PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 16, 2019

NEW ISSUE -- FULL BOOK-ENTRY

RATINGS: Moody's: "Aa2"; S&P: "AA"
See "RATINGS" herein

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the New Money Bonds (as defined herein) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Refunding Bonds (as defined herein) is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

$261,330,000*
SONOMA COUNTY JUNIOR COLLEGE DISTRICT
(Sonoma, Marin and Mendocino Counties, California)

$180,000,000*
Election of 2014 General Obligation Bonds, Series B
(Tax-Exempt)

$81,330,000*
2019 General Obligation Refunding Bonds
(Federally Taxable)

Dated: Date of Delivery **Due: August 1, as shown on inside front cover pages**

This cover page contains information for general reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page and not otherwise defined shall have the meanings set forth herein.

The Sonoma County Junior College District (Sonoma, Marin and Mendocino Counties, California) Election of 2014 General Obligation Bonds, Series B (Tax-Exempt) (the "New Money Bonds") were authorized at an election of the registered voters of the Sonoma County Junior College District (the "District") held on November 4, 2014, at which the requisite 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of $410,000,000 principal amount of general obligation bonds of the District. The New Money Bonds are being issued to (i) finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities and (ii) pay the costs of issuance of the New Money Bonds.

The Sonoma County Junior College District (Sonoma, Marin and Mendocino Counties, California) 2019 General Obligation Refunding Bonds (Federally Taxable) (the "Refunding Bonds," and together with the New Money Bonds, the "Bonds") are being issued by the District to (i) advance refund certain of the District's outstanding 2013 General Obligation Refunding Bonds and (ii) pay the costs of issuance of the Refunding Bonds.

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Boards of Supervisors of Sonoma, Marin and Mendocino Counties are empowered and obligated to annually levy such *ad valorem* property taxes upon all property subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds.

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the Bonds, but will instead receive credit balances on the books of their respective nominees.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the date of delivery and be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as paying agent, bond registrar, authentication agent and transfer agent (collectively, the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry Only System" herein.

The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to their stated maturity dates as described herein.*

MATURITY SCHEDULES*
(see inside front cover pages)

*The Bonds are offered when, as and if issued, and received by the Underwriters subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. Certain matters will be passed upon for the Underwriters by Kutak Rock LLP, Denver, Colorado. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about November __, 2019.**

PiperJaffray.   RBC Capital Markets

Dated: _________________, 2019

* Preliminary, subject to change.

MATURITY SCHEDULE

$180,000,000*
SONOMA COUNTY JUNIOR COLLEGE DISTRICT
(Sonoma, Marin and Mendocino Counties, California)
Election of 2014 General Obligation Bonds, Series B
(Tax-Exempt)

Base CUSIP†: 835569

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP† Suffix

$_____________ ___% Term Bonds due August 1, 20__ Yield _____ % CUSIP† Suffix: ___

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* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriters, the Municipal Advisor or the District is responsible for the selection, uses or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriters and are included solely for the convenience of the registered owners of the applicable Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

$81,330,000*
SONOMA COUNTY JUNIOR COLLEGE DISTRICT
(Sonoma, Marin and Mendocino Counties, California)
2019 General Obligation Refunding Bonds
(Federally Taxable)

Base CUSIP†: 835569

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP† Suffix

$_____________ ___% Term Bonds due August 1, 20__ Yield _____ % CUSIP† Suffix: ___

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* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriters, the Municipal Advisor or the District is responsible for the selection, uses or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriters and are included solely for the convenience of the registered owners of the applicable Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Section 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth herein has been obtained from sources outside of the District which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced in this Official Statement, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The Underwriters have provided the following sentence for inclusion in this Official Statement:

> "The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or the completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER FRONT PAGES AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

The District maintains a website. However, the information presented on such website is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

The County has provided the following for inclusion in this Official Statement. The District does not guarantee the accuracy or completeness of the following information, and the inclusion thereof should not be construed as a representation of the District.

The County shall not have any obligation or incur any liability whatsoever with respect to the performance of the District's duties regarding continuing disclosure. The County has not reviewed nor is it responsible for the content of this Official Statement.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth,
a Professional Corporation
San Francisco, California

Municipal Advisor

California Financial Services
Santa Rosa, California

Paying Agent, Bond Registrar, Transfer Agent, and Escrow Agent

The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

TABLE OF CONTENTS

TABLE OF CONTENTS (cont'd)

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$261,330,000*
SONOMA COUNTY JUNIOR COLLEGE DISTRICT
(Sonoma, Marin and Mendocino Counties, California)

$180,000,000*	**$81,330,000***
Election of 2014 General Obligation Bonds, Series B	**2019 General Obligation Refunding Bonds**
(Tax-Exempt)	**(Federally Taxable)**

INTRODUCTION

This Official Statement, which includes the cover page, inside cover pages and appendices hereto, provides information in connection with the sale of the (i) Sonoma County Junior College District (Sonoma, Marin and Mendocino Counties, California) Election of 2014 General Obligation Bonds, Series B (Tax-Exempt) (the "New Money Bonds") and (ii) Sonoma County Junior College District (Sonoma, Marin and Mendocino Counties, California) 2019 General Obligation Refunding Bonds (Federally Taxable) (the "Refunding Bonds," and together with the New Money Bonds, the "Bonds").

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover pages and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The District

The Sonoma County Junior College District (the "District") was established in 1918 and is located in Sonoma County (the "County"), Mendocino County and Marin County (collectively with the County, the "Counties"). The District serves local communities in the cities of Santa Rosa, Sonoma, Petaluma, Rohnert Park, Sebastopol, Windsor and Healdsburg, and the unincorporated areas of the County, Northern Marin County and Southern Mendocino County. The District currently operates Santa Rosa Junior College, which provides collegiate level instruction across a wide spectrum of subjects for grades 13 and 14 with campuses in Santa Rosa and Petaluma. Santa Rosa Junior College is fully accredited by the Accrediting Commission for Community and Junior Colleges ("ACCJC"). The District also has Education Centers located in Windsor and Forestville. The District has budgeted 19,451 funded Full-Time Equivalent Students ("FTES") for fiscal year 2019-20. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues – Emergency Conditions Waiver" herein. The 2019-20 assessed valuation of the area served by the District is $95,519,127,117.

The District is governed by a seven-member Board of Trustees (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions. The management and policies of the District are administered by a Superintendent/President appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. Frank Chong, Ed.D., is the District's current Superintendent/President.

For more information regarding the District's tax base, see "TAX BASE FOR REPAYMENT OF BONDS" herein. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA" and "SONOMA COUNTY JUNIOR COLLEGE DISTRICT" herein for more general information regarding the

* Preliminary, subject to change.

District and its finances. The District's audited financial statements for fiscal year ended June 30, 2018 is attached hereto as APPENDIX A and should be read in its entirety.

Security and Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Boards of Supervisors of the Counties are empowered and obligated to annually levy such *ad valorem* property taxes upon all property within the District subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Purpose of Issue

New Money Bonds. The New Money Bonds are being issued by the District to (i) finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities and (ii) pay the costs of issuance of the New Money Bonds. See "THE BONDS – Application and Investment of Bond Proceeds – New Money Bonds" and "ESTIMATED SOURCES AND USES OF FUNDS – New Money Bonds" herein.

Refunding Bonds. The Refunding Bonds are being issued by the District to (i) advance refund certain of the outstanding Sonoma County Junior College District (Sonoma, Marin and Mendocino Counties, California) 2013 General Obligation Refunding Bonds (the "2013 Refunding Bonds") and (ii) pay the costs of issuance of the Refunding Bonds. See "THE BONDS – Application and Investment of Bond Proceeds – Refunding Bonds" and "ESTIMATED SOURCES AND USES OF FUNDS – Refunding Bonds" herein. The 2013 Refunding Bonds to be refunded with proceeds of the Refunding Bonds are referred to herein as the "Refunded Bonds."

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered book-entry form only (without coupons). The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository of the Bonds. See "THE BONDS – General Provisions" and "THE BONDS – Book-Entry Only System" herein. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. In event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolutions described herein. See "THE BONDS – Discontinuation of Book-Entry Only System; Payment To Beneficial Owners" herein.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners," "Bond Owners," or "Holders" of the Bonds (other than under the caption "— Tax Matters" herein and "TAX MATTERS" herein) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of $5,000 principal amount or any integral multiple thereof.

Redemption.* The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to their stated maturity dates, as further described herein. See "THE BONDS – Redemption" herein.

Payments. The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the initial date of delivery of the Bonds (the "Date of Delivery"), and be payable semiannually on each February 1 and August 1 (each a "Bond Payment Date"), commencing February 1, 2020. Principal of the Bonds is payable on August 1 in the amounts and years as set forth on the inside front cover pages hereof.

Payments of the principal of and interest on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as the designated paying agent, bond registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners. See also "THE BONDS – Book-Entry Only System" herein.

Tax Matters

New Money Bonds. In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, based on existing statutes, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the New Money Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the New Money Bonds is exempt from State of California (the "State") personal income tax. See "TAX MATTERS – New Money Bonds" herein.

Refunding Bonds. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Refunding Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Refunding Bonds is exempt from State personal income tax. See "TAX MATTERS – Refunding Bonds" herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the Government Code and other applicable law, and pursuant to resolutions adopted by the Board. See "THE BONDS – Authority for Issuance" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about November __, 2019* (the "Closing Date").

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding the taxation of property within the District and certain other considerations related thereto, see

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* Preliminary, subject to change.

"TAX BASE FOR REPAYMENT OF BONDS" and "LIMITATION ON REMEDIES; BANKRUPTCY" herein.

Continuing Disclosure

Pursuant to that certain Continuing Disclosure Certificate relating the Bonds, the District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events. The specific nature of the information to be made available and of the notices of listed events is summarized below under "LEGAL MATTERS – Continuing Disclosure" and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein. These covenants have been made in order to assist the Underwriters (as defined herein) in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the "Rule").

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. California Financial Services, Santa Rosa, California is acting as Municipal Advisor to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation and California Financial Services will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed upon for the Underwriters by Kutak Rock LLP, Denver, Colorado. The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, has been appointed as Paying Agent for the Bonds, and as Escrow Agent (as defined herein) with respect to the Refunded Bonds. Causey Demgen & Moore P.C., Denver, Colorado is acting as Verification Agent (as defined herein) for the Bonds.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "intend," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Vice President, Finance and Administrative Services, Sonoma County Junior College District, 1501 Mendocino Avenue, Santa Rosa, California 95401, telephone: (707) 527-4421. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each of such documents, statutes and constitutional provisions.

Certain information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolutions (defined herein).

THE BONDS

Authority for Issuance

The New Money Bonds. The New Money Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, Article XIIIA of the California Constitution and pursuant to a resolution adopted by the Board on October 8, 2019 (the "New Money Bonds Resolution").

The District received authorization at an election held on November 4, 2014 (the "2014 Authorization"), at which the requisite 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of $410,000,000 principal amount of general obligation bonds of the District. On December 7, 2016, the District caused the issuance of the first series of bonds under the 2014 Authorization, its Election of 2014 General Obligation Bonds, Series A, in the aggregate principal amount of $125,000,000 (the "2014 Series A Bonds"). The New Money Bonds are the second issuance of bonds pursuant to the 2014 Authorization. Following the issuance of the New Money Bonds, $105,000,000 of the 2014 Authorization will remain unissued.*

The Refunding Bonds. The Refunding Bonds are being issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code and other applicable law, and pursuant to a resolution adopted by the Board on October 8, 2019 (the "Refunding Bonds Resolution," and together with the New Money Bonds Resolution, the "Resolutions").

* Preliminary, subject to change.

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Boards of Supervisors of the Counties are empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due. Such *ad valorem* property taxes will be levied annually in addition to all other taxes in an amount sufficient to pay the principal of and interest on the Bonds when due, as described above. The levy of *ad valorem* property taxes for payment of the Bonds may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The Counties, however, are not obligated to establish or maintain such a reserve for any of the Bonds, and the District can make no representation that the Counties will do so.

Such taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. Such taxes, when collected, will be placed by the County in the Debt Service Funds (as defined herein), which are required to be segregated and maintained by the County and which are designated for the payment, when due, of the principal of and interest on the respective series of Bonds, and for no other purpose. Pursuant to the Resolutions, the District has pledged funds on deposit in each of the Debt Service Funds to the payment of the corresponding series of Bonds. Although the Counties are obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and although the County will maintain the Debt Service Funds and the Building Fund (as defined herein), none of the Bonds are a debt of any of the Counties.

The moneys in the respective Debt Service Funds, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, will be transferred to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its Participants for subsequent disbursement to the Beneficial Owners of the Bonds.

The rate of the annual *ad valorem* property taxes levied by the Counties to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in real property values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 1, 2016 and payable, both as to principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIIIA of the State Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of such *ad valorem* property taxes are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

General Provisions

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. See "— Book-Entry Only System" herein. Beneficial Owners will not receive certificates representing their interest in the Bonds, but will instead receive credit balances on the books of their respective nominees.

Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each February 1 and August 1, commencing February 1, 2020. Interest on the Bonds will be computed on the basis of a 360-day year of 12, 30-day months. Each Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2020, in which event it will bear interest from the Date of Delivery. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1, in the years and amounts set forth on the inside front cover pages hereof.

Payment. Payment of interest on any Bond on any Bond Payment Date will be made to the person appearing on the registration books of the Paying Agent as the registered Owner thereof as of the 15th day of the month immediately preceding such Bond Payment Date (the "Record Date"), such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal of and redemption premiums, if any, payable on the Bonds shall be payable upon maturity upon surrender at the designated office of the Paying Agent. The principal of, and interest, and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered owner of the Bonds.

Annual Debt Service

New Money Bonds. The following table shows the debt service schedule with respect to the New Money Bonds (assuming no optional redemptions are made):

Period Ending (August 1)	Annual Principal Payment	Annual Interest Payment(1)	Total Annual Debt Service
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
Totals			

(1) Interest payments on the New Money Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2020.

Refunding Bonds. The following table shows the debt service schedule with respect to the Refunding Bonds (assuming no optional redemptions are made):

Period Ending (August 1)	Annual Principal Payment	Annual Interest Payment(1)	Total Annual Debt Service
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
Totals			

(1) Interest payments on the Refunding Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2020.

See "SONOMA COUNTY JUNIOR COLLEGE DISTRICT – District Debt Structure – General Obligation Bonds" herein for a schedule of the combined debt service requirements for all of the District's outstanding general obligation bonds.

Application and Investment of Bond Proceeds

New Money Bonds. The New Money Bonds are being issued by the District to (i) finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities and (ii) pay the costs of issuance of the New Money Bonds.

Building Fund. The net proceeds of the sale of the New Money Bonds will be deposited into the fund held by the County and designated as the "Sonoma County Junior College District Election of 2014 General Obligation Bonds, Series B Building Fund" (the "Building Fund") and will be applied solely for the purposes approved by the voters of the District pursuant to the 2014 Authorization. Any interest earnings on moneys held in the Building Fund will be retained therein. Any excess proceeds of the New Money Bonds not needed for authorized purposes for which the New Money Bonds are being issued will be transferred to the New Money Bonds Debt Service Fund and applied to the payment of principal of and interest on the New Money Bonds. The Counties will have no responsibility for assuring the proper use of the proceeds of the New Money Bonds.

New Money Bonds Debt Service Fund. Any premium or accrued interest received by the District on the sale of the New Money Bonds will be deposited into the fund held by the County and designated as the "Sonoma County Junior College District Election of 2014 General Obligation Bonds, Series B Debt Service Fund" (the "New Money Bonds Debt Service Fund"). Any interest earnings on moneys held in the New Money Bonds Debt Service Fund will be retained in the New Money Bonds Debt Service Fund. If, after all of the New Money Bonds have been redeemed and cancelled or paid and cancelled, there are moneys remaining in the New Money Bonds Debt Service Fund or otherwise held in trust for the payment of the redemption price of the New Money Bonds, said moneys will be transferred to the general fund of the District as provided and permitted by law.

Refunding Bonds. The Refunding Bonds are being issued by the District to (i) advance refund the Refunded Bonds and (ii) pay the costs of issuance of the Refunding Bonds.

Escrow Fund. The net proceeds from the sale of the Refunding Bonds will be deposited with The Bank of New York Mellon Trust Company, N.A., acting as escrow agent (the "Escrow Agent"), to the credit of the "Sonoma County Junior College District 2019 General Obligation Refunding Bonds Escrow Fund" (the "Escrow Fund"). Pursuant to an Escrow Agreement between the District and the Escrow Agent, amounts deposited in the Escrow Fund will be used to purchase certain non-callable direct and general obligations of the United States of America, or non-callable obligations the payment of which is unconditionally guaranteed by the United States of America (collectively, the "Federal Securities"), the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay the redemption price of the Refunded Bonds on the redemption date therefor.

The following tables show the specific maturities of the Refunded Bonds to be refunded with proceeds of the Refunding Bonds, and those maturities of the 2013 Refunding Bonds to remain outstanding following the refunding described herein.

REFUNDED BONDS*
Sonoma County Junior College District
2013 General Obligation Refunding Bonds

Maturity Date (August 1)	CUSIP†	Principal Amount	Redemption Date	Redemption Price (% of Principal Amount)
2024	835569DM3	$9,190,000	August 1, 2023	100%
2025	835569DN1	10,165,000	August 1, 2023	100
2026	835569DP6	11,215,000	August 1, 2023	100
2027	835569DQ4	12,330,000	August 1, 2023	100
2028	835569DR2	13,515,000	August 1, 2023	100
2029	835569DS0	14,770,000	August 1, 2023	100

UNREFUNDED BONDS*
Sonoma County Junior College District
2013 General Obligation Refunding Bonds

Maturity Date (August 1)	CUSIP†	Principal Amount
2020	835569DD3	$7,845,000
2020	835569DE1	1,000,000
2021	835569DF8	7,715,000
2021	835569DG6	1,925,000
2022	835569DH4	10,310,000
2022	835569DJ0	250,000
2023	835569DK7	10,630,000
2023	835569DL5	950,000

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to pay the redemption price of the Refunded Bonds, each as described above, will be verified by Causey Demgen & Moore P.C. (the "Verification Agent"). See also "LEGAL MATTERS – Escrow Verification" herein. As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the computations of the Underwriters and the Verification Agent, the Refunded Bonds will be defeased and the obligation of the Counties to levy *ad valorem* property taxes for payment of the Refunded Bonds will terminate.

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* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CGS, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds and Refunded Bonds. None of the Underwriter, the Municipal Advisor or the District is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds and Refunded Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds and Refunded Bonds.

Refunding Bonds Debt Service Fund. Any accrued interest and surplus moneys in the Escrow Fund following the redemption of the Refunded Bonds will be transferred to and accounted for in the fund held by the County and designated as the "Sonoma County Junior College District 2019 General Obligation Refunding Bonds Debt Service Fund" (the "Refunding Bonds Debt Service Fund," and together with the New Money Bonds Debt Service Fund, the "Debt Service Funds"), and used by the District only for payment of principal of and interest on the Refunding Bonds. Any excess proceeds of the Refunding Bonds not needed for the authorized purposes for which the Refunding Bonds are being issued will be transferred to the Refunding Bonds Debt Service Fund and applied to the payment of principal of and interest on the Refunding Bonds. If, after payment in full of the Refunding Bonds, there remain any such excess proceeds, such amounts will be transferred to the general fund of the District as provided and permitted by law.

Expected Investment of Bond Proceeds. Funds on deposit in the Escrow Fund will be invested as described above. Moneys in the Building Fund and the Debt Service Funds are expected to be invested through the County Investment Pool. See "APPENDIX E – SONOMA COUNTY INVESTMENT POOL" attached hereto.

Redemption

Optional Redemption.* The Bonds maturing on or before August 1, 20___ are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after August 1, 20___ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 20___, at a redemption price equal to the principal amount of the Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption.* The New Money Bonds maturing on August 1, 20___ (the "20__ Term Bonds") are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20___, at a redemption price equal to the principal amount thereof, plus interest accrued to the date set for such redemption, without premium. The principal amount represented by the 20__ Term Bonds to be so redeemed, the redemption dates therefor, and the final principal payment date are as indicated in the following table:

Redemption Date (August 1)	Principal Amount

(1) Maturity.

In the event that a portion of the 20__ Term Bonds are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately or as otherwise directed by the District, in integral multiples of $5,000 principal amount, in respect of the portion of the 20__ Term Bonds optionally redeemed.

* Preliminary, subject to change.

The Refunding Bonds maturing on August 1, 20___ (the "20__ Term Bonds") are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20___, at a redemption price equal to the principal amount thereof, plus interest accrued to the date set for such redemption, without premium. The principal amount represented by the 20__ Term Bonds to be so redeemed, the redemption dates therefor, and the final principal payment date are as indicated in the following table:

Redemption Date (<u>August 1</u>)	**<u>Principal Amount</u>**

(1) Maturity.

In the event that a portion of the 20__ Term Bonds are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately or as otherwise directed by the District, in integral multiples of $5,000 principal amount, in respect of the portion of the 20__ Term Bonds optionally redeemed.

Selection of Bonds for Redemption. Whenever provision is made for the optional redemption of Bonds and less than all outstanding Bonds of a series are to be redeemed, the Paying Agent, upon written instruction from the District, will select Bonds for redemption as so directed by the District, and if not directed, in inverse order of maturity. Within a maturity of a series, the Paying Agent will select Bonds for redemption as directed by the District and, if not so directed, by lot. Redemption by lot will be in such manner as the Paying Agent shall determine; <u>provided</u>, <u>however</u>, that with respect to redemption by lot, the portion of any Bond to be redeemed in part will be in the principal amount of $5,000 or any integral multiple thereof.

Notice of Redemption. When redemption is authorized or required pursuant to the Resolutions, the Paying Agent, upon written instruction from the District, will give notice (a "Redemption Notice") of the redemption of the Bonds (or portions thereof). Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the portion of the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice will further state that on the specified date there will become due and payable upon each Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued to the redemption date thereon, and that from and after such date, interest thereon will cease to accrue.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) provide such Redemption Notice to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.

"Securities Depository" means The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent to the effect that a Redemption Notice has been given as provided in the respective Resolutions will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Payment of Redeemed Bonds. When a Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (and premium, if any) is irrevocably set aside in trust for that purpose, as described in "– Defeasance" herein, the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent will authenticate and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in principal amounts to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the District will be released and discharged thereupon from all liability to the extent of such payment.

Effect of Redemption Notice. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest accrued to such redemption date, is held in trust so as to be available therefor on such redemption date as described in the respective Resolutions and in "– Defeasance" herein, and if a Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest on the Bonds to be redeemed will cease to accrue and become payable. All money held for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds so to be redeemed.

Conditional Redemption Notice. With respect to any Redemption Notice in connection with the optional redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased as described in "—Defeasance" herein, such Redemption Notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal of, and premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said Redemption Notice will be of no force and effect, no portion of the Bonds will be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity as described in the respective Resolutions, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and the accrued interest thereon to the date fixed for redemption, all as provided in the respective Resolutions, then such Bonds will no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but none of the District, the Municipal Advisor, or the Underwriters takes any responsibility for the accuracy or completeness thereof. The District and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "MMI Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and together with the Direct Participants, the "Participants"). DTC has an S&P (as defined herein) rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on such website is not incorporated by reference herein.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Resolutions. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds or distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its designated office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the respective Resolutions.

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, transfer and exchange of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated office of the Paying Agent. Interest on the Bonds will be paid by the Paying Agent by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for a Bond of like series, tenor, maturity and principal amount upon presentation and surrender at the designated office of the Paying Agent, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such designated office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the owner equal to the principal amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Bonds during a period beginning with the opening of business on the 16^{th} day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable Redemption Notice is given or (b) transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

All or any portion of the outstanding maturities of the Bonds of each series may be defeased prior to maturity in the following ways:

(a) Cash. By irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with any amounts transferred from the applicable Debt Service Fund, is sufficient to pay all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date; or

(b) Government Obligations. By irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations, together with any amounts transferred from the Debt Service Fund, and any other cash, if required, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any such maturities of Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds will cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of the Bonds not so surrendered and paid all sums due with respect thereto.

"Government Obligations" means direct and general obligations of the United States of America, obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), and obligations secured or otherwise guaranteed, directly or indirectly, as to principal and interest by a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (i) a bank or trust company acts as custodian and holds the underlying United States obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (iii) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") or Moody's Investors Service ("Moody's").

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ESTIMATED SOURCES AND USES OF FUNDS

New Money Bonds. The estimated sources and uses of funds with respect to the New Money Bonds are expected to be as follows:

Sources of Funds

Principal Amount of the New Money Bonds
[Net] Original Issue Premium
Total Sources

Uses of Funds

Building Fund
New Money Bonds Debt Service Fund
Costs of Issuance(1)
Underwriting Discount
Total Uses

(1) Reflects all costs of issuance of the New Money Bonds to be paid from proceeds of the New Money Bonds, including, but not limited to, the municipal advisory fees, legal fees, printing costs, rating agencies fees, the costs and fees of the Paying Agent, and other costs of issuance of the New Money Bonds.

Refunding Bonds. The estimated sources and uses of funds with respect to the Refunding Bonds are expected to be as follows:

Sources of Funds

Principal Amount of the Refunding Bonds
Total Sources

Uses of Funds

Escrow Fund
Costs of Issuance(1)
Underwriting Discount
Total Uses

(1) Reflects all costs of issuance of the Refunding Bonds to be paid from proceeds of the Refunding Bonds, including, but not limited to, the municipal advisory fees, legal fees, printing costs, rating agencies fees, the costs and fees of the Paying Agent, Escrow Agent, and Verification Agent, and other costs of issuance of the Refunding Bonds.

TAX BASE FOR REPAYMENT OF BONDS

The information in this section describes ad valorem *property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from* ad valorem *property taxes levied and collected by the Counties on taxable property in the District, which taxes are unlimited as to rate or amount. The District's general fund is not a source for the repayment of the Bonds.*

Ad Valorem **Property Taxation**

District property taxes are assessed and collected by the Counties at the same time and on the same tax rolls as county, city and special district property taxes. Assessed valuations are the same for both District and respective Counties taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property is assessed on the "unsecured roll." Unsecured property comprises all property not attached to land, such as personal property or business property. Boats and airplanes are examples of unsecured property. A supplemental roll is developed when property changes hands or new construction is completed. The Counties levy and collect all property taxes for property falling within the respective Counties' taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment, plus any additional amount determined by the tax-collecting authority of the relevant county. After the second installment of taxes on the secured roll is delinquent, the tax-collecting authority of the relevant county will collect a cost of $10 for preparing the delinquent tax records and giving notice of the delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the tax-collecting authority of the relevant county.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecured tax roll after July 31, if unpaid, are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also "– Tax Levies, Collections and Delinquencies" herein.

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property, such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and K-14 school districts (as defined herein) share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuations

Property within the District had a total assessed valuation for fiscal year 2019-20 of $95,519,127,117. The following table shows the 10-year history of assessed valuations in the District.

ASSESSED VALUATIONS
Fiscal Years 2010-11 through 2019-20
Sonoma County Junior College District

	Local Secured	Utility	Unsecured	Total
	Sonoma County Portion			
2010-11	$64,020,423,410	$6,210,512	$2,501,007,648	$66,527,641,570
2011-12	62,787,226,097	5,975,071	2,402,947,797	65,196,148,965
2012-13	62,592,342,938	5,937,271	2,406,505,602	65,004,785,811
2013-14	64,791,312,253	5,917,011	2,330,844,396	67,128,073,660
2014-15	69,490,359,224	7,873,396	2,468,090,434	71,966,323,054
2015-16	74,284,114,709	7,873,396	2,592,344,057	76,884,332,162
2016-17	78,731,868,702	7,863,396	2,631,243,302	81,370,975,400
2017-18	83,113,699,616	7,828,396	2,637,652,696	85,759,180,708
2018-19	86,350,541,304	6,128,300	2,851,513,983	89,208,183,587
2019-20	91,384,481,546	6,128,300	3,009,448,145	94,400,057,991
	Mendocino County Portion			
2010-11	$814,486,674	$865,973	$15,388,246	$830,740,893
2011-12	811,519,790	865,973	15,100,368	827,486,131
2012-13	816,121,437	525,760	15,069,920	831,717,117
2013-14	815,646,342	525,760	14,593,576	830,765,678
2014-15	843,389,804	43,000	14,000,053	857,432,857
2015-16	856,490,578	263,339	14,099,186	870,853,103
2016-17	879,860,929	45,000	13,314,413	893,220,342
2017-18	911,254,195	45,000	13,265,207	924,564,402
2018-19	953,970,623	45,000	13,452,492	967,468,115
2019-20	986,177,156	60,000	13,693,122	999,930,278
	Marin County Portion			
2010-11	$83,001,151	$0	$6,014,149	$89,015,300
2011-12	90,835,429	0	5,996,992	96,832,421
2012-13	87,648,410	0	6,210,964	93,859,374
2013-14	93,136,654	0	5,796,162	98,932,816
2014-15	103,612,732	0	5,806,870	109,419,602
2015-16	105,106,946	0	5,564,700	110,671,646
2016-17	100,738,477	0	5,703,886	106,442,363
2017-18	102,377,829	0	5,677,054	108,054,883
2018-19	106,736,562	0	5,268,372	112,004,934
2019-20	113,998,336	0	5,140,512	119,138,848

[Table continued on the following page.]

Total District

	Local Secured	Utility	Unsecured	Total
2010-11	$64,917,911,235	$7,076,485	$2,522,410,043	$67,447,397,763
2011-12	63,689,581,316	6,841,044	2,424,045,157	66,120,467,517
2012-13	63,496,112,785	6,463,031	2,427,786,486	65,930,362,302
2013-14	65,700,095,249	6,442,771	2,351,234,134	68,057,772,154
2014-15	70,437,361,760	7,916,396	2,487,897,357	72,933,175,513
2015-16	75,245,712,233	8,136,735	2,612,007,943	77,865,856,911
2016-17	79,712,468,108	7,908,396	2,650,261,601	82,370,638,105
2017-18	84,127,331,640	7,873,396	2,656,594,957	86,791,799,993
2018-19	87,411,248,489	6,173,300	2,870,234,847	90,287,656,636
2019-20	92,484,657,038	6,188,300	3,028,281,779	95,519,127,117

Source: California Municipal Statistics, Inc.

Economic and other factors beyond the District's control, such as a general market decline in real property values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, drought, flood, fire or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the Counties to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

Considerations Regarding Sonoma Complex Fires. In October 2017, several wildfires collectively known as the Sonoma Complex Fires burned approximately 110,000 acres of land in Sonoma, Napa, and Lake Counties, including property within the boundaries of the District. The Tubbs Fire, one of the Sonoma Complex Fires, was the second most destructive wildfire in the State's history to date. The Sonoma Complex Fires destroyed approximately 5,300 structures. The County Assessor's office removed approximately $1.71 billion in improvement value from the fiscal year 2017-18 assessment roll, approximately $2.02 billion in improvement value from the fiscal year 2018-19 assessment roll, and, as of October 2019, approximately $2.06 billion in improvement value from the fiscal year 2019-20 assessment roll. The assessed valuation figures shown herein are inclusive of these actions by the County Assessor's office. Pursuant to Revenue and Taxation Code Section 170, property that incurred $10,000 or more in real property damage from a State-declared disaster is eligible for disaster relief. Owners may file applications with the County Assessor for such a reassessment within 12 months of the date of the identified calamity. The value of the property is reduced or removed during the time the property is in a state of disrepair and then reinstated when the property is repaired. If the structure is restored to its original condition, the original base year value is enrolled, adjusted for an appropriate time factor. If a better quality or larger structure is built as a replacement, credit is given for the base year value of the original improvement and then additional value is added for the current market value of the upgraded or larger structure. See also "– Appeals and Adjustments of Assessed Valuation" and "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 50 and Proposition 171" herein.

The District cannot make any representation regarding the impact the Sonoma Complex Fires may have on the future assessed valuation of property within the District or the economic activity within the boundaries of the District. The District sustained no damage to its facilities as a result of the Sonoma Complex Fires.

Appeals and Adjustments of Assessed Valuations. Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization (the "SBE"), with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

The District does not have information regarding pending appeals of assessed valuation of property within the District. No assurance can be given that property tax appeals currently pending or in the future, or actions by county assessors, will not significantly reduce the assessed valuation of property within the District.

Assembly Bill 102. On June 27, 2017, the Governor of the State (the "Governor") signed into law Assembly Bill 102 ("AB 102"). AB 102 restructured the functions of the SBE and created two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration took over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE continues to perform the duties assigned by the State Constitution related to property taxes, however, effective January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

Assessed Valuation by Jurisdiction

The following table shows an analysis of the distribution of taxable property in the District by jurisdiction, in terms of its fiscal year 2019-20 assessed valuation.

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2019-20
Sonoma County Junior College District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Cloverdale	$1,196,405,352	1.25%	$1,196,405,352	100.00%
City of Cotati	1,198,404,748	1.25	1,198,404,748	100.00
City of Healdsburg	2,784,172,319	2.91	2,784,172,319	100.00
City of Petaluma	10,837,588,370	11.35	10,837,588,370	100.00
City of Point Arena	50,355,229	0.05	50,355,229	100.00
City of Rohnert Park	5,865,910,059	6.14	5,865,910,059	100.00
City of Santa Rosa	25,422,283,240	26.61	25,422,283,240	100.00
City of Sebastopol	1,395,857,764	1.46	1,395,857,764	100.00
City of Sonoma	3,135,656,627	3.28	3,135,656,627	100.00
City of Windsor	4,432,981,941	4.64	4,432,981,941	100.00
Unincorporated Marin County	119,138,848	0.12	22,689,432,381	0.53
Unincorporated Mendocino County	949,575,049	0.99	9,399,403,589	10.10
Unincorporated Sonoma County	38,130,797,571	39.92	38,493,537,392	99.06
Total District	$95,519,127,117	100.00%		
Summary by County:				
Marin County	$119,138,848	0.12%	$82,516,667,278	0.14%
Mendocino County	999,930,278	1.05	12,207,760,459	8.19
Sonoma County	94,400,057,991	98.83	94,762,797,812	99.62
Total District	$95,519,127,117	100.00%		

Source: California Municipal Statistics, Inc.

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Assessed Valuation and Parcels by Land Use

The following table shows the distribution of taxable property within the District by principal use, as measured by assessed valuation and parcels in fiscal year 2019-20.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2019-20
Sonoma County Junior College District

Non-Residential:	**2019-20 Assessed Valuation**[1]	**% of Total**	**No. of Parcels**	**% of Total**
Agricultural/Vineyards	$7,327,903,754	7.92%	14,650	7.72%
Commercial/Office Building	6,584,675,230	7.12	4,994	2.63
Vacant Commercial	232,769,000	0.25	707	0.37
Industrial/Winery/Power Generation	6,797,994,187	7.35	2,274	1.20
Vacant Industrial	194,525,727	0.21	305	0.16
Recreational	365,782,625	0.40	319	0.17
Government/Social/Institutional	395,012,888	0.43	685	0.36
Miscellaneous	125,583,977	0.14	1,125	0.59
Subtotal Non-Residential	$22,024,247,388	23.81%	25,059	13.21%
Residential:				
Single Family Residence	$58,107,069,440	62.83%	127,841	67.39%
Condominium/Townhouse	4,235,984,115	4.58	16,661	8.78
Mobile Home	145,019,998	0.16	700	0.37
Mobile Home Park	295,675,861	0.32	90	0.05
Hotel/Motel	1,004,628,623	1.09	380	0.20
2-4 Residential Units	2,758,320,737	2.98	7,819	4.12
5+ Residential Units/Apartments	2,934,365,041	3.17	1,019	0.54
Miscellaneous Residential	133,502,125	0.14	559	0.29
Vacant Residential	845,843,710	0.91	9,571	5.05
Subtotal Residential	$70,460,409,650	76.19%	164,640	86.79%
Total	$92,484,657,038	100.00%	189,699	100.00%

(1) Total secured assessed valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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Assessed Valuation of Single Family Homes

The following table shows the distribution of single family homes within the District among various fiscal year 2019-20 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2019-20
Sonoma County Junior College District

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	127,841	$58,107,069,440	$454,526	$386,360

2019-20 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	2,612	2.043%	2.043%	$86,882,482	0.150%	0.150%
50,000 - 99,999	7,399	5.788	7.831	556,901,528	0.958	1.108
100,000 - 149,999	6,583	5.149	12.980	826,772,880	1.423	2.531
150,000 - 199,999	8,432	6.596	19.576	1,476,238,543	2.541	5.071
200,000 - 249,999	9,902	7.746	27.321	2,240,409,081	3.856	8.927
250,000 - 299,999	11,009	8.611	35.933	3,025,982,562	5.208	14.135
300,000 - 349,999	10,586	8.281	44.214	3,434,628,068	5.911	20.045
350,000 - 399,999	10,112	7.910	52.123	3,786,686,386	6.517	26.562
400,000 - 449,999	9,355	7.318	59.441	3,969,001,075	6.830	33.393
450,000 - 499,999	8,952	7.002	66.443	4,245,851,967	7.307	40.700
500,000 - 549,999	7,773	6.080	72.524	4,077,842,555	7.018	47.717
550,000 - 599,999	6,531	5.109	77.632	3,749,269,447	6.452	54.170
600,000 - 649,999	5,526	4.323	81.955	3,446,206,421	5.931	60.101
650,000 - 699,999	4,250	3.324	85.279	2,865,115,538	4.931	65.031
700,000 - 749,999	3,291	2.574	87.854	2,381,440,470	4.098	69.130
750,000 - 799,999	2,594	2.029	89.883	2,007,111,869	3.454	72.584
800,000 - 849,999	2,132	1.668	91.550	1,755,998,179	3.022	75.606
850,000 - 899,999	1,753	1.371	92.922	1,531,879,220	2.636	78.242
900,000 - 949,999	1,325	1.036	93.958	1,223,116,115	2.105	80.347
950,000 - 999,999	1,043	0.816	94.774	1,015,720,910	1.748	82.095
1,000,000 and greater	6,681	5.226	100.000	10,404,014,144	17.905	100.000
Total	127,841	100.000%		$58,107,069,440	100.000%	

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Tax Levies, Collections and Delinquencies

Secured tax charges and delinquency information is not available for the District. Secured *ad valorem* property tax collections within the District are subject to the Teeter Plan (as defined herein), and therefore not subject to delinquencies. See "—Alternative Method of Tax Apportionment – 'Teeter Plan'" herein.

Alternative Method of Tax Apportionment – "Teeter Plan"

The Boards of Supervisors of the Counties have each approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the Revenue and Taxation Code. Under the respective Teeter Plan for each of the Counties, each county apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the respective county acts as the tax-levying or tax-collecting agency.

The Teeter Plan for each of the Counties is applicable to all secured property tax levies for which such county acts as the tax-levying or tax-collecting agency, or for which such county's treasury is the legal depository of the tax collections.

The secured *ad valorem* property tax to be levied to pay the interest on and principal of general obligation bonds of the District will be subject to the respective Teeter Plan of each of the Counties. The District will receive 100% of the secured *ad valorem* property taxes levied in each of the Counties to pay such bonds, including the Bonds, irrespective of actual delinquencies in the collection of the tax by each of the Counties.

The respective Teeter Plan of each of the Counties is to remain in effect unless the Board of Supervisors of the applicable county orders its discontinuance or unless, prior to the commencement of any fiscal year of the applicable county (which commences on July 1 for each such county), the Board of Supervisors of the applicable county receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the applicable county, in which event the Board of Supervisors of the applicable county is to order discontinuance of such Teeter Plan effective at the commencement of the subsequent fiscal year. The Board of Supervisors of each of the Counties may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply, after holding a public hearing on the matter, discontinue the procedures under its respective Teeter Plan with respect to any tax levying agency or assessment levying agency in such county if the rate of secure tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency. In the event the Board of Supervisors of any of the Counties is to order discontinuance of its Teeter Plan subsequent to its implementation, only those secured property taxes actually collected by that county would be allocated to political subdivisions (including the District) for which such county acts as the tax-levying or tax-collecting agency.

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Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2019-20 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2019-20
Sonoma County Junior College District

	Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total[1]
1.	Geysers Power Co. LLC	Power Generation	$1,477,131,521	1.60%
2.	Keysight Technologies Inc.	Manufacturing	272,190,146	0.29
3.	Jackson Family Estates I LLC	Winery/Vineyards	244,805,427	0.26
4.	Lytton Rancheria of California	Agricultural/Vineyards	153,223,365	0.17
5.	Enclave Apartments Property Owner LLC	Apartments	150,289,425	0.16
6.	Ferrari-Carano Vineyards & Winery LLC	Winery/Vineyards	138,290,185	0.15
7.	Gallo Vineyards Inc.	Winery/Vineyards	107,557,399	0.12
8.	Foley Family Wines Inc.	Winery/Vineyards	106,634,374	0.12
9.	E & J Gallo Winery Inc.	Winery/Vineyards	104,772,973	0.11
10.	CWI-Fairmont Sonoma Hotel LLC	Hotel	94,030,162	0.10
11.	Sonoma-Cutrer Vineyards Inc.	Winery/Vineyards	88,756,588	0.10
12.	Varenna LLC	Retirement Community	86,025,992	0.09
13.	Francis Coppola Winery LLC	Winery/Vineyards	85,294,307	0.09
14.	EMI Santa Rosa LP	Shopping Center	83,097,246	0.09
15.	Speedway Sonoma LLC	Race Track	82,472,610	0.09
16.	Airport Business Center	Business Park	82,017,594	0.09
17.	Klein Foods Inc.	Food Processing	74,246,951	0.08
18.	Coddingtown LLC	Shopping Center	68,110,610	0.07
19.	Silver Oak Wine Cellars LLC	Winery/Vineyards	67,991,669	0.07
20.	Kendall-Jackson Wine Estates	Winery/Vineyards	67,595,820	0.07
			$3,634,534,364	3.93%

[1] The fiscal year 2019-20 local secured assessed valuation of the District is $92,484,657,038.
Source: California Municipal Statistics, Inc.

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Tax Rates

The representative tax rate areas located within the District are Tax Rate Areas 3-000, 3-011, 4-002, 4-009 and 9-000 in Sonoma County, Tax Rate Area 95-000 in Marin County, and Tax Rate Area 52-2 in Mendocino County. The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in these tax rate areas during the six-year period from 2014-15 through 2018-19.

SUMMARY OF *AD VALOREM* TAX RATES
Sonoma County Junior College District
Fiscal Years 2014-15 through 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
Sonoma County Portion TRA 3-000 – 2018-19 Assessed Valuation: $1,725,120,804					
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Warm Springs Dam	.0070	.0070	.0070	.0070	.0070
Petaluma City School District	.0620	.0530	.0410	.0310	.0360
Petaluma High School District	.0650	.0590	.0460	.0620	.0600
Sonoma County Community College District	.0180	.0160	.0400	.0370	.0360
Total	1.1520%	1.1350%	1.1340%	1.1370%	1.1390%
Sonoma County Portion TRA 3-011 – 2018-19 Assessed Valuation: $2,314,430,038					
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Warm Springs Dam	.0070	.0070	.0070	.0070	.0070
Old Adobe City School District	.0540	.0510	.0530	.0510	.0483
Petaluma High School District	.0650	.0590	.0460	.0620	.0600
Sonoma County Community College District	.0180	.0160	.0400	.0370	.0360
Total	1.1440%	1.1330%	1.1460%	1.1570%	1.1513%
Sonoma County Portion TRA 4-002 – 2018-19 Assessed Valuation: $4,460,995,594					
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Warm Springs Dam	.0070	.0070	.0070	.0070	.0070
Santa Rosa Elementary School District	.0240	.0520	.0495	.0470	.0430
Santa Rosa High School District	.0515	.0745	.0710	.0590	.0620
Sonoma County Community College District	.0180	.0160	.0400	.0370	.0360
Total	1.1005%	1.1495%	1.1675%	1.1500%	1.1480%
Sonoma County Portion TRA 4-009 – 2018-19 Assessed Valuation: $4,924,216,327					
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Warm Springs Dam	.0070	.0070	.0070	.0070	.0070
Rincon Valley Union Elementary School District	.0525	.0510	.0480	.0490	.0450
Santa Rosa High School District	.0515	.0745	.0710	.0590	.0620
Sonoma County Community College District	.0180	.0160	.0400	.0370	.0360
Total	1.1290%	1.1485%	1.1660%	1.1520%	1.1500%
Sonoma County Portion TRA 9-000 – 2018-19 Assessed Valuation: $2,507,951,111					
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Warm Springs Dam	.0070	.0070	.0070	.0070	.0070
Windsor County Water District	.0001	.0001	--	.0000	.0000
Windsor Unified School District	.1325	.1305	.1240	.1720	.1620
Sonoma County Community College District	.0180	.0160	.0400	.0370	.0360
Total	1.1576%	1.1536%	1.1710%	1.2160%	1.2050%

[Table is continued on the following page.]

	2014-15	2015-16	2016-17	2017-18	2018-19
Marin County Portion (TRA 95-000) – 2018-19 Assessed Valuation: $31,749,556					
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Petaluma High School District	.0650	.0590	.0460	.0620	.0600
Sonoma County Community College District	.0180	.0160	.0400	.0370	.0360
Marin Healthcare District	--	.0235	.0093	.0201	.0190
Total	1.0830%	1.0985%	1.0953%	1.1191%	1.1150%
Mendocino County Portion (TRA 52-002) - 2018-19 Assessed Valuation: $396,065,304					
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Point Arena High School Bond	.0200	.0210	.0190	.0190	.0160
Arena Union School District	.0160	.0170	.0180	.0180	.0190
Sonoma County Community College District	.0110	.0160	.0400	.0370	.0360
Total	1.0470%	1.0540%	1.0770%	1.0740%	1.0710%

Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc., effective as of October 1, 2019, for debt outstanding as of September 19, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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STATEMENT OF DIRECT AND OVERLAPPING DEBT
Sonoma County Junior College District

2019-20 Assessed Valuation: $95,519,127,117

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable[1]	Debt 10/1/19
Sonoma County Joint Community College District	**100.000%**	**$198,140,000**[2]
Cotati-Rohnert Park Unified School District	100.000	160,220,000
Healdsburg Unified School District and School Facilities Improvement District No. 1	100.000	96,263,380
Sonoma Valley Unified School District	100.000	95,368,881
Windsor Unified School Districts	100.000	68,616,713
Other Unified School District	Various	60,373,673
Petaluma City Joint Union High School District	100.000	47,815,000
Santa Rosa High School District	100.000	141,555,000
Bellevue Union School District	100.000	31,763,621
Old Adobe Union School District	100.000	35,615,568
Rincon Valley Union School District	100.000	46,780,791
Santa Rosa School District	100.000	39,225,000
Other High School and School Districts	Various	185,970,746
Palm Drive Health Care District General Obligation and Parcel Tax Bonds	100.000	18,060,000
Sonoma Valley Healthcare District	100.000	28,269,000
Other Healthcare Districts	0.156 -100.000	3,746,030
Other Special Districts	Various	44,866
Community Facilities District	100.000	29,740,261
1915 Act Bonds (Estimate)	100.000	21,984,693
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$1,309,553,223

OVERLAPPING GENERAL FUND DEBT:		
Sonoma County General Fund Obligations	99.619%	$13,468,489
Sonoma County Pension Obligation Bonds	99.619	351,027,470
Sonoma County Office of Education Certificates of Participation	99.619	3,778,470
Marin and Mendocino County General Fund and Pension Obligations	0.120 & 8.178	5,320,657
School District General Fund Obligations	Various	34,581,909
City of Santa Rosa General Fund and Pension Obligation Bonds	100.000	30,220,000
Other City General Fund Obligations	100.000	11,629,494
Fire Protection District General Fund Obligations	Various	881,403
TOTAL OVERLAPPING GENERAL FUND DEBT		$450,907,892

OVERLAPPING TAX INCREMENT DEBT:		
Successor Agency to Healdsburg Redevelopment Agency	100.000%	$39,367,700
Successor Agency to Petaluma Redevelopment Agency	100.000	64,540,000
Successor Agency to Rohnert Park Redevelopment Agency	100.000	25,088,846
Successor Agency to Sonoma City Redevelopment Agency	100.000	32,535,000
Other Successor Agencies	100.000	75,779,000
TOTAL OVERLAPPING TAX INCREMENT DEBT		$237,310,546
COMBINED TOTAL DEBT		$1,997,771,661[3]

Ratios to 2019-20 Assessed Valuation:
Direct Debt ($198,140,000)..0.21%
Total Direct and Overlapping Tax and Assessment Debt 1.37%
Combined Total Debt..2.09%

Ratios to 2018-19 Redevelopment Incremental Valuation ($10,748,631,451)[4]:
Total Overlapping Tax Increment Debt 2.21%

(1) Fiscal year 2018-19 ratios.
(2) Excludes the Bonds and includes the Refunded Bonds described herein.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
(4) Fiscal year 2019-20 incremental valuation is not available at this time.
Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an ad valorem *property tax required to be levied by the Counties on taxable property within the District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein. Articles XIIIA, XIIIB, XIIIC and XIIID of the State Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the Counties to levy taxes on behalf of the District and the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such information that these laws impose any limitation on the ability of the Counties to levy taxes for payment of the principal of and interest on the Bonds.*

Article XIIIA of the California Constitution

Article XIIIA ("Article XIIIA") of the State Constitution limits the amount of *ad valorem* property taxes on real property to 1% of "full cash value" as determined by the county assessor of each county. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the fiscal year 1975-76 bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the "full cash value" is also referred to as the "base year value." The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by State voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the adjusted base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rates levied by the Counties to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations" herein.

Article XIIIA requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (i) on any indebtedness approved by the voters prior to July 1, 1978, or (ii) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (iii) on bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for the payment of the Bonds falls within the exception described in item (iii) of the immediately preceding sentence. In addition, Article XIIIA requires the approval of two-thirds or more of all members of the Legislature of the State (the "State Legislature") to change any State taxes for the purpose of increasing tax revenues.

Split Roll Property Tax Ballot Measure. On October 15, 2018, a proposed ballot initiative became eligible for the November 2020 Statewide ballot (the "2020 Ballot Measure"). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, the 2020 Ballot Measure would amend Article XIIIA such that the "full cash value" of commercial and industrial real property that is not zoned for commercial agricultural production, for each lien date, would be equal to the fair market value of that property. If passed, the 2020 Ballot Measure would not affect the "full cash value" of residential property or real property used for commercial agricultural production, which would continue to be subject to annual increases not to exceed 2%. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties and special districts for the cost of implementing the 2020 Ballot Measure, approximately 40% of the remaining additional tax revenues generated as a result of the 2020 Ballot Measure would be deposited into a fund created pursuant to the 2020 Ballot Measure called the Local School and Community College Property Tax Fund, with such funds being used to supplement, and not replace, existing funding school districts and community college districts receive under the State's constitutional minimum funding requirement. The District cannot predict whether the 2020 Ballot Measure will appear on the Statewide ballot at the November 2020 election or, if it does, whether the 2020 Ballot Measure will be approved by a majority of voters casting a ballot. If approved, the District cannot make any assurance as to what effect the implementation of the 2020 Ballot Measure will have on District revenues or the assessed valuation of real property in the District.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the relevant county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction or change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Both the United States Supreme Court and the State Supreme Court have upheld the general validity of Article XIIIA.

State-Assessed Utility Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions. Under the State Constitution, such property is assessed by the State Board of Equalization ("SBE") as part of a "going concern" rather than as individual pieces of real or personal property. Such State-assessed unitary and certain other property is allocated to counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's financing formula for community college districts. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues" herein.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIIIA of the State Constitution to allow owners of property that was "substantially damaged or destroyed" by a disaster, as declared by the Governor (the "Damaged Property"), to transfer their existing base year value (the "Original Base Year Value") to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the "Original Cash Value"); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the "Replacement Base Year Value") depends on the relation of the full cash value of the replacement property (the "Replacement Cash Value") to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIIIA of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a "comparable replacement property" located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Inter-county transfers under Proposition 171 are more restrictive than intra-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a "reasonable size that is used as a site for a residence;" (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of "equal or lesser value" than the Original Cash Value.

Within the context of Proposition 171, "equal or lesser value" means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

Article XIIIB of the California Constitution

Article XIIIB of the State Constitution ("Article XIIIB"), as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, community college district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIIIB defines

(a) "change in the cost of living" with respect to school districts and community college districts (collectively, "K-14 school districts") to mean the percentage change in State per capita income from the preceding year, and

(b) "change in population" with respect to K-14 school districts to mean the percentage change in the average daily attendance of such K-14 school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for fiscal year 1986-87 adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the State Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "—Propositions 98 and 111" herein.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, State voters approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the State Constitution Articles XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including K-14 school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the State Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as K-14 school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the State Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the Counties pursuant to Article XIIIA of the State Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Proposition 26

On November 2, 2010, State voters approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Propositions 98 and 111

On November 8, 1988, State voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act, have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changed State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-14 school districts at a level equal to the greater of (a) the same percentage of the State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, or (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of returned to taxpayers, transferred to K-14 school districts. Any such transfer to K-14 school districts is excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year will automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the State budget for each fiscal year.

On June 5, 1990, State voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limitation Act of 1990" ("Proposition 111") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and education funding priority and allocation. Proposition 111 took effect on July 1, 1990.

The most significant provisions of Proposition 111 are summarized as follows:

a. <u>Annual Adjustments to Spending Limit</u>. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in State per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in pupil attendance.

b. <u>Treatment of Excess Tax Revenues</u>. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess is to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of such districts' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into such districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

c. <u>Exclusions from Spending Limit</u>. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, all appropriations for "qualified capital outlay projects," as defined by the State Legislature, are excluded. Also, any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990 are all excluded. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which was expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

d. Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) a certain percentage of State general fund revenues (Test 1) or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (Test 2). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) Test 3, which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in State per capita personal income. Under Test 3, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" to K-14 school districts which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, State voters approved an amendment (commonly known as "Proposition 39") to the State Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-14 school districts, including the District, and county offices of education. As noted above, the State Constitution previously limited property taxes to 1% of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the governing board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the governing board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate projected to be levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary school district or high school district), or $25 (for a community college district, such as the District), per $100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIIIA of the Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor. See "- Article XIIIA of the California Constitution" herein.

Jarvis vs. Connell

On May 29, 2002, the State Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to State statutes (such as continuing appropriations) or the State Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the State Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

On November 2, 2004, State voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to K-14 school districts, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A allows the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by State voters on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to K-14 school districts or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on State transportation bonds, to borrow or change the distribution of State fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for State mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for K-14 school districts, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was expected to be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

Proposition 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016.

Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “Proposition 30”). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

The revenues generated from the personal income tax increases will be included in the calculation of the Proposition 98 Minimum Funding Guarantee (defined herein) for school districts and community college districts. See “– Propositions 98 and 111” herein. From an accounting perspective, the revenues generated from the personal income tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the “EPA”). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to school districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 2

On November 4, 2014, State voters approved the Rainy Day Budget Stabilization Fund Act (also known as “Proposition 2”). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State’s Budget Stabilization Account (the “BSA”) established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the “Annual BSA Transfer”). Supplemental transfers to the BSA (a “Supplemental BSA Transfer”) are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a "budget emergency," defined as an emergency within the meaning of Article XIIIB of the State Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum funding guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is an initiative that was approved by State voters on June 5, 2018. Proposition 51 authorizes the sale and issuance of $9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school district lacks sufficient local funding, it may apply for additional State grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school ($500 million) and technical education ($500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for State loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, State grants are capped at $3 million for a new facility and $1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the State Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and State Legislature will select among eligible projects as part of the annual State budget process.

The District makes no guarantees that it will either pursue or qualify for Proposition 51 State facilities funding.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the State Constitution and Propositions 22, 26, 30, 39, 98, 55 and 51 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

The information in this section concerning State funding of community college districts is provided as supplementary information only, and it should not be inferred from the inclusion of the information under this heading that the principal of and interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem *property tax required to be levied by the Counties on taxable property within the District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

Major Revenues

General. California community college districts (other than "community supported" Basic Aid districts, as described below) receive a majority of their funding from the State, and the balance from local and federal sources. State funds include general apportionment, categorical funds, capital construction, lottery funds, and other minor sources. Every community college district receives the same amount of State lottery funds on a per-student basis (which is generally less than 3%), although lottery funds are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery requires the funds to be used for instructional purposes, and prohibits their use for capital purposes.

The major local revenue source is local property taxes that are collected from within district boundaries, with student enrollment fees accounting for most of the remainder. A small part of a community college district's budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations, educational foundation contributions and sales or leases of property.

The sum of property taxes, student enrollment fees, EPA Funds, and State aid comprise a district's revenue limit. State funding is generally subject to the appropriation of funds in the State's annual budget. Thus, decreases in State revenues may affect appropriations made by the State Legislature to community college districts.

"Basic Aid" community college districts (also referred to as "community supported" districts) are those districts whose local property taxes, student enrollment fee collections, and Education Protection Account funds exceed the revenue allocation determined by the current State funding model. See also

"CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 55" herein. Thus, Basic Aid districts do not receive any general apportionment funding from the State. The current law in the State allows these districts to keep the excess funds without penalty. The implication for Basic Aid districts is that the legislatively determined annual COLAs and other politically determined factors are less significant in determining such districts primary funding sources. Rather, property tax growth and the local economy become the determining factors. The District is not a Basic Aid district.

Enrollment Based Funding. State community college districts apportionments were previously funded pursuant to a system established by Senate Bill 361 ("SB 361"). SB 361 provided for a basic allocation (a "Basic Allocation") based on the number of colleges, state-approved education centers and total enrollment, together with funding based on per-student rates for credit FTES, non-credit FTES and career development and college preparation ("CDCP") non-credit FTES.

SB 361 specified that, commencing with the 2006-07 fiscal year the minimum funding per FTES would be: (a) not less than $4,367 per credit FTES; (b) at a uniform rate of $2,626 per non-credit FTES; and (c) $3,092 per CDCP FTES. Although CDCP FTES were initially funded at a lower rate than credit FTES, subsequent legislation effective as of the 2015-16 fiscal year set the minimum funding for CDCP FTES at the same level as credit FTES. Each such minimum funding rate was subject to cost of living adjustments (each, a "COLA"), if any, funded through the State budgeting legislation in each fiscal year.

One unit of FTES is equivalent to 525 student contact hours, which is determined based on a State formula of one student multiplied by 15 weekly contact hours multiplied by 35 weeks. Accordingly, the number of FTES in the District may not equal the number of students enrolled in the District.

In each fiscal year, the State budget established an enrollment cap on the maximum number of resident FTES, known as the "funded" FTES, for which a community college district would receive a revenue allocation. A district's enrollment cap was based on the previous fiscal year's reported FTES, plus the growth allowance provided for by the State budget, if any. All student hours in excess of the enrollment cap were considered "unfunded" FTES. Nonresident and international students are excluded from the State funding formula and pay full tuition.

Student Centered Funding Formula. Assembly Bill 1809 ("AB 1809"), the higher education trailer bill passed as part of the State budget for fiscal year 2018-19, referred to as the "Student Centered Funding Formula," (the "SCFF"). The SCFF includes three components: (1) a base allocation (the "Base Allocation") driven primarily by enrollment, (2) a supplemental allocation (the "Supplemental Allocation") based on the number of certain types of low-income students, and (3) a student success allocation (the "Student Success Allocation") that is calculated using various performance-based metrics.

The SCFF includes several provisions to provide districts greater financial stability in transitioning to the new formula: (i) for fiscal years 2018-19 through 2021-22, community college districts will receive no less in total apportionment funding than they received in 2017-18, adjusted for COLAs; (ii) for fiscal year 2022-23 and onward, districts will receive no less in apportionment funding per-student than they received in fiscal year 2017-18; and (iii) beginning in fiscal year 2018-19, districts will receive the greater of the amount calculated by the SCFF for the current or prior year (excluding amounts districts receive pursuant to the provision summarized in (i) above.)

<u>Base Allocation.</u> The Base Allocation is composed of (1) the Basic Allocation, determined consistent with the prior funding formula (see "—Enrollment Based Funding"), and (2) funding for credit, non-credit and CDCP FTES. The Base Allocation is expected to constitute approximately 70% of Statewide funding for community college districts in fiscal year 2018-19 and in fiscal year 2019-20. Future years' allocations are yet to be determined.

The SCFF provides minimum funding levels for credit FTES for the first fiscal year at $3,727 for fiscal year 2018-19. For fiscal year 2019-20 the State's 2019-20 Budget recalculates funding rates in the base, supplemental and student success allocations so that 70% of SCFF funds would be allocated to the base allocation. Beginning in 2020-21 those funding rates would be adjusted by COLA. Notwithstanding the foregoing, the SCFF provides higher credit FTES funding rates for certain districts, which do not include the District, that were entitled to higher funding rates under the prior funding formula. Beginning in fiscal year 2021-22, the provision of COLAs and other adjustments will be subject to appropriation therefor in the annual State budget. Total funding for credit FTES will be based on a rolling three-year average of the funded credit FTES from the current fiscal year and the two immediately preceding fiscal years. Credit FTES associated with enrollment growth proposed in the annual budget act shall be excluded from the three-year average and shall instead be added to the computed three-year rolling average. In computing the three-year average, credit FTES generated by incarcerated and special admit students shall be excluded and funded consistent with the prior funding formula.

Funding levels for non-credit and CDCP FTES are determined consistent with the prior funding formula. See "—Enrollment Based Funding" herein. Total funding for these categories will be based on actual non-credit and CDCP FTES for the most recent fiscal year.

For fiscal year 2018-19, the District received a Base Allocation equal to $79,834,642. For fiscal year 2019-20, the District has budgeted the receipt of a Base Allocation equal to $85,680,530.

The table below shows a breakdown of the District's historical resident FTES figures for the last nine fiscal years, and a budgeted amount for the current fiscal year.

RESIDENT FULL TIME EQUIVALENT STUDENTS
Fiscal Years 2010-11 through 2019-20
Sonoma County Junior College District

Fiscal Year	Funded FTES	Unfunded FTES	Total FTES
2010-11	20,905	411	21,136
2011-12	19,194	501	19,695
2012-13(1)	19,194	--	19,194
2013-14	19,600	--	19,600
2014-15(1)	19,600	--	19,600
2015-16	19,415	--	19,415
2016-17(1)	19,415	--	19,415
2017-18(2)	19,451	--	19,451
2018-19(2)	19,451	--	19,451
2019-20(2)(3)	19,451	--	19,451

(1) Includes FTES above the District's actual FTES, which is funded through the State's stability funding mechanism. Under Code of Regulations Section 58776, during the initial year of a decline in FTES, community college districts are eligible to receive "stability" funding, in an amount equal to the revenue loss associated with a decline in FTES for that year. Stability funding is available for a one-year period. If FTES are not restored to the pre-decline level within a period of two years following the initial decline, a community college district that has received stability funding is subject to a permanent reduction of its funded FTES and an attendant decline in operating revenue.

(2) The District received the Emergency Conditions Waiver (as defined herein), under which the District is guaranteed to be funded at its fiscal year 2017-18 FTES in fiscal years 2017-18 through 2019-20 with up to two additional years with approval, as opposed to its actual FTES. See "- Emergency Conditions Waiver" herein for additional information. For fiscal year 2019-20, actual FTES is budgeted to be 17,300.

(3) Budgeted.

Source: Sonoma County Junior College District.

Supplemental Allocation. The Supplemental Allocation, accounting for approximately 20% of Statewide funding, will be distributed to districts based on their headcounts of students that receive Federal Pell Grants, a student who is granted an exemption from nonresident tuition pursuant to Section 68130.5 (AB540), and student fee waivers under California Education Code 76300 (California College Promise Grant). The SCFF provides $919 per qualifying student for fiscal year 2018-19. Beginning in fiscal year 2019-20, the State's 2019-20 Budget recalculates funding rates for supplemental allocation so that in 2019-20, 20% of the SCFF funds would be allocated for the supplemental allocation. Beginning in 2020-21 those rates would be adjusted by COLA. Headcounts are not unduplicated, such that districts will receive twice or three times as much supplemental funding for a student that falls into more than one of the aforementioned categories. For fiscal year 2018-19, the District received a Supplemental Allocation of approximately $13,864,953. For fiscal year 2019-20, the District has budgeted the receipt of a Supplemental Allocation of approximately $14,316,960.

Student Success Allocation. The Student Success Allocation will be distributed to districts based on their performance in various student outcome metrics, including obtaining various degrees and certificates, completing transfer-level math and English courses within a student's first year, and having students obtain a regional living wage within a year of completing community college. The Student Success Allocation is expected to account for 10% of statewide funding for community college districts Each metric is assigned a point value, with some metrics weighted more than others. A single student outcome with more points will generate more funding. Beginning in fiscal year 2019-20 the student success allocation will count only the highest of all awards a student earned in the same year and will only count the award if the student was enrolled in the district in the year the award was granted. The student success allocation will also calculate based on the three-year rolling average of each metric. Outcome metrics for students that qualify for Federal Pell Grants, AB 540 and California College Promise Grants are eligible for additional funding.

For fiscal year 2018-19, the SCFF provides a rate for all students of $440 per point, and additional $111 per point for Pell Grant, AB 540 and California College Promise Grant students. For fiscal year 2019-20 the State's 2019-20 Budget recalculates funding rates for the student success allocation so that in 2019-20, 10% of the SCFF funds would be allocated for the student success allocation. Beginning in 2020-21 those rates would be adjusted by COLA. For fiscal year 2018-19, the District received a Student Success Allocation equal to $10,235,540 and for fiscal year 2019-20, the District has budgeted the receipt of a Student Success Allocation equal to $10,569,209.

The District received $5,882,104 of Hold-Harmless Funding for 2018-19 and for fiscal year 2019-20, the District has budgeted the receipt of $2,831,202 of Hold-Harmless Funding.

Emergency Conditions Waiver. In late 2017, following the Sonoma Complex Fires (see "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations – Considerations Regarding Sonoma Complex Fires" herein), the District applied for an emergency conditions waiver from the Chancellor's Office (as defined herein) pursuant to Code of Regulations, Title 5 Section 58146, under which the District would be held harmless for declines to FTES caused by the Sonoma Complex Fires for up to six years. The Chancellor's Office granted the emergency conditions waiver (the "Emergency Conditions Waiver") with modifications. The Chancellor's Office agreed to fund the District at the fiscal year 2017-18 FTES of 19,451 for three years – fiscal years 2017-18 through 2019-20 – with the potential for two additional years of funding at the same level. The District has applied for the two additional years through fiscal year 2021-22 and expects a decision from the Chancellor's Office in November 2019. The District can make no guarantee that the Emergency Conditions Waiver will be granted for the additional two years.

The Base Allocation, Supplemental Allocation, Student Success Allocation, and Hold-Harmless Funding amounts shown above for fiscal years 2018-19 and 2019-20 are based on an FTES of 19,451 per the Emergency Conditions Waiver, not the District's actual FTES served. If the Emergency Conditions Waiver had not been granted, the District would be funded at lower levels.

Budget Procedures

On or before September 15, the Board of Trustees of a community college district is required under Code of Regulations Section 58305 to adopt a balanced budget. Each September, every State agency, including the Chancellor's Office of the California Community Colleges (the "Chancellor's Office"), submits to the State Department of Finance (the "DOF") proposals for changes in the State budget. These proposals are submitted in the form of Budget Change Proposals ("BCPs"), involving analyses of needs, proposed solutions and expected outcomes. Thereafter, the DOF makes recommendations to the Governor, and by January 10 a proposed State budget is presented by the Governor to the State Legislature. The Governor's State budget is then analyzed and discussed in committees and hearings begin in the State Assembly and Senate. In May of each year, based on the debate, analysis and changes in the economic forecasts, the Governor issues a revised budget with changes he or she can support. The law requires the State Legislature to submit its approved budget by June 15, and by June 30 the Governor should announce his or her line item reductions and sign the State budget. In response to growing concern for accountability and with enabling legislation (AB 2910, Chapter 1486, Statutes of 1986), the Board of Governors and the Chancellor's Office have established expectations for sound district fiscal management and a process for monitoring and evaluating the financial condition to ensure the financial health of the State's community college districts. In accordance with statutory and regulatory provisions, the Chancellor has been given the responsibility to identify community college districts at risk and, when necessary, the authority to intervene in the management of a community college district to bring about improvement in such district's financial condition. To stabilize such a district's financial condition, the Chancellor may, as a last resort, seek an appropriation from the State for an emergency apportionment.

The monitoring and evaluation process is designed to provide early detection and amelioration that will stabilize the financial condition of a district before an emergency apportionment is necessary. This is accomplished by (1) assessing the financial condition of districts through the use of various information sources and (2) taking appropriate and timely follow-up action to bring about improvement in a district's financial condition, as needed. A variety of instruments and sources of information are used to provide a composite of each district's financial condition, including quarterly financial status reports, annual financial and budget reports, attendance reports, annual district audit reports, district input and other financial records. In assessing each district's financial condition, the Chancellor will pay special attention to each district's general fund balance, spending pattern, and FTES patterns. Those districts with greater financial difficulty will receive follow-up visits from the Chancellor's Office where financial solutions to the district's problems will be addressed and implemented.

See "SONOMA COUNTY JUNIOR COLLEGE DISTRICT – General Fund Budgeting" herein for more information regarding the District's recent budgeting trends.

Minimum Funding Guarantees for California Community College Districts Under Propositions 98 and 111

General. In 1988, State voters approved Proposition 98, an initiative that amended Article XVI of the State Constitution and provided specific procedures to determine a minimum guarantee for annual K-14 funding. The constitutional provision links the K-14 school district funding formulas to growth factors that are also used to compute the State appropriations limit. Proposition 111 (Senate Constitutional Amendment 1), adopted in June 1990, among other things, changed some earlier school funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added a third funding test ("Test 3") to calculate the annual funding guarantee. This third calculation is operative in years in which State general fund tax revenue growth is weak. The amendment also specified that under Test 2 (see below), the annual COLA for the minimum guarantee for annual K-14 funding would be the change in the State's per-capita personal income, which is the same COLA used to make annual adjustments to the State appropriations limit (Article XIIIB).

Calculating Minimum Funding Guarantee. There are currently three tests which determine the minimum level of K-14 funding. Under implementing legislation for Proposition 98 (AB 198 and SB 98 of 1989), each segment of public education (K-14 school districts, and direct elementary and secondary level instructional services provided by the State) has separately calculated amounts under the Proposition 98 tests. The base year for the separate calculations is the 1989-90 fiscal year. Each year, each segment is entitled to the greater of the amounts separately computed for each under Test 1 or 2. Should the calculated amount under Proposition 98 guarantee (K-14 education aggregated) be less than the sum of the separate calculations, then the Proposition 98 guarantee amount shall be prorated to the three segments in proportion to the amount calculated for each. This statutory split has been suspended in every year beginning with fiscal year 1992-93. In those years, community colleges received less than was required from the statutory split.

Test 1 guarantees that K-14 education will receive at least the same funding share of the State general fund budget it received in fiscal year 1986-87. Initially, that share was just over 40%. Because of the major shifts of property tax from local government to K-14 school districts which began in fiscal year 1992-93 and increased in fiscal year 1993-94, the percentage dropped to 33.0%.

Test 2 provides that K-14 education will receive, at a minimum, its prior-year total funding (including State general fund and local revenues) adjusted for enrollment growth (FTES) and per-capita personal income COLA.

Test 3, established pursuant to Proposition 111, provides an alternative calculation of the funding base in years in which State per-capita General Fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of 1% of the prior-year funding level as a funding supplement.

In order to make up for the lower funding level under Test 3, in subsequent years K-14 education receives a maintenance allowance (also referred to as a "maintenance factor") equal to the difference between what should have been provided if the revenue conditions had not been weak and what was actually received under the Test 3 formula. This maintenance allowance is paid in subsequent years when the growth in per-capita State tax revenue outpaces the growth in per-capita personal income.

The enabling legislation to Proposition 111, Chapter 60, Statutes of 1990 (SB 98, Garamendi), further provides that K-14 education shall receive a supplemental appropriation in a Test 3 year if the annual growth rate in non-Proposition 98 per-capita appropriations exceeds the annual growth rate in per-pupil total spending.

State Dissolution of Redevelopment Agencies

On December 30, 2011, the State Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* ("*Matosantos*"), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all Redevelopment Agencies in the State ceased to exist as a matter of law on February 1, 2012. The Court in *Matosantos* also found that ABx1 27, a companion bill to ABx1 26, violated the State Constitution, as amended by Proposition 22. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22" herein. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to K-14 school districts and county offices of education, totaling $1.7 billion statewide.

ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("AB 1484"), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller's cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund ("Trust Fund"), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any "enforceable obligations" of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, equal to at least $250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the State Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the State Controller. If the State Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of

1993 (AB 1290, Chapter 942, Statutes of 1993) ("AB 1290"), are restricted to educational facilities without offset against revenue limit apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the affected local taxing entity uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABX1 26 states that in the future, pass-throughs shall be made in the amount "which would have been received . . . had the redevelopment agency existed at that time," and that the county auditor-controller shall "determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of [ABX1 26] using current assessed values . . . and pursuant to statutory formulas and contractual agreements with other taxing agencies."

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

The District can make no representations as to the extent to which its base apportionments from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies or any other surplus property tax revenues pursuant to the Dissolution Act.

State Assistance

State community college districts' principal funding formulas and revenue sources are derived from the budget of the State. The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, none of the District, the Municipal Advisor or the Underwriters takes any responsibility as to the accuracy or completeness thereof and none have independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem *property tax required to be levied by the Counties for the payment thereof on taxable property within the boundaries of the District.*

2019-20 Budget. On June 27, 2019, the Governor signed into law the State budget for fiscal year 2019-20 (the "2019-20 Budget"). The following information is drawn from the State Department of Finance's summary of the 2019-20 Budget.

For fiscal year 2018-19, the 2019-20 Budget projects total general fund revenues and transfers of $138 billion and total expenditures of $142.7 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $20.7 billion, including $5.4 billion in the traditional general fund reserve, $14.4 billion in the BSA and $900 million in the Safety Net Reserve Fund for the CalWORKs and Medi-Cal programs. For fiscal year 2019-20, the 2019-20 Budget projects total general fund revenues and transfers of $143.8 billion and authorizes expenditures of $147.8 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of $18.8 billion, including $1.4 billion in the traditional general fund reserve, $16.5 billion in the BSA and $900 million in the Safety Net Reserve Fund. The 2019-20 Budget also authorizes a deposit to the PSSSA of $376.5 million in order to comply with Proposition 2.

For fiscal year 2019-20, the 2019-20 Budget sets the minimum funding guarantee at $81.1 billion. Other significant features with respect to community college funding include the following:

- *Student Centered Funding Formula* – An ongoing increase of $254.7 million in Proposition 98 funding to support the SCFF, including (i) an increase of $230 million to support a 3.26% COLA for total apportionment growth, and (ii) an increase of $24.7 million to fund 0.55% of enrollment growth.

- *Settle-Up Payment* - An increase of $686.6 million for K-14 school districts to pay the balance of past-year Proposition 98 funding owed through fiscal year 2017-18.

- *Pension Costs* – A $3.15 billion payment from non-Proposition 98 funds to STRS (as defined herein) and PERS (as defined herein), to reduce long-term liabilities for K-14 school districts. Of this amount, $850 million would be provided to buy down employer contribution rates in fiscal years 2019-20 and 2020-21. With these payments, STRS employer contributions will be reduced from 18.13% to 17.1% in fiscal year 2019-20, and from 19.1% to 18.4% in fiscal year 2020-21. The PERS employer contribution will be reduced from 20.7% to 19.7% in fiscal year 2019-20, and the projected PERS employer contribution is expected to be reduced from 23.6% to 22.9 % in fiscal year 2020-21. The remaining $2.3 billion would be paid towards employers' long-term unfunded liability. See also "SONOMA COUNTY JUNIOR COLLEGE DISTRICT – Retirement Programs" herein.

- *Free College* - $42.6 million in ongoing Proposition 98 funding to support a second academic year of the California College Promise to waive enrollment fees for fist-time, full-time students.

- *Deferred Maintenance* – A one-time increase of $13.5 million in Proposition 98 funding for deferred maintenance, instructional equipment and specified water conservation projects.

- *Student Support* – An ongoing increase of $9 million in Proposition 98 funding to provide support to community college students who are homeless or are experiencing housing insecurity. The 2019-20 Budget also provides a one-time increase of $3.9 million in Proposition 98 funding to address student basic needs, including housing and food insecurity.

- *Veterans Resources* – An ongoing increase of $5 million in Proposition 98 funding for the establishment or enhancement of veterans resource centers at community colleges. In addition, the 2019-20 Budget also provides an increase of $2.25 million in Proposition 98 settle-up funds to expand veterans resource centers at specified colleges.

- *Workforce Development* – A one-time increase of $4.75 million in one-time, Proposition 98 settle-up funds to support the improvement of workforce development programs at specified community colleges.

- *Proposition 51* – A total allocation of $535.3 million in Proposition 51 bond funds for critical fire and life safety projects at campuses statewide.

For additional information regarding the 2019-20 Budget, see the State Department of Finance website at www.dof.ca.gov. However, the information presented on such website is not incorporated herein by reference.

Future Actions. The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

The information in this section concerning the operations of the District and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable only from the proceeds of an ad valorem *property tax levied by the Counties for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

Introduction

The District was established in 1918 and is located in the Counties. The District serves local communities in the cities of Santa Rosa, Sonoma, Petaluma, Rohnert Park, Sebastopol, Windsor and Healdsburg and the unincorporated areas of Sonoma County, Northern Marin County and Southern Mendocino County. The District currently operates Santa Rosa Junior College, which provides collegiate level instruction across a wide spectrum of subjects for grades 13 and 14 with campuses in Santa Rosa and Petaluma. Santa Rosa Junior College is fully accredited by the ACCJC. The District also has Education Centers located in Windsor and Forestville. The District has budgeted 19,451 funded FTES for fiscal year 2019-20. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues – Emergency Conditions Waiver" herein. The 2019-20 assessed valuation of the area served by the District is $95,519,127,117.

Administration

The District is governed by a seven-member Board, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions. Current members of the Board, together with their office and the date their term expires, are listed below:

Board Member	Office	Term Expires
Jordan Burns	President	November 2022
Dorothy Battenfeld	Vice President	November 2022
Mariana Martinez	Clerk	November 2020
Don Edgar	Trustee	November 2020
Maggie Fishman	Trustee	November 2022
Jeff Kunde	Trustee	November 2022
W. Terry Lindley	Trustee	November 2020

The management and policies of the District are administered by a Superintendent/President appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. Brief biographies of key personnel follow:

Dr. Frank Chong, Superintendent/President. Dr. Chong was appointed the Superintendent/President of the District effective January 11, 2012. Prior to assuming his current position, Dr. Chong was the Deputy Assistant Secretary for Community Colleges at the U.S. Department of Education. He also formerly served as President of Laney College in Oakland and Mission College in Santa Clara and has held a variety of administrative positions at San Francisco City College. Dr. Chong received his Bachelor of Arts from the University of California, Berkeley, his Master's degree in Public Administration from Harvard University, and his Doctorate in Education from Dowling College.

Katharyn Jolley, Interim Vice President, Finance and Administrative Services. Ms. Jolley was appointed the Interim Vice President, Finance and Administrative Services effective June 1, 2018. Prior to such appointment, she was the Senior Director of Fiscal Services for the District for 13 years and held various other positions prior to that. She has been with the District for 25 years. Ms. Jolley received her Associate in Arts degree from the District, holds a Bachelor's degree in Accounting, a Master's in Business Administration, and is a licensed active Certified Public Accountant.

Labor Relations

The District employs 284 full-time faculty, 1,327 part-time faculty, 462 classified and confidential employees, and 75 management employees. District employees, except management and some part-time employees, are represented by the three bargaining units as noted below:

LABOR RELATIONS ORGANIZATIONS
Sonoma County Junior College District

Labor Organization	Number of Employees In Organization	Contract Expiration Date
Service Employees International, Local 1021	452	June 30, 2021
College Federation of Teachers, Local 1946	59	June 30, 2020
All Faculty Association	1,552	June 30, 2022

Source: Sonoma County Junior College District.

Retirement Programs

The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District, the Municipal Advisor, or the Underwriters.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized.

In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2019, the contribution rate for employees hired after the Implementation Date (defined below) will be 10.205%.

Pursuant to AB 1469, K-14 school districts' contribution rate will increase over a seven-year phase-in period in accordance with the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	K-14 school districts
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated $2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21. The remainder of the payment not committed for the reduction in employer contribution rates described above, is required to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Assistance" herein.

The District's contribution to STRS was $3,354,769 in fiscal year 2014-15, $4,208,991 in fiscal year 2015-16, $5,166,959 in fiscal year 2016-17, $6,213,226 in fiscal year 2017-18, and $7,123,847 in fiscal year 2018-19 (unaudited). The District has budgeted a contribution of $7,419,350 to STRS in fiscal year 2019-20.

The State also contributes to STRS, currently in an amount equal to 7.828% for fiscal year 2019-20. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2017 included 1,624 public agencies and 1,366 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 20.733% of eligible salary expenditures for fiscal year 2019-20. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2019-20, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2019-20. See "- California Public Employees' Pension Reform Act of 2013" herein.

Pursuant to SB 90, the State Legislature appropriated $144 million for fiscal year 2019-20 and $100 million for fiscal year 2020-21 to be transferred to the Public Employees' Retirement Fund, to pay in advance, on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years. In addition, the State Legislature appropriated $660 million to be applied toward certain unfunded liabilities for K-14 school district employers. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Assistance" herein.

The District's contribution to PERS was $3,592,525 in fiscal year 2014-15, $3,965,995 in fiscal year 2015-16, $4,952,867 in fiscal year 2016-17, $5,667,937 in fiscal year 2017-18, and $6,813,269 in fiscal year 2018-19 (unaudited). The District has budgeted a contribution of $7,345,200 to PERS in fiscal year 2019-20.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The table on the following page summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

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FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions)[1]
Fiscal Years 2010-11 through 2017-18

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)[2]	Unfunded Liability (MVA)[2]	Value of Trust Assets (AVA)[3]	Unfunded Liability (AVA)[3]
2010-11	$208,405	$147,140	$68,365	$143,930	$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)[3]	Unfunded Liability (AVA)[3]
2010-11	$58,358	$45,901	$12,457	$51,547	$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	--[4]	--[4]
2014-15	73,325	56,814	16,511	--[4]	--[4]
2015-16	77,544	55,785	21,759	--[4]	--[4]
2016-17	84,416	60,865	23,551	--[4]	--[4]
2017-18[5]	92,071	64,846	27,225	--[4]	--[4]

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.
(3) Reflects actuarial value of assets.
(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.
(5) On April 16, 2019, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2019-20 and released certain actuarial information to be incorporated into the June 30, 2018 actuarial valuation to be released in summer 2019.
Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation (the "2017 STRS Actuarial Valuation"), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%. The 2017 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed and actuarial asset gains recognized from the current and prior years, the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2018 (the "2018 STRS Actuarial Valuation") reports that the unfunded actuarial obligation decreased by $109 million since the 2017 STRS Actuarial Valuation and the funded ratio increased by 1.4% to 64.0% over such time period.

According to the 2018 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.9%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In recent years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the morality, retirement, and disability retirement rates.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

On April 16, 2019, the PERS Board established the employer contribution rates for 2019-20 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2018, ahead of its summer of 2019 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with the expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the contribution rate for 2020-21 is projected to be 23.6%, with annual increases thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

For fiscal year ending June 30, 2018, the District's proportionate share of the net STRS pension liability was $73,984,000. As of such date, the District's proportionate share of the net PERS pension liability was $66,759,836. See "APPENDIX A – THE 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT — Note 9" herein.

Other Post-Employment Benefits

Plan Description. The District administers a single-employer defined benefit healthcare plan (the "Plan") that provides post-retirement medical insurance benefits (the "Post-Employment Benefits") to eligible retirees. Under the Plan, eligible retirees are provided medical, prescription drug, and dental insurance through the Self-Insured Schools of California ("SISC"). As of July 1, 2018, membership in the Plan consisted of 514 retirees and beneficiaries receiving Post-Employment Benefits, and 822 active Plan members. Eligibility criteria and Post-Employment Benefit details under the Plan are as follows:

Employees hired before October 1, 2013 who have attained age 55 and have completed at least 15 years of full-time service with the District are eligible to retire and receive District-paid medical and dental coverages for the retiree and dependents until age 65. Employees hired on or after October 1, 2013 must attain age 62 and have completed at least 17 years of full-time service with the District. For almost all retirees, the District contributes up to a cap that varies by coverage. Classified employees who work less than full-time are credited with service on a pro-rata basis. Survivor benefits continue until the date the retiree would have reached age 65. At age 65, retirees who have been covered under the Plan will receive a medical/dental stipend for life equal to $84/month for single retirees and $136.50 per month for retiree and spouse.

For more information regarding the District's Post-Employment Benefit plan, see "APPENDIX A – THE 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10" attached hereto.

Funding Policy. The District's funding policy is based on the projected pay-as-you-go financing requirements. The District paid $1,466,259 (plus an implicit subsidy of $154,236) in fiscal year 2014-15, $1,514,471 (plus an implicit subsidy of $159,307) in fiscal year 2015-16, $1,625,258 (plus an implicit subsidy of $187,734) in fiscal year 2016-17, $1,598,553 (plus an implicit subsidy of $184,649) in fiscal year 2017-18, and $1,525,827 (plus an implicit subsidy of $172,052) (unaudited) in fiscal year 2018-19 towards the Post-Employment Benefits. The District has budgeted a payment of $1,800,000 for the Post-Employment Benefits in fiscal year 2019-20.

Retirees and current employees in the District's health insurance plan are insured together as a group, and it is assumed that the premiums paid for retirees insurance coverage is lower than they would have been if the retirees were insured separately. When premiums charged for retiree healthcare are lower than expected claims, an implicit subsidy is realized. The District is required to include the value of this implicit subsidy in the GASB 75 liability.

Actuarial Study. The District has implemented *GASB Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB Statement No. 74") and *GASB Statement #75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB Statement No. 75"), pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Benefits. GASB Statements No. 74 and No. 75 (discussed below) require biennial actuarial valuations for all plans. The most recent actuarial study for the Benefits plan was dated June 7, 2019 (the "Study"), and had a valuation date of July 1, 2018. The Study concluded that the Total OPEB Liability (the "TOL") with respect to such Benefits, as of a June 30, 2018 measurement date, was $33,168,589. Because the District does not maintain a qualifying irrevocable trust, the District's Net OPEB Liability (the "NOL") is equal to the TOL. For more information regarding the District's other post-employment benefit liability, see "APPENDIX A – THE 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10" attached hereto.

GASB Statement Nos. 74 and 75. On June 2, 2015, the GASB approved GASB Statement No. 74 and GASB Statement No. 75 with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB Statement No. 74 replaces GASB Statements No. 43 and 57 and GASB Statement No. 75 replaces GASB Statement No. 45.

Most of GASB Statement No. 74 applies to plans administered through trusts, in which contributions are irrevocable, trust assets are dedicated to providing other post–employment benefits to plan members, and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75 will require a liability for OPEB obligations, known as the Net OPEB Liability (the "NOL"), to be recognized on the balance sheet of the plan and the participating employer's financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the NOL and a sensitivity analysis of the NOL to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan's net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB Statement No. 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the TOL, if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB Statement No. 74 requirements, a projection of the benefit payments and future Fiduciary Net Position (the "FNP") is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB.

GASB Statement No. 74 has an effective date for plan fiscal years beginning after June 15, 2016 and GASB Statement No. 75 is effective for employer fiscal years beginning after June 15, 2017. The District first recognized GASB Statement No. 74 and GASB Statement No. 75 in its financial statements for fiscal year 2017-18.

Early Retirement Incentive

In fiscal year 2018-19, the District offered an early retirement incentive of 80% of one year of salary to certain eligible employees, and 98 employees took advantage of the offer. The District expects to pay retirees approximately $8 million over five years, from fiscal years 2019-20 through 2023-24, for the liability associated with the incentive.

Santa Rosa Junior College Foundation

The Santa Rosa Junior College Foundation (the "Foundation") is a not-for-profit public benefit corporation organized under Section 501(c)(3) of the Code. The Foundation was established to support the District's operations, primarily by providing grants and scholarships to students. The Foundation's governing board consists of community members, alumni and other supported of the Foundation. Under GASB rules, the Foundation is a discretely presented component unit of the District for financial reporting purposes. See "APPENDIX A – THE 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 1" attached hereto. As of June 30, 2019, the Foundation had total assets valued at $64,183,164. The Foundation contributes money to the District's restricted general fund from time to time for specific projects; the Foundation does not provide unrestricted funds to the District.

Risk Management

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

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

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

Self-insurance and other limits are as follows:

Type of Coverage	Self-insurance	SWACC	SAFER	PIPS
General Liability	Up to $50,000	$50,000-1,000,000	$1,000,000-45,000,000	N/A
Property	Up to $10,000	$10,000-250,000	$250,000-250,000,000	N/A
Workers' Compensation	N/A	N/A	N/A	To statutory limits
Dental Benefits	100% Self-insured	N/A	N/A	N/A

All property is insured at full replacement value. For the past three years, there have been no significant reductions in any of the District's insurance coverage types and no settlement amounts have exceeded commercial or authority insurance coverage. See also "APPENDIX A – THE 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 7" attached hereto.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community College Budget and Accounting Manual. This manual, according to Education Code Section 84030, is to be followed by all State community college districts. GASB Statement No. 34 makes changes in the annual financial statements for all governmental agencies in the United States, especially in recording of fixed assets and their depreciation, and in the way the report itself is formatted. These requirements became effective on May 15, 2002 for the District, as well as for any other governmental agency with annual revenues of between $10 million and $100 million. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

General Funding Budgeting

The District's general fund is its largest source of support for District operations. General fund income and appropriations are allocated between unrestricted and restricted programs.

The table on the following page shows the District's general fund budgets for fiscal years 2014-15 through 2019-20, the District's unaudited ending results for fiscal years 2014-15 through 2017-18, and estimated actuals for fiscal year 2018-19. For further information, see also "APPENDIX A – THE 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT" attached hereto.

GENERAL FUND BUDGETING
Fiscal Years 2014-15 through 2019-20
Sonoma County Junior College District

	Fiscal Year 2014-15		Fiscal Year 2015-16		Fiscal Year 2016-17		Fiscal Year 2017-18		Fiscal Year 2018-19		Fiscal Year 2019-20
REVENUES:	**Budgeted[1]**	**Ending[1]**	**Budgeted[1]**	**Ending[1]**	**Budgeted[1]**	**Ending[1]**	**Budgeted[1]**	**Ending[1]**	**Budgeted[1]**	**Estimated[2]**	**Budgeted[2]**
Federal Revenues	$2,794,150	$2,719,694	$3,727,920	$3,344,831	$3,801,571	$3,507,785	$3,408,394	$3,226,470	$3,547,020	$3,050,707	$2,926,626
State Revenues	58,391,934	56,953,766	80,845,418	75,703,940	77,264,271	67,457,835	73,344,660	68,849,303	87,336,791	76,745,060	96,695,852
Local Revenues	58,969,564	61,267,408	60,605,727	68,051,558	67,713,330	70,844,122	73,626,837	73,625,719	73,801,875	77,020,945	73,702,908
Total Revenues	120,155,648	120,940,868	145,179,065	147,100,329	148,779,172	141,809,742	150,379,891	145,701,492	164,685,686	156,816,711	173,325,386
EXPENDITURES:											
Academic Salaries	52,807,310	53,749,779	56,994,054	56,238,541	57,498,470	57,983,248	58,222,433	60,985,219	60,386,324	60,587,316	61,342,626
Classified Salaries	28,414,042	29,020,786	32,302,423	32,429,310	33,272,699	34,575,614	33,505,992	33,836,664	34,351,639	36,420,791	32,787,983
Employee Benefits	23,494,872	23,720,690	25,850,759	28,730,852	30,780,181	30,450,695	32,903,507	33,578,732	35,571,700	36,319,847	40,806,062
Supplies and Materials	2,862,312	3,491,410	3,232,192	3,482,182	3,345,003	3,581,518	3,137,464	3,435,365	3,483,684	2,886,354	2,423,465
Other Operating Expenses and Services	11,487,990	10,591,480	11,463,215	14,067,846	13,017,333	14,127,030	12,886,061	14,716,979	14,141,463	15,572,947	15,159,878
Capital Outlay	3,617,916	3,203,989	5,140,252	3,379,526	4,092,748	3,076,919	4,049,710	3,042,399	4,289,041	3,502,871	7,479,683
Total Expenditures	122,684,442	123,778,134	134,982,895	138,328,257	142,006,434	143,795,024	144,705,167	149,595,358	152,223,851	155,290,124	159,999,697
Excess /(Deficiency) of Revenues over Expenditures	(2,528,794)	(2,837,266)	10,196,170	8,772,072	6,772,738	(1,985,282)	5,674,724	(3,893,866)	12,461,835	1,526,587	13,325,689
Other Financing Sources	611,932	1,138,783	716,183	1,872,507	780,532	3,693,552	2,665,720	8,079,021	447,026	396,050	325,612
Other Outgo	(4,293,952)	(4,290,245)	(6,770,661)	(4,936,709)	(9,060,673)	(5,819,229)	(8,272,229)	(5,096,716)	(11,833,902)	(1,824,039)	(13,661,468)
Net Increase/ (Decrease) in Fund Balance	(6,210,814)	(5,988,728)	4,141,692	5,707,870	(1,507,403)	(4,110,959)	68,215	(911,561)	1,074,959	98,598	(10,167)
Beginning Fund Balance:											
Net Beginning Balance, July 1	12,274,080	12,274,080	6,285,352	6,285,352	11,993,762	11,993,762	7,882,803	7,882,803	6,971,242	6,971,242	7,069,840
Prior Years Adjustments	--	--	--	540	--	--	--	--	--	--	--
Adjusted Beginning Balance	--	--	--	6,285,892	--	11,993,762	--	7,882,803	--	6,971,242	7,069,840
Ending Fund Balance, June 30	$6,063,266	$6,285,352	$10,427,044	$11,993,762	$10,486,359	$7,882,803	$7,951,018	$6,971,242	$8,046,201	$7,069,840	$7,059,673

(1) Budgeted results for fiscal years 2014-15 through 2018-19 and ending results for fiscal years 2014-15 through 2017-18, from the District's CCFS-311 Reports filed with the California Community Colleges Chancellor's Office For audited statements of total revenues, expenditures and changes in fund balances. For the District's governmental funds for fiscal years 2013-14 through 2017-18, see "- Comparative Financial Statements" herein.

(2) From the District's Adopted Budget for fiscal year 2019-20, which was approved by the Board on September 10, 2019.

Source: Sonoma County Junior College District.

Comparative Financial Statements

Pursuant to applicable guidance from GASB, the District's financial statements present a comprehensive, entity-wide perspective of the District's assets, liabilities, and cash flows rather than the fund-group perspective previously required. The table on the following page displays the District's revenues, expenses and changes in net position for its primary governmental funds for fiscal years 2013-14 through 2017-18. See also "APPENDIX A – THE 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT" attached hereto.

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STATEMENT OF TOTAL REVENUES AND EXPENSES AND CHANGES IN NET POSITION[1]
Fiscal Years 2013-14 through 2017-18
Sonoma County Junior College District

	2013-14 Audited	2014-15 Audited	2015-16 Audited	2016-17 Audited	2017-18 Audited
OPERATING REVENUES					
Tuition and fees (gross)	$24,774,262	$25,132,047	$24,970,069	$24,207,025	$23,836,503
Less: scholarship discounts and allowances	(10,330,578)	(10,060,420)	(9,386,356)	(8,448,613)	(8,417,392)
Net tuition and fees	14,443,684	15,071,627	15,583,713	15,758,412	15,419,111
Grants, contracts and donations, noncapital:					
Federal	21,151,241	20,525,992	19,033,513	18,027,446	19,924,834
State	8,073,539	15,315,484	22,859,738	24,991,850	27,465,410
Local	4,063,636	4,251,829	4,948,259	5,741,220	5,762,916
Auxiliary enterprise sales and charges	6,735,856	6,798,501	6,254,371	5,935,432	2,324,572
TOTAL OPERATING REVENUES	54,467,956	61,963,433	68,679,594	70,454,360	70,896,843
OPERATING EXPENSES					
Academic salaries	50,445,526	53,815,307	56,301,438	58,130,424	61,054,282
Classified salaries	30,711,059	32,692,747	36,233,203	38,486,810	36,985,999
Employee benefits	23,510,824	28,125,890	33,197,012	37,116,649	44,039,212
Supplies and materials	4,417,548	7,050,223	9,225,290	11,603,115	9,277,142
Other operating expenses and services	14,237,579	14,610,146	19,039,296	19,504,643	17,974,076
Utilities	3,236,363	3,329,286	2,884,470	3,080,101	3,288,896
Depreciation	9,300,964	9,416,491	9,590,626	9,633,558	10,163,073
Student financial aid and scholarships	20,519,518	19,836,769	18,636,267	18,907,105	21,771,671
TOTAL OPERATING EXPENSES	156,379,381	168,876,859	185,107,602	196,462,405	204,554,351
OPERATING GAIN (LOSS)	(101,911,425)	(106,913,426)	(116,428,008)	(126,008,045)	(133,657,508)
NON-OPERATING REVENUES (EXPENSES)					
State apportionments, noncapital	31,935,941	24,732,781	27,763,897	26,330,975	27,169,759
Education protection account	13,898,759	16,665,890	14,916,448	14,332,950	14,564,378
Local property taxes	43,158,453	45,702,184	51,462,391	54,144,875	56,622,499
State taxes and other revenues	4,385,676	4,826,090	15,199,041	6,513,998	5,366,529
Investment income/(loss) – noncapital	493,014	231,626	165,568	202,108	877,134
Investment income – capital	257,732	243,602	290,951	501,837	650,528
Interest expense on capital asset-related debt	(7,495,547)	(7,416,772)	(7,035,202)	(10,105,295)	(9,945,071)
Other non-operating revenues	(29,918)	(184,006)	1,684	(276,937)	(26,380)
TOTAL NON-OPERATING REVENUES (EXPENSES)	86,604,110	84,801,395	102,764,778	91,644,511	95,279,376
GAIN (LOSS) BEFORE CAPITAL REVENUES	(15,307,315)	(22,112,031)	(13,663,230)	(34,363,534)	(38,378,132)
State apportionment, capital	25,740	87,525	1,254,751	1,202,731	2,647,466
Local property taxes and revenues, capital	13,462,390	13,939,977	13,398,934	33,922,428	33,651,572
INCREASE (DECREASE) IN NET POSITION	(1,819,185)	(8,084,529)	990,455	761,625	(2,079,094)
NET POSITION, BEGINNING OF YEAR	196,895,298	195,076,113	90,056,118	91,046,573	91,808,198
RESTATEMENT	--	(96,935,466)[2]	--	--	(23,771,810)[3]
NET POSITION, BEGINNING OF YEAR, AS RESTATED	--	98,140,647	--	--	68,036,388
NET POSITION, END OF YEAR	$195,076,113	$90,056,118	$91,046,573	$91,808,198	$65,957,294

(1) From the District's Audit Reports for fiscal years 2013-14 through 2017-18, respectively.

(2) In fiscal year 2014-15, the District implemented GASB Statement No. 68, which required recording a prior period adjustment for net pension liability.

(3) In fiscal year 2017-18, the District implemented GASB Statement No. 75, which required a retroactive application. The beginning net position was decreased by $23,771,810.

Source: Sonoma County Junior College District.

District Debt Structure

Short-Term Debt. The District currently has no short-term debt obligations.

Long-Term Debt. A schedule of changes in long-term debt for the fiscal year ended June 30, 2019 is shown below:

SCHEDULE OF LONG TERM DEBT, AS OF JUNE 30, 2019
Sonoma County Junior College District

	Balance July 1, 2018	Additions	Deductions	Balance July 1, 2019
2013 General Obligation Refunding Bonds	$127,290,000	--	$7,455,000	$119,835,000
2016 General Obligation Refunding Bonds	20,240,000	--	--	20,240,000
Election of 2014 General Obligation Bonds, Series A	105,440,000	--	20,160,000	85,280,000
Post-Employment Benefits	6,115,227	$2,498,740	1,697,879	6,916,088
Compensated Absences	3,678,423	4,117,890	3,678,423	4,117,890
Total	$262,763,650	$6,616,630	$32,991,302	$236,388,978

Source: Sonoma County Junior College District.

General Obligation Bonds. The District received authorization at an election held on March 5, 2002 by at least fifty-five percent of the votes cast by eligible voters within the District to issue $251,700,000 maximum principal amount of general obligation bonds (the "2002 Authorization"). On February 4, 2003, the District caused the issuance of its Election of 2002 General Obligation Bonds, Series A (the "2002 Series A Bonds") in the aggregate principal amount of $60,000,000. On October 13, 2005, the District caused the issuance of its Election of 2002 General Obligation Bonds, Series B (the "2002 Series B Bonds") in the aggregate principal amount of $105,000,000. Concurrently with the issuance of the 2002 Series B Bonds, the District issued its 2005 General Obligation Refunding Bonds (the "2005 Refunding Bonds"), the proceeds of which were used to advance refund certain of the then-outstanding 2002 Series A Bonds. On September 19, 2007, the District caused the issuance of its Election of 2002 General Obligation Bonds, Series C (the "2002 Series C Bonds") in the aggregate principal amount of $69,710,000. On April 2, 2008, the District caused the issuance of its Election of 2002 General Obligation Bonds, Series D (the "2002 Series D Bonds") in the aggregate principal amount of $16,990,000. On May 7, 2013, the District issued the 2013 Refunding Bonds in the amount of $133,215,000, the proceeds of which were used to refund certain of the then-outstanding 2002 Series B Bonds and 2002 Series C Bonds. The District expects to use the proceeds of the Refunding Bonds to refund certain of the outstanding 2013 Refunding Bonds as described herein. See "THE BONDS – Application and Investment of Bond Proceeds – Refunding Bonds" herein. On December 7, 2016, the District issued its 2016 General Obligation Refunding Bonds (the "2016 Refunding Bonds") the proceeds of which were used to refund certain of the then-outstanding 2002 Series B Bonds.

Pursuant to the 2014 Authorization, the District received authorization at an election held on March 5, 2002 by at least fifty-five percent of the votes cast by eligible voters within the District to issue $410,000,000 maximum principal amount of general obligation bonds. On December 7, 2016, the District caused the issuance of the 2014 Series A Bonds in the aggregate principal amount of $125,000,000. The New Money Bonds are the second issuance of bonds pursuant to the 2014 Authorization. Following the issuance of the New Money Bonds, $105,000,000 of the 2014 Authorization will remain unissued.*

* Preliminary, subject to change.

The following table shows the total debt service with respect to the District's outstanding general obligation bonded debt, including the Bonds (and assuming no optional redemptions):

GENERAL OBLIGATION BONDED DEBT SERVICE*
Sonoma County Junior College District

Year Ending August 1	2013 Refunding Bonds(1)	2016 Refunding Bonds	2014 Series A Bonds	Refunding Bonds	New Money Bonds	Total Annual Debt Service
2020	$14,267,050.00	$936,687.50	$3,745,500.00			
2021	14,728,250.00	936,687.50	3,860,300.00			
2022	15,204,750.00	936,687.50	3,974,500.00			
2023	15,699,250.00	936,687.50	4,092,900.00			
2024	12,749,250.00	3,971,687.50	4,215,100.00			
2025	13,264,750.00	3,719,937.50	4,340,700.00			
2026	13,806,500.00	3,973,887.50	4,470,100.00			
2027	14,360,750.00	3,973,387.50	4,607,500.00			
2028	14,929,250.00	3,974,637.50	4,746,750.00			
2029	15,508,500.00	3,977,137.50	4,889,500.00			
2030	--	--	5,035,000.00			
2031	--	--	5,183,000.00			
2032	--	--	5,341,000.00			
2033	--	--	5,498,200.00			
2034	--	--	5,665,700.00			
2035	--	--	5,836,450.00			
2036	--	--	6,009,450.00			
2037	--	--	6,190,775.00			
2038	--	--	6,375,000.00			
2039	--	--	6,565,250.00			
2040	--	--	6,763,000.00			
2041	--	--	6,966,750.00			
Totals	$144,518,300.00	$27,337,425.00	$114,372,425.00			

(1) Includes debt service on the Refunded Bonds expected to be refinanced with proceeds of the Refunding Bonds as described herein.
* Preliminary, subject to change.
Source: Sonoma County Junior College District.

TAX MATTERS

New Money Bonds

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the New Money Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the New Money Bonds is exempt from State of California personal income tax.

The difference between the issue price of a New Money Bond (the first price at which a substantial amount of the New Money Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such New Money Bond to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a New

Money Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the New Money Bond Owner will increase the New Money Bond Owner's basis in the applicable New Money Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the New Money Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the New Money Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the New Money Bonds to assure that interest (and original issue discount) on the New Money Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the New Money Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the New Money Bonds. The District has covenanted to comply with all such requirements.

The amount by which a New Money Bond Owner's original basis for determining loss on sale or exchange in the applicable New Money Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable New Money Bond premium, which must be amortized under Section 171 of the Code; such amortizable New Money Bond premium reduces the New Money Bond Owner's basis in the applicable New Money Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of New Money Bond premium may result in a New Money Bond Owner realizing a taxable gain when a New Money Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the New Money Bond to the Owner. Purchasers of the New Money Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable New Money Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the New Money Bonds will be selected for audit by the IRS. It is also possible that the market value of the New Money Bonds might be affected as a result of such an audit of the New Money Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the New Money Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the New Money Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE NEW MONEY BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE NEW MONEY BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE NEW MONEY BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE NEW MONEY BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE NEW MONEY BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE NEW MONEY BONDS, ALL POTENTIAL PURCHASERS

SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE NEW MONEY BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The New Money Bonds Resolution and the Tax Certificate relating to the New Money Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the New Money Bonds for federal income tax purposes with respect to any New Money Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the New Money Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the New Money Bonds and the accrual or receipt of interest (and original issue discount) with respect to the New Money Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the New Money Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the New Money Bonds.

A copy of the proposed form of opinion of Bond Counsel for the New Money Bonds is attached hereto as APPENDIX B.

Refunding Bonds

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Refunding Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code but is exempt from State of California personal income tax.

Except for certain exceptions, the difference between the issue price of a Refunding Bond (the first price at which a substantial amount of the Refunding Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Refunding Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Owner of a Refunding Bond will increase the Owner's basis in the Refunding Bond. Owners of Refunding Bonds should consult their own tax advisor with respect to taking into account any original issue discount on the Refunding Bonds.

The amount by which a Refunding Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Refunding Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the Owner of a Refunding Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Refunding Bond Owner's basis in the applicable Refunding Bond (and the amount of taxable interest received) and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of Refunding Bond premium may result in the Owner of a Refunding Bond realizing a taxable gain when a Refunding Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Refunding Bond to the Owner. The Owners of the Refunding Bonds that have a basis in the Refunding Bonds that is greater than the principal amount of the Refunding Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

The federal tax and State of California personal income tax discussion set forth above with respect to the Refunding Bonds is included for general information only and may not be applicable depending upon an Owner's particular situation. The ownership and disposal of the Refunding Bonds and the accrual or receipt of interest with respect to the Refunding Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences.

A copy of the proposed form of opinion of Bond Counsel for the Refunding Bonds is attached hereto as APPENDIX B.

LIMITATION ON REMEDIES; BANKRUPTCY

General

State law contains certain safeguards to protect the financial solvency of community college districts. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA" herein. If the safeguards are not successful in preventing a community college district from becoming insolvent, the State Chancellor and the Board of Governors, operating through a special trustee appointed by the State Chancellor, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the community college district for the adjustment of its debts. In addition, an insolvent community college district may be able to file a petition under Chapter 9 before a special trustee is appointed. Prior to such petition, if any, the community college district is required to participate in a neutral evaluation process with interested parties as provided in the Government Code or declare a fiscal emergency and adopt a resolution by a majority vote of the governing board that includes findings that the financial state of the community college district jeopardizes the health, safety, or well-being of the residents of its jurisdiction or service area absent the protections of Chapter 9.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a Chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the District or the Board, and is valid and binding from the time the Bonds are executed and delivered. See "THE BONDS – Statutory Lien" herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues

If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies

The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County's investment pool, as described in "THE BONDS – Application and Investment of Bond Proceeds" herein and "APPENDIX E – SONOMA COUNTY INVESTMENT POOL" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights

The proposed forms of the approving opinion of Bond Counsel attached hereto as Appendix B are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

LEGAL MATTERS

Continuing Disclosure

The District has covenanted for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (the District's fiscal year ends on June 30), commencing with the report for the 2018-19 fiscal year, and to provide notices of the occurrence of certain listed events. The Annual Report and the notices of listed events will be filed in accordance with the requirements of the Rule. The specific nature of the information to be made available and to be contained in the notices of listed events is described in the form of Continuing Disclosure Certificate attached hereto as Appendix C. These covenants have been made in order to assist the Underwriters in complying with the Rule.

Prior Undertakings. Within the past five years, the District has (i) failed to file a portion of each of the fiscal year 2013-14, 2015-16, 2016-17, and 2017-18 annual reports required in connection with certain of the District's prior continuing disclosure undertakings, and (ii) failed to file in a timely manner all or a portion of each of the fiscal year 2013-14, 2014-15, 2015-16, and 2016-17 annual reports required in connection with certain of the District's prior continuing disclosure undertakings.

The District has retained California Financial Services as its dissemination agent to assist it with its prior continuing disclosure undertakings as well as the undertaking entered into in connection with the Bonds.

Legality for Investment in California

Under provisions of the State Financial Code, the Bonds are legal investments for commercial banks in the State to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and under provisions of the State Government Code, are eligible for security for deposits of public moneys in the State.

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

There are a small number of lawsuits and claims pending against the District. In the opinion of the District, the aggregate amount of uninsured liabilities of the District under these lawsuits and claims is not expected to materially affect the finances of the District.

Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). Under Section 6049 of the Code, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Legal Opinions

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Bond Counsel. Copies of the proposed forms of such legal opinions are attached to this Official Statement as Appendix B.

Escrow Verification

Upon delivery of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriters relating to the adequacy of the moneys in the Escrow Fund, together with any moneys held therein as cash, to pay the redemption price of the Refunded Bonds.

Financial Statements

The District's audited financial statements with supplemental information for the year ended June 30, 2018, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated December 3, 2018 of Gilbert Associates, Inc. (the "Auditor"), are included in this Official Statement as Appendix A. In connection with the inclusion of the financial statements and the report of the Auditor thereon in Appendix A to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

RATINGS

Moody's and S&P have assigned ratings of "Aa2" and "AA", respectively, to the Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the respective rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price for the Bonds.

The District has covenanted in a Continuing Disclosure Certificate to file on The Electronic Municipal Market Access ("EMMA") website operated by the Municipal Securities Rulemaking Board notices of any rating changes on the Bonds. See "LEGAL MATTERS – Continuing Disclosure" herein and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

UNDERWRITING

Piper Jaffray & Co. (the "Representative") on behalf of itself and RBC Capital Markets, LLC (together, the "Underwriters"), has agreed, pursuant to contracts of purchase by and between the District and the Underwriters, to purchase all of the New Money Bonds for a purchase price of $________ (equal to the principal amount of the New Money Bonds of $_________, plus [net] original issue premium of $__________, minus an underwriting discount of $__________); and to purchase all of the Refunding Bonds for a purchase price of $________ (equal to the principal amount of the Refunding Bonds of $___________, minus an underwriting discount of $___________.)

The Purchase Contracts for the Bonds provides that the Underwriters will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreements, the approval of certain legal matters by counsel and certain other conditions.

The Underwriters may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside front cover pages. The offering prices may be changed from time to time by the Underwriters.

Underwriters Disclosures. The Underwriters have provided the following for inclusion in this Official Statement. The District does not guarantee the accuracy or completeness of the following information, and the inclusion thereof should not be construed as a representation of the District.

Piper Jaffray & Co., one of the Underwriters, has entered into a distribution agreement (the "Schwab Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Schwab Agreement, CS&Co. will purchase Bonds from Piper Jaffray & Co. at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

RBC Capital Markets, LLC, one of the Underwriters, and its affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBC Capital Markets, LLC and its affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBC Capital Markets, LLC and its affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the District. RBC Capital Markets, LLC and its affiliates may make a market in credit default swaps with respect to municipal securities in the future. RBC Capital Markets, LLC and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District; provided, however, that potential investors are advised that the offering of the Bonds is made only by means of the Official Statement. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than as contained in the Official Statement.

ADDITIONAL INFORMATION

Quotations from and summaries and explanations of the Bonds, the Resolutions providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

All of the data contained herein about the District has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the Board.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners, beneficial or otherwise, of any of the Bonds.

This Official Statement and the delivery thereof have been duly approved and authorized by the District.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

By ______________________________

Frank Chong, Ed.D.
Superintendent/President

APPENDIX A

THE 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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SONOMA COUNTY
JUNIOR COLLEGE DISTRICT

SANTA ROSA, CALIFORNIA

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2018

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2018

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2018

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

ORGANIZATION
YEAR ENDED JUNE 30, 2018

DESCRIPTION OF DISTRICT

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

BOARD OF TRUSTEES

ADMINISTRATION

Dr. Frank Chong .... Superintendent/President

Mary Kay Rudolph .... Senior Vice President of Academic Affairs/Assistant Superintendent

Doug Roberts .... Senior Vice President of Finance & Administrative Services/Assistant Superintendent

Karen C. Furukawa-Schlereth... Vice President of Human Resources

Pedro Avila .... Vice President of Student Services/Assistant Superintendent

Jane Saldaña-Talley .... Vice President, Petaluma Campus

FINANCIAL SECTION

Gilbert Associates, Inc.
CPAs and Advisors
Relax. We got this.℠

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Sonoma County Junior College District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

2880 GATEWAY OAKS DRIVE, SUITE 100, SACRAMENTO, CA 95833 • 101 PARKSHORE DRIVE, SUITE 100, FOLSOM, CA 95630
PHONE:916.646.6464 • FAX:916.929.6836 • GilbertCPA.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Sonoma County Junior College District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2018 the District adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the District's Total OPEB Liability and Related Ratios, the Schedules of the District's Proportionate Share of the Net Pension Liability, and the Schedules of the District's Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information Section, as listed in the table of contents, is presented for purposes of additional analysis, and is required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office, and is not a required part of the basic financial statements.

This supplementary 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

December 3, 2018

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the Sonoma County Junior College District for the year ended June 30, 2018. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes which follow this section.

The Sonoma County Junior College District, familiarly called Santa Rosa Junior College (SRJC), is a public two-year community college, which serves approximately 41,700 students. The District has two campuses, located in Santa Rosa and Petaluma, California, and two centers, a Public Safety Training Center located in Windsor, California, and the Robert Shone Agricultural Center located in Forestville, California. Students may choose from associate degree majors and certificate programs, complete courses toward the first two years of a bachelor's degree program, or pursue courses for other professional or personal reasons.

Reporting Highlights

- ❖ The annual report consists of three basic financial statements that provide information on SRJC as a whole: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The information provided on the statements that follow includes all funds but excludes the fiduciary funds that are reported separately. The following information is provided to assist with the understanding of the financial statements and the financial position of the District. Each statement is presented in a consolidated format as required by GASB 34/35 and will be discussed separately.

- ❖ In 2017/18, the District implemented GASB 75 (Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. GASB 75 improves accounting and financial reporting by state and local governments for other postemployment benefits (OPEB) by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. It requires the District to report an OPEB liability for the difference between the present value of projected OPEB benefits for past service and restricted resources held in trust for the payment of benefits. GASB 75 requires retroactive application, so the beginning net position decreased by $23,771,810 as the cumulative effect of change in accounting principle.

- ❖ In 2017/18, the District also implemented GASB 89 (Accounting for Interest Cost Incurred before the End of a Construction Period). GASB 89 enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and simplifies accounting for interest cost incurred before the end of a construction period. It requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred.

District's Fiduciary Responsibility

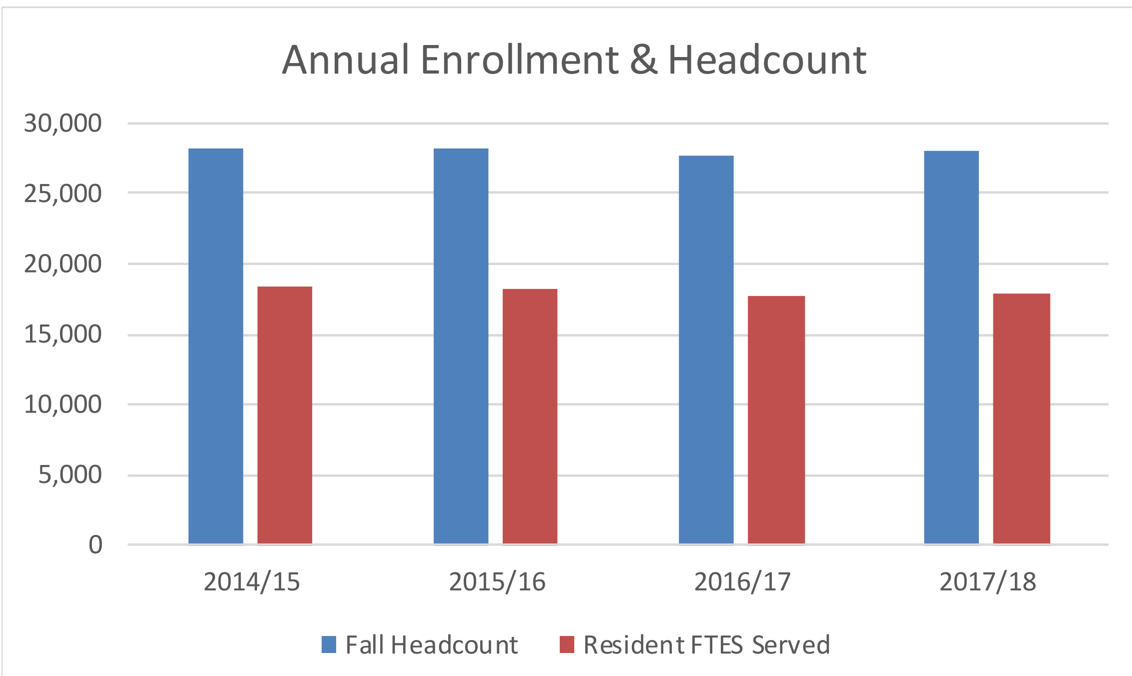
- ❖ The District is the trustee, or fiduciary, for certain amounts held on behalf of students, clubs and donors for student loans and scholarships. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities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

- The District maintains fiduciary funds to account for assets held by the District as an agent on behalf of others. The District's fiduciary funds are the Student Representation Fee, Student Body Center Fee, and Associated Students, each reported as agency funds.

Attendance Highlights

- The District has had steadily declining enrollment since 2009/10. After numerous unsuccessful attempts to increase Full Time Equivalent Students (FTES), the District has not rebounded to its previously funded levels. Actual FTES served in 2017/18 was 17,908, a 17% decrease from the high of 21,684 FTES in 2008/09.

- The resident FTES in the following chart are actual resident FTES served at the district, which differs from funded FTES because of summer shifts, workload reductions, and the emergency conditions waiver from the October 2017 fires.



Notes:

1) FTES = full-time equated students; 1 FTES = 525 student contact hours.

Financial Aid and Doyle Scholarships

For the years ended June 30, 2018 and 2017, the following sources of student financial aid were disbursed:

	2018	2017	Change
Federal	$ 16,683,320	$ 14,608,354	$ 2,074,966
State	2,571,970	1,712,314	859,656
Scholarships	1,656,921	1,493,534	163,387
TOTAL	$ 20,912,211	$ 17,814,202	$ 3,098,009

The Federal financial aid includes the Pell, SEOG, Federal Family Education Loans, National Service Trust, and Federal Work Study Programs. The State programs include EOPS Grants, Full Time Student Success Grants, Aid for Dreamers, and the Cal Grant Program. The Doyle scholarship funds are derived from the Frank P. Doyle and Polly O'Meara Doyle Trust. Just over fifty percent of the annual dividends generated from the common stock in Exchange Bank are distributed to the Doyle Trust, which then distributes the funds to SRJC for scholarships to assist students attending Santa Rosa Junior College. In 2017/18, there were 2,568 scholarships awarded for $1,200 - $1,450 each.

Statement of Net Position

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

	2018	2017	Change
ASSETS			
Current assets	$ 162,494,586	$ 193,416,471	$ (30,921,885)
Non-current assets	354,469,102	335,817,225	18,651,877
TOTAL ASSETS	516,963,688	529,233,696	(12,270,008)
DEFERRED OUTFLOW OF RESOURCES	$ 53,917,139	$ 39,377,376	$ 14,539,763
LIABILITIES			
Current liabilities	$ 66,791,475	$ 54,094,994	$ 12,696,481
Non-current liabilities	429,887,726	416,970,888	12,916,838
TOTAL LIABILITIES	496,679,201	471,065,882	25,613,319
DEFERRED INFLOW OF RESOURCES	8,244,332	5,736,992	2,507,340
NET POSITION			
Invested in capital assets, net of related debt	148,927,493	123,985,124	24,942,369
Restricted	58,442,432	65,601,210	(7,158,778)
Unrestricted	(141,412,631)	(97,778,136)	(43,634,495)
TOTAL NET POSITION	$ 65,957,294	$ 91,808,198	$ (25,850,904)

Current assets at June 30, 2018 consist of:

- Current cash and cash equivalents, mainly held at the county treasury, total $33.8 million.

- Restricted cash and cash equivalents which include cash in the Bond Funds ($82 million) and General Obligation debt service fund held for current repayments of the bonds ($38.7 million).

- Accounts receivables which include amounts due from grants, contracts, and general apportionment earned, but not received, by year-end. Accounts receivable decreased $1.9 million over prior year, due mainly to the timing in payments from the state.

Non-current assets consist of:

- Restricted cash and cash equivalents which consist of tax revenues collected by the county for payment of Measures A and H, General Obligation Bonds principal and interest in future years.

- Capital assets which are reported at historical cost of land, buildings, and equipment less accumulated depreciation, where applicable. The footnotes to the financial statements contain detailed information for capital assets.

Current liabilities consist of:

- Accounts payable which consist mainly of amounts due to vendors ($12.6 million) and employees ($2.1 million). Accounts payable increased by $9.5 million from prior year, mostly due to a change in the timing of payments to vendors.

- The current portion of debt, including interest ($4.8 million) and principle payments ($27.6 million) for the bonds. Interest payable decreased by $400 thousand and the current portion of bond payments increased by $500 thousand over prior year as debt payments came due. Detailed information regarding the District's debt can be found in the footnotes to the financial statements.

- Unearned revenue related to federal, state and local program funding that had been received but not yet earned as of the end of the fiscal year. Most grant funds are earned when expended (up to the grant amount awarded). Also included are deferred student fees for the Summer and Fall 2018 semesters ($1.21 million). Unearned revenue increased by $2.63 million over prior year due to restricted program revenues being received but the District has multiple years to spend.

Non-current liabilities are:

Liabilities and/or debt to be paid in one year or later. The major component of the non-current portion is the long-term debt related to Measures A and H General Obligation bonds ($257.9 million), the net pension liability adjustment required by GASB 68 ($140.7 million), and the total other post-employment benefits liability adjustment required by GASB 75 ($31.6 million). Detailed information regarding the District's long-term debt can be found in the footnotes to the financial statements.

Analysis of the District's Financial Position

Net Position is the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of liabilities, and is an indicator of the District's financial position. Net Position is reported in three components: Net Investment in Capital Assets, Restricted and Unrestricted. Net Investment in Capital Assets ($148.9 million) consists of capital assets net of accumulated depreciation, less outstanding capital debt net of unspent proceeds. The Restricted portion includes amounts legally restricted for payment of debt service ($57.4 million) and capital projects ($6.1 million). The Unrestricted portion (-$141.4 million) represents resources with no external restrictions, but which may be designated by the Board of Trustees for contingencies and other special purposes. The unrestricted portion prior to the OPEB and Pension liability adjustments was $30.9 million or 13% of the Total Position.

Statement of Revenues, Expenses, and Changes in Net Position

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

	2018	2017	Change
Total operating revenues	$ 70,896,843	$ 70,454,360	$ 442,483
Total operating expenses	204,554,351	196,462,405	8,091,946
Operating income (loss)	(133,657,508)	(126,008,045)	(7,649,463)
Total non-operating revenues (expenses)	95,279,376	91,644,511	3,634,865
Income before other revenues, expenses, gains or losses	(38,378,132)	(34,363,534)	(4,014,598)
Capital revenues	36,299,038	35,125,159	1,173,879
Increase (Decrease) in net assets	(2,079,094)	761,625	(2,840,719)
Net Position - Beginning of year	91,808,198	91,046,573	761,625
Cumulative Effect Change in Accounting Principle	(23,771,810)	-	(23,771,810)
Net Position - End of year	$ 65,957,294	$ 91,808,198	$ (25,850,904)

Changes in operating revenues:

- Net tuition and fees decreased slightly to $15.4 million. Enrollment fees are set by the state legislature for all community colleges, which was $46 a unit in 2017/18.

- Auxiliary enterprise sales and charges are primarily Farm sales ($1.46 million) and commissions from vending, bookstore and food contracts ($679 thousand).

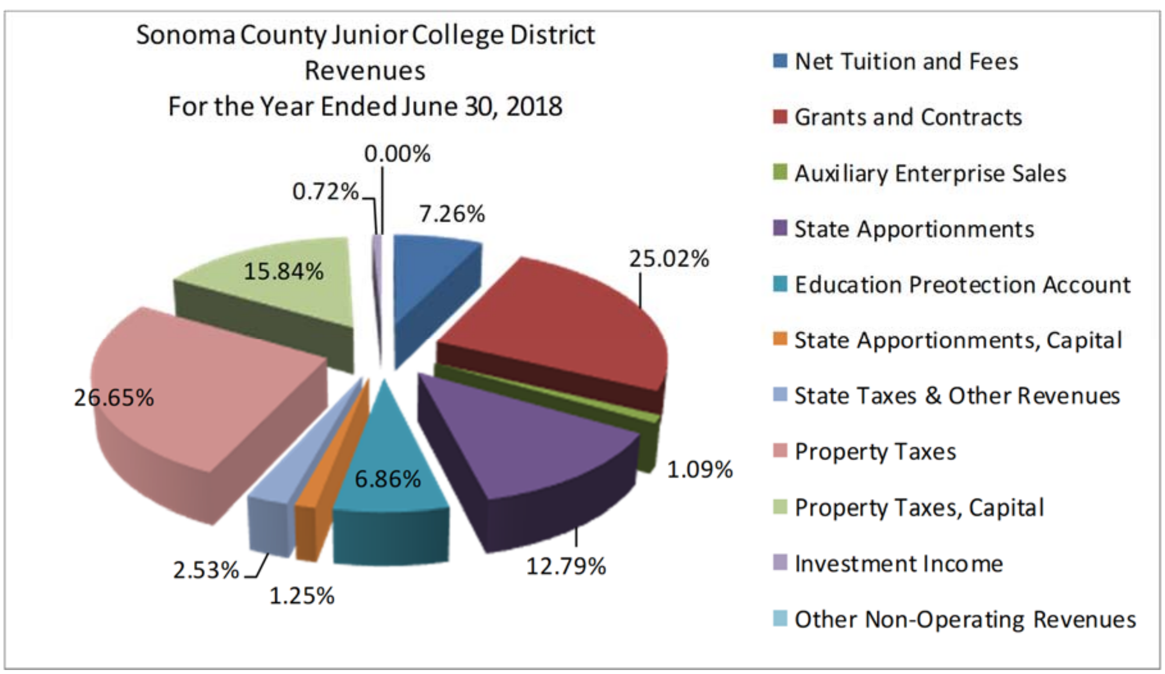
Changes in non-operating revenues:

- State apportionment represents total state general revenue earned less property taxes and enrollment fees. State apportionments, non-capital, represent $26.3 million of the non-operating revenues, the Education Protection Account is $14.3 million and property taxes are $54.1 million. State apportionment increased by $900 thousand from prior year, property tax revenue increased by $2.5 million, and Education Protection Act increased by $200 thousand.

- Investment income – non-capital includes a loss of $727 thousand for adjusting the cash and investments to fair market value as required by GASB 31.

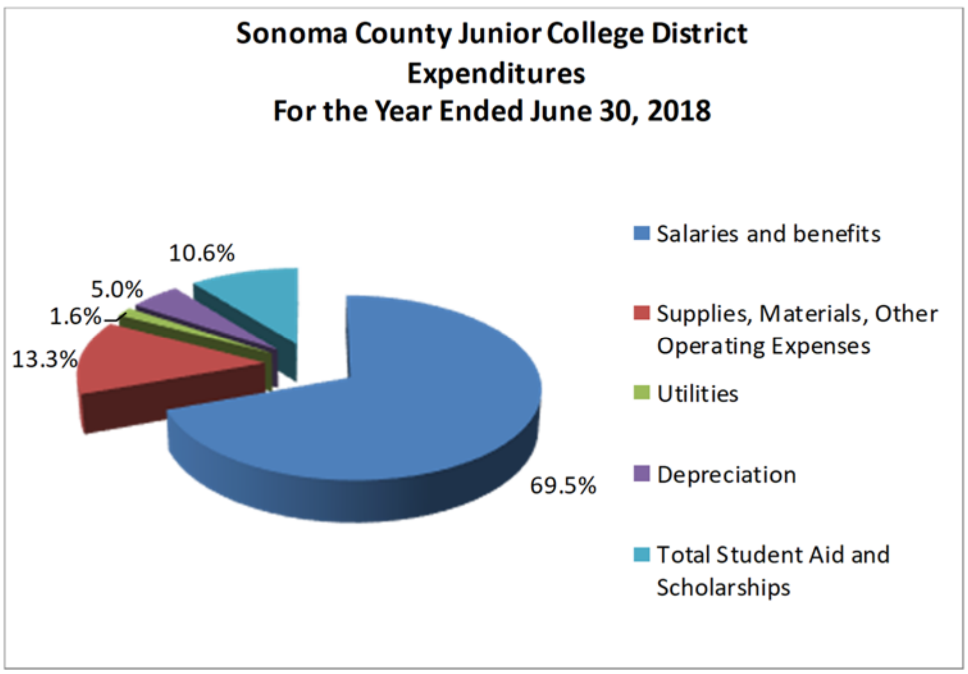
Revenues

	For the Year Ended June 30, 2018
Net Tuition and Fees	$ 15,419,111
Grants and Contracts	53,153,160
Auxiliary Enterprise Sales	2,324,572
State Apportionments	27,169,759
Education Preotection Account	14,564,378
State Apportionments, Capital	2,647,466
State Taxes & Other Revenues	5,366,529
Property Taxes	56,622,499
Property Taxes, Capital	33,651,572
Investment Income	1,527,662
Other Non-Operating Revenues	-
Total Revenues	$ 212,446,708



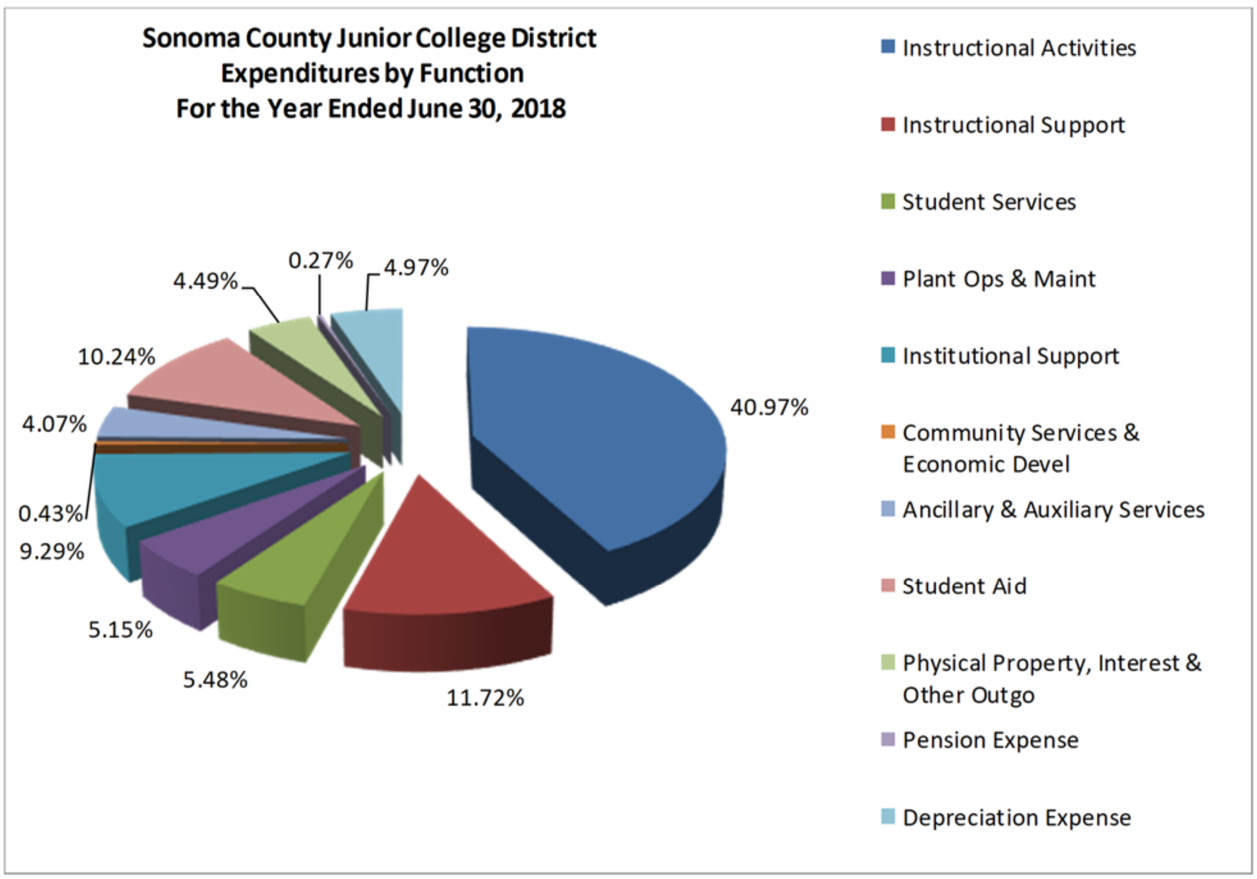
Operating Expenses (by natural classification)

	For the Year Ended June 30, 2018
Salaries	$ 98,040,281
Employee Benefits	44,039,212
Supplies and Materials	9,277,142
Other Operating Expenses and Services	17,974,076
Utilities	3,288,896
Depreciation	10,163,073
Total Student Aid and Scholarships	21,771,671
Total Operating Expenses	$ 204,554,351



Operating Expenses (by function)

	For the Year Ended June 30, 2018
Instructional Activities	$ 83,796,954
Instructional Support	23,964,313
Student Services	11,211,594
Plant Ops & Maint	10,524,606
Institutional Support	19,000,675
Community Services & Economic Devel	887,217
Ancillary & Auxiliary Services	8,326,417
Student Aid	20,939,191
Physical Property, Interest & Other Outgo	9,183,334
Pension Expense	544,942
Depreciation Expense	10,163,073
Bond Costs	6,012,035
Total	$ 204,554,351



Statement of Cash Flows

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

	For the Years Ended June 30, 2018	2017
Net Cash provided (Used) By:		
Operating activities	$ (102,999,782)	$ (113,542,383)
Non-capital financing activities	107,382,565	103,468,584
Capital and related financing activities	(38,229,073)	145,939,657
Investment activities	877,134	202,108
Net increase (decrease) in cash	(32,969,156)	136,067,966
Cash - Beginning of the fiscal year	202,071,342	66,003,376
Cash - End of the fiscal year	$ 169,102,186	$ 202,071,342

- Net cash used for operating activities decreased by $10.6 million from the prior year. This change was largely due to changes in payments to suppliers and employees.

- Net cash provided by noncapital financing activities are from state apportionments and property taxes. Cash received from state apportionments and receipts increased by $1.1 million over prior year due to increased property taxes and timing in payments from the state. Cash received from property taxes (non-capital) increased $2.5 million over prior year as home prices continue to rebound in the county.

- Capital and related financing activities include cash provided from local property taxes collected for debt service, state apportionment for capital purposes and interest on capital investments. Cash outflows relate to purchases of capital assets ($32.8 million) and principal and interest payments on capital debt ($40.2 million). Cash inflows were comprised of property taxes ($33.6 million), and interest in capital investments ($650 thousand).

Capital Assets

- The $251.7 million Measure A General Obligation Bond program, was completely expended in 2016/17. The District issued the 2002 General Obligation Bonds, Series A, in the amount of $60 million on February 4, 2003 and the 2002 General Obligation Bonds, Series B, in the amount of $105 million on October 13, 2005. The 2002 General Obligation Bonds, Series C in the amount of $69.71 million were issued on September 17, 2007, and the 2002 General Obligation Bonds, Series D in the amount of $16.99 million were issued on April 2, 2008. As of June 30, 2018, there was $147.5 million outstanding and with the final payments to be made in 2029/30.

- In 2016/17, the fourth year of the $410 million Measure H General Obligation Bond program, the District continued its major construction with the Burbank remodel, Lindley STEM building, and the Elliott swing space. There were also numerous maintenance projects and technology and equipment purchases. The District had additions of $32.8 million in capital assets for the year, of which $31.1 million were for construction costs and land improvements and $600 thousand was for land. Measure H was passed by the voters in November 2014 and the District issued the first series of the bonds for $125 million in December 2016.

Economic Factors That May Affect the Future

- In October 2017, a devastating firestorm ripped through Santa Rosa and thousands of structures were destroyed. Hundreds of District students and employees lost their homes. The District received an emergency conditions waiver which holds its apportionment funding at pre-fire levels plus increases for COLA for 2017/18, 2018/19, and 2019/20, with two possible annual extensions for 2020/21 and 2021/22.

- The new Student Centered Funding Formula went into effect for the California Community College system in 2018/19. The new formula would cause a decrease in funding for the District however, the District is operating under the emergency conditions waiver, so it won't be in effect for the District until 2020/21 at the earliest.

- As noted earlier in this report, student attendance has been decreasing. To address this, the District will be entering a period of realigning resources and examining all district programs to ensure that they are meeting the core mission of the district. There will be multi-million dollar reductions over the next few years as this realignment and review is performed.

- The State's primary employee pension providers, CalPERS and CalSTRS, are greatly underfunded. From 2013/14 to 2020/21, the employer contribution for CalSTRS will increase from 8.25% to 19.10%. The increase for the CalPERS program will be almost as dramatic as those for CalSTRS. CalPERS employer contributions will see an increase in that same time period from 11.442% to 20.4%.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Institution	Foundation
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 33,824,099	$ 10,766,152
Restricted Cash and Cash Equivalents	120,679,150	
Cash with Trustee	872,810	
Accounts Receivable	6,856,534	82,593
Pledges Receivable		158,300
Inventory	48,380	
Prepaid Expenses	213,613	
Total Current Assets	162,494,586	11,007,045
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	13,726,127	
Restricted Investments		47,015,529
Endowment Fund		1,012,483
Pledges Receivable		155,416
Charitable Remainder Trust Investments		2,567,715
Nondepreciable Capital Assets	25,375,976	
Depreciable Capital Assets, Net	315,366,999	
Total Noncurrent Assets	354,469,102	50,751,143
TOTAL ASSETS	516,963,688	61,758,188
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Charge on Refunding	11,347,594	
Deferred Outflows of Resources Related to OPEB	1,783,202	
Deferred Outflows of Resources Related to Pensions	40,786,343	
Total Deferred Outflows of Resources	53,917,139	
LIABILITIES		
Current Liabilities:		
Accounts Payable	16,658,628	99,172
Unearned Revenue	12,895,340	5,000
Interest Payable	4,788,015	
Liabilities Under Charitable Remainder Trusts		16,735
Amounts Held on Behalf of Others	1,156,069	1,246,342
Compensated Absences Payable	3,678,423	
Long-Term Liabilities Due Within One Year	27,615,000	
Total Current Liabilities	66,791,475	1,367,249
Noncurrent Liabilities:		
Total Other Postemployment Benefit Liability	31,583,452	
Net Pension Liability	140,743,836	
Liabilities Under Charitable Remainder Trusts		96,084
Bonds Payable	257,560,438	
Total Noncurrent Liabilities	429,887,726	96,084
TOTAL LIABILITIES	496,679,201	1,463,333
DEFERRED INFLOWS OF RESOURCES:		
Deferred Inflows of Resources Related to Charitable Remainder Trusts		2,454,896
Deferred Inflows of Resources Related to Pensions	8,244,332	
Total Deferred Inflows of Resources	8,244,332	2,454,896
NET POSITION:		
Net Investment in Capital Assets	148,927,493	
Restricted for:		
Expendable:		
Capital Projects	6,049,518	
Debt Service	52,392,914	
Restricted by Donors		56,583,877
Unrestricted (Deficit)	(141,412,631)	1,256,082
TOTAL NET POSITION	$ 65,957,294	$ 57,839,959

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2018

	Primary Institution	Foundation
OPERATING REVENUES:		
Tuition and Fees (gross)	$ 23,836,503	
Less: Scholarship Discounts and Allowances	(8,417,392)	
Net Tuition and Fees	15,419,111	
Grants, Contracts, and Donations, Noncapital:		
Federal	19,924,834	
State	27,465,410	
Local	5,762,916	
Contributions		$ 7,294,954
Other		1,130,296
Auxiliary Enterprise Sales and Charges	2,324,572	
TOTAL OPERATING REVENUES	70,896,843	8,425,250
OPERATING EXPENSES:		
Academic Salaries	61,054,282	
Classified Salaries	36,985,999	
Employee Benefits	44,039,212	
Supplies and Materials	9,277,142	
Other Operating Expenses and Services	17,974,076	802,297
Utilities	3,288,896	
Depreciation	10,163,073	
Student Financial Aid and Scholarships	21,771,671	3,659,585
TOTAL OPERATING EXPENSES	204,554,351	4,461,882
OPERATING GAIN (LOSS)	(133,657,508)	3,963,368
NON-OPERATING REVENUES (EXPENSES):		
State Apportionments, Noncapital	27,169,759	
Education Protection Account	14,564,378	
Local Property Taxes	56,622,499	
State Taxes and Other Revenues	5,366,529	
Investment Income (Loss) - Noncapital	877,134	3,250,877
Investment Income - Capital	650,528	
Interest Expense on Capital Asset-Related Debt	(9,945,071)	
Other Non-Operating Income (Expenses), Net	(26,380)	
Other Non-Operating Transfers		(1,141,985)
TOTAL NON-OPERATING REVENUES (EXPENSES)	95,279,376	2,108,892
GAIN (LOSS) BEFORE CAPITAL REVENUES:	(38,378,132)	6,072,260
State Apportionments, Capital	2,647,466	
Local Property Taxes and Revenues, Capital	33,651,572	
INCREASE (DECREASE) IN NET POSITION	(2,079,094)	6,072,260
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	91,808,198	54,163,840
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(23,771,810)	(2,396,141)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	68,036,388	51,767,699
NET POSITION -- END OF YEAR	$ 65,957,294	$ 57,839,959

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018

	Primary Institution	Foundation
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and Fees	$ 15,604,988	
Federal Grants and Contracts	20,075,000	
State Grants and Contracts	31,938,481	
Local Grants and Contracts	5,271,671	
Contributions		$ 6,638,417
Payments to Suppliers	(22,223,929)	
Payments to/on behalf of Employees	(134,218,363)	
Payments to/on behalf of Students	(21,770,637)	(3,659,585)
Auxiliary Enterprise Sales and Charges	2,325,871	
Other Receipts and Payments	(2,864)	497,078
Net Cash Provided (Used) by Operating Activities	(102,999,782)	3,475,910
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State Apportionments and Receipts	50,667,349	
Property Taxes	56,622,499	
Student Organization Agency Disbursements	92,717	
Interest on Noncapital Investments		971,279
Other Transfers		(1,141,985)
Net Cash Provided (used) by Noncapital Financing Activities	107,382,565	(170,706)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
State Apportionments for Capital Purposes	549,459	
Purchases of Capital Assets	(32,790,082)	
Proceeds from Sales of Capital Assets	4,966	
Principal Paid on Capital Debt	(28,260,000)	
Interest Paid on Capital Debt	(11,975,565)	
Interest on Capital Investments	650,528	
Local Property Taxes and Other Revenues for Capital Purposes	33,591,621	
Net Cash Provided (Used) by Capital and Related Financing Activities	(38,229,073)	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Investments		(25,472,715)
Sales and Maturities of Investments		24,367,495
Gain on Pooled Cash and Cash Equivalents	877,134	
Net Cash Provided (Used) by Investing Activities	877,134	(1,105,220)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(32,969,156)	2,199,984
CASH AND EQUIVALENTS -- BEGINNING OF YEAR	202,071,342	8,566,168
CASH AND EQUIVALENTS -- END OF YEAR	$ 169,102,186	$ 10,766,152

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED JUNE 30, 2018

	Primary Institution	Foundation
Reconciliation to Balance Sheet:		
Cash and Equivalents	$ 33,824,099	$ 10,766,152
Restricted Cash and Cash Equivalents - Current	120,679,150	
Cash with Trustee	872,810	
Restricted Cash and Cash Equivalents - Noncurrent	13,726,127	
Total Cash and Cash Equivalents	$ 169,102,186	$ 10,766,152
RECONCILIATION OF NET OPERATING GAIN (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Gain (Loss)	$ (133,657,508)	$ 3,963,368
Donated Investments		(999,337)
Adjustments to Reconcile Operating Gain (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	10,163,073	
Changes in:		
Accounts Receivable	857,312	(63,191)
Pledges Receivable		714,843
Inventories, Prepaids, and Other Assets	14,326	133,032
Endowment Fund		(15,931)
Deferred Outflows Related to Pensions	(13,699,045)	
Deferred Outflows Related to OPEB	29,790	
Accounts Payable	8,141,183	(72,845)
Unearned Revenue	3,642,154	(298,332)
Compensated Absences	358,375	
Postemployment Benefits	153,035	
Net Pension Liability	18,490,183	
Liabilities Under Charitable Remainder Trusts		(6,694)
Amounts Held on Behalf of Others		62,242
Deferred Inflows Related to Charitable Remainder Trust		58,755
Deferred Inflows Related to Pensions	2,507,340	
Net Cash Provided (Used) by Operating Activities	$ (102,999,782)	$ 3,475,910
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Amortization of Deferred Charge on Refunding	$ 942,484	
Amortization of Premium on Long-Term Debt	2,576,182	
Receipt of donated capital assets	59,950	
Net Non-Cash Investing, Capital, and Financing Activities	$ 3,578,616	$

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

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018

	Agency Funds
ASSETS:	
Cash and Cash Equivalents	$ 854,498
Due from District	76
Accounts Receivable	817
TOTAL ASSETS	$ 855,391
LIABILITIES:	
Accounts Payable	$ 8,696
Amounts Held in Trust for Others	846,695
TOTAL LIABILITIES	$ 855,391

1. ORGANIZATION AND REPORTING ENTITY

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

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statements No. 39 and 61. The District, based on its evaluation of these criteria, identified the Santa Rosa Junior College Foundation (the Foundation) as a component unit.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Agency Funds – These funds include the Associated Students, Student Center Fee, and the Student Representation Fee Fund. The amounts reported for the Associated Students Fund represent the combined totals of all accounts for the various student body clubs and activities within the District. Individual totals, by club, are maintained within the Associated Student's accounting system. The Student Center Fee Fund accounts for an annual building and operating fee for the purpose of financing, constructing, enlarging, remodeling, refurbishing, and operating a student body center. The Student Representation Fee Fund accounts for the student representation fee assessment, which is used by students for legislative advocacy.

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

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

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

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

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

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

Inventory – Inventories are stated at the cost method (first-in, first-out method) or at market.

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

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

Deferred Outflows/Deferred Inflows of Resources – In addition to assets, the statement of net position 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 charge 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.

Contributions made to the District's pension and OPEB plans 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 OPEB liability in the next fiscal year.

Additional factors involved in the calculation of the District's pension and OPEB expenses 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. See Note 9 for further details related to these pension deferred outflows and inflows. See Note 10 for details related to the OPEB deferred outflows and inflows.

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 total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, 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.

Unearned Revenues – Unearned revenues include amounts received for tuition and fees prior to the end of the fiscal year, but related to the subsequent accounting period. Unearned revenues also include amounts received from grants, contracts, and certain categorical programs that have not yet been earned.

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

Noncurrent Liabilities – Non-current liabilities include estimated amounts for accrued postemployment benefits, net pension liabilities, and bond repayments and related interest that will not be paid within the next fiscal year.

Net Position – The District's net position is classified as follows:

- Net investment in capital assets – This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

- Restricted net position – expendable – Restricted expendable net position includes resources that the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

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

- Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises; (3) most Federal, State, and local grants and contracts and Federal appropriations.

- Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting" and GASB No. 34, such as State appropriations and investment income.

Scholarship Discounts and Allowances and Financial Aid – Student tuition and fee revenues are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. The District offers Board of Governor's (BOG) grants to qualified students and these tuition waivers are reported as scholarship discounts and allowances. Grants, such as Federal, State, or non-governmental programs, are recorded as operating or non-operating revenues in the District's financial statements.

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

Changes in Accounting Principles – For the year ended June 30, 2018, the District implemented GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* and GASB Statement No. 89 (GASB 89), *Accounting for Interest Cost Incurred before the End of a Construction Period*.

The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for other postemployment benefits (OPEB) by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. It requires employers to report an OPEB liability for the difference between the present value of projected OPEB benefits for past service and restricted resources held in trust for the payment of benefits. GASB 75 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note 10 explains the effect of the implementation of GASB 75.

Since GASB 75 requires retroactive application, the net OPEB liability offset by the related deferred outflow of resources and prior recognized OPEB liabilities as of June 30, 2017 reduces the beginning net position for the fiscal year ended June 30, 2018. As a result, for the year ended June 30, 2018, the beginning net position decreased by $23,771,810 as the cumulative effect of this change in accounting principle.

The primary objectives of GASB 89 are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for business-type activities or enterprise funds. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset. GASB 89 requires prospective application, therefore no adjustment was made to beginning net position.

For the year ended June 30, 2018, the Foundation implemented GASB Statement No. 81 (GASB 81), Irrevocable Split-Interest Agreements. Since GASB 81 requires retroactive application, the financial statements for the year ended June 30, 2017 have been restated to reflect the addition of the Foundation's deferred inflow of resources for the net value of assets and liabilities received from irrevocable split-interest agreements of $2,396,141, reduces the beginning net position by $1,997,944 as well as the elimination of the changes in value of charitable remainders trusts and contributions received for new charitable remainder trusts of $331,946 and $66,251, respectively. Additional information regarding this change in accounting principle can be found in the Foundation's audited financial statements.

3. CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents as of June 30, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Position of the Primary Institution:	
Cash and Cash Equivalents	$ 33,824,099
Restricted Cash and Cash Equivalents – Current	120,679,150
Restricted Cash and Cash Equivalents – Noncurrent	13,726,127
Cash with Trustee	872,810
Statement of Fiduciary Net Position:	
Cash and Cash Equivalents	854,498
Total Cash and Cash Equivalents	$ 169,956,684

The District's cash, cash equivalents, and investments as of June 30, 2018 consist of the following:

Cash and Cash Equivalents in Sonoma County Treasury	$ 167,497,848
Deposits with Financial Institutions	1,531,524
Cash on Hand	54,502
Cash Equivalents with Fiscal Agent:	
Cash Held by Trustee	872,810
Total Cash and Cash Equivalents	$ 169,956,684

Cash in County Treasury

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

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

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

Investments Authorized by the District's Investment Policy

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds or Notes	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations – CA and Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Bankers' Acceptance	180 days	40%	30%
Commercial Paper (pooled and non-pooled)	270 days	25% or 40%	10%
Negotiable Certificates of Deposits	5 years	30%	30%
Non-negotiable Certificates of Deposits	5 years	None	None
Deposit Placement Services	5 years	30%	30%
CD Placement Services	5 years	30%	30%
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds & Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-through Securities	5 years	20%	None
Joint Powers Authority Pool	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Funds (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	30%	None

Investments Authorized by Debt Agreements

$82,012,362 of the District's cash and cash equivalents with the Treasury represents unspent proceeds of the 2014 General Obligation Bond, Series A at June 30, 2018, which is restricted for specific purposes under terms of the bonds offering.

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair values to changes in market interest rates. As of June 30, 2018, the weighted average maturity of the investments contained in the District's Treasury's investment pool is approximately 533 days.

Credit Risk

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The proportion of investments in each of the permissible investment categories is restricted as defined in the *California Government Code*, Sections 53601 and 53635. The District does not hold any investments that constitute 5% or more of its total investment balance.

Cash on Hand, in Banks, and in Revolving Fund

As of June 30, 2018, the carrying amount of the District's bank balance was $1,830,436. Of the bank balance, $264,298 was insured by the Federal Depository Insurance Corporation (FDIC). Cash on hand of $54,502 is not insured. District deposits held with financial institutions in excess of FDIC limits were $2,349,110. Of the total bank balance, $1,531,524 is held by the primary institution and $386,559 is held by fiduciary funds.

Restricted Cash and Cash Equivalents

The District's restricted cash and cash equivalents are $134,405,277 at June 30, 2018. Included in this restricted balance is $82,012,362 for the 2014 Series A General Obligation Bond of unspent proceeds and $52,392,915 for the assessments collected by the County Treasurer's Office on behalf of the District for the repayment of the District's general obligation bonds.

Derivative Investments

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

Fair Value Measurement

GASB 72 requires the District to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

The County Treasury Pooled Investment Fund is subject to fair value measurement; however, they are not subject to the fair value hierarchy.

4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2018:

Federal Grants and Contracts	$ 786,515
State Grants and Contracts	1,537,709
Local Grants and Contracts	682,574
State Apportionment – Capital	1,086,000
Auxiliaries	62,687
Tuition and Fees	1,493,849
Other	1,207,200
Totals	$ 6,856,534

5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Disposals	Balance June 30, 2018
Capital Assets, Not Depreciated:				
Land	$ 14,254,364	$ 601,435		$ 14,855,799
Construction in Progress	1,951,176	8,569,001		10,520,177
Total Capital Assets, Not Depreciated	16,205,540	9,170,436		25,375,976
Capital Assets, Depreciated:				
Buildings	385,238,592	11,903,708		397,142,300
Improvement of Sites	14,672,389	10,613,380		25,285,769
Vehicles	3,427,596	276,864	$ (128,259)	3,576,201
Machinery and Equipment	16,509,473	885,645	(120,596)	17,274,522
Total Capital Assets, Depreciated	419,848,050	23,679,597	(248,855)	443,278,792
Less Accumulated Depreciation for:				
Buildings	(96,059,368)	(8,889,815)		(104,949,183)
Improvement of Sites	(9,743,984)	(386,430)		(10,130,414)
Vehicles	(2,217,660)	(262,033)	118,467	(2,361,226)
Machinery and Equipment	(9,945,217)	(624,795)	99,042	(10,470,970)
Total Accumulated Depreciation	(117,966,229)	(10,163,073)	217,509	(127,911,793)
Total Capital Assets, Depreciated, Net	301,881,821	13,516,524	(31,346)	315,366,999
Capital Assets, Net	$ 318,087,361	$ 22,686,960	$ (31,346)	$ 340,742,975

6. LONG-TERM LIABILITIES

General Obligation Refunding Bonds

In December 2016, the District issued General Obligation Refunding Bonds, in the amount of $20,795,000, with interest rates ranging from 3.00% - 5.00%. The debt was issued to provide resources to defease the remaining outstanding principal amount of General Obligation Bonds, Series B, and interest accrued until the date of defeasement. The net carrying amount of the old debt, made up of outstanding principal and unamortized premium, exceeded the reacquisition price, resulting in a deferred amount on refunding. This deferred amount on refunding is included in the net deferred outflows of resources on the statement of net position. The deferred charge on refunding at June 30, 2018 of $(807,839) is being amortized over the remaining life of the new debt.

The 2016 General Obligation Refunding Bonds mature as follows:

Year Ending June 30,	Principal	Interest	Total
2019		$ 936,688	$ 936,688
2020		936,687	936,687
2021		936,688	936,688
2022		936,687	936,687
2023		936,688	936,688
2024-2028	$ 12,755,000	3,514,562	16,269,562
2029-2030	7,485,000	304,456	7,789,456
Subtotal	20,240,000	8,502,456	28,742,456
Plus: Unamortized Premium	2,928,446		2,928,446
Totals	$ 23,168,446	$ 8,502,456	$ 31,670,902

In May 2013, the District issued General Obligation Refunding Bonds, in the amount of $133,215,000, with interest rates ranging from 2.00% - 5.00%. The debt was issued to provide resources to purchase U.S. Government State and Local Government securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of $137,302,500 of General Obligation Bonds, Series B, and $93,758,875 of General Obligation Bonds, Series C. As a result, the refunded bonds are considered to be partially defeased as a legal defeasance and a prorated portion of the liability has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt resulting in a deferred charge on refunding. The deferred charge on refunding at June 30, 2018 of $12,155,433 is being amortized over the remaining life of the new debt.

The 2013 General Obligation Refunding Bonds mature as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 7,455,000	$ 5,929,600	$ 13,384,600
2020	8,025,000	5,607,300	13,632,300
2021	8,845,000	5,255,150	14,100,150
2022	9,640,000	4,866,500	14,506,500
2023	10,560,000	4,382,000	14,942,000
2024-2028	54,480,000	14,048,000	68,528,000
2029-2030	28,285,000	1,445,625	29,730,625
Subtotal	127,290,000	41,534,175	168,824,175
Plus: Unamortized Premium	19,393,801		19,393,801
Totals	$ 146,683,801	$ 41,534,175	$ 188,217,976

General Obligation Bonds

In December 2016, the District issued the 2014 General Obligation Bonds, Series A, in the amount of $125,000,000, with an interest rate of 3.00% - 5.00%.

The General Obligation Bonds, Series A mature as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 20,160,000	$ 4,185,500	$ 24,345,500
2020	19,190,000	3,499,300	22,689,300
2021	630,000	3,102,900	3,732,900
2022	770,000	3,074,900	3,844,900
2023	915,000	3,041,200	3,956,200
2024-2028	7,135,000	14,430,725	21,565,725
2029-2033	12,755,000	12,163,475	24,918,475
2034-2038	20,285,000	8,431,475	28,716,475
2039-2042	23,600,000	2,480,000	26,080,000
Subtotal	105,440,000	54,409,475	159,849,475
Plus: Unamortized Premium	9,883,191		9,883,191
Totals	$ 115,323,191	$ 54,409,475	$ 169,732,666

Revenue Bonds

The District previously held lease revenue bonds with an original issue amount of $3,125,000, payable in annual installments ranging from $75,000 to $210,000, with an original final maturity in 2023. The District fully redeemed the $1,280,000 in outstanding bonds during the year ended June 30, 2018. The early redemption has saved the District $162,569 in future interest payments.

Changes In Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
General Obligation Bonds	$ 314,731,620		$ 29,556,182	$ 285,175,438	$ 27,615,000
Revenue Bonds	1,280,000		1,280,000		
Compensated Absences	3,320,048	$ 3,678,423	3,320,048	3,678,423	3,678,423
Total	$ 319,331,678	$ 3,678,423	$ 34,156,230	$ 288,853,861	$ 31,293,423

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

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

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

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

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

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

Self-insurance and other limits are as follows:

Type of Coverage	Self-Insurance	SWACC	SAFER	PIPS
General Liability	Up to $50,000	$50,000 - $1,000,000	$1,000,000 - $45,000,000	N/A
Property	Up to $10,000	$10,000 - $250,000	$250,000 - $250,000,000	N/A
Workers' Compensation	N/A	N/A	N/A	To Statutory Limits
Dental Benefits	100% Self-Insured	N/A	N/A	N/A

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

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

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

	SWACC Property / Liability June 30, 2018	SAFER Property / Liability June 30, 2018	PIPS Workers' compensation June 30, 2017
Total Assets	$ 52,332,118	$ 39,841,694	$ 129,260,118
Total Liabilities	34,316,883	38,695,867	111,815,654
Net Position	18,015,235	1,145,827	17,444,464
Total Liabilities and Net Position	$ 52,332,118	$ 39,841,694	$ 129,260,118
Total Revenues	$ 22,350,363	$ 59,557,069	$ 301,650,334
Total Expenses	29,435,155	59,101,219	296,435,880
Net Increase (Decrease) in Net Position	$ (7,084,792)	$ 455,850	$ 4,093,490

8. COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

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

Litigation

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

Sick Leave

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

Construction Commitments

The District has construction commitments of approximately $66,088,268 at June 30, 2018. General Obligation Bonds have been approved for such construction commitments.

9. RETIREMENT PLANS

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District participates in the State Teachers' Retirement Plan (the CalSTRS Plan), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. CalSTRS acts as a common investment and administrative agent for participating public entities within the State of California. CalSTRS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calstrs.com.

Benefits Provided

The benefits for the CalSTRS Plan are established by contract, in accordance with the provisions of the State Teachers' Retirement Law. Benefits are based on members' years of service, age, final compensation, and a benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The California Public Employees' Pension Reform Act of 2013 (PEPRA) made significant changes to the benefit structure that primarily affect members first hired to perform CalSTRS creditable activities on or after January 1, 2013. As a result of PEPRA, the CalSTRS Plan has two benefit structures: 1) CalSTRS 2% at 60 – Members first hired on or before December 31, 2012, to perform CalSTRS creditable activities, and 2) CalSTRS 2% at 62 – Members first hired on or after

January 1, 2013, to perform CalSTRS creditable activities. The 2 percent, also known as the age factor, refers to the percentage of final compensation received as a retirement benefit for each year of service credit. To be eligible for 2% service retirement, members hired prior to January 1, 2013, must be at least age 60 with a minimum of five years of CalSTRS-credited service, while members hired after January 1, 2013, must be at least age 62 with five years of service.

Contributions

Assembly Bill 1469 (AB 1469), signed into law as a part of the State of California's (the State) 2014-15 budget, increases contributions to the CalSTRS Plan from members, employers, and the State over the next seven years, effective July 1, 2014. School employer contributions will increase from 8.25% to a total of 19.10% of covered payroll over the seven-year period. The District's required contribution rate for the year ended June 30, 2018, was 14.43% of annual pay. District contributions to the CalSTRS Plan were $6,213,226 for the year ended June 30, 2018.

The State contributes a percentage of the annual earnings of all members of the CalSTRS Plan. AB 1469 increases the State's contribution attributable to the benefits in effect in 1990, but does not change the base rate of 2.017%. In accordance with AB 1469, the portion of the state appropriation under Education Code Sections 22955(b) that is in addition to the base rate has been replaced by section 22955.1(b) in order to fully fund the benefits in effect as of 1990 by 2046. The additional state contribution increased from 1.437% in 2014-15 to 4.811% in 2017-18. The increased contributions end as of fiscal year end June 30, 2046. The State contribution rate for the period ended June 30, 2017, was 8.828% of the District's 2014-15 creditable CalSTRS compensation.

Actuarial Assumptions

The total pension liability for the CalSTRS Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to the measurement date of June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Investment Rate of Return[1]	7.10%
Mortality	CalSTRS' Membership Data
Post-Retirement Benefit Increase	2% simple for DB (Annually) Maintain 85% purchasing power Level for DB Not applicable for DBS /CBB

[1] Net of investment expenses, but gross of administrative expenses.

Changes in Assumptions

During fiscal year end June 30, 2017, CalSTRS completed an experience study for the period starting July 1, 2010, and ending June 30, 2015. The experience study was adopted by the CalSTRS board in February 2017. As a result of the study, certain assumptions used in determining the NPL of the CalSTRS Plan changed, including the price inflation, wage growth, discount rate and the mortality tables used in the actuarial valuation of the NPL. The changes to the assumptions as a result of the experience study follow:

Assumption	As of June 30, 2017	As of June 30, 2016
Consumer Price Inflation	2.75%	3.00%
Investment Rate of Return	7.10%	7.60%
Wage Growth	3.5%	3.75%

CalSTRS changed its mortality assumptions based on the July 1, 2010, through June 30, 2015, experience study adopted by their board in February 2017. 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-2016) table, issued by the Society of Actuaries.

Discount Rate

The discount rate used to measure the CalSTRS Plan's total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the CalSTRS Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS' general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term * Expected Real Rate of Return
Global Equity	47.00%	6.30%
Fixed Income	12.00%	0.30%
Real Estate	13.00%	5.20%
Private Equity	13.00%	9.30%
Absolute Return / Risk Mitigating Strategies	9.00%	2.90%
Inflation Sensitive	4.00%	3.80%
Cash / Liquidity	2.00%	-1.00%
Total	100.00%	

*20-year geometric average

California Public Employees' Retirement System (CalPERS)

Plan Description

The District participates in the Schools Pool (the CalPERS Plan), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov.

Benefits Provided

The benefits for the CalPERS Plan are established by contract, in accordance with the provisions of the California Public Employees' Retirement Law (PERL). The benefits are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. PEPRA made significant changes to the benefit structure that primarily affect members first hired to perform CalPERS creditable activities on or after January 1, 2013. As a result of PEPRA, the CalPERS Plan has two benefit structures: 1) CalPERS 2% at 55 – Members first hired on or before December 31, 2012, to perform CalPERS creditable activities, and 2) CalPERS 2% at 62 – Members first hired on or after January 1, 2013, to perform CalPERS creditable activities. To be eligible for service retirement, members hired prior to January 1, 2013, must be at least age 50 with a minimum of five years of CalPERS-credited service, while members hired after January 1, 2013, must be at least age 52 with a minimum of five years of CalPERS-credited service.

Contributions

Section 20814(c) of the PERL 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. Contribution rates for the CalPERS Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The CalPERS Plan's 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's required contribution rate for the year ended June 30, 2018, was 15.531% of annual pay. District contributions to the CalPERS Plan were $5,667,937 for the year ended June 30, 2018.

Actuarial Assumptions

For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 total pension liability amounts were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases(1)	Varies
Investment Rate of Return(2)	7.15%
Mortality(3)	CalPERS' Membership Data
Post-Retirement Benefit Increase(4)	Up to 2.75%

(1) Varies by entry age and service
(2) Net of pension plan investment; includes inflation
(3) The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, refer to the April 2014 CalPERS Experience Study and Review of Actuarial Assumptions Report available on CalPERS webpage.
(4) Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

Changes in Assumptions

In fiscal year June 30, 2017, the financial reporting discount rate for CalPERS was lowered from 7.65% to 7.15%.

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate, the amortization and smoothing periods recently adopted by the Board in 2013 were used. For the CalPERS Plan, projections of expected benefit payments and contributions at the statutorily required member and employer rates were performed to determine if the assets would run out. The tests revealed the assets would not run out for the Plan. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability for the CalPERS Plan. The crossover test results can be found on CalPERS' website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	New Strategic Allocation	Real Return Years 1 – 10[(a)]	Real Return Years 11+[(b)]
Global Equity	47.00%	4.90%	5.38%
Fixed Income	19.00%	0.80%	2.27%
Inflation Assets	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

[(a)] An expected inflation of 2.5% was used for this period.
[(b)] An expected inflation of 3.0% was used for this period.

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

As of June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for the State's 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:	
CalSTRS Plan	$ 73,984,000
CalPERS Plan	66,759,836
Total District net pension liability	140,743,836
State's proportionate share of CalSTRS net pension liability associated with the District	43,783,412
Total	$ 184,527,248

The District's net pension liability is measured as the proportionate share of each Plan's net pension liability. The net pension liabilities of the Plans are measured as of June 30, 2017, and calculated by reducing the total pension liability of each Plan by the respective Plan's fiduciary net position. The District's proportion of each Plan's net pension liability was based on the ratio of the District's actual employer contributions in the measurement period to the total actual employer and State contributions received by the respective Plan in the measurement period. The District's proportionate share of the net pension liability as of June 30, 2017, was 0.080% and 0.2797% for the CalSTRS and CalPERS Plans, respectively, which was a decrease of 0.003% and an increase of 0.0005%, respectively, from its proportion measured as of June 30, 2016 for CalSTRS and CalPERS Plans, respectively.

For the measurement period ended June 30, 2017, the District recognized pension expense of $23,594,115 and revenue of $4,414,473 for support provided by the State. At June 30, 2018, 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
Differences between expected and actual experience	$ 2,665,330	$ (1,290,400)
Changes in assumptions	23,457,724	(786,015)
Changes in proportion	472,692	(3,885,283)
Change in proportionate share of contributions		(312,234)
Net differences between projected and actual investment earnings of pension plan investments	2,309,434	(1,970,400)
District contributions subsequent to measurement date	11,881,163	
Total	$ 40,786,343	$ (8,244,332)

The $11,881,163 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2019	$ 3,795,745
2020	9,262,347
2021	6,130,863
2022	(1,680,232)
2023	1,172,889
Thereafter	1,979,236

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	Discount Rate –1% (6.10%)	Current Discount Rate (7.10%)	Discount Rate +1% (8.10%)
District's proportionate share of the CalSTRS Plan's net pension liability	$ 108,632,000	$ 73,984,000	$ 45,864,800

	Discount Rate –1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
District's proportionate share of the CalPERS Plan's net pension liability	$ 98,225,112	$ 66,759,836	$ 40,656,755

Defined Contribution Plans

Two defined contribution retirement plans are offered to part-time employees. First, in addition to the CalSTRS plan previously described, effective January 1, 1998, the District offered its part-time employees participation in the Cash Balance Benefit Program (the Cash Balance Plan) for employees of California's public schools, sponsored by CalSTRS. Eligibility is determined by CalSTRS and retirement benefits are based on an amount equal to the balance of the participant's account, including interest earned on contributions, payable as either a lump-sum distribution or an annuity for balances over $3,500. Participants have an immediate vested right to their benefits and no annual maintenance fees are allocated to the Cash Balance Plan.

The Cash Balance Plan requires contributions from the eligible members and from the District. Currently, the faculty members' and the District's required contributions are each 4% of gross salary. During the fiscal year ended June 30, 2018, employees and the District each contributed $359,309 to the Cash Balance Plan.

The second defined contribution plan is a 403(b) plan administered by Fidelity Investments. The IRS recognizes a 403(b) investment plan as a qualified pension plan that employers may offer in lieu of Social Security to employees not covered by CalSTRS or CalPERS. This alternative retirement system has been in effect since January 1, 1992, and is an employee-directed defined contribution plan. Currently, both the members and the District contribute 3.75% of gross salary. Participants contributing to the 403(b) plan have an immediate vested right to their benefits. During the fiscal year ended June 30, 2018, employees and the District each contributed $123,327 to the 403(b) plan.

10. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

Plan Description

In addition to the pension benefits described in Note 9, the District provides other postemployment health and welfare benefits (medical, prescription drug, and dental insurance) for eligible retired employees through a single-employer defined benefit OPEB plan (the Plan). The medical benefits are provided through the Self-Insured Schools of California (SISC). Dental benefits are self-insured by the District and administered by outside consultants. As of June 30, 2018, the District had not established an irrevocable trust or designated a trustee for the payment of plan benefits. As such, there are no assets accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. Although not set aside in an irrevocable trust, the District has established a Retiree Benefits Fund whose assets are designated for payment of other postemployment benefits. This fund had fund balance of $3,080,391 at June 30, 2018.

Benefits Provided

Employees who have attained age 55 and have completed at least 15 years of full-time service with the District are eligible to retire and receive District-paid medical and dental coverages for retiree and dependents until age 65. For employees hired on or after October 1, 2013, the eligibility requirements are age 62 and 17 years of full-time service. Classified employees who work less than 100% full-time are credited with service on a pro-rata basis. Survivor benefits continue until the date the retiree would have reached age 65.

Certificated, classified and management employees and retirees are required to contribute towards the cost of their medical/prescription drug coverage. Contributions depend on the plan selected by the retiree as well as the coverage tier, and range from $19.36 to $63.00 per month. Medical premium increases in excess of the State COLA adjustment, if any, are subject to future negotiations and may result in an increase in employee/retiree contributions.

Upon attainment of age 65, retirees who have been covered under the District's Plan will receive a medical/dental stipend for life equal to $84/month for single retirees and $136.50/month for retiree and spouse. The continued payment of the stipend is conditioned upon the retiree providing proof of eligible medical or dental coverage.

Employees Covered

As of the July 1, 2016 actuarial valuation, the following inactive and active employees were covered by the benefit terms under the OPEB Plan:

Inactive employees receiving benefits	419
Inactive employees entitled to but not receiving benefits	0
Participating active employees	792
Total	1,211

Total OPEB Liability

The District's total OPEB liability of $31,583,452 was measured as of June 30, 2017, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated July 1, 2016, based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Discount Rate[(1)]	3.13%
Health care cost trend rates	6.00% for 2016; 5% for 2017 and later

[(1)] Based on Municipal Bond 20-Year High Grade Rate Index.

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2016 valuation were based on a review of plan experience during the period July 1, 2014 to June 30, 2016.

Changes in the Total OPEB Liability

The changes in the Total OPEB liability for the OPEB Plan are as follows:

	Total OPEB Liability (TOL)
Balance at June 30, 2017	$ 31,430,417
(Roll back balance at June 30, 2016 measurement date)	
Changes recognized for the measurement period:	
Service cost	1,010,410
Interest on TOL	955,617
Benefit payments	(1,812,992)
Net changes	153,035
Balance at June 30, 2018 (Measurement date June 30, 2017)	$ 31,583,452

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Discount Rate –1% (2.13%)	Current Discount Rate (3.13%)	Discount Rate +1% (4.13%)
Total OPEB liability	$ 34,343,814	$ 31,583,452	$ 29,122,035

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Discount Rate –1% (5.00% decreasing to 4.00%)	Health Care Trend Rate (6.00% decreasing to 5.00%)	Discount Rate +1% (7.00% decreasing to 6.00%)
Total OPEB liability	$ 29,505,092	$ 31,583,452	$ 33,921,110

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $1,966,027. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 1,783,202	
Changes of assumptions		
Total	$ 1,783,202	$

The $1,783,202 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE MEASUREMENT PERIODS ENDED JUNE 30 LAST 10 YEARS*

	2017
TOTAL OPEB LIABILITY	
Service cost	$ 1,010,410
Interest	955,617
Benefit payments	(1,812,992)
NET CHANGE IN TOTAL OPEB LIABILITY	153,035
TOTAL OPEB LIABILITY, Beginning	31,430,417
TOTAL OPEB LIABILITY, Ending	$ 31,583,452
Covered-employee payroll	$ 66,331,272
District's total OPEB liability as a percentage of covered-employee payroll	47.61%

Notes to Schedule:
There were no changes to benefit terms or assumptions during the measurement period ending June 30, 2017.

The District has not accumulated assets in a trust to pay for related OPEB benefits.

* Fiscal year 2018 was the 1st year of implementation, therefore only one year is presented.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS OF JUNE 30, 2018 LAST 10 YEARS*

CalSTRS Plan

	Measurement Date			
	2017	**2016**	**2015**	**2014**
District's proportion of the net pension liability	0.080%	0.083%	0.089%	0.086%
District's proportionate share of the net pension liability	$ 73,984,000	$ 67,131,230	$ 59,918,360	$ 50,255,820
State's proportionate share of the net pension liability associated with the District	43,483,412	38,263,861	31,811,375	30,231,043
Total	$ 117,467,412	$ 105,395,091	$ 91,729,735	$ 80,486,863
District's covered-employee payroll	$ 41,128,188	$ 39,288,231	$ 37,976,024	$ 35,051,949
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	180%	171%	158%	143%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%

Notes to Schedule:

Change of benefit terms – There were no changes to the benefit terms.

Changes in assumptions – For the measurement date ended June 30, 2016, 2015 and 2014, there were no changes in assumptions. For the measurement date ended June 30, 2017, the consumer price inflation changed from 3.00% to 2.75%, investment rate of return changed from 7.60% to 7.10 % and wage growth changed from 3.75% to 3.50%.

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS OF JUNE 30, 2018 LAST 10 YEARS*

CalPERS Plan

	Measurement Date			
	2017	**2016**	**2015**	**2014**
District's proportion of the net pension liability	0.2797%	0.2791%	0.2757%	0.2714%
District's proportionate share of the net pension liability	$ 66,759,836	$ 55,122,423	$ 40,638,452	$ 30,810,508
District's covered-employee payroll	$ 35,663,359	$ 33,475,412	$ 30,965,438	$ 29,799,775
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	187%	165%	131%	103%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

Notes to Schedule:

Change of benefit terms – There were no changes to the benefit terms.

Changes in assumptions – For the measurement date ended June 30, 2015, the discount rate changed from 7.50% (net of administrative expenses in 2014) to 7.65% to correct an adjustment which previously reduced the discount rate for administrative expenses. For the measurement dates ended June 30, 2016 and 2014, there were no changes in assumptions. For the measurement date ended June 30, 2017, the discount rate changed from 7.65% to 7.15%.

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
AS OF JUNE 30, 2018
LAST 10 YEARS*

CalSTRS Plan

	Fiscal Year			
	2018	**2017**	**2016**	**2015**
Contractually required contribution (actuarially determined)	$ 6,213,226	$ 5,166,959	$ 4,208,991	$ 3,354,769
Contributions in relation to the contractually required contributions	(6,213,226)	(5,166,959)	(4,208,991)	(3,354,769)
Contribution deficiency (excess)	$	$	$	$
District's covered-employee payroll	$ 43,191,311	$ 41,128,188	$ 39,288,231	$ 37,976,024
Contributions as a percentage of covered-employee payroll	14.39%	12.56%	10.71%	8.83%

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
AS OF JUNE 30, 2018
LAST 10 YEARS*

CalPERS Plan

	Fiscal Year			
	2018	**2017**	**2016**	**2015**
Contractually required contribution (actuarially determined)	$ 5,667,937	$ 4,952,867	$ 3,965,995	$ 3,592,525
Contributions in relation to the contractually required contributions	(5,667,937)	(4,952,867)	(3,965,995)	(3,592,525)
Contribution deficiency (excess)	$	$	$	$
District's covered-employee payroll	$ 36,703,058	$ 35,663,359	$ 33,475,412	$ 30,965,438
Contributions as a percentage of covered-employee payroll	15.44%	13.89%	11.85%	11.60%

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

SUPPLEMENTARY INFORMATION SECTION

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Award Amount	Program Expenditures
U.S. Department of Education:				
Student Financial Assistance Programs Cluster:				
Pell Grant Program	84.063	N/A	$ 14,408,752	$ 14,408,752
Supplemental Educational Opportunity Grant Program	84.007	N/A	193,863	184,556
Federal Work-Study Program	84.033	N/A	257,832	267,139
Direct Student Loan Program	84.268	N/A	1,735,307	1,735,307
Subtotal Student Financial Assistance Programs Cluster			16,595,754	16,595,754
Passed Through Humboldt State University:				
HIS STEM	84.031C	N/A	34,632	29,651
Hispanic Serving Institute - SRJC Meta4	84.031S	P031S140184-15	681,584	531,044
Subtotal CFDA 84.031			716,216	560,695
TRIO Student Support Services	84.042A	N/A	287,543	245,902
Passed Through California Community Colleges Chancellor's Office (CCCCO):				
Title II-C	84.048	04-C01-061	598,098	598,098
CTE Transitions	84.048	04-139-069	41,592	41,592
Subtotal Career and Technical Education			639,690	639,690
Passed Through California Department of Education:				
HSE Jail Prep	84.002A	13971	141,813	141,813
Adult Education (English As a Second Language)	84.002A	14508	377,265	377,265
Subtotal CFDA 84.002A			519,078	519,078
Passed Through Office of Migrant Education:				
High School Equivalency Program	84.141A	N/A	490,857	466,712
Passed Through California Department of Rehabilitation:				
College to Career	84.126A	28109	250,000	250,000
Total U.S. Department of Education			19,499,138	19,277,831
U.S. Department of Health and Human Services:				
Passed Through CCCCO:				
Temporary Assistance to Needy Families (TANF)	93.558	N/A	108,950	108,950
Passed Through County of Sonoma:				
Temporary Assistance to Needy Families (SonomaWorks)	93.558	17-0405-1SW	230,000	230,000
Subtotal TANF State Programs Cluster			338,950	338,950
Local Dental Pilot Project (Cavity Free)	93.778	2017-0077-A00	15,013	8,746
Medical Administrative Activities	93.778	04-35070	10,000	(3,785)
Subtotal Medicaid Cluster			25,013	4,961
Total U.S. Department of Health and Human Services			363,963	343,911

See the accompanying notes to supplemental information.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Award Amount	Program Expenditures
U.S. National Science Foundation:				
Passed Through City College of San Francisco:				
HSI Course Based Research Experiences in STEM Education	47.076	DUE-1549875	228,042	138,835
STEM Miles	47.076	DUE-1742635	92,561	10,505
Subtotal National Science Foundation			320,603	149,340
U.S. Department of Agriculture:				
Passed Through California Department of Education:				
Child and Adult Care Food Program	10.558	1800-1A	56,251	56,251
U.S. Corporation of National and Community Service:				
Americorps Student Ambassadors	94.006	N/A	27,200	9,936
National Service Trust Grant	94.006	N/A	87,565	87,565
Subtotal U.S. Corporation of National and Community Service			114,765	97,501
Total Expenditures of Federal Awards			$ 20,354,720	$ 19,924,834

See the accompanying notes to supplemental information.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018

	Entitlements	Program Revenues				
Program Title	Current Year	Unearned Revenue and Cash Received	Accounts Receivable	Unearned/ Payables	Total	Program Expenditures
21st Century Alternative Fuel		$ 20,835		$ 1,065	$ 19,770	$ 19,770
Adult Ed AB 86	$ 914,377	1,651,750		887,653	764,097	764,097
Adult Ed Data Collection		262,068		145,727	116,341	116,341
Apprenticeship	143,000	143,000			143,000	143,000
Basic Skills 16/17		49,860			49,860	49,860
Basic Skills 17/18	445,401	445,401		308,370	137,031	137,031
Block Grant 00/01		709,225		709,225		
Cal Grants	1,469,615	1,469,406	$ 209		1,469,615	1,469,615
CalWorks	551,007	551,007			551,007	551,007
CalWorks Regional	10,000	10,000		1,929	8,071	8,071
Campus Safety Sexual Assault	29,564	29,564		26,827	2,737	2,737
Capital Outlay Program	1,086,000		1,086,000		1,086,000	1,086,000
Child Development	765,341	745,476	19,865		765,341	765,341
Child Development Consortium	15,000	6,250		60	6,190	6,190
Continuance	196,500	196,500		127,500	69,000	69,000
Cooperative Agency Resource Education	81,747	81,747			81,747	81,747
CTE Data Unlocked		50,000		50,000		
CTE Food/Beverage		590		590		
CTE Outcomes Survey	1,867,150	2,051,200		362,014	1,689,186	1,689,186
CTE Strong Workforce 16/17		1,180,777		442,629	738,148	738,148
CTE Strong Workforce 17/18	2,430,841	2,430,841		1,785,954	644,887	644,887
CTE Strong Workforce Regional 16/17		467,305		295	467,010	467,010
CTE Strong Workforce Regional 17/18	1,336,911		109,126		109,126	109,126
Disabled Student Program & Services	2,904,852	2,904,852			2,904,852	2,904,852
Dreamers	121,846	121,846		12,846	109,000	109,000
Education Planning Initiative		7,075		1,257	5,818	5,818
Enrollment Growth	268,000	107,200	160,800		268,000	268,000
EOPS Grants	242,855	241,655	1,200		242,855	242,855
Extended Opportunity Program and Services	1,591,020	1,591,020			1,591,020	1,591,020
Faculty and Staff Diversity	50,000	70,413		45,777	24,636	24,636
Financial Aid Administration	634,464	634,464			634,464	634,464
FKCE CSEC Training	5,500	3,300	2,200		5,500	5,500
Foster Parent Training Program	148,969	121,581	27,388		148,969	148,969
Full Time Student Success Grants	727,377	727,377		45,877	681,500	681,500
Guided Pathways	380,676	380,676		372,991	7,685	7,685

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018

	Entitlements	Program Revenues				
Program Title	Current Year	Unearned Revenue and Cash Received	Accounts Receivable	Unearned/ Payables	Total	Program Expenditures
Health Workforce Initiative		1,226		197	1,029	1,029
Hunger Free Campus	41,954	41,954		38,746	3,208	3,208
IEPI Leadership Development		29,267		9,103	20,164	20,164
Innovation Grant		1,440,000		1,440,000		
Instruction Equipment 16/17		581,560			581,560	581,560
Instruction Equipment 17/18	515,909	515,909		183,926	331,983	331,983
Instructional Equip 07/08		47,193		47,193		
Integrated Teacher Prep	21,125	9,768			9,768	9,768
MESA	74,515	29,806	44,709		74,515	74,515
MESA Schools Pilot Program		16,813		14,138	2,675	2,675
MHSA-PEI	200,000	132,398	67,602		200,000	200,000
My Future is in Healthcare		1			1	1
Program for Infant/Toddler Caregivers	29,592	12,238	16,697		28,935	28,935
Prop 39	1,091,554	436,622		379,116	57,506	57,506
Prop 39 CEA	575,469	1,127,680		629,443	498,237	498,237
Puente	1,500	1,500			1,500	1,500
Scheduled Maintenance 13/14		7,327		5,773	1,554	1,554
Scheduled Maintenance 14/15		101,466		84,471	16,995	16,995
Scheduled Maintenance 15/16		107,444		7,626	99,818	99,818
Scheduled Maintenance 16/17		1,500,000		325,197	1,174,803	1,174,803
Scheduled Maintenance 17/18	515,909	515,909		247,613	268,296	268,296
SSSP (Credit)	3,973,769	3,973,769		797,300	3,176,469	3,176,469
SSSP (Non-Credit)	614,768	614,768		252,095	362,673	362,673
Student Equity	2,048,546	2,291,958		249,406	2,042,552	2,042,552
Textbook Affordability Program		29,000		26,896	2,104	2,104
Veterans Resource Center	55,632	55,632		53,626	2,006	2,006
YESS-ILP	22,500	20,587	1,913		22,500	22,500
Total	$ 28,200,755	$ 33,106,056	$ 1,537,709	$ 10,120,451	$ 24,523,314	$ 24,523,314

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
ANNUAL (ACTUAL) ATTENDANCE
YEAR ENDED JUNE 30, 2018

STATE GENERAL APPORTIONMENT

Categories	Reported Data*	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2017 Only)			
1. Noncredit	675.60		675.60
2. Credit	1,458.14		1,458.14
B. Summer Intersession (Summer 2018, Prior to July 1, 2018)			
1. Noncredit	1.73		1.73
2. Credit	24.54		24.54
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses:			
(a) Weekly Census Contact Hours	8,931.53		8,931.53
(b) Daily Census Contact Hours	777.47		777.47
2. Actual Hours of Attendance Courses:			
(a) Noncredit	2,631.11		2,631.11
(b) Credit	1,148.44		1,148.44
3. Alternative Attendance Accounting Procedure Courses:			
(a) Weekly Census Procedure Courses	1,563.00		1,563.00
(b) Daily Census Procedure Courses	489.87		489.87
(c) Noncredit Independent Study	0.00		0.00
D. Total Full-Time Equivalent Students	17,701.43		17,701.43
Supplemental Information			
E. In-service Training Courses (FTES)	351.87		351.87
F. Basic Skills Courses and Immigrant Education (FTES)			
(a) Noncredit	500.64		500.64
(b) Credit	488.01		488.01
CCFS 320 Addendum			
CDCP Noncredit FTES	550.23		550.23
Centers FTES			
(a) Noncredit	155.64		155.64
(b) Credit	2,667.91		2,667.91

*FTES reported in the Recal 320 submitted by the District on September 20, 2018 less the emergency condition FTES of 1,542.70

See the accompanying notes to supplemental information.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
YEAR ENDED JUNE 30, 2018

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
ACADEMIC SALARIES							
Instructional Salaries:							
Contract or Regular	1100	$ 21,546,383		$ 21,546,383	$ 21,546,383		$ 21,546,383
Other	1300	22,327,896		22,327,896	22,327,896		22,327,896
Total Instructional Salaries		43,874,279		43,874,279	43,874,279		43,874,279
Non-Instructional Salaries:							
Contract or Regular	1200				10,262,069		10,262,069
Other	1400				1,558,120		1,558,120
Total Non-Instructional Salaries					11,820,189		11,820,189
Total Academic Salaries		43,874,279		43,874,279	55,694,468		55,694,468
CLASSIFIED SALARIES							
Non-Instructional Salaries:							
Regular Status	2100				20,514,196		20,514,196
Other	2300				1,697,625		1,697,625
Total Non-Instructional Salaries					22,211,821		22,211,821
Instructional Aides:							
Regular Status	2200	3,079,262		3,079,262	3,079,262		3,079,262
Other	2400	346,018		346,018	346,018		346,018
Total Instructional Aides		3,425,280		3,425,280	3,425,280		3,425,280
Total Classified Salaries		3,425,280		3,425,280	25,637,101		25,637,101
Employee Benefits	3000	14,580,443		14,580,443	28,931,598		28,931,598
Supplies and Materials	4000				2,653,224		2,653,224
Other Operating Expenses	5000	1,516,523		1,516,523	10,475,958		10,475,958
Equipment Replacement	6420						
TOTAL EXPENDITURES PRIOR TO EXCLUSIONS		63,396,525		63,396,525	123,392,349		123,392,349

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
YEAR ENDED JUNE 30, 2018

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
EXCLUSIONS							
Activities to Exclude:							
Instructional Staff-Retirees' Benefits and Retirement Incentives	5900						
Student Health Services Above Amount Collected	6441				51,214		51,214
Student Transportation	6491						
Noninstructional Staff-Retirees' Benefits and Retirement Incentives	6740						
Objects to Exclude:							
Rents and Leases	5060				261,012		261,012
Lottery Expenditures:							
Academic Salaries	1000				484,427		484,427
Classified Salaries	2000				1,196,922		1,196,922
Employee Benefits	3000				945,293		945,293
Supplies and Materials:	4000						
Software	4100						
Books, Magazines, & Periodicals	4200						
Instructional Supplies & Materials	4300						
Noninstructional Supplies & Materials	4400						
Total Supplies and Materials							
Other Operating Expenses and Services	5000						
Capital Outlay:	6000						
Library Books	6300						
Equipment:	6400						
Equipment - Additional	6410						
Equipment - Replacement	6420						
Total Equipment							
Total Capital Outlay							
Other Outgo	7000						
TOTAL EXCLUSIONS					2,938,868		2,938,868
Total for ECS 84362, 50% Law		$ 63,396,525	$	$ 63,396,525	$ 120,453,481	$	$ 120,453,481
Percent of CEE (Instructional Salary Cost / Total CEE)		52.63%		52.63%	100%		100%
50% of Current Expense of Education					$ 60,226,741		$ 60,226,741

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

RECONCILIATION OF EDUCATION PROTECTION ACCOUNT EXPENDITURES TO DISTRICT ACCOUNTING RECORDS YEAR ENDED JUNE 30, 2018

Education Protection Act (EPA) Expenditure Report

Activity Classification	Activity Code				Unrestricted
EPA Proceeds:	8630				$ 14,564,378
Activity Classification	**Activity Code**	**Salaries and Benefits (1000-3000)**	**Operating Expenses (4000-5000)**	**Capital Outlay (6000)**	**Total**
Instructional Activities	0100-5900	14,564,378			14,564,378
Total Expenditures for EPA*		$ 14,564,378	$	$	14,564,378
Revenues less Expenditures					$

*Total Expenditures for EPA may not include Administrator Salaries and Benefits or other administrative costs.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS
TO NET POSITION
YEAR ENDED JUNE 30, 2018

Fund Balance:	
General Fund	$ 6,971,242
Revenue Bond Interest and Redemption Fund	
Child Development Fund	
Farm Operation Fund	708,809
Revenue Bond Project Fund	45,403
Other Special Revenue Fund	53,946
Capital Outlay Projects Fund	6,049,518
General Obligation Bond Fund	73,312,937
Self-Insurance Fund	581,173
Other Internal Service Fund	3,080,391
Student Financial Aid and Trust Fund	
Scholarship and Loan Trust Fund	
Other Trust Fund	
Total Fund Balances as reported on the Annual Financial and Budget Report (CCFS-311)	90,803,419
Net audit adjustments:	
No adjustments were made to the District's Funds	
Total Fund Balance	90,803,419
Reconciliation to Net Position:	
Restricted Cash and Deposits Held in Escrow	51,028,834
Total OPEB Liability	(31,583,452)
Interest Payable	(4,788,015)
Capital Assets, Net	340,742,975
Deferred Charge on Refunding	11,347,594
Deferred Outflows of Resources Related to Pensions	40,786,343
Deferred outflows of Resources Related to OPEB	1,783,202
Net Pension Liability	(140,743,836)
Bonds Payable	(285,175,438)
Deferred Inflows of Resources Related to Pensions	(8,244,332)
Total Net Position	$ 65,957,294

See the accompanying notes to supplemental information.

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

AUDITOR COMMENTS

No adjustments were made to the District's Fund Financial Statements.

1. PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The audit of the District for the year ended June 30, 2018, 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, 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. Negative amounts shown on the Schedule of Expenditures of Federal Awards represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

- 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, 2018.

Schedule of State Financial Assistance

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

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

Full-time equivalent students (FTES) is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

Reconciliation of ECS 84362 (50 Percent Law) Calculation

The Reconciliation of ECS 84362 (50 Percent Law) Calculation form shows the annual reported data from the CCFS-311 and any audit adjustments.

Reconciliation of Education Protection Account Expenditures to District Accounting Records

This reconciliation of Education Protection Account Expenditures shows the annual general apportionment and the expenditures the District applied toward the apportionment.

Reconciliation of Governmental Funds to Net Position

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

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

This schedule reports any audit adjustments made to the fund balances of all funds as reported on the Annual Financial and Budget Report (Form CCFS-311).

OTHER INDEPENDENT AUDITOR'S REPORTS

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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*

Independent Auditor's Report

Members of the Board of Trustees
Sonoma County Junior College District
Santa Rosa, 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, the discretely presented component unit, and the aggregate remaining fund information of the Sonoma County Junior College District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 3, 2018.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters

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

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.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

December 3, 2018

Gilbert Associates, Inc.
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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the Sonoma County Junior 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, 2018. The District's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Audit Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

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Opinion on Each Major Federal Program

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 programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

December 4, 2018

Gilbert Associates, Inc.
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REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS IN ACCORDANCE WITH THE CONTRACTED DISTRICT AUDIT MANUAL

Independent Auditor's Report

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

Report on Compliance with Applicable Requirements

We have audited the Sonoma County Junior College District's (the District) compliance with the types of compliance requirements described in Section 400, State Compliance Requirements, of the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office identified in the schedule below for the year ended June 30, 2018.

Management's Responsibilities

Management is responsible for compliance with the state statutes, regulations, and the terms and conditions of its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and Section 400, State Compliance Requirements, of the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards and the *Contracted District Audit Manual* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary under the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination on the District's compliance with those requirements.

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

- Salaries of Classroom Instructors (50% Law)
- Apportionment for Instructional Service Agreements/Contracts
- State General Apportionment Funding System

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- Residency Determination for Credit Courses
- Students Actively Enrolled
- Dual Enrollment (CCAP and Non-CCAP)
- Student Equity
- Student Success and Support Program (SSSP) Funds
- Scheduled Maintenance Program
- Gann Limit Calculation
- Open Enrollment
- Proposition 39 Clean Energy Fund
- Intersession Extension Program
- Apprenticeship Related and Supplemental Instruction (RSI) Funds
- Disabled Student Programs and Services (DSPS)
- To Be Arranged Hours (TBA)
- Proposition 1D and 51State Bond Funded Projects
- Education Protection Account Funds

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with State Compliance Requirements, of the *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office and which is described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on the types of compliance requirements referred to above is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Audit Findings and Questioned Costs. This response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Opinion on State Compliance

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above for the fiscal year ended June 30, 2018.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

December 3, 2018

FINDINGS AND RECOMMENDATIONS SECTION

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ Yes	X None Reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ Yes	X None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	____ Yes	X No

Identification of major programs

CFDA Numbers	Name of Federal Programs or Cluster
84.063, 84.007, 84.033, 84.268	Student Financial Assistance Programs Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee?	X Yes	____ No

State Awards

Internal control over state programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ Yes	X None Reported
Any audit findings disclosed that are required to be disclosed in accordance with Contracted District Audit Manual?	X Yes	____ No
Type of auditor's report issued on compliance for state programs:	Unmodified	

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no financial statement findings reported.

SECTION III – STATE COMPLIANCE

2018-001: APPRENTICESHIP RELATED AND SUPPLEMENTAL INSTRUCTION (RSI) FUNDS

Criteria:

The District offers apprenticeship programs to its students through the use of participating apprenticeship program sponsors subject to Education Codes 8150.5, 8152, and 79149.3. Hours for related and supplemental instruction reported to each community college district by a participating apprenticeship program sponsor and requests for reimbursements must be supported by source documents to support hours reported for reimbursement.

Condition/Cause:

Documentation reviewed to support hours claimed for 13 of 25 tested courses did not accurately support hours claimed due to manual errors in the program sponsors invoicing process. A review of 100% of apprenticeship courses for which RSI was claimed found that 37 of 63 courses had errors in reported hours which resulted in net understatement of total apprenticeship hours reported through the 2017-2018 3rd Period Apprenticeship Attendance Report (321) of 151 hours.

Effect:

Hours reported through the 2017-2018 3rd Period Apprenticeship Attendance Report (321) were not accurate, however, errors identified were subsequently corrected by the District through the Recal Reporting Period.

Questioned Costs:

There are no questioned costs related to this finding as the District has corrected the reported apprenticeship hours of instruction for 2017-2018 through the Recal Reporting Period.

Recommendation:

We recommend the District perform internal reviews of supporting documentation for hours invoiced and reported from apprenticeship program sponsors to ensure hours reported on Apprenticeship Attendance Reports are accurate and sufficiently supported.

Management's Response:

The District agrees with the finding and recommendation. The District has already implemented processes and procedures to ensure 100% accuracy moving forward. The Apprenticeship office will create billing invoice and attendance spreadsheets that are input monthly and submitted to SRJC for payment via e-mail. No payment will be initiated until 100% accuracy is ensured with comparing submitted rosters with SRJC official rosters as well as verifying totals submitted by the apprenticeship partner. The District has met with the individual apprentice programs to explain the situation, the findings, and inform them of the new changes being initiated to ensure accuracy, with positive results. District staff will verify enrollment and input all student hours into a database created to verify enrollment hours for the entire semester for each course for each apprentice program.

SECTION IV - FEDERAL COMPLIANCE

There were no federal compliance findings reported.

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENT FINDINGS

There were no financial statement findings reported in the prior year.

FEDERAL COMPLIANCE

There were no federal compliance findings reported in the prior year.

STATE COMPLIANCE

There were no state compliance findings reported in the prior year

APPENDIX B

FORMS OF OPINION OF BOND COUNSEL

Upon issuance of the New Money Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the New Money Bonds in substantially the following form:

______________, 2019

Board of Trustees
Sonoma County Junior College District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $__________ Sonoma County Junior College District (Sonoma, Marin and Mendocino Counties, California) Election of 2014 General Obligation Bonds, Series B (Tax-Exempt) (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, a greater than fifty-five percent vote of the qualified electors of the Sonoma County Junior College District (the "District") voting at an election held on November 4, 2014, and a resolution adopted by the Board of Trustees of the District on October 8, 2019 (the "Resolution").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original

issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

Upon issuance of the Refunding Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Refunding Bonds in substantially the following form:

______________, 2019

Board of Trustees
Sonoma County Junior College District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $__________ Sonoma County Junior College District (Sonoma, Marin and Mendocino Counties, California) 2019 General Obligation Refunding Bonds (Federally Taxable) (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution adopted by the Board of Trustees of the Sonoma County Junior College District (the "District") on October 8, 2019 (the "Resolution").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

4. Interest on the Bonds is exempt from State of California personal income tax.

5. Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated payment price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond.

6. The amount by which a Bond owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the owner of a Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Bond owner's basis in the applicable Bond (and the amount of taxable interest received) for federal income tax purposes. The basis reduction as a result of the

amortization of Bond premium may result in the owner of a Bond realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner. The owners of the Bonds that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

Except as expressly set forth in paragraphs (3), (4), (5) and (6), we express no opinion regarding any tax consequences with respect to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

The Sonoma County Junior College District will execute a Continuing Disclosure Certificate in substantially the following form in connection with the issuance of $________ Sonoma County Junior College District (Sonoma, Marin and Mendocino Counties, California) Election of 2014 General Obligation Bonds, Series B (Tax-Exempt) and $________ Sonoma County Junior College District (Sonoma, Marin and Mendocino Counties, California) 2019 General Obligation Refunding Bonds (Federally Taxable).

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Sonoma County Junior College District (the "District") in connection with the issuance of $________ of the District's Election of 2014 General Obligation Bonds, Series B (Tax-Exempt) and $_________ of the District's 2019 General Obligation Refunding Bonds (Federally Taxable) (together, the "Bonds"). The Bonds are being issued pursuant to a Resolution of the Board of Trustees of the District adopted on October 8, 2019. The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially California Financial Services, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

"Holders" shall mean the registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"Official Statement" shall mean the Official Statement dated as of ________, 2019 , and relating to the Bonds.

"Participating Underwriters" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean, the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2018-19 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice in a timely manner to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided.

SECTION 4. Content and Form of Annual Reports. (a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(i) State funding received by the District for the last completed fiscal year;

(ii) FTES of the District for the last completed fiscal year;

(iii) outstanding District indebtedness;

(iv) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;

(v) total assessed valuation for real property located in the District for the current fiscal year; and

(vi) secured tax charges and delinquencies for tax levies within Sonoma County, Mendocino County and Marin County for the current fiscal year, to the extent such counties no longer participate in the Teeter Plan.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format, and accompanied by identifying information, as prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. <u>Reporting of Significant Events</u>.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

10. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

4. optional, contingent or unscheduled Bond calls.

5. release, substitution or sale of property securing repayment of the Bonds.

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

7. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

8. appointment of a successor or additional paying agent with respect to the Bonds or the change of name of such paying agent.

9. incurrence of a Financial Obligation or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriters, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Signature. This Disclosure Certificate has been executed by the undersigned on the date hereof, and such signature binds the District to the undertaking herein provided.

Dated: ________________, 2019

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

By: ____

Katharyn Jolley
Interim Vice President,
Finance and Administrative Services

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: SONOMA COUNTY JUNIOR COLLEGE DISTRICT

Name of Bond Issue: Election of 2014 General Obligation Bonds, Series B (Tax-Exempt)
2019 General Obligation Refunding Bonds (Federally Taxable)

Date of Issuance: ________________, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:_______________________

SONOMA COUNTY JUNIOR COLLEGE DISTRICT

By ______[form only; no signature required]_________

APPENDIX D

ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF SANTA ROSA, SONOMA COUNTY, MARIN COUNTY AND MENDOCINO COUNTY

The following information regarding the City of Santa Rosa (the "City"), and Sonoma, Marin and Mendocino Counties (collectively, the "Counties") is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the City or of the Counties. This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the District or Bond Counsel.

General

City of Santa Rosa. Incorporated in 1868, the City is the county seat for Sonoma County and is located 55 miles north of San Francisco. A Charter City, the City is governed by a seven-member City Council who are elected at large and serve staggered four-year terms. The Council selects one of its members as Mayor, who serves as the executive head of the city for a two year term. The City serves as a retail and commercial center for a five-county area that includes Sonoma County, portions of the Napa Valley, and surrounding agricultural and timber communities.

Sonoma County. One of the State of California's (the "State") premier wine growing regions, Sonoma County is located in the northwestern part of the State, approximately 55 miles north of San Francisco. With 1,768 square miles largely devoted to open space and agricultural land, it was incorporated in 1850. A general-law county, it is governed by the County Board of Supervisors, which is composed of an elected supervisor from each of five districts, who serve four-year staggered terms. It is a popular tourist and recreational area.

Marin County. One of the nine counties comprising the San Francisco Bay Area, Marin County was established in 1850 as one of the State's original 27 counties. It includes 11 incorporated cities and towns over 520 square miles. A general-law county, Marin County has five districts, each of which elects a member of the Marin County Board of Supervisors. Supervisors are elected to four-year staggered terms and are required to live in the district they represent. Marin County residents are approximately 10 years older than those in the rest of the State, yet the county ranks highest in the State in health and life expectancy, as well as in median income.

Mendocino County. Created in 1850 by the State Legislature, Mendocino County is one of the State's original 27 counties, and ranges over approximately 3,500 square miles. The City of Ukiah is the county seat. A general-law county, Mendocino County has a five-member Board of Supervisors elected by their respective districts to staggered four-year terms. Home to Fort Bragg, which is a California Historical Landmark, the county also boasts redwood forests and hosts several state and national protected areas, as well as The Mendocino Coast Botanical Gardens. It is a leading destination for culinary travelers, having long promoted the farm-to-table lifestyle, and has over 90 wineries.

Population

The following table shows historical population figures for the City, the Counties and the State for the past 10 years.

POPULATION ESTIMATES
2010 through 2019
City of Santa Rosa, Sonoma County, Marin County and Mendocino County and the State of California

Year[1]	City of Santa Rosa	Sonoma County	Marin County	Mendocino County	State of California
2010[2]	167,815	483,878	252,409	87,841	37,253,956
2011	168,674	486,587	254,517	87,689	37,594,781
2012	170,065	489,478	256,658	87,963	37,971,427
2013	172,206	493,454	258,112	88,477	38,321,459
2014	173,232	496,887	260,913	88,343	38,622,301
2015	175,154	500,882	262,509	88,328	38,952,462
2016	176,005	503,133	263,144	88,819	39,214,803
2017	176,790	504,859	262,927	89,111	39,504,609
2018	177,017	502,866	262,803	89,130	39,740,508
2019	175,625	500,675	262,879	89,009	39,927,315

(1) As of January 1.
(2) As of April 1.
Source: 2010: U.S. Department of Commerce, Bureau of the Census, for April 1.
2010-19 (2010 Demographic Research Unit Benchmark): California Department of Finance for January 1.

Income

The following table summarizes per capita personal income for the Counties, the State and the United States for the past 10 years.

PER CAPITA PERSONAL INCOME
2008 through 2017
Sonoma County, Marin County, Mendocino County, State of California, and United States

Year	Sonoma County	Marin County	Mendocino County	State of California	United States
2008	$43,664	$90,711	$34,930	$43,895	$40,904
2009	41,834	82,249	35,029	42,050	39,284
2010	42,946	84,002	37,715	43,609	40,545
2011	45,043	90,963	38,945	46,145	42,727
2012	46,878	97,274	39,167	48,751	44,582
2013	48,539	98,203	40,305	49,173	44,826
2014	51,512	106,548	42,776	52,237	47,025
2015	55,445	114,455	45,137	55,679	48,940
2016	57,264	117,552	46,320	57,497	49,831
2017	60,286	124,552	47,646	59,796	51,640

Note: Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. Last updated: March 6, 2019 – revised statistics for 1969 - 2000. Estimates for 2010 – 2017 reflect county population estimates available as of March 2018.
All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Principal Employers

The following tables list the principal employers located in the City and the Counties.

PRINCIPAL EMPLOYERS
2018
City of Santa Rosa

Employer Name	Industry	Number of Employees
County of Sonoma	Public Administration	3,857
Kaiser Permanente	Services: Health	3,508
Santa Rosa School District	Services: Educational	1,658
Santa Rosa Junior College[(1)]	Services: Educational	1,644
St. Joseph Health System	Services: Health	1,640
City of Santa Rosa	Public Administration	1,307
Keysight/Agilent Technologies	Manufacturing: Measuring Instruments	1,300
Sutter Medical Center of Santa Rosa	Services: Health	1,050
Medtronic/Arterial Vascular Eng.	Manufacturing: Medical Goods	1,000
Amy's Kitchen	Manufacturing: Food and Kindred Products	988

(1) For additional information regarding District employment, see "SONOMA COUNTY JUNIOR COLLEGE DISTRICT – Labor Relations" in the front part of this Official Statement.
Source: City of Santa Rosa Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2018.

PRINCIPAL EMPLOYERS
2018
Sonoma County

Employer Name	Industry	Number of Employees
County of Sonoma	Public Administration	3,857
Kaiser Permanente	Services: Health	3,508
St. Joseph Health	Services: Health	2,500
Graton Resort and Casino	Services: Hotels	2,000
Santa Rosa City Schools	Services: Educational	1,691
City of Santa Rosa	Public Administration	1,307
Keysight Technologies	Manufacturing: Measuring Instruments	1,300
Jackson Family Wines	Manufacturing: Food and Kindred Products	1,152
Sutter Santa Rosa Regional Hospital	Services: Health	1,050
Amy's Kitchen	Manufacturing: Food and Kindred Products	988

Source: County of Sonoma, Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2018.

PRINCIPAL EMPLOYERS
2018
Marin County

Employer Name	Industry	Number of Employees
County of Marin	Public Administration	2,305
Kaiser Permanente Medical Center	Services: Health	2,092
BioMarin	Manufacturing: Medicinal Chemicals	1,700
Marin General Hospital	Services: Health	1,602
San Quentin State Prison	Public Order: Correctional Institutions	1,600
Novato Unified School District	Services: Educational	850
Glassdoor	Services: Business Services	750
San Rafael City Schools	Services: Educational	700
Marin County Office of Education	Services: Educational	600
Dominican University	Services: Educational	319

Source: County of Marin, Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2018.

PRINCIPAL EMPLOYERS
2018
Mendocino County

Employer Name	Industry	Number of Employees
County of Mendocino	Public Administration	1,120
Ukiah Unified School District	Services: Educational	780
Adventist Health Ukiah Valley	Services: Health	650
Mendocino Forrest Products	Manufacturing: Lumber and Wood Products	350
Mendocino Community Health	Services: Health	340
Frank R Howard Memorial Hospital	Services: Health	280
Mendocino Coast District Hospital	Services: Health	250
Fetzer Vineyards	Manufacturing: Food and Kindred Products	240
Wal-Mart Stores, Inc.	Retail Trade: General Merchandise	230
Mendocino College	Services: Educational	220

Source: County of Mendocino, Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2018.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2014 through 2018 for the City, the Counties, the State and the United States.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT ANNUAL AVERAGES
2014 through 2018[(1)]
City of Santa Rosa, Sonoma County, Marin County, Mendocino County, State of California, and United States

Year and Area	Labor Force	Employment[(2)]	Unemployment[(3)]	Unemployment Rate (%)
2014				
City of Santa Rosa	88,000	82,500	5,500	6.2
Sonoma County	256,100	241,800	14,400	5.6
Marin County	138,800	132,900	5,900	4.3
Mendocino County	40,380	37,560	2,830	7.0
State of California	18,755,000	17,348,600	1,406,400	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
2015				
City of Santa Rosa	88,600	84,100	4,400	5.0
Sonoma County	257,900	246,300	11,600	4.5
Marin County	138,800	133,900	4,900	3.6
Mendocino County	39,860	37,550	2,320	5.8
State of California	18,893,200	17,723,300	1,169,900	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
2016				
City of Santa Rosa	88,600	85,000	3,600	4.0
Sonoma County	259,400	249,100	10,300	4.0
Marin County	139,700	135,200	4,600	3.3
Mendocino County	39,640	37,560	2,090	5.3
State of California	19,102,700	18,065,000	1,037,700	5.4
United States	159,187,000	151,436,000	7,751,000	4.9
2017				
City of Santa Rosa	88,800	85,700	3,100	3.5
Sonoma County	260,400	251,600	8,800	3.4
Marin County	140,000	136,000	4,000	2.9
Mendocino County	39,630	37,840	1,790	4.5
State of California	19,312,000	18,393,100	918,900	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
2018				
City of Santa Rosa	89,500	86,900	2,500	2.8
Sonoma County	262,300	255,200	7,200	2.7
Marin County	141,100	137,700	3,400	2.4
Mendocino County	39,720	38,150	1,560	3.9
State of California	19,398,200	18,582,800	815,400	4.2
United States	162,075,000	155,761,000	6,314,000	3.9

[Notes on following page.]

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2018 Benchmark.

Industry

The Counties are included in the Santa Rosa Metropolitan Statistical Area and the San Rafael Metropolitan Division, as well as in Mendocino County. The distribution of employment is presented in the following tables for the last five years. These figures may be multi county-wide statistics and may not necessarily accurately reflect employment trends in the Counties.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2014 through 2018
Sonoma County (Santa Rosa Metropolitan Statistical Area)

Category	2014	2015	2016	2017	2018
Total Farm	6,100	6,000	6,100	6,100	6,600
Total Nonfarm	191,000	196,700	201,700	205,400	208,600
Total Private	159,800	165,000	169,400	173,100	177,300
Goods Producing	31,500	33,800	35,300	36,200	38,600
Mining and Logging	300	200	200	200	200
Construction	10,500	11,600	12,400	13,100	15,000
Manufacturing	20,700	22,000	22,700	23,000	23,400
Durable Goods	8,400	8,500	8,500	8,600	9,000
Nondurable Goods	12,300	13,500	14,200	14,300	14,500
Service Providing	159,500	163,000	166,400	169,200	169,900
Private Service Providing	128,300	131,200	134,100	136,800	138,700
Trade, Transportation and Utilities	35,800	36,200	36,400	36,500	36,600
Wholesale Trade	7,200	7,200	7,300	7,400	7,500
Retail Trade	24,300	24,700	25,000	25,100	24,900
Transportation, Warehousing and Utilities	4,300	4,300	4,200	4,000	4,100
Information	2,700	2,700	2,700	2,700	2,700
Financial Activities	7,700	8,100	8,400	8,800	8,900
Professional and Business Services	20,300	20,600	21,000	21,800	23,000
Educational and Health Services	31,200	32,100	33,000	34,100	35,000
Leisure and Hospitality	23,900	24,700	25,400	25,700	25,400
Other Services	6,800	7,000	7,200	7,200	7,100
Government	31,200	31,800	32,300	32,300	31,200
Total, All Industries	197,100	202,700	207,800	211,500	215,200

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Annual Average Labor Force and Industry Employment. March 2018 Benchmark.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2014 through 2018
Marin County (San Rafael Metropolitan Division)

Category	2014	2015	2016	2017	2018
Total Farm	400	300	300	300	300
Total Nonfarm	110,500	112,000	114,200	115,500	116,500
Total Private	95,100	96,500	98,700	99,800	100,500
Goods Producing	9,600	10,500	11,300	12,000	12,900
Mining and Logging	0	0	0	0	0
Construction	6,100	6,500	6,800	7,200	7,700
Manufacturing	3,500	4,000	4,500	4,900	5,200
Service Providing	101,000	101,500	102,900	103,500	103,600
Private Service Providing	85,500	86,100	87,400	87,700	87,600
Trade, Transportation and Utilities	18,000	18,000	18,200	18,500	18,800
Wholesale Trade	2,500	2,500	2,500	2,500	2,500
Retail Trade	14,300	14,200	14,400	14,600	15,100
Transportation, Warehousing and Utilities	1,200	1,300	1,300	1,300	1,300
Information	2,800	2,900	2,900	2,700	2,700
Financial Activities	6,800	6,400	6,200	5,800	5,600
Professional and Business Services	18,000	18,000	18,000	17,600	17,500
Educational and Health Services	19,700	20,100	20,600	21,000	21,100
Leisure and Hospitality	15,100	15,400	16,100	16,500	16,300
Other Services	5,200	5,200	5,500	5,700	5,700
Government	15,400	15,500	15,500	15,700	16,000
Total, All Industries	110,900	112,300	114,500	115,800	116,900

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Annual Average Labor Force and Industry Employment. March 2018 Benchmark.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2014 through 2018
Mendocino County

Category	2014	2015	2016	2017	2018
Total Farm	1,530	1,400	1,360	1,380	1,380
Total Nonfarm	30,230	30,620	31,070	31,570	31,870
Total Private	23,210	23,480	23,830	24,330	24,690
Goods Producing	3,800	3,860	3,910	4,090	4,110
Mining and Logging	330	300	300	330	310
Construction	990	1,040	1,060	1,220	1,350
Manufacturing	2,490	2,510	2,550	2,540	2,450
Durable Goods	1,080	1,140	1,180	1,160	1,150
Nondurable Goods	1,400	1,370	1,370	1,390	1,310
Service Providing	26,430	26,760	27,160	27,490	27,760
Private Service Providing	19,410	19,620	19,930	20,250	20,570
Trade, Transportation and Utilities	5,860	6,070	6,180	6,310	6,370
Wholesale Trade	830	730	740	840	830
Retail Trade	4,380	4,650	4,730	4,760	4,820
Transportation, Warehousing and Utilities	650	690	710	710	720
Information	270	250	250	230	230
Financial Activities	1,050	1,040	1,050	1,060	1,050
Professional and Business Services	1,660	1,700	1,670	1,670	1,780
Educational and Health Services	5,570	5,500	5,580	5,750	5,850
Leisure and Hospitality	4,230	4,290	4,410	4,410	4,490
Other Services	770	780	790	810	810
Government	7,030	7,140	7,240	7,240	7,180
Total, All Industries	31,760	32,020	32,440	32,950	33,250

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Annual Average Labor Force and Industry Employment. March 2018 Benchmark.

Commercial Activity

Summaries of annual taxable sales for the City and the Counties from 2014 through 2018 are shown in the following tables.

ANNUAL TAXABLE SALES
2014 through 2018
City of Santa Rosa
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2014	3,498	$2,540,708	5,250	$3,073,610
2015	--	2,625,065	--	3,193,185
2016	--	2,721,530	--	3,259,302
2017	--	2,822,738	--	3,352,464
2018	--	2,929,722	--	3,574,854

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California," California Department of Tax and Fee Administration.

ANNUAL TAXABLE SALES
2014 through 2018
Sonoma County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2014	11,881	$5,931,984	18,179	$8,467,551
2015	--	6,186,774	--	8,787,348
2016	--	6,433,421	--	9,087,481
2017	--	6,778,629	--	9,492,810
2018	--	7,102,150	--	9,970,493

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California," California Department of Tax and Fee Administration.

ANNUAL TAXABLE SALES
2014 through 2018
Marin County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2014	6,457	$3,745,315	10,272	$4,861,801
2015	--	3,870,097	--	5,080,259
2016	--	3,889,584	--	5,079,706
2017	--	3,903,137	--	5,147,808
2018	--	4,130,304	--	5,376,953

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California," California Department of Tax and Fee Administration.

ANNUAL TAXABLE SALES
2014 through 2018
Mendocino County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2014	1,544	$996,040	3,732	$1,333,741
2015	--	1,035,146	--	1,378,771
2016	--	1,075,855	--	1,425,362
2017	--	1,111,879	--	1,467,641
2018	--	1,149,694	--	1,488,852

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.
Source: "Taxable Sales in California," California Department of Tax and Fee Administration.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years for the City and the Counties are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
2014 through 2018
City of Santa Rosa
(Dollars in Thousands)

	2014	2015	2016	2017	2018
Valuation					
Residential	$62,441	$54,474	$62,409	$98,675	$785,661
Non-Residential	42,137	65,022	47,887	66,926	91,565
Total	$104,578	$119,496	$110,296	$165,601	$877,226
Units					
Single Family	186	96	108	240	1,585
Multi Family	64	26	142	100	120
Total	250	122	250	340	1,705

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2014 through 2018
Sonoma County
(Dollars in Thousands)

	2014	2015	2016	2017	2018
Valuation					
Residential	$156,034	$171,771	$210,169	$346,170	$1,296,186
Non-Residential	135,266	157,616	189,762	205,173	333,519
Total	$291,300	$329,387	$399,931	$551,343	$1,629,705
Units					
Single Family	292	236	560	881	3,247
Multiple Family	214	206	264	351	1,057
Total	506	442	824	1,232	4,304

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2014 through 2018
Marin County
(Dollars in Thousands)

	2014	2015	2016	2017	2018
Valuation					
Residential	$288,905	$282,016	$265,417	$281,520	$298,819
Non-Residential	186,282	550,397	125,041	126,066	156,050
Total	$475,187	$832,413	$390,458	$407,586	$454,869
Units					
Single Family	112	121	89	104	133
Multiple Family	76	20	17	0	102
Total	188	141	106	104	235

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2014 through 2018
Mendocino County
(Dollars in Thousands)

	2014	2015	2016	2017	2018
Valuation					
Residential	$20,095	$23,038	$30,551	$25,246	$39,303
Non-Residential	14,618	19,498	14,349	20,280	31,746
Total	$34,713	$42,536	$44,900	$45,526	$71,049
Units					
Single Family	72	85	70	91	157
Multi Family	7	2	48	2	0
Total	79	87	118	93	157

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

APPENDIX E

SONOMA COUNTY INVESTMENT POOL

The following information concerning the Sonoma County Investment Pool (the "Investment Pool") has been provided by the Auditor-Controller-Treasurer-Tax Collector of the County (the "Treasurer"), and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriters. The District, the Municipal Advisor and the Underwriters have not made an independent investigation of the investments in the Investment Pool and have made no assessment of the current County investment policy. The value of the various investments in the Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Investment Pool will not vary significantly from the values described herein. Finally, none of the District, the Municipal Advisor or the Underwriters make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Investment Pool may be obtained from the Treasurer at http://sonomacounty.ca.gov/ACTTC/Revenue-Accounting/; however, the information presented on such website is not incorporated herein by any reference.

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SONOMA COUNTY POOLED INVESTMENT PROGRAM
For Quarter Ending June 30, 2019

BEGINNING FUND BALANCE (04/01/2019)	$2,509,793,012
ENDING FUND BALANCE	$2,523,513,465
AVERAGE DAILY FUND BALANCE	$2,616,706,665
TOTAL INTEREST EARNED (after fees)	$14,657,075
INTEREST RATE (after fees)	2.247
INTEREST RATE (before fees)	2.313

TOTAL FUNDS MANAGED BY TREASURY

TOTAL TREASURY BALANCE (including tobacco endowment, PACE bond investments, active bank accounts and money in transit)	$2,547,938,765

SONOMA COUNTY QUARTERLY INVESTMENT REPORT
For Quarter Ending June 30, 2019

INVESTMENT POOL YIELD:

The yield during this quarter is 2.31% before fees and 2.25% after fees.

MARKET VALUE:

The market value of the portfolio as of June 30, 2019, is at 100.121% of cost. The market values are up from the last Quarterly Report. Market values were obtained from SunGard Financial Systems and Bloomberg.

REVERSE REPURCHASE AGREEMENTS:

The pool has no reverse repurchase agreements.

WEIGHTED AVERAGE MATURITY:

The weighted average days to maturity is 552 days.

Excluding SCEIP investments, the weighted average days to maturity is 528 days.

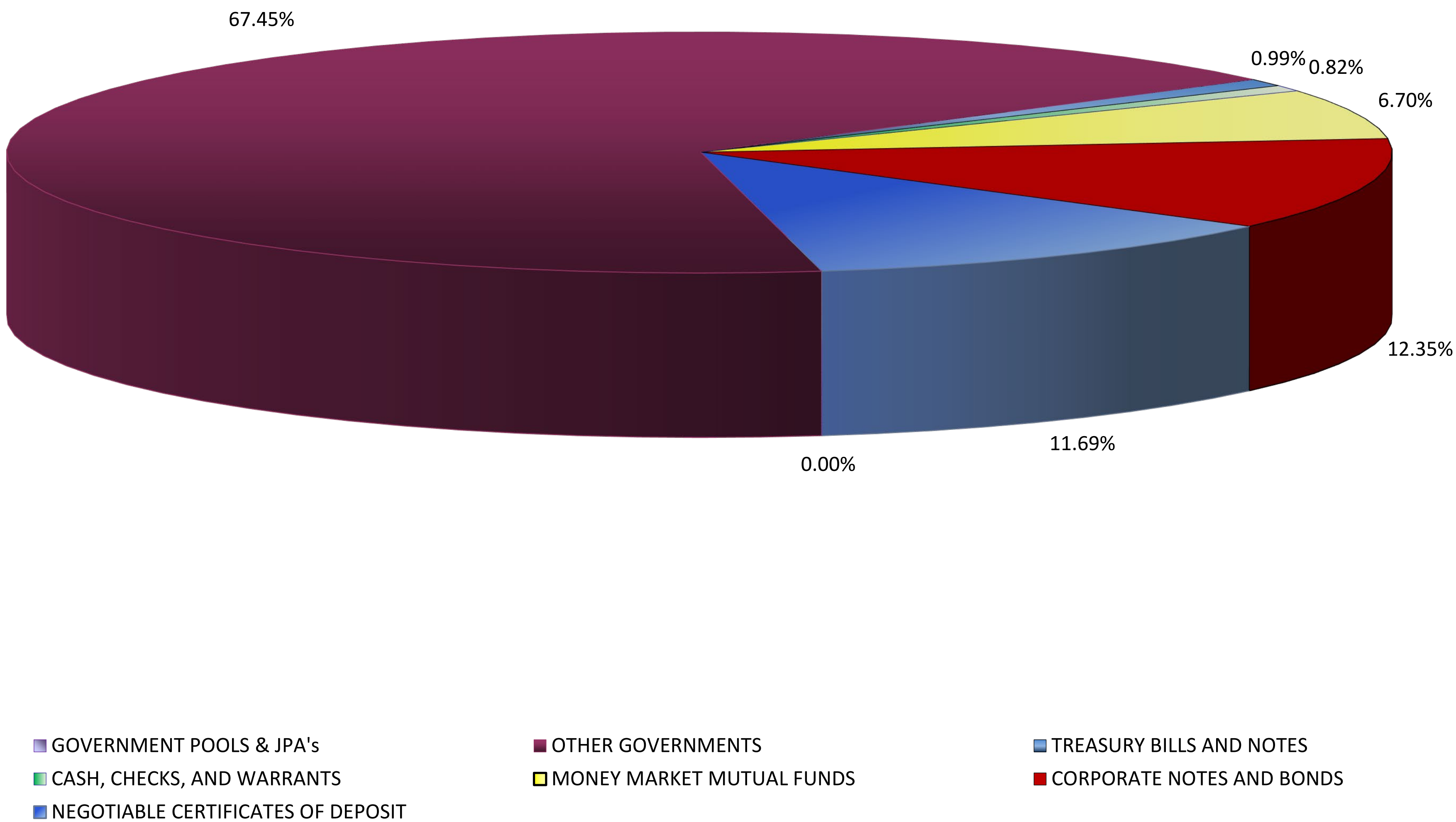
CHARTS:

Chart 1: The composition of the Investment Pool by the type of investment.
Chart 2: Interest earnings of the Sonoma County Investment Pool compared to FED FUNDS and Local Agency Investment Fund.

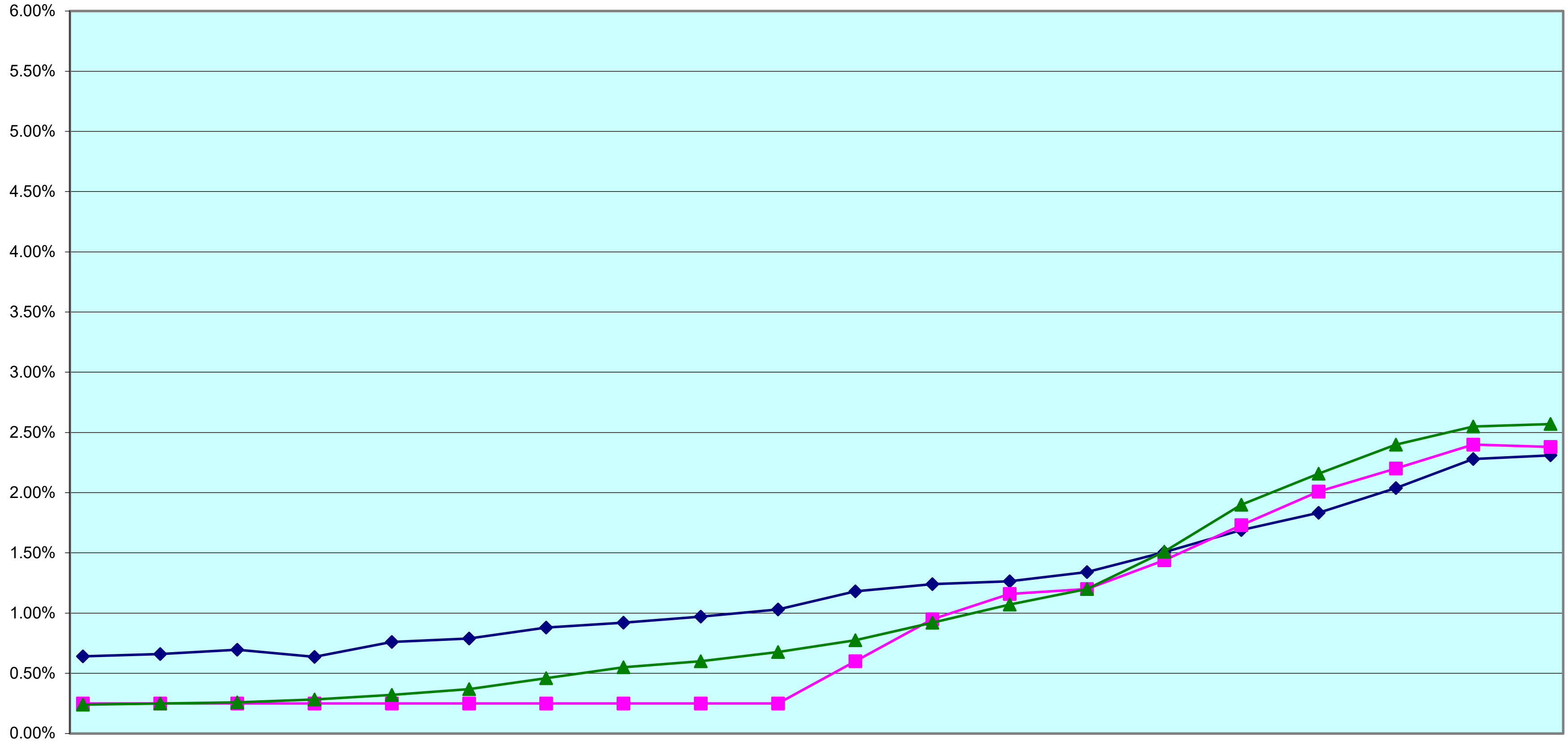
DETAILED LISTING OF INVESTMENTS:

A detailed listing of all investments for the Pooled Investment Fund is located at the end of this report.

SONOMA COUNTY'S POOLED INVESTMENTS AS OF 6/30/2019



SONOMA COUNTY TREASURER INVESTMENT POOL QUARTERLY YIELD COMPARISON



	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Pool	0.64%	0.66%	0.70%	0.64%	0.76%	0.79%	0.88%	0.92%	0.97%	1.03%	1.18%	1.24%	1.26%	1.34%	1.51%	1.69%	1.83%	2.04%	2.28%	2.31%
Fed Fund	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.60%	0.95%	1.16%	1.20%	1.44%	1.73%	2.01%	2.20%	2.40%	2.38%
LAIF	0.24%	0.25%	0.26%	0.28%	0.32%	0.37%	0.46%	0.55%	0.60%	0.68%	0.78%	0.92%	1.07%	1.20%	1.51%	1.90%	2.16%	2.40%	2.55%	2.57%

*This does not include special TRAN investments & deferred compensation
Source: County of Sonoma, Office of the Auditor-Controller-Treasurer-Tax Collector

SONOMA COUNTY POOLED INVESTMENTS
AS OF 6/30/2019

	BOOK VALUE
CHECKS AND WARRANTS IN TRANSIT	$1,568,010
CASH IN VAULT	$139,860
CASH IN BANK	$18,816,963
TREASURY BILLS AND NOTES	$24,998,273
BANKERS ACCEPTANCES	$0
OTHER GOVERNMENTS	$1,702,054,697
COMMERCIAL PAPER	$0
CORPORATE BONDS AND NOTES	$311,754,093
NEGOTIABLE CERTIFICATES OF DEPOSIT	$295,004,620
OTHER GOVERNMENT POOLS AND JPA'S	$0
MONEY MARKET MUTUAL FUNDS	$169,176,949
TOTAL	$2,523,513,465

SONOMA COUNTY TREASURY POOLED INVESTMENT INVENTORY
AS OF JUNE 30, 2019

Description	Maturity Date	Purchase Date	Coupon Rate	Trading Yield	Current Par / Shares	Current Book / Shares
TREASURY NOTES	10/15/2019	10/31/2016	1.00000	1.02417	25,000,000.00	24,998,273.14
SUBTOTAL TREASURY BILLS AND NOTES		**0.99%**			**25,000,000.00**	**24,998,273.14**
SONOMA COUNTY WATER	07/01/2019	10/29/2015	1.50000	1.40037	405,000.00	405,000.00
FEDERAL FARM CREDIT BANK	07/05/2019	07/05/2016	1.02000	1.02000	10,000,000.00	10,000,000.00
FEDERAL FARM CREDIT BANK	07/05/2019	07/07/2016	1.08000	1.08000	25,000,000.00	25,000,000.00
FHLMC	07/26/2019	04/26/2017	1.50000	1.50000	15,000,000.00	15,000,000.00
FEDERAL NATL MTG ASSN	07/26/2019	07/26/2016	1.10000	1.10000	7,500,000.00	7,500,000.00
FEDERAL NATL MTG ASSN	07/26/2019	08/10/2016	1.12500	1.15459	15,000,000.00	14,999,701.39
FEDERAL FARM CREDIT BANK	07/29/2019	10/29/2015	1.34000	1.34000	10,000,000.00	10,000,000.00
CONTRA COSTA CNTY REDEV	08/01/2019	08/30/2017	1.50000	1.60039	3,025,000.00	3,024,747.17
FEDERAL NATL MTG ASSN	08/02/2019	12/01/2016	1.26000	1.41880	25,000,000.00	24,996,591.38
FEDERAL NATL MTG ASSN	08/23/2019	08/30/2016	1.15000	1.17532	15,000,000.00	14,999,459.29
SCEIP 2009A-10	09/02/2019	07/01/2009	3.00000	3.00000	3,356.84	3,356.84
SCEIP 2009B-10	09/02/2019	08/03/2009	3.00000	3.00000	2,967.66	2,967.66
SCEIP 2009C-10	09/02/2019	09/01/2009	3.00000	3.00000	4,403.28	4,403.28
SCEIP 2009D-10	09/02/2019	10/01/2009	3.00000	3.00000	57,696.92	57,696.92
FEDERAL FARM CREDIT BANK	09/12/2019	09/12/2017	1.37500	1.37500	10,000,000.00	10,000,000.00
FEDERAL FARM CREDIT BANK	09/13/2019	12/13/2016	1.49000	1.49000	15,000,000.00	15,000,000.00
FEDERAL FARM CREDIT BANK	09/13/2019	12/13/2016	1.49000	1.49000	15,000,000.00	15,000,000.00
FEDERAL FARM CREDIT BANK	09/27/2019	12/27/2016	1.55000	1.55000	10,000,000.00	10,000,000.00
CA STATE GO	10/01/2019	05/18/2018	2.25000	2.50010	4,550,000.00	4,547,192.62
GOLD RIDGE RCD	10/14/2019	04/12/2019	2.80000	2.80000	500,000.00	500,000.00
FEDERAL NATL MTG ASSN	10/24/2019	12/04/2018	1.00000	2.73962	9,000,000.00	8,951,508.34
FHLMC	11/22/2019	06/01/2017	1.50000	1.50624	17,490,000.00	17,489,582.10
FEDERAL NATL MTG ASSN	11/25/2019	11/28/2016	1.25000	1.30127	20,000,000.00	19,995,961.54
FEDERAL NATL MTG ASSN	11/25/2019	11/29/2016	1.40000	1.51332	20,000,000.00	19,991,107.24
FEDERAL FARM CREDIT BANK	11/25/2019	05/25/2016	1.30000	1.30000	10,000,000.00	10,000,000.00
FHLMC	11/26/2019	05/26/2016	1.35000	1.40141	6,500,000.00	6,498,683.73
FEDERAL HOME LOAN BANK	12/02/2019	12/02/2016	1.50000	1.50000	15,000,000.00	15,000,000.00
FEDERAL HOME LOAN BANK	12/13/2019	12/13/2017	1.80000	1.80000	15,000,000.00	15,000,000.00
FHLMC	12/27/2019	03/27/2017	1.62500	1.70007	8,500,000.00	8,496,972.14
FEDERAL FARM CREDIT BANK	01/06/2020	01/06/2017	1.72000	1.72000	15,000,000.00	15,000,000.00
FEDERAL HOME LOAN BANK	01/23/2020	01/23/2018	2.09000	2.09000	10,000,000.00	10,000,000.00
FEDERAL NATL MTG ASSN	01/27/2020	01/31/2017	1.70000	1.71204	25,000,000.00	24,998,315.77
FEDERAL FARM CREDIT BANK	02/18/2020	05/18/2016	1.36000	1.36000	10,000,000.00	10,000,000.00
FEDERAL HOME LOAN BANK	03/27/2020	12/27/2017	2.00000	2.00000	10,000,000.00	10,000,000.00
FHLMC	04/02/2020	04/02/2019	2.51000	2.51000	15,000,000.00	15,000,000.00
FHLMC	04/13/2020	04/13/2017	1.80000	1.80000	20,000,000.00	20,000,000.00
FEDERAL FARM CREDIT BANK	04/13/2020	04/13/2018	2.37500	2.40257	10,000,000.00	9,997,898.76
FHLMC	04/22/2020	04/22/2019	2.54000	2.54000	15,000,000.00	15,000,000.00
FEDERAL HOME LOAN BANK	04/27/2020	10/28/2016	1.30000	1.30000	10,000,000.00	10,000,000.00
FEDERAL HOME LOAN BANK	05/28/2020	05/21/2018	2.62500	2.62892	15,000,000.00	14,999,460.18
FEDERAL FARM CREDIT BANK	06/01/2020	12/01/2016	1.65000	1.65000	20,000,000.00	20,000,000.00
FEDERAL FARM CREDIT BANK	06/11/2020	06/11/2018	2.55000	2.57240	10,000,000.00	9,997,945.77
FEDERAL FARM CREDIT BANK	06/11/2020	06/11/2018	2.55000	2.56989	10,000,000.00	9,998,175.82
FEDERAL HOME LOAN BANK	06/12/2020	12/12/2017	2.00000	2.00000	20,000,000.00	20,000,000.00
CDC NOTE 2019 SERIES 1	06/15/2020	06/15/2019	2.30000	2.30000	2,520,000.00	2,520,000.00
FEDERAL HOME LOAN BANK	06/17/2020	06/17/2019	2.40000	2.40000	20,000,000.00	20,000,000.00
FEDERAL FARM CREDIT BANK	06/24/2020	12/24/2018	2.75000	2.73904	5,000,000.00	5,000,524.08
FEDERAL HOME LOAN BANK	06/26/2020	08/30/2017	1.62500	1.62500	15,000,000.00	15,000,000.00
FHLMC	06/29/2020	12/29/2017	2.00000	2.00000	15,000,000.00	15,000,000.00
SONOMA COUNTY WATER	07/01/2020	10/29/2015	1.75000	1.65038	225,000.00	225,215.64
FHLMC	07/13/2020	11/08/2018	1.85000	2.97409	20,000,000.00	19,774,186.64

SONOMA COUNTY TREASURY POOLED INVESTMENT INVENTORY
AS OF JUNE 30, 2019

Description	Maturity Date	Purchase Date	Coupon Rate	Trading Yield	Current Par / Shares	Current Book / Shares
FEDERAL FARM CREDIT BANK	08/14/2020	11/15/2017	1.84000	1.84000	10,000,000.00	10,000,000.00
SCEIP 2009E-10	09/02/2020	11/02/2009	3.00000	3.00000	11,342.39	11,342.39
SCEIP 2009F-10	09/02/2020	12/01/2009	3.00000	3.00000	14,922.75	14,922.75
SCEIP 2010A-10	09/02/2020	01/04/2010	3.00000	3.00000	12,009.73	12,009.73
SCEIP 2010B-10	09/02/2020	02/01/2010	3.00000	3.00000	9,969.58	9,969.58
SCEIP 2010C-10	09/02/2020	03/01/2010	3.00000	3.00000	31,046.28	31,046.28
SCEIP 2010D-10	09/02/2020	04/01/2010	3.00000	3.00000	6,686.07	6,686.07
SCEIP 2010E-10	09/02/2020	05/03/2010	3.00000	3.00000	8,997.15	8,997.15
SCEIP 2010F-10	09/02/2020	06/01/2010	3.00000	3.00000	36,083.10	36,083.10
SCEIP 2010G-10	09/02/2020	06/30/2010	3.00000	3.00000	35,196.27	35,196.27
SCEIP 2010H-10	09/02/2020	08/02/2010	3.00000	3.00000	13,236.33	13,236.33
SCEIP 2010I-10	09/02/2020	09/01/2010	3.00000	3.00000	5,218.30	5,218.30
FEDERAL HOME LOAN BANK	10/09/2020	04/09/2019	2.52000	2.52000	18,000,000.00	18,000,000.00
FEDERAL FARM CREDIT BANK	10/13/2020	10/13/2016	1.34000	1.34000	17,000,000.00	17,000,000.00
FEDERAL FARM CREDIT BANK	10/13/2020	10/13/2016	1.34000	1.34000	3,000,000.00	3,000,000.00
FHLMC	10/15/2020	04/15/2019	2.55000	2.55000	15,000,000.00	15,000,000.00
FHLMC	10/15/2020	04/15/2019	2.50000	2.50000	15,000,000.00	15,000,000.00
FEDERAL NATL MTG ASSN	10/30/2020	10/30/2017	1.80000	1.80000	5,000,000.00	5,000,000.00
FEDERAL NATL MTG ASSN	11/09/2020	11/09/2017	1.95000	1.95000	10,000,000.00	10,000,000.00
FEDERAL HOME LOAN BANK	11/16/2020	05/16/2019	2.50000	2.50000	10,000,000.00	10,000,000.00
FEDERAL HOME LOAN BANK	11/16/2020	05/16/2019	2.50000	2.50000	10,000,000.00	10,000,000.00
FEDERAL FARM CREDIT BANK	11/23/2020	05/23/2019	2.44000	2.44000	15,000,000.00	15,000,000.00
FHLMC	11/27/2020	11/27/2018	3.00000	3.00000	10,000,000.00	10,000,000.00
FEDERAL FARM CREDIT BANK	12/07/2020	12/07/2016	1.77000	1.77000	20,000,000.00	20,000,000.00
FHLMC	12/10/2020	06/10/2019	2.40000	2.40000	15,000,000.00	15,000,000.00
FEDERAL HOME LOAN BANK	12/11/2020	12/11/2017	2.00000	2.00000	10,000,000.00	10,000,000.00
FHLMC	12/18/2020	12/18/2017	2.00000	2.00000	10,000,000.00	10,000,000.00
FHLMC	12/24/2020	06/24/2019	2.30000	2.30000	10,000,000.00	10,000,000.00
FEDERAL HOME LOAN BANK	12/28/2020	12/28/2016	1.87500	1.87500	10,000,000.00	10,000,000.00
FEDERAL HOME LOAN BANK	01/05/2021	04/05/2019	2.60000	2.60000	10,000,000.00	10,000,000.00
FHLMC	01/29/2021	01/29/2019	2.65000	2.65000	10,000,000.00	10,000,000.00
FEDERAL HOME LOAN BANK	01/29/2021	01/29/2018	2.20000	2.20000	13,000,000.00	13,000,000.00
FHLMC	02/16/2021	11/16/2017	2.00000	2.00000	15,000,000.00	15,000,000.00
FEDERAL FARM CREDIT BANK	03/05/2021	06/05/2019	2.40000	2.40000	20,000,000.00	20,000,000.00
FEDERAL FARM CREDIT BANK	03/12/2021	06/13/2017	1.80000	1.83217	13,000,000.00	12,993,224.41
FEDERAL HOME LOAN BANK	03/26/2021	03/26/2019	2.70000	2.70000	15,000,000.00	15,000,000.00
FEDERAL HOME LOAN BANK	03/26/2021	03/26/2019	2.65000	2.67067	15,000,000.00	14,994,796.18
FHLMC	04/01/2021	04/01/2019	2.60000	2.60000	10,000,000.00	10,000,000.00
FHLMC	04/01/2021	04/01/2019	2.60000	2.60000	15,000,000.00	15,000,000.00
FHLMC	04/01/2021	04/01/2019	2.60000	2.60000	10,000,000.00	10,000,000.00
FEDERAL FARM CREDIT BANK	04/12/2021	04/12/2016	1.62000	1.62000	15,000,000.00	15,000,000.00
FEDERAL NATL MTG ASSN	04/13/2021	04/13/2018	2.50000	2.55993	15,000,000.00	14,984,651.81
FEDERAL HOME LOAN BANK	04/26/2021	04/26/2016	1.70000	1.70000	7,250,000.00	7,250,000.00
FEDERAL HOME LOAN BANK	04/30/2021	04/30/2019	2.62500	2.62500	25,000,000.00	25,000,000.00
FEDERAL HOME LOAN BANK	05/05/2021	11/05/2018	3.10000	3.10000	10,000,000.00	10,000,000.00
FEDERAL FARM CREDIT BANK	05/14/2021	05/14/2019	2.44000	2.44000	15,000,000.00	15,000,000.00
FEDERAL FARM CREDIT BANK	06/02/2021	06/02/2016	1.69000	1.69000	10,000,000.00	10,000,000.00
FHLMC	06/09/2021	06/09/2016	1.60000	1.60000	5,500,000.00	5,500,000.00
FEDERAL HOME LOAN BANK	06/11/2021	03/11/2019	2.68000	2.68000	10,000,000.00	10,000,000.00
FHLMC	06/17/2021	06/17/2019	2.35000	2.35000	20,000,000.00	20,000,000.00
FEDERAL NATL MTG ASSN	06/22/2021	06/25/2018	2.75000	2.75812	20,000,000.00	19,996,961.42
FEDERAL FARM CREDIT BANK	06/24/2021	06/24/2019	2.10000	2.10000	20,000,000.00	20,000,000.00
FHLMC	06/30/2021	10/12/2018	2.00000	2.71306	10,000,000.00	9,867,540.33
FEDERAL FARM CREDIT BANK	08/23/2021	05/23/2019	2.47000	2.48696	15,000,000.00	14,994,998.78
FHLMC	08/27/2021	02/27/2019	2.65000	2.65000	10,950,000.00	10,950,000.00

SONOMA COUNTY TREASURY POOLED INVESTMENT INVENTORY
AS OF JUNE 30, 2019

Description	Maturity Date	Purchase Date	Coupon Rate	Trading Yield	Current Par / Shares	Current Book / Shares
FEDERAL HOME LOAN BANK	09/01/2021	09/01/2016	1.55000	1.55522	15,000,000.00	14,998,371.41
SCEIP 2010J-10	09/02/2021	10/01/2010	3.00000	3.00000	5,184.89	5,184.89
SCEIP 2010L-10	09/02/2021	12/01/2010	3.00000	3.00000	47,627.95	47,627.95
SCEIP 2011A-10	09/02/2021	01/03/2011	3.00000	3.00000	3,633.24	3,633.24
SCEIP 2011B-10	09/02/2021	02/01/2011	3.00000	3.00000	13,200.29	13,200.29
SCEIP 2011C-10	09/02/2021	03/01/2011	3.00000	3.00000	14,568.04	14,568.04
SCEIP 2011D-10	09/02/2021	04/01/2011	3.00000	3.00000	86,700.22	86,700.22
SCEIP 2011E-10	09/02/2021	05/02/2011	3.00000	3.00000	8,927.98	8,927.98
SCEIP 2011F-10	09/02/2021	06/01/2011	3.00000	3.00000	5,411.21	5,411.21
SCEIP 2011G-10	09/02/2021	06/30/2011	3.00000	3.00000	8,822.94	8,822.94
SCEIP 2011H-10	09/02/2021	08/01/2011	3.00000	3.00000	17,409.04	17,409.04
SCEIP 2011I-10	09/02/2021	09/01/2011	3.00000	3.00000	19,064.44	19,064.44
FEDERAL FARM CREDIT BANK	09/20/2021	09/20/2017	1.84000	1.84000	5,000,000.00	5,000,000.00
FEDERAL HOME LOAN BANK	10/06/2021	10/06/2016	1.54000	1.54000	10,000,000.00	10,000,000.00
FHLMC	10/22/2021	04/22/2019	2.65000	2.65000	12,500,000.00	12,500,000.00
FEDERAL FARM CREDIT BANK	11/15/2021	11/20/2017	2.09000	2.09000	10,000,000.00	10,000,000.00
FHLMC	12/10/2021	12/10/2018	3.13500	3.13500	10,000,000.00	10,000,000.00
FEDERAL HOME LOAN BANK	12/10/2021	12/10/2018	3.15000	3.15000	10,000,000.00	10,000,000.00
FEDERAL FARM CREDIT BANK	12/21/2021	12/21/2017	2.23000	2.23000	15,000,000.00	15,000,000.00
FEDERAL NATL MTG ASSN	01/11/2022	01/11/2019	2.62500	2.62500	10,000,000.00	10,000,000.00
FHLMC	02/28/2022	02/28/2019	2.80000	2.80000	15,000,000.00	15,000,000.00
FHLMC	04/05/2022	04/05/2019	2.70000	2.70000	20,000,000.00	20,000,000.00
FHLMC	04/08/2022	04/08/2019	2.70000	2.70000	15,000,000.00	15,000,000.00
FHLMC	04/08/2022	04/08/2019	2.50000	2.50000	20,000,000.00	20,000,000.00
FHLMC	04/12/2022	04/12/2019	2.55000	2.55000	10,000,000.00	10,000,000.00
FHLMC	04/22/2022	04/22/2019	2.50000	2.50000	14,175,000.00	14,175,000.00
FEDERAL NATL MTG ASSN	04/29/2022	04/29/2019	2.65000	2.65000	9,777,000.00	9,777,000.00
FEDERAL HOME LOAN BANK	05/06/2022	05/06/2019	2.62500	2.62500	15,000,000.00	15,000,000.00
FEDERAL HOME LOAN BANK	05/16/2022	05/16/2019	2.70000	2.70000	20,000,000.00	20,000,000.00
FHLMC	06/27/2022	03/27/2019	2.80000	2.80000	15,000,000.00	15,000,000.00
FHLMC	08/26/2022	02/26/2019	2.75000	2.75000	10,000,000.00	10,000,000.00
SCEIP 2011J-10	09/02/2022	10/03/2011	3.00000	3.00000	2,102.85	2,102.85
SCEIP 2011K-10	09/02/2022	11/01/2011	3.00000	3.00000	23,597.32	23,597.32
SCEIP 2012A-10	09/02/2022	01/03/2012	3.00000	3.00000	2,245.73	2,245.73
SCEIP 2012B-10	09/02/2022	02/01/2012	3.00000	3.00000	4,455.26	4,455.26
SCEIP 2012C-10	09/02/2022	03/01/2012	3.00000	3.00000	5,324.88	5,324.88
SCEIP 2012D-10	09/02/2022	04/02/2012	3.00000	3.00000	5,634.77	5,634.77
SCEIP 2012G-10	09/02/2022	06/29/2012	3.00000	3.00000	3,396.85	3,396.85
SCEIP 2012H-10	09/02/2022	08/01/2012	3.00000	3.00000	7,071.40	7,071.40
FHLMC	09/06/2022	03/06/2019	2.80000	2.80000	10,000,000.00	10,000,000.00
FEDERAL FARM CREDIT BANK	10/11/2022	10/11/2017	2.16000	2.16000	5,000,000.00	5,000,000.00
FEDERAL NATL MTG ASSN	10/13/2022	10/31/2017	2.20000	2.21597	20,000,000.00	19,990,044.22
FEDERAL NATL MTG ASSN	10/27/2022	10/27/2017	2.25000	2.25000	10,000,000.00	10,000,000.00
FEDERAL NATL MTG ASSN	10/27/2022	10/27/2017	2.25000	2.25000	10,000,000.00	10,000,000.00
FHLMC	11/28/2022	11/30/2017	2.32000	2.32000	7,860,000.00	7,860,000.00
FEDERAL HOME LOAN BANK	12/05/2022	12/05/2017	2.37500	2.37500	10,000,000.00	10,000,000.00
FHLMC	12/28/2022	12/28/2017	2.50000	2.50321	3,300,000.00	3,299,654.04
FHLMC	12/28/2022	12/28/2017	2.50000	2.50321	5,000,000.00	4,999,475.86
FHLMC	12/28/2022	12/28/2017	2.50000	2.50000	15,000,000.00	15,000,000.00
FEDERAL FARM CREDIT BANK	01/30/2023	01/30/2018	2.66000	2.66000	10,000,000.00	10,000,000.00
FHLMC	02/23/2023	02/28/2018	2.75000	2.75000	10,000,000.00	10,000,000.00
FEDERAL FARM CREDIT BANK	04/17/2023	04/17/2019	2.67000	2.67000	10,000,000.00	10,000,000.00
FEDERAL FARM CREDIT BANK	06/19/2023	06/19/2019	2.40000	2.40000	10,000,000.00	10,000,000.00
FEDERAL FARM CREDIT BANK	06/19/2023	06/19/2019	2.40000	2.40000	15,000,000.00	15,000,000.00
SCEIP 2012J-10	09/02/2023	11/01/2012	3.00000	3.00000	34,905.71	34,905.71

SONOMA COUNTY TREASURY POOLED INVESTMENT INVENTORY
AS OF JUNE 30, 2019

Description	Maturity Date	Purchase Date	Coupon Rate	Trading Yield	Current Par / Shares	Current Book / Shares
SCEIP 2012K-10	09/02/2023	12/03/2012	3.00000	3.00000	2,202.42	2,202.42
SCEIP 2013A-10	09/02/2023	01/02/2013	3.00000	3.00000	5,582.79	5,582.79
SCEIP 2013C-10	09/02/2023	03/01/2013	3.00000	3.00000	13,298.40	13,298.40
SCEIP 2013E-10	09/02/2023	05/01/2013	3.00000	3.00000	5,585.66	5,585.66
SCEIP 2013H-10	09/02/2023	08/01/2013	3.00000	3.00000	21,559.25	21,559.25
SCEIP 2013I-10	09/02/2023	09/03/2013	3.00000	3.00000	19,000.11	19,000.11
FEDERAL FARM CREDIT BANK	11/01/2023	11/01/2018	3.44000	3.44000	15,000,000.00	15,000,000.00
FHLMC	04/01/2024	04/01/2019	2.75000	2.75000	10,000,000.00	10,000,000.00
FHLMC	04/15/2024	04/15/2019	2.65000	2.65000	15,000,000.00	15,000,000.00
FEDERAL HOME LOAN BANK	05/05/2024	05/08/2019	2.75000	2.75000	25,000,000.00	25,000,000.00
FHLMC	05/15/2024	05/15/2019	2.65000	2.65000	15,000,000.00	15,000,000.00
FHLMC	05/24/2024	05/24/2019	2.75000	2.75000	15,000,000.00	15,000,000.00
FHLMC	06/27/2024	06/27/2019	2.62500	2.62500	15,000,000.00	15,000,000.00
SCEIP 2013J-10	09/02/2024	10/01/2013	3.00000	3.00000	71,308.26	71,308.26
SCEIP 2013L-10	09/02/2024	12/02/2013	3.00000	3.00000	16,614.58	16,614.58
SCEIP 2014B-10	09/02/2024	02/03/2014	3.00000	3.00000	11,588.88	11,588.88
SCEIP 2014C-10	09/02/2024	03/03/2014	3.00000	3.00000	31,683.37	31,683.37
SCEIP 2014D-10	09/02/2024	04/01/2014	3.00000	3.00000	4,438.53	4,438.53
SCEIP 2014F-10	09/02/2024	06/02/2014	3.00000	3.00000	2,316.81	2,316.81
SCEIP 2014H-10	09/02/2024	08/01/2014	3.00000	3.00000	29,471.23	29,471.23
SCEIP 2014I-10	09/02/2024	09/02/2014	3.00000	3.00000	3,872.50	3,872.50
SCEIP 2014J-10	09/02/2025	10/01/2014	3.00000	3.00000	3,854.01	3,854.01
SCEIP 2014K-10	09/02/2025	11/03/2014	3.00000	3.00000	26,724.11	26,724.11
SCEIP 2014L-10	09/02/2025	12/01/2014	3.00000	3.00000	19,724.88	19,724.88
SCEIP 2015A-10	09/02/2025	01/05/2015	3.00000	3.00000	22,545.85	22,545.85
SCEIP 2015C-10	09/02/2025	03/02/2015	3.00000	3.00000	2,926.11	2,926.11
SCEIP 2015F-10	09/02/2025	06/01/2015	3.00000	3.00000	8,292.94	8,292.94
SCEIP 2015H-10	09/02/2025	08/03/2015	3.00000	3.00000	16,270.55	16,270.55
SCEIP 2015I-10	09/02/2025	09/02/2015	3.00000	3.00000	13,371.01	13,371.01
SCEIP 2015J-10	09/02/2026	10/01/2015	3.00000	3.00000	17,250.66	17,250.66
SCEIP 2015K-10	09/02/2026	11/02/2015	3.00000	3.00000	54,193.15	54,193.15
SCEIP 2015L-10	09/02/2026	12/01/2015	3.00000	3.00000	34,174.39	34,174.39
SCEIP 2016B-10	09/02/2026	02/01/2016	3.00000	3.00000	13,497.99	13,497.99
SCEIP 2016D-10	09/02/2026	04/01/2016	3.00000	3.00000	16,735.98	16,735.98
SCEIP 2016G-10	09/02/2026	06/30/2016	3.00000	3.00000	210,151.19	210,151.19
SCEIP 2016H-10	09/02/2026	08/01/2016	3.00000	3.00000	2,282.73	2,282.73
SCEIP 2016I-10	09/02/2026	09/02/2016	3.00000	3.00000	52,915.71	52,915.71
SCEIP 2016K-10	09/02/2027	11/01/2016	3.00000	3.00000	76,196.77	76,196.77
SCEIP 2016L-10	09/02/2027	12/01/2016	3.00000	3.00000	19,946.41	19,946.41
SCEIP 2017A-10	09/02/2027	01/03/2017	3.00000	3.00000	17,952.42	17,952.42
SCEIP 2017B-10	09/02/2027	02/01/2017	3.00000	3.00000	53,383.37	53,383.37
SCEIP 2017D-10	09/02/2027	04/03/2017	3.00000	3.00000	13,739.27	13,739.27
SCEIP 2017F-10	09/02/2027	06/01/2017	3.00000	3.00000	9,492.13	9,492.13
SCEIP 2017I-10	09/02/2027	09/05/2017	3.00000	3.00000	8,901.60	8,901.60
SCEIP 2017J-10	09/02/2028	10/02/2017	3.00000	3.00000	167,007.64	167,007.64
SCEIP 2017L-10	09/02/2028	12/01/2017	3.00000	3.00000	91,801.55	91,801.55
SCEIP 2018C-10	09/02/2028	03/02/2018	3.00000	3.00000	14,722.52	14,722.52
SCEIP 2018D-10	09/02/2028	04/02/2018	3.00000	3.00000	49,066.86	49,066.86
SCEIP 2018F-10	09/02/2028	06/01/2018	3.00000	3.00000	18,050.66	18,050.66
SCEIP 2018G-10	09/02/2028	06/29/2018	3.00000	3.00000	65,505.88	65,505.88
SCEIP 2018H-10	09/02/2028	08/01/2018	3.00000	3.00000	11,738.60	11,738.60
SCEIP 2009B-20	09/02/2029	06/01/2009	3.00000	3.00000	64,949.74	64,949.74
SCEIP 2009C-20	09/02/2029	07/01/2009	3.00000	3.00000	79,228.58	79,228.58
SCEIP 2009D-20	09/02/2029	08/03/2009	3.00000	3.00000	248,467.33	248,467.33
SCEIP 2009E-20	09/02/2029	09/01/2009	3.00000	3.00000	2,018,625.75	2,018,625.75

SONOMA COUNTY TREASURY POOLED INVESTMENT INVENTORY
AS OF JUNE 30, 2019

Description	Maturity Date	Purchase Date	Coupon Rate	Trading Yield	Current Par / Shares	Current Book / Shares
SCEIP 2009F-20	09/02/2029	10/01/2009	3.00000	3.00000	643,463.87	643,463.87
SCEIP 2018J-10	09/02/2029	10/01/2018	3.00000	3.00000	178,770.09	178,770.09
SCEIP 2018K-10	09/02/2029	11/01/2018	3.00000	3.00000	71,567.07	71,567.07
SCEIP 2018L-10	09/02/2029	12/03/2018	3.00000	3.00000	10,141.38	10,141.38
SCEIP 2019B-10	09/02/2029	02/01/2019	3.00000	3.00000	57,357.05	57,357.05
SCEIP 2019C-10	09/02/2029	03/01/2019	3.00000	3.00000	11,378.22	11,378.22
SCEIP 2019D-10	09/02/2029	04/02/2019	3.00000	3.00000	51,613.74	51,613.74
SCEIP 2019E-10	09/02/2029	05/01/2019	3.00000	3.00000	72,685.83	72,685.83
SCEIP 2019F-10	09/02/2029	06/03/2019	3.00000	3.00000	16,017.48	16,017.48
SCEIP 2019G-10	09/02/2029	06/28/2019	3.00000	3.00000	53,639.30	53,639.30
SCEIP 2009G-20	09/02/2030	11/02/2009	3.00000	3.00000	302,020.88	302,020.88
SCEIP 2009H-20	09/02/2030	12/01/2009	3.00000	3.00000	1,146,146.47	1,146,146.47
SCEIP 2010A-20	09/02/2030	01/04/2010	3.00000	3.00000	921,109.33	921,109.33
SCEIP 2010B-20	09/02/2030	02/01/2010	3.00000	3.00000	817,093.13	817,093.13
SCEIP 2010C-20	09/02/2030	03/01/2010	3.00000	3.00000	620,310.48	620,310.48
SCEIP 2010D-20	09/02/2030	04/01/2010	3.00000	3.00000	530,870.76	530,870.76
SCEIP 2010E-20	09/02/2030	05/03/2010	3.00000	3.00000	375,175.79	375,175.79
SCEIP 2010F-20	09/02/2030	06/01/2010	3.00000	3.00000	779,780.66	779,780.66
SCEIP 2010G-20	09/02/2030	06/30/2010	3.00000	3.00000	470,963.47	470,963.47
SCEIP 2010H-20	09/02/2030	08/02/2010	3.00000	3.00000	299,599.70	299,599.70
SCEIP 2010I-20	09/02/2030	09/01/2010	3.00000	3.00000	600,579.87	600,579.87
SCEIP 2010J-20	09/02/2031	10/01/2010	3.00000	3.00000	305,227.40	305,227.40
SCEIP 2010K-20	09/02/2031	11/01/2010	3.00000	3.00000	317,725.51	317,725.51
SCEIP 2010L-20	09/02/2031	12/01/2010	3.00000	3.00000	407,877.39	407,877.39
SCEIP 2011A-20	09/02/2031	01/03/2011	3.00000	3.00000	273,376.75	273,376.75
SCEIP 2011B-20	09/02/2031	02/01/2011	3.00000	3.00000	413,055.87	413,055.87
SCEIP 2011C-20	09/02/2031	03/01/2011	3.00000	3.00000	256,202.20	256,202.20
SCEIP 2011D-20	09/02/2031	04/01/2011	3.00000	3.00000	373,921.53	373,921.53
SCEIP 2011E-20	09/02/2031	05/02/2011	3.00000	3.00000	263,869.70	263,869.70
SCEIP 2011F-20	09/02/2031	06/01/2011	3.00000	3.00000	268,995.23	268,995.23
SCEIP 2011G-20	09/02/2031	06/30/2011	3.00000	3.00000	442,890.90	442,890.90
SCEIP 2014F-20	09/02/2034	06/02/2014	3.00000	3.00000	71,635.20	71,635.20
SCEIP 2014G-20	09/02/2034	06/30/2014	3.00000	3.00000	182,111.50	182,111.50
SCEIP 2014H-20	09/02/2034	08/01/2014	3.00000	3.00000	106,508.81	106,508.81
SCEIP 2014I-20	09/02/2034	09/02/2014	3.00000	3.00000	87,089.73	87,089.73
SCEIP 2014J-20	09/02/2035	10/01/2014	3.00000	3.00000	129,943.78	129,943.78
SCEIP 2014K-20	09/02/2035	11/03/2014	3.00000	3.00000	71,775.08	71,775.08
SCEIP 2014L-20	09/02/2035	12/01/2014	3.00000	3.00000	72,917.00	72,917.00
SCEIP 2015A-20	09/02/2035	01/05/2015	3.00000	3.00000	147,641.00	147,641.00
SCEIP 2015B-20	09/02/2035	02/02/2015	3.00000	3.00000	81,338.12	81,338.12
SCEIP 2015C-20	09/02/2035	03/02/2015	3.00000	3.00000	163,937.92	163,937.92
SCEIP 2015D-20	09/02/2035	04/01/2015	3.00000	3.00000	96,097.97	96,097.97
SCEIP 2015E-20	09/02/2035	05/01/2015	3.00000	3.00000	61,322.48	61,322.48
SCEIP 2015F-20	09/02/2035	06/01/2015	3.00000	3.00000	34,374.93	34,374.93
SUBTOTAL OTHER GOVERNMENTS		**67.45%**			**1,702,541,749.36**	**1,702,054,697.42**
BANK OF NOVA SCOTIA	07/08/2019	12/10/2018	2.88000	2.88000	25,000,000.00	25,000,000.00
CANADIAN IMPERIAL B	07/15/2019	01/09/2019	2.79000	2.79000	30,000,000.00	30,000,000.00
BANK OF MONTREAL	08/13/2019	11/06/2018	2.98000	2.98000	30,000,000.00	30,000,000.00
TORONTO DOMINION	08/29/2019	11/29/2018	3.00000	3.00000	25,000,000.00	25,000,000.00
BANK OF MONTREAL	09/03/2019	12/03/2018	3.01000	3.01000	30,000,000.00	30,000,000.00
BNP PARIBAS	09/26/2019	09/28/2018	2.79000	2.79000	20,000,000.00	20,004,619.51
BANK OF MONTREAL	10/09/2019	10/09/2018	2.80000	2.80000	25,000,000.00	25,000,000.00
MUFG UNION BANK	11/18/2019	05/24/2019	2.51000	2.51000	30,000,000.00	30,000,000.00

SONOMA COUNTY TREASURY POOLED INVESTMENT INVENTORY
AS OF JUNE 30, 2019

Description	Maturity Date	Purchase Date	Coupon Rate	Trading Yield	Current Par / Shares	Current Book / Shares
UBS	02/14/2020	06/19/2019	2.20000	2.20000	30,000,000.00	30,000,000.00
SOCIETE GENERALE	04/17/2020	04/17/2019	2.69000	2.69000	25,000,000.00	25,000,000.00
TORONTO DOMINION	06/29/2020	06/27/2019	2.07000	2.07000	25,000,000.00	25,000,000.00
SUBTOTAL NEGOTIABLE CERTIFICATES OF DEPOSIT		**11.69%**			**295,000,000.00**	**295,004,619.51**
TOYOTA	07/18/2019	04/13/2018	2.12500	2.53541	15,000,000.00	14,997,184.49
APPLE	08/02/2019	09/14/2017	1.10000	1.50033	10,000,000.00	9,996,548.47
MICROSOFT CORP	08/08/2019	03/07/2017	1.10000	1.60415	8,000,000.00	7,995,900.81
WELLS FARGO CO MTN	12/06/2019	12/08/2016	3.12438	3.12438	10,000,000.00	10,000,000.00
WELLS FARGO CO MTN	12/06/2019	12/08/2016	2.15000	2.19789	10,000,000.00	9,998,005.12
WELLS FARGO CO MTN	01/15/2020	03/06/2018	2.40000	2.75000	12,000,000.00	11,977,952.12
WELLS FARGO CO MTN	01/15/2020	02/13/2019	2.40000	2.80181	12,330,000.00	12,326,539.09
TOYOTA	03/12/2020	04/02/2019	2.15000	2.58287	10,000,000.00	9,982,231.39
TOYOTA	03/12/2020	04/02/2019	2.15000	2.58287	10,000,000.00	9,982,231.39
TOYOTA	04/17/2020	03/28/2018	1.95000	2.77508	10,000,000.00	9,936,607.74
WELLS FARGO	04/29/2020	06/27/2019	2.53238	2.56264	15,000,000.00	14,996,298.86
CITIBANK	06/12/2020	11/29/2018	2.10000	3.38645	6,746,000.00	6,666,281.33
CITIBANK	06/12/2020	11/30/2018	2.10000	3.37751	8,000,000.00	7,906,111.70
CITIBANK	06/12/2020	03/06/2019	2.10000	2.87734	10,165,000.00	10,091,870.27
WELLS FARGO CO MTN	01/15/2021	11/29/2018	2.60000	3.48399	12,953,000.00	12,783,978.34
WELLS FARGO CO MTN	01/15/2021	03/20/2019	2.60000	2.81794	10,195,000.00	10,209,584.12
IBM	02/05/2021	03/28/2018	2.65000	2.85032	10,000,000.00	9,969,378.47
APPLE	02/23/2021	05/15/2019	2.25000	2.39222	15,000,000.00	15,042,504.00
CISCO SYSTEMS	02/28/2021	11/08/2018	2.20000	3.23509	15,000,000.00	14,752,905.35
TOYOTA	04/08/2021	06/13/2019	1.90000	2.23825	10,000,000.00	9,975,832.33
TOYOTA	04/13/2021	11/26/2018	2.95000	3.18422	12,166,000.00	12,117,165.20
TOYOTA	04/13/2021	04/16/2019	2.95000	2.58912	5,200,000.00	5,233,692.05
PROCTOR AND GAMBLE	11/03/2021	01/07/2019	1.70000	2.72705	10,331,000.00	10,093,147.70
TOYOTA	04/12/2022	04/12/2019	2.65000	2.58099	15,000,000.00	15,027,532.12
ORACLE	05/15/2022	03/29/2019	2.50000	2.48246	10,000,000.00	10,004,680.57
TOYOTA	01/10/2023	12/12/2018	2.62500	3.57590	13,000,000.00	12,597,382.15
BERKSHIRE HATHAWAY	03/15/2023	01/11/2019	2.75000	3.23797	12,315,000.00	12,107,815.87
APPLE	05/03/2023	04/12/2019	2.40000	2.64691	7,435,000.00	7,368,532.00
MICROSOFT CORP	08/08/2023	12/06/2018	2.00000	3.26921	8,000,000.00	7,616,199.77
SUBTOTAL CORPORATE NOTES AND BONDS		**12.35%**			**313,836,000.00**	**311,754,092.82**
CAMP	07/01/2019	07/08/2002	2.48186	2.48186	152,258,032.11	152,258,032.11
CAL TRUST MMF	07/01/2019	08/28/2009	2.27494	2.27494	16,918,917.32	16,918,917.32
SUBTOTAL MONEY MARKET MUTUAL FUNDS		**6.70%**			**169,176,949.43**	**169,176,949.43**
LOCAL AGENCY INVESTMENT FUND	07/01/2019	11/04/2002	2.57000	2.57000	0.00	0.00
SUBTOTAL GOVERNMENT POOLS AND JPA'S		**0.00%**			**0.00**	**0.00**
CASH IN BANK		**0.75%**			**18,816,962.52**	**18,816,962.52**
CHECK AND WARRANTS IN TRANSIT		**0.06%**			**1,568,009.76**	**1,568,009.76**
CASH IN VAULT		**0.01%**			**139,860.32**	**139,860.32**
GRAND TOTAL		**100%**			**2,526,079,531.39**	**2,523,513,464.92**