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NAPA VALLEY
COMMUNITY COLLEGE DISTRICT

COUNTY OF NAPA

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2023

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NAPA VALLEY COMMUNITY COLLEGE DISTRICT
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JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Napa Valley Community College District
Napa, California

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, fiduciary activities, , and the aggregate remaining fund information of Napa Valley Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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, fiduciary activities, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position and 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Napa Valley 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.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statements No. 91, Conduit Debt Obligations; GASB Statements No., 92, Omnibus 2020; GASB Statements No., 93, Replacement of Interbank Offered Rates (IBOR); GASB Statements No., 94, Public-Private & Public-Public Partnerships and Availability Payment Arrangements; and GASB Statements No., 96, Subscription-based Information Technology Arrangements; for the year ending June 30, 2023. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 District's ability to continue as a going concern for one year 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 generally accepted auditing standards 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 generally accepted auditing standards 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 the 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 the 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information section, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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 District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, 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 Management's Discussion and Analysis section and unaudited supplementary information section, but does not include the basic financial statements and our auditor's 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 other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 the District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
December 11, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Napa Valley Community College District (the District) was founded in 1942 as a political subdivision of the State of California. It provides higher education in the greater Napa area, which consists of portions of four counties. The District consists of one main campus in Napa and education centers in American Canyon and St. Helena. The District also offers classes and programs at various other locations throughout the District. The District serves approximately 10,000 full and part-time, credit and non-credit students per semester.

The following discussion and analysis provides an overview of the financial position and activities of the Napa Valley Community College District for the year ended June 30, 2023. Please read it in conjunction with the financial statements and notes thereto which follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

FINANCIAL HIGHLIGHTS

Total net position was $(48.4) million at June 30, 2023. This was an improvement of $3.3 million over the prior year. The District's negative net position is largely due to: 1) the inclusion $100.3 million in outstanding 2002, voter-approved, property tax funded, general obligation bonded debt in the District's liabilities, which saw a net $3.9 million reduction in 2022-23, and 2) the inclusion of $33.6 million in District OPEB Liabilities, which saw a net decrease of $2.2 million, in 2022-23.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District was required to implement the reporting standards of Governmental Accounting Standards Board (GASB) Statement No. 34, as amended by GASB Statement No. 35 on July 1, 2002. This adoption changed the format and the content of the District's basic financial statements. The District is following the Business Type Activity (BTA) model. Rather than issuing fund-type financial statements, these Statements require the following components to be included in the District's financial statements:

- Management's Discussion and Analysis
- Basic financial statements including:
    - Statement of Net Position
    - Statement of Revenues, Expenses, and Changes in Net Position
    - Statement of Cash Flows
- Notes to financial statements

Additionally, fund balance is referred to as Net Position, and the Statement of Cash Flows are presented using the direct method.

The basic financial statements are designed to provide readers with a broad overview of the District's finances, using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the District's activities.

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

The Statement of Net Position presents the assets, liabilities, and net position of the District as of the end of the fiscal year ended June 30, 2023 and is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private sector organizations. The difference between total assets and total liabilities (net position) is one indicator of the District's current financial health and condition of the District.

The net position is divided into three major categories. The first category, Net investment in Capital Assets, represents the amount in property, plant, and equipment, net of depreciation, owned by the District. The second category is Restricted Net Position, which represents resources available for expenditure, but must be spent for purposes as determined by external entities and/or donors who have placed time or purpose restrictions on the use of those assets. These restrictions are often enforceable contractual or debt agreements, or by laws, and regulations imposed by governmental agencies through constitutional provisions or enabling legislation. The final category is Unrestricted Net Position, a portion of which includes resources available to the District for any lawful purpose. Although unrestricted, the District's Governing Board may place internal restrictions on this expendable net position, but it retains the power to change, remove, or modify such restrictions.

The Statement of Revenues, Expenses, and Changes in Net Position represent the net results of the District's operation. The purpose of the statement is to present the revenues received by the District, both operating and non-operating, as well as the expenses paid by the District, both operating and non-operating. Additional information is provided regarding other revenues, expenses, gains and losses. The bottom of the statement shows the increase (or decrease) to the net position.

Generally, operating revenues are earned through direct "exchange," the District receives money in exchange for providing goods and services to its various customers and constituencies. Operating expenses are those incurred to acquire or produce the aforementioned goods and services. Non-operating revenues are those received, or pledged, where there is no exchange goods and services. State appropriations are one example of non-operating revenues because they are provided by the State Legislature to the District without the Legislature directly receiving commensurate goods and services for those revenues. Tax revenues are another example of non-operating revenues.

The Statement of Cash Flows provides information about the major sources and uses of cash. This statement is to help users assess the District's ability to generate positive cash flows, in order to meet obligations as they become due and evaluate the need for external financing.

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash provided by the operating activities of District. The second part details cash received for non-operating, non-investing, and non-capital activities of the institution. The third section deals with the cash used for the acquisition and construction of capital and related financing activities. The fourth part provides information from investing activities, reflecting, the cash received and spent for short-term investments and any interest paid or received on those investments. The final section shows the increase (or decrease) in the District's cash and cash equivalents for the year.

A reconciliation is also provided, reconciling the net cash flow from operating activities to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position. This net cash reconciliation is shown in an expanded version of the Statement of Cash Flows in the financial statements.

The Statements of Net Position as of June 30, 2023 and 2022 are summarized below:

	2023	2022	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Total assets	$ 196,102,753	$ 156,907,085	$ 39,195,668
Deferred outflow of resources	20,711,289	19,166,134	1,545,155
Total Assets and Deferred Outflows of Resources	216,814,042	176,073,219	40,740,823
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	69,126,929	28,815,229	40,311,700
Non-current liabilities	181,023,064	174,148,383	6,874,681
Deferred inflows of resources	14,381,776	24,182,327	(9,800,551)
Total Liabilities and Deferred Inflows of Resources	264,531,769	227,145,939	37,385,830
NET POSITION			
Invested in capital assets, net of related debt	19,344,874	17,721,125	1,623,749
Restricted	10,151,251	8,914,328	1,236,923
Unrestricted	(77,851,116)	(78,340,105)	488,989
Total Net Position	$ (48,354,991)	$ (51,704,652)	$ 3,349,661

The District's total assets and deferred outflows of resources increased by $25.7 million or 14.6 percent from the previous year. The majority of the increase was due to an increase of expenditures and capital asset depreciation.

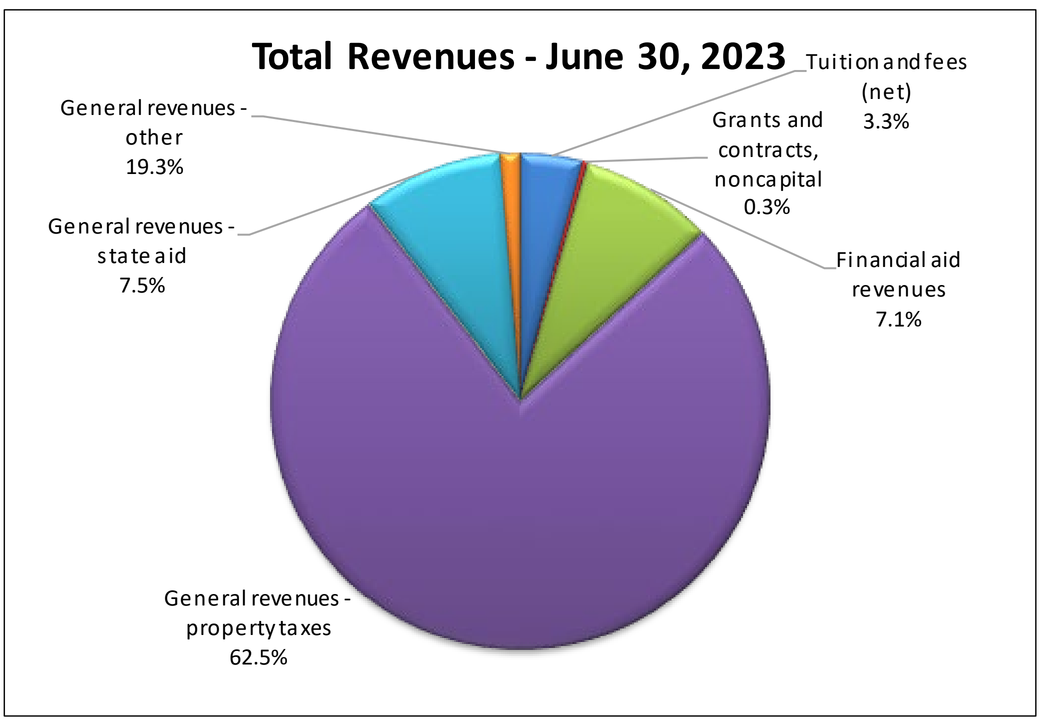
Total liabilities and deferred inflows of resources increased by $22.4 million or 9.9 percent. This is primarily due to a decrease in accounts payable and deferred inflows of resources.

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

The Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2023 and 2022 are summarized below:

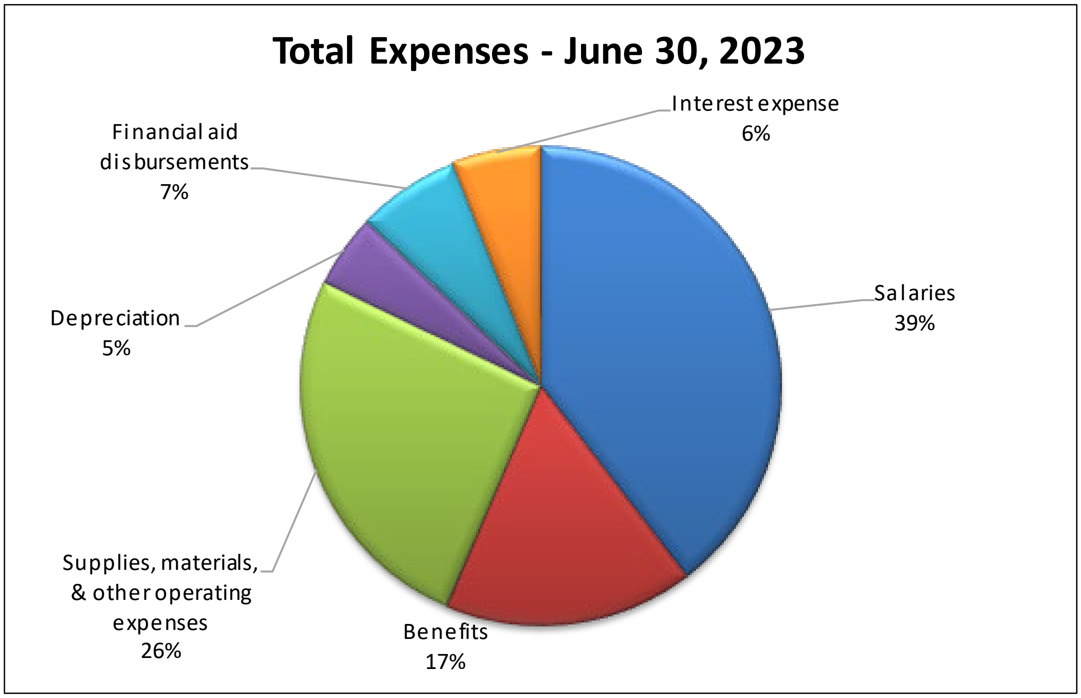
	2023	2022	Change
REVENUES			
Tuition and fees (net)	$ 2,607,270	$ 2,319,931	$ 287,339
Grants and contracts, noncapital	226,560	16,223,089	(15,996,529)
Financial aid revenues	5,707,210	5,719,362	(12,152)
General revenues - property taxes	49,886,351	46,973,963	2,912,388
General revenues - state aid	6,015,059	5,432,773	582,286
General revenues - other	15,383,654	568,488	14,815,166
Total Revenues	79,826,104	77,237,606	2,588,498
EXPENSES			
Operating expenses	66,689,459	61,643,581	5,045,878
Financial aid disbursement to students	4,991,882	4,806,721	185,161
Interest	4,635,418	4,755,115	(119,697)
Total Expenses	76,369,183	71,205,417	5,163,766
Change in Net Position	$ 3,456,921	$ 6,032,189	$ (2,575,268)

Operating and nonoperating revenues are comparatively reflected below:



OVERVIEW OF THE FINANCIAL STATEMENTS, continued

Operating and nonoperating expenses are reflected below:



OVERVIEW OF THE FINANCIAL STATEMENTS, continued

District Fiduciary Responsibility

The District is the trustee, or fiduciary, for certain amounts held on behalf of students, clubs, and donors for student loans and scholarships. The District's fiduciary activities are reported in separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position. Net position of fiduciary activities is excluded from the District's net position because the District cannot use fiduciary assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Capital Assets

As of June 30, 2023, the District had approximately $188.3 million invested in capital assets. Capital assets consist of land, which is non-depreciable, and depreciable assets such as buildings and building improvements, construction in progress, vehicles, data processing equipment, and other equipment that met the capitalization threshold recommended by GASB Statement No. 35. These assets have accumulated depreciation of $71.0 million, leaving a net capital asset amount of $117.3 million.

Note 7 to the financial statements provides detailed information on capital assets. A summary of capital assets net of accumulated depreciation and changes therein is presented below:

	2023	2022	Change
Capital Assets - Non-Depreciable	$ 400,003	$ 400,003	$ -
Capital Assets - Depreciable	187,927,531	186,993,114	934,417
Accumulated depreciation	(71,028,838)	(67,437,563)	(3,591,275)
Total Capital Assets	$ 117,298,696	$ 119,955,554	$ (2,656,858)

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

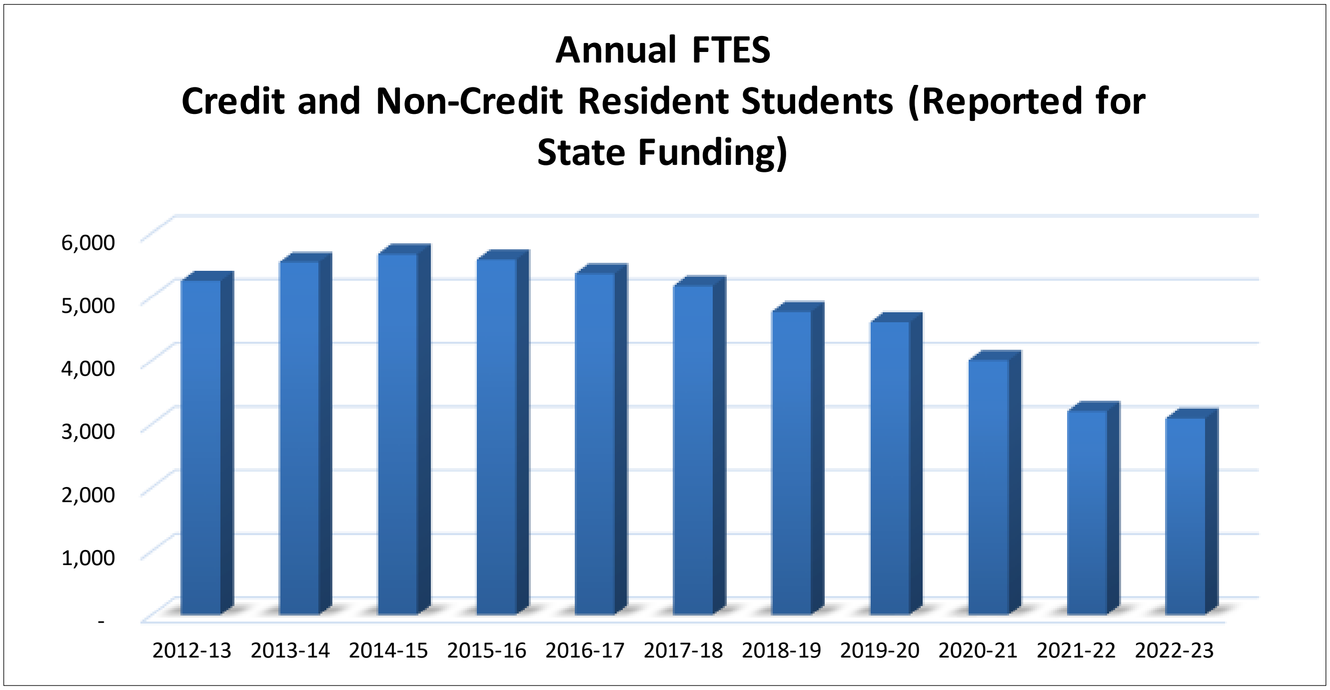
In 2017-18, Napa Valley College became a "Basic Aid" or "Community Supported" district. That means the sum of the College's local property tax revenues, plus student enrollment fees, exceeds the dollar-threshold below which a portion of the District's operational funding would be dependent on State apportionment funding, as determined by a state-calculation based on full-time equivalent students (FTES), student demographics, and student achievement. Property taxes are a stable source of funding as compared to apportionment funding from the State's General Fund. The latter is derived principally from personal income taxes, and as experience has shown, that revenue can be greatly affected by the up and down swings of the economy. And, because property taxes are stable, with a long history of year-over-year increases, the District is better able to plan over the short and long-term. The District's property taxes increased by 7% and 3% over the previous year for 2022-23 and 2021-22, respectively, and this combined additional revenue of approximately $4.7 million exceeds the salary increases provided in the first two years of the negotiated three-year contracts with faculty and classified staff.

The District's Restricted General Fund revenues are dependent on state and federal categorical programs and grants. As such, economic impacts at the state and federal level, plus legislative priorities, can affect the funding that the District receives. But, as the managed expenditures in these programmatic areas are limited to the degree of available funding, activity in these areas has a limited impact on the District's reserves.

For 2022-23, the District's Unrestricted General Fund (UGF), ending fund balance represented a 16.5% reserve, as a percentage of total UGF expenditures, and a 12.8% reserve, as a percentage of total restricted and unrestricted Genderal Fund (GF) expenditures. Per the Government Finance Officers Association (GFOA) and the state chancellor's office, a reserve of at lease two months of annual operating expenses (or 17%) is recommended for local governments and community colleges. Although Napa Valley College has not yet achieved that level recommended reserves, the UGF fund balance at the end of 2022-23 is marked improvements over the prior year thus providing the District an increased buffer to absorb future unforeseen circumstances.

HISTORICAL FULL TIME EQUIVALENT STUDENTS (FTES) TRENDS

In the 2023 fiscal year, the District reported 3,089 credit and non-credit resident FTES. See the below chart for a historical perspective on the changes in FTES over the past 11 fiscal years.



ADDRESSING ENROLLMENT TRENDS

Due to changes in the demographics of the College's service area and the impact of the pandemic, enrollments at Napa Valley College have been in decline as noted in the Annual FTES graph. While this trend is not unusual for California Community Colleges, particularly during and after the pandemic, the need to be intentional about efforts to reenagage high school students and members of the community about the educational programs and resources available at the College has taken on a renewed focus at the College.

Initiatives intended to improve engagement and enrollments include the development of a revised Educational Master Plan. With anticipated completion in the spring of 2024, the plan will provide updated information about service area demographics, workforce training needs and other data elements intended to inform college program planning for the next five years. Additionally, the college is investing significantly in electronic and print marketing activities while also deploying staff to local high schools and community gatherings. Significantly, the opening of a 588 bed student housing facility on campus in the summer of 2024, has the real expectation that interest in enrolling in college programs in the college's service area, in addition to students from outside the service, will improve.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, you may contact the Controller, at Napa Valley Community College District, 2277 Napa-Vallejo Highway, Napa, CA 94558.

FINANCIAL SECTION

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS		
Current Assets:		
Cash and cash equivalents	$	49,409,248
Accounts receivable, net		9,179,933
Lease Receivable		791,352
Due from other funds/not-for-profits		3,797,521
Prepaid expenditures and other assets		256,324
Total Current Assets		63,434,378
Noncurrent Assets:		
Intangible right of use assets		369,679
Other noncurrent assets		15,000,000
Capital assets, net		117,298,696
Total Noncurrent Assets		132,668,375
TOTAL ASSETS		196,102,753
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on bond refunding		5,674,977
Deferred outflows - pension		14,776,283
Deferred outflows - OPEB		260,029
TOTAL DEFERRED OUTFLOWS OF RESOURCES		20,711,289
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	216,814,042
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	$	13,196,758
Unearned revenue		49,209,872
Long-term debt, current portion		6,720,299
Total Current Liabilities		69,126,929
Noncurrent Liabilities:		
Compensated absences		2,280,303
Lease liability		391,972
Net pension liability		47,846,194
Long-term debt, non-current portion		130,504,595
Total Noncurrent Liabilities		181,023,064
TOTAL LIABILITIES		250,149,993
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - OPEB		6,078,541
Deferred Inflows - pensions		8,303,235
Deferred inflows - leases		637,264
TOTAL DEFERRED INFLOWS OF RESOURCES		15,019,040
NET POSITION		
Net investment in capital assets		19,344,874
Restricted for:		
Debt service		8,402,373
Capital projects		1,748,878
Unrestricted		(77,851,116)
TOTAL NET POSITION		(48,354,991)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	216,814,042

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

OPERATING REVENUES	
Tuition and fees	$ 4,567,756
Less: Scholarship discounts and allowances	(1,960,486)
Net tuition and fees	2,607,270
Grants and contracts, noncapital:	
Federal	3,774,475
State	(4,716,718)
Local	1,168,803
Subtotal	226,560
TOTAL OPERATING REVENUES	2,833,830
OPERATING EXPENSES	
Salaries	30,323,685
Employee benefits	12,851,460
Supplies, materials, and other operating expenses and services	19,729,331
Depreciation	3,784,983
TOTAL OPERATING EXPENSES	66,689,459
OPERATING INCOME (LOSS)	(63,855,629)
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	1,841,017
Local property taxes	41,168,296
State taxes and other revenues	1,629,609
Financial aid revenue	5,707,210
Financial aid disbursement to students	(4,991,882)
Investment income and FMV adjustment	(1,174,144)
Interest expense	(4,635,418)
Gain (Loss) on Disposal of Asset	(52,424)
Other non-operating revenues	2,544,433
TOTAL NON-OPERATING REVENUES (EXPENSES)	42,036,697
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(21,818,932)
OTHER INCOME	
State apportionments, capital	16,557,798
Local property taxes and revenues, capital	8,718,055
TOTAL OTHER INCOME	8,718,055
INCREASE (DECREASE) IN NET POSITION	3,456,921
NET POSITION -- BEGINNING OF YEAR	(51,704,652)
PRIOR YEAR ADJUSTMENT (SEE NOTE 14)	(107,260)
NET POSITION -- END OF YEAR	$ (48,354,991)

See accompanying notes to the financial statements.

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 2,607,270
Grants and contracts	42,053,273
Payments to or on behalf of employees	(42,545,772)
Payments to vendors for supplies and services	(21,262,088)
Net Cash Used by Operating Activities	(19,147,317)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments	1,841,017
Property taxes	41,168,296
State taxes and other revenues	1,629,609
Financial aid revenues	5,707,210
Financial aid disbursement to students	(4,991,882)
Other nonoperating revenues	5,236,534
Net Cash Provided by Non-capital Financing Activities	50,590,784
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(1,128,125)
Local property tax, capital	8,718,055
State apportionments, capital	16,557,798
Loss on disposal of capital assets	(52,424)
Interest paid on capital debt	(8,081,485)
Other local revenue for capital projects	(15,000,000)
Net Cash Provided by Capital Financing Activities	1,013,819
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income and FMV adjustment	(1,174,144)
Net Cash Used by Investing Activities	(1,174,144)
NET INCREASE IN CASH & CASH EQUIVALENTS	31,283,142
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	18,126,106
CASH & CASH EQUIVALENTS, END OF YEAR	$ 49,409,248

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	$ (63,855,629)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation expense	3,784,983
Changes in Assets and Liabilities:	
Receivables, net	722,156
Prepaid expenditures and other assets	745,184
Deferred outflows of resources	(1,545,155)
Accounts payable and accrued liabilities	(2,277,941)
Deferred revenue	40,997,297
Compensated absences	(55,461)
Net pension liability	14,143,348
Net OPEB liability	(2,174,795)
Deferred inflows - OPEB	1,625,942
Deferred inflows - pensions	(11,426,493)
Deferred inflows - leases	169,247
Total Adjustments	44,708,312
Net Cash Flows From Operating Activities	$ (19,147,317)

	District Trust
ASSETS	
Cash and cash equivalents	$ 266,229
Investments	2,557,833
Accounts receivable	10,079
Total Assets	2,834,141
LIABILITIES	
Accounts payable	2,562,758
Due to governmental funds	271,383
Total Liabilities	2,834,141
NET POSITION	
Reserved	-
Total Net Position	$ -

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	District Trust
Additions	
Operating revenues	$ -
Total Additions	-
Deductions	
Other operating expenses	-
Total Deductions	-
CHANGE IN NET POSITION	-
NET POSITION, BEGINNING OF YEAR	-
Beginning balance adjustment	-
NET POSITION, END OF YEAR	$ -

See accompanying notes to the financial statements.

NOTE 1 – ORGANIZATION

The Napa Valley Community College District (the District) was founded in 1942 as a political subdivision of the State of California. It provides higher education in the greater Napa area, which consists of portions of four counties. The District consists of one main campus in Napa with education centers in American Canyon and St. Helena. The District also offers classes and programs at various other locations throughout the District. The District serves approximately 10,000 full and part-time, credit and non-credit students per semester. Full-Time Equivalent Students (FTES) for 2022-2023 were 3,089.

Financial Reporting Entity

The District has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles and GASB Statement No. 14 and Statement No. 39. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the Board of Trustee's ability to exercise oversight responsibility. A second criterion used in evaluating potential component units is the scope of public service. A third criterion used to evaluate potential component units is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

For financial reporting purposes, the District includes all funds, agencies, and authorities that are controlled by or are dependent on the District's executive and legislative branches. Control by or dependence on the District was determined on the basis of budget adoption, taxing, authority, outstanding debt secured by revenues or general obligations of the District, obligations of the District to finance any deficits that may occur, or receipt of significant subsidies from the District.

As a result, the financial statements of the District include the financial activities of the District and the combined totals of the trust and agency funds, which represent the various scholarships and student organizations within the District.

The District, the Napa Valley College Foundation (the Foundation), the Napa Valley Community College District Auxiliary Services Foundation (the District Auxiliary Services Foundation) and the Napa Valley Viticulture & Wine Technology Foundation (the VWT Foundation) have financial and operational relationships that require analysis to determine whether they meet the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) for inclusion as component units of the District. After analysis, all three entities were determined to not have met these criteria. Accordingly, the separately audited financial statements of the Foundation, the District Auxiliary Services Foundation and the VWT Foundation may be obtained from the District.

NOTE 1 – ORGANIZATION, continued

Financial Reporting Entity, continued

The following are those aspects of the relationship between the District and the component units that satisfies the GASB:

Accountability: The VWT Foundation and the District Auxiliary Services Foundation operate under a master agreement with the District in accordance with the California Education Code requirements. The District is able to impose its will upon the VWT Foundation and the District Auxiliary Services Foundation.

Discrete Presentation: For financial presentation purposes, the financial activities of the VWT Foundation and the Auxiliary Services Foundation have been discretely presented with the financial activities of the District.

Joint Powers Agencies and Public Entity Risk Pools

The District is associated with four joint powers agencies (JPAs). These organizations do not meet the criteria for inclusion as component units of the District. The JPAs are the Northern California Community College Self Insurance Authority (NCCCSIA), Statewide Association of Community Colleges (SWACC), Schools Self-Insurance of Contra Costa County (SSICCC), and Protected Insurance Program for Schools (PIPS). See Note 10 for more information.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, 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 Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency and intra-fund transactions have been eliminated.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place and amounts are available. 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, available means expected to be received within 90 days of fiscal year end.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include state apportionments, property taxes, certain grants, entitlements, and donations. Revenue from state apportionments is generally recognized in the fiscal year in which it is apportioned from the state. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to colleges and universities, as well as those prescribed by the California Community Colleges Chancellor's Office.

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, now codified in the FASB Accounting Standards Codification, unless those pronouncements conflict with or contradict GASB pronouncements. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The budgetary and financial accounts of the District are maintained in accordance with the State Chancellor's Office Budget and Accounting Manual.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38. The Business type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
    - Statement of Net Position
    - Statement of Revenues, Expenses, and Changes in Net Position
    - Statement of Cash Flows
- Notes to Financial Statements

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and demand deposits. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investments

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*, investments are stated at fair market value. Fair market value is estimated based on published market prices at year-end. Investments for which there are no quoted market prices are not material.

Accounts Receivable

Accounts receivable consists 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. Accounts receivable also include amounts due from the Federal government, State and local governments, or private sources, in connection with reimbursements of allowable expenditures made pursuant to the District's grants and contracts. The District utilizes the allowance method with respect to its accounts receivable. The allowance was $1,096,288 at June 30, 2023

Prepaid Expenditures

Prepaid expenditures or expenses represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

Deferred Charges

Deferred charges are bond issuance costs and are deferred and amortized over the term of bonds using the straight-line method since the results are not significantly different from the effective interest method.

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 estimated fair market value at the date of donation. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed. Routine repairs and maintenance that do not extend the life of the building or equipment are charged as operating expenses in the year the expense is incurred.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets and Depreciation, continued

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 to 65 years; equipment, 5 to 20 years; library books, 5 years; technology equipment, 5 years. Land and construction in progress are considered non-depreciable capital assets; therefore, no depreciation is computed.

Accrued Liabilities and Long-Term Obligations

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

Deferred Insurance Costs, Premiums, and Discounts

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

Compensated Absences

Compensated absence costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year-end as liabilities of the District.

Deferred Revenue

Deferred revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Deferred revenues include (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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position." Net position is classified according to external donor restrictions or availability of assets for satisfaction of District obligations according to the following net position categories:

- **Net investment in Capital Assets –** Capital Assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

- **Restricted – Expendable –** Net position whose use by the District is subject to externally imposed constraints that can be fulfilled by actions of the District pursuant to those constraints or by the passage of time.

- **Unrestricted –** Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements reported $10,151,251 of restricted net position.

Operating Revenues and Expenses

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

- **Operating revenues –** Operating revenues include activities that have the characteristics of exchange transactions, such as, (1) student tuition and fees, net of scholarship discounts and allowances, (2) internal service – self-insurance charges, (3) most federal, state, and local grants and contracts, and (4) interest on institutional student loans.

- **Nonoperating revenues –** Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as state apportionments, property taxes, investment income, and other revenue sources described in GASB Statement No. 34.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Operating Revenues and Expenses, continued

Classification of Expenses – Nearly all 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.

On-Behalf Payments

GASB Statement No. 24 requires direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on-behalf payments to the State Teachers Retirement System (STRS) and Public Employees Retirement System (PERS) on behalf of all community colleges in California. The amounts of on-behalf payments were $1,629,609 for 2022-23.

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 amount reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

State Apportionment

The District does not receive state apportionment under the Student Centered Funding Formula (SCFF). Napa Valley College is a "Basic Aid" or "Community Supported" district. That means the sum of the College's local property tax revenues, plus student enrollment fees, exceeds the dollar-threshold below which a portion of the District's operational funding would be dependent on State apportionment funding, as determined by SCFF, a state-calculation based on full-time equivalent students (FTES), student demographics, and student achievement.

The district does receive state apportionments for categorical programs. These allocations are based on various financial and statistical information from the current and previous years. The District also receives funding from the state education protection account (EPA) based on Full-Time Equivalent Students (FTES) and apportionment funding for full-time faculty, part-time faculty office hours and health benefits, and mandated costs.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. 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 and become delinquent after August 31.

The district reports real and personal property tax on an accrual basis. A receivable has been accrued in these financial statements to reflect the amount of property taxes receivable as of June 30, 2023.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Scholarship Discounts and Allowance

Student tuition and fee revenue is reported net of scholarship discounts and allowances in the Statements of Revenues, Expenditures, 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 payment on the students' behalf. To the extent that fee waivers and discounts have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

Interfund Activity

Exchange transactions between funds of the District are reported as revenues and expenses within the statement of Revenues, Expenses, and Changes in Net Position. Flows of cash or goods from one fund to another without a requirement for repayment are recognized as interfund transfers within the District's fund financial statements. Amounts owing between funds for both exchange and non-exchange transactions are recorded as interfund receivables and payables within the District's fund financial statements. Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements. The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations.

Change in Accounting Principles

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). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for fiscal year 2022-23. The District has implemented GASB Statement No. 96 as of June 30, 2023.

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations.

Statement No. 91 – In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Statement No. 99 – In April 2022, GASB issued 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 statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

Statement No. 100 – In June 2022, GASB issued Statement No. 100, Accounting Changes and Error 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. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

Statement No. 101 – In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective 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. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements. Per Note 8 on page 32, the District's accrued a long term liability for compensated absences is $2,280,303. To date the district has recognized and funded (in Fund 11, the unrestricted general fund) $456,351 (20%) of this total liability.

NOTE 3 – CASH AND INVESTMENTS

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies; medium term corporate notes; certificates of participation; obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury – The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair market value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair market value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Primary Institution – Credit Risk

California Government Code, Section 53601, limits investments in commercial paper to "prime" quality of the highest ranking, or of the highest letter and numerical rating as provided by nationally recognized statistical rating organizations (NRSRO), and limits investments in medium-term notes to a rating of A or better. Individual securities must be backed by the federal government or rated AAA, AA, or A by Standard & Poor's or Aaa, Aa, or A by Moody's indices. The District's investment policy established safety of principal as of primary investment objective. The District's investment in the County investment pool is unrated.

NOTE 3 – CASH AND INVESTMENTS, continued

Component Units – Credit Risk

The Component Units' investment policies allow for investment in equity securities and fixed income instruments. Any corporate obligations must be rated BBB or a better rating by Standard & Poor's or a similar rating agency. The Component Units' investments are rated at least BBB or better by Standard & Poor's as of June 30, 2023.

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposit	5 years	40%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

NOTE 3 – CASH AND INVESTMENTS, continued

Summary of Cash and Investments

Cash and investments as of June 30, 2023, consist of the following:

Governmental Funds:		
Cash on hand and in banks	$	113,966
Investment in Napa County Investment Pool		49,295,282
Total cash and investments	$	49,409,248
Fiduciary Funds:		
Cash on hand and in banks	$	7,267
Investment in Napa County Investment Pool		258,962
Investments - CERBT		2,557,833
Total cash and investments	$	2,824,062

Interest Rate Risk

Interest rate risk is risk to the earnings or market value of a portfolio due to uncertain future interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. The District manages its exposure to interest rate risk by primarily investing in the County Investment Pool and in other investment agreements.

Specific Identification

Information about the sensitivity of the fair market values of the District's investments to market interest rate fluctuations is indicated by the 387-day weighted average maturity for the District's deposits of $49,554,244 book value and $46,843,335 fair value held with the County Treasurer.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County pool is not required to be rated, nor has it been rated as of June 30, 2023.

NOTE 3 – CASH AND INVESTMENTS, continued

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2023, the District's bank balances were not exposed to custodial credit risk because the individual balances were below $250,000 and as such, were covered under the FDIC insurance limit.

NOTE 4 – ACCOUNTS RECEIVABLE

Receivables for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. At June 30, 2023 accounts receivable totaled $9,179,933. All receivables are considered collectible in full.

NOTE 5 – LEASE RECEIVABLES AND ARRANGEMENTS

The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Future deferred inflows on noncancellable leases at June 30, 2023 are as follows:

Fiscal year	Principal	Interest	Total
2024	$ 150,773	$ 12,331	$ 163,104
2025	155,359	7,745	163,104
2026	160,084	3,020	163,104
2027	27,149	34	27,184
Total	$ 493,365	$ 23,130	$ 516,496

The District leases office space to external parties. In accordance with GASB 87, the District records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective lease. The expected receipts are discounted using the District's incremental borrowing rate. Any variable payments are excluded unless fixed in substance.

NOTE 5 – LEASE RECEIVABLES AND ARRANGEMENTS, continued

During the year ended June 30, 2023, the District recognized revenues related to these lease agreements totaling $324,199. During the year ended June 30, 2023, the District does not have any lease revenue related to variable receipts that were not previously included in the measurement of the lease receivable.

The general terms of the lease agreements are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Rental Income
Building	1	2.50%	8/1/2021 - 8/1/2027	$ 151,664

NOTE 6 – RIGHT OF USE ASSETS

The amount of lease assets by major class of underlying assets as of June 30, 2023, was as follows:

	Adjusted Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Intangible Right of Use Assets:				
Leased equipment	$ 762,447	$ -	$ -	$ 762,447
Leased buildings	67,032	-	-	67,032
Total Intangible Right of Use Assets	829,479	-	-	829,479
Less Accumulated Amortization				
Leased equipment	271,001	152,490	-	423,491
Leased buildings	19,551	16,758	-	36,309
Total Accumulated Amortization	290,552	169,248	-	459,800
Intangible Right of Use Assets, net	$ 538,927	$ (169,248)	$ -	$ 369,679

NOTE 7 – CAPITAL ASSETS

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital Assets non-depreciable				
Land	$ 400,003	$ -	$ -	$ 400,003
Total Capital Assets non-depreciable	400,003	-	-	400,003
Capital Assets Depreciable				
Site improvements	43,566,308	2,767	-	43,569,075
Buildings & improvements	121,584,485	-	52,424	121,532,061
Furniture & equipment	21,842,321	1,008,535	24,461	22,826,395
Total Capital Assets Depreciable	186,993,114	1,011,302	76,885	187,927,531
Total Capital Assets	187,393,117	1,011,302	76,885	188,327,534
Accumulated Depreciation	(67,437,563)	(3,615,736)	24,461	(71,028,838)
Net Capital Assets	$119,955,554	$(2,604,434)	$ 52,424	$117,298,696

NOTE 8 – LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations for the 2023 fiscal year consisted of the following:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
Long-Term Obligations					
General obligation bonds	$ 104,219,641	$ 2,039,761	$ 5,945,000	$ 100,314,402	$ 6,345,000
Premium on bonds	3,694,856	-	375,299	3,319,557	375,299
Compensated absences	2,335,764	-	55,461	2,280,303	-
Lease liability	557,084	-	165,112	391,972	-
Other postemployment benefits	35,765,730	-	2,174,795	33,590,935	-
Total Long-Term Obligations	$ 146,573,075	$ 2,039,761	$ 8,715,667	$ 139,897,169	$ 6,720,299

NOTE 8 – LONG-TERM OBLIGATIONS, continued

Description of Debt

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax collections. The General Fund makes payments for the compensated absences, other postemployment benefits and the supplemental employee retirement plan. Accrued vacation will be paid by the fund for which the employee worked.

Original issuance premiums and issuance costs are amortized over the life of the bonds as a component of interest expense on the bonds.

Bonded Debt

The outstanding general obligation bonded debt as of June 30, 2023 is as follows:

Series	Issue Date	Yield	Maturity Date	Bonds Outstanding July 1, 2022	Additions	Redeemed	Bonds Outstanding June 30, 2023	Due Within One Year
2002 Series B	3/17/2005	2.35-5.38%	8/1/2029	$ 36,363,026	$ 2,039,761	$ -	$ 40,339,402	$ -
2018 Refunding	6/13/2018	1.98-3.28%	8/1/2034	65,920	-	5,945,000	59,975,000	6,345,000
				$ 36,428,946	$ 2,039,761	$ 5,945,000	$ 100,314,402	$ 6,345,000

2002 General Obligation Bonds, Election 2002, Series B

General obligation bonds were approved by a local election in November 2002. The total amount approved by the voters was $133,800,000. During March 2005, the District issued, from the November 2002 election, the General Obligation Bonds, Series B in the amount of $64,997,723. The bonds issued consisted of $49,010,000 of Current Interest Serial bonds and $15,987,723 in Capital Appreciation Serial bonds. The bonds mature beginning on August 1, 2006 through August 1, 2029, with interest yields ranging from 2.35 percent to 5.38 percent. At June 30, 2022, the principal balance outstanding (including accreted interest to date) was $40,339,402.

Fiscal Year	Principal	Interest	Accreted Interest	Total
2024	$ -	$ -	$ -	$ -
2025	3,187,971	-	5,407,029	8,595,000
2026	3,118,987	-	5,821,013	8,940,000
2027	3,066,328	-	6,228,672	9,295,000
2028	3,124,900	-	6,875,100	10,000,000
2029-2030	3,489,537	-	15,138,059	18,627,596
Accretion	24,351,679	-	(24,351,679)	-
Total	$ 40,339,402	$ -	$ 15,118,194	$ 55,457,596

NOTE 8 – LONG-TERM OBLIGATIONS, continued

Bonded Debt, continued

2018 General Obligation Bonds, Refunding Bonds

Proceeds from the 2018 General Obligation Refunding Bonds of $59,805,724, issued in June 2018, were used to advance refund a portion of the outstanding Election 2002, Series C bonds. Investments backed by the U.S. government were purchased and placed in an irrevocable trust with an escrow agent. The investments and fixed earnings on the investments are sufficient to fully provide for all future debt service on the refunded bonds, and accordingly the refunding transaction met the criteria for an in-substance defeasance. The liabilities related to the refunded bonds were removed from the District's financial statements for the year ended June 30, 2018.

The bonds issued consisted of $40,410,000 of Convertible Capital Appreciation bonds. The bonds mature beginning on August 1, 2021 through August 1, 2034, with interest yields ranging from 1.98 percent to 3.28 percent At June 30, 2021, the principal balance outstanding (including accreted interest to date) was $59,975,000.

Fiscal Year	Principal	Interest	Total
2024	$ 6,345,000	$ 2,399,000	$ 8,744,000
2025	-	2,145,200	2,145,200
2026	-	2,145,200	2,145,200
2027	-	2,145,200	2,145,200
2028	-	2,145,200	2,145,200
2029-2033	33,535,000	8,821,800	42,356,800
2034-2035	20,095,000	1,217,600	21,312,600
Total	$ 59,975,000	$ 21,019,200	$ 80,994,200

Compensated Absences

Compensated absences refer to accumulated unpaid employee vacation benefits that are accrued as a liability as the benefits are earned. At June 30, 2023, the balance outstanding was $2,280,303.

NOTE 8 – LONG-TERM OBLIGATIONS, continued

Leases

The District has entered into agreements to lease certain equipment and buildings. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The general terms are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Lease Payment
Equipment	3	4.00%	12/1/2020 - 3/1/2025	$ 49,507
Buildings	2	4.00%	6/1/2021 - 6/1/2026	$ 6,270

Future minimum lease payments on noncancellable leases at June 30, 2023 are as follows:

Fiscal year	Principal	Interest	Total
2024	$ 169,391	$ 12,379	$ 181,770
2025	165,661	7,013	172,674
2026	40,327	428	40,755
2027	16,593	30	16,622
Total	$ 391,972	$ 19,850	$ 411,821

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District provides postemployment health care benefits in accordance with District employment contracts to all employees and their eligible dependents who retire from the District until attaining age 65 with at least fifteen years in service. When the retiree attains age 65, the District's plan will provide MediCare supplemental coverage for the employee. The District contributes 100 percent of the amount of the benefit premium costs incurred by retirees.

Employees Covered by Benefit Term

The following is a table of plan participants as of the June 30, 2022 actuarial valuation:

	Number of Participants
Inactive employees receiving benefits	224
Active employees	306
	530

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS, continued

OPEB Plan Investments

The plan discount rate of 3.80% was determined using the following asset allocation and assumed rate of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
CERBT - Strategy 1		
All Equities	59%	7.55%
All Fixed Income	25%	4.25%
Real Estate Investment Trusts	8%	7.25%
All Commodities	3%	7.55%
Treasury Inflation Protected Securities	5%	3.00%
Total	100%	

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.50%
Investment rate of return	3.80%
Salary Increase	2.75%
Healthcare cost trend rate	4.00%
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2014 CalPERS active mortality for miscellaneous and school employees were used

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS, continued

Actuarial Assumptions, continued

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance July 1, 2022	$ 39,712,639	$ 3,946,909	$ 35,765,730
Changes for the year:			
Service cost	2,068,932	-	2,068,932
Interest	1,107,121	-	1,107,121
Employee contributions	-	176,976	(176,976)
Actual benefit payments fro	(1,082,627)	(1,082,627)	-
Actual benefit payments fro	(176,976)	(176,976)	-
Changes in assumptions	(5,680,018)	-	(5,680,018)
Experience (Gains)/Losses	-	229,844	(229,844)
Investment gains/losses	-	(743,416)	743,416
Administrative expense	-	(986)	986
Expected benefit payments	(8,412)	-	(8,412)
Net change	(3,771,980)	(1,597,185)	(2,174,795)
Balance June 30, 2023	$ 35,940,659	$ 2,349,724	$ 33,590,935

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability at June 30, 2023 was 6.54%.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB benefit of $400,304. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,274,867
Change in assumptions	-	2,803,674
Investment gains and losses	260,029	-
	$ 260,029	$ 6,078,541

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS, continued

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB, continued

The deferred outflow of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred inflows of resources resulting from a change in assumption will be amortized to OPEB expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2023	$ (3,165,470)
2024	(839,282)
2025	(277,308)
2026	(150,370)
2027	(299,050)
Thereafter	(1,087,032)
	$ (5,818,512)

Sensitivity of the net pension liability to assumptions

The following presents the net OPEB liability calculated using the discount rate of 3.80 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower and 1 percent higher:

	Discount Rate 1% Lower (2.80%)	Current Discount Rate 3.80%	Discount Rate 1% Higher (4.80%)
Net OPEB liability	$ 39,037,930	$ 33,590,935	$ 29,520,200

The following table presents the net OPEB liability calculated using the heath care cost trend rate of 4.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower and 1 percent higher:

	Trend Rate 1% Lower (3.00%)	Current Trend Rate 4.00%	Trend Rate 1% Higher (5.00%)
Net OPEB liability	$ 28,111,492	$ 33,590,935	$ 40,228,363

NOTE 10 – RISK MANAGEMENT

Property and Liability

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District's property and liability coverage is self-insured through the Northern California Community Colleges Self Insurance Authority (NCCCSIA). The District retains the risk up to $1,000 per occurrence. The NCCCSIA retains the risk up to $25,000 on property and $25,000 on liability. Insurance above these levels is ceded to another joint powers authority, Statewide Association of Community Colleges (SWACC) to a level of $25 million on liability and $250 million on property. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been significant reduction in coverage from the prior year.

Workers' Compensation

The District is also a member of the NCCCSIA for its workers' compensation coverage. Workers' compensation coverage is funded to 99% confidence levels with aggregate losses capped at $150,000,000 through the Protected Insurance Program for Schools (PIPS) JPA.

Dental Insurance Program

The District participates in the dental insurance program, organized by the Schools Self-Insurance of Contra Costa County (SSICCC), which is a joint powers authority created to provide dental self-insurance for school districts.

Participation in Public Entity Risk Pools and JPAs

The District pays annual premiums for its property liability and workers' compensation coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes. The JPAs have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

NOTE 11 – NET PENSION LIABILITY

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are member of the California State Teachers' Retirement System (CalSTRS), and Classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 16,035,278	$ 4,164,723	$ 5,755,159	$ 1,727,934
CalPERS	31,810,916	10,611,560	2,548,076	4,199,347
Total	$ 47,846,194	$ 14,776,283	$ 8,303,235	$ 5,927,281

Pension Plans – California Public Employees' Retirement System (CalPERS)

General Information about the Pension Plan

Plan Description – Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013 annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

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 non-duty 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 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.

NOTE 11 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees' Retirement System (CalPERS), continued

General Information about the Pension Plan, continued

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.37%	25.37%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the 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 contributions rates are expressed as percentages of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions were $3,536,755.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $31,810,916. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively was 0.092 percent and 0.101 percent, resulting in a net decrease in the proportionate share of 0.009 percent.

NOTE 11 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees' Retirement System (CalPERS), continued

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

For the year ended June 30, 2023, the District recognized pension expense of $4,199,347. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ 3,756,005	$ -
Differences between expected and actual experience	143,766	791,496
Changes in assumptions	2,353,191	-
Net changes in proportionate share of net pension liability	821,843	1,756,580
District contributions subsequent to the measurement date	3,536,755	-
Total	$ 10,611,560	$ 2,548,076

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 subsequent fiscal year. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

Year Ended June 30,	Outflows/(Inflows) of Resources
2025	999,399
2026	338,474
2027	1,851,134
	$ 4,526,729

NOTE 11 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees' Retirement System (CalPERS), continued

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

Actuarial assumptions - For the measurement period ended June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. The June 30, 2021 and the June 30, 2022 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries. 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 ten years) and the long-term (11-60 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 rounded down to the nearest one quarter of one percent.

NOTE 11 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees' Retirement System (CalPERS), continued

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

Actuarial assumptions, continued

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
	100%	

Discount Rate - The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is in the following table:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	$ 45,952,479	$ 31,810,916	$ 20,123,434

NOTE 11 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees' Retirement System (CalPERS), continued

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

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS CAFR at https://www.calpers.ca.gov.

Pension Plans – California State Teachers' Retirement System (CalSTRS)

General Information about the Pension Plan

Plan Description – The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (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.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

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 percent of final compensation for each year of credited service.

NOTE 11 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers' Retirement System (CalSTRS), continued

General Information about the Pension Plan, continued

Benefits Provided, continued

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 provision and benefits in effect as June 30, 2023 are summarized as follows:

	STRP Defined Benefit Plan	
	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% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

*The rate imposed on CalSTRS 2% at 62 members assuming no change in the normal cost of benefits.

Contributions - Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were $1,367,375.

On-Behalf Payments - The District was the recipient of on-behalf payments made by the State of California to CalSTRS for community college education. These payments consist of state general fund contributions of approximately $1,288,244 to CalSTRS.

NOTE 11 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers' Retirement System (CalSTRS), continued

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

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

Total net pension liability, including state share:

District's proportionate share of the net pension liability	$	16,035,278
associated with the District		8,030,515
Total	$	24,065,793

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.0231 percent and 0.029 percent, resulting in a net decrease in the proportionate share of 0.006 percent.

For the year ended June 30, 2023, the District recognized pension expense of $1,727,934. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ -	$ 784,665
Differences between expected and actual experience	13,154	1,202,114
Changes in assumptions	794,639	-
Net changes in proportionate share of net pension liability	1,989,555	3,768,380
District contributions subsequent to the measurement date	1,367,375	-
Total	$ 4,164,723	$ 5,755,159

NOTE 11 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers' Retirement System (CalSTRS), continued

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

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 subsequent fiscal year. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (57,808)
2026	(2,104,464)
2028	(166,220)
Thereafter	(55,154)
	$ (6,592,535)

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

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015, through 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%

NOTE 11 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers' Retirement System (CalSTRS), continued

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

Actuarial Assumptions, continued

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 general investment consultant. Based on the model for CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns.

The assumed asset allocation is based on Teachers' Retirement Board of the California State Teachers Retirement System (board) policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 20-year geometric 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	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	42%	4.8%
Real Estate	15%	3.6%
Private Equity	13%	6.3%
Fixed Income	12%	1.3%
Risk Mitigating Strategies	10%	1.8%
Inflation Sensitive	6%	3.3%
Cash/Liquidity	2%	-0.4%
	100%	

*20-year average

Discount rate - The discount rate used to measure the total pension liability was 7.10 percent. 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 in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those 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.

NOTE 11 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers' Retirement System (CalSTRS), continued

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10% percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	$ 27,233,850	$ 16,035,278	$ 6,737,097

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS CAFR at http://www.calstrs.com/comprehensive-annual-financial-report.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Construction Commitments

The District had no significant construction commitments at June 30, 2023.

NOTE 13 – RELATED PARTY TRANSACTIONS

As described in Note 1, the Foundation is a supporting organization of the District and the College; therefore, transactions between the Foundation and the District, District personnel, students at the College, and programs of the College, are expected. Per the Foundation's Bylaws, the College President is responsible for Foundation operations and serves in an ex-officio capacity on the Foundation's Board.

During the year ended June 30, 2023, the Foundation indirectly supported the District by providing grants to students of the College, paying programmatic expenditures, and/or reimbursing District personnel and departments for programmatic costs.

The Foundation was further supported by the involvement of College and District personnel in the Foundation's events and programs. The total amount of these contributions has not been segregated from the non-District affiliated contributions.

NOTE 14 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment is due to the addition of a new fund, fund 68 print shop, during FY2122. The beginning fund balance adjustment was in the amount of $107,260.

NOTE 15 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2023 through December 11, 2023, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 2,068,932	$ 2,049,767	$ 1,482,354	$ 1,845,909	$ 1,792,145	$ 2,015,712
Interest	1,107,121	1,262,952	1,410,008	1,634,206	1,579,126	1,403,950
Changes of assumptions	(5,680,018)	1,830,805	6,267,017	(14,078,295)	(669,922)	(4,095,479)
Experience gains/losses	-	(4,461,573)	415,859	(1,072,176)	-	-
Actual benefit payments from Trust	(1,082,627)	-	-	-	-	-
Actual benefit payments from Employer	(176,976)	-	-	-	-	-
Benefit payments	(8,412)	(1,369,661)	(1,729,693)	(1,654,680)	(1,337,667)	(1,417,367)
Net change in total OPEB liability	(3,771,980)	(687,710)	7,845,545	(13,325,036)	1,363,682	(2,093,184)
Total OPEB liability, beginning of year	39,712,639	40,400,349	32,554,804	45,879,840	44,516,158	46,609,342
Total OPEB liability, end of year (a)	$ 35,940,659	$ 39,712,639	$ 40,400,349	$ 32,554,804	$ 45,879,840	$ 44,516,158
Plan fiduciary net position						
Employer contributions	176,976	1,369,661	$ 1,729,693	$ 1,654,680	$ 1,337,667	$ 1,671,975
Actual benefit payments from Trust	(1,082,627)	-	-	-	-	-
Actual benefit payments from Employer	(176,976)	-	-	-	-	-
Investment income	(743,416)	851,434	105,746	174,009	208,210	239,866
Administrative expense	(986)	(1,172)	(1,462)	(604)	(1,394)	(1,196)
Expected benefit payments	-	(1,369,661)	(1,729,693)	(1,654,680)	(1,337,667)	(1,417,367)
Other	229,844		-	-	(3,461)	-
Change in plan fiduciary net position	(1,597,185)	850,262	104,284	173,405	203,355	493,278
Fiduciary trust net position, beginning of year	3,946,909	3,096,647	2,992,363	2,818,958	2,615,603	2,122,325
Fiduciary trust net position, end of year (b)	$ 2,349,724	$ 3,946,909	$ 3,096,647	$ 2,992,363	$ 2,818,958	$ 2,615,603
Net OPEB liability (asset), ending (a) - (b)	$ 33,590,935	$ 35,765,730	$ 37,303,702	$ 29,562,441	$ 43,060,882	$ 41,900,555
Covered payroll	32,053,790	33,988,512	34,596,629	$29,500,000	$ 29,500,000	$ 29,500,000
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	7%	10%	8%	9%	6%	6%
Net OPEB liability (asset) as a percentage of covered payroll	105%	105%	107.82%	100.00%	145.97%	142.04%

See accompanying note to required supplementary information.

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 1,268,015	$ 1,268,015	$ 1,369,661	$ 1,313,834	$ 1,537,627	$ 1,444,946
Contributions in relation to the actuarially determined contribution	176,976	1,369,661	1,729,693	1,654,680	1,337,667	1,671,975
Contribution deficiency (excess)	$ 1,091,039	$ (101,646)	$ (360,032)	$ (340,846)	$ 199,960	$ (227,029)
Covered-employee payroll	$ 32,053,790	$ 33,988,512	$ 34,596,629	$ 29,500,000	$ 29,500,000	$ 29,500,000
Contribution as a percentage of covered-employee payroll	3.96%	4%	4%	4%	5%	5%

See accompanying note to required supplementary information.

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date)				
CalSTRS	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
District's proportion of the net pension liability	0.023%	0.029%	0.025%	0.023%	0.023%
District's proportionate share of the net pension liability	$ 16,035,278	$ 13,132,878	$ 24,221,926	$ 20,863,987	$ 21,158,660
State's proportionate share of the net pension liability associated with the District	8,030,515	6,608,093	12,486,305	11,382,789	12,114,904
Total	$ 24,065,793	$ 19,740,971	$ 36,708,231	$ 32,246,776	$ 33,273,564
District's covered - employee payroll	$ 8,081,413	$ 13,839,470	$ 14,702,601	$ 8,511,873	$ 12,426,819
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	198%	95%	165%	166%	114%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%

	Reporting Fiscal Year (Measurement Date)				
CalPERS	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
District's proportion of the net pension liability	0.092%	0.101%	0.098%	0.097%	0.094%
District's proportionate share of the net pension liability	$ 31,810,916	$ 20,569,968	$ 30,017,391	$ 28,160,372	$ 25,167,480
District's covered - employee payroll	$ 15,437,604	$ 15,144,425	$ 15,617,932	$ 15,144,425	$ 14,648,649
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	206%	136%	192%	186%	172%
total pension liability	70%	81%	70%	70%	71%

Note: In the future, as data becomes available, ten years of information will be presented.

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year (Measurement Date)			
CalSTRS	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.021%	0.023%	0.023%	0.022%
District's proportionate share of the net pension liability	$ 19,122,333	$ 18,447,800	$ 15,380,569	$ 12,049,454
State's proportionate share of the net pension liability associated with the District	11,312,703	10,503,549	8,134,652	8,799,612
Total	$ 30,435,036	$ 28,951,349	$ 23,515,221	$ 20,849,066
District's covered - employee payroll	$ 6,003,471	$ 5,596,892	$ 5,286,430	$ 5,286,430
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	230%	231%	193%	175%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%

	Reporting Fiscal Year (Measurement Date)			
CalPERS	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.092%	0.092%	0.096%	0.097%
District's proportionate share of the net pension liability	$ 21,942,967	$ 18,212,766	$ 14,076,924	$ 11,978,041
District's covered - employee payroll	$ 15,814,068	$ 13,718,877	$ 10,502,371	$ 9,807,676
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	139%	133%	134%	122%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	83%	83%

Note: In the future, as data becomes available, ten years of information will be presented.

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2023

	Reporting Fiscal Year				
CalSTRS	2023	2022	2021	2020	2019
Statutorily required contribution	$ 1,367,375	$ 2,460,258	$ 2,374,470	$ 2,509,096	$ 2,174,160
District's contributions in relation to the statutorily required contribution	1,367,375	2,460,258	2,374,470	2,509,096	2,174,160
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 8,081,413	$ 14,540,532	$ 14,702,601	$ 13,839,470	$ 13,354,791
District's contributions as a percentage of covered-employee payroll	16.92%	16.92%	16.15%	18.13%	16.28%

	Reporting Fiscal Year				
CalPERS	2023	2022	2021	2020	2019
Statutorily required contribution	$ 3,536,755	$ 3,452,376	$ 3,232,912	$ 2,986,632	$ 2,645,839
District's contributions in relation to the statutorily required contribution	3,536,755	3,452,376	3,232,912	2,986,632	2,645,839
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 15,437,604	$ 15,069,297	$ 15,617,932	$ 15,144,425	$ 14,648,649
District's contributions as a percentage of covered-employee payroll	22.91%	22.91%	20.70%	19.72%	18.06%

Note: In the future, as data becomes available, ten years of information will be presented.

	Reporting Fiscal Year			
CalSTRS	2018	2017	2016	2015
Statutorily required contribution	$ 1,703,018	$ 1,464,816	$ 2,031,915	$ 917,434
District's contributions in relation to the statutorily required contribution	1,703,018	1,464,816	2,031,915	917,434
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 11,801,927	$ 11,644,006	$ 8,775,536	$ 6,114,322
District's contributions as a percentage of covered-employee payroll	14.43%	12.58%	23.15%	15.00%

	Reporting Fiscal Year			
CalPERS	2018	2017	2016	2015
Statutorily required contribution	$ 2,196,574	$ 1,905,552	$ 1,447,948	$ 1,223,103
District's contributions in relation to the statutorily required contribution	2,196,574	1,905,552	1,447,948	1,223,103
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 15,814,068	$ 13,718,877	$ 10,502,371	$ 9,807,676
District's contributions as a percentage of covered-employee payroll	13.89%	13.89%	13.79%	12.47%

Note: In the future, as data becomes available, ten years of information will be presented.

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Changes in the 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, ten years of information will be presented. There were no changes in benefit terms or assumptions in the current year.

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuations.

Changes of Assumptions – Inflation rate remained the same at 2.5% while discount rate increased by 1.04% to 3.80%.

Schedule of Contributions – OPEB

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, ten years of information will be presented.

Schedule of 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 position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions - There were no changes in assumptions since the previous valuations for CalSTRS. There were no changes in the inflation rate while the discount rate decreased by 0.25% to 6.90%. for CalPERS

Schedule of Contributions – 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, ten years of information will be presented.

SUPPLEMENTARY INFORMATION

The Napa Valley Community College District (the District) was founded in 1942 as a political subdivision of the State of California. The college was established to provide higher education in the greater Napa area under the laws of the State of California. Napa Valley College is fully accredited by the Accrediting Commission for Community and Junior Colleges of the Western Association of Schools and Colleges. The District operates under a locally elected seven-member Board form of government. There have been no changes in the District's boundaries during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Mr. Jeff Dodd	Board Chair	2026
Ms. Ines De Luna	Vice president	2024
Ms. Jennifer Baker	Trustee	2026
Mr. Kyle Iverson	Trustee	2024
Mr. Jason Kishineff	Trustee	2026
Ms. Jeni Olson	Trustee	2026
Mr. Rafael Rios	Trustee	2024
Ms. Giovanni Alejandre-Martinez	Student Trustee	2024

DISTRICT ADMINISTRATORS

Dr. Torence Powell *Interim Superintendent/President*	Mr. James Reeves *Assistant Superintendent/Vice President - Administrative Services*
Dr. Priscilla Mora *Assistant Superintendent/Vice President - Academic Affairs*	Dr. Alex Guerrero *Assistant Superintendent/Vice President - Student Affairs*
Ms. Charo Albarran *Vice President Human Resources*	Ms. Wendy Nucho *Controller*

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
Napa Valley College District Auxiliary Services Foundation	Mr. James Reeves	Organized as an auxiliary organization in 2016 and has a signed master agreement dated 10/13/2016.
Viticulture & Winery Technology Foundation	Mr. James Reeves	Organized as an auxiliary organization in 2013 and has a signed master agreement dated 10/10/2013.

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Pass Through/ Grant Number	CFDA NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF EDUCATION			
STUDENT FINANCIAL AID CLUSTER			
Federal Work Study	*	84.033	$ 113,644
PELL	*	84.063	3,365,774
SEOG	*	84.007	226,120
TRIO CLUSTER			
Talent Search	*	84.044	337,535
Student Support Services	*	84.042	382,817
Title V Higher Education Act			
Caminos al Exito	*	84.031S	537,136
HSI Stem	*	84.031C	451,027
Higher Education - Institutional Aid	*	84.031S	34,347
Career and Technical Education Act			
VTEA Title II C - Block Grant	*	84.049	42,349
CARES Act - Higher Education Emergency Relief Funds			
COVID-19 CRRSAA HEERF I	*	84.425	350
COVID-19 CRRSAA HEERF II - Minority Serving Instituions	*	84.425L	9,322
COVID-19 CRRSAA HEERF III - Financial Aid	*	84.425E	2,090,562
COVID-19 CRRSAA HEERF III - Institutional Support	*	84.425F	1,793,801
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education			
Cal Fresh	*	10.561	30,160
U.S. DEPARTMENT OF TRANSPORTATION			
FEDERAL HIGHWAY ADMINISTRATION			
Highway Training and Education	*	20.215	15,000
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California State Chancellor's Office			
Temporary Assistance for Needy Families	*	93.558	30,567
U.S. DEPARTMENT OF LABOR			
North Bay Employement Connection Grant	*	17.258	8,839
Total Federal Programs			$ 9,469,350

See accompanying note to supplementary information.

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

	PROGRAM ENTITLEMENT			PROGRAM REVENUES				
Program Title	Current Year Auth. Amt.	Prior Year Carry-Over	Total Entitlement	Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue	Program Expenditures
Adult Education Block Grant	$ 239,808	$ 282,750	$ 522,558	$ 522,558	$ -	$ 265,183	$ 257,375	$ 257,375
Asian American, Native Hawaiian and Pacific Islar	150,697	-	150,697	150,697	-	150,697	-	-
Basic Needs Center	205,188	176,014	381,202	381,202	-	342,547	38,655	38,655
Basic Skills Current	209,012	-	209,012	209,012	-	-	209,012	209,012
Cal Fresh	-	19,158	19,158	19,158	-	16,520	2,638	2,638
CAL Grant	620,357	-	620,357	620,357	(18,507)	-	601,850	601,850
California College Promise	449,703	299,010	748,713	748,713	-	450,538	298,175	298,175
CalWORKS	152,104	51,584	203,688	203,688	-	94,393	109,296	109,296
CARE - Financial Aid	21,002	-	21,002	21,002	-	-	21,002	21,002
CARE - NonFinancial Aid	100,181	730	100,911	100,911	-	33,120	67,791	67,791
CCAP Instructional Materials Dual Enrollment	-	138	138	138	-	138	-	-
Childcare Tax Bailout	85,266	-	85,266	85,266	-	-	85,266	85,266
Guided Pathways CCC - Framework	212,363	75,336	287,699	287,699	-	27,239	260,461	260,461
CCTR Contract	931,796	-	931,796	685,765	246,031	-	931,796	931,796
CSPP Contract	259,432	-	259,432	247,726	-	-	247,726	247,726
Culturally Competent FCLTY PD	150,000	50,435	200,435	200,435	-	200,435	-	-
COVID-19 Recovery Block Grant	2,419,504	-	2,419,504	2,419,504	-	2,140,881	278,623	278,623
DREAMER RESOURCE LIASON	75,280	16,695	91,975	91,975	-	-	91,975	91,975
DSPS	1,295,035	-	1,295,035	1,295,035	-	-	1,295,035	1,295,035
EEO Best Practices	-	208,333	208,333	208,333	-	208,333	-	-
EOPS - Financial Aid	94,751	-	94,751	94,751	-	-	94,751	94,751
EOPS - NonFinancial Aid	850,943	1,630	852,573	852,573	-	179,045	673,528	673,528
Emergency Financial Assistance Supplemental	105,086	-	105,086	105,086	-	105,086	-	-
FA Technology Funding	43,271	84,979	128,250	128,250	-	49,101	79,148	79,148
Faculty Staff Diversity (EEO)	138,888	-	138,888	138,888	-	138,888	-	-
Faculty Staff Diversity (EEO) PY	-	100,600	100,600	100,600	-	38,246	62,353	62,353
Financial Aid - BFAP	243,184	6,257	249,441	249,441	893	-	250,334	250,334
FT Student Success	-	8,600	8,600	8,600	-	8,600	-	-
Institutional Effectiveness Partnership Initiative	-	199,123	199,123	199,123	-	6,239	192,884	192,884
Instructional Equip-CY	1,000,000	398,721	1,398,721	1,398,721	-	1,122,187	276,534	276,534
LOWINCOME EMRG RELIEF(CA SB85)	-	9,029	9,029	9,029	-	9,029	-	-
Leadership Academy	-	12,395	12,395	12,395	-	12,395	-	-
Learning Alligned Employement Program LAEP	783,460	-	783,460	783,460	-	783,460	-	-
Learning Alligned Employement Program LAEP	41,235	-	41,235	41,235	-	41,235	-	-
LGBTQ+	-	81,965	81,965	81,965	-	70,100	11,865	11,865
Lottery Funds	522,848	282,682	805,530	805,530	-	576,035	229,494	229,494
Mental Health Support	134,281	111,764	246,045	246,045	-	90,299	155,745	155,745
MESA	452,950	72,090	525,039	525,039	-	289,619	235,420	235,420
NextUp	237,071	-	237,071	237,071	-	237,071	-	-
Local and System Technology and Data Security	200,000	-	200,000	200,000	-	53,447	146,553	146,553
Nursing Education	80,173	-	80,173	80,173	-	-	80,173	80,173
Physical Plant & Inst'l Support-Plant Portion-Joine	5,057,155	1,464,668	6,521,823	6,521,823	-	5,003,027	1,518,797	1,518,797
RETENTION &OUTREACH (CA SB85)	684,398	497,783	1,182,181	1,182,181	-	806,356	375,824	375,824
Staff Development	-	26,346	26,346	26,346	-	26,346	-	-
Student Housing-Construction	31,000,000	-	31,000,000	31,000,000	-	16,000,000	15,000,000	15,000,000
Strong Workforce - Local	566,702	721,986	1,288,688	1,288,688	-	725,124	563,562	563,564
Student Equity & Achievement-Current Year	-	-	-			251,739	(251,739)	(251,739)
Strong Workforce-Regional	291,686	491,880	783,566	268,859	-	171,181	97,678	97,678
Student Food & Housing Support	188,268	188,409	376,677	376,677	-	332,889	43,788	43,788
Student Success - Non-Credit	50,638	-	50,638	50,638	-	-	50,638	50,638
Student Success (Equity)	542,205	-	542,205	542,205	-	-	542,205	542,205
Student Success Comp Grant	480,675	242,336	723,011	723,011	-	31,898	691,113	691,113
Student Success Credit (SSSP)-CY	1,594,838	-	1,594,838	1,594,838	-	-	1,594,838	1,594,838
System Technology & Data Security	50,000	-	50,000	50,000	-	-	50,000	50,000
Veteran's Resource Center	49,786	50,094	99,880	99,880	-	24,537	75,343	75,343
WOJRC Accelerator 9.0 Grant	-	38,654	38,654	-	114,665	-	114,665	114,665
Zero Textbook Cost Program	200,000	-	200,000	200,000	-	200,000	-	-
Total State Programs	$ 53,261,220	$ 6,272,174	$ 59,533,393	$ 58,722,295	$ 343,082	$ 31,313,203	$ 27,752,170	$ 27,752,172

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT –
ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2023

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2022 only)			
1. Noncredit	73.54	-	73.54
2. Credit	47.38	-	47.38
B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)			
1. Noncredit	-		-
2. Credit	225.21	-	225.21
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	287.27	-	287.27
(b) Daily Census Contact Hours	209.92	-	209.92
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	-	-	-
(b) Credit	309.24	-	309.24
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	1,071.11	-	1,071.11
(b) Daily Census Contact Hours	865.45	-	865.45
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	3,089.12	-	3,089.12

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2023.

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2023

		Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			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	$ 8,464,795	$ -	$ 8,464,795	$ 8,464,795	$ -	$ 8,464,795
Other	1300	3,227,359	-	3,227,359	3,236,367	-	3,236,367
Total Instructional Salaries		11,692,154	-	11,692,154	11,701,162	-	11,701,162
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	2,541,795	-	2,541,795
Other	1400	-	-	-	832,950	-	832,950
Total Non-Instructional Salaries		-	-	-	3,374,745	-	3,374,745
Total Academic Salaries		11,692,154	-	11,692,154	15,075,907	-	15,075,907
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	7,449,894	-	7,449,894
Other	2300	-	-	-	547,172	-	547,172
Total Non-Instructional Salaries		-	-	-	7,997,066	-	7,997,066
Instructional Aides							
Regular Status	2200	637,822	-	637,822	637,822	-	637,822
Other	2400	282,427	-	282,427	303,168	-	303,168
Total Instructional Aides		920,249	-	920,249	940,990	-	940,990
Total Classsified Salaries		920,249	-	920,249	8,938,056	-	8,938,056
Employee Benefits	3000	3,889,406	-	3,889,406	8,823,767	-	8,823,767
Supplies and Materials	4000	-	-	-	486,003	-	486,003
Other Operating Expenses	5000	462,431	-	462,431	5,850,907	-	5,850,907
Equipment Replacement	6420	-	-	-	38,469	-	38,469
Total Expenditures Prior to Exclusions		16,964,240	-	16,964,240	39,213,109	-	39,213,109
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	-	-	-	-	-	-
Std. Health Srvcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	431,456	-	431,456
Object to Exclude							
Rents and Leases	5060	-	-	-	292,090	-	292,090
Lottery Expenditures							
Academic Salaries	1000	-	-	-	1,021,659	-	1,021,659
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000						
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	-	-	-
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400						
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		$ -	$ -	$ -	$ 1,745,205	$ -	$ 1,745,205
Total for ECS 84362, 50% Law		$ 16,964,240	$ -	$ 16,964,240	$ 37,467,904	$ -	$ 37,467,904
Percent of CEE (Instructional Salary Cost/Total CEE)		45.28%	0.00%	45.28%	100.00%	0.00%	100.00%
50% of Current Expense of Education					$ 18,733,952	$ -	$ 18,733,952

See accompanying note to supplementary information.

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
DETAILS OF THE EDUCATION PROTECTION ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2023

EPA Revenue	$ 293,947

Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	$ 293,947	$ -	$ -	$ 293,947
Total		$ 293,947	$ -	$ -	$ 293,947

See accompanying note to supplementary information.

Total Fund Balance - District Funds Included in the Reporting Entity		
General Fund	$ 6,991,385	
Bond Interest and Redemption Fund	8,402,373	
Child Development Fund	105,390	
Capital Outlay Fund	1,754,038	
Internal Service Fund	1,277,030	
Associated Student Body	150,894	
Other Funds	77,876	
Student Rep Trust Fund	31,321	
Student Financial Aid Fund	25,963	$ 18,816,270
Assets recorded within the statements of net position not included in the District fund financial statements:		
Non-depreciable capital assets	400,003	
Depreciable capital assets	187,927,531	
Accumulated depreciation	(71,028,838)	
Intangible right of use assets	369,679	
Lease receivable	791,352	
Fair Market Value - Cash in County Investments	(2,580,290)	115,879,437
Unmatured Interest		(999,583)
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:		
Net pension liability		(47,846,194)
Compensated absences		(2,280,303)
OPEB liability		(33,590,935)
Lease liability		(391,973)
Long-term debt		(103,633,959)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred outflows of resources		20,711,289
Deferred inflows of resources		(15,019,040)
Net Assets Reported Within the Statement of Net Position		$ (48,354,991)

See accompanying note to supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

A. District Organizational Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

B. Schedule of Expenditures of Federal Awards

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 ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

C. Schedule of Revenues and 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.

D. Schedule of Workload Measures for State General Apportionment – Annual/Actual Attendance

Full-Time Equivalent Students (FTES) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to community college districts. This schedule provides information regarding the attendance of students throughout the District.

E. Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Fund Financial Statements

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

F. Reconciliation of the ECS 84362 (50 Percent Law) Calculation

This schedule reports any audit adjustments made to the reported data to ensure that a minimum of 50 percent of the District's current expense of education is expended for salaries of classroom instructors.

NOTE 1 – PURPOSE OF SCHEDULES, continued

G. Details of the Education Protection Account

This schedule reports the District revenue and expenditure classification of the Proposition 30 Education Protection Account funds.

H. Reconciliation of Governmental Funds to the Statement of Net Position

This schedule provides the information necessary to reconcile the governmental fund balances to the audited financial statements.

OTHER INDEPENDENT AUDITORS' REPORTS

CWDL

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*

The Board of Trustees
Napa Valley Community College District
Napa, 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, fiduciary activities, and the aggregate remaining fund information of Napa Valley Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2023.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statements No. 91, Conduit Debt Obligations; GASB Statements No., 92, Omnibus 2020; GASB Statements No., 93, Replacement of Interbank Offered Rates (IBOR); GASB Statements No., 94, Public-Private & Public-Public Partnerships and Availability Payment Arrangements; and GASB Statements No., 96, Subscription-based Information Technology Arrangements; for the year ending June 30, 2023. Our opinions are not modified with respect to this matter.

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) to determine the 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 District'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 11, 2023

CWDL

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

The Board of Trustees
Napa Valley Community College District
Napa, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Napa Valley Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2023. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the 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 major Federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Napa Valley 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 Napa Valley 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 requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Napa Valley Community College 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 Napa Valley 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 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 Napa Valley Community College 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 Napa Valley 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 Napa Valley 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Napa Valley 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

CWDL, Certified Public Accountants

San Diego, California
December 11, 2023

CWDL

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

The Board of Trustees
Napa Valley Community College District
Napa, California

<u>Report on State Compliance</u>

<u>Opinion on State Compliance</u>

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2023.

Basis for Opinion

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

We are required to be independent of Napa Valley 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 program. Our audit does not provide a legal determination of Napa Valley 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 requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's compliance with the requirements listed in the table below.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has 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 2022-2023 California Community Colleges Chancellor's Office *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 the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2022-2023 California Community Colleges Chancellor's Office *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 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, 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 material noncompliance with the requirements listed in the table below that we identified during the audit.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below 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 2022-23 Contracted District Audit Manual, published by the California Community Colleges Chancellor's Office, and which is described in the accompanying schedule of findings and questioned costs as item #2023-001. Our opinion on each state program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Procedures Performed

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

Section 411 – SCFF Data Management Control Environment
Section 412 – SCFF Supplemental Allocation Metrics
Section 413 – SCFF Success Allocation Metrics
Section 421 – Salaries of Classroom Instructors (50 Percent Law)
Section 423 – Apportionment for Activities Funded From Other Sources
Section 424 – Student Centered Funding Formula Base Allocation: FTES
Section 425 – Residency Determination for Credit Courses
Section 426 – Students Actively Enrolled
Section 427 – Dual Enrollment (CCAP)
Section 430 – Scheduled Maintenance Program
Section 431 – Gann Limit Calculation
Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475 – Disabled Student Programs and Services (DSPS)
Section 490 – Propositions 1D and 51 State Bond Funded Projects
Section 491 – Education Protection Account Funds
Section 492 – Student Representation Fee
Section 499 – COVID-19 Response Block Grant Expenditures

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2022-23*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 11, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Is a going concern emphasis-of-matter paragraph included in the auditor's report?	No
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Noted
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Noted
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards	No
Identification of major programs:	

CFDA Numbers	Name of Federal Program of Cluster
84.033, 84.063, 84.007	Student Financial Aid Cluster
84.425E, 84.425F	CARES Act - Higher Education Emergency Relief Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings or questioned costs identified during 2022-23.

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs identified during 2022-23.

Section IV – State Award Findings and Questioned Costs

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

FINDING #2023-001 – SALARIES OF CLASSROOM INSTRUCTIONS (50 PERCENT LAW) (CDAM SECTION 421)

Criteria
Education Code Section 84362, commonly known as the 50 Percent Law, requires that a minimum of 50 percent of the district's Current Expense of Education (CEE) be expended during each fiscal year for "Salaries of Classroom Instructors."

Condition
The District failed to meet the required 50 percent minimum. The District under allocated $1,769,712 of salary expenditures to ECSA.

Effect
Less than 50 percent of the District’s Current Expense of Education (CEE) was expended for salaries of classroom instructors, thereby the District is not in compliance with Education Code Section 84362.

Cause
The District expended more on non-instructional costs than instructional costs in the Current Expense of Education.

Fiscal Impact
None. The District is primarily funded from property taxes.

Recommendation
The District should come into compliance with the 50 Percent Law by expending a higher amount of the District's CEE for salaries of classroom instructors, or by reducing noninstructional costs.

Corrective Action Plan

In the Spring of 2023, the district offered a second supplemental employee retirement plan (SERP II). An additional seventeen college employees participated in the program. With these retirements that begin in July 2023, the district is projecting further progress toward meeting the 50% law threshold. Note, the District’s progress in compliance percentage over the past two fiscal years: Beginning with FY21 at 41.97%, FY22 at 42.72%, and FY23 at 45.28%. As an additional measure, in the Fall of 2022, the district embarked on a staffing study with the intent to understand staffing levels for like-sized institutions. The results of the study are currently assisting the district in understanding where appropriate staffing adjustments are needed to further improve the District’s compliance with the 50% law.

This section identifies the audit findings and questioned related to the basic financial statements, federal awards or state awards for prior year.

FINDING #2022-001 – SALARIES OF CLASSROOM INSTRUCTIONS (50 PERCENT LAW) (CDAM SECTION 421)

Criteria
Education Code Section 84362, commonly known as the 50 Percent Law, requires that a minimum of 50 percent of the district's Current Expense of Education (CEE) be expended during each fiscal year for "Salaries of Classroom Instructors."

Condition
The District failed to meet the required 50 percent minimum. The District under allocated $2,775,154 of salary expenditures to ECSA.

Effect
Less than 50 percent of the District's Current Expense of Education (CEE) was expended for salaries of classroom instructors, thereby the District is not in compliance with Education Code Section 84362.

Cause
The District expended more on non-instructional costs than instructional costs in the Current Expense of Education.

Fiscal Impact
None. The District is primarily funded from property taxes.

Recommendation
The District should come into compliance with the 50 Percent Law by expending a higher amount of the District's CEE for salaries of classroom instructors, or by reducing noninstructional costs.

Corrective Action Plan
In the Spring of 2022, the district offered a supplemental employee retirement plan (SERP 1). Eighteen college employees participated in the program. With these retirements that begin in July 2022, the district is projecting incremental progress toward meeting the 50% law threshold. In addition, in the Fall of 2022, the district embarked on a staffing study with an intent to understand staffing levels for like-sized institutions. The results of the study will further assist the district in understanding where staffing adjustments are appropriate and necessary.

Current Status: See finding 2023-001.

UNAUDITED SUPPLEMENTARY INFORMATION

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
GOVERNMENTAL FUNDS – BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2023

	General Unrestricted	General Restricted	Bond Interest and Redemption	Child Development	Capital Outlay Projects	Internal Service Fund	Associated Student Body	Student Rep Fee Trust	Student Financial Assistance	Total
ASSETS										
Cash and equivalents	$ 43,476,522	$ -	$ 8,311,098	$ 3,107	$ 5,160	$ 17,433	$ 18,596	$ 48,340	$ 109,283	$ 51,989,539
Accounts receivable, net	8,239,830	2,873	86,098	269,659	-	-	77	-	581,396	9,179,933
Prepaid assets	223,962	32,362	-	-	-	-	-	-	-	256,324
Other current assets	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	318,063	5,177	467,481	2,902,719	1,259,597	170,525	-	136,622	5,260,184
Total Assets	$ 51,940,314	$ 353,298	$ 8,402,373	$ 740,247	$ 2,907,879	$ 1,277,030	$ 189,198	$ 48,340	$ 827,301	$ 66,685,980
LIABILITIES										
Accounts payable	$ 732,100	$ 233,153	$ -	$ 500,975	$ 1,047,291	$ -	$ -	$ -	$ 296,848	$ 2,810,367
Accrued expenses	9,386,808	-	-	-	-	-	-	-	-	9,386,808
Deferred revenue	33,323,732	94,754	-	133,882	106,550	-	38,304	8,160	504,490	34,209,872
Due to other funds	1,531,680	-	-	-	-	-	-	8,859	-	1,540,539
Total Liabilities	44,974,320	327,907	-	634,857	1,153,841	-	38,304	17,019	801,338	47,947,586
FUND BALANCE										
Restricted	-	25,391	8,402,373	105,390	1,754,038	-	-	-	-	10,287,192
Unassigned	6,965,994	-	-	-	-	1,277,030	150,894	31,321	25,963	8,451,202
Total Fund Balance	6,965,994	25,391	8,402,373	105,390	1,754,038	1,277,030	150,894	31,321	25,963	18,738,394
Total Liabilities and Fund Balance	$ 51,940,314	$ 353,298	$ 8,402,373	$ 740,247	$ 2,907,879	$ 1,277,030	$ 189,198	$ 48,340	$ 827,301	$ 66,685,980

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
GOVERNMENTAL FUNDS – STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2023

	General Unrestricted	General Restricted	Bond Interest and Redemption	Child Development	Capital Outlay Projects	Internal Service Fund	Associated Student Body	Student Rep Fee Trust	Student Financial Assistance	Total
REVENUES										
Federal	$ 15,963	$ 3,773,595	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,692,127	$ 9,481,685
State	3,056,624	8,552,176	25,120	1,311,891	16,557,798	-	-	-	1,408,716	30,912,325
Local	43,664,614	537,608	8,794,881	26,623	1,337,083	71,056	91,316	12,284	(40)	54,535,425
Total Revenues	46,737,201	12,863,379	8,820,001	1,338,514	17,894,881	71,056	91,316	12,284	7,100,803	94,929,435
EXPENDITURES										
Academic salaries	15,327,922	2,121,825	-	-	-	-	-	-	-	17,449,747
Classified and Other nonacademic salaries	9,853,374	2,959,787	-	-	-	85,836	30,402	-	-	12,929,399
Employee benefits	9,316,250	2,057,600	-	-	-	1,440,526	14,856	-	-	12,829,232
Supplies and materials	518,698	503,853	-	-	1,043	16,193	9,025	-	-	1,048,812
Other operating expenses and services	6,037,920	2,200,840	-	1,247,021	270,479	11,645	10,668	7,513	2,110,652	11,896,738
Capital outlay	1,100,414	2,441,424	-	-	3,622,430	-	-	-	-	7,164,268
Other Outgo	-	537,858	-	-	-	-	6,658	-	4,991,882	5,536,398
Principal Payments	-	-	5,945,000	-	-	-	-	-	-	5,945,000
Interest Expense	-	-	2,517,900	-	-	-	-	-	-	2,517,900
Total Expenditures	42,154,578	12,823,187	8,462,900	1,247,021	3,893,952	1,554,200	71,609	7,513	7,102,534	77,317,494
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,582,623	40,192	357,101	91,493	14,000,929	(1,483,144)	19,707	4,771	(1,731)	22,747
OTHER FINANCING SOURCES (USES)										
Operating transfer in	303,413	210,676	-	(111,888)	1,878,962	1,594,329	-	-	-	3,875,492
Operating transfer out	(2,331,057)	(250,868)	-	-	(15,000,000)	-	-	-	-	(17,581,925)
Total Other Financing Sources (Uses)	(2,027,644)	(40,192)	-	(111,888)	(13,121,038)	1,594,329	-	-	-	(13,706,433)
NET CHANGE IN FUND BALANCE	2,554,979	-	357,101	(20,395)	879,891	111,185	19,707	4,771	(1,731)	3,905,508
FUND BALANCE - BEGINNING	4,411,015	25,391	8,045,272	125,785	874,147	1,273,105	131,187	26,550	27,694	14,940,146
FUND BALANCE - ENDING	$ 6,965,994	$ 25,391	$ 8,402,373	$ 105,390	$ 1,754,038	$ 1,384,290	$ 150,894	$ 31,321	$ 25,963	$ 18,845,654

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget FY 2023	Actual General Unrestricted	Variances - Final to Actual
REVENUES			
Federal	$ 25,134	$ 15,963	$ (9,171)
State	2,911,798	3,056,624	144,826
Property taxes	39,816,410	41,168,296	1,351,886
Local	2,900,772	2,496,318	(404,454)
Total Revenues	45,654,114	46,737,201	1,083,087
EXPENDITURES			
Academic salaries	14,269,775	15,327,922	$ 1,058,147
Classified and other nonacademic salaries	12,297,890	9,853,374	(2,444,516)
Employee benefits	10,297,490	9,316,250	(981,240)
Supplies and materials	430,469	518,698	88,229
Other operating expenses and services	5,953,779	6,037,920	84,141
Capital outlay	1,510,500	1,100,414	(410,086)
Total Expenditures	44,759,903	42,154,578	(2,605,325)
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	894,211	4,582,623	3,688,412
OTHER FINANCING SOURCES (USES)			
Operating transfer in	1,293,510	303,413	(990,097)
Operating transfer out	(1,801,149)	(2,331,057)	(529,908)
Total Other Financing Sources (Uses)	(507,639)	(2,027,644)	(1,520,005)
NET CHANGE IN FUND BALANCE	386,572	2,554,979	2,168,407
FUND BALANCE - BEGINNING	4,411,015	4,411,015	-
FUND BALANCE - ENDING	$ 4,797,587	$ 6,965,994	$ 2,168,407