased by approximately $8.3 million primarily due to issuance of new bonds, net of paying down the principle and the implementation of GASB 96.

The unrestricted net position increased by approximately $11.7 million, giving the district a total net position deficit of approximately $103.3 million.

Operating Results for the Year

The results of this year's operations for the District as a whole are reported in the *Statement of Revenues, Expenses, and Changes in Net Position*.

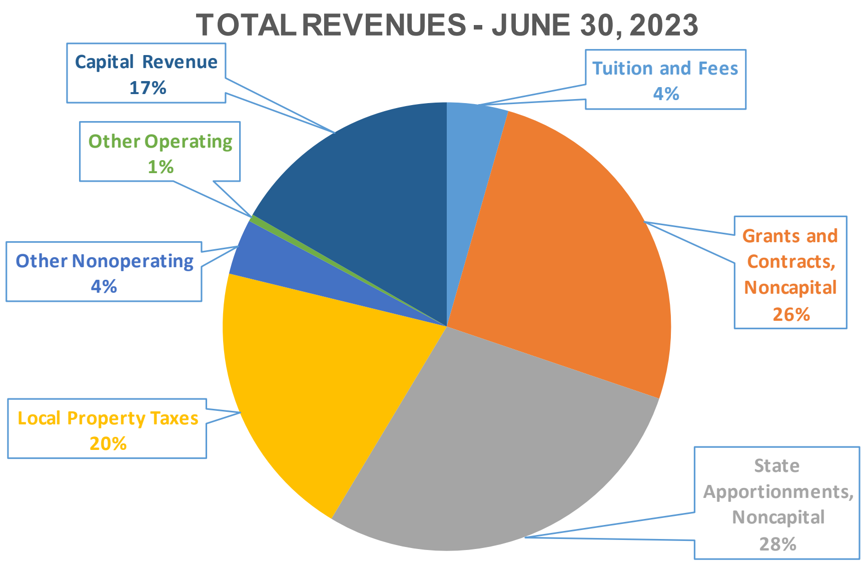
Table 2

	2023	2022	Change
Operating Revenues			
Tuition and Fees	$ 4,979,999	$ 4,422,378	$ 557,621
Grants and Contracts, Noncapital	20,030,035	14,615,192	5,414,843
Total Operating Revenues	25,010,034	19,037,570	5,972,464
Operating Expenses			
Salaries	38,702,253	35,561,926	3,140,327
Employee Benefits	13,586,056	12,287,939	1,298,117
Supplies, Materials, Other Operating Expenses and Services	36,681,323	41,102,586	(4,421,263)
Depreciation	4,241,205	3,702,761	538,444
Total Operating Expenses	93,210,837	92,655,212	555,625
Operating Loss	(68,200,803)	(73,617,642)	5,416,839
Nonoperating Revenues			
Federal Grants	9,529,060	18,105,059	(8,575,999)
State Apportionments, Noncapital	31,951,889	29,312,339	2,639,550
Local Property Taxes	23,827,585	22,759,597	1,067,988
State Grants	3,348,553	2,031,252	1,317,301
Investment Income	1,142,977	426,768	716,209
Other Nonoperating Revenues (Expenses)	24,251	2,193	22,058
Total Nonoperating Revenues (Expenses)	69,824,315	72,637,208	(2,812,893)
Loss Before Capital Revenues	1,623,512	(980,434)	2,603,946
Other Revenues and Expenses, Capital	7,440,558	14,552,104	(7,111,546)
Increase (Decrease) in Net Position	9,064,070	13,571,670	(4,507,600)
Net Position, Beginning of Year	(112,387,300)	11,759,229	(124,146,529)
Prior Period Restatement	-	(137,718,199)	137,718,199
Net Position, Beginning of Year After Restatement	(112,387,300)	(125,958,970)	13,571,670
Net Position - End of Year	$ (103,323,230)	$ (112,387,300)	$ 9,064,070

Significant revenue changes between 2023 and 2022 include:

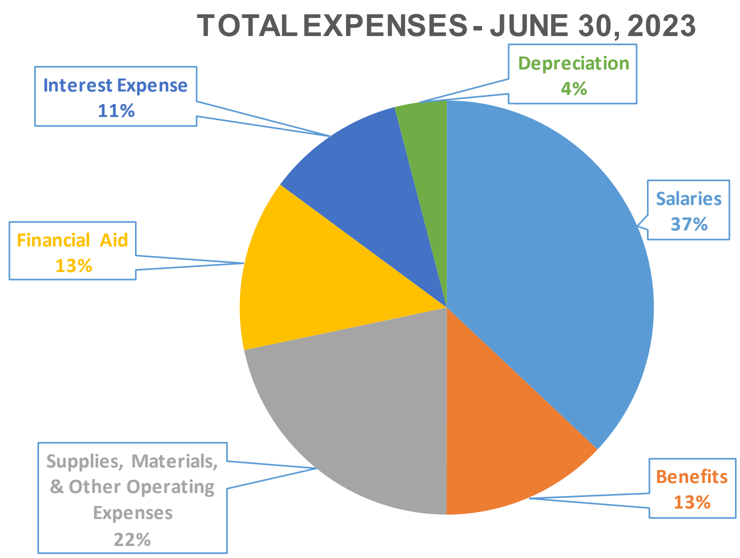
Grants and Contracts increased by approximately $5.4 million; Federal grants decreased approximately $8.6 million, State Apportionments increased by approximately $2.6 million and Local Property Taxes increased approximately $1.1 million.

Year ended June 30, 2023:



Significant expenditure variances include:

Salaries increased approximately $3.1 million and benefits increased by approximately $1.3 million. Supplies, materials and other operating expenses decreased by approximately $4.4 million. Depreciation remained consistent with the prior year.



Changes in Cash Position

Table 4

	2023	2022	Change
Cash Provided (Used) by			
Operating Activities	$ (56,459,250)	$ (62,862,970)	$ 6,403,720
Noncapital Financing Activities	70,811,049	78,410,458	(7,599,409)
Capital Financing Activities	(16,155,190)	108,673,887	(124,829,077)
Investing Activities	963,925	466,470	497,455
Net (Decrease) Increase in Cash	(839,466)	124,687,845	(125,527,311)
Cash - Beginning of Year	226,961,993	102,274,148	124,687,845
Cash - End of Year	$ 226,122,527	$ 226,961,993	$ (839,466)

CAPITAL ASSET AND LONG-TERM LIABILITIES

Capital Assets

Note 5 in the financial statements provides additional information on capital assets. A summary of capital assets is presented below.

Table 5

	Balance July 01, 2022	Additions	Deletions	Balance June 30, 2023
Land and Construction in Progress	$ 55,706,193	$ 8,520,460	$ 33,204,748	$ 31,021,905
Buildings and Improvements	160,186,015	33,204,748	-	193,390,763
Equipment and Furniture	6,571,570	2,626,142	-	9,197,712
Right of Use Equipment	1,482,102	-	-	1,482,102
Subscription Based Information Technology Arrangements	-	3,882,993	-	3,882,993
Subtotal	223,945,880	48,234,343	33,204,748	238,975,475
Accumulated Depreciation	60,537,605	4,241,205	-	64,778,810
Total	$ 163,408,275	$ 43,993,138	$ 33,204,748	$ 174,196,665

Long Term Liabilities

Long-term liabilities include general obligation bonds outstanding, employee compensated absences, pension and retirement obligations. General obligation bonds outstanding decreased $10.9 million. Pension liabilities changed as a result of the unfunded status of the PERS and STRS pension plans. Retirement plan liabilities increased approximately $16.1 million.

Note 6 in the financial statements provides additional information on long-term liabilities. A summary of long-term liabilities is presented below.

Table 6

	Balance July 01, 2022	Additions	Deletions	Balance June 30, 2023
General Obligation Bonds, Accreted Interest and Bond Premiums	$ 439,295,500	$ 3,792,686	$ 14,713,694	$ 428,374,492
Compensated Absences	1,619,583	-	-	1,619,583
Leases Payable	1,365,027	36,792	-	1,401,819
Subscriptions Payable	-	3,882,993	383,806	3,499,187
OPEB Aggregate Net	7,673,982	57,678	-	7,731,660
Medicare Premium Payment Program	216,348	-	38,466	177,882
Aggregate Net Pension Liability	30,362,414	16,056,015	-	46,418,429
Total Long-Term Liabilities	$ 480,532,854	$ 23,826,164	$ 15,135,966	$ 489,223,052
Amount Due Within One Year				$ 13,989,021

NET PENSION LIABILITY (NPL)

At year-end, the District has a net pension liability of $46.4 million versus $30.4 million last year, an increase of $16.1 million or 52.9%.

BUDGETARY HIGHLIGHTS

Budget Overview

While the COVID-19 shut down in March 2020 impacted the college, it impacts seemed to be less impactful on the college's ability to recover. The enrollment decline in the following years for the college was less than the state-wide average and is growing back to the pre-pandemic state. The budget is conservative in nature, ensuring a healthy reserve in the event of an economic downturn.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Solano Community College District Susan Wheet, Vice President of Finance & Administration; 707-864-7209; susan.wheet@solano.edu.

BASIC FINANCIAL STATEMENTS

SOLANO COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Governmental
ASSETS	
CURRENT ASSETS	
Cash, Cash Equivalents, and Investments	$ 71,347,426
Accounts Receivable, Net	6,048,952
Prepaid Expenses and Other	336,603
Total Current Assets	77,732,981
NONCURRENT ASSETS	
Restricted Cash, Cash Equivalents, and Investments	154,775,101
Capital Assets, Net of Depreciation and Amortization	174,196,665
Total Noncurrent Assets	328,971,766
Total Assets	406,704,747
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Refunding	12,287,412
Deferred Outflows - Pension	13,708,855
Deferred Outflows - Other Postemployment Benefits Plan	1,399,798
Total Deferred Outflows of Resources	27,396,065
Total Assets and Deferred Outflows of Resources	$ 434,100,812

See accompanying Notes to Financial Statements.

SOLANO COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2023

	Primary Governmental
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	$ 10,500,678
Accrued Interest Payable	2,751,311
Accrued Liabilities	121,235
Unearned Revenue	25,412,899
Current Portion of Long-Term Debt	13,989,021
Total Current Liabilities	52,775,144
NONCURRENT LIABILITIES	
General Obligation Bonds Payable - Noncurrent Portion	415,229,492
Compensated Absences Payable - Noncurrent Portion	1,395,660
Leases Payable - Noncurrent Portion	1,384,122
Subscriptions Payable - Noncurrent Portion	2,896,786
Net OPEB and MPP Liability	7,909,542
Net Pension Liability	46,418,429
Total Noncurrent Liabilities	475,234,031
Total Liabilities	528,009,175
DEFERRED INFLOWS OF RESOURCES	
Deferred Charge on Refunding	244,820
Deferred Inflows of Resources Related to Pensions	7,655,335
Deferred Inflows of Resources Related to OPEB	1,514,712
Total Deferred Inflows of Resources	9,414,867
NET POSITION	
Net Investment in Capital Assets	(110,984,220)
Restricted for:	
Debt Service	8,876,926
Capital Projects	6,405,744
Scholarships and Loans	350
Other Special Services	6,313,577
Unrestricted Deficit	(13,935,607)
Total Net Position (Deficit)	(103,323,230)
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 434,100,812

See accompanying Notes to Financial Statements.

SOLANO COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	Primary Governmental
OPERATING REVENUES	
Student Tuition and Fees	$ 8,516,278
Less: Scholarship Discounts and Allowance	(3,536,279)
Net Tuition and Fees	4,979,999
Grants and Contracts, Noncapital:	
Federal	775,288
State	18,679,439
Local	529,134
Sales and Commissions	46,174
Total Operating Revenues	25,010,034
OPERATING EXPENSES	
Salaries	38,702,253
Employee Benefits	13,586,056
Supplies, Materials, and Other Operating Expenses and Services	19,224,949
Financial Aid	14,031,004
Utilities	3,425,370
Depreciation and Amortization	4,241,205
Total Operating Expenses	93,210,837
OPERATING LOSS	(68,200,803)
NONOPERATING REVENUES	
Federal Grants and Contracts	9,529,060
State Apportionments, Noncapital	31,951,889
Local Property Taxes	23,827,585
States Taxes and Other Revenue	3,348,553
Interest and Investment Income	1,142,977
Contributions	24,251
Total Nonoperating Revenues	69,824,315
GAIN BEFORE OTHER REVENUES AND EXPENSES	1,623,512
OTHER REVENUES AND EXPENSES	
Local Property Taxes and Revenues, Capital	18,047,967
Interest and Investment Income, Capital	705,235
Interest Paid on Capital Related Debt	(11,312,644)
Total Other Revenues and Expenses	7,440,558
CHANGES IN NET POSITION	9,064,070
Net Position, Beginning of Year	(112,387,300)
NET POSITION - END OF YEAR	$ (103,323,230)

See accompanying Notes to Financial Statements.

SOLANO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

	Primary Governmental
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees, Net	$ 3,332,488
Federal Grants and Contracts	5,058,387
State Grants and Contracts	26,863,194
Local Grants and Contracts	(548,133)
Sales and Commissions	46,174
Payments to Suppliers	(18,206,137)
Payments to/On-Behalf of Employees	(58,991,085)
Payments to/On-Behalf of Students	(14,014,138)
Net Cash Used by Operating Activities	(56,459,250)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Apportionments and Receipts	31,951,889
Federal Grants and Contracts	12,038,471
State Taxes and Other Revenue	23,827,585
Local Property Taxes	2,993,104
Net Cash Provided by Noncapital Financing Activities	70,811,049
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Local Revenue for Capital Purposes	18,047,967
Interest on Investments, Capital Funds	568,362
Net Purchase and Sale of Capital Assets	(10,360,222)
Principal Paid on Capital Related Debt	(8,560,252)
Interest Paid on Capital Related Debt	(15,851,045)
Net Cash Used by Capital Financing Activities	(16,155,190)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received from Investments	963,925
Net Cash Provided by Investing Activities	963,925
NET DECREASE IN CASH AND CASH EQUIVALENTS	(839,466)
Cash and Cash Equivalents - Beginning of Year	226,961,993
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 226,122,527

See accompanying Notes to Financial Statements.

SOLANO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2023

	Primary Governmental
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (68,200,803)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation and Amortization	4,241,205
Changes in Assets and Liabilities:	
Receivables, Net	1,135,662
Prepaid Expenses	161,123
Deferred Outflows of Resources - Pensions	(4,946,123)
Accounts Payable	4,602,415
Accrued Liabilities	(1,419,133)
Unearned Revenue	8,303,924
Net Other Postemployment Retiree Benefits (OPEB)	19,212
Net Pension Liabilities	16,056,015
Deferred Inflows of Resources - Pensions	(15,786,008)
Deferred Inflows of Resources - OPEB	(626,739)
Net Cash Used by Operating Activities	$ (56,459,250)
RECONCILIATION OF CASH AND CASH EQUIVALENTS, END OF YEAR TO AMOUNTS IN THE STATEMENT OF NET POSITION	
Cash, Cash Equivalents, and Investments	$ 71,347,426
Restricted Cash, Cash Equivalents, and Investments	154,775,101
Total	$ 226,122,527
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES	
Acquisition of SBITA Asset Through the Use of Debt	$ 3,882,993
Amortization of Deferred Charges	$ 896,716
Amortization of Debt Premiums	$ (1,238,693)

See accompanying Notes to Financial Statements.

SOLANO COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	Retiree Benefits Trust
ASSETS	
Investments	$ 6,030,623
Total Assets	$ 6,030,623
NET POSITION	
Restricted for Postemployment Benefits	$ 6,030,623
Total Net Position	$ 6,030,623

See accompanying Notes to Financial Statements.

SOLANO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023

	Retiree Benefits Trust
ADDITIONS	
Interest and Investment Income	$ 1,106,355
NET INCREASE IN NET POSITION	1,106,355
Net Position - Beginning of Year	4,924,268
NET POSITION - END OF YEAR	$ 6,030,623

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Solano Community College District (the District) was established in 1945 as a political subdivision of the state of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected seven-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one college and two education centers located within Solano, California. While the District is a political subdivision of the state of California, it is legally separate and is independent of other state and local governments, and it is not a component unit of the state in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from federal taxes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The District considered its financial and operational relationships with potential component units under the reporting entity definition of GASB. The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other. The three components used to determine the presentation are: providing a "direct benefit," the "environment and ability to access/influence reporting," and the "significance" criterion. The District has determined that it does not have any component units meeting all three of these criteria.

Measurement Focus and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities, with the exception of the Retiree Benefit Trust Fund, are included from the basic financial statements. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All intra-agency and intra-fund transactions have been eliminated.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Financial Statement Presentation (Continued)

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees, auxiliary activities through the bookstore and cafeteria, and certain noncapital grants and contracts.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include state apportionments, property taxes, certain federal and state grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. state apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent student (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from federal and state grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets represent investments required by debt covenants to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt issuance.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable include amounts due from the federal, state and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the state of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $4,326,492 for the year ended June 30, 2023.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as an expense when consumed rather than when purchased. The District paid facility rent and workers' compensation insurance prior to June 30, 2023.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction-in-progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of $5,000. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at acquisition value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction- in-progress as the projects are constructed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, 25 to 50 years; equipment, 5 to 10 years; vehicles, 5 to 10 years.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received form the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide financial statements.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources for deferred charges on refunding of debt and for pension related items. The deferred charges on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension related items relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension related changes. These amounts are deferred and amortized as detailed in the Notes to the financial statements.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred charges on refunding of debt, for pension related items and for OPEB items. The deferred charges on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB related

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

items relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension related changes. These amounts are deferred and amortized as detailed in the Notes to the financial statements.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The aggregate net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

The District's OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, OPEB expense, and information about the fiduciary net position have been determined on the same basis as they are reported by the Retiree Health Benefit OPEB Trust (the Retiree Benefit Trust). For this purpose, the Retiree Benefit Trust recognizes benefit payments when due and payable in accordance with the benefit terms. The Retiree Benefit Trust reports its investments at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Medicare Premium Liability

For purposes of measuring the District's liability related to the Medicare Premium Payment (MPP) Program, the fiduciary net position of the MPP Program and additions to/deductions from the MPP Program fiduciary net position have been determined on the same basis as they are reported by the MPP Program. There are no significant deferred outflows of resources or deferred inflows of resources related to the MPP Program or for MPP Program expenses. For this purpose, the MPP Program recognizes benefit payments when due and payable in accordance with the benefit terms. The MPP Program reports its investments at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The related liability for the District's proportionate share of the MPP Program is reported in the financial statements. The plan is not material and additional disclosures are not included.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

Unearned revenue arises when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized. Unearned revenue includes (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from federal and state grants received before the eligibility requirements are met.

Noncurrent Liabilities

Noncurrent liabilities include bonds, compensated absences, the aggregate net OPEB liability, and the aggregate pension liability, with maturities greater than one year.

Net Position

Net Investment in Capital Assets: 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 of invested in capital assets, net of related debt.

Restricted Net Position – Expendable: Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties or by enabling legislation adopted by the District. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Restricted Net Position – Nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The District had no restricted net position – nonexpendable.

Unrestricted Net Position: Unrestricted net position represents resources available to be used for transactions relating to the general operations of the District, and may be used at the discretion of the Governing Board, as designated, to meet current expenses for specific future purposes.

Operating Revenues and Expenses

Classification of Revenues

The District has classified its revenues as either operating or nonoperating revenue according to the following criteria:

Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions such as student tuition and fees, net of scholarship discounts and allowances, federal, state, and local grants and contracts, and sales and services of auxiliary enterprises.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses (Continued)

Classification of Revenues (Continued)

Nonoperating Revenues – Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as state apportionments, property taxes, investment income, gifts and contributions, and other revenue sources that are defined as nonoperating resources by GASB.

Classification of Expenses

Nearly all of the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

Operating Expenses – Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

Nonoperating Expenses – Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

State Apportionments

Certain current year apportionments from the state are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Solano bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed General Obligation Bonds in 2002 and 2012 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bonds, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are billed and collected as noted above and remitted to the District when collected.

Scholarships, Discounts, and Allowances

Student tuition and fee revenue is reported net of scholarships, discounts, and allowances. Fee waivers approved by the Board of Governors are included within the scholarships, discounts, and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, and Federal Work-Study programs, as well as other programs funded by the federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary government and Fiduciary Funds' financial statements, respectively.

Adoption of New Accounting Standards – GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The District adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard resulted in the District reporting a SBITA asset and a SBITA liability as disclosed in Note 5 and Note 8.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits – Custodial Credit Risk

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, approximately $13.2 million of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Cash in County Treasury

In accordance with the Budget and Accounting Manual, the District maintains substantially all of its cash in the Solano County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2023 is measured at the amortized cost. The District's investments in the fund are considered to be highly liquid and reflected in the financial statements as cash and cash equivalents in the statement of net position.

The County is authorized to deposit cash and invest excess funds by California Government Code Sections 53601, 53635, 53534 and 53648. The county is restricted to invest time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds, except for the student financial aid fund and the restricted general fund, in which case interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the Country Treasurer follow. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

The pool sponsor's annual financial report may be obtained from Solano County-Auditor/Controller's Office 675 Texas Street Suite 2810, Fairfield CA 94533.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments with Fiscal Agent

The Series 2021B and 2021C Refunding Series were Crossover Refundings and the proceeds from issuance of refunding (new) debt were placed in the escrow account. The escrow account will pay all or a portion of the refunding (new) debt's interest until a crossover date when the refunded (old) debt can be called or it matures and the amount accumulated in escrow is sufficient to repay it. Amounts held with the fiscal agent totaled $60,186,460 at June 30, 2023.

Investments – The Retiree Benefits Trust

Policies

Investments held by the Retiree Health Benefit OPEB Trust (the Retiree Benefit Trust) are limited to those within the terms of the trust agreement, any applicable plan documents and in accordance with California Government Code Section 53620 through 53622. The Retiree Benefit Trust did not violate any provisions of the investment policy during the fiscal year ended June 30, 2023. See Note 9.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Retiree Benefit Trust investment policy follows California Government Code Section 53601 and limits investment maturities to 5 years.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Retiree Benefit Trust's investments are in master trusts which are not rated.

The Retiree Benefit Trust authorizes the use of a broad range of investment choices that have distinctly different risk and return characteristics, with the provision that all investments must continue to adhere to the underlying requirements of California Government Code Section 53600.5 and, in particular, its emphasis on preservation of capital.

Concentration of Credit Risk

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. In accordance with GASB, the Retiree Benefit Trust is exposed to concentration of credit risk whenever investments in any one issuer exceed 5%. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – The Retiree Benefits Trust (Continued)

Concentration of Credit Risk (Continued)

The Retiree Benefit Trust's investment policy limits investments in any single equity security to be not more than 10%. This limitation is not intended to apply to the percentage of the Retiree Benefit Trust assets invested in an external investment pools. Nor does the limitation apply to obligations of the U.S. government and its agencies, U.S. agency mortgage-backed pass-through securities or to a mutual fund that invests in such obligations or securities. At June 30, 2023, the Retiree Benefit Trust had not invested more than 5% of its portfolio in one issuer. Investments are held in mutual funds.

Custodial Credit Risk

Custodial Credit Risk is the risk that, in the event of the failure of the counterparty, the Retiree Benefit Trust will not be able to recover the value of its investments that are in possession of an outside party. As of June 30, 2023, the District's investment balance of $6,030,623 was exposed to custodial credit risk because it was uninsured, unregistered, and held by the brokerage firm which is also the counterparty for those securities. The Retiree Benefit Trust does not have a policy limiting the amount of securities that can be held by counterparties.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2023 consist of the following:

Federal and State	$ 3,690,763
Miscellaneous	367,648
Student Receivables	5,310,337
Less: Allowance for Bad Debt	(3,319,796)
Student Receivables, Net	$ 6,048,952

NOTE 5 CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2023, was as follows:

	Balance July 01, 2022	Additions/ Adjustments	Deductions/ Adjustments	Balance June 30, 2023
Capital Assets:				
Not Being Depreciated:				
Land	$ 21,663,979	$ -	$ -	$ 21,663,979
Construction in Progress	34,042,214	8,520,460	33,204,748	9,357,926
Total Not Being Depreciated	55,706,193	8,520,460	33,204,748	31,021,905
Being Depreciated:				
Land Improvements	9,855,801	-	-	9,855,801
Buildings and Improvements	150,330,214	33,204,748	-	183,534,962
Furniture and Equipment	6,571,570	2,626,142	-	9,197,712
Total Being Depreciated	166,757,585	35,830,890	-	202,588,475
Total Capital Assets	222,463,778	44,351,350	33,204,748	233,610,380
Less Accumulated Depreciation:				
Land Improvements	8,700,117	33,806	-	8,733,923
Buildings and Improvements	50,149,206	3,081,649	-	53,230,855
Furniture and Equipment	1,629,172	563,608	-	2,192,780
Total Accumulated Depreciation	60,478,495	3,679,063	-	64,157,558
Net Capital Assets Being Depreciated	106,279,090	32,151,827	-	138,430,917
Net Capital Assets	161,985,283	40,672,287	33,204,748	169,452,822
Right-to-Use Lease Assets:				
Buildings	10,374	-	-	10,374
Real Estate	1,471,728	-	-	1,471,728
Total Right-to-Use Lease Assets	1,482,102	-	-	1,482,102
Less Accumulated Amortization:				
Buildings	5,202	5,173	-	10,375
Real Estate	53,908	50,492	-	104,400
Total Accumulated Amortization	59,110	55,665	-	114,775
Total Right-to-Use Lease Assets, Net	1,422,992	(55,665)	-	1,367,327
Subscription Based Information Technology Arrangement Assets				
Subscription Based Information Technology Arrangements	-	3,882,993	-	3,882,993
Less Accumulated Amortization:				
Subscription Based Information Technology Arrangements	-	506,477	-	506,477
Total Subscription Based Information Technology Arrangement Assets, Net	-	3,376,516	-	3,376,516
Total Capital Assets, Net	$ 163,408,275	$ 43,993,138	$ 33,204,748	$ 174,196,665

Depreciation and amortization expense for the year was $4,241,205.

NOTE 6 LONG-TERM LIABILITIES

Summary

The changes in the District's long-term liabilities during the June 30, 2023 fiscal year consisted of the following:

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
Bonds and Notes Payable:					
General Obligation Bonds	$ 420,236,138	$ -	$ 8,560,252	$ 411,675,886	$ 13,145,000
Accreted Interest	11,672,399	2,319,170	4,914,749	9,076,820	-
Bond Premiums	7,386,963	1,473,516	1,238,693	7,621,786	-
Total Bonds Payable	439,295,500	3,792,686	14,713,694	428,374,492	13,145,000
Other Liabilities:					
Compensated Absences	1,619,583	-	-	1,619,583	223,923
Leases Payable	1,365,027	36,792	-	1,401,819	17,697
Subscriptions Payable	-	3,882,993	383,806	3,499,187	602,401
Other Postemployment Benefit Plan	7,673,982	57,678	-	7,731,660	-
Medicare Premium Payment (MPP) Program	216,348	-	38,466	177,882	-
Net Pension Liability	30,362,414	16,056,015	-	46,418,429	-
Total Long-Term Liabilities	$ 480,532,854	$ 23,826,164	$ 15,135,966	$ 489,223,052	$ 13,989,021

Liabilities are liquidated by the General Fund for governmental activities, including capital leases, compensated absences, net pension liability, net OPEB obligations and supplemental employee retirement plan. General obligation bond liabilities are liquidated through property tax collections as administered by the County Controller's office through the Bond Interest and Redemption Fund.

The District participates in the Medicare Premium Payment (MPP) Program of the California State Teachers' Retirement Plan (the STRP). The District's proportionate share of the liability is 0.0540%. As the plan activity and the District's proportionate share of the total OPEB liability is not significant, additional disclosures regarding the plan are not included in these financial statements.

NOTE 7 LEASES PAYABLE

The District leases equipment as well as certain office equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through August 2050. Total future minimum lease payments under lease agreements are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 17,697	$ 28,412	$ 46,109
2025	19,476	28,016	47,492
2026	21,335	27,581	48,916
2027	23,277	27,108	50,385
2028	25,304	26,592	51,896
2029-2033	160,138	123,650	283,788
2034-2038	225,557	103,432	328,989
2039-2043	305,744	75,644	381,388
2044-2048	403,525	38,608	442,133
2049-2051	199,766	2,641	202,407
Total	$ 1,401,819	$ 481,684	$ 1,883,503

NOTE 8 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District has entered into a subscription based-information technology arrangement (SBITA) for an enterprise resource planning software system. The SBITA arrangement expires in June 2028 and provides for renewal options.

As of June 30, 2023, the SBITA asset and the related accumulated amortization totaled $3,882,993 and $506,477, respectively. The SBITA has been discounted using the five year Treasury rate of 3.90%.

The future subscription payments under the SBITA agreement is as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 602,401	$ 110,624	$ 713,025
2025	648,559	85,856	734,415
2026	697,217	59,231	756,448
2027	748,494	30,647	779,141
2028	802,516	26,592	829,108
Total	$ 3,499,187	$ 312,950	$ 3,812,137

NOTE 9 GENERAL OBLIGATION BONDS

General Obligation Bonds – Measure G (2002)

General obligation bonds were approved by a local election in 2002. The total amount approved by the voters was $124,500,000. The bonds were authorized for the purpose of construction and repairing college education facilities.

In May 2003, the District issued 2002 General Obligation Bonds, Series A in the amount of $80,000,000.

NOTE 9 GENERAL OBLIGATION BONDS (CONTINUED)

General Obligation Bonds – Measure G (2002) (Continued)

In March 2005, the District issued $81,349,812 of General Obligation Refunding to advance refund the outstanding portion of the 2002 General Obligation Bonds, Series A. Proceeds associated with refundings were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt was paid by the escrow agent. The refunded bonds have been fully defeased and are not recorded on the financial statements.

In August 2006, the District issued 2002 General Obligation Bonds, Series B in the amount of $44,495,279.

In March 2014, the District issued $10,645,000 and $41,165,000 of General Obligation Refunding Bonds, Series A and B, to advance refund a portion of the 2002 General Obligation Bonds, Series B and 2005 Refunding, Series A. Proceeds associated with refundings were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt was paid by the escrow agent on August 1, 2016. The refunded bonds have been fully defeased and are not recorded on the financial statements.

In September 2015, The District issued $47,677,452 of General Obligation Refunding Bonds to advance refund a portion of the 2002 General Obligation Bonds, Series B. Proceeds associated with refundings were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt was paid by the escrow agent on August 1, 2016. The refunded bonds have been fully defeased and are not recorded on the financial statements.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. For the 2014 Refunding, Series A, the existing carrying value of the refunded debt exceeded the payments to the refunding escrow agent by $2,448,210 which was accrued as a deferred inflow. Amortization of $244,820 was recognized during the fiscal year ended June 30, 2023. For the 2015 Refunding, payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by $1,251,540 which was accrued as a deferred outflow. Amortization of $733,619 was recognized during the fiscal year ended June 30, 2023.

In October 2021, The District issued $49,440,000 of General Obligation Refunding Bonds Series B to advance refund a portion of the 2002 General Obligation Bonds, 2015 Refunding. The 2021 Refunding, Series B are issued on a crossover basis to retire $39,591,350 of convertible capital appreciation debt of 2002 General Obligation Bonds, 2015 Refunding. The crossover date is August 1, 2025; the bonds remain as a long-term debt and will continue to accrete interest until the crossover date. Proceeds from the debt issuance of $49,167,066 have been deposited in an escrow account to defease the debt on the crossover date. Deferred outflows associated with the refunding will be recognized at the crossover date.

NOTE 9 GENERAL OBLIGATION BONDS (CONTINUED)

General Obligation Bonds – Measure G (2002) (Continued)

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The collective Measure G (2002) Bonds included total premiums of $12,747,667. This amount will be amortized using the straight-line method. Amortization of $620,993 and corrections increasing the unamortized premium of $398,323 were recognized during the fiscal year ended June 30, 2023.

General Obligation Bonds – Measure Q (2012)

General obligation bonds were approved by a local election in 2012. The total amount approved by the voters was $348,000,000. The bonds were authorized for the purpose of construction and repairing college education facilities.

In June 2013, the District issued 2012 General Obligation Bonds, Series A in the amount of $89,996,899 and Series B for $30,000,000.

In April 2017, the District issued 2012 General Obligation Bonds, Series C in the amount of $90,000,000.

In November 2019, the District issued $112,650,000 of General Obligation Refunding Bonds to advance refund a portion of the 2012 General Obligation Bonds Series A and Series B. Proceeds associated with refundings were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt, to be paid by the escrow agent had a redemption date of August 1, 2023. The refunded bonds have been fully defeased and are not recorded on the financial statements.

In November 2020, the District issued 2012 General Obligation Bonds, Series D in the amount of $30,000,000.

In October 2021, the District issued $56,915,000 of General Obligation Refunding Bonds, Series A to advance refund a portion of the 2012 General Obligation Bonds, Series A. Proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt, to be paid by the escrow agent has an expected redemption date of August 1, 2027. The refunded bonds have been fully defeased and are not recorded on the financial statements.

The difference between the reacquisition price and the net carrying amount on refunded debt will be deferred and amortized as a component of interest expense over the life of the new debt. For the 2021 Refunding, Series A, payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by $6,501,893 which was accrued as a deferred outflow. Amortization of $650,189 was recognized during the fiscal year ended June 30, 2023.

NOTE 9 GENERAL OBLIGATION BONDS (CONTINUED)

General Obligation Bonds – Measure Q (2012) (Continued)

In October 2021, The District issued $18,825,000 of General Obligation Refunding Bonds Series C to advance refund a portion of the 2002 General Obligation Bonds, Series A. The 2021 Refunding Series C Refunding are issued on a crossover basis to retire $9,908,433 of certain portions of the 2022 General Obligation Bonds, Series A. The crossover date is August 1, 2028; the bonds remain as a long-term debt and will continue to accrete interest until the crossover date. Proceeds from the debt issuance of $18,720,069 have been

deposited in an escrow account to defease the debt on the crossover date. Deferred outflows associated with the refunding will be recognized at the crossover date. A correction to deferred outflows of $1,630,335 was recognized during the fiscal year ended June 30, 2023 as a result.

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The collective Measure Q (2012) Bonds included total premiums of $14,262,834. This amount will be amortized using the straight-line method. Amortization of $617,700 and corrections increasing the unamortized premium of $1,075,193 were recognized during the fiscal year ended June 30, 2023.

General Obligation Bonds – Measure G (2002) and Measure Q (2012)

The outstanding general obligation bonded debt was as follows:

General Obligation Bonds Date	Date of Issue	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding June 30, 2023
2002 Election					
2014 Refunding Bonds, Series A	4/08/2014	8/1/2023	4.0%-5.0%	10,645,000	$ 8,665,000
2015 Refunding Bonds	10/06/2015	8/1/2031	2.0%-5.0%	47,677,453	47,562,453
2021 Refunding Bonds, Series B	10/06/2021	8/1/2031	1.025%-1.861%	49,440,000	49,440,000
Subtotal					105,667,453
2012 Election					
Series A	6/18//2013	8/1/2041	2.0%-5.49%	89,996,899	$ 10,513,433
Series B	6/18/2013	8/1/2023	2.8%-5.5%	30,000,000	545,000
Series C	4/26/2017	8/1/2047	2.0%-5.25%	90,000,000	35,290,000
2019 Refunding Bonds	11/27/2019	8/1/2047	3.094%-3.194%	112,650,000	110,085,000
Series D	11/17/2020	8/1/2050	4.0%	30,000,000	25,110,000
2021 Refunding Bonds, Series A	10/06/2021	8/1/2041	0.183%-2.819%	56,915,000	55,640,000
2021 Refunding Bonds, Series C	10/06/2021	8/1/2041	1.861%-2.819%	18,825,000	18,825,000
Series E	10/06/2021	8/1/2050	2.625%-4.0%	50,000,000	50,000,000
Subtotal					306,008,433
Total					$ 411,675,886

NOTE 9 GENERAL OBLIGATION BONDS (CONTINUED)

General Obligation Bonds – Measure G (2002) and Measure Q (2012) (Continued)

The annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2024	$ 13,145,000	$ -	$ 13,145,000
2025	7,683,307	1,281,694	8,965,001
2026	7,287,796	1,437,204	8,725,000
2027	15,793,451	1,606,549	17,400,000
2028	16,580,530	1,799,470	18,380,000
2029-2033	85,502,369	6,452,631	91,955,000
2034-2038	43,715,000	-	43,715,000
2039-2043	70,558,433	6,626,567	77,185,000
2044-2048	97,520,000	-	97,520,000
2049-2051	53,890,000	-	53,890,000
Total	411,675,886	$ 19,204,115	$ 430,880,001
Accretions to Date	9,076,820		
Total	$ 420,752,706		

NOTE 10 OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY

Plan Administration

The District’s Governing Board administers an Other Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

Management of the Plan is vested in the Solano Community College District Board, which consists of seven locally elected Plan members. Management of the trustee assets is vested with the Retiree Health Benefit Funding Program Joint Powers Agency.

Plan Membership

At June 30, 2023, the valuation date, the Plan membership consisted of the following:

Inactive Employees or Beneficiaries Currently Receiving Benefits Payments	94
Active Employees	305
Total	399

NOTE 10 OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY (CONTINUED)

Health Benefit OPEB Trust

The Retiree Health Benefit OPEB Trust (the Retiree Benefit Trust) is an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code for the purpose of funding certain postemployment benefits other than pensions. The Retiree Benefit Trust is administered by the Retiree Health Benefit Funding Program Joint Powers Agency (the Investment JPA) as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Retiree Benefit Trust, including the requirement that investments and assets held within the Investment JPA continually adhere to the requirements of the California Government Code Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Retiree Benefit Trust. The financial activity of the Retiree Benefit Trust has been discretely presented. Separate financial statements are not prepared for the Retiree Benefit Trust.

Benefits Provided

The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their spouses. The District is a member of the California Community College League Retiree Health Benefit Program, which is an investment program used to set aside funds for future retiree benefits. Separate financial statements for the Investment JPA can be obtained by contacting the California Community College League Retiree Health Benefit Funding Program at 2017 O Street, Sacramento, CA 95811. The Governing Board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District and the bargaining units. Voluntary contributions based on projected pay-as-you-go financing requirements, and any additional amounts to prefund benefits are based on the availability of funds. For fiscal year 2022-23, the District contributed $1,617,981 to the Plan all of which was used for current premiums with no additional contributions to the Retiree Benefit Trust.

Investment

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Governing Board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans.

NOTE 10 OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY (CONTINUED)

Investment (Continued)

Investment Policy (Continued)

The following was the Governing Board's adopted asset allocation policy as of June 30, 2023:

	Target Allocation
U.S. Large Cap	29 %
U.S. Small Cap	13
All Foreign Stock	9
Other Fixed Income	49
Total	100 %

Rate of Return

For the year ended June 30, 2023, the rate of return on investments, net of investment expense, was 5.75%.

Net OPEB Liability of the District

The District's net OPEB liability of $7,731,660 was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The components of the net OPEB liability of the District at June 30, 2023, were as follows:

Total OPEB Liability	$ 13,762,283
Plan Fiduciary Net Position	(6,030,623)
District's Net OPEB Liability	$ 7,731,660

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	2.75%, Average, including Inflation
Investment Rate of Return	5.75%, Net of OPEB Plan Investment Expense, Including Inflation
Healthcare Cost Trend Rates	4.00%

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

NOTE 10 OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY (CONTINUED)

Net OPEB Liability of the District (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2021 CalPERS Mortality for Miscellaneous and Schools Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actual experience study for the period July 1, 2022 to June 30, 2023.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2023 (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
U.S. Large Cap	7.545 %
U.S. Small Cap	7.545 %
All Foreign Stock	7.545 %
Other Fixed Income	3.000 %

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 10 OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY (CONTINUED)

Changes in the Net OPEB Liability

OPEB Plan	Increase (Decrease) Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance - June 30, 2022	$ 12,598,250	$ 4,924,268	$ 7,673,982
Service Cost	529,811	-	529,811
Interest	711,514	473,981	237,533
Employer Contributions as Benefit Payments	-	1,617,981	(1,617,981)
Expected Investment Income	-	-	-
Investment Gains/(Losses)	-	-	-
Experience (Gains)/Losses	682,765	-	682,765
Changes in Assumptions	217,924	-	217,924
Benefit Payments	(977,981)	(977,981)	-
Administrative Expense	-	(7,626)	7,626
Net Change in Total OPEB Liability	1,164,033	1,106,355	57,678
Balance - June 30, 2023	$ 13,762,283	$ 6,030,623	$ 7,731,660

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75%) or 1-percentage-point higher (6.75%) than the current discount rate:

Discount Rate	Net OPEB Liability
1% Decrease (4.75%)	$ 8,754,688
Current Discount Rate (5.75%)	7,731,660
1% Increase (6.75%)	6,809,260

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage-point lower (3.0%) or 1-percentage-point higher (5%) than the current health care cost trend rates:

Healthcare Cost Trend Rates	Net OPEB Liability
1% Decrease (3.00%)	$ 6,510,596
Current Healthcare Cost Trend Rate (4.00%)	7,731,660
1% Increase (5.00%)	9,144,662

NOTE 10 OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY (CONTINUED)

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of $472,538.

At June 30, 2023, the District reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 597,419	$ 879,022
Changes of Assumptions	190,683	229,818
Investment Gains and Losses	611,696	405,872
Total	$ 1,399,798	$ 1,514,712

The deferred inflows of resources related to the difference between expected and actual earnings on pension plan investments and changes in assumptions will be amortized over a six-year period while investment gains and losses will be amortized over a five-year period. Deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/ Inflows of Resources
2024	$ (347,970)
2025	(171,744)
2026	76,586
2027	328,214
Total	$ (114,914)

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2023, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 21,540,660	$ 5,631,280	$ 5,103,841	$ 2,054,092
CalPERS	24,877,769	8,077,575	2,551,494	2,286,285
Total	$ 46,418,429	$ 13,708,855	$ 7,655,335	$ 4,340,377

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by CalSTRS. STRP is a cost- sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law.

Benefits Provided

The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans. The STRP provisions and benefits in effect at June 30, 2023, are summarized as follows:

	STRP Defined Benefit Program	
	On or Before	On or After
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	60	62
Monthly Benefits as a percentage of Eligible Compensation	2.0% to 2.4%	2.0% to 2.4%
Required Employee Contributions Rate	10.25%	10.205%
Required Employer Contributions Rate	19.100%	19.100%
Required State Contribution Rate	10.828%	10.828%

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Contributions

Required member, District, and state of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the District's total contributions were $3,903,335.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including state share:

District's Proportionate Share of Net Pension Liability	$ 21,540,660
State's Proportionate Share of the Net Pension Liability Associated with the District	10,787,626
Total	$ 32,328,286

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the state, actuarially determined. At June 30, 2022, the District's proportion was 0.0310% which is a decrease of 0.0010% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension benefit of $2,054,092. In addition, the District recognized revenue $870,015 for contributions provided by the state.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	$ 3,903,335	$ -
Differences Between Expected and Actual Experience	17,670	1,615,100
Changes of Assumptions	1,068,260	-
Changes in Proportion	642,015	2,435,361
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	1,053,380
Total	$ 5,631,280	$ 5,103,841

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2022 measurement date is seven years.

The remaining amount will be recognized to pension expense as follows:

Year Ending June 30,	Deferred Outflows/ Inflows of Resources
2024	$ (1,195,266)
2025	(786,261)
2026	(1,980,073)
2027	1,199,939
2028	(426,161)
2029	(188,074)
Total	$ (3,375,896)

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying updated procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Actuarial Methods and Assumptions (Continued)

The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Experience Study	July 1, 2015 to June 30, 2018
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.10%
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants and adopted by the CalSTRS Board in January 2020. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Long-Term Expected Real Rate of Return
Public Equity	42 %	4.80 %
Real Estate	15	3.60
Private Equity	13	6.30
Fixed Income	12	1.30
Risk Mitigating Strategies	10	1.80
Inflation Sensitive	6	3.30
Cash/Liquidity	2	(0.4)

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments, and administrative expense occur midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% Decrease (6.10%)	$ 36,584,030
Current Discount Rate (7.10%)	21,540,660
1% Increase (8.10%)	9,050,140

Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate annual comprehensive financial report on the CalSTRS website. Copies of the CalSTRS annual comprehensive financial report may be obtained from CalSTRS.

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (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.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

California Public Employees' Retirement System (CalPERS) (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2023, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or Before	On or After
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55	62
Monthly Benefits as a percentage of Eligible Compensation	1.1% to 2.5%	1.0% to 2.5%
Required Employee Contributions Rate	7.00%	7.00%
Required Employer Contributions Rate	25.37	25.37

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above, and the total District contributions were $3,187,438.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

California Public Employees' Retirement System (CalPERS) (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $24,877,769. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. At June 30, 2022, the District's proportion was 0.0723% which is a decrease of 0.0054% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of $2,286,285. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	$ 3,187,438	$ -
Differences Between Expected and Actual Experience	112,433	618,991
Changes of Assumptions	1,840,316	-
Changes in Proportion	-	1,932,503
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	2,937,388	-
Total	$ 8,077,575	$ 2,551,494

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The net difference between projected and actual earnings on plan investments is amortized over a five-year period on a straight-line basis. All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2022 measurement date is four years.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

California Public Employees' Retirement System (CalPERS) (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The remaining amount will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/ Inflows of Resources
2024	$ 175,126
2025	107,941
2026	264,460
2027	1,791,116
Total	$ 2,338,643

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying updated procedures to a financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Experience Study	July 1, 2000 to June 30, 2019
Actuarial Cost Method	Entry Age Normal
Discount Rate	6.90
Investment Rate of Return	6.90
Consumer Price Inflation	2.30
Wage Growth	Varies by Entry Age and Services

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the postretirement mortality rates, those revised rates include 15 years of mortality improvements using 90% of scale MP 2016 published by the Society of Actuaries.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

California Public Employees' Retirement System (CalPERS) (Continued)

Actuarial Methods and Assumptions (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity - Cap-Weighted	30 %	4.54 %
Global Equity Non-Cap-Weighted	12 %	3.84 %
Private Equity	13 %	7.28 %
Treasury	5 %	0.27 %
Mortage-Backed Securities	5 %	0.50 %

Discount Rate

The discount rate used to measure the total pension liability was 6.90% and reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Schools Pool Plan fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% Decrease (5.90%)	$ 35,937,196
Current Discount Rate (6.90%)	24,877,769
1% Increase (7.90%)	15,737,558

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

California Public Employees' Retirement System (CalPERS) (Continued)

Plan Fiduciary Net Position

Detailed information about CalPERS Schools Pool Plan fiduciary net position is available in a separate annual comprehensive financial report available on the CalPERS website. Copies of the CalPERS annual comprehensive financial report may be obtained from CalPERS.

NOTE 12 JOINT POWERS AGREEMENT

The District participates in two joint powers agreements (JPA) entities: Northern California Community College Pool (NCCCP) and the Schools Association for Excess Risk (SAFER). Property and Liability Insurance Coverages.

Property and Liability Insurance Coverage

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 natural disasters.

During fiscal year ended June 30, 2023, the District contracted with the Northern Community Colleges Self Insurance Authority, a Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

SAFER provides excess liability insurance from $5,000,000-$50,000,000. The Board elects from its members a President, Vice-President, Secretary, Treasurer, five representatives, and nine alternates. The Board controls the operations of SAFER, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the Board. Each member pays an annual contribution based upon that calculated by SAFER's board of directors and shares surpluses and deficits proportionately to its participation in SAFER.

Workers' Compensation

NCCCP's intent is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund."

This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

NOTE 12 JOINT POWER AUTHORITY (CONTINUED)

Workers' Compensation (Continued)

Insurance and other limits are as follows:

Joint Power Authority	Type of Coverage	Limits
Northern California Community College Pool (NCCCP)	Workers' Compensation	$1,000,000
Northern California Community College Pool (NCCCP)	Property	$5,000,000
Schools Association for Excess Risk (SAFER)	Excess Liability	$5,000,000 - $50,000,000
Northern California Community College Pool (NCCCP)	Property	$250,250,000

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards. Each JPA is independently accountable for its fiscal matters. All JPAs maintains its own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA. The relationships between the District and the JPAs are not considered to be that of a component unit for financial reporting purposes.

The most current condensed financial information derived from the JPAs financial statements for the fiscal year ended June 30, 2022 is as follows:

	NCCCP 6/30/2022 (Audited)	SAFER 6/30/2022 (Audited)
Total Assets and Deferred Outflows	$ 3,183,822	$ 34,471,514
Total Liabilities and Deferred Inflows	1,199,966	35,199,355
Fund Balance	$ 1,983,856	$ (727,841)
Total Revenues	$ 4,198,608	$ 112,130,159
Total Expenditures	3,871,719	114,763,648
Change in Fund Balance	$ 326,889	$ (2,633,489)

Separate financial statements for the JPAs can be obtained through the District.

NOTE 13 FUNCTIONAL EXPENSE

Operating expenses are reported by natural classification in the statement of revenues, expenses and change in net position. A schedule of expenses by function is shown below:

	Salaries	Employee Benefits	Supplies, Materials, Utilities, Other Expenses and Services	Student Aid and Other Uses	Depreciation and Amortization	Total
Instruction (01000-59000)	$ 20,204,165	$ 6,695,088	$ 1,130,208	$ -	$ -	$ 28,029,461
Academic Support (60000, 61100, 61300-63000)	7,015,569	2,134,665	3,174,110	-	-	12,324,344
Student Services (64000, 73000)	2,558,386	907,979	1,288,622	-	-	4,754,987
Operation & Maintenance (65000)	2,245,395	1,026,458	6,091,066	-	-	9,362,919
Institutional Support (66000, 67000, 71000)	5,579,172	2,510,779	10,591,451	-	-	18,681,402
Public Service (68000, 69000)	1,099,566	311,087	293,262	-	-	1,703,915
Auxiliary Enterprises (70000)	-	-	81,600	-	-	81,600
Scholarships & Fellowships (73000)	-	-	-	14,031,004	-	14,031,004
Depreciation and Amortization	-	-	-	-	4,241,205	4,241,205
Totals by Object	$ 38,702,253	$ 13,586,056	$ 22,650,319	$ 14,031,004	$ 4,241,205	$ 93,210,837

NOTE 14 COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2023.

NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Construction Commitments

As of June 30, 2023, the District had the following commitments with respect to the capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Central Plan Replacement	$ 8,409,837	February 2025
Solar Energy	7,287,614	July 2024
Substation 3 and 4 Replacement	3,898,122	September 2024
Vacaville Annex HVAC and Roof Replacement	1,205,763	February 2024
Early Learning Center Expansion	890,271	February 2024
Pool Deck Replacement	833,917	January 2024
Vallejo Autotech Security Enhancement	165,700	December 2023
Building 1400 Lighting Upgrade	77,719	June 2024
Annual Network Upgrades	33,622	December 2023
Total	$ 22,802,565	

The projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

NOTE 15 GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

The GASB has issued pronouncements prior to June 30, 2023, that have effective dates that impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

Statement No. 99 – Omnibus 2022

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective for the fiscal year 2021-22. The requirements related to leases, PPPs, and SBITAs are effective for the fiscal year 2022-23. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for the fiscal year 2023-24.

NOTE 15 GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE (CONTINUED)

Statement No. 100 – Accounting Changes and Errors Corrections – An Amendment of GASB Statement No. 62

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The statement is effective for the fiscal year 2023-24.

Statement No. 101 – Compensated Absences

The objectives of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement is effective for the fiscal year 2024-25.

NOTE 16 SUBSEQUENT EVENTS

On December 29, 2023, the District issued for sale $30 million of General Obligation Bonds, Series F (Election 2012). The bonds were issued as tax-exempt current interest bonds and accrue interest at rates between 4.125% an 5.000%. The bods mature beginning August 1, 2024 with a final maturity on August 1, 2045. The bonds are issued to finance the acquisition, construction, modernization and equipping of District sites and facilities.

REQUIRED SUPPLEMENTARY INFORMATION

SOLANO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE POSTEMPLOYMENT HEALTHCARE BENEFITS LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2023

Total OPEB Liability	2017	2018	2019	2020	2021	2022	2023
Service Cost	$ 962,203	$ 988,664	$ 1,015,852	$ 555,653	$ 570,933	$ 515,631	$ 529,811
Interest	590,814	874,856	800,703	747,113	760,154	697,187	711,514
Experience (Gains)/Losses	-	-	(1,411,659)	-	(762,696)	-	682,765
Changes of Assumptions	-	(2,067,466)	-	-	(75,824)	-	217,924
Benefit Payments	(1,044,653)	(1,086,439)	(1,004,606)	(1,131,324)	(1,054,795)	(963,504)	(977,981)
Net Change in Total OPEB Liability	508,364	(1,290,385)	(599,710)	171,442	(562,228)	249,314	1,164,033
Total OPEB Liability - Beginning	14,121,453	14,629,817	13,339,432	12,739,722	12,911,164	12,348,936	12,598,250
Total OPEB Liability - Ending (a)	$ 14,629,817	$ 13,339,432	$ 12,739,722	$ 12,911,164	$ 12,348,936	$ 12,598,250	$ 13,762,283
Plan Fiduciary Net Position							
Contributions - Employer	$ 1,044,653	$ 1,406,528	$ 1,324,606	$ 1,451,324	$ 1,054,795	$ 963,504	$ 1,617,981
Net Investment Income	263,321	229,336	234,826	200,006	279,833	-	-
Benefit Payments	(1,044,653)	(1,086,439)	(1,004,606)	(1,131,324)	(1,054,795)	(963,504)	(977,981)
Investment Gains/(Losses)	-	-	-	-	669,373	(677,626)	473,981
Administrative Expense	(5,029)	-	(6,494)	(6,636)	(6,999)	(7,703)	(7,626)
Net Change in Plan Fiduciary Net Position	258,292	549,425	548,332	513,370	942,207	(685,329)	1,106,355
Plan Fiduciary Net Position - Beginning	2,797,971	3,056,263	3,605,688	4,154,020	4,667,390	5,609,597	4,924,268
Plan Fiduciary Net Position - Ending (b)	$ 3,056,263	$ 3,605,688	$ 4,154,020	$ 4,667,390	$ 5,609,597	$ 4,924,268	$ 6,030,623
Net OPEB Liability- Ending (a) - (b)	$ 11,573,554	$ 9,733,744	$ 8,585,702	$ 8,243,774	$ 6,739,339	$ 7,673,982	$ 7,731,660
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	20.89%	27.03%	32.61%	36.15%	45.43%	39.09%	43.82%
Covered Employee Payroll	$ 24,660,729	$ 28,120,651	$ 25,918,991	$ 26,729,239	$ 26,012,336	$ 26,082,598	$ 26,920,858
Net OPEB Liability as a Percentage of Covered-Employee Payroll	46.93%	34.61%	33.13%	30.84%	25.91%	29.42%	28.72%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Note to Required Supplementary Information.

SOLANO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS CONTRIBUTIONS
YEAR ENDED JUNE 30, 2023

OPEB Contributions	2017	2018	2019	2020	2021*	2022*	2023*
Actuarially Determined Contribution (ADC)	$ 1,044,653	$ 1,406,528	$ 1,324,606	$ 1,451,324	$ -	$ -	$ -
Contributions in Relation to the ADC	1,044,653	1,406,528	1,324,606	1,451,324	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$ 24,660,729	$ 28,120,651	$ 25,918,991	$ 26,729,239	$ -	$ -	$ -
Contributions as a Percentage of Covered-Employee Payroll	4.24%	5.00%	5.11%	5.43%	0.00%	0.00%	0.00%

*The District has not calculated an ADC for these years.

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Note to Required Supplementary Information.

SOLANO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS
MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS
YEAR ENDED JUNE 30, 2023

	2017	2018	2019	2020	2021	2022	2023
Annual Money-Weighted Rate of Return, Net of Investment Expense	Not Determined	Not Determined	6.00%	6.00%	5.75%	5.75%	5.75%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Note to Required Supplementary Information.

SOLANO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2023

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's Proportion of the Net Pension Liability	0.0405%	0.0394%	0.0332%	0.0317%	0.0345%	0.0342%	0.0330%	0.0320%	0.0310%
District's Proportionate Share of The Net Pension Liability	$ 23,649,968	$ 26,512,169	$ 29,062,671	$ 29,295,937	$ 31,725,887	$ 30,918,568	$ 31,979,970	$ 14,562,560	$ 21,540,660
State's Proportionate Share of the Net Pension Liability Associated with the District	14,280,872	14,022,015	16,544,860	17,331,229	18,164,554	16,868,143	16,485,545	7,327,468	10,787,626
Total	$ 37,930,840	$ 40,534,184	$ 45,607,531	$ 46,627,166	$ 49,890,441	$ 47,786,711	$ 48,465,515	$ 21,890,028	$ 32,328,286
District's Covered Payroll	$ 16,407,382	$ 16,914,388	$ 17,309,532	$ 16,730,462	$ 19,389,388	$ 18,881,543	$ 18,741,009	$ 18,525,752	$ 19,103,141
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	144.14%	156.74%	167.90%	175.11%	163.63%	163.75%	170.64%	78.61%	112.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77%	74%	70%	69%	71%	73%	72%	87%	81%
California Public Employees' Retirement System - Schools Pool Plan									
District's Proportion of the Net Pension Liability	0.1085%	0.1048%	9.6000%	0.0861%	0.0865%	0.0841%	0.0828%	0.0777%	0.0723%
District's Proportionate Share of the Net Pension Liability	$ 12,322,720	$ 15,451,644	$ 18,955,292	$ 20,545,045	$ 23,058,683	$ 24,499,485	$ 25,405,586	$ 15,799,854	$ 24,877,769
District's Covered Payroll	$ 11,365,881	$ 11,747,308	$ 11,535,397	$ 10,977,418	$ 11,406,864	$ 11,704,107	$ 11,640,226	$ 11,179,672	$ 11,222,342
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	108.42%	131.53%	164.32%	186.79%	202.15%	209.32%	218.26%	141.33%	221.68%
Plan Fiduciary Net Position as a Percentage of The Total Pension Liability	83%	79%	74%	72%	71%	70%	70%	81%	70%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts for covered payroll are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

See accompanying Note to Required Supplementary Information.

SOLANO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS FOR PENSIONS
YEAR ENDED JUNE 30, 2023

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contribution	$ 1,508,056	$ 1,846,655	$ 2,111,185	$ 2,806,691	$ 3,082,822	$ 3,203,865	$ 2,986,309	$ 3,247,203	$ 3,903,335
Contributions in Relation to the Contractually Required Contribution	1,508,056	1,846,655	2,111,185	2,806,691	3,082,822	3,203,865	2,986,309	3,247,203	3,903,335
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 16,914,388	$ 17,309,532	$ 16,730,462	$ 19,389,388	$ 18,881,543	$ 18,741,009	$ 18,525,752	$ 19,103,141	$ 20,048,291
Contributions as a Percentage of Covered Payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%	16.15%	16.92%	19.10%
California Public Employees' Retirement System - Schools Pool Plan									
Contractually Required Contribution	$ 1,357,277	$ 1,367,714	$ 1,524,484	$ 1,771,599	$ 2,108,935	$ 2,313,629	$ 2,308,736	$ 2,557,383	$ 3,187,438
Contributions in Relation to the Contractually Required Contribution	1,357,277	1,367,714	1,524,484	1,771,599	2,108,935	2,313,629	2,308,736	2,557,383	3,187,438
Contribution Deficiency E\excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 11,747,308	$ 11,535,397	$ 10,977,418	$ 11,406,864	$ 11,704,107	$ 11,640,226	$ 11,179,672	$ 11,222,342	$ 12,621,423
Contributions as a Percentage of Covered Payroll	11.771%	11.847%	13.888%	15.531%	18.062%	19.721%	20.700%	22.910%	25.370%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Note to Required Supplementary Information.

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability and Related Ratios

The schedule is intended to show trends about the changes in the District's actuarially determined liability for postemployment benefits other than pensions.

Benefit changes – None.

2022-23
Changes in Assumptions – None

2021-22
Changes in Assumptions – None

2020-21
Changes in Assumptions – The discount rate and expected rate of return on assets was changed from 6.00% to 5.75%.

2019-20
Changes in Assumptions – None

2018-19
Changes in Assumptions – None

Schedule of Postemployment Healthcare Benefits Employer Contributions

The schedule is intended to show trends about the amounts contributed in relation to the actuarially determined contribution.

Schedule of Postemployment Healthcare Benefits Money-Weighted Rate of Return on Plan Assets

The schedule is intended to show trends about the rate of return on plan assets.

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the state's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Benefit changes – None

Changes of Assumptions:

2021-22
CalPERS Board adopted new mortality assumptions and new mortality tables for the plan. Assumption for inflation rate was reduced from 2.50% to 2.30%. A new discount rate was applied decreasing the rate from 7.15% to 6.90%.

2019-20
CalSTRS Board adopted a new experience study which updated assumptions for termination rates and service rates.

2018-19
CalPERS Board adopted new mortality assumptions for the plan. Assumption for inflation rate was reduced from 2.75% to 2.50%. Assumption for individual salary increases and overall payroll growth was reduced from 3.00% to 2.75%.

Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS (STRP) and CalPERS (Schools Pool Plan) (Continued)

2017-18
CalSTRS Board adopted new mortality assumptions and new mortality tables for the plan. Assumption for inflation rate was reduced from 3.00% to 2.75%. Assumption for payroll growth was reduced from 3.75% to 3.50%.

CalPERS applied a new discount rate decreasing the rate from 7.65% to 7.15%.

2015-16
CalPERS applied a new discount rate increasing the rate from 7.50% to 7.65%.

Schedules of District Contributions – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

SUPPLEMENTARY INFORMATION

SOLANO COMMUNITY COLLEGE DISTRICT
HISTORY AND ORGANIZATION
YEAR ENDED JUNE 30, 2023

Solano Community College District was established in 1945 and is comprised of one 192-acre campus and two education centers located in Vacaville, and Vallejo in Solano County. There were no changes in the boundaries of the District during the current year. The District's college is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

The Board of Trustees and the District Administrators for the fiscal year ended June 30, 2023 were as follows:

BOARD OF TRUSTEES

Member	Office	Term Expires
Denis Honeychurch	President	2026
Rosemary Thurston	Vice President	2024
Karimah Karah, J.D.	Member	2026
A. Marie Young	Member	2026
Quinten R. Voyce	Member	2024
Amber Cargo-Reed	Member	2026
Amanda Lopez-Lara	Member	2024
Sumiya Ragab	Student Trustee	2023

ADMINISTRATION

Celia Esposito-Noy, Ed.D	Superintendent-President / Board Secretary
Susan Wheet	Vice President of Finance and Administration
Lisa Neeley	Vice President of Student Services
David Williams	Vice president of Academic Affairs
Salvatore Abbate	Director of Human Resources

AUXILIARY ORGANIZATION IN GOOD STANDING

None

See accompanying Note to Supplementary Information.

SOLANO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Program Name	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Program Expenditures
U.S. Department of Education			
Direct:			
Student Financial Assistance Cluster:			
Supplemental Educational Opportunities Grant (SEOG)	84.007	(1)	$ 174,774
Pell Grant	84.063	(1)	7,577,226
Federal Work Study (FWS)	84.033	(1)	143,187
William D. Ford Direct Loan Program	84.268	(1)	1,169,991
Total Student Financial Assistance Cluster			9,065,178
COVID-19 Higher Education Emergency Relief Funds (HEERF):			
COVID-19 HEERF- Institutional	84.425F	(1)	1,951,834
Total COVID-19 Higher Education Emergency Relief Funds (HEERF)			1,951,834
Pass-Through Program from the California Community College Chancellor's Office:			
Career Technical Education:			
Perkins Title I-C (Basic Grants to States)	84.048	(2)	333,414
Total U.S. Department of Education			11,350,426
U.S. Department of Treasury			
Pass-Through Program from the California Community College Chancellor's Office:			
COVID-19 SFRF Emergency Financial Assistance	21.027	(2)	1,754
U.S. Department of Health and Human Services			
Pass-Through Program from the California Community College Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	(2)	46,069
Foster-Kinship Care Education	93.658	(2)	74,141
Total U.S. Department of Health and Human Services			120,210
U.S. Department of Veteran's Affairs			
Direct:			
Veteran Assistance Title 38	64.028	(1)	1,949
Total Federal Grants			$ 11,474,339

(1) Pass-through number not applicable
(2) Pass-through number not available

See accompanying Note to Supplementary Information.

SOLANO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE – GRANTS
YEAR ENDED JUNE 30, 2023

	Program Entitlements			Program Revenues				
Program Name	Current Year	Prior Year	Total Entitlement	Cash Received	Accounts Receivables	Unearned Revenue	Total Revenue	Program Expenditures
State Categorical Aid Programs:								
Adult Education Block Grant - AB104	$ 41,163	$ 19,470	$ 60,633	$ 60,633	$ -	$ 146	$ 60,487	$ 60,487
Asian American, Native Hawaiian and Pacific Islander	150,697	-	150,697	150,697	-	150,697	-	-
Basic Needs Center	271,117	-	271,117	271,117	-	271,117	-	-
CA College Promise (BOG Fee Waiver Admin)	76,638	267,860	344,498	344,498	(2,161)	340,436	1,901	1,901
CA College Promise	905,277	645,523	1,550,800	1,550,800	-	751,009	799,791	799,791
Cal Works	267,758	71,167	338,925	338,925	-	94,081	244,844	244,844
CARE	163,783	40,786	204,569	204,569	-	106,273	98,296	98,296
California State Preschool Program (CSPP)	-	559,357	559,357	466,112	(94,690)	69,508	301,914	522,906
Culturally Competent Professional Development	150,000	-	150,000	150,000	-	150,000	-	-
Disabled Students Programs and Services	672,755	78,888	751,643	751,663	-	121,755	629,908	629,908
Emergency Financial Assistance Supplemental	121,426	-	121,426	121,426	-	121,426	-	-
Extended Opportunity Program and Services	669,634	256,558	926,192	926,192	-	431,048	495,144	495,144
Financial Aid Technology	48,247	96,621	144,868	144,868	-	116,496	28,372	28,372
Foster Care Education	156,951	18,187	175,138	175,138	-	11,526	163,612	163,612
Guided Pathways Program	283,045	231,023	514,068	514,068	-	308,004	206,064	206,064
Instruction Equipment (one time)	-	107,562	107,562	107,562	-	107,562	-	-
Local and Systemwide Technology and Data Security	335,000	-	335,000	335,000	-	335,000	-	-
Lottery Prop 20	-	1,850,723	1,850,723	1,850,753	185,370	1,847,397	188,726	3,356
Mental Health Program	194,750	-	194,750	194,750	-	144,715	50,035	50,035
NextUp	699,461	-	699,461	699,461	-	666,874	32,587	32,587
Nursing Enroll Growth	210,200	-	210,200	210,200	(26,660)	-	183,540	183,540
Retention and Enrollment Outreach	786,512	-	786,512	786,512	(322,511)	464,001	-	-
SFAA	373,390	-	373,390	373,390	-	-	373,390	373,390
Student Success Completion	1,468,930	-	1,468,930	1,468,930	-	410,485	1,058,445	1,058,445
Staff Diversity - Equal Employment Opportunity	138,888	96,231	235,119	235,119	-	122,381	112,738	112,738
Strong Workforce Program	1,265,807	2,700,949	3,966,756	3,966,756	-	3,618,332	348,424	348,424
Strong Workforce Regional Venture	666,194	1,790,635	2,456,829	395,740	1,430,208	1,361,071	464,877	725,477
Student Equity & Achievement Program	3,238,962	3,715,916	6,954,878	6,954,878	-	3,846,109	3,108,769	3,108,769
Student Food and Housing Support	221,823	215,133	436,956	436,956	-	406,216	30,740	30,740
Student Housing (Planning)	150,000	-	150,000	150,000	-	-	150,000	150,000
Student Hunger @ Community College	-	15,140	15,140	15,140	-	11,631	3,509	3,509
Systemwide Technology and Data Security	50,000	-	50,000	50,000	-	9,138	40,862	40,862
Undocumented Resources Liasons	82,629	-	82,629	82,629	-	82,629	-	-
Veterans Resource Center	106,195	189,056	295,251	295,251	-	214,101	81,150	81,150
Zero Textbook Cost (one-time funds)	180,000	-	180,000	180,000	-	180,000	-	-
Zero Textbook Cost	20,000	-	20,000	20,000	-	1,879	18,121	18,121
Total State Categorical Aid Programs	$ 14,167,232	$ 12,966,785	$ 26,934,017	$ 24,979,733	$ 1,169,556	$ 16,873,043	$ 9,258,125	$ 9,572,468

See accompanying Note to Supplementary Information.

SOLANO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL AND APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE
YEAR ENDED JUNE 30, 2023

Categories	Revised Annual - Factored FTES Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2019 only)			
1. Noncredit[1]	-	-	-
2. Credit	741.31	-	741.31
B. Summer Intersession (Summer 2020 - Prior to July 1, 2020)			
1. Noncredit[1]	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	1,854.65	-	1,854.65
(b) Daily Census Contact Hours	77.50	-	77.50
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit[1]	-	-	-
(b) Credit	123.44	-	123.44
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	3,115.29	-	3,115.29
(b) Daily Census Contact Hours	294.61	-	294.61
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	6,206.80	-	6,206.80
Supplemental Information (Subset of Above Information)			
E. In-service Training Courses (FTES)	-	-	-
H. Basic Skills Courses and Immigrant Education			
(a) Noncredit[1]	-	-	-
(b) Credit	32.69	-	32.69
CCFS 320 Addendum			
CDCP Noncredit FTES	-	-	-
Centers FTES			
(a) Noncredit[1]	-	-	-
(b) Credit	2,218.75	-	2,218.75

[1] Including Career Development and College Preparation (CDCP) FTES

See accompanying Note to Supplementary Information.

SOLANO COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF 50 PERCENT LAW CALCULATION
YEAR ENDED JUNE 30, 2023

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 and AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries - Contract or Regular	1100	$ 10,772,005	$ -	$ 10,772,005	$ 10,772,005	$ -	$ 10,772,005
Instructional Salaries - Other	1300	7,079,847	-	7,079,847	7,079,847	-	7,079,847
Total Instructional Salaries		17,851,852	-	17,851,852	17,851,852	-	17,851,852
Non-Instructional Salaries - Contract or Regular	1200	-	343,274	343,274	3,659,546	-	3,659,546
Non-Instructional Salaries - Other	1400	-	35,291	35,291	630,496	-	630,496
Total Non-Instructional Salaries		-	378,565	378,565	4,290,042	-	4,290,042
Total Academic Salaries		17,851,852	378,565	18,230,417	22,141,894	-	22,141,894
Classified Salaries							
Non-Instructional Salaries - Regular Status	2100	-	175,751	175,751	9,802,887	-	9,802,887
Non-Instructional Salaries - Other	2300	-	12,305	12,305	491,780	-	491,780
Total Non-Instructional Salaries		-	188,056	188,056	10,294,667	-	10,294,667
Instructional Aides - Regular Status	2200	1,083,564	-	1,083,564	1,083,565		1,083,565
Instructional Aides - Other	2400	160,856	-	160,856	160,856		160,856
Total Instructional Aides		1,244,420	-	1,244,420	1,244,421		1,244,421
Total Classified Salaries		1,244,420	188,056	1,432,476	11,539,088	-	11,539,088
Employee Benefits	3000	9,164,523	-	9,164,523	17,037,209	-	17,037,209
Supplies and Materials	4000	-	394,971	394,971	780,618	-	780,618
Other Operating Expenses	5000	486,570		486,570	7,108,617	-	7,108,617
Equipment Replacement	6420	-	128,002	128,002	170,448	-	170,448
Total Expenditures Prior to Exclusions		28,747,365	1,089,594	29,836,959	58,777,874	-	58,777,874
Exclusions							
Activities to Exclude							
Instructional Staff–Retirees' Benefits and Retirement Incentives	5900	1,111,885	-	1,111,885	-	1,111,885	1,111,885
Student Health Services Above Amount Collected	6441	-	-	-	5,505	-	5,505
Student Transportation	6491	-	-	-	588,595	-	588,595
Non-instructional Staff-Retirees' Benefits and Retirement Incentives	6740	-	-	-	588,590	-	588,590
Objects to Exclude							
Rents and Leases	5060	-	-	-	241,461	-	241,461
Lottery Expenditures							
Academic Salaries	1000	1,321,346	-	1,321,346	1,321,346	-	1,321,346
Classified Salaries	2000	-	-	-		-	-
Employee Benefits	3000	-	-	-	-	-	-
Software	4100	-	-	-	3,040	(3,040)	-
Books, Magazines, and Periodicals	4200	-	-	-	1,180	(1,180)	-
Instructional Supplies and Materials	4300	-	-	-	407,404	(407,404)	-
Noninstructional, Supplies and Materials	4400	-	-	-	317,495	(317,495)	-
Other Operating Expenses and Services	5000	-	-	-	7,108,617	(7,108,617)	-
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	(189)	-	(189)
Equipment - Additional	6410	-	-	-	329,463	-	329,463
Equipment - Replacement	6420	-	-	-	-	42,446	42,446
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		2,433,231	-	2,433,231	10,912,507	(6,683,405)	4,229,102
Total for ECS 84362, 50% Law		26,314,134	1,089,594	27,403,728	47,865,367	6,683,405	54,548,772
Percent of CEE (Instructional Salary Cost/Total CEE)		54.98%	-5%	50.24%	100%	0%	100%
50% of Current Expense of Education					23,932,684	3,341,703	27,274,386

See accompanying Note to Supplementary Information.

SOLANO COMMUNITY COLLEGE DISTRICT
PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
YEAR ENDED JUNE 30, 2023

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				$ 8,009,101
Activity Classification	**Object Code**	**Salaries and Benefits (1000-3000)**	**Operating Expenses (4000-5000)**	**Capital Outlay (6000)**	**Total**
Instructional Activities	0100-5900	$ 8,009,101	$	$	$ 8,009,101
					-
					-
					-
					-
					-
					-
					-
					-
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					-
					-
					-
					-
					-
					-
					-
					-
					-
Total Expenditures for EPA*		$ 8,009,101	$ -	$ -	8,009,101
Revenue less Expenditures					-
*Total Expenditures for EPA may not include Administrator Salaries and Benefits or other administrative costs.					

See accompanying Note to Supplementary Information.

SOLANO COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2023

Unrestricted General Fund Balance	$ 37,890,826
Restricted General Fund Balance	5,694,901
Bond Interest and Redemption Fund Balance	(964,734)
Capital Projects Fund Balance	6,405,744
Revenue Bond Construction	66,459,161
Child Development Fund Balance	157,713
Internal Service Fund Balance (Retiree Benefits)	785,821
Associated Students Fund Balance	244,663
Investment Trust Fund - OPEB	6,030,623
Student Center Fee Fund Balances	324,999
Student Financial Aid and Trust Fund Balance	350
Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)	$ 123,030,067
Business Type Activity Funds	$ 116,999,444
Fiduciary Funds - OPEB Trust	6,030,623
Adjusted Total Ending Fund Balance	$ 123,030,067

See accompanying Note to Supplementary Information.

SOLANO COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION (CONTINUED)
YEAR ENDED JUNE 30, 2023

Total Fund Balances as Reported on the Annual Financial and Budget Report (CCFS-311) - Business Type Activity Funds	$ 116,999,444
Cash and investments with fiscal agent for crossover refunding bonds.	60,186,460
Capital and leased assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets, net of accumulated depreciation are added to total net assets.	174,196,665
Deferred outflows associated with advanced refunding of debt increases total net position reported.	12,287,412
Deferred outflows associated with other postemployment retirement benefits costs result from contributions made during the fiscal year and from actuarially determined adjustments. These amounts will be recognized as a reduction of the net other postemployment retirement benefits liability or amortized to benefits expense, as applicable, in subsequent periods.	1,399,798
Deferred outflows associated with pension costs result from pension contributions made during the fiscal year and from actuarially determined adjustments. These amounts will be recognized as a reduction of the net pension liability or amortized to pension expense, as applicable, in subsequent periods.	13,708,855
Liabilities related to bonds, leases and subscriptions payable are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Bond related liabilities are added to the statement of net position which reduces the total net assets reported.	(418,359,026)
The liability of employers and nonemployers contributing to employees for benefits provided through a defined benefit pension plan is recorded as net pension liabilities.	(46,418,429)
Deferred inflows associated with advanced refunding of debt increases total net position reported.	(244,820)
Deferred inflows of resources associated with other postemployment retirement benefits result from actuarially determined adjustments. These amounts will be amortized to other postemployment retirement benefits expense in subsequent periods.	(1,514,712)
Deferred inflows of resources associated with pensions result from actuarially determined adjustments. These amounts will be amortized to pension expense in subsequent periods.	(7,655,335)
The liability associated with other postemployment retirement benefits, is recognized as a liability, which reduces the total net position reported.	(7,731,660)
The liability associated with Medicare Premium Payment (MPP) Program of the California State Teachers' Retirement Plan (the STRP), is recognized as a liability, which reduces the total net position reported.	(177,882)
Total Net Position	$ (103,323,230)

See accompanying Note to Supplementary Information.

NOTE 1 PURPOSE OF SCHEDULES

District Organization

This schedule provides information about the District's Governing Board members, administration members, and auxiliary organizations as of June 30, 2023.

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (Part 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Federal financial assistance has not been provided to a subrecipient.

The following schedule provides a reconciliation between revenues reported on the statement of revenues, expenses, and changes in net position – primary government and the related expenditures reported on the schedule of expenditures of federal awards that have not been expended as of June 30, 2023.

Program Name	Federal Assistance Listing Number	Amount
Federal Revenues per Statement of Revenues, Expenditures, and Changes in Net Position Primary Government:		
Operating Federal Revenues		$ 775,288
Nonoperating Federal Revenues		9,529,060
Total Federal Revenues		10,304,348
William D. Ford Direct Loan Program	84.268	1,169,991
		$ 11,474,339

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

The District uses an indirect cost rate, approved by the U.S. Department of Health and Human Services, as allowed under the Uniform Guidance. The District has not elected to use the 10-percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Schedule of Expenditures of State Awards

The accompanying schedule of expenditures of state awards includes the state grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The information in this schedule is presented to comply with reporting requirements of the California State Chancellor's Office.

Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance

FTES is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis for making apportionments of state funds to community college districts. This schedule provides information regarding the attendance of the students based on various methods of accumulating attendance data.

Reconciliation of Education Code Section 84362 (50% Law) Calculation

ECS 84362 requires the District to expend a minimum of 50% of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

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

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's internal fund financial statements.

Proposition 30 Education Protection Account (EPA) Expenditure Report

This schedule provides information about the District's EPA proceeds and summarizes the expenditures of EPA proceeds.

Reconciliation of Government Funds to the Statement of Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

OTHER INDEPENDENT AUDITORS' REPORTS

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' 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*

Board of Trustees
Solano Community College District
Fairfield, California

We have audited, in accordance with the 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, the financial statements of the business-type activities and the fiduciary activities of Solano Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Trustees
Solano Community College District

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
December 20, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Solano Community College District
Fairfield, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Solano Community College District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *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, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative* Requirements*, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, 2023-003, 2023-004, 2023-005 and 2023-006. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Board of Trustees
Solano Community College District

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-004 and 2023-005 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, 2023-003 and 2023-006 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
December 20, 2023

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Solano Community College District
Fairfield, California

We have audited the Solano Community College District's (the District) compliance with the types of compliance requirements described in the *2022-23 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office for the fiscal year ended June 30, 2023. The District's state compliance requirements are identified in the table provided.

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2023.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained *in Government Auditing Standards* issued by the Comptroller General of the United States; and the *2022-23 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office. Our responsibilities under those standards and the Audit Manual are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Solano Community College District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance. Our audit does not provide a legal determination of Solano Community College District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the with the types of compliance requirements described in the *2022-23 Contracted District Audit Manual*.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Solano Community College District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Solano Community College District's compliance with the types of compliance requirements described in the *2022-23 Contracted District Audit Manual* as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Contracted District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Solano Community College District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Solano Community College District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the with the types of compliance requirements described in the *2022-23 Contracted District Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of Solano Community College District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Board of Trustees
Solano Community College District

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the laws and regulations applicable to the following items:

Section	Description	Procedures Performed
411	SCFF Data Management Control Environment	Yes
412	SCFF Supplemental Allocation Metrics	Yes
413	SCFF Success Allocation Metrics	Yes
421	Salaries of Classroom Instructors (50 Percent Law)	Yes
423	Apportionment for Activities Funded from Other Sources	(Not applicable)
424	Student Centered Funding Formula Base Allocation: FTES	Yes
425	Residency Determination for Credit Courses	Yes
426	Students Actively Enrolled	Yes
427	Dual Enrollment – College and Career Access Pathways (CCAP)	(Not applicable)
430	Scheduled Maintenance Program	Yes
431	Gann Limit Calculation	Yes
444	Apprenticeship Related and Supplemental Instruction (RSI) Funds	(Not applicable)
475	Disabled Student Programs and Services (DSPS)	Yes
490	Proposition 1D and 51 State Bond Funded Projects	Yes
491	Education Protection Account (EPA) Funds	Yes
492	Student Representation Fee	Yes
494	State Fiscal Recovery Fund Emergency Grants	Yes
499	COVID-19 Response Block Grant Expenditures	Yes

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2022-23 Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
December 20, 2023

FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? ______ yes __x__ no
   - Significant deficiency(ies) identified? ______ yes __x__ none reported
3. Noncompliance material to financial statements noted? ______ yes __x__ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? __x__ yes ______ no
   - Significant deficiency(ies) identified? __x__ yes ______ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? __x__ yes ______ no

Identification of Major Federal Programs

Assistant Listing Number(s)	**Name of Federal Program or Cluster**
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster
84.425F	COVID-19 Higher Education Emergency Relief Funds (HEERF)

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

- Auditee qualified as low-risk auditee? ______ yes __x__ no

Section I – Summary of Auditors' Results (Continued)

State Awards

1. Internal control over state programs:
   - Material weakness(es) identified? ____________ yes ____x____ no
   - Significant deficiency(ies) identified? ____________ yes ____x____ none reported
2. Type of auditors' report issued on compliance for state programs: Unmodified

Section II – Financial Statement Findings

There were no findings and questioned costs related to the financial statements for the year ended June 30, 2023.

Section III – Findings and Questioned Costs – Major Federal Programs

U.S. Department of Education
2023-001: Student Eligibility and Awarding
Federal Agency: Department of Education
Federal Program Name: Student Financial Assistance Cluster
Assistance Listing Number: 84.268 – Federal Direct Student Loans
Federal Award Identification Number and Year: P268K231182- 2023
Award Period: July 1, 2022 through June 30, 2023
Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matters

Criteria: The Code of Federal Regulations, 34 CFR 685.203(a) outline the maximum subsidized loan amounts for students based on their dependency status, year of education, and other factors. In addition, 2 CFR 200.303, nonfederal entities receiving federal awards are required to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements.

Condition: During our testing, we noted 1 instance out of 40 students tested at the College where the Subsidized Stafford Loan awarded to the student was less than the maximum amount they were eligible for. An Unsubsidized Stafford Loan was then issued before the maximum subsidized loan amount was awarded.

Questioned Costs: For the instance identified, the student was under awarded $1,000.

Context: The District awarded $1,167,562 in Direct Loans during the year.

Cause: Typographical error based on the department staff member using the values on the student's loan request form.

Effect: For the instance identified, the student was under awarded the unsubsidized portion of the Stafford Loan.

Repeat Finding: This was not a finding in the prior year.

Recommendation: We recommend the District to evaluate its procedures related to the manual input of information from the student loan request.

Views of responsible officials: Management concurs with the finding and plans to correct the finding.

2023-002: Return of Title IV Funds
Federal Agency: Department of Education
Federal Program Name: Student Financial Assistance Cluster
Assistance Listing Number: Various
Federal Award Identification Number and Year: Various
Award Period: July 1, 2022 through June 30, 2023
Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matters

Criteria: According to 34 CFR Section 668.173 (b) and 2 CFR 200.303, the institutional portion of unearned aid must be returned to the appropriate Title IV, HEA program or Federal Family Education Loan ("FFEL") lender no later than 45 days after the date of the institution's determination that the student withdrew. Furthermore, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date. The Compliance Supplement issued by the Office of Management and Budget requires auditors to review the return of Title IV funds determinations/calculations for conformity with Title IV requirements. Furthermore, according to 34 CFR 668.22, all grant funds relating to post-withdrawal disbursements that are not disbursed to the student's account, must be disbursed to the student no later than 180 days after the date of the institution's determination that the student withdrew.

Condition: The institutional portion of unearned aid was not returned to the Department of Education within 45 days. This was noted for 1 out of 40 samples tested, which is a statistically valid sample.

Questioned Costs: None.

Context: The District disbursed $9,065,178 in Title IV awards during fiscal year 2022-23. The value of the sample tested was $4,811, and the portion of the unearned aid not returned timely was $353.

Cause: The Districts' internal controls did not ensure compliance with the applicable Title IV regulations.

Effect: The cause identified resulted in noncompliance with Title IV regulations.

Repeat Finding: This was not a finding in the prior year.

Recommendation: We recommend that the District improve the existing procedures and controls to ensure compliance with the aforementioned criteria.

Views of responsible officials: Management concurs with the finding and plans to correct the finding.

2023-003: NSLDS Enrollment Reporting
Federal Agency: Department of Education
Federal Program Name: Student Financial Assistance Cluster
Assistance Listing Number: Various
Federal Award Identification Number and Year: Various
Award Period: July 1, 2022 through June 30, 2023
Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matters

Criteria: In accordance with 34 CFR 685.309(b), 2 CFR 200.303 and the National Student Loan Data System (NSLDS) Enrollment Reporting Guide published by the Department of Education, schools must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website. In addition, schools must report enrollment status changes within 30 days of becoming aware of the status change or in its next scheduled enrollment submission if the scheduled submission is within 60 days.

Condition: During our testing of 40 students, which is a statistically valid sample, we noted two instances of change in status not reported correctly.

Questioned Costs: None.

Context: Two exceptions were noted out of the 40 students tested, which is a statistically valid sample.

Cause: The District's internal controls did not identify the errors for compliance with the criteria mentioned above.

Effect: Inaccurate information is reflected on the NSLDS database. A student's enrollment data protects the rights of borrowers by ensuring that loan interest subsidies are based on accurate enrollment data, ensures loan repayment dates are accurately based on the last data of attendance, allows in-school deferments to be automatically granted using NSLDS enrollment data, and provides vast amounts of critical data about the effectiveness of Title IV aid programs, including completion data.

Repeat Finding: This was not a finding in the prior year.

Recommendation: We recommend that the District review its enrollment reporting procedures to ensure information is accurately reported to NSLDS as required by regulations.

Views of responsible officials: Management concurs with the finding and plans to correct the finding.

2023-004: 240 Days Outstanding Check
Federal Agency: Department of Education
Federal Program Name: Student Financial Assistance Cluster
Assistance Listing Number: Various
Federal Award Identification Number and Year: Various
Award Period: July 1, 2022 through June 30, 2023
Type of Finding: Material Weakness in Internal Control over Compliance and Other Matters

Criteria: The Code of Federal Regulations, 34 CFR 668.164 states that an institution must return to the Department of Education, any Title IV funds that it attempts to disburse directly to a student or parent that are not received by the student or parent. If an EFT to a student's or parent's financial account is rejected, or a check to a student or parent is returned, the institution may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the EFT was rejected or the check returned. In cases where the institution does not make another attempt, the funds must be returned to the Department of Education before the end of this 45-day period. If a check is sent to a student or parent is not returned to the institution but is not cashed, the institution must return the funds to the Department of Education no later than 240 days after the date it first issued the check. In addition, 2 CFR 200.303, nonfederal entities receiving federal awards are required to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements.

Condition: Our audit identified checks were being cancelled within the 240-day timeframe, however the District was not able to provide support that the Department of Education's Common Origination and Disbursement (COD) website was being updated within the allowable timeframe.

Questioned Costs: Unknown.

Context: The District disbursed $9,065,178 in Title IV awards during fiscal year 2022-23. The District provided a population of 1,076 checks outside the 240-day timeframe, totaling $958,167. However, we were unable to obtain actual questioned costs, as the population provided by the District included cancelled and reissued checks, resulting in duplication with the population.

Cause: The District's existing procedures do not provide sufficient documentation to support compliance with Title IV regulations

Effect: The District was unable to establish compliance with the Title IV regulation.

Repeat Finding: Yes, see Finding 2022-005.

Recommendation: We recommend the District re-evaluate their procedures for processing and documenting outstanding Title IV funds to the Department of Education.

Views of responsible officials: Management concurs with the finding and plans to correct the finding.

2023-005: Gramm-Leach-Bliley Act Compliance
Federal Agency: Department of Education
Federal Program Name: Student Financial Assistance Cluster
Assistance Listing Number: Various
Federal Award Identification Number and Year: Various
Award Period: July 1, 2022 through June 30, 2023
Type of Finding: Material Weakness in Internal Control over Compliance and Other Matters

Criteria: In accordance with 16 CFR 314.3(a) and 2 CFR 200.303, Institutions are required to develop, implement and maintain a comprehensive information security program that is written in one or more readily accessible parts. The regulations require the written information security program to include seven elements for institutions with fewer than 5,000 customers.

Condition: During our testing, we noted the District's information security policy is in draft form and does not include all of the required seven elements.

Questioned Costs: None.

Context: The District's information security policy does not contain all seven elements required by the Gramm-Leach-Bliley Act.

Cause: The District's information security policy is still in draft form.

Effect: The District's information security policy is not in compliance with the Gramm-Leach-Bliley Act.

Repeat Finding: This was not a finding in the prior year.

Recommendation: We recommend the District review and finalize its information security policy and ensure it contains all seven elements required for compliance with Gramm-Leach-Bliley.

Views of responsible officials: Management concurs with the finding and plans to correct the finding.

2023-006: Unallowable Costs
Federal Agency: Department of Education
Federal Program: COVID-19 Higher Education Emergency Relief Funds (HEERF)/Coronavirus Aid, Relief and Economic Security (CARES) Act – Institutional Portion
Assistance Listing Number: 84.425F
Federal Award Identification Number and Year: P425E205093
Award Period: July 1, 2022 to June 30, 2023
Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matters

Criteria: The Uniform Guidance Cost Principles described in 2 CFR Part 200, Compensation, states that costs of compensation are allowable to the extent that they satisfy the specific requirements of the grant and that total compensation for individual employees is reasonable for the services rendered. Salaries and benefits are allowable for this grant as long as the job duties are a result of responding to the pandemic. In addition, 2 CFR 200.303, nonfederal entities receiving federal awards are required to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements.

Condition: The District charged unallowable costs to the grant related to an employee whose job duties were not related to the pandemic.

Questioned Costs: $3,341

Context: The District expended $1,951,384 in HEERF – Institutional Portion funds for direct costs during the fiscal year. The value of the sample tested was $22,736.

Cause: The District charged payroll costs for an employee in error.

Effect: Noncompliance with allowable cost principles.

Repeat Finding: This was not a finding in the prior year.

Recommendation: Implement procedures to ensure all grant expenditures are reviewed by fiscal management for additional review.

Views of responsible officials: Management concurs with the finding and plans to correct the finding.

Section IV – Findings and Questioned Costs – State Award

There were no findings and questioned costs related to state awards for the fiscal year ended June 30, 2023.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no findings and questioned costs related to the financial statement audit for the year ended June 30, 2022

FINDINGS—FEDERAL AWARDS PROGRAM AUDITS

2022-001: NSLDS Enrollment Reporting
Federal agency: U.S. Department of Education
Federal program title: Student Financial Assistance Cluster
Assistance Listing Number: 84.007, 84.033, 84.063, 84.26

Recommendation: We recommend the District review its report procedures to ensure that the enrollment and program information is accurately reported to NSLDS as required by regulations.

Current Status: Please refer to the attached corrective action plan.

2022-002: Student Eligibility and Awarding
Federal agency: U.S. Department of Education
Federal program title: Student Financial Assistance Cluster
Assistance Listing Number: 84.268

Recommendation: We recommend the College to evaluate its procedures related to the manual input of information from the student loan request..

Current Status: Please refer to the attached corrective action plan.

2022-003: Student Eligibility and Awarding
Federal agency: U.S. Department of Education
Federal program title: Student Financial Assistance Cluster
Assistance Listing Number: Various

Recommendation: We recommend that the College implements a process that will ensure all Title IV funds are awarded at proper amounts.

Current Status: Please refer to the attached corrective action plan.

2022-004: 240 Days Outstanding Check
Federal agency: U.S. Department of Education
Federal program title: Student Financial Assistance Cluster
Assistance Listing Number: Various

Recommendation: We recommend the College to update its procedures and procedures for processing and monitoring refund checks to ensure compliance with the Title IV requirements.

Current Status: Please refer to the attached corrective action plan.

<u>2022-005: Unallowable Costs</u>
Federal agency: U.S. Department of Education
Federal program title: COVID-19 Higher Education Emergency Relief Funds (HEERF)/Coronavirus Aid, Relief and Economic Security (CARES) Act – Institutional Portion
Assistance Listing Number: 84.425F

Recommendation: Implement procedures to ensure all grant expenditures are reviewed by fiscal management for additional review.

Current Status: Please refer to the attached corrective action plan.

FINDINGS—STATE AWARDS

There were no findings and questioned costs related to state awards for the year ended June 30, 2022.

Solano Community College District respectfully submits the following Corrective action plan for the year ended June 30, 2023.

Audit period: July 1, 2022 – June 30, 2023

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no findings and questioned costs related to the financial statements for the year ended June 30, 2023.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS
U.S. Department of Education

2023-001: Student Eligibility and Awarding
Recommendation: We recommend the District to evaluate its procedures related to the manual input of information from the student loan request.

Action taken in response to finding: This issue was the result of using the Solano completed unit level, rather than the cumulative number that includes transfer units, when awarding a student in our small BS Biotechnology program. Student had completed 43.5 credits at Solano by the beginning of the aid year. As a result, the student was awarded a second-year subsidized amount when they were eligible for the third year and beyond amount. This resulted in the student receiving $1,000 less subsidized loans than they were eligible for.

In July 2023, we trained the team to watch for this issue and evaluated the procedure log that we use for processing Direct Loans. This log now includes two checks that are relevant to ensuring subsidized loan amounts are correct:

1. Confirm the level of the student. If the student is in our BS Biotechnology program, they may have additional eligibility than the standard first-year and second-year loans that we normally process as a community college.
2. If the loan is a single-term loan, is the full subsidized eligibility exhausted before awarding any unsubsidized loan amounts?

The student's file was corrected on COD on 8/3/2023 to reflect a $5,500 subsidized award.

Names of the contact persons responsible for corrective action: Patrick Scott, Dean – Financial Aid, and Kate Larot, Financial Aid Specialist

Planned completion date for corrective action plan: August 2023

2023-002: Return of Title IV Funds
Recommendation: We recommend that the District improve the existing procedures and controls to ensure compliance with the aforementioned criteria.

Action taken in response to finding: This issue was discovered during the audit process and the staff member associated with this error was made aware of it in July 2023. Refresher training occurred during August 2023 and we have added members to the R2T4 calculation team in December 2023 in hopes of spreading workload and allowing more time to complete calculations and returns before the relevant deadlines.

Names of the contact persons responsible for corrective action: Patrick Scott, Dean – Financial Aid, and Kate Larot, Financial Aid Specialist

Planned completion date for corrective action plan: January 2024

2023-003: NSLDS Enrollment Reporting

Recommendation: We recommend that the District review its enrollment reporting procedures to ensure information is accurately reported to NSLDS as required by regulations.

Action taken in response to finding: The District will review its enrollment reporting procedures to ensure information is accurately reported to NSLDS as required by regulations.

Name of the contact person responsible for corrective action: Patrick Scott, Dean – Financial Aid

Planned completion date for corrective action plan: Spring 2024

2023-004: 240 Days Outstanding Check

Recommendation: We recommend the District re-evaluate their procedures for processing and documenting outstanding Title IV funds to the Department of Education.

Action taken in response to finding: This issue is the result of a conflict between the procedures used by the awarding team (Financial Aid) and the disbursement team (Fiscal Services). The Financial Aid team was operating with a set of pre-pandemic instructions that had them contact students to fix their address information (the typical reason that disbursements timeout) and send a list of students with verified addresses to Fiscal Services for reissuing. Nothing in their procedures mentioned the need to rescind aid—only the need to verify addresses to allow funds to reach students.

The Fiscal Services team's procedures, on the other hand, assumed the Financial Aid team was rescinding aid as necessary and thus would reissue repeatedly as long as the funds remained awarded in the school's information system, even in cases where the initial disbursement had been made more than 240 days prior.

The combination of these two procedures led to the findings in this year's audit and last year's audit, as well.

The Financial Aid team's procedures were updated and presented to the team on October 4, 2023. These new procedures included:

- Directions on how to rescind funds
- A policy statement requiring recission when the time since first disbursement has exceeded 90 days (an institutional policy that is stricter than the 240 days allowable under federal regulations)
- A clear set of instructions on how to make the determination to rescind funds.

Name of the contact person responsible for corrective action: Patrick Scott, Dean – Financial Aid

Planned completion date for corrective action plan: October 2023 for procedure correction. February 2024 for completed review of affected students in audit list.

2023-005: Gramm-Leach-Bliley Act Compliance

Recommendation: We recommend the District review and finalize its information security policy and ensure it contains all seven elements required for compliance with Gramm-Leach-Bliley.

Action taken in response to finding: Fill the newly created Interim Director of Information Security and Special Projects position with an Interim placement effective February 1, 2024, to provide leadership in developing, implementing, and maintaining the District's Information Security Policy including the seven elements required by the Gramm-Leach-Bliley Act.

Names of the contact person responsible for corrective action: James "Kimo" Calilan, Director – Information Systems

Planned completion date for corrective action plan: April 30, 2024

2023-006: Unallowable Costs
Recommendation: Implement procedures to ensure all grant expenditures are reviewed by fiscal management for additional review.

Action taken in response to finding: Incorrectly charged amounts will be journalled to the correct account in 2023-24. All future grant related payroll expenses will be reviewed by the finance/fiscal team and management.

Name of the contact person responsible for corrective action: Susan Wheat, Vice President of Finance and Administration

Planned completion date for corrective action plan: January 2024

FINDINGS—STATE AWARDS AUDIT
There were no findings and questioned costs related to state awards for the fiscal year ended June 30, 2023.

If the U.S. Department of Education or the U.S. Department of the Treasury has questions regarding this plan, please call Susan Wheet, VP of Finance and Administration at 707-864-7209.

Solano Community College District respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2022.

Audit period: July 1, 2021 – June 30, 2022

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement audit findings in the prior fiscal year that require corrective action plan.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S. Department of Education

2022-001: NSLDS Enrollment Reporting

Condition: During our testing of 40 students, which is a statistically valid sample, we noted 7 instances of late reporting of student status changes, 4 instances where the effective date of a student status change was improperly reported at the campus-level record, 10 instances where the effective date of a student status change was improperly reported at both the campus-level and program-level record, and 1 instance where student's was not reported for Fall 2021 at both the campus-level and program-level records

Status: The Corrective Action Plan was implemented by the College during the 2022-23 fiscal year.

U.S. Department of Education

2022-002: Student Eligibility and Awarding

Condition: During our testing, we noted 1 instance out of 40 students tested at the College where the Unsubsidized Stafford Loan awarded to the student was less than the maximum amount they were eligible for.

Status: Not Implemented. See 2023 - 001.

U.S. Department of Education

2022-003: Student Eligibility and Awarding

Condition: The College awarded an incorrect Pell award amount for this student 1 out of the 40 students tested, which is a statistically valid sample.

Status: The Corrective Action Plan was implemented by the College during the 2022-23 fiscal year.

U.S. Department of Education

2022-004: 240 Days Outstanding Check

Condition: Our audit identified 3 outstanding checks payable to student for Title IV awards that were not returned to the Department of Education within the 240 day prescribed timeframe.

Status: Not Implemented. See 2023 - 004.

U.S. Department of Education
2022-005: Unallowable Costs
Condition: The District used grants fund for construction costs that were identified as delays, labor rate escalation and supply chain issues related to COVID-19.

Status: The Corrective Action Plan was implemented by the College during the 2022-23 fiscal year.

FINDINGS—STATE AWARDS

There were no state awards findings in the prior fiscal year that require corrective action plan.

If the U.S. Department of Education or the U.S. Department of the Treasury has questions regarding this plan, please call Susan Wheet, VP of Finance and Administration at 707-864-7209.