SOLANO COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

SOLANO COMMUNITY COLLEGE DISTRICT
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YEAR ENDED JUNE 30, 2022

CliftonLarsonAllen LLP
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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, 2022, 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, 2022, 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

Regarding a Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2021, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 87, *Leases*. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Regarding a Correction of an Error

The District completed a physical inventory of the equipment, prepared a historical listing of capital assets purchased and donated, and recalculated the accumulated depreciation. As a result, the District reported a restatement for a correction of an error (see Note 14). Our auditors' 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, including 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, 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, including the schedule of expenditures of federal awards is 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 January 30, 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
January 30, 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, 2022. 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, 2022. 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.

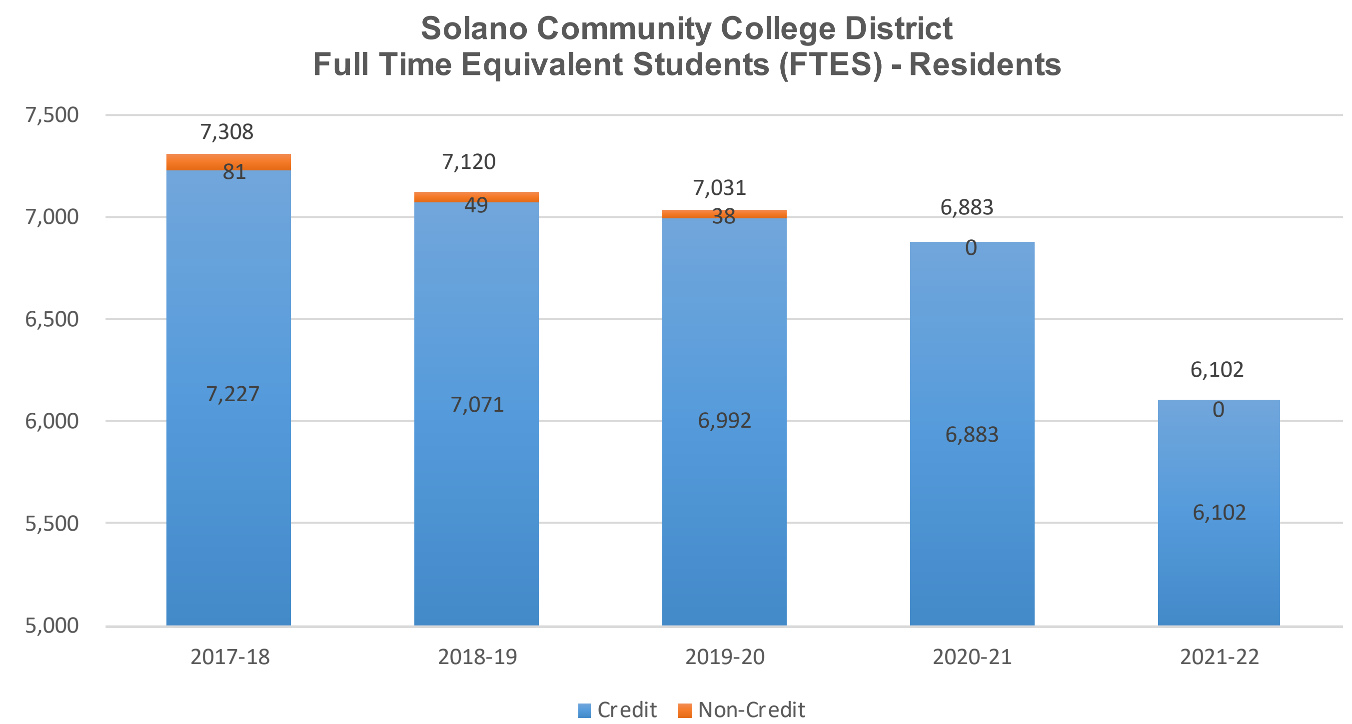
Overview of the Financial Statements

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

Solano is a "Hold Harmless" district under the Student-Centered Funding Formula (SCFF), During the hold- harmless period, District revenues are protected from declines in the SCFF metrics. Due to the changes in the SCFF for the 2022-23 fiscal year, the 2021-22 fiscal year will be the last year the District is in "hold harmless."


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

THE DISTRICT AS A WHOLE

Net Position

Table 1

	2022	2021*	Change
Assets			
Current Assets			
Cash and Investments	$ 51,693,544	$ 30,692,069	$ 21,001,475
Accounts Receivable, Net	8,992,097	21,735,015	(12,742,918)
Prepaid Expenses and Other Current Assets	497,726	819,127	(321,401)
Total Current Assets	61,183,367	53,246,211	7,937,156
Noncurrent Assets			
Restricted Cash Equivalents and Investments	175,268,449	71,582,079	103,686,370
Capital Assets, Net	163,408,275	293,276,558	(129,868,283)
Total Noncurrent Assets	338,676,724	364,858,637	(26,181,913)
Total Assets	$ 399,860,091	$ 418,104,848	$ (18,244,757)
Deferred Outflows of Resources	$ 21,553,226	$ 13,166,555	$ 8,386,671
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	$ 10,092,655	$ 13,179,574	$ (3,086,919)
Unearned Revenue	17,102,673	8,224,560	8,878,113
Long-Term Liabilities Due Within One Year	13,631,310	12,494,565	1,136,745
Total Current Liabilities	40,826,638	33,898,699	6,927,939
Long-Term Liabilities	466,901,544	377,343,704	89,557,840
Total Liabilities	$ 507,728,182	$ 411,242,403	$ 96,485,779
Deferred Inflows of Resources	$ 26,072,435	$ 8,269,771	$ 17,802,664
Net Position			
Net Investment in Capital Assets	$ (110,314,683)	$ 31,550,369	$ (141,865,052)
Restricted	23,602,640	17,371,331	6,231,309
Unrestricted Deficit	(25,675,257)	(37,162,471)	11,487,214
Total Net Position	$ (112,387,300)	$ 11,759,229	$ (124,146,529)

* Prior year amounts have not been restated for prior period restatement to Capital Assets, net. See note 14. Certain reclassifications have been made to the 2021 net position to conform with the June 30, 2022 presentation.

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 increased by approximately $124.7 million due principally to the recent bond sale. Restricted cash equivalents and investments includes amounts restricted for debt service.

Receivables and prepaid expenses decreased by approximately $12.7 million due to the timing of unreceived grant funds.

Capital assets decreased by approximately $129.9 million due to a $137.7 million restatement for a correction of an error.

Liabilities

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

Accounts payable and accrued liabilities decreased by approximately $3.1 million primarily due to timing in construction activities and therefore payments due to vendors at year-end.

Unearned revenue increased by approximately $8.9 million primarily due to unspent grant funds.

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

Decreased by approximately $141.8 million primarily due to issuance of new bonds net of paying down the principle and the $137.7 million restatement for a correction of an error.

The negative unrestricted net position decreased by approximately $11.5 million, giving the district a total net position of approximately -$25.7 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

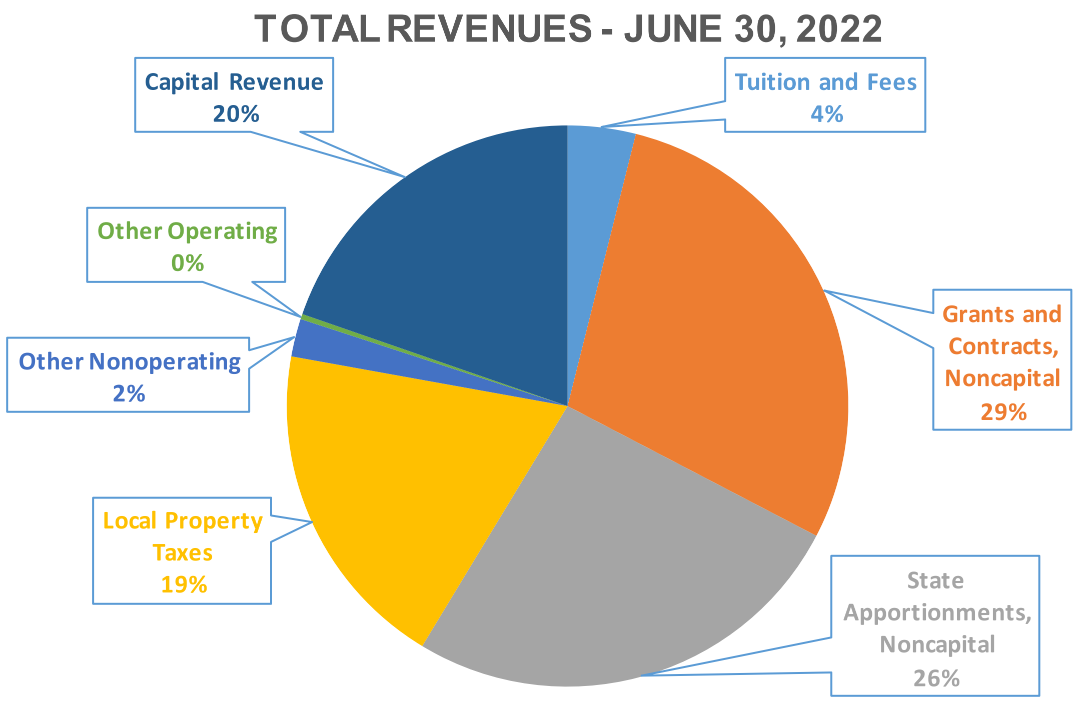
	2022	2021*	Change
Operating Revenues			
Tuition and Fees	$ 4,422,378	$ 3,879,167	$ 543,211
Grants and Contracts, Noncapital	14,615,192	13,464,246	1,150,946
Total Operating Revenues	19,037,570	17,343,413	1,694,157
Operating Expenses			
Salaries	35,561,926	34,024,147	1,537,779
Employee Benefits	12,287,939	18,647,299	(6,359,360)
Supplies, Materials, Other Operating Expenses and Services	41,102,586	21,417,552	19,685,034
Depreciation and Amortization	3,702,761	26,900,611	(23,197,850)
Total Operating Expenses	92,655,212	100,989,609	(8,334,397)
Operating Loss	(73,617,642)	(83,646,196)	10,028,554
Nonoperating Revenues			
Federal Grants	18,105,059	14,503,191	3,601,868
State Apportionments, Noncapital	29,312,339	32,106,670	(2,794,331)
Local Property Taxes	22,759,597	20,799,221	1,960,376
State Grants	2,031,252	3,003,673	(972,421)
Investment Income	426,768	585,578	(158,810)
Other Nonoperating Revenues (Expenses)	2,193	1,111	1,082
Total Nonoperating Revenues (Expenses)	72,637,208	70,999,444	1,637,764
Loss Before Capital Revenues	(980,434)	(12,646,752)	11,666,318
Other Revenues and Expenses, Capital	14,552,104	23,987,955	(9,435,851)
Increase (Decrease) in Net Position	13,571,670	11,341,203	2,230,467
Net Position, Beginning of Year	11,759,229	418,026	11,341,203
Prior Period Restatement (see Note 14)	(137,718,199)	-	(137,718,199)
Net Position, Beginning of Year [as Restated] After Cumulative Effect	(125,958,970)	418,026	(126,376,996)
Net Position - End of Year	$ (112,387,300)	$ 11,759,229	$ (124,146,529)

* Prior year amounts have not been restated for prior period restatement to Capital Assets, net. See note 14.

Significant revenue changes between 2022 and 2021 include:

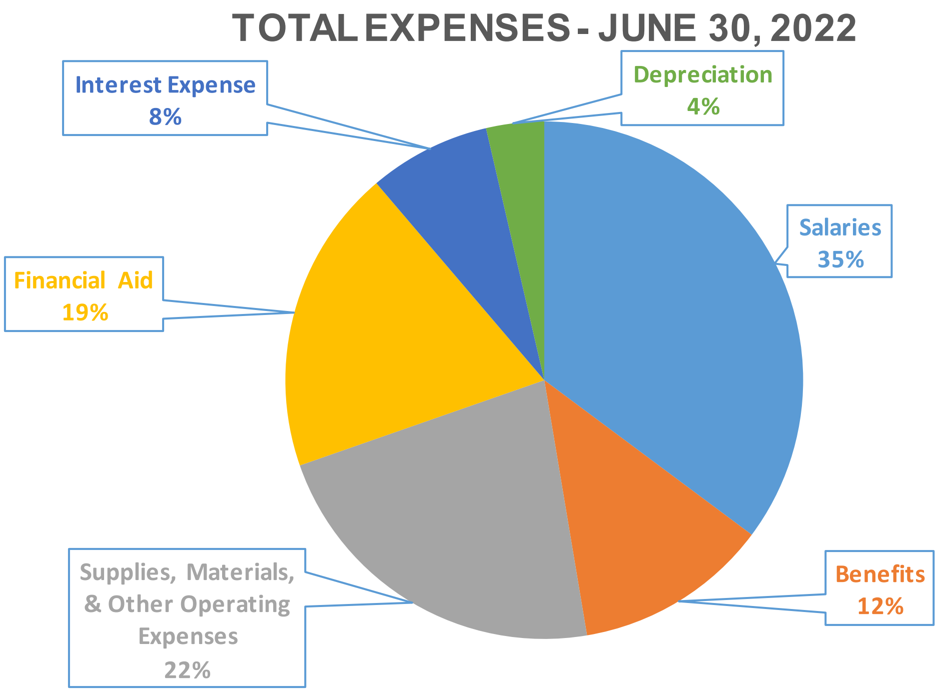
Grants and Contracts increased by approximately $2.5 million; Federal grants increased approximately $2.9 million, State Apportionments decreased by approximately $2.8 million and Local Property Taxes increased approximately $1.9 million.

Year ended June 30, 2022:



Significant expenditure variances include:

Salaries increased approximately $1.5 million, but benefits decreased by approximately $6.3 million. Supplies, materials and other operating expenses increased by approximately $19.7 million. Depreciation decreased by approximately $23.3 million.



Changes in Cash Position

Table 4

	2022	2021	Change
Cash Provided (Used) by			
Operating Activities	$ (62,862,970)	$ (53,236,973)	$ (9,625,997)
Noncapital Financing Activities	78,410,458	61,369,931	17,040,527
Capital Financing Activities	108,673,887	15,884,854	92,789,033
Investing Activities	466,470	451,577	14,893
Net Increase (Decrease) in Cash	124,687,845	24,469,389	100,218,456
Cash - Beginning of Year	102,296,480	77,827,091	24,469,389
Cash - End of Year	$ 226,984,325	$ 102,296,480	$ 124,687,845

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 1, 2021*	Additions	Deletions	Balance June 30, 2022
Land and Construction in Progress	$ 47,133,053	$ 9,517,336	$ 944,196	$ 55,706,193
Buildings and Improvements	159,941,071	244,944	-	160,186,015
Equipment and Furniture	6,801,179	1,252,492	-	8,053,671
Subtotal	213,875,303	11,014,772	944,196	223,945,879
Accumulated Depreciation	56,834,843	3,702,761	-	60,537,604
Total	$ 157,040,460	$ 7,312,011	$ 944,196	$ 163,408,275

* Prior year amounts have been restated for the prior period restatement to Capital Assets, net. See note 14.

The capital assets were similar to the prior year.

Long Term Liabilities

Long-term liabilities include general obligation bonds outstanding, employee compensated absences, pension and retirement obligations. General obligation bonds outstanding increased $20.1 million during 2022-21 primarily due to issuance of refunding bonds net of bond payments during the year. Pension liabilities changed as a result of the unfunded status of the PERS and STRS pension plans. Retirement plan liabilities increased approximately $2.0 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, 2021	Additions	Deletions	Balance June 30, 2022
General Obligation Bonds, Accreted Interest and Bond Premiums	$ 324,013,733	$ 33,957,116	$ 13,870,867	$ 344,099,982
Compensated Absences	1,491,986	-	66,440	1,425,546
Leases Payable	1,482,101	-	117,074	1,365,027
OPEB Aggregate Net	6,946,994	-	1,522,303	5,424,691
Aggregate Net Pension Liability	57,385,556	1,967,503	-	59,353,059
Total Long-Term Liabilities	$ 391,320,370	$ 35,924,619	$ 15,576,684	$ 411,668,305
Amount Due Within One Year				$ 13,631,310

NET PENSION LIABILITY (NPL)

At year-end, the District has a net pension liability of $59.4 million versus $57.4 million last year, an increase of $1.97 million or 3.4%.

BUDGETARY HIGHLIGHTS

Budget Overview

In March 2020, the nation entered a shelter-in-place order due to Corona Virus COVID19. As of the preparation of this report, the impacts of the pandemic seem to be less impactful on the economy and the government finances are recovering. In addition, The Federal Government has provided substantial one-time resources through the CARES/HEERF programs As a result, the final California State budget for 2021-22 offered a combination of continuing and one-time revenue improvements for California Community Colleges.

The 2020-21 budget included a provision that withheld five of the twelve monthly cash payments that the state was obligated to pay K-14 Districts, including Solano. This required Districts to draw down their own cash and/or borrow to support operations. The 2021-22 California budget includes a provision to fully repay those deferrals early in 2021-22.

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, 2022

	Primary Government
ASSETS	
CURRENT ASSETS	
Cash, Cash Equivalents, and Investments	$ 51,693,544
Accounts Receivable, Net	8,992,097
Prepaid Expenses and Other	497,726
Total Current Assets	61,183,367
NONCURRENT ASSETS	
Restricted Cash, Cash Equivalents, and Investments	175,268,449
Capital Assets, Net of Depreciation and Amortization	163,408,275
Total Noncurrent Assets	338,676,724
Total Assets	399,860,091
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Refunding	11,390,696
Deferred Outflows - Pension	9,339,114
Deferred Outflows - Other Postemployment Benefits Plan	823,416
Total Deferred Outflows of Resources	21,553,226
Total Assets and Deferred Outflows of Resources	$ 421,413,317

See accompanying Notes to Financial Statements.

SOLANO COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2022

	Primary Government
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	$ 4,764,869
Accrued Interest Payable	3,787,418
Accrued Liabilities	1,540,368
Unearned Revenue	17,102,673
Current Portion of Long-Term Debt	13,631,310
Total Current Liabilities	40,826,638
NONCURRENT LIABILITIES	
General Obligation Bonds Payable - Noncurrent Portion	425,820,500
Compensated Absences Payable	1,484,446
Leases Payable	1,343,854
Net OPEB and MPP Liability	7,890,330
Net Pension Liability	30,362,414
Total Noncurrent Liabilities	466,901,544
Total Liabilities	507,728,182
DEFERRED INFLOWS OF RESOURCES	
Deferred Charge on Refunding	489,641
Deferred Inflows of Resources Related to Pensions	23,441,343
Deferred Inflows of Resources Related to OPEB	2,141,451
Total Deferred Inflows of Resources	26,072,435
NET POSITION	
Net Investment in Capital Assets	(110,314,683)
Restricted for:	
Debt Service	15,207,850
Capital Projects	5,909,286
Scholarships and Loans	(564,583)
Other Special Services	3,050,087
Unrestricted Deficit	(25,675,257)
Total Net Position (Deficit)	(112,387,300)
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 421,413,317

See accompanying Notes to Financial Statements.

SOLANO COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	Primary Government
OPERATING REVENUES	
Student Tuition and Fees	$ 7,967,252
Less: Scholarship Discounts and Allowance	(3,544,874)
Net Tuition and Fees	4,422,378
Grants and Contracts, Noncapital:	
Federal	1,162,988
State	13,119,954
Local	317,516
Sales and Commissions	14,734
Total Operating Revenues	19,037,570
OPERATING EXPENSES	
Salaries	35,561,926
Employee Benefits	12,287,939
Supplies, Materials, and Other Operating Expenses and Services	20,235,586
Financial Aid	18,563,941
Utilities	2,303,059
Depreciation and Amortization	3,702,761
Total Operating Expenses	92,655,212
OPERATING LOSS	(73,617,642)
NONOPERATING REVENUES	
Federal Grants and Contracts	18,105,059
State Apportionments, Noncapital	29,312,339
Local Property Taxes	22,759,597
States Taxes and Other Revenue	2,031,252
Interest and Investment Income	426,768
Contributions	2,193
Total Nonoperating Revenues	72,637,208
LOSS BEFORE OTHER REVENUES AND EXPENSES	(980,434)
OTHER REVENUES AND EXPENSES	
State Apportionments, Capital	401,564
Local Property Taxes and Revenues, Capital	21,633,886
Interest and Investment Income, Capital	157,741
Interest Paid on Capital Related Debt	(7,641,087)
Total Other Revenues and Expenses	14,552,104
CHANGES IN NET POSITION	13,571,670
Net Position, Beginning of Year as Previously Reported	11,759,229
Prior Period Restatement (see Note 14)	(137,718,199)
Net Position, Beginning of Year After Restatement	(125,958,970)
NET POSITION - END OF YEAR	$ (112,387,300)

See accompanying Notes to Financial Statements.

SOLANO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees, Net	$ 3,926,421
Federal Grants and Contracts	2,948,053
State Grants and Contracts	21,658,843
Local Grants and Contracts	2,136,841
Sales and Commissions	14,734
Payments to Suppliers	(21,444,919)
Payments to/On-Behalf of Employees	(53,536,087)
Payments to/On-Behalf of Students	(18,566,856)
Net Cash Used by Operating Activities	(62,862,970)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Apportionments and Receipts	34,808,139
Federal Grants and Contracts	18,575,360
State Taxes and Other Revenue	22,759,597
Local Property Taxes	2,267,362
Net Cash Provided by Noncapital Financing Activities	78,410,458
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Local Revenue for Capital Purposes	21,575,921
State Apportionment for Capital Purposes	401,564
Proceeds of Debt Issuance	53,325,730
Transfer to Escrow Account for Defeased Debt	124,491,917
Interest on Investments, Capital Funds	3,949,163
Net Purchase and Sale of Capital Assets	(11,690,220)
Principal Paid on Capital Related Debt	(57,830,000)
Interest Paid on Capital Related Debt	(25,550,188)
Net Cash Provided by Capital Financing Activities	108,673,887
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received from Investments	466,470
Net Cash Provided by Investing Activities	466,470
NET INCREASE IN CASH AND CASH EQUIVALENTS	124,687,845
Cash and Cash Equivalents - Beginning of Year	102,274,148
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 226,961,993

See accompanying Notes to Financial Statements.

SOLANO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Primary Governmental
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (73,617,642)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation and Amortization	3,702,761
Changes in Assets and Liabilities:	
Receivables, Net	2,705,024
Prepaid Expenses	321,401
Deferred Outflows of Resources - Pensions	2,288,335
Accounts Payable	826,843
Accrued Liabilities	(34,653)
Due to Fiduciary	6,752
Unearned Revenue	8,878,113
Compensated Absences	127,597
Net Other Postemployment Retiree Benefits (OPEB)	943,336
Net Pension Liabilities	(27,023,142)
Deferred Inflows of Resources - Pensions	18,785,700
Deferred Inflows of Resources - OPEB	(773,395)
Net Cash Used by Operating Activities	$ (62,862,970)
RECONCILIATION OF CASH AND CASH EQUIVALENTS, END OF YEAR TO AMOUNTS IN THE STATEMENT OF NET POSITION	
Cash, Cash Equivalents, and Investments	$ 51,693,544
Restricted Cash, Cash Equivalents, and Investments	175,268,449
Total	$ 226,961,993
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES	
Amortization of Deferred Charges	$ 1,709,314
Amortization of Debt Premiums	(7,538,674)

See accompanying Notes to Financial Statements.

SOLANO COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022

	Retiree Benefits Trust
ASSETS	
Investments	$ 4,924,268
Total Assets	$ 4,924,268
NET POSITION	
Restricted for Postemployment Benefits	$ 4,924,268
Total Net Position	$ 4,924,268

See accompanying Notes to Financial Statements.

SOLANO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022

	Retiree Benefits Trust
ADDITIONS	
Interest and Investment Income	$ (685,329)
NET INCREASE IN NET POSITION	(685,329)
Net Position - Beginning of Year	5,609,597
NET POSITION - END OF YEAR	$ 4,924,268

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 Manua*l. 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, 2022.

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, 2022.

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.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

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 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Pension Liability (Continued)

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.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 87, *Leases*

In June 2017, the GASB issued GASB Statement No. 87, *Leases.* This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District adopted the requirements of the guidance effective July 1, 2021 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 right-to-use asset and a lease liability disclosed in Note 7.

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, 2020, approximately $11.6 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.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2022 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.

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.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2022. 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.

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, 2022, the Retiree Benefit Trust had not invested more than 10% of its portfolio in one issuer.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – The Retiree Benefits Trust (Continued)

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, 2022, the District's investment balance of $4,924,268 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, 2022 consist of the following:

Federal and State	$ 6,574,397
Miscellaneous	1,917,642
Student Receivables	4,826,551
Less: Allowance for Bad Debt	(4,326,492)
Student Receivables, Net	$ 8,992,098

NOTE 5 CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2022, was as follows:

Capital Assets:	Balance as Previously Reported on July 01, 2021	Restatement*	Balance July 01, 2021	Additions/ Adjustments	Deductions/ Adjustments	Balance June 30, 2022
Not Being Depreciated or Amortized:						
Land	$ 21,663,979	$ -	$ 21,663,979	$ -	$ -	$ 21,663,979
Construction in Progress	53,828,162	(28,359,088)	25,469,074	9,517,336	944,196	34,042,214
Total Not Being Depreciated or Amortized	75,492,141	(28,359,088)	47,133,053	9,517,336	944,196	55,706,193
Being Depreciated or Amortized:						
Land Improvements	11,832,827	(1,977,026)	9,855,801	-	-	9,855,801
Buildings and Improvements	284,460,134	(134,374,864)	150,085,270	244,944	-	150,330,214
Right of Use Equipment**	-	-	1,482,101	-	-	1,482,101
Furniture and Equipment	44,075,414	(38,756,336)	5,319,078	1,252,492	-	6,571,570
Total Being Depreciated or Amortized	340,368,375	(175,108,226)	166,742,250	1,497,436	-	168,239,686
Total Capital Assets	415,860,516	(203,467,314)	213,875,303	11,014,772	944,196	223,945,879
Less Accumulated Depreciation and Amortization:						
Land Improvements	7,636,143	1,030,168	8,666,311	33,806	-	8,700,117
Buildings and Improvements	96,247,531	(49,186,107)	47,061,424	3,087,782	-	50,149,206
Right of Use Equipment	-	-	-	59,109	-	59,109
Furniture and Equipment	18,700,284	(17,593,176)	1,107,108	522,064	-	1,629,172
Total Accumulated Depreciation and Amortization	122,583,958	(65,749,115)	56,834,843	3,702,761	-	60,537,604
Net Capital Assets Being Depreciated and Amortized	217,784,417	(109,359,111)	109,907,407	(2,205,325)	-	107,702,082
Net Capital Assets	$ 293,276,558	$ (137,718,199)	$ 157,040,460	$ 7,312,011	$ 944,196	$ 163,408,275

* The July 1, 2021 balance has been restated by $137,718,199 for a correction of an error. See note 14.

** The July 1, 2021 balance has been revised by $1,482,101 for the implementation of GASB 87 Leases.

Depreciation and amortization expense for the year was $3,702,761.

NOTE 6 LONG-TERM LIABILITIES

Summary

The changes in the District's long-term liabilities during the June 30, 2022 fiscal year consisted of the following:

	Balance July 01, 2021	Additions	Deductions	Balance June 30, 2022	Due in One Year
Bonds and Notes Payable:					
General Obligation Bonds	$ 298,050,698	$ 175,180,000	$ 52,994,560	$ 420,236,138	$ 8,560,252
Accreted Interest	13,675,045	2,832,794	4,835,440	11,672,399	4,914,748
Bond Premiums	12,287,990	2,637,647	7,538,674	7,386,963	-
Total Bonds Payable	324,013,733	180,650,441	65,368,674	439,295,500	13,475,000
Other Liabilities:					
Compensated Absences	1,491,986	127,597	-	1,619,583	135,137
Leases Payable*	1,482,101	-	117,074	1,365,027	21,173
Other Postemployment Benefit Plan	6,739,339	934,643	-	7,673,982	-
Medicare Premium Payment (MPP) Program	207,655	8,693	-	216,348	-
Net Pension Liability	57,385,556	-	27,023,142	30,362,414	-
Total Long-Term Liabilities	$ 391,320,370	$ 181,721,374	$ 92,508,890	$ 480,532,854	$ 13,631,310

* The July 1, 2021 balance has been revised by $1,482,101 for the implementation of GASB 87 *Leases*.

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 0.0542%. 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
2023	$ 21,173	$ 28,778	$ 49,951
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
2028-2032	148,609	126,914	275,523
2033-2037	211,374	108,032	319,406
2038-2042	288,396	81,883	370,279
2043-2047	382,409	46,846	429,255
2048-2050	231,281	6,891	238,172
Total	$ 1,365,027	$ 510,461	$ 1,875,488

NOTE 8 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.

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.

NOTE 8 GENERAL OBLIGATION BONDS (CONTINUED)

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

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.

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 Refunding 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.

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. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by $1,251,540 and was accrued as deferred outflow for 2015 Refunding. Existing carrying value of the refunded debt exceeded the payments to the refunding escrow agent by $2,448,210 and was accrued as deferred inflow for 2014 Refunding Series A. Net amortization of $161,391 was recognized during the fiscal year ended June 30, 2022.

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 $779,559 was recognized during the fiscal year ended June 30, 2022.

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.

NOTE 8 GENERAL OBLIGATION BONDS (CONTINUED)

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

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 has an expected 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 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 has an expected redemption date of August 1, 2027. The refunded bonds have been fully defeased and are not recorded on the financial statements.

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.

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. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by $8,930,512 and was accrued as deferred outflow for 2021 Refunding. Net amortization of $446,526 was recognized during the fiscal year ended June 30, 2022.

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 $1,016,033 was recognized during the fiscal year ended June 30, 2022.

NOTE 8 GENERAL OBLIGATION BONDS (CONTINUED)

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, 2022
2002 Election					
Series A	5/1/2003	8/1/2022	3.0%-5.0%	$ 80,000,000	$ -
Series B	8/22/2006	8/1/2031	4.0%-12.0%	44,495,279	-
2005 Refunding	3/1/2005	8/1/2022	3.0%-5.0%	81,349,812	745,252
2014 Refunding Bonds, Series A	4/08/2014	8/1/2023	4.0%-5.0%	10,645,000	8,665,000
2014 Refunding Bonds, Series B	4/08/2014	8/1/2022	0.462%-3.504%	41,165,000	3,335,000
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					109,747,705
2012 Election					
Series A	6/18//2013	8/1/2041	2.0%-5.49%	89,996,899	10,968,433
Series B	6/18/2013	8/1/2023	2.8%-5.5%	30,000,000	1,005,000
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	110,330,000
Series D	11/17/2020	8/1/2050	4.0%	30,000,000	27,155,000
2021 Refunding Bonds, Series A	10/06/2021	8/1/2041	0.183%-2.819%	56,915,000	56,915,000
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					310,488,433
Total					$ 420,236,138

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

Fiscal Year	Principal	Interest to Maturity	Total
2023	$ 8,560,252	$ 4,914,748	$ 9,210,737
2024	13,145,000	-	8,977,646
2025	7,683,306	1,281,694	10,284,807
2026	7,287,796	1,437,204	11,542,765
2027	15,793,451	1,606,549	11,195,711
2028-2032	95,722,899	8,252,101	49,522,914
2033-2037	39,560,000	-	38,756,580
2038-2042	71,478,433	6,626,567	30,823,378
2043-2047	88,350,000	-	16,921,606
2048-2051	72,655,000	-	3,415,501
Total	420,236,138	$ 24,118,863	$ 190,651,644
Accretions to Date	11,672,399		
Total	$ 431,908,537		

NOTE 9 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, 2022, the valuation date, the Plan membership consisted of the following:

Inactive Employees or Beneficiaries Currently Receiving Benefits Payments	104
Active Employees	296
Total	400

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.

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY (CONTINUED)

Health Benefit OPEB Trust (Continued)

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 2021-22, the District contributed $963,504 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.

The following was the Governing Board's adopted asset allocation policy as of June 30, 2022:

	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, 2022, 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 $7,673,982 was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY (CONTINUED)

Net OPEB Liability of the District (Continued)

The components of the net OPEB liability of the District at June 30, 2022, were as follows:

Total OPEB Liability	$ 12,598,250
Plan Fiduciary Net Position	(4,924,268)
District's Net OPEB Liability	$ 7,673,982

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 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.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous 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, 2022 valuation were based on the results of an actual experience study for the period July 1, 2021 to June 30, 2022.

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY (CONTINUED)

Net OPEB Liability of the District (Continued

Actuarial Assumptions (Continued)

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, 2022 (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 9 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, 2021	$ 12,348,936	$ 5,609,597	$ 6,739,339
Service Cost	515,631	-	515,631
Interest	697,187	(677,626)	1,374,813
Employer Contributions as Benefit Payments	-	963,504	(963,504)
Expected Investment Income	-	-	-
Investment Gains/(Losses)	-	-	-
Experience (Gains)/Losses	-	-	-
Changes in Assumptions	-	-	-
Benefit Payments	(963,504)	(963,504)	-
Administrative Expense	-	(7,703)	7,703
Net Change in Total OPEB Liability	249,314	(685,329)	934,643
Balance - June 30, 2022	$ 12,598,250	$ 4,924,268	$ 7,673,982

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%)	$ 8,597,332
Current Discount Rate (5.75%)	7,673,982
1% Increase (6.75%)	6,842,658

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%)	$ 6,463,589
Current Healthcare Cost Trend Rate (4.00%)	7,673,982
1% Increase (5.00%)	9,079,896

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY (CONTINUED)

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of $336,516.

At June 30, 2022, 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	$ -	$ 1,183,623
Changes of Assumptions	-	554,389
Investment Gains and Losses	823,416	403,439
Total	$ 823,416	$ 2,141,451

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
2023	$ (553,145)
2024	(426,027)
2025	(249,800)
2026	(1,467)
2027	(87,596)
Total	$ (1,318,035)

NOTE 10 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, 2022, 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	$ 14,562,560	$ 6,310,065	$ 15,944,902	$ (54,365)
CalPERS	15,799,854	3,029,049	7,496,441	1,113,125
Total	$ 30,362,414	$ 9,339,114	$ 23,441,343	$ 1,058,760

NOTE 10 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, 2022, 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	16.920%	16.920%
Required State Contribution Rate	10.828%	10.828%

NOTE 10 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, 2022, are presented above, and the District's total contributions were $6,310,065.

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

At June 30, 2022, 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	$ 14,562,560
State's Proportionate Share of the Net Pension Liability Associated with the District	7,327,468
Total	$ 21,890,028

The net pension liability was measured as of June 30, 2021. 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, 2021, the District's proportion was 0.0320% which is a decrease of 0.0010% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension benefit of $54,365. In addition, the District recognized revenue and corresponding expense of $250,700 for contributions provided by the state.

NOTE 10 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, 2022, 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	$ 3,247,203	$ -
Differences Between Expected and Actual Experience	36,480	1,549,760
Changes of Assumptions	2,063,360	-
Changes in Proportion	963,022	2,875,782
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	11,519,360
Total	$ 6,310,065	$ 15,944,902

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, 2023. 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, 2021 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
2023	$ (3,090,765)
2024	(2,422,324)
2025	(2,956,548)
2026	(3,707,529)
2027	(425,537)
2028	(279,337)
Total	$ (12,882,040)

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, 2020, and rolling forward the total pension liability to June 30, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

NOTE 10 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, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
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 10 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%)	$ 29,644,160
Current Discount Rate (7.10%)	14,562,560
1% Increase (8.10%)	2,045,120

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 10 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, 2022, 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	22.91%	22.91%

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, 2022, are presented above, and the total District contributions were $3,029,049.

NOTE 10 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, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $25,405,586. The net pension liability was measured as of June 30, 2021. 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, 2021, the District's proportion was 0.0777% which is an increase of 0.0051% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of $,1,113,125. At June 30, 2022, 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	$ 2,557,383	$ -
Differences Between Expected and Actual Experience	471,666	37,247
Changes of Assumptions	-	-
Changes in Proportion	-	1,395,680
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	6,063,514
Total	$ 3,029,049	$ 7,496,441

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, 2023. 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, 2021 measurement date is four years.

NOTE 10 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
2023	$ (1,752,888)
2024	(1,753,489)
2025	(1,832,017)
2026	(1,686,381)
Total	$ (7,024,775)

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, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Experience Study	July 1, 1997 to June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
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 10 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	50 %	5.98 %
Fixed Income	28	2.62
Real Assets	13	4.93
Private Equity	8	7.23
Liquidity	1	(0.9)

Discount Rate

The discount rate used to measure the total pension liability was 7.15% 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 (6.15%)	$ 26,640,772
Current Discount Rate (7.15%)	15,799,854
1% Increase (8.15%)	6,799,565

NOTE 10 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 11 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, 2022, 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."

NOTE 11 JOINT POWER AUTHORITY (CONTINUED)

Workers' Compensation (Continued)

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.

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, 2021 is as follows:

	NCCCP 6/30/2021 (Audited)	SAFER 6/30/2021 (Audited)
Total Assets and Deferred Outflows	$ 1,315,074	$ 43,779,353
Total Liabilities and Deferred Inflows	102,932	41,873,705
Fund Balance	$ 1,212,142	$ 1,905,648
Total Revenues	$ 4,885,826	$ 101,643,978
Total Expenditures	4,802,676	101,673,081
Change in Fund Balance	$ 83,150	$ (29,103)

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

NOTE 12 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)	$ 19,605,318	$ 6,658,643	$ 1,520,758	$ -	$ -	$ 27,784,719
Academic Support (60000, 61100, 61300-63000)	6,159,968	1,760,075	1,323,074	-	-	9,243,117
Student Services (64000, 73000)	2,020,461	635,161	918,877	-	-	3,574,499
Operation & Maintenance (65000)	2,257,891	930,635	4,357,357	-	-	7,545,883
Institutional Support (66000, 67000, 71000)	4,531,653	1,973,929	13,987,059	-	-	20,492,641
Public Service (68000, 69000)	986,635	329,120	346,220	-	-	1,661,975
Auxiliary Enterprises (70000)	-	376	85,300	-	-	85,676
Scholarships & Fellowships (73000)	-	-	-	18,563,941	-	18,563,941
Depreciation and Amortization	-	-	-	-	3,702,761	3,702,761
Totals by Object	$ 35,561,926	$ 12,287,939	$ 22,538,645	$ 18,563,941	$ 3,702,761	$ 92,655,212

NOTE 13 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, 2022.

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, 2022.

Construction Commitments

As of June 30, 2022, the District had the following commitments with respect to the capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Library/Learning Resource Center	$ 510,351	July 2022
Aeronautics Nut Tree Facility Improvements	109,619	August 2022
Baseball and Softball Clubhouse	180,561	August 2022
FF Campus Door Hardware Installation	27,791	August 2023
Solar Energy	11,915,568	December 2023
Total	$ 12,743,890	

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Construction Commitments (Continued)

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

Coronavirus Pandemic

The District continues to be impacted by the effects of the world-wide coronavirus pandemic, primarily as it relates to enrollment management and increased cash flow monitoring due to state apportionment deferrals. The District continues to closely monitor its operations, liquidity, and capital resources and continues to actively work to minimize the impact of this unprecedented situation.

NOTE 14 RESTATEMENT TO BEGINNING NET POSITION FOR CORRECTION OF AN ERROR

In response to the prior year finding 2021-001, the District has completed a physical inventory of the equipment, prepared a historical listing of capital assets purchased and donated, and recalculated the accumulated depreciation. The beginning net position of the basic financial statements has been restated by $137,718,199.

Certain reclassifications of amounts previously reported have been made to the Management Discussion and Analysis to maintain consistency between periods presented.

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

The GASB has issued pronouncements prior to June 30, 2021, 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. 91 – *Conduit Debt Obligations*

The objective of the statement is to eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations and related note disclosures. The statement clarifies the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the user, and establishing standards for accounting and financial reporting. The statement effective date has been postponed to fiscal year 2022-23.

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

Statement No. 92 – *Omnibus 2020*

This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The statement effective date been postponed to fiscal year 2022-23.

Statement No. 93 – *Replacement of Interbank Offered Rates* (IBOR)

This statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The statement effective date has been postponed to fiscal year 2022-23.

Statement No. 94 – *Public-Private & Public-Public Partnerships and Availability Payment Arrangements*

This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The statement is effective for the fiscal year 2022-23.

Statement 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). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The statement is effective for the fiscal year 2022-23.

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.

REQUIRED SUPPLEMENTARY INFORMATION

SOLANO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE POSTEMPLOYMENT HEALTHCARE BENEFITS LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2022

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

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, 2022

OPEB Contributions	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution (ADC)	$ 1,044,653	$ 1,406,528	$ 1,324,606	$ 1,451,324	$ 1,054,795	$ 1,036,874
Contributions in Relation to the ADC	1,044,653	1,406,528	1,324,606	1,451,324	1,054,795	1,036,874
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$ 24,660,729	$ 28,120,651	$ 25,918,991	$ 26,729,239	$ 26,012,336	$ 26,082,598
Contributions as a Percentage of Covered-Employee Payroll	4.24%	5.00%	5.11%	5.43%	4.05%	3.98%

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, 2022

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

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017	2018	2019	2020	2021	2022
District's Proportion of the Net Pension Liability	0.0405%	0.0394%	0.0332%	0.0317%	0.0345%	0.0342%	0.0330%	0.0320%
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
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
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
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
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%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77%	74%	70%	69%	71%	73%	72%	87%
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%
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
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
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%
Plan Fiduciary Net Position as a Percentage of The Total Pension Liability	83%	79%	74%	72%	71%	70%	70%	81%

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, 2022

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017	2018	2019	2020	2021	2022
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
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
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
Contributions as a Percentage of Covered Payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%	16.15%	16.92%

California Public Employees' Retirement System - Schools Pool Plan	2015	2016	2017	2018	2019	2020	2021	2022
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
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
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
Contributions as a Percentage of Covered Payroll	11.771%	11.847%	13.888%	15.531%	18.062%	19.721%	20.700%	22.910%

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 District's Net OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the net OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the net OPEB liability. In the future, as data becomes available, 10 years of information will be presented.

Changes in Benefit Terms – There were no changes of benefit terms that impact the valuation.

Changes in Assumptions – The discount rate was changed from 6.00% to 5.75% since the previous valuation.

Schedule of Postemployment Healthcare Benefits Contributions

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

The actuarially determined contribution amount was not determined as the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 18 years.

Methods of assumptions used to determine contribution rates are:

Actuarial Cost Method	Entry age actuarial
Inflation	2.50 %
Salary Increases	2.75 %
Investment Rate of Return	5.75 %
Health Care Trend Rate	4.00 %

Mortality rates were based on:

Participant Type	Mortality Tables
Academic	2020 CalSTRS Mortality
Classified	2017 CalPERS Mortality for Miscellaneous and Schools Employees

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.

Schedule of the District's Proportionate Share of the Net Pension Liability

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

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Schedule of the District's Proportionate Share of the Net Pension Liability (continued)

Changes in Assumptions – Are as detailed below:

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%.

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%.

Schedule of District Contributions for Pensions

This 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 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, 2022 were as follows:

BOARD OF TRUSTEES

Member	Office	Term Expires
Sarah E. Chapman, Ph.D.	President	2022
Karimah Karah, J. D.	Vice President	2022
Denis Honeychurch, J.D	Member	2022
Michael A. Martin	Member	2024
Rosemary Thurston	Member	2024
Qunten R. Voyce	Member	2024
A. Marie Young	Member	2022
Ashley Tigue	Student Trustee	2022

ADMINISTRATION

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

AUXILIARY ORGANIZATION IN GOOD STANDING

None

SOLANO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

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)	$ 184,584
Pell Grant	84.063	(1)	6,756,956
Student Financial Aid Administrative Allowance	84.063	(1)	8,534
Federal Work Study (FWS)	84.033	(1)	168,340
William D. Ford Direct Loan Program	84.268	(1)	751,965
Total Student Financial Assistance Cluster			7,870,379
COVID-19 Higher Education Emergency Relief Funds (HEERF):			
COVID-19 HEERF - Student Aid	84.425E	(1)	6,073,835
COVID-19 HEERF- Institutional	84.425F	(1)	5,274,268
Total COVID-19 Higher Education Emergency Relief Funds (HEERF)			11,348,103
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)	405,392
Total U.S. Department of Education			19,623,874
U.S. Department of Agriculture			
Pass-Through California Department of Education:			
Child Care Food Program	10.558	(2)	31,974
U.S. Department of Defense			
Pass-Through California Governor's Office of Planning and Research (OPR):			
California Advances Supply Chain Analysis & Diversification Effort (CASCADE)	12.617	(1)	64,635
Pass-Through California Governor's Office of Planning and Research (OPR):			
California Advanced Defense Ecosystems & National Consortia Effort (CADENCE)	12.600	(1)	156,646
Total U.S. Department of Defense			221,281
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)	62,782
Foster-Kinship Care Education	93.658	(2)	78,451
Total U.S. Department of Health and Human Services			141,233
U.S. Department of Veteran's Affairs			
Direct:			
Veteran Assistance Title 38	64.028	(1)	1,650
Total Federal Grants			$ 20,020,012

(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, 2022

	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	$ 39,549	$ 37,030	$ 76,579	$ 39,549	$ -	$ 7,018	$ 32,531	$ 32,531
CA College Promise (BOG Fee Waiver Admin)	69,644	203,724	273,368	302,953	-	-	302,953	302,953
CA College Promise	702,752	603,715	1,306,467	702,752	-	645,523	57,229	57,229
Campus Safe	-	17,581	17,581	-	-	-	-	-
Cal Works	253,468	37,338	290,806	253,468	-	53,092	200,376	200,376
CARE	96,218	26,747	122,965	96,218	-	40,786	55,432	55,432
California State Preschool Program (CSPP)	13,987	4,644	18,631	18,631	-	847	17,784	17,784
Disabled Students Programs and Services	509,392	48,575	557,967	548,968	-	-	548,968	548,968
Extended Opportunity Program and Services	507,801	32,698	540,499	507,801	-	256,558	251,243	251,243
Financial Aid Technology	48,274	48,374	96,648	96,648	-	96,648	-	-
Foster Care Education	132,052	84,432	216,484	216,484	-	23,855	192,629	192,629
Guided Pathways Program	89,721	294,409	384,130	89,721	-	89,721	-	
Innovation & Effectiveness	-	137,480	137,480	137,480	-	-	137,480	137,480
Instruction Equipment (one time)	-	174,502	174,502	66,939	-	-	66,939	66,939
Lottery Prop 20	235,320	503,427	738,747	927,922	100,146	647,382	380,686	93,276
Mental Health Services	66,710	877	67,587	67,587	-	-	67,587	67,587
Nursing Enroll Growth	210,200	-	210,200	210,000	-	46,755	163,245	163,245
Student Success Completion	513,910	2,000	515,910	513,910	-	-	513,910	513,910
Staff Diversity - Equal Employment Opportunity	50,000	54,381	104,381	50,000	-	50,000	-	-
Strong Workforce Program	1,529,860	2,019,519	3,549,379	1,902,096	-	1,064,185	837,911	837,911
Strong Workforce Regional Venture	813,090	1,222,062	2,035,152	272,964	43,990	-	316,954	316,954
Student Equity & Achievement Program	3,084,435	2,667,207	5,751,642	5,751,642	-	3,715,926	2,035,716	2,035,716
Student Hunger @ Community College	-	15,195	15,195	15,195	-	15,140	55	55
Veterans Resource Center	-	37,568	37,568	-	-	-	-	-
Total State Categorical Aid Programs	$ 8,966,383	$ 8,273,485	$ 17,239,868	$ 12,788,928	$ 144,136	$ 6,753,436	$ 6,179,628	$ 5,892,218

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, 2022

Categories	Revised Annual - Factored FTES Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2019 only)			
1. Noncredit[1]	-	-	-
2. Credit	809.85	-	809.85
B. Summer Intersession (Summer 2020 - Prior to July 1, 2020)			
1. Noncredit[1]	-	-	-
2. Credit	3.94	-	3.94
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	615.64	-	615.64
(b) Daily Census Contact Hours	35.44	-	35.44
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit[1]	-	-	-
(b) Credit	125.04	-	125.04
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	4,210.81	-	4,210.81
(b) Daily Census Contact Hours	301.41	-	301.41
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	6,102.13	-	6,102.13
Supplemental Information (Subset of Above Information)			
E. In-service Training Courses (FTES)	-	-	-
H. Basic Skills Courses and Immigrant Education			
(a) Noncredit[1]	-	-	-
(b) Credit	28.12	-	28.12
CCFS 320 Addendum			
CDCP Noncredit FTES	-	-	-
Centers FTES			
(a) Noncredit[1]	-	-	-
(b) Credit	2,342.39	-	2,342.39

[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, 2022

		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	$ 10,729,751	$ -	$ 10,729,751	$ 10,729,751	$ -	$ 10,729,751
Instructional Salaries - Other	1300	6,725,738	-	6,725,738	6,734,018	-	6,734,018
Total Instructional Salaries		17,455,489	-	17,455,489	17,463,769	-	17,463,769
Non-Instructional Salaries - Contract or Regular	1200	-	-	-	3,352,024	-	3,352,024
Non-Instructional Salaries - Other	1400	-	-	-	454,739	-	454,739
Total Non-Instructional Salaries		-	-	-	3,806,763	-	3,806,763
Total Academic Salaries		17,455,489	-	17,455,489	21,270,532	-	21,270,532
Classified Salaries							
Non-Instructional Salaries - Regular Status	2100	-	-	-	8,544,926	-	8,544,926
Non-Instructional Salaries - Other	2300	-	-	-	448,938	-	448,938
Total Non-Instructional Salaries		-	-	-	8,993,864	-	8,993,864
Instructional Aides - Regular Status	2200	744,534	-	744,534	744,534	-	744,534
Instructional Aides - Other	2400	131,904	-	131,904	131,904	-	131,904
Total Instructional Aides		876,438	-	876,438	876,438	-	876,438
Total Classified Salaries		876,438	-	876,438	9,870,302	-	9,870,302
Employee Benefits	3000	9,636,043	-	9,636,043	16,611,546	-	16,611,546
Supplies and Materials	4000	-	-	-	-	-	-
Other Operating Expenses	5000	263,803	-	263,803	5,782,615	-	5,782,615
Equipment Replacement	6420	-	-	-	59,708	-	59,708
Total Expenditures Prior to Exclusions		28,231,773	-	28,231,773	53,594,703	-	53,594,703
Exclusions							
Activities to Exclude							
Instructional Staff–Retirees' Benefits and Retirement Incentives	5900	-	-	-	(13)	-	(13)
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-instructional Staff-Retirees' Benefits and Retirement Incentives	6740	-	-	-	-	-	-
Objects to Exclude							
Rents and Leases	5060	-	-	-	154,038	-	154,038
Lottery Expenditures							
Academic Salaries	1000	1,070,643	(1,070,643)	-	-	1,070,643	1,070,643
Classified Salaries	2000	-	-	-		-	-
Employee Benefits	3000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional, Supplies and Materials	4400	-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	-	-	-
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		1,070,643	(1,070,643)	-	154,025	1,070,643	1,224,668
Total for ECS 84362, 50% Law		27,161,130	1,070,643	28,231,773	53,440,678	(1,070,643)	52,370,035
Percent of CEE (Instructional Salary Cost/Total CEE)		50.82%	3%	53.91%	100%	0%	100%
50% of Current Expense of Education					26,720,339	(535,322)	26,720,339

See accompanying Note to Supplementary Information.

SOLANO COMMUNITY COLLEGE DISTRICT
PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
YEAR ENDED JUNE 30, 2022

Activity Classification	**Object Code**				**Unrestricted**
EPA Proceeds:	8630				$ 13,998,444
Activity Classification	**Object Code**	**Salaries and Benefits (1000-3000)**	**Operating Expenses (4000-5000)**	**Capital Outlay (6000)**	**Total**
Instructional Activities	0100-5900	$ 13,998,444	$	$	$ 13,998,444
					-
					-
					-
					-
					-
					-
					-
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					-
					-
					-
					-
					-
Total Expenditures for EPA*		$ 13,998,444	$ -	$ -	13,998,444
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, 2022

Unrestricted General Fund Balance	$ 33,196,719
Restricted General Fund Balance	2,609,313
Bond Interest and Redemption Fund Balance	18,995,267
Capital Projects Fund Balance	5,882,477
Revenue Bond Construction	82,433,216
Child Development Fund Balance	89,355
Internal Service Fund Balance (Retiree Benefits)	768,540
Associated Students Fund Balance	243,291
Investment Trust Fund - OPEB	4,924,268
Student Center Fee Fund Balances	261,710
Student Financial Aid and Trust Fund Balance	(563,556)
Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)	148,840,600
Bank Funds - Included in financial statements but not on CCFS-311	(14,937)
Restricted General Fund Balance - Included in financial statements but not on CCFS-311	1,735,244
Total Ending Fund Balance	$ 150,560,907
Business Type Activity Funds	$ 145,636,639
Fiduciary Funds - OPEB Trust	4,924,268
Adjusted Total Ending Fund Balance	$ 150,560,907

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, 2022

Total Fund Balances as Reported on the Annual Financial and Budget Report (CCFS-311) - Business Type Activity Funds	$ 145,636,639
Cash with fiscal agent for crossover refunding bonds.	62,000,266
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.	163,408,275
Deferred outflows associated with advanced refunding of debt increases total net position reported.	11,390,696
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.	823,416
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.	9,339,114
Liabilities related to bonds and leases 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.	(440,660,527)
The liability of employers and nonemployers contributing to employees for benefits provided through a defined benefit pension plan is recorded as net pension liabilities.	(30,362,414)
Deferred inflows associated with advanced refunding of debt increases total net position reported.	(489,641)
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.	(2,141,451)
Deferred inflows of resources associated with pensions result from actuarially determined adjustments. These amounts will be amortized to pension expense in subsequent periods.	(23,441,343)
The liability associated with other postemployment retirement benefits, is recognized as a liability, which reduces the total net position reported.	(7,673,982)
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.	(216,348)
Total Net Position	$ (112,387,300)

See accompanying Note to Supplementary Information.

SOLANO COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

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, 2022.

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 and is presented on the modified accrual basis of accounting. 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. 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. No federal financial assistance has been provided to a subrecipient.

The following schedule provides 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, 2022.

Program Name	Federal Assistance Listing Number	Amount
Federal Revenues per Statement of Revenues, Expenditures, and Changes in Net Position Primary Government:		
Operating Federal Revenues		$ 1,162,988
Nonoperating Federal Revenues		18,105,059
Total Federal Revenues		19,268,047
William D. Ford Direct Loan Program	84.268	751,965
		$ 20,020,012

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards.

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Schedule of Expenditures of Federal Awards (Continued)

Summary of Significant Accounting Policies (Continued)

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 did not use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

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

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 30, 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 audit 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.

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
January 30, 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

Qualified and Unmodified Opinions

We have audited Solano Community College District's 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 Solano Community College District's major federal programs for the year ended June 30, 2022. Solano Community College District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on COVID-19 Higher Education Emergency Relief Funds (HEERF)/Coronavirus Aid, Relief and Economic Security (CARES) Act

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Solano Community College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on COVID-19 Higher Education Emergency Relief Funds (HEERF)/Coronavirus Aid, Relief and Economic Security (CARES) Act for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Solano Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

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.

Basis for Qualified and Unmodified Opinions (Continued)

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 compliance for each major federal program. Our audit does not provide a legal determination of Solano Community College District's compliance with the compliance requirements referred to above.

Matter(s) Giving Rise to Qualified Opinion on COVID-19 Higher Education Emergency Relief Funds (HEERF)/Coronavirus Aid, Relief and Economic Security (CARES) Act – Institutional Portion

As described in the accompanying schedule of findings and questioned costs, Solano Community College District did not comply with requirements regarding Assistance Listing No. 84.425F COVID-19 Higher Education Emergency Relief Funds (HEERF)/Coronavirus Aid, Relief and Economic Security (CARES) Act – Institutional Portion as described in finding numbers 2022-005 for unallowable costs.

Compliance with such requirements is necessary, in our opinion, for Solano Community College District to comply with the requirements applicable to that program.

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 2022-001, 2022-003, and 2022-004. 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.

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. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and 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 item 2022-005 to be a 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 2022-001, 2022-002, 2022-003, 2022-004 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
January 30, 2023

CliftonLarsonAllen LLP
CLAconnect.com

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 *2021-22 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office for the fiscal year ended June 30, 2022. 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, 2022.

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 *2021-22 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 *2021-22 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 *2021-22 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 *2021-22 Contracted District Audit Manual* as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-22 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 *2021-22 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 Center 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)	Yes
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
499	COVID-19 Response Block Grant Expenditures	Not applicable

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 *2021-22 Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
January 30, 2023

FINDINGS AND QUESTIONED COSTS

SOLANO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
JUNE 30, 2022

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 - Student Financial Assistance Cluster;

   Qualified - COVID-19 Higher Education Emergency Relief Funds (HEERF)/Coronavirus Aid, Relief and Economic Security (CARES) Act
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
84.425E and 84.425F	COVID-19 Higher Education Emergency Relief Funds (HEERF)/Coronavirus Aid, Relief and Economic Security (CARES) Act

Dollar threshold used to distinguish between Type A and Type B programs: Type A - $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

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards* for the year ended June 30, 2022.

Section III – Findings and Questioned Costs – Major Federal Programs

U.S. Department of Education
<u>2022-001: NSLDS Enrollment Reporting</u>
Federal Agency: U.S. Department of Education
Federal Program Name: Student Financial Assistance Cluster
Assistance Listing Number: 84.007, 84.033, 84.063, 84.268
Federal Award Identification Number and Year: P007A210605- 2022; P033A210605- 2022; P063P211182- 2022; P268K221182- 2022
Award Period: July 1, 2021 through June 30, 2022
Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matters

Criteria or specific requirement: In accordance with 34 CFR 685.309(b) 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. 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 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.

Questioned costs: None.

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

Cause: The District's internal controls were not designed to detect the errors.

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: Yes, see Finding 2021-005

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.

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

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

U.S. Department of Education
2022-002: 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: P268K221182- 2022
Award Period: July 1, 2021 through June 30, 2022
Type of Finding: Significant Deficiency in Internal Control over Compliance

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 Unsubsidized Stafford Loan awarded to the student was less than the maximum amount they were eligible for.

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

Context: The College awarded $751,965 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 College 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.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

U.S. Department of Education
2022-003: Student Eligibility and Awarding

Federal Agency: Department of Education
Federal Program Name: Student Financial Assistance Cluster
Assistance Listing Number: 84.063
Federal Award Identification Number and Year: P063P211182- 2022
Award Period: July 1, 2021 to June 30, 2022
Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matters

Criteria or specific requirement: The Code of Federal Regulations, 34 CFR 690.62 states the Pell grant for an academic year is based upon the payment and disbursement schedules published by the Secretary for each award year. The payment schedules take into account the cost of attendance, the student's Estimated Family Contribution (EFC) and the enrollment status of the student. 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 College awarded an incorrect Pell award amount for this student one out of the 40 students tested, which is a statistically valid sample.

Questioned costs: $18,912

Context: The College awarded $6,756,956 in Pell Grant during the year.

Cause: The overpayment of Pell Grant was due to the College not using information updating by the student for EFC.

Effect: One student was over-awarded Pell Grant funds**.**

Repeat Finding: This is not a repeat finding.

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

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

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

U.S. Department of Education
2022-004: 240 Days Outstanding Check

Federal Agency: Department of Education
Federal Program Name: Student Financial Assistance Cluster
Assistance Listing Number: 84.007, 84.033, 84.063, 84.268
Federal Award Identification Number and Year: P007A210605- 2022; P033A210605- 2022; P063P211182- 2022; P268K221182- 2022
Award Period: July 1, 2021 to June 30, 2022
Type of Finding: Significant Deficiency 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 3 outstanding checks payable to students for Title IV awards that were not returned to the Department of Education within the 240 day prescribed timeframe.

Questioned Costs: $2,265

Context and Cause: The District’s existing policies and procedures did not ensure compliance with the applicable criteria.

Effect: The checks identified resulted in noncompliance with the Title IV regulation.

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

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.

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

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

U.S. Department of Education
2022-005: 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: P425F204159 - 2022
Award Period: July 1, 2021 to June 30, 2022
Type of Finding: Material Weakness in Internal Control over Compliance and Material Noncompliance

Criteria: The Uniform Guidance Cost Principles described in 2 CFR Part 200, Subpart E, apply to the HEERF subprogram. Institutions generally have broad uses of funds. Some items of cost in Subpart E of the Uniform Guidance require prior approval under 2 CFR section 200.407 by ED. However, in its HEERF II FAQs published on January 14, 2021, and HEERF III FAQs published on May 11, 2021, ED waived prior approval for certain items of cost (as described in questions 20 and 45, respectively). Specifically, the HEERF grant funds must not be used for construction or purchase of real property. 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 used grants fund for construction costs that were identified as delays, labor rate escalation and supply chain issues related to COVID-19.

Questioned Costs: $614,352

Context: The District expended $5,888,620 in HEERF – Institutional Portion funds for direct costs, lost revenue and bad debt write off during the fiscal year.

Cause: Costs were identified on invoices and changes orders as COVID-19 related. The District had interpreted delayed costs related to COVID-19 as allowable.

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 required to be reported per the *2021-22 Contracted District Audit Manual* for the fiscal year ended June 30, 2022.

SOLANO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
AND QUESTIONED COSTS
JUNE 30, 2022

FINDINGS—FINANCIAL STATEMENT AUDIT

Finding 2021-001: Capital Assets

Recommendation: Create and maintain a detailed historical data base of the District's assets. The District may want to consider engaging a third party to perform a physical inventory and create the historical data base.

Current Status: Implemented.

FINDINGS—FEDERAL AWARDS PROGRAM AUDITS

Finding 2021 – 002: Gramm-Leach-Bliley Act – Student Information Security

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 that the District engage a third party to perform the risk assessment for the three required areas as required by the Gramm-Leach-Bliley Act and ensure that there are documented safeguards for identified risks.

Current Status: Implemented.

Finding 2021 – 003: Return of Title IV Funds

Federal agency: U.S. Department of Education
Federal program title: Student Financial Assistance Cluster
Assistance Listing Number: 84.063, 84.268

Recommendation: We recommend the College review the R2T4 requirements and implement procedures to ensure compliance with the applicable Title IV regulations.

Current Status: Implemented.

Finding 2021 – 004: Exit Counseling

Federal agency: U.S. Department of Education
Federal program title: Student Financial Assistance Cluster
Assistance Listing Number: 84.268

Recommendation: We recommend the College review its policies and procedures around sending exit counseling information to students to ensure students are receiving proper counseling and that documentation of letters sent is maintained as required by regulations.

Current Status: Implemented.

Finding 2021 – 005: 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, 84.268

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

Current Status: Not implemented. See Finding 2022-001.

Finding 2021 – 006: Reporting
Federal agency: U.S. Department of Education
Federal program title: COVID-19 Higher Education Emergency Relief Fund
Assistance Listing Number: 84.425E, 84.425F

Recommendation: We recommend the College review its reporting procedures and put a process in place to ensure compliance with the HEERF reporting requirements as required by regulations.

Current Status: Implemented.

Finding 2021 – 007: Procurement and Suspension and Debarment
Federal agency: U.S. Department of Education
Federal program title: COVID-19 Higher Education Emergency Relief Fund
Assistance Listing Number: 84.425F

Recommendation: We recommend the District update its purchasing policy and procedures to ensure compliance with the procurement and suspension and debarment standards as required by federal regulations.

Current Status: Implemented.

Finding 2021 – 008: Allowable Costs/Cost Principles - Indirect Costs
Federal agency: U.S. Department of Education
Federal program title: COVID-19 Higher Education Emergency Relief Fund
Assistance Listing Number: 84.425F

Recommendation: We recommend the District review the institution’s approved negotiated indirect cost rate and implement procedures to ensure compliance with federal regulations.

Current Status: Implemented.

Finding 2021 – 009: Reporting
Federal agency: U.S. Department of the Treasury
Federal program title: COVID-19 Coronavirus Relief Fund – COVID-19 Response Block Grant
Assistance Listing Number: 21.019

Recommendation: We recommend the College review its reporting procedures and put a process in place to ensure compliance with the CRF reporting requirement as required by regulations.

Current Status: The District no longer receives this grant.

FINDINGS—STATE AWARDS

There were no findings and questioned costs related to state awards for the year ended June 30, 2021.

Solano Community College District respectfully submits the following Corrective action plan 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 schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

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

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS
U.S. Department of Education
2022-001: Student Financial Assistance Cluster – NSLDS Enrollment Reporting – Assistance Listing Number: 84.007, 84.033, 84.063, 84.268

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.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Repeat finding was unavoidable as we were unaware we were out of compliance until we were over half-way through the current year (21-22). Alysa Borelli, Dean of Enrollment Services contacted the National Student Clearinghouse (NSC) for guidance on what was causing our NSDLS errors and since has restructured when Solano is supposed to report to NSC. Solano has not been reporting in the correct part of the month for the NSDLS roster to pick up an accurate enrollment snapshot, which is the root cause of all of the findings under this header. Solano has received updated training for all staff who are responsible for submitting to NSC. Additionally, the staff member that used to submit who was not submitting at the correct time as removed from this task and replaced. Solano will be following the new protocols starting with Spring 2023 semester and does not expect this to be a repeat finding. It was known that 2nd year findings were unavoidable.

Name(s) of the contact person(s) responsible for corrective action: Alysa Borelli, Dean of Enrollment and Student Services.

Planned completion date for corrective action plan: All training and adjustments to our processes was completed in December 2022.

U.S. Department of Education
2022-002: Student Financial Assistance Cluster – Student Eligibility and Awarding – 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.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: This issue was discovered during the audit process, and we performed the following activities in response:

- We consulted with the auditing team's national resource about the proper way to correct this award. Implemented by August 2022.
- Following their guidance, we corrected the student's awards so that the appropriate amount of sub and unsub were in place and then re-ran her R2T4 calculation to make sure everything was correct in our system and on COD. Implemented by September 2022
- We conducted a review of our other Direct Loan awards, and found that this incident was an isolated manual mistake, not a systemic one. Implemented by August 2022
- Although the person responsible for this error is no longer employed in the financial aid department, we have done training with the current Direct Loan coordinator to reduce the likelihood of this mistake in the future. Implemented by August 2022
- We modified the Direct Loan procedure log to include a reminder about this regulation. Implemented by August 2022

Name(s) of the contact person(s) responsible for corrective action: Alysa Borelli, Dean of Enrollment and Student Services.

Planned completion date for corrective action plan: The corrective action plan was implemented by September 2022.

U.S. Department of Education
2022-003: Student Financial Aid Cluster – Student Eligibility and Awarding – 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.

Action taken in response to finding: This student was awarded an incorrect amount because a subsequent ISIR transaction was received but the Pell was not recalculated on the basis of the new information. After this discovery, we have taken the following actions in response:

- We examined our ISIR import process to make sure that our means of communicating locked transactions was functioning correctly. We found that our system for monitoring new transactions was deficient; if a set of conditions were aligned, a new transaction could slip by our notice. Implemented by August 2022.
- We added another layer of review wherein the output of both the messages we receive from our third-party verification partner and our internal reports associated with importing ISIRS are examined on a regular basis. New transactions on students with a current locked transaction are reported to staff members for further review. Implemented by August 2022.

- We wrote an ad hoc report that allows us to identify subsequent ISIR transactions and will run it regularly to reduce the likelihood of this issue occurring again. Implemented by August 2022.

Name(s) of the contact person(s) responsible for corrective action: Alysa Borelli, Dean of Enrollment and Student Services.

Planned completion date for corrective action plan: The corrective action plan was implemented by August of 2022.

U.S. Department of Education
<u>2022-004: Student Financial Assistance Cluster – 240 Days Outstanding Check – Assistance Listing Number: Various</u>

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.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: During the 2021-22 aid year, the financial aid and fiscal services departments have been working hard together to clean up and streamline the process by which we handle stale-dated "financial aid checks" (Title-IV funds processed through BankMobile) as well as "student refund checks" (non-Title IV funds processed through our district office). In our review, we found that three students had Title IV aid incorrectly processed as "student refund checks" whose initial disbursement date was more than 240 days before the date of discovery. As a result, we reported those checks to the auditors when asked for outstanding Title IV checks.

We have taken the following actions in response to this item:

- We have developed a "Time Out / Reversal" workgroup that includes members of both the financial aid and fiscal services department to ensure that reissuance of checks does not occur automatically (pre-existing, but this workgroup allows us to address this issue).
- We have trained the workgroup members specifically on the importance of the 240 day limit. Implemented by September 2022.
- We continue to improve the communication between the financial aid and fiscal services. department. We currently hold meetings every two weeks to bring up any common issues and solve problems related to the administration. Implemented by September 2022.

Name(s) of the contact person(s) responsible for corrective action: Alysa Borelli, Dean of Enrollment and Student Services.

Planned completion date for corrective action plan: The corrective action plan was implemented by August of 2022.

U.S. Department of Education
2022-005: Unallowable Costs – 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.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The unallowable expenses in the HEERF grant will be transferred out of the grant expenses in the 2022-23 fiscal year.

Name(s) of the contact person(s) responsible for corrective action: Susan Wheet, VP of Finance and Administration

Planned completion date for corrective action plan: The corrective action plan will be implemented by August of 2022.

FINDINGS—STATE AWARDS AUDIT
There were no findings and questioned costs related to state awards for the fiscal year ended June 30, 2022.

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, 2021.

Audit period: July 1, 2020 – June 30, 2021

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
MATERIAL WEAKNESS

2021-001: Capital Assets
Condition: The District does not have a detailed capital asset listing to support the historical cost and accumulated depreciation for the property and equipment included in the financial statements. The District had implemented a capital assets software during the fiscal year. Although additions since the implementation are detailed, historical information prior to the implementation were recognized as beginning balances by assets type. Detailed information had once existed in the previous software; however; these records are no longer accessible. We were unable to audit the beginning balance and the appropriateness of current year depreciation as of June 30, 2021. The effect on the District's financial statements and disclosures due to the above omissions cannot be readily determined. As a result, the opinion on the financial statements has been modified.

Status: The corrective action plan was implemented during the fiscal year 2021-22.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S. Department of Education
2021-002: Gramm-Leach-Bliley Act – Student Information Security
Condition: Under an institution's Program Participation Agreement with the ED and the Gramm-Leach-Bliley Act, institutions must protect student financial aid information, with particular attention to information provided to institutions by ED or otherwise obtained in support of the administration of the federal student financial aid programs.

Status: The corrective action plan was implemented during the fiscal year 2021-22.

U.S. Department of Education
2021-003: Return of Title IV Funds
Condition: During our testing of R2T4 calculations, we noted that the College did not determine the withdrawal date within 30 days of the end of the period of enrollment for 9 out of the 40 students tested, which is a statistically valid sample.

Status: The corrective action plan was implemented during the fiscal year 2021-22.

U.S. Department of Education
2021-004: Exit Counseling
Condition: During our audit procedures, we noted that the College did not notify students of the requirement to complete exit counseling within 30 days of the date the institution determined that the student withdrew for 1 out of the 40 students tested, which is a statistically valid sample.

Status: The corrective action plan was implemented during the fiscal year 2021-22.

U.S. Department of Education
2021-005: 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, 7 instances of improper student status reporting at the campus-level and program-level, 11 instances where the effective date of a student status change was improperly reported at the campus-level record, 2 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 the program begin date was not properly reported to the NSLDS system.

Status: Partially implemented. See current year finding 2022-001. Repeat finding was unavoidable as we were unaware we were out of compliance until we were over half-way through the current year (21-22). Alysa Borelli, Dean of Enrollment Services contacted the National Student Clearinghouse (NSC) for guidance on what was causing our NSDLS errors and since has restructured when Solano is supposed to report to NSC. Solano has not been reporting in the correct part of the month for the NSDLS roster to pick up an accurate enrollment snapshot, which is the root cause of all of the findings under this header. Solano has received updated training for all staff who are responsible for submitting to NSC. Additionally, the staff member that used to submit who was not submitting at the correct time as removed from this task and replaced. Solano will be following the new protocols starting with Spring 2023 semester and does not expect this to be a repeat finding. It was known that 2nd year findings were unavoidable.

U.S. Department of Education
2021-006: Reporting
Condition: During our audit procedures, we noted 2 institutional quarterly reports (January 1st – March 31st, 2021 and April 1st – June 30, 2021), which is a statistically valid sample, were not submitted within 10 days after the end of each calendar quarter. In addition, we noted 2 student aid quarterly reports (January 1st – March 31st, 2021 and April 1st – June 30, 2021), which is a statistically valid sample, were not posted to the College's website.

Status: The corrective action plan was implemented during the fiscal year 2021-22.

U.S. Department of Education
2021-007: Procurement and Suspension and Debarment
Condition: During our audit procedures, we noted that the District's purchasing policy was not updated to meet the required procurement and suspension and debarment standards contained in the Uniform Guidance.

Status: The corrective action plan was implemented during the fiscal year 2021-22.

U.S. Department of Education
<u>2021-008</u>: <u>Allowable Costs/Cost Principles - Indirect Costs</u>
Condition: During our audit procedures, we noted that $94,210 of equipment purchased over $5,000 and rental costs of $11,955 were included in the indirect cost calculation when they should have been excluded from the base during the year ending June 30, 2021. In addition, the District claimed indirect costs of $60,833 during the year ending June 30, 2021 based on $198,155 of HEERF expenditures incurred during the year ending June 30, 2020, which is unallowable.

Status: The corrective action plan was implemented during the fiscal year 2021-22.

U.S. Department of the Treasury
<u>2021-009</u>: <u>Reporting</u>
Condition: During our audit procedures, we noted the 1 quarterly financial progress report due during the year was not submitted within the required timeframe as mentioned in the criteria above.

Status: The corrective action plan was implemented during the fiscal year 2021-22.

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.