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NAPA VALLEY COMMUNITY COLLEGE DISTRICT

AUDIT REPORT

June 30, 2024

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NAPA VALLEY COMMUNITY COLLEGE DISTRICT
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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, 2024, and the related notes to 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 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 auditors' report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on 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 19, 2024, 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 19, 2024

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 provide an overview of the financial position and activities of the District as of and for the year ended June 30, 2024. 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/(deficit) was $(36.1) million at June 30, 2024. This was an improvement of $12.3 million over the prior year. The District's deficit is largely due to the inclusion of: 1) $97.0 million in outstanding 2002, voter approved, property tax funded, general obligation bonds in the District's liabilities, reflecting a net $3.3 million reduction from the previous year, 2) $29.4 million in the District's net OPEB liability, reflecting a net reduction of $4.2 million from the previous year, and 3) $44.0 million in the District's net pension liability, reflecting a $3.9 reduction from the previous year. (See Note 8 – Long Term Liabilities)

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, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the District as of the end of the fiscal year ended June 30, 2024 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 deferred outflows of resources and total liabilities and deferred inflows of resources (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, investment in capital assets, net of related debt, 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/(deficit), 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/(used in) the operating activities of District. The second part details cash received/(paid) for non-operating, non-investing, and non-capital activities of the institution. The third section deals with the cash provided by/(used in) 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 income/(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, 2024 and 2023 are summarized below:

	2024	2023	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	$ 46,087,048	$ 62,793,799	$ (16,706,751)
Non-current assets	130,824,953	133,308,954	(2,484,001)
Deferred outflows of resources	19,158,798	20,711,289	(1,552,491)
Total Assets and Deferred Outflows of Resources	$ 196,070,799	$ 216,814,042	$ (20,743,243)
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	$ 46,321,361	$ 69,126,929	$ (22,805,568)
Non-current liabilities	166,882,781	181,023,064	(14,140,283)
Deferred inflows of resources	18,960,131	15,019,040	3,941,091
Total Liabilities and Deferred Inflows of Resources	232,164,273	265,169,033	(33,004,760)
NET POSITION			
Net investment in capital assets	20,165,200	19,344,874	820,326
Restricted	14,814,442	10,151,251	4,663,191
Unrestricted (deficit)	(71,073,116)	(77,851,116)	6,778,000
Total Net Position	(36,093,474)	(48,354,991)	12,261,517
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 196,070,799	$ 216,814,042	$ (20,743,243)

The District's total assets and deferred outflows of resources decreased by $20.7 million or 9.6 percent from the previous year. The majority of the decrease was due to a decrease in cash in county treasury, as well as decrease of expenditures and capital asset depreciation.

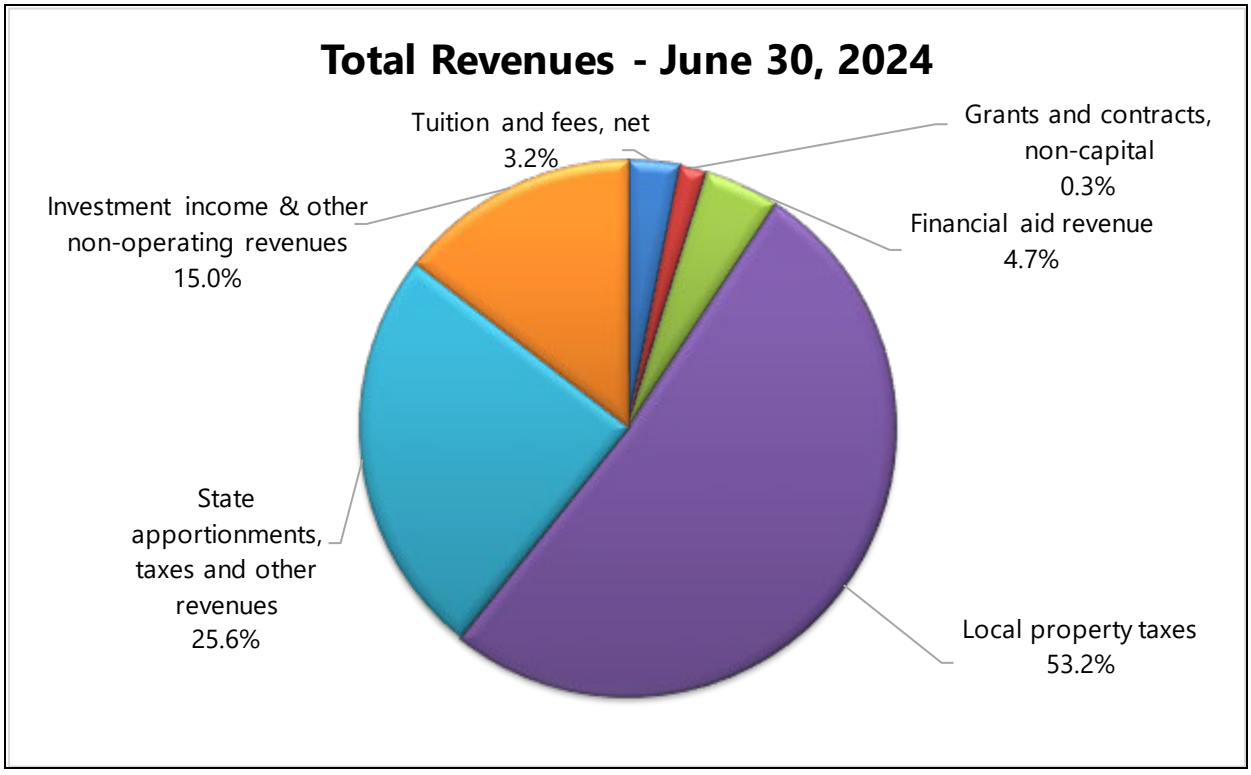
Total liabilities and deferred inflows of resources decreased by $33.0 million or 12.4 percent. This is primarily due to a decrease in unearned revenue, accounts payable and accrued expenses, net OPEB liability and net pension liability.

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

The Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2024 and 2023 are summarized below:

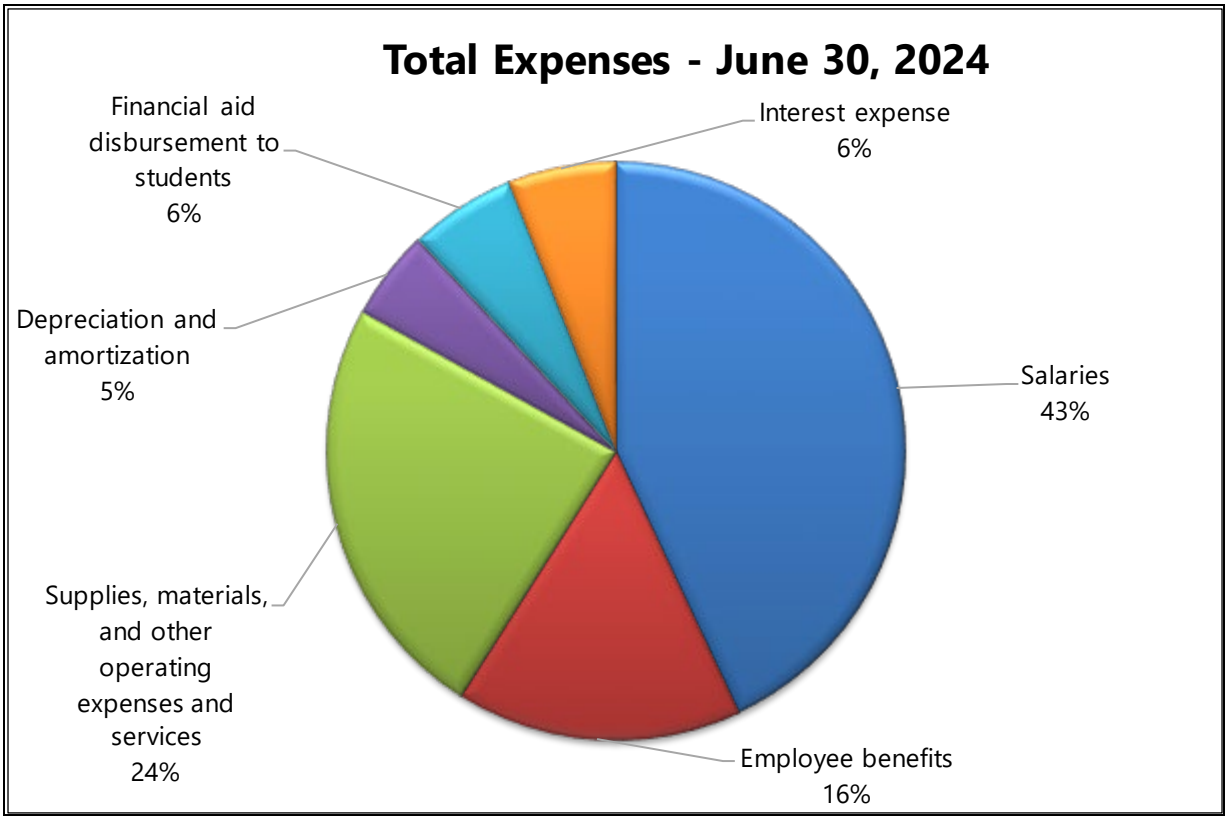
	2024	2023	Change
REVENUES			
Tuition and fees, net	$ 2,735,229	$ 2,607,270	$ 127,959
Grants and contracts, non-capital	(1,420,686)	226,560	(1,647,246)
Financial aid revenue	4,086,642	5,707,210	(1,620,568)
Local property taxes	45,745,201	49,886,351	(4,141,150)
State apportionments, taxes and other revenues	22,053,150	20,028,424	2,024,726
Investment income & other non-operating revenues	12,867,487	1,370,289	11,497,198
Total Revenues	86,067,023	79,826,104	6,240,919
EXPENSES			
Operating expenses	64,687,086	66,689,459	(2,002,373)
Financial aid disbursement to students	4,770,617	4,991,882	(221,265)
Gain/(loss) on disposal of asset	-	52,424	(52,424)
Interest expense	4,347,803	4,635,418	(287,615)
Total Expenses	73,805,506	76,369,183	(2,563,677)
Changes in Net Position	$ 12,261,517	$ 3,456,921	$ 8,804,596

Operating and non-operating revenues are comparatively reflected below:



OVERVIEW OF THE FINANCIAL STATEMENTS, continued

Operating and non-operating 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, 2024, the District had approximately $189.1 million invested in capital assets. Capital assets consist of land, which is non-depreciable, and depreciable assets such as site improvement, buildings and improvements, vehicles, furniture, and other equipment that met the capitalization threshold recommended by GASB Statement No. 35. These assets have accumulated depreciation of $74.7 million, leaving a net capital asset amount of $114.5 million.

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

	2024	2023	Change
Capital assets not being depreciated	$ 400,003	$ 400,003	$ -
Capital assets being depreciated	188,726,677	187,927,531	799,146
Less: accumulated depreciation	(74,652,790)	(71,028,838)	(3,623,952)
Capital Assets, Net	$ 114,473,890	$ 117,298,696	$ (2,824,806)

Debt Administration

At June 30, 2024, the District had approximately $175.9 million in long-term obligations, a decrease of $11.8 million or 6.3 percent from prior year. Notes 8, 9 and 11 to financial statements provide additional information on long-term liabilities.

	2024	2023	Change
General obligation bonds and premium on bonds	$ 99,988,946	$ 103,633,959	$ (3,645,013)
Compensated absences	2,382,714	2,280,303	102,411
Lease liability	182,022	391,972	(209,950)
Net OPEB liability	29,435,510	33,590,935	(4,155,425)
Net pension liability	43,958,779	47,846,194	(3,887,415)
Total Long-term Liabilities	$ 175,947,971	$ 187,743,363	$ (11,795,392)

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 7.8%, 7.2% and 5.4% over the previous year for 2023-24, 2022-23, and 2021-2022, respectively, and this combined additional revenue of approximately $7.9 million exceeds the salary increases provided during the three 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.

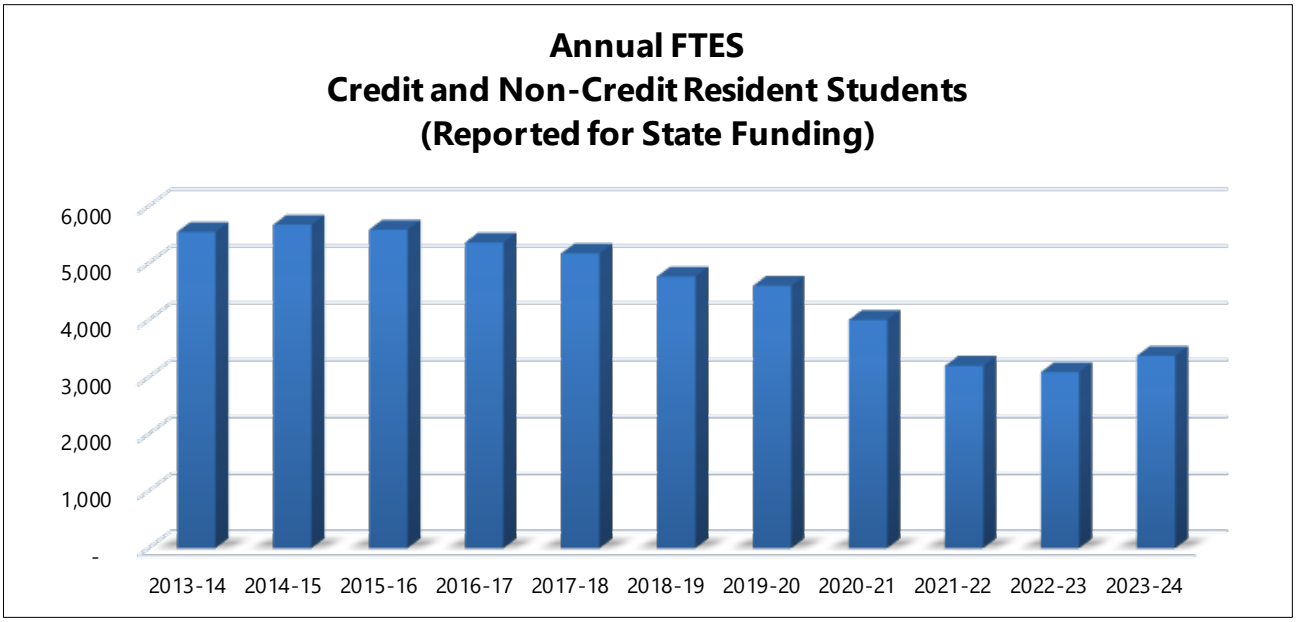
For 2023-24, the District's Unrestricted General Funds(UGF), ending fund balance represented a 16.9% reserve, as as a percentage of total UGF expenditures, and a 13.3% reserve, as a percentage of total restricted and unrestricted General Fund (GF) expenditures. Per the Government Finance Officers Association (GFOA) and the state chancellor's office, a reserve of at least two months of annual operating expense (of 17%) is recommended for local governments and community colleges. Although Napa Valley College has not yet achieved that level of recommended reserves, the UGF fund balance at the end of 2023-24 is an improvement over the previous year and is deemed sufficient to absorb future unforeseen circumstances.

The new on-campus student housing, River Trail Village, was opened in August 2024 with a variety of floor plans and available flexible lease terms. The project is forecast to revenue contributor beginning in 2025-26. Napa Valley College has plans and fiscal contingencies in place to support ~~s~~tudent housing in fiscal year 2024-2025.

HISTORICAL FULL TIME EQUIVALENT STUDENTS (FTES) TRENDS

In the 2024 fiscal year, the District reported 3,374 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.

HISTORICAL FULL TIME EQUIVALENT STUDENTS (FTES) TRENDS, continued



ADDRESSING ENROLLMENT TRENDS

Due to changes in the demographics of the District's service area, and the impact of the pandemic, enrollments at the District have been in decline as noted in the Annual FTES graph. For Napa Valley College, Fiscal Year 2024 experienced its first increase in annual enrollments since Fiscal Year 2015. The District continues to be intentional in its efforts to reengage high school students and members of the community with information about available educational programs and resources.

Initiatives intended to improve engagement, and enrollments include the development of an updated Educational Master Plan. The plan provides updated demographic and regional labor information that will inform educational programs and workforce training needs. The District continues to invest significantly in various marketing activities while also deploying staff to local high schools and community gatherings. August 2024 marked the opening of the District's on-campus 588 bed student housing facility. Napa Valley College is now one of fourteen California Community Colleges offering student housing opportunities. On campus housing improves a student's ability to persist and succeed in their academic work while creating a diverse living-learning community. On-campus housing will further NVC's ability to better serve students in the college's service area in addition to making the college an attractive educational destination for students outside its service area.

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, 2024

ASSETS		
Current Assets:		
Cash and equivalents	$	35,765,324
Accounts receivable, net		9,476,143
Lease receivable, current portion		155,359
Due from other funds		498,115
Prepaid expenses		192,107
Total Current Assets		46,087,048
Non-current Assets:		
Right-of-use assets		163,829
Lease receivable, non-current portion		187,234
Other non-current assets		16,000,000
Capital assets, net		114,473,890
Total Non-current Assets		130,824,953
TOTAL ASSETS		176,912,001
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding		5,674,977
Deferred outflows related to pensions		13,311,188
Deferred outflows related to OPEB		172,633
TOTAL DEFERRED OUTFLOWS OF RESOURCES		19,158,798
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	196,070,799
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	$	8,431,926
Unearned revenue		28,824,245
Long-term debt, current portion		9,065,190
Total Current Liabilities		46,321,361
Non-current Liabilities:		
Compensated absences		2,382,714
Lease liability		182,022
Net OPEB liability		29,435,510
Net pension liability		43,958,779
Long-term debt, non-current portion		90,923,756
Total Non-current Liabilities		166,882,781
TOTAL LIABILITIES		213,204,142
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to OPEB		7,651,803
Deferred Inflows related to pensions		10,822,728
Deferred inflows related to leases		485,600
TOTAL DEFERRED INFLOWS OF RESOURCES		18,960,131
NET POSITION		
Net investment in capital assets		20,165,200
Restricted for:		
Debt service		10,349,999
Capital projects		4,464,443
Unrestricted		(71,073,116)
TOTAL NET POSITION		(36,093,474)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	196,070,799

The notes to financial statements is an integral part of these statements

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

OPERATING REVENUES	
Tuition and fees, gross	$ 5,032,381
Less: Scholarship discounts and allowances	(2,297,152)
Tuition and fees, net	2,735,229
Grants and contracts, non-capital:	
Federal	2,576,236
State	(4,550,372)
Local	553,450
Subtotal	(1,420,686)
TOTAL OPERATING REVENUES	1,314,543
OPERATING EXPENSES	
Salaries	31,864,110
Employee benefits	11,451,086
Supplies, materials, and other operating expenses and services	17,496,493
Depreciation and amortization	3,875,397
TOTAL OPERATING EXPENSES	64,687,086
OPERATING LOSS	(63,372,543)
NON-OPERATING REVENUES/(EXPENSES)	
State apportionments, non-capital	2,056,935
Local property taxes	44,391,054
State taxes and other revenues	3,996,215
Financial aid revenue	4,086,642
Financial aid disbursement to students	(4,770,617)
Investment income/(loss) and FMV adjustment	11,303,795
Interest expense	(4,347,803)
Other non-operating revenues/(expenses)	1,563,692
TOTAL NON-OPERATING REVENUES/(EXPENSES)	58,279,913
INCOME/(LOSS) BEFORE OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)	(5,092,630)
OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)	
State apportionments, capital	16,000,000
Local property taxes, capital	1,354,147
TOTAL OTHER REVENUES/(EXPENSES) AND GAINS/(LOSSES)	1,354,147
INCREASE/(DECREASE) IN NET POSITION	12,261,517
NET POSITION -- BEGINNING OF YEAR	(48,354,991)
NET POSITION -- END OF YEAR	$ (36,093,474)

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$	2,735,229
Grants and contracts		(22,102,523)
Payments to or on behalf of employees		(45,511,789)
Payments to vendors for supplies and services		(22,197,108)
Net Cash Used in Operating Activities		(87,076,191)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State apportionments		2,056,935
Local property taxes		44,391,054
State taxes and other revenues		3,996,215
Financial aid revenue		4,086,642
Financial aid disbursement to students		(4,770,617)
Other non-operating revenues		5,267,453
Net Cash Provided by/(Used in) Non-capital Financing Activities		55,027,682
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition and construction of capital assets		(1,050,591)
Local property taxes		1,354,147
State apportionments		16,000,000
Interest paid on capital debt		(8,202,766)
Other local revenue for capital projects		(1,000,000)
Net Cash Provided by/(Used in) Capital Financing Activities		7,100,790
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income/(loss) and FMV adjustment		11,303,795
Net Cash Provided by/(Used in) Investing Activities		11,303,795
NET INCREASE/(DECREASE) IN CASH AND EQUIVALENTS		(13,643,924)
CASH AND EQUIVALENTS, BEGINNING OF YEAR		49,409,248
CASH AND EQUIVALENTS, END OF YEAR	$	35,765,324

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Loss	$	(63,372,543)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation and amortization		3,875,397
Changes in Assets, Deferred Outflows/Inflows of Resources and Liabilities:		
Accounts receivable, net		(403,470)
Prepaid expenses		64,217
Deferred outflows of resources		1,552,491
Accounts payable and accrued expenses		(4,764,832)
Unearned revenue		(20,385,627)
Compensated absences		102,411
Net pension liability		(3,887,415)
Net OPEB liability		(4,155,425)
Deferred inflows related to OPEB		1,573,262
Deferred inflows related to pensions		2,519,493
Deferred inflows related to leases		205,850
Total Adjustments		(23,703,648)
Net Cash Flows From Operating Activities	$	(87,076,191)

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2024

	District Trust
ASSETS	
Cash and equivalents	$ 2,668,318
Investments	2,837,392
Total Assets	$ 5,505,710
LIABILITIES	
Accounts payable and accrued expenses	$ 2,830,825
Due to other funds	1,766,173
Total Liabilities	4,596,998
NET POSITION	
Reserved	908,712
Total Net Position	908,712
Total Liabilities and Net Position	$ 5,505,710

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2024

	District Trust
Additions	
Operating revenues	$ 75,950
Total Additions	75,950
Deductions	
Operating expenses	47,068
Total Deductions	47,068
CHANGES IN NET POSITION	28,882
NET POSITION, BEGINNING OF YEAR	879,830
NET POSITION, END OF YEAR	$ 908,712

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 2023-24 were 3,374.

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 (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 Equivalents

The District's cash and equivalents are considered to be cash on hand, demand deposits with financial institutions, and short-term investments with original maturity of three months or less from the date of acquisition. Cash equivalents also include cash in county treasury balances. Fair values of cash in county treasury are determined by the program sponsor.

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 $1,345,920 at June 30, 2024.

Prepaid Expenses

Prepaid expenses represent payments made to vendors for services that will benefit periods beyond June 30, 2024.

Lease Receivable

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

Due To or Due From Other Funds

Receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities' columns of the statement of net position, except for the net residual amounts due between governmental activities, which are presented as "Due to or from other funds".

Right-of-Use Assets

The District has recorded right-of-use assets as a result of implementing GASB 87 and 96. The right-of-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-of-use assets are amortized on a straight-line basis over the life of the related lease.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Other Non-current Assets

Other non-current asset balance pertains to interfund transfer from revenues and expenses to asset and liability for building project. The related liability for building project is recorded in unearned revenue.

Capital Assets

Capital assets are long-lived assets of the District as a whole and include land, construction-in-progress, buildings, leasehold improvements, furniture 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.

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.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expense represent amounts due to vendors, suppliers or service providers for goods and services received. In general, accounts payable and accrued expenses are amounts owed that have not yet been paid for as of June 30. Accounts payable and accrued expenses are recorded on the balance sheet under current liabilities.

Long-term Debt

Long-term debt consists of general obligation bonds, premium on bonds, compensated absences and lease liability. The portion of the long-term debt that is due within a year is reported as current liabilities, while portion of long-term debt that is scheduled to mature or is payable beyond one year is reported as non-current liabilities.

Bond Issuance 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 since the results are not significantly different from effective interest method.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

Unearned Revenue

Unearned 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 unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned 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.

Lease Liability

The District recognizes a lease liability at the commencement of a lease and initially measures them at the present value of payments expected to be made during the lease term. The lease liability is reduced by the principal portion of lease payments made.

The District estimates its incremental borrowing rate as the discount rate for expected lease payments and the noncancelable period for its leases. Additionally, the District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease liability if certain changes occur that are expected to significantly affect their lease liability.

Pensions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement Plan (the CalSTRS Plan), and classified employees are members of the Schools Pool (the CalPERS Plan), collectively referred to as the Plans. For purposes of measuring the net pension liability, pension expense, and deferred outflows/inflows of resources related to pensions, information about the fiduciary net position of the District's portions of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability/(asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense/(benefit), information about the fiduciary net position of the District's (OPEB Plan) and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets and liabilities, the balance sheet reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The District's deferred loss on refunding, resulting from the difference in the carrying value and reacquisition price of the refunded debt, is reported as a deferred outflow of resources and is amortized over the shorter of the life of the refunded debt or refunding bond.

The District's deferred inflow of resources from leases is a result of lease receivables that are applicable to future reporting periods.

Contributions made to the District's pension and OPEB plan(s) after the measurement date but before the fiscal year-end are recorded as a deferred outflow of resources and will reduce the net pension liability and net OPEB liability/(asset) in the next fiscal year.

Additional factors involved in the calculation of the District's pension and OPEB expenses/(benefits) and liabilities include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between the District's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods.

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 $14,814,442 of restricted net position.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Operating Revenues and Expenses

Classification of Revenues – The District has classified its revenues as either operating or non-operating 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.

- **Non-operating revenues –** Non-operating 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.

Classification of Expenses – Nearly all the District's expenses are from exchange transactions and are classified as either operating or non-operating 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.

- **Non-operating expenses –** Non-operating expenses include interest expense and other expenses not directly related to the services of the District.

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 FTES and apportionment funding for full-time faculty, part-time faculty office hours and health benefits, and mandated costs.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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, 2024.

Scholarship Discounts and Allowance

Student tuition and fee revenue is reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making 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.

Adoption of New Accounting Standards

The following Governmental Accounting Standards Board (GASB) Pronouncements were adopted by the District during the year ended June 30, 2024:

GASB Statement No. 100 – In June 2022, GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections*, which focuses on accounting changes and error corrections, providing clarity and guidance on how these should be handled in financial statements. It aims to improve the consistency and transparency of reporting such changes. This statement is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Management has determined that the adoption of the new accounting standard did not have any material impact on the financial statements of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Upcoming GASB Pronouncements

The GASB has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the District.

GASB Statement No. 101 – In June 2022, GASB issued GASB Statement No. 101, *Compensated Absences*, which addresses compensated absences, revising the recognition and measurement of liabilities related to employee leave benefits. It aims to standardize how these liabilities are reported across different governmental entities. This statement is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102 – In December 2023, GASB issued GASB Statement No. 102, *Certain Risk Disclosures*, which pertains to the disclosure of non-current liabilities, including guidance on how these liabilities should be presented in financial statements to enhance the relevance and comparability of the information. This statement is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103 – In April 2024, GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*, which introduces changes to the presentation model for business-type activities (BTAs). It revises the required sections and subtotals in financial statements, particularly affecting the presentation of operating and nonoperating activities. One significant change is the separate identification of noncapital subsidies within nonoperating activities. This statement is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

NOTE 3 – CASH AND EQUIVALENTS 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.

Cash 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.

NOTE 3 – CASH AND EQUIVALENTS AND INVESTMENTS, continued

Policies and Practices, continued

Investment in CERBT – The District maintains cash or funds under the California Employer's Retiree Benefit Trust Program (CERBT) to prefund the costs of other postemployment benefits. The funds in the CERBT are held in trust and will be administered by the California Public Employees' Retirement System (CalPERS) as an agent multiple-employer plan.

General Authorizations

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

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 EQUIVALENTS AND INVESTMENTS, continued

Summary of Cash and Equivalents and Investments

Cash and equivalents and investments as of June 30, 2024, consist of the following:

Governmental Funds:		
Cash on hand and in banks	$	94,499
Cash in County Treasury		35,670,825
Total cash and equivalents	$	35,765,324
Fiduciary Funds:		
Cash on hand and in banks	$	93,478
Cash in County Treasury		232,033
Investments in CERBT		5,180,199
Total cash and equivalents and investments	$	5,505,710

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 386-day weighted average maturity for the District's deposits of $36,656,519 book value and $35,670,825 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 and CERBT is not required to be rated, nor has it been rated as of June 30, 2024.

NOTE 3 – CASH AND EQUIVALENTS 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, 2024, 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, 2024 accounts receivable totaled $9,476,143, net of allowance of $1,345,920.

NOTE 5 – LEASE RECEIVABLE

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, 2024 are as follows:

Fiscal year	Principal	Interest	Total
2025	$ 155,359	$ 7,745	$ 163,104
2026	160,084	3,020	163,104
2027	27,150	34	27,184
Total	$ 342,593	$ 10,799	$ 353,392

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 RECEIVABLE, continued

During the year ended June 30, 2024, the District recognized revenues related to these lease agreements totaling $150,722. During the year ended June 30, 2024, 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, 2024, was as follows:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Right-of-Use Assets:				
Leased equipment	$ 762,447	$ 45,595	$ -	$ 808,042
Leased buildings	67,032	-	-	67,032
Total Right-of-Use Assets	829,479	45,595	-	875,074
Less: Accumulated Amortization				
Leased equipment	423,491	234,687	-	658,178
Leased buildings	36,309	16,758	-	53,067
Total Accumulated Amortization	459,800	251,445	-	711,245
Right-of-Use Assets, Net	$ 369,679	$ (205,850)	$ -	$ 163,829

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Capital Assets Not Being Depreciated				
Land	$ 400,003	$ -	$ -	$ 400,003
Total Capital Assets Not Being Depreciated	400,003	-	-	400,003
Capital Assets Being Depreciated				
Site improvements	43,569,075	-	-	43,569,075
Buildings & improvements	121,532,061	-	-	121,532,061
Furniture & equipment	22,826,395	799,146	-	23,625,541
Total Capital Assets Being Depreciated	187,927,531	799,146	-	188,726,677
Total Capital Assets	188,327,534	799,146	-	189,126,680
Less: Accumulated Depreciation	(71,028,838)	(3,623,952)	-	(74,652,790)
Capital Assets, Net	$ 117,298,696	$ (2,824,806)	$ -	$ 114,473,890

NOTE 8 – LONG-TERM LIABILITIES

Summary

The changes in the District's long-term liabilities for the fiscal year ended June 30, 2024 consisted of the following:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due Within One Year
General obligation bonds	$ 100,314,402	$ 3,075,286	$ 6,345,000	$ 97,044,688	$ 8,595,000
Premium on bonds	3,319,557	-	375,299	2,944,258	375,299
Compensated absences	2,280,303	102,411	-	2,382,714	-
Lease liability	391,972	-	209,950	182,022	94,891
Net OPEB liability	33,590,935	-	4,155,425	29,435,510	-
Net pension liability	47,846,194	-	3,887,415	43,958,779	-
Total Long-Term Liabilities	$ 187,743,363	$ 3,177,697	$ 14,973,089	$ 175,947,971	$ 9,065,190

Description of Long-Term Liabilities

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, lease liability, other postemployment benefits and the supplemental employee retirement plans. 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.

NOTE 8 – LONG-TERM LIABILITIES, continued

General Obligation Bonds

The outstanding general obligation bonded debts as of June 30, 2024 are as follows:

Series	Issue Date	Yield	Maturity Date	Balance July 1, 2023	Additions	Redeemed	Balance June 30, 2024	Due Within One Year
2002 Series B	3/17/2005	2.35-5.38%	8/1/2029	$ 40,339,402	$ 3,075,286	$ -	$ 43,414,688	$ 8,595,000
2018 Refunding	6/13/2018	1.98-3.28%	8/1/2034	59,975,000	-	6,345,000	53,630,000	-
Total				$ 100,314,402	$ 3,075,286	$ 6,345,000	$ 97,044,688	$ 8,595,000

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, 2024, the principal balance outstanding (including accreted interest to date) was $43,414,688.

Fiscal Year	Principal	Interest	Accreted Interest	Total
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	3,462,041	-	8,262,959	11,725,000
2030	27,856	-	72,504	100,360
Accretion	27,426,605	-	(27,426,605)	-
Total	$ 43,414,688	$ -	$ 5,240,672	$ 48,655,360

NOTE 8 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, 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, 2024, the principal balance outstanding (including accreted interest to date) was $53,630,000.

Fiscal Year	Principal	Interest	Total
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	-	2,145,200	2,145,200
2030-2034	43,285,000	7,480,400	50,765,400
2035	10,345,000	413,800	10,758,800
Total	$ 53,630,000	$ 18,620,200	$ 72,250,200

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, 2024, the balance outstanding was $2,382,714.

Lease Liability

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	6	4.00%	7/1/2020 - 8/17/2028	$ 15,022
Buildings	2	4.00%	11/1/2020 - 6/30/2026	$ 24,738

NOTE 8 – LONG-TERM LIABILITIES, continued

Lease Liability, continued

Future minimum lease payments on noncancellable leases at June 30, 2024 are as follows:

Fiscal year	Principal	Interest	Total
2025	$ 94,891	$ 8,970	$ 103,861
2026	62,788	3,240	66,028
2027	12,376	2,527	14,903
2028	8,809	1,376	10,185
2029	3,158	504	3,662
Total	$ 182,022	$ 16,617	$ 198,639

Net OPEB Liability

The District's beginning net OPEB liability was $33,590,935 and decreased by $4,155,425 during the year ended June 30, 2024. The ending net OPEB liability at June 30, 2024 was $29,435,510. See Note 9 for additional information regarding other postemployment benefits.

Net Pension Liability

The District's beginning net pension liability was $47,846,194 and decreased by $3,887,415 during the year ended June 30, 2024. The ending net pension liability at June 30, 2024 was $43,958,779. See Note 11 for additional information regarding the net pension liability.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS

For the fiscal year ended June 30, 2024, the District reported net OPEB liability/(asset), deferred outflows of resources, deferred inflows of resources, and OPEB expense/(benefit) for the following plans:

OPEB Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/(Benefit)
District Plan	$ 29,435,510	$ 172,633	$ 7,651,803	$ (2,494,767)

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.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS, continued

Benefits Provided

	Certificated	Classified	Management
Benefit Types Provided	Medical	Medical	Medical
Duration of Benefits	Lifetime	Lifetime	Lifetime
Required Service *	15 years	15 years	15 years
Minimum Age	STRS retirement age	PERS or STRS retirement age	PERS or STRS retirement age
Dependent Coverage **	Yes	Yes	Yes
District Contribution %	100% of retiree only premium	100% of retiree only premium	100% of retiree only premium

*Certificated and Management employees hired prior to 11/1/2005 have a required service of 5 years. Classified employees hired prior to 12/13/2005 have a required service of 5 years.
**Upon death of the retiree, an eligible spouse may continue medical coverage and the District's contractual obligation is to pay for the full cost of the continuation of coverage for an eligible spouse if the spouse is receiving a PERS or STRS pension under the retiree's name.

Employees Covered by Benefit Term

The following is a table of plan participants as of the June 30, 2023 actuarial valuation:

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

OPEB Plan Investments

The plan discount rate of 4.07% 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%	

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS, continued

Actuarial Assumptions

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

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.50%
Discount rate	4.07%
Investment rate of return	4.07%
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

Changes in the Net OPEB Liability/(Asset)

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance July 1, 2023	$ 35,940,659	$ 2,349,724	$ 33,590,935
Changes for the year:			
Service cost	1,652,269	-	1,652,269
Interest	1,370,789	-	1,370,789
Employer contributions	-	1,386,786	(1,386,786)
Expected investment income	-	158,582	(158,582)
Changes in assumptions	(913,700)	-	(913,700)
Experience (gains)/losses	(4,669,810)	-	(4,669,810)
Investment gains/losses	-	50,329	(50,329)
Administrative expense	-	(724)	724
Expected benefit payments	(1,386,786)	(1,386,786)	-
Net changes for the year	(3,947,238)	208,187	(4,155,425)
Balance June 30, 2024	$ 31,993,421	$ 2,557,911	$ 29,435,510

Total Fiduciary Net Position as a percentage of the Total OPEB Liability at June 30, 2024 was 8.00%.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS, continued

OPEB Expense/(Benefit) and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense/(benefit) of ($2,494,767). At June 30, 2024, 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 projected and actual earnings on plan investments	$ 172,633	$ -
Differences between expected and actual experience	-	6,532,724
Change in assumptions	-	1,119,079
Total	$ 172,633	$ 7,651,803

OPEB Expense/(Benefit) 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/(benefit) as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ (1,646,993)
2026	(1,085,019)
2027	(958,081)
2028	(1,106,760)
2029	(1,435,593)
Thereafter	(1,246,724)
Total	$ (7,479,170)

Sensitivity of the Net OPEB Liability/(Asset) to Assumptions

The following table presents the net OPEB liability/(asset) calculated using the discount rate of 4.07 percent. The schedule also shows what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1 percent lower and 1 percent higher:

	Discount Rate 1% Lower (3.07%)	Current Discount Rate (4.07%)	Discount Rate 1% Higher (5.07%)
Net OPEB liability/(asset)	$ 24,922,570	$ 29,435,510	$ 35,171,572

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS, continued

Sensitivity of the Net OPEB Liability/(Asset) to Assumptions, continued

The following table presents the net OPEB liability/(asset) calculated using the health care cost trend rate of 4.0 percent. The schedule also shows what the net OPEB liability/(asset) 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/(asset)	$ 34,128,367	$ 29,435,510	$ 25,606,577

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 – EMPLOYEE RETIREMENT PLANS

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).

For the fiscal year ended June 30, 2024, the District reported its proportionate share of the net pension liabilities, pension expense/(benefit), 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	$ 16,333,113	$ 3,978,195	$ 5,550,543	$ 1,837,701
CalPERS	27,625,666	9,332,993	5,272,185	3,579,906
Total	$ 43,958,779	$ 13,311,188	$ 10,822,728	$ 5,417,607

California State Teachers' Retirement System (CalSTRS)

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, 2022, 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.

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 non-employer contributing entity to the STRP.

NOTE 11 – EMPLOYEE RETIREMENT PLANS, continued

California State Teachers' Retirement System (CalSTRS), continued

Benefits Provided, continued

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2024, 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%

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, 2024, are presented above and the District's total contributions were $1,557,954.

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

At June 30, 2024, 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:

District's proportionate share of the net pension liability	$	16,333,113
State's proportionate share of the net pension liability associated with the District		7,825,796
Total	$	24,158,909

NOTE 11 – EMPLOYEE RETIREMENT PLANS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

The net pension liability was measured as of June 30, 2023. 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, 2023 and June 30, 2022, respectively was 0.0210 percent and 0.0231 percent, resulting in a decrease of 0.0021 percent in the proportionate share.

For the year ended June 30, 2024, the District recognized pension expense of $1,837,701. In addition, the District recognized revenue and corresponding expense of ($113,645) for support provided by the State. At June 30, 2024, 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	$ 69,098	$ -
Differences between expected and actual experience	1,283,604	873,690
Changes in assumptions	94,575	-
Net changes in proportionate share of net pension liability	972,964	4,676,853
District contributions subsequent to the measurement date	1,557,954	-
Total	$ 3,978,195	$ 5,550,543

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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ (944,143)
2026	(2,205,328)
2027	(19,933)
2028	(337,511)
2029	162,679
Thereafter	213,934
Total	$ (3,130,302)

NOTE 11 – EMPLOYEE RETIREMENT PLANS, continued

California State Teachers' Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
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%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions.

NOTE 11 – EMPLOYEE RETIREMENT PLANS, continued

California State Teachers' Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions, continued

Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	38%	5.25%
Real Estate	15%	4.05%
Private Equity	14%	6.75%
Fixed Income	14%	2.45%
Risk Mitigating Strategies	10%	2.25%
Inflation Sensitive	7%	3.65%
Cash/Liquidity	2%	0.05%
Total	100%	

*20-year average. Real rates of return of net of assumed 2.75% inflation.

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 the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	$ 27,397,494	$ 16,333,113	$ 7,142,855

NOTE 11 – EMPLOYEE RETIREMENT PLANS, continued

California Public Employees Retirement System (CalPERS)

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, 2022 annual actuarial valuation report, Schools Pool Actuarial Valuation. 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.

The CalPERS provisions and benefits in effect at June 30, 2024 are summarized below:

	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%	7.00%
Required employer contribution rate	26.68%	26.68%

NOTE 11 – EMPLOYEE RETIREMENT PLANS, continued

California Public Employees Retirement System (CalPERS), continued

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 percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total District contributions were $3,762,480.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $27,625,666. The net pension liability was measured as of June 30, 2023. 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, 2023 and June 30, 2022, respectively was 0.0760 percent and 0.0924 percent, resulting in a decrease in the proportionate share of 0.0164 percent.

For the year ended June 30, 2024, the District recognized pension expense of $3,579,906. At June 30, 2024, 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	$ 2,950,817	$ -
Differences between expected and actual experience	1,008,139	424,290
Changes in assumptions	1,272,704	-
Net changes in proportionate share of net pension liability	338,853	4,847,895
District contributions subsequent to the measurement date	3,762,480	-
Total	$ 9,332,993	$ 5,272,185

NOTE 11 – EMPLOYEE RETIREMENT PLANS, continued

California Public Employees Retirement System (CalPERS), continued

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions, 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ 373,757
2026	(230,965)
2027	946,319
2028	(790,783)
Total	$ 298,328

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
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	2.30%
Wage growth	Varies by entry age and service

The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.

NOTE 11 – EMPLOYEE RETIREMENT PLANS, continued

California Public Employees Retirement System (CalPERS), continued

Actuarial Methods and Assumptions, continued

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity Cap-weighted	30%	4.54%
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%
Total	100%	

*An expected inflation of 2.30% used for this period.
**Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 total pension liability.

NOTE 11 – EMPLOYEE RETIREMENT PLANS, continued

California Public Employees Retirement System (CalPERS), continued

Discount Rate, continued

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	$ 39,939,572	$ 27,625,666	$ 17,448,503

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 $1,251,725 to CalSTRS. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under GAAP, this amount is to be reported as revenues and expenditures. Accordingly, this amount has been recorded in these financial statements.

Plan Fiduciary Net Position

Detailed information about CalSTRS and CalPERS' fiduciary net position is available in a separate comprehensive annual financial report. Copies of the annual financial report may be obtained from CalSTRS and CalPERS.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Construction Commitments

The District had no significant construction commitments at June 30, 2024.

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, 2024, 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 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2024 through December 19, 2024, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021
Total OPEB liability				
Service cost	$ 1,652,269	$ 2,068,932	$ 2,049,767	$ 1,482,354
Interest	1,370,789	1,107,121	1,262,952	1,410,008
Changes of assumptions	(913,700)	(5,680,018)	1,830,805	6,267,017
Experience (gains)/losses	(4,669,810)	-	(4,461,573)	415,859
Expected benefit payments	(1,386,786)	-	-	-
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)
Net change in total OPEB liability	(3,947,238)	(3,771,980)	(687,710)	7,845,545
Total OPEB liability, beginning of year	35,940,659	39,712,639	40,400,349	32,554,804
Total OPEB liability, end of year (a)	$ 31,993,421	$ 35,940,659	$ 39,712,639	$ 40,400,349
Plan fiduciary net position				
Employer contributions	$ 1,386,786	$ 176,976	$ 1,369,661	$ 1,729,693
Actual benefit payments from Trust	-	(1,082,627)	-	-
Actual benefit payments from Employer	-	(176,976)	-	-
Expected investment income	158,582	(743,416)	851,434	105,746
Investment (gains)/losses	50,329	-	-	-
Administrative expense	(724)	(986)	(1,172)	(1,462)
Expected benefit payments	(1,386,786)	-	(1,369,661)	(1,729,693)
Experience (gains)/losses	-	229,844	-	-
Change in plan fiduciary net position	208,187	(1,597,185)	850,262	104,284
Fiduciary trust net position, beginning of year	2,349,724	3,946,909	3,096,647	2,992,363
Fiduciary trust net position, end of year (b)	$ 2,557,911	$ 2,349,724	$ 3,946,909	$ 3,096,647
Net OPEB liability/(asset), ending (a) - (b)	$ 29,435,510	$ 33,590,935	$ 35,765,730	$ 37,303,702
Covered payroll	$ 33,131,132	$ 32,053,790	$ 33,988,512	$ 34,596,629
Plan fiduciary net position as a percentage of the total OPEB liability	8%	7%	10%	8%
Net OPEB liability/(asset) as a percentage of covered payroll	88.85%	104.80%	105.23%	107.82%

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

See accompanying note to required supplementary information.

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024

	2020	2019	2018
Total OPEB liability			
Service cost	$ 1,845,909	$ 1,792,145	$ 2,015,712
Interest	1,634,206	1,579,126	1,403,950
Changes of assumptions	(14,078,295)	(669,922)	(4,095,479)
Experience (gains)/losses	(1,072,176)	-	-
Expected benefit payments	-	-	-
Actual benefit payments from Trust	-	-	-
Actual benefit payments from Employer	-	-	-
Benefit payments	(1,654,680)	(1,337,667)	(1,417,367)
Net change in total OPEB liability	(13,325,036)	1,363,682	(2,093,184)
Total OPEB liability, beginning of year	45,879,840	44,516,158	46,609,342
Total OPEB liability, end of year (a)	$ 32,554,804	$ 45,879,840	$ 44,516,158
Plan fiduciary net position			
Employer contributions	$ 1,654,680	$ 1,337,667	$ 1,671,975
Actual benefit payments from Trust	-	-	-
Actual benefit payments from Employer	-	-	-
Expected investment income	174,009	208,210	239,866
Investment (gains)/losses	-	-	-
Administrative expense	(604)	(1,394)	(1,196)
Expected benefit payments	(1,654,680)	(1,337,667)	(1,417,367)
Experience (gains)/losses	-	(3,461)	-
Change in plan fiduciary net position	173,405	203,355	493,278
Fiduciary trust net position, beginning of year	2,818,958	2,615,603	2,122,325
Fiduciary trust net position, end of year (b)	$ 2,992,363	$ 2,818,958	$ 2,615,603
Net OPEB liability/(asset), ending (a) - (b)	$ 29,562,441	$ 43,060,882	$ 41,900,555
Covered payroll	$ 29,500,000	$29,500,000	$29,500,000
Plan fiduciary net position as a percentage of the total OPEB liability	9%	6%	6%
Net OPEB liability/(asset) as a percentage of covered payroll	100.21%	145.97%	142.04%

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

See accompanying note to required supplementary information.

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - OPEB
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021
Actuarially determined contribution	$ 1,222,949	$ 1,268,015	$ 1,268,015	$ 1,369,661
Contributions in relation to the actuarially determined contribution	101,247	176,976	1,369,661	1,729,693
Contribution deficiency/(excess)	$ 1,121,702	$ 1,091,039	$ (101,646)	$ (360,032)
Covered-employee payroll	$ 33,131,132	$ 32,053,790	$ 33,988,512	$ 34,596,629
Contribution as a percentage of covered-employee payroll	3.69%	3.96%	3.73%	3.96%

	2020	2019	2018
Actuarially determined contribution	$ 1,313,834	$ 1,537,627	$ 1,444,946
Contributions in relation to the actuarially determined contribution	1,654,680	1,337,667	1,671,975
Contribution deficiency/(excess)	$ (340,846)	$ 199,960	$ (227,029)
Covered-employee payroll	$ 29,500,000	$ 29,500,000	$ 29,500,000
Contribution as a percentage of covered-employee payroll	4.45%	5.21%	4.90%

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

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, 2024

	Reporting Fiscal Year (Measurement Date)				
CalSTRS	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
District's proportion of the net pension liability	0.0210%	0.0231%	0.0290%	0.0250%	0.0230%
District's proportionate share of the net pension liability	$ 16,333,113	$ 16,035,278	$ 13,132,878	$ 24,221,926	$ 20,863,987
State's proportionate share of the net pension liability associated with the District	7,825,796	8,030,515	6,608,093	12,486,305	11,382,789
Total	$ 24,158,909	$ 24,065,793	$ 19,740,971	$ 36,708,231	$ 32,246,776
District's covered-employee payroll	$ 8,081,413	$ 8,081,413	$ 13,839,470	$ 14,702,601	$ 8,511,873
District's proportionate share of the net pension liability as percentage of covered-employee payroll	202%	198%	95%	165%	245%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%

	Reporting Fiscal Year (Measurement Date)				
CalPERS	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
District's proportion of the net pension liability	0.0760%	0.0924%	0.1010%	0.0980%	0.0970%
District's proportionate share of the net pension liability	$ 27,625,666	$ 31,810,916	$ 20,569,968	$ 30,017,391	$ 28,160,372
District's covered-employee payroll	$ 15,437,604	$ 15,437,604	$ 15,144,425	$ 15,617,932	$ 15,144,425
District's proportionate share of the net pension liability as percentage of covered-employee payroll	179%	206%	136%	192%	186%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	81%	70%	70%

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, 2024

	Reporting Fiscal Year (Measurement Date)				
CalSTRS	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.023%	0.021%	0.023%	0.023%	0.022%
District's proportionate share of the net pension liability	$ 21,158,660	$ 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	12,114,904	11,312,703	10,503,549	8,134,652	8,799,612
Total	$ 33,273,564	$ 30,435,036	$ 28,951,349	$ 23,515,221	$ 20,849,066
District's covered-employee payroll	$ 12,426,819	$ 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	170%	319%	330%	291%	228%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%

	Reporting Fiscal Year (Measurement Date)				
CalPERS	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.094%	0.092%	0.092%	0.096%	0.097%
District's proportionate share of the net pension liability	$ 25,167,480	$ 21,942,967	$ 18,212,766	$ 14,076,924	$ 11,978,041
District's covered-employee payroll	$ 14,648,649	$ 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	172%	139%	133%	134%	122%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	83%	83%

See accompanying note to required supplementary information.

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2024

	Reporting Fiscal Year				
CalSTRS	2024	2023	2022	2021	2020
Statutorily required contribution	$ 1,557,954	$ 1,367,375	$ 2,460,258	$ 2,374,470	$ 2,509,096
District's contributions in relation to the statutorily required contribution	1,557,954	1,367,375	2,460,258	2,374,470	2,509,096
District's contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 8,156,827	$ 8,081,413	$ 14,540,532	$ 14,702,601	$ 13,839,470
District's contributions as a percentage of covered-employee payroll	19.10%	16.92%	16.92%	16.15%	18.13%

	Reporting Fiscal Year				
CalPERS	2024	2023	2022	2021	2020
Statutorily required contribution	$ 3,762,480	$ 3,536,755	$ 3,452,376	$ 3,232,912	$ 2,986,632
District's contributions in relation to the statutorily required contribution	3,762,480	3,536,755	3,452,376	3,232,912	2,986,632
District's contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 14,102,249	$ 15,437,604	$ 15,069,297	$ 15,617,932	$ 15,144,425
District's contributions as a percentage of covered-employee payroll	26.68%	22.91%	22.91%	20.70%	19.72%

	Reporting Fiscal Year				
CalSTRS	2019	2018	2017	2016	2015
Statutorily required contribution	$ 2,174,160	$ 1,703,018	$ 1,464,816	$ 2,031,915	$ 917,434
District's contributions in relation to the statutorily required contribution	2,174,160	1,703,018	1,464,816	2,031,915	917,434
District's contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 13,354,791	$ 11,801,927	$ 11,644,006	$ 8,775,536	$ 6,114,322
District's contributions as a percentage of covered-employee payroll	16.28%	14.43%	12.58%	23.15%	15.00%

	Reporting Fiscal Year				
CalPERS	2019	2018	2017	2016	2015
Statutorily required contribution	$ 2,645,839	$ 2,196,574	$ 1,905,552	$ 1,447,948	$ 1,223,103
District's contributions in relation to the statutorily required contribution	2,645,839	2,196,574	1,905,552	1,447,948	1,223,103
District's contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 14,648,649	$ 15,814,068	$ 13,718,877	$ 10,502,371	$ 9,807,676
District's contributions as a percentage of covered-employee payroll	18.06%	13.89%	13.89%	13.79%	12.47%

See accompanying note to required supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios

This schedule presents information on the District's changes in the net OPEB liability/(asset), including beginning and ending balances, the plan's fiduciary net position, and the net OPEB liability/(asset). 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 valuation.

Changes of Assumptions – Discount rate and/or investment rate of return has increased from 3.80% to 4.07% since previous valuation.

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 10 years of 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.

Changes in Benefit Terms - The required employer contributions rate changed from 25.37% to 26.68% since the previous valuation for CalPERS. There were no changes in benefit terms since the previous valuation for CalSTRS.

Changes of Assumptions - The consumer price inflation rate changed from 2.50% to 2.30% since the previous valuation for CalPERS. There were no changes in assumptions since the previous valuation for CalSTRS.

Schedule of Contributions – Pensions

This schedule presents 10 years of information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

SUPPLEMENTARY INFORMATION

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATIONAL STRUCTURE
FOR THE YEAR ENDED JUNE 30, 2024

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. Kyle Iverson	Board Chair	2026
Ms. Jeni Olson	Vice President	2026
Ms. Jennifer Baker	Trustee	2024
Ms. Ines De Luna	Trustee	2024
Mr. Jeff Dodd	Trustee	2026
Mr. Jason Kishineff	Trustee	2026
Mr. Rafael Rios	Trustee	2024
Ms. Cindy Gonzalez	Student Trustee	2025

DISTRICT ADMINISTRATORS

Dr. Torence Powell *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 *Assistant Superintendent/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.

See accompanying note to supplementary information.

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-through Grantor/Program Title	Pass Through/ Grant Number	Assistance Listing Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Aid Cluster			
Federal Work Study Program (FWS)	*	84.033	$ 145,292
Federal Pell Grant Program (PELL)	*	84.063	3,426,543
Federal Supplemental Educational Opportunity Grant (SEOG)	*	84.007	225,970
Subtotal Student Financial Aid Cluster			3,797,805
Trio Cluster			
Talent Search	*	84.044	367,794
Student Support Services	*	84.042	334,327
Subtotal Trio Cluster			702,121
Title V Higher Education Act			
Caminos al Exito	*	84.031S	521,373
HSI Stem	*	84.031C	624,153
Higher Education - Institutional Aid	*	84.031S	309,173
Subtotal Title V Higher Education Act			1,454,699
Career and Technical Education Act			
VTEA Title II C - Block Grant	*	84.049	140,492
Subtotal Career and Technical Education Act			140,492
CARES Act - Higher Education Emergency Relief Funds			
COVID-19 CRRSAA HEERF III - Financial Aid	*	84.425E	433
Subtotal CARES Act - Higher Education Emergency Relief Funds			433
Total U.S. Department of Education			6,095,550
U.S. DEPARTMENT OF FINANCE			
Passed through Chancellor's Office			
Emergency Financial Aid Assistance Grants (SFRF)	*	21.027	418,624
Total U.S. Department of Finance			418,624
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education			
Cal Fresh	*	10.561	33,542
Total U.S. Department of Agriculture			33,542
U.S. DEPARTMENT OF TRANSPORTATION			
Highway Training and Education	*	20.215	45,000
Total U.S. Department of Transportation			45,000
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California State Chancellor's Office			
Temporary Assistance for Needy Families	*	93.558	34,307
Total U.S. Department of Health and Human Services			34,307
U.S. DEPARTMENT OF LABOR			
North Bay Employement Connection Grant	*	17.258	8,839
Total U.S. Department of Labor			8,839
Total Federal Programs			$ 6,635,862

*Pass-Through number is either not available or not applicable

See accompanying note to supplementary information.

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

	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	$ 260,461	$ 265,183	$ 525,644	$ 525,644	$ -	$ 251,552	$ 274,092	$ 274,092
Asian American, Native Hawaiian and Pacific Islan	129,600	150,697	280,297	280,297	-	245,459	34,838	34,838
Basic Needs Center	215,034	342,547	557,581	557,581	-	438,481	119,100	119,099
Basic Skills Current	149,734	-	149,734	149,734	-	-	149,734	149,734
Cal Fresh	-	16,520	16,520	16,520	-	16,520	-	-
CAL Grant	426,796	-	426,796	426,791	29,251	-	456,042	456,042
California College Promise	448,986	450,538	899,524	899,524	-	598,287	301,237	301,238
CalWORKS	176,343	17,402	193,745	193,745	30,386	92,064	132,067	132,066
CARE - Financial Aid	20,290	-	20,290	20,290	-	-	20,290	20,290
CARE - NonFinancial Aid	122,274	33,120	155,394	155,394	-	88,614	66,780	66,780
CCAP Instructional Materials Dual Enrollment	-	138	138	138	-	138	-	-
Childcare Tax Bailout	92,282	-	92,282	99,282	-	-	99,282	99,282
Guided Pathways CCC - Framework	-	27,239	27,239	27,239	-	-	27,239	27,239
CCTR Contract	874,458	-	874,458	874,458	53,991	-	928,449	928,449
CSPP Contract	372,583	-	372,583	372,583	-	-	372,583	372,583
Culturally Competent FCLTY PD	150,000	200,435	350,435	350,435	-	286,365	64,070	64,070
COVID-19 Recovery Block Grant	-	2,140,881	2,140,881	2,140,881	-	-	2,140,881	2,140,881
DREAMER RESOURCE LIASON	69,373	-	69,373	69,373	-	37,280	32,093	32,093
DSPS	1,296,512	-	1,296,512	1,296,512	-	-	1,296,512	1,296,512
EEO Best Practices	-	208,333	208,333	208,333	-	208,333	-	-
EOPS - Financial Aid	97,605	-	97,605	97,605	-	-	97,605	97,605
EOPS - NonFinancial Aid	877,768	179,045	1,056,813	1,056,813	-	395,091	661,722	661,722
Emergency Financial Assistance Supplemental	-	105,086	105,086	105,086	-	105,086	-	-
FA Technology Funding	43,351	49,101	92,452	92,452	-	16,155	76,297	76,298
Faculty Staff Diversity (EEO)	138,888	-	138,888	138,888	-	83,676	55,212	55,212
Faculty Staff Diversity (EEO) PY	-	177,134	177,134	177,134	-	-	177,134	177,134
Financial Aid - BFAP	223,666	(893)	222,773	223,666	(893)	-	222,773	224,559
FT Student Success	-	8,600	8,600	8,600	-	8,600	-	-
Institutional Effectiveness Partnership Initiative	-	6,239	6,239	6,239	-	-	6,239	6,239
Instructional Equip-CY	-	400,000	400,000	400,000	-	266,410	133,590	133,590
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 A	-	41,235	41,235	41,235	-	41,235	-	-
LGBTQ+	44,460	70,100	114,560	114,560	-	104,247	10,313	10,312
Lottery Funds	223,872	576,035	799,907	799,907	111,328	668,199	243,036	243,036
Mental Health Support	143,296	90,299	233,595	233,595	-	95,667	137,928	137,928
MESA	585,258	289,619	874,877	874,877	-	459,715	415,162	415,161
NextUp	250,909	237,071	487,980	487,980	-	420,747	67,233	67,233
Local and System Technology and Data Security	175,000	53,447	228,447	228,447	-	20,212	208,235	208,234
Nursing Education	92,044	-	92,044	92,044	-	68,643	23,401	23,401
Physical Plant & Inst'l Support-Plant Portion-Joine	41,301	2,122,480	2,163,781	2,163,781	-	2,163,781	-	-
RETENTION &OUTREACH (CA SB85)	253,481	525,717	779,198	779,198	-	411,888	367,310	367,311
Staff Development	-	26,346	26,346	26,346	-	28,799	(2,453)	(2,453)
Strong Workforce - Local	520,504	725,124	1,245,628	1,245,628	-	691,813	553,815	553,815
Student Equity & Achievement-Current Year	626,667	-	626,667	626,667	-	-	626,667	626,667
Student Equity & Achievement-Prior Year		251,739	251,739	251,739	-	-	251,739	251,739
Strong Workforce-Regional	-	258,687	258,687	258,687	130,786	158,611	230,862	230,862
Student Food & Housing Support	217,456	332,889	550,345	550,345	-	422,603	127,742	127,743
Student Success - Non-Credit	4,523	-	4,523	4,523	-	-	4,523	4,523
Student Success (Equity)	364,167	-	364,167	364,167	-	-	364,167	364,167
Student Success Comp Grant	869,088	31,898	900,986	900,986	-	346,201	554,785	554,785
Student Success Credit (SSSP)-CY	1,251,604	-	1,251,604	1,251,604	-	-	1,251,604	1,251,604
System Technology & Data Security	600,000	-	600,000	600,000	-	-	600,000	600,000
Veteran's Resource Center	53,878	24,537	78,415	78,415	-	52,952	25,463	25,463
WOJRC Accelerator Grant	-	(76,011)	(76,011)	(76,011)	214,456	-	138,445	138,446
Zero Textbook Cost Program	25,000	200,000	225,000	225,000	-	208,669	16,331	16,331
CSAC - CHAFEE	-	-	-	47,916	-	10,416	37,500	37,500
Transfer Ed and Articulation Seamless Transfer	48,695	-	48,695	48,695	-	48,695	-	-
CCC Equitable Placement (AB 1705)	473,296	-	473,296	473,296	-	197,289	276,007	276,007
Student Transfer Achievement Reform	565,217	-	565,217	565,217	-	565,217	-	-
Puente-UC REGENTS, Smaller Misc Disbursement	5,500	-	5,500	5,500	-	5,500	-	-
RERP - Workforce Initiatives-Regional Equity & R	35,516	-	35,516	35,516	-	-	35,516	35,516
UMOJA (New 2024)	190,644		190,644	190,644	-	129,606	61,038	61,038
Total State Programs	$ 13,847,380	$ 11,363,441	$ 25,210,821	$ 25,266,625	$ 569,305	$ 11,263,700	$ 14,572,230	$ 14,574,016

See accompanying note to supplementary information.

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPROTIONMENT – ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2024

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2023 only)			
1. Noncredit	27.50	-	27.50
2. Credit	99.22	-	99.22
B. Summer Intersession (Summer 2024 - Prior to July 1, 2024)			
1. Noncredit	-		-
2. Credit	257.64	-	257.64
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	371.58	-	371.58
(b) Daily Census Contact Hours	277.68	-	277.68
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	47.37	-	47.37
(b) Credit	367.25	-	367.25
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	908.87	-	908.87
(b) Daily Census Contact Hours	1,016.79	-	1,016.79
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	3,373.90	-	3,373.90
Centers FTES			
1. Credit	1.20	-	1.20
2. Noncredit*	-	-	-
Total Centers FTES	1.20	-	1.20

*Including Career Development and College Preparation (CDCP) FTES.

See accompanying note to supplementary information.

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2024

		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	$ 8,321,612	$ -	$ 8,321,612	$ 8,321,612	$ -	$ 8,321,612
Other	1300	3,881,974	-	3,881,974	3,881,974	-	3,881,974
Total Instructional Salaries		12,203,586	-	12,203,586	12,203,586	-	12,203,586
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	2,383,657	-	2,383,657
Other	1400	-	-	-	681,532	-	681,532
Total Non-Instructional Salaries		-	-	-	3,065,189	-	3,065,189
Total Academic Salaries		12,203,586	-	12,203,586	15,268,775	-	15,268,775
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	7,265,187	-	7,265,187
Other	2300	-	-	-	707,392	-	707,392
Total Non-Instructional Salaries		-	-	-	7,972,579	-	7,972,579
Instructional Aides							
Regular Status	2200	589,780	-	589,780	589,780	-	589,780
Other	2400	223,825	-	223,825	223,825	-	223,825
Total Instructional Aides		813,605	-	813,605	813,605	-	813,605
Total Classsified Salaries		813,605	-	813,605	8,786,184	-	8,786,184
Employee Benefits	3000	3,877,031	-	3,877,031	8,689,077	-	8,689,077
Supplies and Materials	4000	-	-	-	393,114	-	393,114
Other Operating Expenses	5000	70,758	-	70,758	5,792,276	-	5,792,276
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		16,964,980	-	16,964,980	38,929,426	-	38,929,426
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	-	-	-	255,947	-	255,947
Object to Exclude							
Rents and Leases	5060	-	-	-	134,731	-	134,731
Lottery Expenditures							
Academic Salaries	1000	-	-	-	218,386	-	218,386
Classified Salaries	2000	-	-	-	80,665	-	80,665
Employee Benefits	3000	-	-	-	117,675	-	117,675
Supplies and Materials	4000						
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	14,875	-	14,875
Total Supplies and Materials		-	-	-	14,875	-	14,875
Other Operating Expenses and Services	5000	-	-	-	39,670	-	39,670
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400						
Equipment - Additional	6410	-	-	-	3,622	-	3,622
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	3,622	-	3,622
Total Capital Outlay		-	-	-	3,622	-	3,622
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		$ -	$ -	$ -	$ 865,571	$ -	$ 865,571
Total for ECS 84362, 50% Law		$ 16,964,980	$ -	$ 16,964,980	$ 38,063,855	$ -	$ 38,063,855
Percent of CEE (Instructional Salary Cost/Total CEE)		44.57%	0.00%	44.57%	100.00%	0.00%	100.00%
50% of Current Expense of Education					$ 19,031,928	$ -	$ 19,031,928

See accompanying note to supplementary information.

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
DETAILS OF THE EDUCATION PROTECTION ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2024

EPA Revenue	$ 378,750

Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	$ 378,750	$ -	$ -	$ 378,750
Total		$ 378,750	$ -	$ -	$ 378,750

See accompanying note to supplementary information.

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

Total Fund Balance - District Funds Included in the Reporting Entity		
General Fund	$ 8,110,494	
Bond Interest and Redemption Fund	10,349,999	
Child Development Fund	402,264	
Capital Outlay Projects	4,469,722	
Internal Service Fund	1,272,364	
Associated Student Body	168,234	
Other Funds	827,677	
Student Rep Fee Trust Fund	34,495	
Student Financial Aid Fund	25,963	$ 25,661,212
Assets recorded within the statement of net position not included in the District fund financial statements:		
Capital assets not being depreciated	400,003	
Capital assets being depreciated	188,726,677	
Accumulated depreciation	(74,652,790)	
Right-of-use assets	163,829	
Lease receivable	342,593	
Fair market value adjustment - Cash in County Treasury	(985,694)	113,994,618
Liabilities recorded within the statement of net position not recorded in the District fund financial statements:		
Net pension liability		(43,958,779)
Compensated absences		(2,382,714)
Net OPEB liability		(29,435,510)
Lease liability		(182,022)
Long-term debt		(99,988,946)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred outflows of resources		19,158,798
Deferred inflows of resources		(18,960,131)
Net Assets Reported Within the Statement of Net Position		$ (36,093,474)

See accompanying note to supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

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.

Schedule of Expenditures of Federal Awards

The audit of the District for the year ended June 30, 2024, was conducted in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), which requires disclosure of the financial activities of all federally funded programs. To comply with Uniform Guidance, the Schedule of Expenditures of Federal Awards was prepared by the District.

- General – The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the District. The District reporting entity is defined in Note 1 to the District's basic financial statements.
- Basis of Accounting – The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 2 to the District's basic financial statements.
- Indirect Cost Rate – The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.
- Subrecipients – The District did not provide federal awards to subrecipients during the year ended June 30, 2024.

Schedule of Expenditures of State Awards

The accompanying schedule of expenditures of State Awards includes the state grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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.

Reconciliation of the Education Code Section 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

Details of the Education Protection Account

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

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, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 19, 2024.

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. 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 or significant deficiencies. However, material weaknesses or significant deficiencies 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.

San Diego, California
December 19, 2024

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, 2024. The District's major Federal programs are identified in the Summary of Audit Findings and Questioned Costs 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, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, 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 19, 2024

CWDL

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

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

Report on State Compliance

Opinion on State Compliance

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 (CDAM) 2023-24*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2024. The applicable state compliance requirements are identified 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, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2023-24*, issued by the California Community Colleges Chancellor's Office. Our responsibilities under those standards and the compliance requirements are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's 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 *California Community Colleges Contracted District Audit Manual (CDAM) 2023-24* 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 below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *California Community Colleges Contracted District Audit Manual (CDAM) 2023-24*, 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *California Community Colleges Contracted District Audit Manual (CDAM) 2023-24*, and which is described in the accompanying schedule of findings and questioned costs as items #2024-001 and #2024-002. 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

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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. 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, we identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding #2024-001 and Finding #2024-002, that we consider to be significant deficiencies.

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

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) 2023-24*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 19, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Is a going concern emphasis-of-matter paragraph included in the auditors' 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:	

Assistance Listing Numbers	Name of Federal Program of Cluster
84.033, 84.063, 84.007	Student Financial Aid Cluster

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
Type of auditors' report issued on compliance for State programs:	Unmodified

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 identified during 2023-24.

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024

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 2023-24.

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

FINDING #2024-001 – 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 $2,066,948 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 Fall of 2024, the District contracted with the firm of Cambridge West Partnership to provide an in-depth analysis of categorization and accounting practices related to the District's challenges with compliance with the 50% law. This work will include a review of the District's position descriptions and the related account coding being used. The engagement will also review the Fiscal Year 2025 budget for recommended changes in account coding. The deliverables also include the development of a 50% training handbook in addition to recommendations that further the District's objective to be 50% law compliant. In recent efforts to reduce staffing levels and meet the 50% threshold, the District offered two supplemental employee retirement plan (SERP) offerings; the first in Fiscal Year 2022 and the second in Fiscal Year 2023. The District's most recent three year compliance percentages have been FY22 at 42.72%, FY23 at 45.28%, and FY24 at 44.57%. The Staffing Study, completed in Fiscal Year 2023, continues to assist the district in understanding where appropriate staffing adjustments are needed to further improve the District's compliance with the 50% law. The intent of the study was to assist the District in understand staffing levels for like-sized institutions.

FINDING #2024-002 – STATE COMPLIANCE (STATE GENERAL APPORTIONMENT FUNDING SYSTEM) (CDAM SECTION 424)

Criteria: The total student contact hours reported for each class under the actual hours of attendance procedure should be the sum of the individual attendance hours total for each student in the class as reported by the instructor (5 CCR 58003.1(d) and 5 CCR 58003.1(g)).

Condition: During our testing of state general apportionment funding system, we noted that 1 out of 10 courses tested did not properly report the number of hours as certified by the instructor roster. The identified course was an actual-hours-of-attendance census-type course where the District relies upon instructor certified rosters as the basis for supporting hours claimed.

Questioned Costs: We identified one course without roster support for 9,800 hours. The hours in question equate to 18.67 FTES. The District is community funded as a result no fiscal impact was calculated.

Cause: Clerical error as instructor left the District prior to submission of the support for hours noted above.

Effect: Non-compliance with state general apportionment funding requirements.

Recommendation: We recommend that the District reconcile actual hours report to the hours supported by physical instructor rosters. In addition, per discussion with District management, management will perform monthly audits of instructor rosters and increase training with an emphasis placed on positive attendance calculations.

Management's Response and Corrective Action Plan: Positive Attendance hours are entered by faculty through Self-Service. For one Fall 2023 section, positive attendance hours were entered incorrectly. This error resulted in the over-reporting of positive attendance hours in the college's CCFS-320 Recalc report. As of 11/22/2024, the hours were corrected on the 320, and the correction was submitted and accepted by the Chancellor's Office the same day. The final 2023-2024 CCFS-320 Recalc report total was reduced by 18.67 hours.

To prevent this from recurring, A&R will work with IT and our Ellucian consultants to implement mechanisms to prevent the faculty from entering more hours on Self-Service than are possible for the section. Napa Valley College will create an internal audit report to identify differences in course/section totals and faculty entered totals. Additional training for Faculty and Academic administrators will be developed to review attendance reporting prior to review by Admissions and Records. The District will develop an action plan for reviewing the 320 report before submission to the Chancellor's Office.

Contact Person: Jessica Erickson, Dean of Enrollment & Outreach Services

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

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.

Current Status: See finding 2024-001.

UNAUDITED SUPPLEMENTARY INFORMATION

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
GOVERNMENTAL FUNDS – BALANCE SHEETS
JUNE 30, 2024

	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 Aid	Total
ASSETS										
Cash and equivalents	$ 25,506,744	$ -	$ 10,204,074	$ 3,179	$ 5,279	$ 17,835	$ 6,382	$ 48,340	$ 959,185	$ 36,751,018
Accounts receivable, net	8,642,558	2,873	140,748	77,535	-	-	77	-	610,647	9,474,438
Prepaid assets	188,436	3,671	-	-	-	-	-	-	-	192,107
Due from other funds	-	1,034,933	5,177	432,988	7,101,857	1,254,529	200,049	-	572,803	10,602,336
Total Assets	$ 34,337,738	$ 1,041,477	$ 10,349,999	$ 513,702	$ 7,107,136	$ 1,272,364	$ 206,508	$ 48,340	$ 2,142,635	$ 57,019,899
LIABILITIES										
Accounts payable	$ 2,168,628	$ 921,373	$ -	$ 19,374	$ 469,619	$ -	$ -	$ -	$ 372,778	$ 3,951,772
Accrued expenses	4,480,151	-	-	-	-	-	-	-	3	4,480,154
Unearned revenue	8,679,455	94,696	-	92,064	2,167,795	-	38,274	8,070	1,743,891	12,824,245
Due to other funds	10,924,418	-	-	-	-	-	-	5,775	-	10,930,193
Total Liabilities	26,252,652	1,016,069	-	111,438	2,637,414	-	38,274	13,845	2,116,672	32,186,364
FUND BALANCE										
Restricted	-	25,408	10,349,999	402,264	4,469,722	-	-	-	-	15,247,393
Unassigned	8,085,086	-	-	-	-	1,272,364	168,234	34,495	25,963	9,586,142
Total Fund Balance	8,085,086	25,408	10,349,999	402,264	4,469,722	1,272,364	168,234	34,495	25,963	24,833,535
Total Liabilities and Fund Balance	$ 34,337,738	$ 1,041,477	$ 10,349,999	$ 513,702	$ 7,107,136	$ 1,272,364	$ 206,508	$ 48,340	$ 2,142,635	$ 57,019,899

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
GOVERNMENTAL FUNDS – STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	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 Aid	Total
REVENUES										
Federal	$ 35,853	$ 2,507,208	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,119,817	$ 6,662,878
State	2,790,549	10,761,318	27,582	1,654,737	16,939,573	-	-	-	1,442,664	33,616,423
Local	47,334,934	476,672	10,537,144	80,092	671,737	63,555	105,887	4,558	29,251	59,303,830
Total Revenues	50,161,336	13,745,198	10,564,726	1,734,829	17,611,310	63,555	105,887	4,558	5,591,732	99,583,131
EXPENDITURES										
Academic salaries	15,785,211	2,534,294	-	-	-	-	-	-	-	18,319,505
Classified and other non-academic salaries	10,158,585	3,137,895	-	-	-	88,836	48,184	-	-	13,433,500
Employee benefits	9,497,994	2,169,143	-	-	-	2,269,916	21,010	-	-	13,958,063
Supplies and materials	416,985	551,796	-	-	336	18,058	8,311	-	-	995,486
Other operating expenses and services	6,024,311	2,998,126	-	1,437,955	236,903	12,181	4,442	1,384	821,115	11,536,417
Capital outlay	1,078,749	1,829,345	-	-	2,274,537	-	-	-	-	5,182,631
Other outgo	-	524,582	-	-	-	-	6,600	-	4,770,617	5,301,799
Principal payments	-	-	6,345,000	-	-	-	-	-	-	6,345,000
Interest expense	-	-	2,272,100	-	-	-	-	-	-	2,272,100
Total Expenditures	42,961,835	13,745,181	8,617,100	1,437,955	2,511,776	2,388,991	88,547	1,384	5,591,732	77,344,501
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,199,501	17	1,947,626	296,874	15,099,534	(2,325,436)	17,340	3,174	-	22,238,630
OTHER FINANCING SOURCES/(USES)										
Operating transfer in	-	-	-	-	3,616,150	2,320,770	-	-	-	5,936,920
Operating transfer out	(6,080,409)	-	-	-	(16,000,000)	-	-	-	-	(22,080,409)
Total Other Financing Sources/(Uses)	(6,080,409)	-	-	-	(12,383,850)	2,320,770	-	-	-	(16,143,489)
CHNAGES IN FUND BALANCES	1,119,092	17	1,947,626	296,874	2,715,684	(4,666)	17,340	3,174	-	6,095,141
FUND BALANCES - BEGINNING	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
FUND BALANCES - ENDING	$ 8,085,086	$ 25,408	$ 10,349,999	$ 402,264	$ 4,469,722	$ 1,272,364	$ 168,234	$ 34,495	$ 25,963	$ 24,833,535

NAPA VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

	Final Budget FY 2024	Actual General Unrestricted	Variances - Final to Actual
REVENUES			
Federal	$ 35,687	$ 35,853	$ 166
State	3,008,990	2,790,549	(218,441)
Property taxes	44,120,009	44,391,054	271,045
Local	3,100,831	2,943,880	(156,951)
Total Revenues	50,265,517	50,161,336	(104,181)
EXPENDITURES			
Academic salaries	16,234,231	15,785,211	$ (449,020)
Classified and other nonacademic salaries	11,218,953	10,158,585	(1,060,368)
Employee benefits	10,248,873	9,497,994	(750,879)
Supplies and materials	456,899	416,985	(39,914)
Other operating expenses and services	7,936,664	6,024,311	(1,912,353)
Capital outlay	1,233,983	1,078,749	(155,234)
Total Expenditures	47,329,603	42,961,835	(4,367,768)
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,935,914	7,199,501	4,263,587
OTHER FINANCING SOURCES (USES)			
Operating transfer in	-	-	-
Operating transfer out	(2,212,723)	(6,080,409)	(3,867,686)
Total Other Financing Sources (Uses)	(2,212,723)	(6,080,409)	(3,867,686)
NET CHANGE IN FUND BALANCE	723,191	1,119,092	395,901
FUND BALANCE - BEGINNING	6,965,994	6,965,994	-
FUND BALANCE - ENDING	$ 7,689,279	$ 8,085,086	$ 395,807

DETAIL OF TRANSFER OUT		
TRANSFER TO CAPITAL OUTLAY FUND		
To Fund Wine Education Center - District Portion	679,414	
To Fund ASH Landfill - Contract & Site Project	377,000	
To Fund Student Lounge Remodel - Unrestricted Gen. Fund	100,000	
To Fund Building 3100 Remodel - District Portion	1,570,000	
EV Station - Funding Received, Return to General Fund	(35,000)	
		$2,691,414
TRANSFER TO SELF INSURANCE FUND		
Seft-Insurance	100,000	
Student Housing - Contract Contingency	650,000	
Legal & Risk Management	318,226	
		1,068,226
TRANSFER TO OTHER INTERNAL SERVICE FUND - REPRODUCTION SERVICES		100,667
TRANSFER TO POST RETIREMENT FUND		
SERP	962,210	
OPEB	1,257,892	
		2,220,102
TOTAL OTHER OUTGOING		$6,080,409