SUPPLEMENT TO OFFICIAL STATEMENT

relating to

$112,650,000
SOLANO COMMUNITY COLLEGE DISTRICT
(Solano and Yolo Counties, California)
2019 General Obligation Refunding Bonds
(Federally Taxable)

This Supplement to the Official Statement (this "Supplement"), provides information in connection with the sale of the above-captioned bonds (the "Bonds") and updates the Official Statement of the Solano Community College District (the "District"), dated as of November 13, 2019 (the "Official Statement"), relating to the Bonds. All persons in possession of the Official Statement are requested to permanently insert this Supplement inside the front cover of, or otherwise attach this Supplement to, the Official Statement. All terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Official Statement.

1. The optional redemption provisions relating to the Bonds under the section entitled "THE BONDS – Redemption – Optional Redemption" shall be replaced in its entirety with the following:

Optional Redemption. The Bonds maturing on or before August 1, 2029 are not subject to redemption. The Bonds maturing on or after August 1, 2030 are subject to redemption at the option of the District, in whole or in part (selected by lot), on any date, at a redemption price equal to the greater of:

a) 100% of the principal amount of the Bonds to be redeemed;

b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Bonds to be redeemed not including any portion of those payments of interest accrued and unpaid as of the date on which such Bonds are to be redeemed, discounted to the date on which such Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 15 basis points, respectively; plus in each case accrued interest to the redemption date.

"Treasury Rate" means, with respect to any redemption date for the Bonds, the yield to maturity as of such redemption date of the United States Treasury Securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) (or, if such statistical release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Bonds to be redeemed.

Dated December 3, 2019

SOLANO COMMUNITY COLLEGE DISTRICT

By: ____________/s/ Dr. Celia Esposito-Noy____________
Superintendent/President

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, interest 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. 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" with respect to tax consequences relating to the Bonds.

$112,650,000
SOLANO COMMUNITY COLLEGE DISTRICT
(Solano and Yolo Counties, California)
2019 General Obligation Refunding Bonds
(Federally Taxable)

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

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 Solano Community College District (Solano and Yolo Counties, California) 2019 General Obligation Refunding Bonds (Federally Taxable) (the "Bonds") in the aggregate principal amount of $112,650,000 are being issued by the Solano Community College District (the "District") to (i) refund portions of the District's outstanding Election of 2012 General Obligation Bonds, Series A (Federally Tax-Exempt) and Election of 2012 General Obligation Bonds, Series B (Federally Taxable), and (ii) pay the costs of issuance of the Bonds.

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Boards of Supervisors of Solano County and Yolo County 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 U.S. Bank National Association, 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 and mandatory sinking fund redemption prior to their stated maturity dates as described herein.

MATURITY SCHEDULE
(see inside front cover page)

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 on 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 27, 2019.

PiperJaffray. RBC Capital Markets

Dated: November 13, 2019

MATURITY SCHEDULE

$112,650,000
SOLANO COMMUNITY COLLEGE DISTRICT
(Solano and Yolo Counties, California)
2019 General Obligation Refunding Bonds
(Federally Taxable)

Base CUSIP†: 83412P

$25,320,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2020	$2,080,000	1.826%	1.826%	FG2
2021	240,000	1.876	1.876	FH0
2022	245,000	1.968	1.968	FJ6
2023	245,000	2.055	2.055	FK3
2024	590,000	2.155	2.155	FL1
2025	825,000	2.381	2.381	FM9
2026	1,085,000	2.481	2.481	FN7
2027	1,355,000	2.617	2.617	FP2
2028	1,640,000	2.717	2.717	FQ0
2029	1,950,000	2.717	2.717	FR8
2030	2,275,000	2.817	2.817	FS6
2031	2,620,000	2.867	2.867	FT4
2032	2,990,000	2.917	2.917	FU1
2033	3,380,000	2.967	2.967	FV9
2034	3,800,000	3.017	3.017	FW7

$20,790,000 – 3.094% Term Bonds due August 1, 2039- Yield: 3.094%; CUSIP†: FX5

$31,535,000 – 3.144% Term Bonds due August 1, 2044 - Yield: 3.144%; CUSIP†: FY3

$35,005,000 – 3.194% Term Bonds due August 1, 2047 - Yield: 3.194%; CUSIP†; FZ0

† 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 Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of such municipal securities. The Bonds are not registered under the securities laws of any state. 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 pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or 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 page 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 the District's website is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

SOLANO COMMUNITY COLLEGE DISTRICT

District Administration

Dr. Celia Esposito-Noy, *Superintendent/President*
Robert Diamond, *Vice President, Finance and Administration*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

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

Municipal Advisor

PFM Financial Advisors LLC
San Francisco, California

Paying Agent and Escrow Agent

U.S. Bank National Association
San Francisco, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

TABLE OF CONTENTS

Page

INTRODUCTION **1**

THE DISTRICT 1
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS 2
PURPOSE OF ISSUE 2
DESCRIPTION OF THE BONDS 2
TAX MATTERS 3
AUTHORITY FOR ISSUANCE OF THE BONDS 3
OFFERING AND DELIVERY OF THE BONDS 3
BOND OWNER'S RISKS 3
CONTINUING DISCLOSURE 3
PROFESSIONALS INVOLVED IN THE OFFERING 3
FORWARD LOOKING STATEMENTS 4
OTHER INFORMATION 4

THE BONDS **5**

AUTHORITY FOR ISSUANCE 5
SECURITY AND SOURCES OF PAYMENT 5
STATUTORY LIEN 6
GENERAL PROVISIONS 6
ANNUAL DEBT SERVICE 7
REDEMPTION 8
BOOK-ENTRY ONLY SYSTEM 11
DISCONTINUATION OF BOOK-ENTRY ONLY SYSTEM; PAYMENT TO BENEFICIAL OWNERS 13
DEFEASANCE 15

REFUNDING PLAN **15**

ESTIMATED SOURCES AND USES OF FUNDS **17**

TAX BASE FOR REPAYMENT OF BONDS **18**

AD VALOREM PROPERTY TAXATION 18
ASSESSED VALUATIONS 19
ASSESSED VALUATION BY JURISDICTION 21
ASSESSED VALUATION AND PARCELS BY LAND USE 22
ASSESSED VALUATION OF SINGLE FAMILY HOMES 23
TAX LEVIES, COLLECTIONS AND DELINQUENCIES 24
ALTERNATIVE METHOD OF TAX APPORTIONMENT – "TEETER PLAN" 25
PRINCIPAL TAXPAYERS 26
TAX RATES 27
STATEMENT OF DIRECT AND OVERLAPPING DEBT 27

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS **29**

ARTICLE XIIIA OF THE CALIFORNIA CONSTITUTION 29
LEGISLATION IMPLEMENTING ARTICLE XIIIA 30
STATE-ASSESSED UTILITY PROPERTY 30
PROPOSITION 50 AND PROPOSITION 171 31
ARTICLE XIIIB OF THE CALIFORNIA CONSTITUTION 31
ARTICLE XIIIC AND ARTICLE XIIID OF THE CALIFORNIA CONSTITUTION 32
PROPOSITION 26 33
PROPOSITIONS 98 AND 111 33
PROPOSITION 39 35
JARVIS VS. CONNELL 36
PROPOSITION 1A AND PROPOSITION 22 36
PROPOSITION 55 36
PROPOSITION 2 37
PROPOSITION 51 38

TABLE OF CONTENTS (cont'd)

Page

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA 39

MAJOR REVENUES 39
BUDGET PROCEDURES 43
MINIMUM FUNDING GUARANTEES FOR CALIFORNIA COMMUNITY COLLEGE DISTRICTS UNDER PROPOSITIONS 98 AND 111 44
REDEVELOPMENT REVENUES 45
STATE DISSOLUTION OF REDEVELOPMENT AGENCIES 45
STATE ASSISTANCE 47

SOLANO COMMUNITY COLLEGE DISTRICT 49

INTRODUCTION 49
ADMINISTRATION 49
LABOR RELATIONS 50
RETIREMENT PROGRAMS 51
MEDICARE PREMIUM PAYMENT PROGRAM 58
OTHER POST-EMPLOYMENT BENEFITS 58
RISK MANAGEMENT 60
ACCOUNTING PRACTICES 61
GENERAL FUNDING BUDGETING 61
COMPARATIVE FINANCIAL STATEMENTS 63
DISTRICT DEBT STRUCTURE 65

TAX MATTERS 68

LIMITATION ON REMEDIES; BANKRUPTCY 69

GENERAL 69
STATUTORY LIEN 69
SPECIAL REVENUES 69
POSSESSION OF TAX REVENUES; REMEDIES 70
OPINION OF BOND COUNSEL QUALIFIED BY REFERENCE TO BANKRUPTCY, INSOLVENCY AND OTHER LAWS RELATING TO OR AFFECTING CREDITOR'S RIGHTS 70

LEGAL MATTERS 70

CONTINUING DISCLOSURE 70
LEGALITY FOR INVESTMENT IN CALIFORNIA 71
ABSENCE OF MATERIAL LITIGATION 71
INFORMATION REPORTING REQUIREMENTS 71
LEGAL OPINION 71
ESCROW VERIFICATION 71
FINANCIAL STATEMENTS 72

RATINGS 72

UNDERWRITING 72

ADDITIONAL INFORMATION 74

APPENDIX A – THE 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT A-1
APPENDIX B – FORM OF OPINION OF BOND COUNSEL B-1
APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE C-1
APPENDIX D – GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITIES OF FAIRFIELD AND VALLEJO AND SOLANO COUNTY D-1
APPENDIX E – SOLANO COUNTY TREASURY INVESTMENT POOL E-1

$112,650,000
SOLANO COMMUNITY COLLEGE DISTRICT
(Solano and Yolo Counties, California)
2019 General Obligation Refunding Bonds
(Federally Taxable)

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of Solano Community College District (Solano and Yolo Counties, California) 2019 General Obligation Refunding Bonds (Federally Taxable) (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 page 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

Solano Community College was founded in 1945 as Vallejo Junior College. The District was established in 1967 when it separated from the Vallejo Unified School District. The boundaries of the District are coterminous with those of the County, except for a portion of the Rio Vista area, which is not part of the District, and a portion of Yolo County which is part of the District. The District's single college, Solano Community College, which was constructed in 1972, is located on a 192-acre campus in Fairfield, California and currently serves over 13,000 students per year. Solano Community College is currently fully accredited by the Accrediting Commission for Community and Junior Colleges of the Western Association of Schools and Colleges. The District also operates an Education Center in Vacaville, California, which serves approximately 2,470 students per semester, and an Education Center in Vallejo, California, which serves approximately 2,245 students per semester. The District's service area encompasses the communities of Benicia, Dixon, Fairfield, Suisun, Vacaville, Vallejo and Winters, as well as Travis Air Force Base. The District has a 2019-20 assessed valuation of $56,151,265,121.

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. Dr. Celia Esposito-Noy, is the District 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 "SOLANO COMMUNITY COLLEGE DISTRICT" herein for more general information regarding the District and its finances. The District's audited financial statement 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

The proceeds of the Bonds will be used to (i) refund portions of the District's outstanding Election of 2012 General Obligation Bonds, Series A (Federally Tax-Exempt) (the "2012 Series A Bonds") and Election of 2012 General Obligation Bonds, Series B (Federally Taxable) (the "2012 Series B Bonds"), and (ii) pay the costs of issuance of the Bonds. The 2012 Series A Bonds and 2012 Series B Bonds to be refunded with proceeds of the Bonds are referred to herein as the "Refunded 2012 Series A Bonds" and "Refunded 2012 Series B Bonds", respectively. The Refunded 2012 Series A Bonds and Refunded 2012 Series B Bonds are collectively referred to herein as the "Refunded Bonds."

See also "REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only (without coupons), initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations set forth on the inside cover, under the book-entry only system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. 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. See "THE BONDS – Book-Entry Only System" herein. 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 Resolution 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" 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 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 cover page hereof.

Payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, 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

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, interest 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"). In the further opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is exempt from State of California (the "State") personal income tax. See "TAX MATTERS" 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 a resolution adopted by the Board. See "THE BONDS – Authority for Issuance of the Bonds" 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 27, 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 "TAX BASE FOR REPAYMENT OF BONDS" and "LIMITATION ON REMEDIES; BANKRUPTCY" herein.

Continuing Disclosure

Pursuant to that certain Continuing Disclosure Certificate relating to 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 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. PFM Financial Advisors LLC, San Francisco, California is acting as Municipal Advisor to the District with respect to the Bonds. Kutak Rock LLP is acting as counsel to the Underwriter (as defined herein) with respect to the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation, and PFM Financial Advisors LLC will receive compensation from the District contingent upon the sale and delivery of the Bonds. U.S. Bank

National Association, San Francisco, California, 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 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 Administration, Solano Community College District, 4000 Suisun Valley Road, Fairfield, California 94534, telephone: (707) 864-7209. 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 Resolution (defined herein).

THE BONDS

Authority for Issuance

The Bonds are 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, commencing with Section 53550 *et seq.*, and other applicable law, and pursuant to a resolution adopted by the Board on October 16, 2019 (the "Resolution").

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 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 thereon 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 either of the Counties will do so.

Such taxes, when collected, will be placed by the County in the Debt Service Fund (defined herein) created by the Resolution, which funds are required to be segregated and maintained by the County and which are designated for the payment of the Bonds and interest thereon, as applicable, when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds. Although the Counties are obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and the County will maintain the Debt Service Fund, the Bonds are not a debt of either of the Counties.

Moneys in the Debt Service Fund, 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 (as defined herein) for subsequent disbursement to the respective Beneficial Owners of such Bonds.

The amount of the annual *ad valorem* property taxes levied by the Counties to repay the Bonds, as described above, 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 land 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, wildfire, 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 XIII A of the California 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 the first Record Date (defined herein), in which event it will bear interest from the Closing Date. 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 cover page hereof.

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

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

Year Ending (August 1)	Annual Principal Payment	Annual Interest Payment[1]	Total Annual Debt Service
2020	$2,080,000.00	$2,330,695.16	$4,410,695.16
2021	240,000.00	3,400,749.76	3,640,749.76
2022	245,000.00	3,396,247.36	3,641,247.36
2023	245,000.00	3,391,425.76	3,636,425.76
2024	590,000.00	3,386,391.00	3,976,391.00
2025	825,000.00	3,373,676.50	4,198,676.50
2026	1,085,000.00	3,354,033.26	4,439,033.26
2027	1,355,000.00	3,327,114.40	4,682,114.40
2028	1,640,000.00	3,291,654.06	4,931,654.06
2029	1,950,000.00	3,247,095.26	5,197,095.26
2030	2,275,000.00	3,194,113.76	5,469,113.76
2031	2,620,000.00	3,130,027.00	5,750,027.00
2032	2,990,000.00	3,054,911.60	6,044,911.60
2033	3,380,000.00	2,967,693.30	6,347,693.30
2034	3,800,000.00	2,867,408.70	6,667,408.70
2035	4,250,000.00	2,752,762.70	7,002,762.70
2036	4,725,000.00	2,621,267.70	7,346,267.70
2037	5,235,000.00	2,475,076.20	7,710,076.20
2038	3,175,000.00	2,313,105.30	5,488,105.30
2039	3,405,000.00	2,214,870.80	5,619,870.80
2040	3,655,000.00	2,109,520.10	5,764,520.10
2041	130,000.00	1,994,606.90	2,124,606.90
2042	8,520,000.00	1,990,519.70	10,510,519.70
2043	9,235,000.00	1,722,650.90	10,957,650.90
2044	9,995,000.00	1,432,302.50	11,427,302.50
2045	10,800,000.00	1,118,059.70	11,918,059.70
2046	11,655,000.00	773,107.70	12,428,107.70
2047	12,550,000.00	400,847.00	12,950,847.00
TOTAL	$112,650,000.00	$71,631,934.08	$184,281,934.08

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

See "SOLANO COMMUNITY 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.

Redemption

Optional Redemption. The Bonds are subject to redemption at the option of the District, in whole or in part (selected by lot), on any date, at a redemption price equal to the greater of:

a) 100% of the principal amount of the Bonds to be redeemed;

b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Bonds to be redeemed not including any portion of those payments of interest accrued and unpaid as of the date on which such Bonds are to be redeemed, discounted to the date on which such Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 15 basis points, respectively; plus in each case accrued interest to the redemption date.

"Treasury Rate" means, with respect to any redemption date for the Bonds, the yield to maturity as of such redemption date of the United States Treasury Securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) (or, if such statistical release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Bonds to be redeemed.

Mandatory Redemption. The Bonds maturing on August 1, 2039 (the "2039 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, 2035, 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 2039 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
2035	$4,250,000
2036	4,725,000
2037	5,235,000
2038	3,175,000
2039[1]	3,405,000
Total	$20,790,000

---

[1] Maturity.

The Bonds maturing on August 1, 2044 (the "2044 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, 2040, 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 2044 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**
2040	$3,655,000
2041	130,000
2042	8,520,000
2043	9,235,000
2044[(1)]	9,995,000
Total:	$31,535,000

---

(1) Maturity.

The Bonds maturing on August 1, 2047 (the "2047 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, 2045, 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 2047 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**
2045	$10,800,000
2046	11,655,000
2047[(1)]	12,550,000
Total:	$35,005,000

---

(1) Maturity.

If less than all of the outstanding Term Bonds are to be redeemed prior to maturity, the District will select the portions of the Term Bonds equal to $5,000 or any integral multiple thereof to be redeemed on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures; provided that, so long as the Bonds are held in book-entry form, the selection for redemption of such Term Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a Pro Rata Pass-Through Distribution of Principal basis, the portions of the Term Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

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

Notice of Redemption. When optional redemption is authorized or required pursuant to the Resolution, 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.

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

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolution 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 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 transfer.

Payment of Redeemed Bonds. When notice of redemption has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, 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 notice of redemption, 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 execute 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 Notice of Redemption. 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 by an independent escrow agent selected by the District so as to be available therefor on such redemption date as described in "—Defeasance," and if 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 shall cease to accrue and become payable.

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 the Paying Agent (or 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, 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 shall 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 such rescission in the same manner as the Redemption Notice was originally provided.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, 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 irrevocably held in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest thereon to the date fixed for redemption, 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, nor the Underwriters take 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 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 Resolution. 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 Resolution.

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, initially located in San Francisco, California. 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 16th 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 notice of redemption is given or (b) transfer any Bonds which have been selected or called for redemption in whole or in part.

[REMAINDER OF PAGE LEFT BLANK]

Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased at any time 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 amounts transferred from the Debt Service Fund, if any, is sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, 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 (as defined herein) together with any amounts transferred from the Debt Service Fund, if any, 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, 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 and the Paying Agent with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent or an 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 such designated 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), or 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 (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) 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 (c) 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 all 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 ("S&P") or by Moody's Investors Service ("Moody's").

REFUNDING PLAN

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

The net proceeds from the sale of the Bonds will be paid to U.S. Bank National Association, acting as escrow agent (the "Escrow Agent"), to the credit of an escrow fund (the "Escrow Fund") established pursuant to an escrow agreement relating to the Bonds (the "Escrow Agreement") by and between the District and the Escrow Agent. Pursuant to the Escrow Agreement, the amount 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, 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 their respective first optional redemption dates therefor, as well as the interest due thereon on and before such dates.

Information regarding specific maturities of the Refunded Bonds is listed in the following tables.

REFUNDED 2012 SERIES A BONDS
Solano Community College District
Election of 2012 General Obligation Bonds, Series A

Current Interest Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Redemption Date	Redemption Price (% of Par Amount)	CUSIP†
2043	$15,000,000	5.000%	August 1, 2023	100%	83412PCB6
2047	49,170,000	4.375	August 1, 2023	100	83412PCC4

Capital Appreciation Bonds

Maturity Date (August 1)	Initial Principal Amount	Accreted Value at Redemption	Accretion Rate	Redemption Date	Redemption Price (% of Accreted Value)	CUSIP†
2025	$37,993.80	$59,488.00	4.480%	August 1, 2023	100%	83412PBQ4
2026	117,030.95	187,084.40	4.690	August 1, 2023	100	83412PBR2
2027	187,305.10	305,102.00	4.880	August 1, 2023	100	83412PBS0
2028	253,552.55	417,936.65	5.000	August 1, 2023	100	83412PBT8
2029	314,542.80	522,059.55	5.070	August 1, 2023	100	83412PBU5
2030	373,924.60	624,308.30	5.130	August 1, 2023	100	83412PBV3
2031	422,842.60	710,169.70	5.190	August 1, 2023	100	83412PBW1
2032	469,656.55	793,471.25	5.250	August 1, 2023	100	83412PBX9
2033	511,402.20	868,276.20	5.300	August 1, 2023	100	83412PBY7
2037	2,345,214.60	4,057,123.40	5.490	August 1, 2023	100	83412PBZ4

REFUNDED 2012 SERIES B BONDS
Solano Community College District
Election of 2012 General Obligation Bonds, Series B

Maturity Date (August 1)	Principal Amount	Interest Rate	Redemption Date	Redemption Price (% of Par Amount)	CUSIP†
2032	$8,090,000	5.250%	August 1, 2023	100%	83412PCL4
2035	5,630,000	5.375	August 1, 2023	100	83412PCM2
2040	14,325,000	5.500	August 1, 2023	100	83412PCN0

† 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 and Refunded Bonds. 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.

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 as described above will be verified by Causey Demgen & Moore P.C. (the "Verification Agent"). 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. See "LEGAL MATTERS – Escrow Verification" herein.

Any accrued interest on the Bonds, when received by the District from the sale of the Bonds, any surplus moneys in the Escrow Fund, when received by the District following the redemption of the Refunded Bonds, and any other excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued, will be kept separate and apart in the fund held by the County and designated as the "Solano Community College District 2019 General Obligation Refunding Bonds Debt Service Fund" (the "Debt Service Fund") and applied to the payment of principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

Investment of Funds. Moneys in the Debt Service Fund are expected to be invested through the Solano County Treasury Pool. See "APPENDIX E – SOLANO COUNTY TREASURY INVESTMENT POOL" attached hereto.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of the Bonds	$112,650,000.00
Total Sources	$112,650,000.00
Uses of Funds	
Escrow Fund	$111,929,346.43
Costs of Issuance[(1)]	720,653.57
Total Uses	$112,650,000.00

(1) Reflects all costs of issuance, including but not limited to the Underwriters' discount, legal fees, municipal advisor fees, printing costs, rating agencies fees, and the costs and fees of the Paying Agent, Verification Agent and Escrow Agent.

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 county 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 county's 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 of the calendar year. 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 Counties. After the second installment of taxes on the secured roll is delinquent, the tax-collecting authority of the Counties 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 Counties.

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, including 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

The following table shows the historical assessed valuations in the District as of the date the equalized assessment tax roll is established in August of each year, excluding any exemptions granted after such date in each year.

ASSESSED VALUATIONS
Fiscal Years 2010-11 through 2019-20
Solano Community College District

Solano County Portion

	Local Secured	Utility	Unsecured	Total
2010-11	$36,176,872,407	$25,046,491	$1,474,302,781	$37,676,221,679
2011-12	35,626,101,835	41,108,951	1,482,888,181	37,150,098,967
2012-13	35,557,585,015	32,082,393	1,492,507,728	37,082,175,136
2013-14	36,880,000,201	30,238,745	1,500,938,244	38,411,177,190
2014-15	39,981,587,013	27,034,506	1,513,816,138	41,522,437,657
2015-16	42,241,413,565	28,623,368	1,553,415,871	43,823,452,804
2016-17	44,878,755,970	26,497,706	1,639,073,389	46,544,327,065
2017-18	47,705,215,719	26,003,244	1,674,493,159	49,405,712,122
2018-19	50,514,903,787	25,328,303	1,684,191,429	52,224,423,519
2019-20	53,408,734,948	23,048,041	1,721,978,591	55,153,761,580

Yolo County Portion

	Local Secured	Utility	Unsecured	Total
2010-11	$607,370,368	$75,890	$29,038,793	$636,485,051
2011-12	605,967,720	75,890	27,873,269	633,916,879
2012-13	611,422,337	75,890	30,669,969	642,168,196
2013-14	639,653,956	62,800	34,823,085	674,539,841
2014-15	683,989,788	62,800	36,691,877	720,744,465
2015-16	723,555,315	62,800	38,731,014	762,349,129
2016-17	770,475,716	62,800	42,368,605	812,907,121
2017-18	834,548,098	75,340	42,024,907	876,648,345
2018-19	888,966,588	141,718	43,001,078	932,109,384
2019-20	953,484,386	75,340	43,943,815	997,503,541

Total District

	Local Secured	Utility	Unsecured	Total
2010-11	$36,784,242,775	$25,122,381	$1,503,341,574	$38,312,706,730
2011-12	36,232,069,555	41,184,841	1,510,761,450	37,784,015,846
2012-13	36,169,007,352	32,158,283	1,523,177,697	37,724,343,332
2013-14	37,519,654,157	30,301,545	1,535,761,329	39,085,717,031
2014-15	40,665,576,801	27,097,306	1,550,508,015	42,243,182,122
2015-16	42,964,968,880	28,686,168	1,592,146,885	44,585,801,933
2016-17	45,649,231,686	26,560,506	1,681,441,994	47,357,234,186
2017-18	48,539,763,817	26,078,584	1,716,518,066	50,282,360,467
2018-19	51,403,870,375	25,470,021	1,727,192,507	53,156,532,903
2019-20	54,362,219,334	23,123,381	1,765,922,406	56,151,265,121

Source: California Municipal Statistics, Inc.

For fiscal year 2019-20, the total assessed valuation of taxable property within the District increased by $2,994,732,218, representing an increase of approximately 5.63% from the prior year. Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce 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. 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.

Appeals and Adjustments of Assessed Valuation. 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. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

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. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING

DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein. Such reductions 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.

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 signed into law Assembly Bill 102 ("AB 102"). AB 102 restructures the functions of the SBE and creates 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 will take 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 will continue to perform the duties assigned by the State Constitution related to property taxes, however, beginning 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 tax 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 is an analysis of the assessed valuation of property within the District by jurisdiction for fiscal year 2019-20

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2019-20
Solano Community College District

Jurisdiction:	Assessed Valuation in School District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Benicia	$6,237,108,431	11.11%	$6,237,108,431	100.00%
City of Dixon	2,366,015,991	4.21	2,366,015,991	100.00
City of Fairfield	15,115,663,806	26.92	15,115,663,806	100.00
City of Suisun	2,551,931,214	4.54	2,551,931,214	100.00
City of Vacaville	13,399,025,468	23.86	13,399,025,468	100.00
City of Vallejo	11,452,611,928	20.40	11,452,611,928	100.00
City of Winters	643,775,750	1.15	643,775,750	100.00
Unincorporated Solano County	4,031,404,742	7.18	5,297,466,933	76.10
Unincorporated Yolo County	353,727,791	0.63	5,242,967,822	6.75
Total District	$56,151,265,121	100.00%		
Summary by County:				
Solano County	$55,153,761,580	98.22%	$58,037,836,263	95.03%
Yolo County	997,503,541	1.78	28,905,923,603	3.45
Total District	$56,151,265,121	100.00%		

Source: California Municipal Statistics, Inc.

Assessed Valuation and Parcels by Land Use

The following show a per-parcel analysis of the distribution of taxable property within the District by principal use, and the fiscal year 2019-20 assessed valuation of such parcels.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2019-20
Solano Community College District

	2019-20 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural	$1,306,486,425	2.40%	3,235	2.34%
Commercial/Office/Recreational	5,130,933,290	9.44	3,086	2.23
Vacant Commercial	315,792,096	0.58	774	0.56
Industrial	5,558,334,946	10.22	1,118	0.81
Vacant Industrial	271,709,429	0.50	488	0.35
Government/Social/Institutional	207,859,309	0.38	711	0.51
Subtotal Non-Residential	$12,791,115,495	23.53%	9,412	6.81%
Residential:				
Single Family Residence	$35,870,619,384	65.98%	109,699	79.41%
Condominium/Townhouse	1,457,113,792	2.68	8,797	6.37
Mobile Home	43,084,478	0.08	1,307	0.95
Mobile Home Park	125,626,996	0.23	57	0.04
2+ Residential Units/Apartments	3,566,030,368	6.56	5,015	3.63
Miscellaneous Residential	39,630,125	0.07	165	0.12
Vacant Residential	468,998,696	0.86	3,689	2.67
Subtotal Residential	$41,571,103,839	76.47%	128,729	93.19%
Total	$54,362,219,334	100.00%	138,141	100.00%

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

[REMAINDER OF PAGE LEFT BLANK]

Assessed Valuation of Single Family Homes

The following table displays the per-parcel analysis of single family residences within the District, in terms of their 2019-20 assessed valuation.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2019-20
Solano Community College District

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	109,699	$35,870,619,384	$326,991	$304,949

2019-20 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	1,946	1.774%	1.774%	$75,414,198	0.210%	0.210%
50,000 - 99,999	6,728	6.133	7.907	497,257,034	1.386	1.596
100,000 - 149,999	8,285	7.552	15.460	1,054,815,365	2.941	4.537
150,000 - 199,999	11,591	10.566	26.026	2,034,802,758	5.673	10.210
200,000 - 249,999	12,859	11.722	37.748	2,894,199,329	8.068	18.278
250,000 - 299,999	12,286	11.200	48.948	3,375,712,243	9.411	27.689
300,000 - 349,999	11,870	10.821	59.768	3,859,057,157	10.758	38.447
350,000 - 399,999	11,249	10.254	70.023	4,211,232,772	11.740	50.187
400,000 - 449,999	9,506	8.666	78.688	4,033,100,035	11.243	61.431
450,000 - 499,999	7,555	6.887	85.575	3,577,544,143	9.973	71.404
500,000 - 549,999	5,012	4.569	90.144	2,624,141,195	7.316	78.720
550,000 - 599,999	3,444	3.139	93.283	1,975,933,944	5.509	84.228
600,000 - 649,999	2,207	2.012	95.295	1,374,894,727	3.833	88.061
650,000 - 699,999	1,376	1.254	96.550	925,193,981	2.579	90.640
700,000 - 749,999	1,041	0.949	97.499	752,384,536	2.097	92.738
750,000 - 799,999	733	0.668	98.167	566,599,005	1.580	94.318
800,000 - 849,999	556	0.507	98.674	458,338,582	1.278	95.595
850,000 - 899,999	406	0.370	99.044	355,542,067	0.991	96.586
900,000 - 949,999	232	0.211	99.255	213,621,997	0.596	97.182
950,000 - 999,999	186	0.170	99.425	181,252,981	0.505	97.687
1,000,000 and greater	631	0.575	100.000	829,581,335	2.313	100.000
Total	109,699	100.000%		$35,870,619,384	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

The County levies and collects property taxes for property falling within its taxing boundaries. The historical annual secured tax levies and delinquencies for the District within the County for the years shown are as follows.

SECURED TAX LEVIES AND DELINQUENCIES
2009-10 through 2018-19
Solano Community College District
(Solano County Portion Only)

	Secured Tax Charge[1]	Amt. Del. June 30	% Del. June 30
2009-10	$6,769,532.41	$205,436.44	3.03%
2010-11	6,888,250.31	153,754.31	2.23
2011-12	7,007,624.58	122,822.68	1.75
2012-13	6,958,213.70	98,199.05	1.41
2013-14	14,311,407.58	157,207.49	1.10
2014-15	14,499,032.66	134,603.76	0.93
2015-16	14,578,404.37	39,261.93	0.96
2016-17	15,537,485.74	131,372.53	0.85
2017-18	11,471,695.38	101,552.90	0.89
2018-19	19,365,141.30	206,443.90	1.07

(1) District's general obligation bond debt service levy.
Source: California Municipal Statistics, Inc.

[REMAINDER OF PAGE LEFT BLANK]

Alternative Method of Tax Apportionment – "Teeter Plan"

The Board of Supervisors of each of the Counties have 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 California Revenue and Taxation Code. Under the Teeter Plan, each of the Counties 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 of each of the Counties is applicable to all tax levies for which such county acts as the tax-levying or tax-collecting agency, or for such county's treasury is the legal depository of the tax collections. As adopted by each of the Counties, the Teeter Plan excludes Mello-Roos Community Facilities Districts and special assessment districts which provide for accelerated judicial foreclosure of property for which assessments are delinquent.

The *ad valorem* property tax to be levied to pay the principal of and interest on the Bonds will be subject to the Teeter Plan of each of the Counties, beginning in the first year of such levy. The District will receive 100% of the *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by each of the respective counties.

The Teeter Plan of each of the Counties is to remain in effect unless the Board of Supervisors of a county orders its discontinuance or unless, prior to the commencement of any fiscal year of the county (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in such county. In the event the Board of Supervisors of either of the Counties is to order discontinuance of the Teeter Plan subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which such county acts as the tax-levying or tax-collecting agency.

[REMAINDER OF PAGE LEFT BLANK]

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
Solano Community College District

	Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total[1]
1.	Valero Refining Company California	Industrial – Refinery	$962,246,190	1.77%
2.	Genentech Inc.	Industrial	819,767,486	1.51
3.	Anheuser-Busch Comm Strat LLC	Industrial	323,761,255	0.60
4.	Star-West Solano LLC	Commercial	191,419,362	0.35
5.	PW Fund A LP	Industrial	169,626,685	0.31
6.	Icon Owner Pool 1 SF N-B P LLC	Industrial	141,590,720	0.26
7.	Wal-Mart Real Estate Bus Trust	Commercial	122,235,185	0.22
8.	Centro Watt Property Owner II	Commercial	115,123,969	0.21
9.	CPG Finance II LLC	Commercial	110,231,574	0.20
10.	Gateway 80 Owner LP	Industrial	102,000,000	0.19
11.	NT Dunhill I LLC	Commercial	99,210,847	0.18
12.	Alza Corporation	Industrial	97,326,650	0.18
13.	Meyer Cookware Industries Inc.	Industrial	93,692,125	0.17
14.	Park Management Corp.	Theme Park	90,776,485	0.17
15.	APS West Coast Inc.	Industrial	90,499,500	0.17
16.	AMFP III Verdant LLC	Apartments	87,627,400	0.16
17.	MG North Pointe Apartments LLC	Apartments	87,229,922	0.16
18.	Cordelia Winery LLC	Industrial	77,406,538	0.14
19.	Ball Metal Beverage Container Corp.	Industrial	67,158,468	0.12
20.	JDM 111 2600 Napa LLC	Industrial	64,203,084	0.12
			$3,913,133,445	7.20%

(1) 2019-20 local secured assessed valuation: $54,362,219,334.
Source: California Municipal Statistics, Inc.

Tax Rates

Representative tax rate areas ("TRAs") located within the District are Tax Rate Areas 1-000, 1-003, and 7-000. The table below demonstrates the total *ad valorem* tax rates, as a percentage of assessed valuation, levied by all taxing entities in these TRAs during the six-year period from 2014-15 through 2019-20.

TYPICAL TAX RATES
Fiscal Years 2014-15 through 2019-20
Solano Community College District

TRAs 1-000 and 1-003 – 2019-20 Assessed Valuation: $3,109,371,868 and $1,564,876,817

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
General Tax Rate	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
City of Benicia	.013700	.013000	.012500	.005800	.000000	.000000
Benicia Unified School District	.138861	.131773	.144804	.125875	.121456	.135556
Solano Community College District	.036716	.034918	.035043	.024425	.038889	.032035
Solano County State Water Project	.020000	.020000	.020000	.020000	.020000	.020000
Total Tax Rate	1.209277%	1.199691%	1.212347%	1.176100%	1.180345%	1.187591%

TRA 7-000 – 2019-20 Assessed Valuation: $5,910,609,183

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
General Tax Rate	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Vallejo Unified School District	.088844	.084252	.082139	.069029	.070322	.121402
Solano Community College District	.036716	.034918	.035043	.024425	.038889	.032035
Solano County State Water Project	.020000	.020000	.020000	.020000	.020000	.020000
Total Tax Rate	1.145560%	1.139170%	1.137182%	1.113454%	1.129211%	1.173437%

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., for debt issued as of October 1, 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 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.

STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
Solano Community College District

2019-20 Assessed Valuation: $56,151,265,121

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable[1]**	**Debt 10/1/19**	
Solano County Community College District	**100.000%**	**$264,374,164**	(2)
Benicia Unified School District	100.000	55,759,073	
Dixon Unified School District	100.000	57,326,999	
Fairfield-Suisun Joint Unified School District	98.919	195,399,647	
Vacaville Unified School District	100.000	170,795,000	
Vallejo Unified School District	100.000	86,660,000	
Winters Joint Unified School District	100.000	27,810,000	
Cities	100.000	8,627,163	
Fairfield Municipal Park District, I.D. No. 1	100.000	1,790,000	
Community Facilities Districts	100.000	118,560,351	
1915 Act Bonds	100.000	30,623,391	
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$1,017,725,788	
Less: Fairfield Municipal Park District I.D. No. 1 supported obligations		(1,790,000)	
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$1,015,935,788	
OVERLAPPING GENERAL FUND DEBT:			
Solano County Certificates of Participation	94.878%	$63,867,126	
Solano County Pension Obligation Bonds	94.878	22,177,733	
Yolo County and Board of Education Certificates of Participation	3.400	1,517,096	
Unified School District General Fund Obligations	98.919 – 100.000	69,313,554	
City of Fairfield Pension Obligation Bonds	100.000	32,635,000	
City of Vallejo General Fund Obligations	100.000	32,479,974	
Other City General Fund Obligations	100.000	30,097,192	
TOTAL OVERLAPPING GENERAL FUND DEBT		$252,087,675	
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$104,705,510	
GROSS COMBINED TOTAL DEBT		$1,374,518,973	(3)
NET COMBINED TOTAL DEBT		$1,372,728,973	

Ratios to 2019-20 Assessed Valuation:

Direct Debt ($264,374,164)	**0.47%**
Total Direct and Overlapping Tax and Assessment Debt	1.81%
Total Net Direct and Overlapping Tax and Assessment Debt	1.81%
Gross Combined Total Debt	2.45%
Net Combined Total Debt	2.44%

Ratios to Redevelopment Incremental Valuation ($11,490,070,280):

Total Overlapping Tax Increment Debt	0.91%

(1) 2018-19 ratios
(2) Excludes the Bond and includes the Refunded Bonds described herein.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

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* ad valorem *property 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 base year value, as adjusted for inflation. 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* property, 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.

Intra-county transfers under Proposition 171 are more restrictive than inter-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 bonded 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 being 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. Annual Adjustments to Spending Limit. 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. Treatment of Excess Tax Revenues. "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. Exclusions from Spending Limit. 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 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 "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – 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 Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and Legislature will select among eligible projects as part of the annual State budget process.

The District makes no representation or 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 "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." 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. California 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 previously 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, implemented a new funding mechanism for community college districts 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") 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" herein), 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, 65% in fiscal year 2019-20 and

60% in fiscal years 2020-21 and onward. The Governor's 2019-20 State Budget extended the "hold-harmless" for one more year and also locked in Base Allocation for 2019-20 to remain at 70%. In 2020-21, the Base Allocation is expected decrease to 65% and to decrease again in 2021-22 to 60%; however such decreases in future fiscal years' are subject to change.

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 2019-20 State 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**,** 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 $32,878,833. For fiscal year 2019-20, the District has budgeted the receipt of Base Allocation equal to $33,950,683.

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

[REMAINDER OF PAGE LEFT BLANK]

DISTRICT ENROLLMENT[1]
Fiscal Years 2009-10 through 2019-20
Solano Community College District

Year	Funded FTES[2]	Unfunded FTES[2]	Total FTES	Stability Funding[3]
2009-10	8,954.855	576.31	9,531.16	--
2010-11	9,203.30	114.58	9,317.88	--
2011-12	8,500.41	32.28	8,532.69	--
2012-13[4]	6,966.13	--	6,966.13	1,535.73
2013-14	8,178.84	--	8,178.84	--
2014-15	6,916.18	--	6,916.18	1,263.25
2015-16	8,287.85	--	6,916.00	--
2016-17	6,485.00	--	6,485.00	1,802.85
2017-18	7,986.91	--	7,122.00	--
2018-19	6,173.72	--	6,847.00	1,756.38
2019-20[5]	6,850.00	--	6,850.00	--

t

(1) One 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. Reflects resident FTES counts only. Non-resident FTES are generally excluded from State funding formula calculations.
(2) In each fiscal year, the State budget will establish an enrollment cap on the maximum number of FTES, known as the "funded" FTES, for which a community college district will receive a revenue allocation, as determined by the program-based model. A district's enrollment cap is based on the previous fiscal year's reported FTES, plus the growth allowance provide for by the State budget, if any. All student hours in excess of the enrollment cap are considered "unfunded" FTES.
(3) Represents FTES above the District's actual FTES, which is funded through the State's stability funding mechanism. Under California Code 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.
(4) The District's decline in FTES for fiscal year 2012-13 resulted from the District not holding summer sessions, in an effort to reduce operating expenses.
(5) Projected.
Source: Solano Community 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 2019-20 State 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 $7,571,641. For fiscal year 2019-20, the District has budgeted the receipt of a Supplemental Allocation of approximately $7,818,477.

Student Success Allocation. The Student Success Allocation will be distributed to districts based on their performance in a 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 in fiscal year 2018-19, 10% in fiscal year 2019-20 and is expected to 15% in fiscal year 2020-21, and to 20% in fiscal year 2021-22; however, such increases in future fiscal years' are subject to change. Each metric is assigned a point value, with some metrics are weighted more than others. A single student outcome with more points will generate more funding. Outcome metrics for students that qualify for Federal Pell Grants and California College Promise Grants are eligible for additional 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 District received a Student Success Allocation equal to $5,185,780 and for fiscal year 2019-20, the District has budgeted the receipt of a Student Success Allocation equal to $5,354,836.

The District received $4,204,867 of Hold-Harmless Funding for 2018-19 and for fiscal year 2019-20, the District has budgeted $4,204,867 of Hold-Harmless Funding.

Budget Procedures

On or before September 15, the board of trustees of a community college district is required under Section 58305 of the California Code of Regulations, Title V, to adopt a balanced budget. Each September, every State agency, including the Chancellor, submits to the Department of Finance ("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 legislature. The Governor's State budget is then analyzed and discussed in committees and hearings begin in the State Assembly and Senate. In May, 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 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 California's community college districts. In accordance with statutory and regulatory provisions, the Chancellor has been given the responsibility to identify districts at risk and, when necessary, the authority to intervene to bring about improvement in their financial condition. To stabilize a district's financial condition, the Chancellor may, as a last resort, seek an appropriation 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 full-time equivalent student 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 "SOLANO COMMUNITY 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, California 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 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 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 California'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-12 districts, community college 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 Proposition 98 guarantee (K-14 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 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 1986-87. Initially, that share was just over 40 percent. Because of the major shifts of property tax from local government to school districts and community college districts which began in 1992-93 and increased in 1993-94, the percentage dropped to 33.0%.

Test 2 provides that K-14 education will receive as a minimum, its prior-year total funding (including State general fund and local revenues) adjusted for enrollment growth 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 one percent 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.

Redevelopment Revenues

The District previously received tax offset revenue from the County as a part of certain redevelopment projects within the County (the "Tax Offset Revenues"). The Tax Offset Revenues received are deposited directly into the general fund of the District and offset the State apportionment received by the District. The District also receives pass-through tax increment revenue (the "Pass-Through Revenues") from the successors to the redevelopment agencies formerly within the District's boundaries. The Pass-Through Revenues received by the District are deposited into the District's Capital Outlay Fund, and used for facilities improvements. The Pass-Through Revenues do not offset the State apportionment received by the District. The amount of Tax Offset Revenues and Pass-Through Revenues received by the District from fiscal years 2011-12 through 2018-19 and a budgeted amount for fiscal year 2019-20 are shown in the following table.

TAX OFFSET AND PASS-THROUGH REVENUES
Fiscal Years 2011-12 through 2019-20
Solano Community College District

Fiscal Year	Tax Offset Revenues[1]	Pass-Through Revenues[2]
2011-12	$1,490	$997,214
2012-13	6,403	108,437
2013-14	1,098,725	501,678
2014-15	1,425,540	564,715
2015-16	2,685,815	571,278
2016-17	1,624,818	666,225
2017-18	2,187,125	939,228
2018-19	2,346,010	770,011
2019-20[3]	2,130,926	620,535

(1) Tax Offset Revenues received offset State apportionments received by the District.
(2) Pass-Through Revenues received do not offset State apportionments received by the District.
(3) Reflects projected revenues.
Source: Solano Community College District.

State Dissolution of Redevelopment Agencies

On December 30, 2011, the California 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 California 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 California Constitution, as amended by Proposition 22. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22." 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 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 Controller. If the 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

California community college districts' principal funding formulas and revenue sources are derived from the budget of the State of California. The following information concerning the State of California's budgets has been obtained from publicly available information which the District believes to be reliable; however, neither the District, the Municipal Advisor nor the Underwriters take any responsibility as to the accuracy or completeness thereof and has not independently verified such information.

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 and PERS, 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 "SOLANO COMMUNITY 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 first-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.

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.

[REMAINDER OF PAGE LEFT BLANK]

SOLANO COMMUNITY 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

Solano Community College was founded in 1945 as Vallejo Junior College. The District was established in 1967 when it separated from the Vallejo Unified School District. The boundaries of the District are coterminous with those of the County, except for a portion of the Rio Vista area, which is not part of the District, and a portion of Yolo County which is part of the District. The District's single college, Solano Community College, which was constructed in 1972, is located on a 192-acre campus in Fairfield, California and currently serves over 13,000 students per year. Solano Community College is currently fully accredited by the Accrediting Commission for Community and Junior Colleges of the Western Association of Schools and Colleges. The District also operates an Education Center in Vacaville, California, which serves approximately 2,470 students per semester, and an Education Center in Vallejo, California, which serves approximately 2,245 students per semester. The District's service area encompasses the communities of Benicia, Dixon, Fairfield, Suisun, Vacaville, Vallejo and Winters, as well as Travis Air Force Base. The District has a 2019-20 assessed valuation of $56,151,265,121.

Administration

The governing board of the District is called the Board of Trustees (the "Board"). The Board includes seven voting members elected by the voters of the District within seven trustee areas (the "Trustees"). The Trustees serve four-year terms. Elections for Trustee positions to the Board are held every two years, alternating between three and four available positions. Current Trustees, together with their office and the date their term expires, are listed below:

Board Member	Office	Term Expires
A. Marie Young	President	November 2022
Quinten R. Voyce	Vice President	November 2020
Sarah E. Chapman, Ph.D.	Trustee	November 2022
Dennis Honeychurch, J.D.	Trustee	November 2022
Karimah Karah, J.D.	Trustee	November 2022
Michael A. Martin	Trustee	November 2020
Rosemary Thurston	Trustee	November 2020

The Superintendent/President of the District is appointed by the Board and reports to the Board. The Superintendent/President is responsible for management of the District's day-to-day operations and supervises the work of other key administrators.

Brief biographies of the Superintendent/President and the Vice President, Finance and Administration follow:

Dr. Esposito-Noy, Superintendent/President. Dr. Esposito-Noy became Superintendent/President of the District on January 4, 2016. Prior to joining the District, Dr. Esposito-Noy was the Vice Chancellor for Educational Services and Student Success for the Chabot-Las Positas Community College District, served as Vice President for Student Services and Enrollment Management at Cosumnes River College in Sacramento, and held academic and student services positions at American River College.

Dr. Esposito-Noy has served as president and past president for the CCCCSSAA (Chief Student Services Administrators) and is currently a member of the CCCAA Board (Athletic Association). Much of her professional work has focused on developing strategies and interventions for successfully serving students enrolled in basic skills classes, students suffering from trauma, and those with mental health challenges. She has presented at state and national conferences on strategies for advancing student success. Her dissertation examined the use of social modeling in a basic skills math class as a means for informing successful student behavior.

Dr. Esposito-Noy holds an Ed.D. in Educational Leadership from Mills College, a Master's of Arts in Education from Stanford University, and a B.A. from San Francisco State University.

Robert Diamond, Vice President, Finance and Administration. Robert Diamond has been the Vice President of Finance and Administration of the District since January, 2018. He has worked in California Community Colleges since 1992, including seven years as a financial administrator at Los Rios Community College District. He also taught at several community colleges and California State University, Sacramento for 19 years. He earned an M.B.A. from California State University, Sacramento and holds professional certifications as a Certified Public Accountant, Certified Payroll Professional, Certified Financial Planner, and Chartered Global Management Accountant.

Labor Relations

The District currently employs 149 full-time certificated professionals, 154 full-time classified employees and 16 managers. In addition, the District employs 430 part-time faculty and staff. These employees, except management and some part-time employees, are represented by the bargaining units noted below:

LABOR RELATIONS ORGANIZATIONS
Solano Community College District

Labor Organization	Number of Employees in Organization	Contract Expiration Date
California Teachers Association	378	June 30, 2019[1]
California School Employees Association	103	June 30, 2020
Operating Engineers	51	June 30, 2020

(1) Members of the California Teachers Association are working under the terms of their expired contract.
Source: Solano Community 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 $1,368,527 for fiscal year 2013-14, $1,508,056 for fiscal year 2014-15, $1,846,655 in fiscal year 2015-16, $2,111,185 in fiscal year 2016-17, $2,806,691 in fiscal year 2017-18, and $3,082,822 (unaudited) in fiscal year 2018-19. The District has budgeted a contribution of $3,113,650 to STRS in fiscal year 2019-20.

The State also contributes to STRS, currently in an amount equal to 7.328% for fiscal year 2018-19 and 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 18.062% of eligible salary expenditures for fiscal year 2018-19, and will be 20.733% of eligible salary expenditures in 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 2018-19 and will be 7% in fiscal year 2019-20, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2018-19 and will be 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 $1,300,484 for fiscal year 2013-14, $1,375,277 for fiscal year 2014-15, $1,367,714 for fiscal year 2015-16, $1,524,484 for fiscal year 2016-17, $1,771,599 for fiscal year 2017-18, and $2,108,935 (unaudited) for fiscal year 2018-19. The District has budgeted a contribution of $2,151,113 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 below 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.

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 $29,295,937. As of such date, the District's proportionate share of the net PERS pension liability was $20,545,045. See "APPENDIX A – THE 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT — Note 14" attached hereto.

Tax Deferred Annuity. As established by federal law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) must be covered by Social Security or an alternative plan. The District has elected to use STRS cash balance program as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 4% of each eligible employee's gross earnings and each eligible employee is required to contribute 4% of his or her gross earnings to this pension plan.

Deferred Compensation. The District offers its employees a PERS administered 457 Deferred Compensation Program (the "Program"). The Program, available to all permanent employees, permits them to defer a portion of pre-tax salary into investment of an individual's own choosing until future years. The deferred compensation is not available to the employees or their beneficiaries until termination, retirement, death, or an unforeseeable emergency. The PERS Board controls the investment and administrative functions of the PERS 457 Deferred Compensation Program. The Board for the exclusive benefit of participating employees, holds the assets in trust.

Medicare Premium Payment Program

The District participates in the Medicare Premium Payment ("MPP") Program, a cost-sharing multiple-employer other postemployment benefit plan. STRS administers the MPP Program through the Teachers' Health Benefit Fund (the "THBF"). The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan Defined Benefit Program ("DB Program") who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium free Medicare Part A. The MPP Program is now closed to new entrants.

The MPP Program is funded on a pay-as-you-go basis from a portion of the monthly District benefit payments. Benefit payments that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs.

An actuarial study, with measurement and valuation dates of June 30, 2016, has been prepared pursuant to GASB Statements No. 74 and No. 75 with respect to the liability of the MPP Program. At June 30, 2018, the District reported a liability of $87,532 for its proportionate share of the net OPEB liability for the MPP Program. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions relative to the projected contributions of all participating school districts, actuarially determined.

For the year ended June 30, 2018, the District recognized an MPP Program expense of ($109,240). For additional information, see "APPENDIX A – THE 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT — Note 12" attached hereto.

Other Post-Employment Benefits

Plan Description. The District currently provides postemployment health care benefits for eligible retired employees and their spouses through its post-employment health care plan (the "Plan"). The District is a member of the California Community College League Retiree Health Benefit Program, which is an investment program used to set aside funds for future retiree benefits. Membership of the Plan consists of 159 retirees and beneficiaries currently receiving benefits, and 105 active employee plan members. A description of the Plan follows:

	Faculty	Classified	Management	Operating Engineers
Benefit types provided	Medical, dental and vision *	Medical, dental and vision *	Medical, dental and vision *	Medical, dental and vision *
Duration of Benefits	10 years **	5, 8, or 10 years **	5, 8, or 10 years **	5, 8, or 10 years **
Required Service	15 years ***	10 years	10 years	10 years
Minimum Age	55	50	50	50
Dependent Coverage	Spouse	Spouse	Spouse	Spouse
District Contribution %	100%	100%	100%	100%
District Cap	None	None	None	None

* Some retirees do not receive all three benefit types.
** Retirees electing coverage for less than 10 years receive cash payments depending on the duration elected. Retirees may waive retiree health benefits in exchange for cash payments. Faculty and management may waive dental benefits in exchange for cash payments.
*** Faculty hired before July 1, 2004 only need 10 years of service.

Funding Policy. The contribution requirements of the Plan members and the District are established and amended by the District and its bargaining units. The District's contribution is currently based on a projected pay-as-you-go basis to cover the cost of benefits for current retirees, with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2013-14, the District contributed $1,643,130 to the Plan, of which was $1,323,041 was used for current premiums and $320,089 was contributed to the Trust (defined below). For fiscal year 2014-15, the District contributed $1,576,499 to the Plan, of which was $1,256,410 was used for current premiums and $320,089 was contributed to the Trust (defined below). For fiscal year 2015-16, the District contributed $2,131,970 to the Plan, all of which was used for current premiums. For fiscal year 2016-17, the District contributed $1,596,002 to the Plan, of which was $1,275,913 was used for current premiums and $320,089 was contributed to the Trust (defined below). For fiscal year 2017-18, the District contributed $1,562,215 to the Plan, of which was $1,242,126 was used for current premiums and $320,089 was contributed to the Trust (defined below). For fiscal year 2018-19, the District contributed $1,460,485 to the Plan, of which was $1,140,485 was used for current premiums and $320,000 was contributed to the Trust (defined below). For fiscal year 2019-20, the District has budgeted a contribution of $1,494,700 to the Plan, of which was $1,174,700 is budgeted to be used for current premiums and $320,000 is budgeted as a contribution to the Trust (defined below).

On January 2, 2005, the District established an irrevocable trust (the "Trust") with California Community College League Retiree Health Benefit Program. As of June 30, 2019, the value of assets in the Trust was $4,154,020.

Actuarial Study. The District has implemented *Governmental Accounting Standards Board Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB 74") and *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Benefits. The new GASB statements No. 74 and No. 75 (discussed below) require biennial actuarial valuations for all plans. The actuarial study, dated as of December 7, 2018 (the "Study"), concluded that, using a "roll-forward" technique for the TOL based on an actuarial valuation dated June 30, 2017, as of June 30, 2017, the Total OPEB Liability (the "TOL") with respect to such benefits, was $14,629,817, the Fiduciary Net Position (the "FNP") of the Trust was $3,056,263, and the Net OPEB Liability (the "NOL") was $11,573,554. The TOL is the amount of the actuarial present value of projected benefits payments attributable to employees' past service based on the actuarial cost method used. The FNP are the net assets (liability) of the qualifying irrevocable trust or equivalent arrangement. The NOL is TOL minus the FNP. 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 12 – Other Postemployment Benefit (OPEB) Liability" attached hereto.

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

Most of GASB Statement No. 74 applies to plans administered through trusts, contributions 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 (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 total OPEB liability (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 (FNP) is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB.

GASB No. 74 has an effective date for plan fiscal years beginning after June 15, 2016 and GASB Statement No. 75 will be effective for employer fiscal years beginning after June 15, 2017. The District first recognized GASB No. 74 and GASB No. 75 in their financial statements for fiscal year 2017-18. The full extent of the effect of the new standards on the District is not known at this time. See also "APPENDIX A– THE 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 2 – "Summary of Significant Accounting Policies" attached hereto.

Risk Management

Property Liability Insurance Coverage. The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Joint Powers Authority Risk Pools. During fiscal year ending June 30, 2019, the District contracted with the Northern Community Colleges Self Insurance Authority, a Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation. For fiscal year 2018-19, the District participated in the Northern Community Colleges Self Insurance Authority Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Employee Medical Benefits The District has contracted with Kaiser, Blue Shield, and Healthnet to provide employee medical benefits. Rates are set through an annual calculation process. The District pays a monthly premium based on plan membership.

Employee Dental Benefits The District is a member of North Bay Schools Insurance Authority (NBSIA) for Dental Insurance and the Employee Assistance Plan. Rates are set through an annual calculation process. The District pays a monthly premium based on plan membership.

Information with respect to the coverage limits with respect to the District's insurance policies follows:

Insurance Program/Company Name	Type of Coverage	Limits
Northern Community Colleges Self Insurance Authority	Workers' Compensation	Statutory Limits
Northern Community Colleges Self Insurance Authority	Liability	$5,000,000
SAFER	Excess Liability	$5,000,000 - $50,000,000
Northern Community Colleges Self Insurance Authority	Property	$250,250,000

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 Section 84030 of the State Education Code, 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 District's ending results for fiscal years 2014-15 through 2017-18 and unaudited actuals for fiscal year 2018-19. For further information, see also "APPENDIX A – THE 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT" attached hereto.

[REMAINDER OF PAGE LEFT BLANK]

GENERAL FUND BUDGETING
Fiscal Years 2014-15 through 2019-20
Solano Community 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]**	**Ending[1]**	**Budgeted[1]**
Federal Revenues	$1,458,847	$1,786,030	$2,034,609	$1,550,393	$1,704,352	$1,410,988	$1,207,011	$1,269,685	$1,162,131	$740,162	$1,281,459
State Revenues	34,125,191	35,441,339	45,797,586	45,278,314	40,306,810	37,638,498	40,340,603	43,188,264	43,545,085	44,131,688	39,601,664
Local Revenues	16,731,846	18,469,844	18,683,490	20,525,909	23,676,774	22,794,458	23,673,965	24,105,528	24,051,648	25,026,983	24,643,816
Total Revenues	52,315,884	55,697,213	66,515,685	67,354,616	65,687,936	61,843,944	65,221,579	68,563,477	68,758,864	69,898,833	65,526,939
EXPENDITURES:											
Academic Salaries	20,135,867	21,453,220	22,849,419	22,389,737	21,289,655	20,952,482	20,316,197	23,267,469	23,627,491	23,507,097	23,545,489
Classified Salaries	10,637,051	11,322,495	11,999,174	11,124,903	11,096,876	10,587,104	11,267,523	12,143,621	12,910,812	12,288,807	12,253,022
Employee Benefits	13,777,153	13,285,286	15,690,907	14,545,410	15,899,136	14,972,464	15,235,698	13,822,055	14,748,949	14,492,875	14,594,949
Supplies and Materials	1,005,087	1,082,069	1,859,647	1,110,616	2,552,290	1,162,350	2,604,239	1,625,227	1,465,130	1,312,730	1,676,561
Other Operating Expenses and Services	7,202,712	8,340,095	9,381,757	8,599,252	11,683,173	9,157,598	12,084,616	10,632,113	10,153,085	10,989,310	10,812,360
Capital Outlay	113,107	1,084,691	803,647	1,265,341	2,294,906	1,375,712	2,395,087	1,691,049	2,153,953	2,544,233	2,493,870
Total Expenditures	52,870,977	56,567,856	62,584,551	59,035,259	64,816,036	58,207,710	63,903,360	63,181,534	65,059,420	65,135,052	65,376,251
Excess /(Deficiency) of Revenues over Expenditures	(555,093)	(870,643)	3,931,134	8,319,357	871,900	3,636,234	1,318,219	5,381,943	3,699,444	4,763,781	150,688
Other Financing Sources	9,072	201,515	--	--		--	--	418	--	--	--
Other Outgo	(828,198)	(758,683)	(707,259)	(828,883)	(1,737,822)	(997,993)	(1,171,607)	--	(1,000,292)	(391,147)	(683,464)
Net Increase/ (Decrease) in Fund Balance	(1,374,219)	(1,427,811)	3,223,875	7,490,474	(865,922)	2,638,241	146,612	5,382,361	2,699,152	4,372,634	(532,776))
Beginning Fund Balance:	6,082,722	6,082,722	4,654,911	4,654,911	12,145,365	12,145,365	14,783,322	14,783,322[2]	20,165,683	20,165,683	19,226,918[4]
Prior Years Adjustments	--	--	--	(20)	--	(284)	--	--	--	(5,311,399)[3]	--
Adjusted Beginning Balance	--	6,082,722	--	4,654,891	--	12,145,081	--	14,783,322	--	14,854,284	--
Ending Fund Balance, June 30	$4,708,503	$4,654,911	$7,878,786	$12,145,365	$11,279,443	$14,783,322	$14,929,934	20,165,683[2]	$22,864,835	$19,226,918	$18,694,142

(1) Budgeted results for fiscal years 2014-15 through 2018-19 and ending results for fiscal years 2014-15 through 2018-19 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 "SOLANO COMMUNITY COLLEGE DISTRICT – Comparative Financial Statements" herein.

(2) Does not include audit adjustments reflected in the 2018-18 Audit. For more information see, "APPENDIX A – THE 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Supplementary Information – Reconciliation of Annual Financial and Budget Report (CCFS-311) With Fund Financial Statements for the Year Ended June 30, 2018" attached hereto.

(3) The adjustment reflects corrections made to the general fund balance due to accounting errors identified through a review of the past ten years of all District funds, including the general fund. Based on the ten-year review of accounting activity, the District identified $4,236,799 in net adjustments to unrestricted and restricted general fund balance which were included in the 2017-18 Audit. See "APPENDIX A – THE 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Supplementary Information – Reconciliation of Annual Financial and Budget Report (CCFS-311) With Fund Financial Statements for the Year Ended June 30, 2018" attached hereto. Subsequently, the District continued the multi-year review and identified additional adjustments. The total of all adjustments is reflected in the $5,311,399 included in the 2018-19 CCFS-311 Report.

(4) Does not include an expected transfer of approximately $4.5 million to be made in fiscal year 2019-20 to a Board designated reserve for STRS and PERS costs. The fund balance does include $4 million in a Board designated reserve for OPEB.

Source: Solano Community 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.

[REMAINDER OF PAGE LEFT BLANK]

SUMMARY OF AUDITED REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
Fiscal Years 2013-14 through 2017-18
Solano Community College District

	2013-14 Audited	2014-15 Audit	2015-16 Audit	2016-17 Audit	2017-18 Audit
OPERATING REVENUES					
Student Tuition and fees	$9,739,892	$9,813,701	$9,426,871	$8,945,876	$8,675,755
Less: Scholarship discount and allowance	(5,411,005)	(5,620,372)	(5,334,638)	(4,706,864)	(4,510,030)
Net tuition and fees	4,328,887	4,193,329	4,092,233	4,239,012	4,165,725
Auxiliary Enterprises Sales and Charges:					
Grants and Contracts, Noncapital					
Federal	--	--	--	--	1,530,248
State	--	--	--	--	16,285,638
Net Grants and Contracts, Noncapital	--	--	--	--	17,815,886
Bookstore	--[(1)]	--[(1)]	--[(1)]	--	--
TOTAL OPERATING REVENUES	4,328,887	4,193,329	4,092,233	4,239,012	21,981,611
OPERATING EXPENSES					
Salaries	32,611,929	33,710,655	34,368,029	32,367,078	37,744,011
Employee benefits	13,716,952	15,161,334	15,171,250	13,618,694	13,963,752
Supplies, materials and other operating expenses	18,724,783	22,685,227	21,080,797	31,729,162	22,508,804
Equipment, maintenance, and repairs	--	--	--	--	19,067,542
Depreciation	3,915,523	6,148,486	6,729,162	7,032,755	8,681,550
TOTAL OPERATING EXPENSES	68,969,187	77,705,702	77,349,238	84,747,689	101,965,659
OPERATING LOSS	(64,640,300)	(73,512,373)	(73,257,005)	(80,508,677)	(79,984,048)
NON-OPERATING REVENUES (EXPENSES)					
State apportionments, noncapital	28,895,373	20,352,802	29,570,153	26,822,986	25,623,974
Local property taxes, levied for general purposes	11,212,428	13,900,253	14,949,337	14,254,407	15,921,271
Taxes levied for other specific purposes	15,274,965	16,190,964	16,273,844	16,547,492	13,003,234
Federal grants	13,205,102	13,689,266	11,840,523	10,497,298	8,471,313
State grants	7,939,596	17,065,302	18,819,094	20,865,811	532,535
Local grants and other revenues	1,312,064	1,531,374	3,033,483	5,357,867	4,828,861
State taxes and other revenues	1,203,705	915,810	1,582,239	(63,941)	1,555,988
Investment income	698,210	2,710,291	137,456	9,941,487	334,922
Interest expense on capital related debt	(14,138,414)	(10,710,315)	(6,652,360)	(6,720,715)	(12,668,676)
Investment income on capital asset-related debt, net	25,337	(1,948,752)	580,851	228,415	170,450
Other nonoperating revenue	--	--	--	--	3,455
Transfer from agency fund	157,827	132,492	--	--	--
Transfer to agency fund	(63,641)	(29,128)	--	--	--
TOTAL NON-OPERATING REVENUES (EXPENSES)	65,722,552	73,800,359	90,134,620	97,731,107	57,777,327
INCOME BEFORE OTHER REVENUES AND EXPENSES	1,082,252	287,986	16,877,615	17,222,430	(22,206,721)
State revenues, capital	--	--	--	--	2,464,253
Local revenues, capital	--	833	--	--	1,320,657
Gain or loss on sale of equipment and insurance reimbursements	35,886	--	--	--	--
TOTAL INCOME BEFORE OTHER REVENUES AND EXPENSES	35,886	833	--	--	3,784,910
CHANGE IN NET POSITION	1,118,138	288,819	16,877,615	17,222,430	(18,421,811)
NET POSITION, BEGINNING OF YEAR	59,466,443	58,913,592	16,314,542	27,016,813	44,239,243
RESTATEMENT	(1,670,989)[(2)]	(42,887,869)[(3)]	--	--	--
NET POSITION, END OF YEAR	$58,913,592	$16,314,542	$33,192,157	$44,239,243	$25,817,432

(1) Auxiliary revenues are no longer shown as the District's bookstore operations were assumed by Barnes & Noble in December of 2011.

(2) Effective fiscal year 2013-14, the District was required to expense deferred issuance costs associated with general obligation bonds. This required a change in accounting principle and restatement of beginning net position. In addition, a restatement of prior year construction overhead allocation was recorded.

(3) Effective fiscal year 2014-15, the District was required to implement GASB 68 and 71 to record its share of net pension liabilities and related deferred inflows and outflows. This required a change in accounting principle and restatement of beginning net position.

Source: Solano Community College District.

District Debt Structure

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

***Long-Term Debt*.** General long-term debt as of June 30, 2018 consisted of the following:

	Beginning Balance July 1, 2017	Additions	Deductions	Ending Balance June 30, 2018
General obligation bonds	$304,554,366	$2,436,909	$9,790,000	$297,201,275
Revenue Bonds	9,862,636	--	720,911	9,141,725[3]
Bond premiums	16,486,654	--	1,305,936	15,180,718
Total Bonds and Notes payable	330,903,656	2,436,909	11,816,847	321,523,718
Other Liabilities				
Compensated absences	1,223,713	215,944	--	1,439,657
Other post-employment benefits (OPEB)[1]	11,573,554	87,532	1,839,810	9,821,276
Aggregate net pension obligation[2]	48,017,963	1,823,019	--	49,840,982
Total Other Liabilities	60,815,230	2,126,495	1,839,810	61,101,915
Total Long-Term Debt	$391,718,886	$4,563,404	$13,656,657	$382,625,633

(1) See " – Other Post-Employment Benefits," above.
(2) Reflects the aggregate of the District's proportionate share of the net pension liabilities for the STRS and PERS programs for fiscal year ending June 30, 2018. See also "SOLANO COMMUNITY COLLEGE DISTRICT – Retirement Programs– GASB Statement Nos. 67 and 68" and Note 14 to the fiscal year 2017-18 audited financial statements of the District included as APPENDIX A hereto.
(3) Subsequent to the 2017-18 Audit, the District paid off its Lease Agreement dated November 1, 2012, which was designated as the Solano Community College District Lease Agreement (Taxable QECB Direct Subsidy).
Source: Solano Community College District.

General Obligation Bonds. The District received authorization at an election held on November 5, 2002 (the "2002 Authorization"), at which the requisite vote of least fifty-five percent of the persons voting on the proposition voted to authorize the issuance of $124,500,000 aggregate principal amount of general obligation bonds of the District. On June 18, 2003, the District issued its General Obligation Bonds, Election of 2002, Series 2003A in the aggregate principal amount of $80,000,000 (the "Series 2003A Bonds"). On September 12, 2006, the District issued its General Obligation Bonds, Election of 2002, Series 2006B in the aggregate principal amount of $44,495,279.20 (the "Series 2006B Bonds"). On March 8, 2005, the District issued its 2005 General Obligation Refunding Bonds in the aggregate principal amount of $81,349,811.70, the proceeds of which were used to advance refund a portion of the Series 2003A Bonds. On April 8, 2014, the District issued its 2014 General Obligation Refunding Bonds Series A (Federally Tax-Exempt) in the aggregate principal amount of $10,645,000 (the "2014 Refunding Bonds, Series A), the proceeds of which were used to advance refund a portion of the Series 2006B Bonds. Concurrently with the issuance of the 2014 Refunding Bonds, Series A, the District issued its 2014 General Obligation Refunding Bonds Series B (Federally Taxable) in the aggregate principal amount of $41,165,000 (the "2014 Refunding Bonds, Series B"), the proceeds of which were used to advance refund a portion of the 2005 Refunding Bonds. On October 6, 2015, the District issued its 2015 General Obligation Refunding Bonds in the aggregate principal amount of $47,677,452.55 (the "2015 Refunding Bonds"), the proceeds of which were used to advance refund a portion of the District's Series 2006B Bonds.

The District received authorization at an election held on November 6, 2012 (the "2012 Authorization"), at which the requisite vote of least fifty-five percent of the persons voting on the proposition voted to authorize the issuance of $348,000,000 aggregate principal amount of general obligation bonds of the District. On June 18, 2013, the District issued $89,996,899.15 of its Election of 2012 General Obligation Bonds, Series A (Federally Tax-Exempt) (the "2012 Series A Bonds") and $30,000,000 of its Election of 2012 General Obligation Bonds, Series B (Federally Taxable) (the "2012 Series B Bonds"). On April 26, 2017, the District issued $90,000,000 of its Election of 2012 General Obligation Bonds, Series C (the "2012 Series C Bonds"). Currently, $138,003,100.85 of bonds under the 2012 Authorization remain authorized but unissued.

[REMAINDER OF PAGE LEFT BLANK]

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
Solano Community College District

Period Ending August 1	2005 Refunding Bonds	Election of 2012 Series A Bonds(1)	Election of 2012 Series B Bonds(1)	2014 Refunding Bonds, Series A	2014 Refunding Bonds, Series B	2015 Refunding Bonds	2012 Series C Bonds	The Bonds	Total Annual Debt Service
2020	--	$226,650.00	$370,367.50	$895,250.00	$7,990,962.96	$449,750.00	$4,972,112.50	$4,410,695.16	$19,315,788.12
2021	$5,675,000.00	356,250.00	430,917.50	433,250.00	3,146,042.56	449,750.00	3,776,112.50	3,640,749.76	17,908,072.32
2022	5,660,000.00	486,800.00	493,982.50	433,250.00	3,451,858.40	449,750.00	3,776,112.50	3,641,247.36	18,393,000.76
2023	--	623,150.00	563,802.50	9,098,250.00	--	449,750.00	3,776,112.50	3,636,425.76	18,147,490.76
2024	--	847,418.76	--	--	--	9,177,000.00	3,966,112.50	3,976,391.00	17,966,922.26
2025	--	847,418.76	--	--	--	9,218,500.00	4,121,612.50	4,198,676.50	18,386,207.76
2026	--	847,418.76	--	--	--	9,252,500.00	4,273,862.50	4,439,033.26	18,812,814.52
2027	--	847,418.76	--	--	--	9,298,500.00	4,437,612.50	4,682,114.40	19,265,645.66
2028	--	847,418.76	--	--	--	9,335,000.00	4,611,862.50	4,931,654.06	19,725,935.32
2029	--	847,418.76	--	--	--	9,376,500.00	4,785,612.50	5,197,095.26	20,206,626.52
2030	--	847,418.76	--	--	--	9,416,750.00	4,968,362.50	5,469,113.76	20,701,645.02
2031	--	847,418.76	--	--	--	9,444,750.00	5,159,112.50	5,750,027.00	21,201,308.26
2032	--	847,418.76	--	--	--	--	5,356,862.50	6,044,911.60	12,249,192.86
2033	--	847,418.76	--	--	--	--	5,565,612.50	6,347,693.30	12,760,724.56
2034	--	847,418.76	--	--	--	--	5,784,112.50	6,667,408.70	13,298,939.96
2035	--	847,418.76	--	--	--	--	6,001,112.50	7,002,762.70	13,851,293.96
2036	--	847,418.76	--	--	--	--	6,235,862.50	7,346,267.70	14,429,548.96
2037	--	847,418.76	--	--	--	--	6,476,612.50	7,710,076.20	15,034,107.46
2038	--	3,442,418.76	--	--	--	--	6,727,112.50	5,488,105.30	15,657,636.56
2039	--	3,694,425.00	--	--	--	--	6,985,862.50	5,619,870.80	16,300,158.30
2040	--	3,956,700.00	--	--	--	--	7,259,887.50	5,764,520.10	16,981,107.60
2041	--	7,952,706.26	--	--	--	--	7,586,875.00	2,124,606.90	17,664,188.16
2042	--	--	--	--	--	--	7,877,625.00	10,510,519.70	18,388,144.70
2043	--	--	--	--	--	--	8,187,400.00	10,957,650.90	19,145,050.90
2044	--	--	--	--	--	--	8,505,200.00	11,427,302.50	19,932,502.50
2045	--	--	--	--	--	--	8,834,200.00	11,918,059.70	20,752,259.70
2046	--	--	--	--	--	--	9,178,000.00	12,428,107.70	21,606,107.70
2047	--	--	--	--	--	--	--	12,950,847.00	12,950,847.00
Total	$11,335,000.00	$32,602,962.66	$1,859,070.00	$10,860,000.00	$14,588,863.92	$76,318,500.00	$159,186,937.50	$184,281,934.08	$491,033,268.16

(1) Does not include debt service to be refunded with proceeds of the Refunding Bonds.

TAX MATTERS

In the opinion of Bond Counsel, 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 Code but is exempt from State of California personal income tax.

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 the same maturity is to be sold to the public) and the stated redemption 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 the Owner of a Bond will increase the Owner's basis in the Bond. Owners of Bonds should consult their own tax advisor with respect to taking into account any original issue discount on the Bonds.

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) and is deductible 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.

In the event of a legal defeasance of a Bond, such bond might be treated as retired and "reissued" for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable Bond Owner generally equal to the difference between the amount deemed realized from the deemed redemption and reissuance and the Bond Owner's adjusted tax basis in such bond.

The federal tax and State of California personal income tax discussion set forth above with respect to the 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 Bonds and the accrual or receipt of interest with respect to the 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 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" and "APPENDIX E – SOLANO COUNTY TREASURY 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 form 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 enumerated events. The Annual Report and the notices of enumerated events will be filed in accordance with the requirements of S.E.C. Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be made available and to be contained in the notices of enumerated 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 (i) failed to file its annual report for fiscal year 2014-15 in connection with one of its then-outstanding general obligation bonds and (ii) filed its audited financial statements for fiscal year 2017-18 two days late in connection with one of its then-outstanding general obligations bonds. Within the past five years, the District has also failed to file notices of certain listed events, as required by its then-existing continuing disclosure obligations.

The District has retained Willdan Financial Services, Temecula, California, as its dissemination agent to assist it in preparing and filing the annual reports and notices of listed events required under its existing continuing disclosure obligations with respect to the District's outstanding general obligation bonds, including 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 to collect other revenues or contesting the District's ability to issue and retire the Bonds.

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 Internal Revenue Code of 1986, 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 Opinion

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. A copy of the proposed form of such legal opinion is 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 (defined herein) 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 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 March 29, 2019 of Vavrinek, Trine, Day & Co., LLP (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

The Bonds are being purchased by Piper Jaffray & Co. (the "Representative") on behalf of itself and RBC Capital Markets, LLC (collectively, the "Underwriters"). The Underwriters have agreed to purchase the Bonds at a price of $112,255,725.00, which is equal to the initial principal amount of the Bonds of $112,650,000.00, less the Underwriters' discount of $394,275.00. The Purchase Contract 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 agreement, 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 cover. The offering prices may be changed from time to time by the Underwriters.

The Underwriters have provided the following paragraph 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. made a voluntary contribution to the committee that was formed to support the election that authorized the issuance of the Refunded Bonds.

RBC Capital Markets, LLC made a voluntary contribution to the committee that was formed to support the election that authorized the issuance of the Refunded Bonds.

RBC Capital Markets, LLC 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 the offering of the Bonds 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.

[REMAINDER OF PAGE LEFT BLANK]

ADDITIONAL INFORMATION

Quotations from and summaries and explanations of the Bonds, the Resolution 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 District's Board of Trustees.

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.

SOLANO COMMUNITY COLLEGE DISTRICT

By: /s/ Dr. Celia Esposito-Noy
Superintendent/President

APPENDIX A

THE 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

[THIS PAGE INTENTIONALLY LEFT BLANK]

SOLANO COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

SOLANO COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2018

FINANCIAL SECTION

Independent Auditor's Report	2
Management's Discussion and Analysis	5
Basic Financial Statements - Primary Government	
Statement of Net Position	16
Statement of Revenues, Expenses, and Changes in Net Position	17
Statement of Cash Flows	18
Fiduciary Funds	
Statement of Net Position	20
Statement of Changes in Net Position	21
Notes to Financial Statements	22

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the District’s Net OPEB Liability and Related Ratios	62
Schedule of District Contributions for OPEB	63
Schedule of Investment Returns	64
Schedule of the District’ Proportionate Share of the Net OPEB Liability-MPP Program	65
Schedule of the District's Proportionate Share of the Net Pension Liability	66
Schedule of District Contributions for pension	67
Note to Required Supplementary Information	68

SUPPLEMENTARY INFORMATION

District Organization	71
Schedule of Expenditures of Federal Awards	72
Schedule of Expenditures of State Awards	73
Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance	74
Reconciliation of Education Code Section 84362 (50 Percent Law) Calculation	75
Proposition 30 Education Protection Act (EPA) Expenditures Report	78
Reconciliation of Annual Financial and Budget Report (CCFS-311) with Fund Financial Statements	79
Reconciliation of Government Funds to the Statement of Net Position	80
Notes to Supplementary Information	81

INDEPENDENT AUDITOR'S REPORTS

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*	84
Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	86
Report on State Compliance	89

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor's Results	93
Financial Statement Findings and Recommendations	94
Federal Awards Findings and Questioned Costs	98
State Awards Findings and Questioned Costs	100
District Responses and Corrective Action Plans	103
Summary Schedule of Prior Audit Findings	104

FINANCIAL SECTION

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Solano Community College District
Fairfield, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, and the aggregate remaining fund information of Solano Community 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the 2017-2018 *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 District'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 District'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

5000 Hopyard Road, Suite 335 Pleasanton, CA 94588-3351 Tel: 925.734.6600 www.vtdcpa.com Fax: 925.734.6611

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis, Schedule of Changes in District's Net OPEB Liability and Related Ratios, Schedule of District Contributions for OPEB, Schedule of Investment Returns, the Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of District Contributions for Pension 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance), and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying 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 accompanying 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 March 29, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
March 29, 2019

USING THIS ANNUAL REPORT

The purpose of this annual report is to provide readers with information about the activities, programs, and financial condition of Solano Community College District (the District) as of June 30, 2018. The report consists of three basic financial statements: the Statement of Financial Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

FINANCIAL HIGHLIGHTS

The major provisions of the enacted 2017-18 State Budget for community colleges include:

- Apportionments — An increase of $382 million Proposition 98 General Fund, which includes the following:
    - An increase of $183.6 million Proposition 98 General Fund to support increased community college operating expenses in areas such as employee benefits, facilities, professional development, converting faculty from part-time to full-time, and other general expenses.
    - An increase of $97.6 million Proposition 98 General Fund for a 1.56-percent cost-of-living adjustment.
    - An increase of $76 million Proposition 98 General Fund to reflect the amounts earned back by community college districts that declined in enrollment during the previous three years.
    - An increase of $57.8 million Proposition 98 General Fund for enrollment growth of 1- percent.

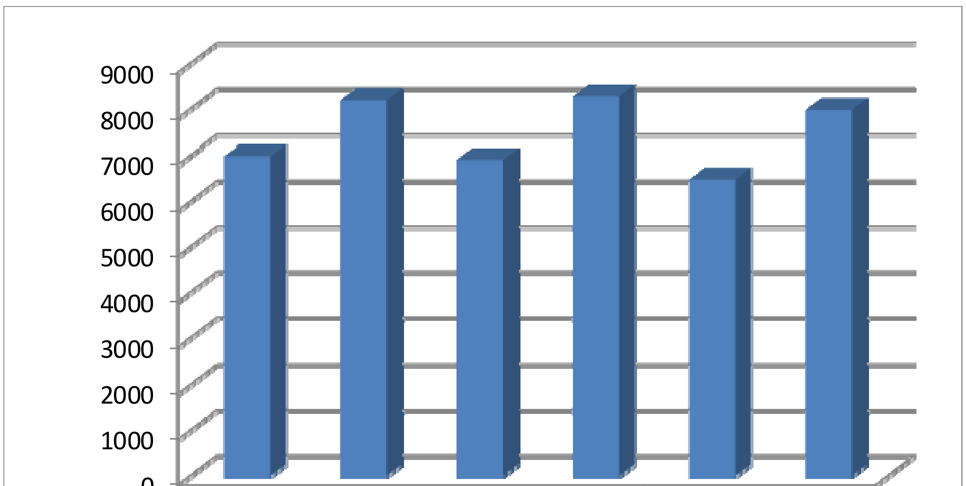
    - A decrease of $33 million Proposition 98 General Fund to reflect unused growth provided in 2015-16.
- Guided Pathways Grant Program— An increase of $150 million one-time Proposition 98 General Fund and settle-up for grants to community colleges to develop an integrated, institution-wide approach to student success.
- Chancellor's Office State Operations —$618,000 General Fund and $458,000 in reimbursement authority, for six new positions and funding for a second Deputy Chancellor, to support the Chancellor's priorities to provide greater leadership and technical assistance to community colleges and improve student outcomes.
    - Financial Aid — An increase of $50 million Proposition 98 General Fund to provide financial aid to community college students, which includes the following:
    - An increase of $25 million Proposition 98 General Fund for the Community College Completion Grant to provide grants of up to $2,000, to students who meet specified criteria.
    - An increase of $25 million Proposition 98 General Fund to the Full-Time Student Success Grant.
- Innovation Awards — An increase of $20 million one-time Proposition 98 General Fund to provide funding for the development and implementation of innovative practices.
- Services for Veterans — An increase of $10 million Proposition 98 General Fund (of which $5 million is one-time) to develop and enhance veterans' resource centers. Additionally, a one-time increase of $2 million for allocation to Norco College to expand the capacity of its student veterans' service center and establish articulation agreements, policies, and processes related to awarding course credit for prior military service.
- Online Education Initiative — An increase of $10 million Proposition 98 General Fund to provide system-wide access to the Initiative's learning management system.
- Integrated Library System— An increase of $6 million one-time Proposition 98 General Fund to facilitate the development of an integrated library system that, once operational, will allow California community college students access to a cloud-based library system.
- Deferred Maintenance — An increase of $76.9 million one-time Proposition 98 General Fund for deferred maintenance, instructional equipment, and specified water conservation projects.
- Community College Facilities — A total of $16.9 million Proposition 51 bond funds for initial design activities for 15 community college facilities projects.

ATTENDANCE HIGHLIGHTS

Due to declining enrollments, Solano Community College has utilized stability funding to maintain roughly level funding. Stability funding provides the district with predictable funding in a year of declining enrollment. The District continues to engage in various outreach, retention, and student success strategies to increase enrollments. The following chart demonstrates the history of credit and non-credit FTES from 2011-13 through 2017-18:

The chart below shows actual FTES served.

Annual FTES
Credit/Non-Credit Resident Students
(Reported for State Funding)



	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Series1	6990	8199	6916	8288	6485	7986

THE DISTRICT AS A WHOLE

Net Position

ASSETS	2018	2017	Change
Current Assets			
Cash and investments	$ 28,333,160	$ 27,535,779	$ 797,381
Restricted cash and cash equivalents	100,141,462	139,628,073	(39,486,611)
Accounts receivable (net)	6,097,295	4,650,618	1,446,677
Prepaid expenses and other current assets	99,817	649,158	(549,341)
Total Current Assets	134,671,734	172,463,628	(37,791,894)
Noncurrent Assets:			
Capital assets (net)	289,118,300	282,870,165	6,248,135
Total Noncurrent Assets	289,118,300	282,870,165	6,248,135
Total Assets	**$ 423,790,034**	**$ 455,333,793**	**$ (31,543,759)**
DEFERRED OUTFLOWS OF RESOURCES	**$ 16,007,621**	**$ 15,244,517**	**$ 763,104**
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	$ 16,559,000	$ 15,621,609	$ 937,391
Unearned revenue	4,729,717	7,512,925	(2,783,208)
Deferred bond premium	1,305,936	1,335,539	(29,603)
Long-term liabilities due within one year	12,250,777	10,510,911	1,739,866
Total Current Liabilities	34,845,430	34,980,984	(135,554)
Long-term liabilities	369,068,920	379,872,436	(10,803,516)
Total Liabilities	**$ 403,914,350**	**$ 414,853,420**	**$ (10,939,070)**
DEFERRED INFLOWS OF RESOURCES	**$ 10,065,873**	**$ 11,485,647**	**$ (1,419,774)**
NET POSITION			
Net investment in capital assets	53,655,597	80,319,062	(26,663,465)
Restricted	24,477,176	27,490,633	(3,013,457)
Unrestricted	(52,315,341)	(63,570,452)	11,255,111
Total Net Position	**$ 25,817,432**	**$ 44,239,243**	**$ (18,421,811)**

Assets

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

Cash decreased by approximately $39 million due principally to the spending down of the bond program. Restricted cash includes amounts restricted for debt service.

Receivables and prepaid expenses increased approximately $897 thousand primarily due to the timing of the payments.

Capital assets increased by approximately $6.2 million due principally to the expenditure of Measure Q Bond funds for ongoing projects.

Liabilities

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

Accounts payable and accrued liabilities increased by approximately $900 thousand primarily due to timing in construction activities and therefore payments due to vendors at year end.

Unearned revenue decreased by approximately $2.8 million primarily due to spending of grant funds.

Long-term debt includes general obligation bonds outstanding, revenue bonds, employee compensated absences, pension and retirement obligations.

General obligation bonds decreased by $9.4 million primarily due to paying down the principles during the year.

The aggregate net pension liability increased $1.8 million, which along with deferred inflows and outflows related to pensions, and the unfunded other post employment benefits of $9.8 million, contributes to the negative unrestricted net position of $52.3 million.

Operating Results for the Year

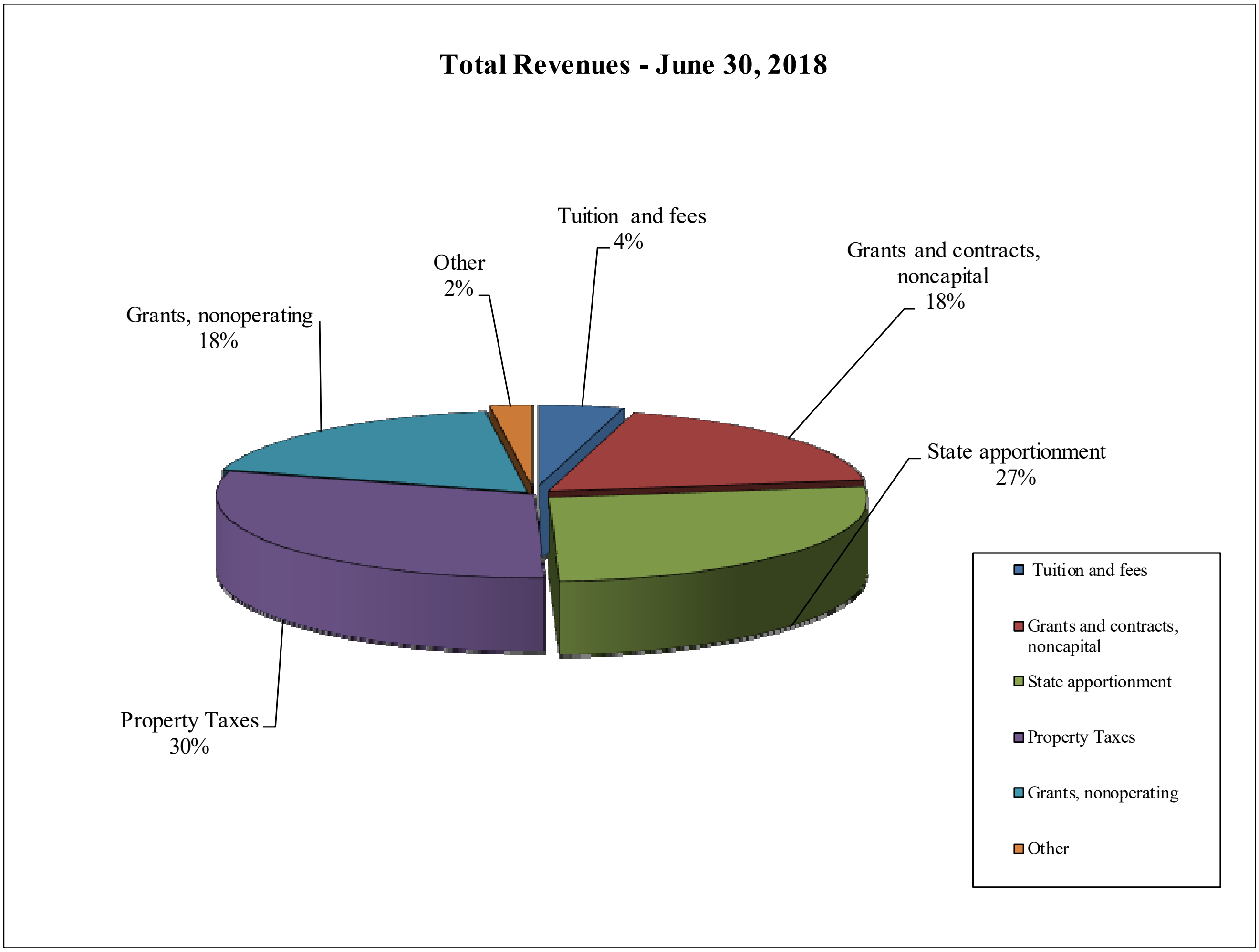
The results of this year's operations for the District as a whole are reported in the *Statement of Revenues, Expenses, and Changes in Net Position*.

Table 2

	2018	2017	Change
Operating Revenues			
Tuition and fees	$ 4,165,725	$ 4,239,012	$ (73,287)
Grants and contracts, noncapital	17,815,886	13,251,385	4,564,501
Total Operating Revenues	21,981,611	17,490,397	4,491,214
Operating Expenses			
Salaries	37,744,011	32,367,078	5,376,933
Employee benefits	13,963,752	13,618,694	345,058
Supplies, Materials, Other Operating Expenses and Services	41,576,346	31,729,162	9,847,184
Depreciation	8,681,550	7,032,755	1,648,795
Total Operating Expenses	101,965,659	84,747,689	17,217,970
Loss on Operations	(79,984,048)	(67,257,292)	(12,726,756)
Nonoperating Revenues			
State apportionments, noncapital	25,623,974	26,822,986	(1,199,012)
Local property taxes	28,924,505	30,801,899	(1,877,394)
Federal grants	8,471,313	9,015,260	(543,947)
State grants	2,996,788	7,827,313	(4,830,525)
Local grants and other	6,149,518	5,357,867	791,651
State taxes and other revenues	1,555,988	1,205,210	350,778
Investment income	334,922	9,941,487	(9,606,565)
Interest Expense on Capital Asset-Related Debt	(12,668,676)	(6,720,715)	(5,947,961)
Other nonoperating revenues (expenses)	173,905	228,415	(54,510)
Total Nonoperating Revenue	61,562,237	84,479,722	(22,917,485)
INCREASE (DECREASE) IN NET POSITION	(18,421,811)	17,222,430	(35,644,241)
NET POSITION BEGINNING OF YEAR, restated	44,239,243	27,016,813	17,222,430
NET POSITION END OF YEAR	$ 25,817,432	$ 44,239,243	$ (18,421,811)

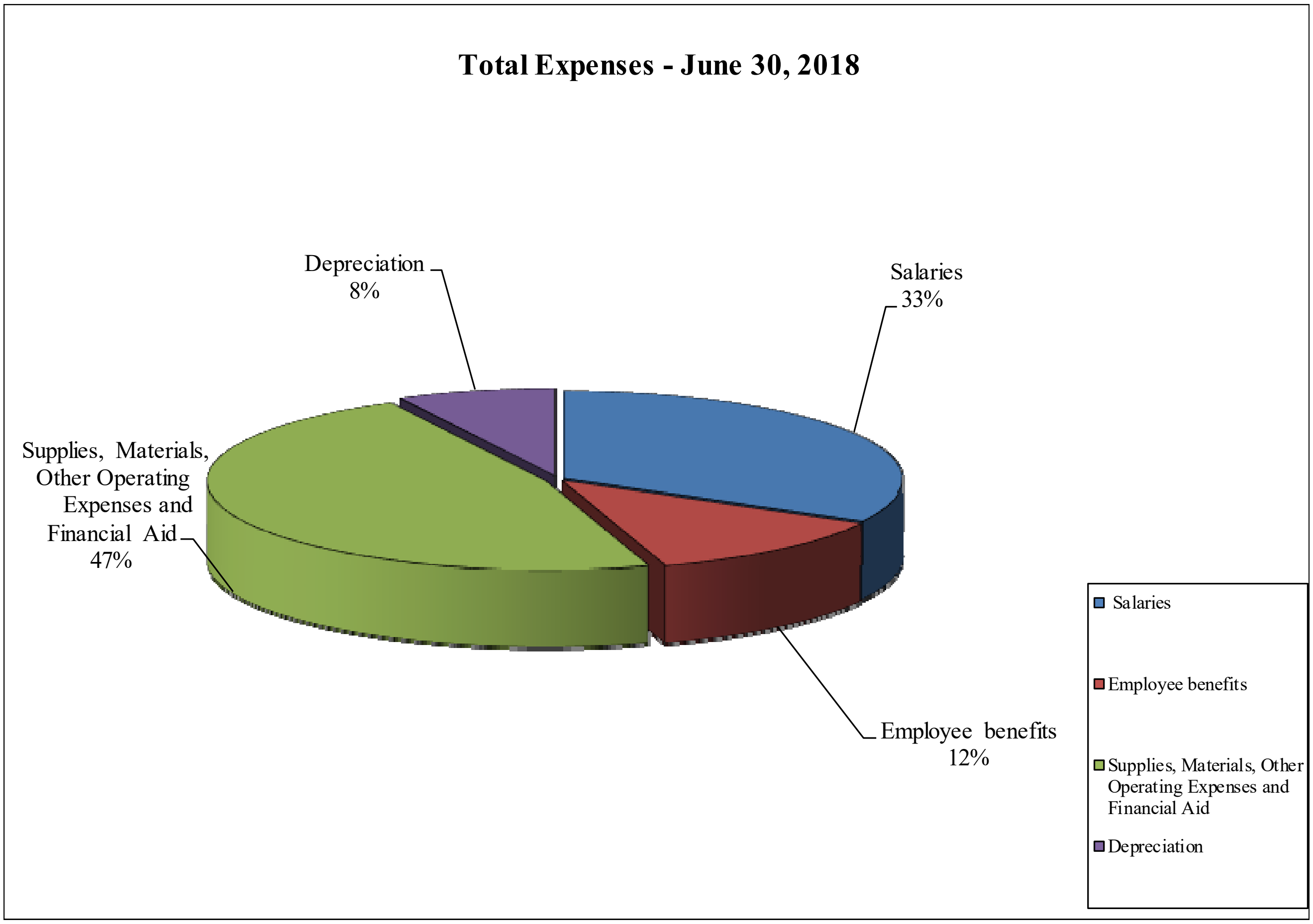
Significant revenue changes between 2017 and 2018 include:

- State apportionment increased approximately $1 million and a decrease in property taxes of approximately $1.9 million.



Significant expenditure variances include:

- Supplies, services, and other operating expenditures increased primarily due to more improvements under the districts capitalization threshold.



Changes in Cash Position

Table 4

	2018	2017	Change
Cash Provided by (Used in)			
Operating activities	$ (75,661,542)	$ (59,726,775)	$ (15,934,767)
Noncapital financing activities	57,096,606	83,148,257	(26,051,651)
Capital financing activities	(22,127,544)	32,311,124	(54,438,668)
Investing activities	2,003,250	10,169,902	(8,166,652)
Net Increase (Decrease) in Cash	(38,689,230)	65,902,508	(104,591,738)
Cash, Beginning of Year	167,163,852	101,261,344	65,902,508
Cash, End of Year	$ 128,474,622	$ 167,163,852	$ (38,689,230)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets increased approximately $6.2 million, and includes approximately $60 million in Construction in Progress projects which will be capitalized upon completion.

Table 5

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	$ 116,760,869	$ 12,185,771	$ 68,935,407	$ 60,011,233
Buildings and improvements	205,152,174	69,021,499	-	274,173,673
Equipment and furniture	31,350,673	2,657,822	-	34,008,495
Subtotal	353,263,716	83,865,092	68,935,407	368,193,401
Accumulated depreciation	70,393,551	8,681,550	-	79,075,101
	$ 282,870,165	$ 75,183,542	$ 68,935,407	$ 289,118,300

Obligations

Long-term debt includes general obligation bonds outstanding, revenue bonds, employee compensated absences, pension and retirement obligations. General obligation bonds outstanding decreased $9.4 million during 2017-18 primarily due to bond payments during the year. Pension liabilities changed as a result of the unfunded status of the PERS and STRS pension plans. Retirement plan liabilities decreased approximately $1.8 million.

Table 6

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation and lease revenue bonds	$ 330,903,656	$ 2,436,909	$ 11,816,847	$ 321,523,718
Compensated absences	1,223,713	215,944	-	1,439,657
OPEB liability	11,573,554	87,532	1,839,810	9,821,276
Net pension liability	48,017,963	1,823,019	-	49,840,982
Total Long-Term Debt	$ 391,718,886	$ 4,563,404	$ 13,656,657	$ 382,625,633
Amount due within one year				$ 13,556,713

BUDGETARY HIGHLIGHTS, 2018-19 CALIFORNIA ADOPTED BUDGET

Budget Overview

The unrestricted General Fund provides for a 2.71% increase in revenues to $55,993,660 and a 4% increase in expenditures to $55,799,401, with a resulting surplus of $194,259. The surplus will be used to increase the stability reserve, as discussed later under the “five-year transition plan.” Significant factors affecting this year’s budget include:

- Declining enrollments at the Fairfield campus, partially offset by enrollment increases at the Vacaville and Vallejo Centers
- The STRS employer contribution increases to 16.28% of payroll from 14.43%
- The PERS employer contribution increases to 18.062% of payroll from 15.531%
- Banner 9 ERP information system upgrade cost of $700,000

New Funding Formula

The 2018-19 California Budget Act substantially changed how community colleges are funded. For many years, community college general apportionments have been based only on the number of Full Time Equivalent Students (FTES) served. The new funding formula includes three components:

- **Base Allocation** – The Base Allocation continues the tradition of funding based on FTES, but this component will now provide only partial funding. The base allocation will provide 70% of total funding in 2018-19, 65% of funding in 2019-20, and will then stabilize at 60% of funding for 20-21 and beyond.

- **Supplemental Allocation** – The Supplemental Allocation is based on student economic need as measured by the number of students receiving California College Promise Grants (formerly known as BOG fee waivers), Pell Grants, and AB 540 “Dreamer” students. The supplemental allocation will provide 20% of overall funding in 2018-19 and beyond.

- **Student Success Allocation** – The Student Success Allocation will be based on various measures of student success including

- AA, ADT, and Baccalaureate degrees awarded
- Credit certificates of 16 or more units
- Completion of transfer-level Math and English courses completed in the first academic year
- Transfer to a four-year university
- Completion of nine or more units in Career Technical Education
- Attainment of the regional living wage

The Student Success Allocation will provide 10% of total funding in 2018-19, 15% of funding in 2019-20, and will then stabilize at 20% of funding for 20-21 and beyond.

Cost of Living Adjustment (COLA) and Hold Harmless

To allow Districts a smooth transition to the new funding formula, the budget act provides a three-year hold harmless period where each district will receive the same amount as the prior year, with an added cost of living adjustment (COLA). In 2018-19, the COLA is 2.71%. The final year of the hold harmless provision is 20-21. In 2021-22, districts will be guaranteed only the amount received in 2017-18. Any revenues in excess of the 2017-18 guarantee will be based on the workload measures from the base, supplemental, and student success allocations.

ECONOMIC FACTORS AFFECTING THE FUTURE OF SOLANO COMMUNITY COLLEGE DISTRICT

Solano County and the State of California are experiencing a strong economy with low unemployment and rising tax revenues. Community college enrollments tend to be counter-cyclical, with enrollment growing during weak economic periods and flat or declining during a strong economic cycle. Solano Community College has experienced declining enrollments and has therefore not been able to benefit from growth funds provided in recent state budgets.

The Public Employees Retirement System (PERS) and State Teacher's Retirement System (STRS) are requiring annual rate increases in order to strengthen their long-term financial positions. These rate increases affect both the District and its employees and will result in increased financial pressure on the District budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

SOLANO COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2018

ASSETS	
Current Assets	
Cash and cash equivalents	$ 28,333,160
Restricted cash and cash equivalents	100,141,462
Accounts receivable, net	6,097,295
Prepaid expenses and other	99,817
Total Current Assets	134,671,734
Noncurrent Assets	
Nondepreciable capital assets	60,011,233
Depreciable capital assets, net of depreciation	229,107,067
Total Noncurrent Assets	289,118,300
TOTAL ASSETS	423,790,034
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	1,001,161
Deferred outflows of resources related to pensions	14,561,732
Deferred outflows of resources related to OPEB	444,728
TOTAL DEFERRED OUTFLOWS OF RESOURCES	16,007,621
Current Liabilities	
Accounts payable	11,312,593
Interest payable	4,226,826
Due to fiduciary funds	1,019,581
Unearned revenue	4,729,717
Deferred bond premium - current portion	1,305,936
Compensated absences payable - current portion	393,656
Revenue bonds payable - current portion	732,121
Bonds payable - current portion	11,125,000
Total Current Liabilities	34,845,430
Noncurrent Liabilities	
Deferred bond premium	13,874,782
Compensated absences payable - noncurrent portion	1,046,001
OPEB liability - noncurrent portion	9,821,276
Revenue bonds payable - noncurrent portion	8,409,604
General obligation bonds payable - noncurrent portion	286,076,275
Aggregate net pension obligation	49,840,982
Total Noncurrent Liabilities	369,068,920
TOTAL LIABILITIES	403,914,350
DEFERRED INFLOWS OF RESOURCES	
Deferred charges on bond refunding	1,468,925
Deferred inflows of resources related to pensions	8,596,948
TOTAL DEFERRED INFLOWS OF RESOURCES	10,065,873
NET POSITION	
Net investment in capital assets	53,655,597
Restricted for:	
Debt service	18,970,437
Educational programs	5,412,190
Other activities	94,549
Unrestricted	(52,315,341)
TOTAL NET POSITION	$ 25,817,432

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

SOLANO COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2018

OPERATING REVENUES	
Student Tuition and Fees	$ 8,675,755
Less: Scholarship discount and allowance	(4,510,030)
Net tuition and fees	4,165,725
Grants and Contracts, Noncapital	
Federal	1,530,248
State	16,285,638
Net grants and contracts, noncapital	17,815,886
TOTAL OPERATING REVENUES	21,981,611
OPERATING EXPENSES	
Salaries	37,744,011
Employee benefits	13,963,752
Supplies, materials, and other operating expenses	22,508,804
Equipment, maintenance, and repairs	19,067,542
Depreciation	8,681,550
TOTAL OPERATING EXPENSES	101,965,659
OPERATING LOSS	(79,984,048)
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	25,623,974
Local property taxes, levied for general purposes	15,921,271
Taxes levied for other specific purposes	13,003,234
Federal financial aid grants, noncapital	8,471,313
State financial aid grants, noncapital	532,535
Local grants and other revenues	4,828,861
State taxes and other revenues	1,555,988
Investment income	334,922
Interest expense on capital related debt	(12,668,676)
Investment income on capital asset-related debt, net	170,450
Other nonoperating revenue	3,455
TOTAL NONOPERATING REVENUES (EXPENSES)	57,777,327
INCOME BEFORE OTHER REVENUES AND EXPENSES	(22,206,721)
OTHER REVENUES AND EXPENSES	
State revenues, capital	2,464,253
Local revenues, capital	1,320,657
TOTAL OTHER REVENUES AND EXPENSES	3,784,910
CHANGE IN NET POSITION	(18,421,811)
NET POSITION, BEGINNING OF YEAR	44,239,243
NET POSITION, END OF YEAR	$ 25,817,432

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

SOLANO COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 3,796,243
Ggrants and contracts	14,276,298
Payments to vendors for supplies and services	(41,008,515)
Payments to or on behalf of employees	(52,725,568)
Net Cash Flows From Operating Activities	(75,661,542)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State apportionments	27,486,068
Federal and State financial aid grants	9,004,050
Property taxes - nondebt related	15,921,271
State taxes and other apportionments	138,971
Other nonoperating	4,546,246
Net Cash Flows From Noncapital Financing Activities	57,096,606
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(18,957,865)
State revenue, capital projects	2,464,253
Local revenue, capital projects	1,320,657
Property taxes - related to capital debt	13,003,234
Principal paid on capital debt	(10,510,911)
Interest paid on capital debt	(9,446,912)
Net Cash Flows From Capital Financing Activities	(22,127,544)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	2,003,250
Net Cash Flows From Investing Activities	2,003,250
NET CHANGE IN CASH AND CASH EQUIVALENTS	(38,689,230)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	167,163,852
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 128,474,622

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

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT, Continued
FOR THE YEAR ENDED JUNE 30, 2018

RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	$ (79,984,048)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:	
Depreciation and amortization expense	8,681,550
Changes in Assets and Liabilities:	
Receivables	(1,697,988)
Prepaid expenses	549,341
Accounts payable and accrued liabilities	980,308
Unearned revenue	(2,211,082)
Change in deferred Inflows	(1,419,774)
Change in deferred outflows	(846,534)
OPEB obligation	(1,752,278)
Compensated absences	215,944
Pension obligation	1,823,019
Total Adjustments	4,322,506
Net Cash Flows From Operating Activities	$ (75,661,542)
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:	
Cash in banks	$ 1,897,181
Cash equivalents, County Cash	126,577,441
Total Cash and Cash Equivalents	$ 128,474,622
NON CASH TRANSACTIONS	
On behalf payments for benefits	$ 1,397,435

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

SOLANO COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018

	Retiree OPEB Trust	Other Trust	Agency Funds
ASSETS			
Cash and cash equivalents	$ -	$ 1,791,321	$ 204,348
Investments	3,285,599	-	-
Accounts receivable, net	-	68,781	7,454
Total Assets	3,285,599	1,860,102	$ 211,802
LIABILITIES			
Accounts payable	-	(5,310)	$ 144
Unearned revenue	-	95,561	-
Due to student groups	-	-	211,658
Total Liabilities	-	90,251	$ 211,802
NET POSITION			
Restricted for postemployment benefits	3,285,599	-	
Unrestricted	-	1,769,851	
Total Net Position	$ 3,285,599	$ 1,769,851	

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

SOLANO COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Retiree OPEB Trust	Other Trust
ADDITIONS		
Federal revenues	$ -	$ 14,195
Local revenues	229,836	423,085
Total Additions	229,836	437,280
DEDUCTIONS		
Academic salaries	-	2,855
Classified salaries	-	29,010
Employee benefits	-	17,151
Books and supplies	-	76,801
Services and operating expenditures	500	223,263
Total Deductions	500	349,080
Change in Net Position	229,336	88,200
Net Position - Beginning	3,056,263	1,681,651
Net Position - Ending	$ 3,285,599	$ 1,769,851

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

NOTE 1 - ORGANIZATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The District has adopted GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units.* This statement amends GASB Statements No. 14, *The Financial Reporting Entity,* to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. The District has determined that it does not have any component units meeting all three of these criteria.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities, with the exception of the Student Financial Aid Fund, are excluded from the basic financial statements. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District’s policies comply with the California Community Colleges Chancellor’s Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

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

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

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

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected to apply FASB pronouncements after that date.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* as amended by GASB Statements No. 37, No. 38, and No. 39. The business-type activities model followed by the District requires the following components of the District's financial statements:

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the Statement of Cash Flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

Investments

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, investments held at June 30, 2018 and 2017, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted Assets

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

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $2,545,853 for the years ended June 30, 2018 and 2017.

Prepaid Expenses

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

Capital Assets and Depreciation

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

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

Accrued Liabilities and Long-Term Obligations

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

Debt Issuance Costs, Premiums, and Discounts

Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The district reports deferred outflows of resources for deferred charges on refunding of debt and for pension related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred changes on refunding of debt and for pension related items.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net 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 CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from MPP's fiduciary net position have been determined on the same basis as they are reported by MPP. For this purpose, MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The District also participates in "load banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the entity-wide financial statements.

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

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned revenue includes (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

Noncurrent Liabilities

Noncurrent liabilities include bonds and notes payable, compensated absences, claims payable, capital lease obligations and OPEB obligations with maturities greater than one year.

Net Position

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

Net Investment in Capital Assets Capital Assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt had been incurred, but not yet expended for capital assets, such accounts are not included as a component net investment in capital assets.

Restricted - Nonexpendable: Net position is reported as restricted when there are limitation imposed on their use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

None of the District's restricted net assets have resulted from enabling legislation adopted by the District.

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

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The government wide financial statements report $24,477,176 of restricted net position.

Operating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB Statements No. 34 and No. 35. Classifications are as follows:

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

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources defined in GASB Statements No. 34 and No. 35.

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

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

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

State Apportionments

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

Property Taxes

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

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

Scholarships, Discounts, and Allowances

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

Federal Financial Assistance Programs

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

Estimates

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

Interfund Activity

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

Change in Accounting Principles

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017.* The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and "negative" goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on behalf payments for pensions or OPEB in employer financial statements;
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;
- Classifying employer-paid member contributions for OPEB;
- Simplifying certain aspects of the alternative measurement method for OPEB; and
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The District has implemented the provisions of this Statement as of June 30, 2018.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The District has implemented the provisions of this Statement as of June 30, 2018.

New Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. 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 reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

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

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Summary of Deposits and Investments

Deposits and investments as of June 30, 2018, are classified in the accompanying financial statements as follows:

Business-type activities	$ 128,474,622
Fiduciary funds	4,588,085
Total Deposits and Investments	$ 133,062,707

Deposits and investments as of June 30, 2018, consist of the following:

Cash on hand and in banks	$ 2,817,516
Cash in revolving	62,062
Investments	130,183,129
Total Deposits and Investments	$ 133,062,707

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 value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County pool.

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type	Fair Value	Weighted Average Maturity
County Investment Pool	$ 126,577,441	395 days
Retirement Plan Master Trust	3,605,688	Less than one year
Total	$ 130,183,129	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the County investment pool are not required to be rated, nor they been rated as of June 30, 2018.

		Not Required	Rating as of Year End		
Investment Type	Fair Value	To Be Rated	AAA	Aa	Unrated
County Investment Pool	$ 126,577,441	$ 126,577,441	$ -	$ -	$ 126,577,441
Retirement Plan Master Trust	3,605,688	3,605,688	-	-	3,605,688
Total	$ 130,183,129	$ 130,183,129	$ -	$ -	$ 130,183,129

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. Disclosure of amounts in one issuer that represent five percent or more of total investments is not required for the District's investments in the County pool.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2018, approximately $2.2 million of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 4 – FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Solano County Treasury Investment Pool or Local Agency Investment Funds/State Investment Pools are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2018:

		Fair Value Measurements Using			
Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Uncategorized
County Investment Pool	$ 126,577,441	$ -	$ -	$ -	$ 126,577,441
Retirement Plan Master Trust	3,605,688	-	-	3,605,688	-
Total	$ 130,183,129	$ -	$ -	$ 3,605,688	$ 126,577,441

	Level 3
Beginning of year	$ 3,056,263
Purchases	650,865
Earnings (loss)	(101,440)
End of Year	$ 3,605,688

All assets have been valued using a market approach, with quoted market prices.

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The accounts receivable are as follows:

	Primary Government
Federal Government	
Categorical aid	$ 275,783
State Government	
Categorical aid	1,512,877
Other State sources	1,619,497
Local Sources	
Student receivables, net	2,689,138
Total	$ 6,097,295
Student receivables	$ 5,234,991
Less allowance for bad debt	(2,545,853)
Student receivables, net	$ 2,689,138

Fiduciary Funds

	Fiduciary Funds
Local Sources	
Student receivables, net	$ 76,235

NOTE 6 - PREPAID EXPENSES AND OTHER ASSETS

The District paid facility rent and workers compensation insurance prior to June 30, 2018.

NOTE 7 - CAPITAL ASSETS

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

	Balance Beginning of Year	Additions / Adjustments	Deductions / Adjustments	Balance End of Year
Capital Assets Not Being Depreciated				
Land	$ 21,663,979	$ -	$ -	$ 21,663,979
Construction in progress	95,096,890	12,185,771	68,935,407	38,347,254
Total Capital Assets Not Being Depreciated	116,760,869	12,185,771	68,935,407	60,011,233
Capital Assets Being Depreciated				
Land improvements	11,832,827	-	-	11,832,827
Buildings	162,717,814	68,935,407	-	231,653,221
Building improvements	30,601,533	86,092	-	30,687,625
Furniture and equipment	31,350,673	2,657,822	-	34,008,495
Total Capital Assets Being Depreciated	236,502,847	71,679,321	-	308,182,168
Total Capital Assets	353,263,716	83,865,092	68,935,407	368,193,401
Less Accumulated Depreciation				
Land improvements	5,739,149	394,241	-	6,133,390
Buildings	40,793,598	5,135,255	-	45,928,853
Building improvements	9,810,107	1,453,809	-	11,263,916
Furniture and equipment	14,050,697	1,698,245	-	15,748,942
Total Accumulated Depreciation	70,393,551	8,681,550	-	79,075,101
Net Capital Assets Being Depreciated	166,109,296	62,997,771	-	229,107,067
Net Capital Assets	$ 282,870,165	$ 75,183,542	$ 68,935,407	$ 289,118,300

Depreciation expense for the year 2018 was $8,681,550.

NOTE 8 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	Primary Government
Accrued payroll and related liabilities	$ 2,019,607
State apportionment	2,194,093
Construction projects	6,494,049
Categorical aid	196,221
Vendor payables	408,623
Total	$ 11,312,593

Fiduciary Funds

	Fiduciary Funds
Scholarship (unapplied)	$ (5,166)

NOTE 9 - UNEARNED REVENUE

Unearned revenue consisted of the following:

	Primary Government
Federal financial assistance	$ 184,329
State categorical aid	1,787,411
Other State	126,963
Enrollment fees	2,614,614
Other local	16,400
Total	$ 4,729,717

Fiduciary Funds

	Fiduciary Funds
Other local	$ 95,561

NOTE 10 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively, in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers between funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process.

NOTE 11 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the June 30, 2018 fiscal year consisted of the following:

	Balance Beginning of Year	Additions/ Accretion	Deductions	Balance End of Year	Due in One Year
General obligation bonds	$ 304,554,366	$ 2,436,909	$ 9,790,000	$ 297,201,275	$ 11,125,000
Revenue bonds	9,862,636	-	720,911	9,141,725	732,121
Bond premiums	16,486,654	-	1,305,936	15,180,718	1,305,936
Total Bonds and Notes Payable	330,903,656	2,436,909	11,816,847	321,523,718	13,163,057
Other Liabilities					
Compensated absences	1,223,713	215,944	-	1,439,657	393,656
Other post employment benefits (OPEB)	11,573,554	87,532	1,839,810	9,821,276	-
Aggregate net pension obligation	48,017,963	1,823,019	-	49,840,982	-
Total Other Liabilities	60,815,230	2,126,495	1,839,810	61,101,915	393,656
Total Long-Term Debt	$ 391,718,886	$ 4,563,404	$ 13,656,657	$ 382,625,633	$ 13,556,713

Description of Debt

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. Payments on the lease revenue bonds are made by the capital outlay fund with Measure G or Measure Q funds. The capital leases are paid by the general fund. The compensated absences, pension liabilities and OPEB liability will be paid by the fund for which the employee worked.

General Obligations Bonds

Measure G

General obligation bonds were approved by a local election in 2002. The total amount approved by the voters was $124,500,000. In May 2003, the District issued 2002 General Obligation Bonds, Series A in the amount of $80,000,000 for the purpose of construction and repairing college education facilities.

In March 2005, the District issued $81,349,812 of General Obligation Refunding Bonds with interest rates ranging from 3 percent to 5 percent to advance refund the 2003 issued and outstanding term bonds with remaining obligation of $77,045,000. The final maturity date of the bonds is August 1, 2022. After payment of issuance and related costs of $1,002,244 the net proceeds of the bond sale were $88,845,928. $80,406,861 of the net proceeds was used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are paid in full. The advanced refunding met the requirements of a legal debt defeasance and the prior bond issuance is removed from the District's government wide financial statements. The premium from the bond issuance of $8,498,361 and gain on defeasance of $702,367 are capitalized and being amortized over the life of the bond.

In May 2005, the District issued 2002 General Obligation Bonds, Series B in the amount of $44,495,279 for the purpose of construction and repairing college education facilities. The final maturity date of the bonds is August 1, 2031.

In March 2014, the District issued $10,645,000 and $41,165,000 of General Obligation Refunding Bonds with interest rates ranging from .0462 percent to 5 percent to advance refund a portion of the 2002 Series B and 2005 Refunding outstanding term bonds with remaining obligation of $49,722,963. The redemption date of the bonds is August 1, 2015 and 2016. After payment of issuance and related costs of $386,423 the net proceeds of the bond sale were $53,411,819, which was used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are paid in full. The advanced refunding met the requirements of a legal debt defeasance and the prior bond issuance is removed from the District's government wide financial statements. The premium from the bond issuance of $1,988,241 and gain on defeasance of $2,448,209 are capitalized and being amortized over the shorter of the life of the old bond or the new bond.

In September 2015, The District issued $47,677,452 of General Obligation Refunding Bonds with interest rates ranging from 2 percent to 5 percent to advance refund a portion of the 2002 Series B outstanding term bonds with a remaining obligation of $46,426,002. The redemption date of the bonds is August 1, 2016. After payment of issuance and related costs of $409,257, the net proceeds of the bond sale were $49,529,801, which was used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are paid in full. The advanced refunding met the requirements of a legal debt defeasance and the prior bond issuance is removed from the District's government wide financial statements. The premium from the bond issuance was $2,221,605, and deferred charge on the defeasance of $1,251,451 are capitalized and amortized over the shorter of the life of the old bond or the new bond.

Measure Q

General obligation bonds were approved by a local election in 2012. The total amount approved by the voters was $348,000,000.

In June 2013, the District issued 2012 General Obligation Bonds, Series A in the amount of $89,996,899, Series B for $30,000,000. In April 2017, the District issued 2012 General Obligation Bonds, Series C in the amount of $90,000,000 for the purpose of construction and repairing college education facilities. The final maturity date of the bonds is August 1, 2047.

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2017	Issued / Accreted	Redeemed	Bonds Outstanding June 30, 2018
2002 Election							
Mar-05	8/1/2022	3.0%-5.0%	$ 81,349,812	$ 6,340,549	$ 783,705	$ -	$ 7,124,254
Mar-14	8/1/2023	4.0%-5.0%	10,645,000	10,505,000	-	480,000	10,025,000
Mar-14	8/1/2022	0.462%-3.504%	41,165,000	34,080,000	-	6,390,000	27,690,000
Sep-15	8/1/2031	2.0%-5.0%	47,677,452	49,441,222	1,485,454	-	50,926,676
Subtotal				100,366,771	2,269,159	6,870,000	95,765,930
2012 Election							
Jun-13	8/1/2047	2.0%-5.49%	89,996,899	84,187,595	167,750	2,920,000	81,435,345
Jun-13	8/1/2040	2.8%-5.5%	30,000,000	30,000,000	-	-	30,000,000
Apr-17	8/1/2038	2.0%-5.25%	90,000,000	90,000,000	-	-	90,000,000
Subtotal				204,187,595	167,750	2,920,000	201,435,345
				$ 304,554,366	$ 2,436,909	$ 9,790,000	$ 297,201,275

Debt Maturity

Fiscal Year	Principal	Interest	Total
2019	$ 11,125,000	$ 10,149,292	$ 21,274,292
2020	12,090,000	9,899,849	21,989,849
2021	9,645,000	9,548,108	19,193,108
2022	4,474,560	9,315,938	13,790,498
2023	4,995,252	9,185,309	14,180,561
2024-2028	34,588,077	43,156,795	77,744,872
2029-2033	40,973,725	40,238,369	81,212,094
2034-2038	27,702,452	34,052,906	61,755,358
2039-2043	50,241,847	25,734,925	75,976,772
2044-2048	91,753,251	9,817,644	101,570,895
Total	287,589,164	$ 201,099,135	$ 488,688,299
Accretions to date	9,612,111		
Total	$ 297,201,275		

Lease Revenue Bonds

In May 2013, the District issued Lease Revenue Bonds in the amount of $12,300,000 for the purpose of solar projects.

Year Ending June 30,	Lease Principal	Interest	Total
2019	$ 732,121	$ 404,069	$ 1,136,190
2020	743,506	370,922	1,114,428
2021	755,067	337,260	1,092,327
2022	766,809	303,075	1,069,884
2023	778,733	268,358	1,047,091
2024-2028	4,079,112	801,844	4,880,956
2029-2030	1,286,377	58,165	1,344,542
	$ 9,141,725	$ 2,543,693	$ 11,685,418

Compensated Absences

At June 30, 2018, the liability for compensated absences was $1,439,657.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY

For the fiscal year ended June 30, 2018, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 9,733,744	$ 444,728	$ -	$ 1,839,810
Medicare Premium Payment (MPP) Program	87,532	-	-	3,334
Total	$ 9,821,276	$ 444,728	$ -	$ 1,843,144

The details of each plan are as follows:

District Plan

Plan Administration

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

Management of the Plan is vested in the Solano Community College District Governing Board, which consists of seven locally elected Plan members.

Plan membership. At June 30, 2018, Plan membership consisted of the following:

Inactive Plan members or beneficiaries currently receiving benefit payments	$	127
Inactive Plan members entitled to, but not yet receiving, benefit payments		-
Active Plan members		331
Total Number of participants	$	458

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

Contributions. The contribution requirements of Plan members and the District are established and may be amended by the District and the bargaining units. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements between the District and the bargaining units. For fiscal year 2017-2018, the District paid $1,086,439 in pay-as-you-go health premiums and no additional contributions to the JPA Investment Trust.

Investments

Investment policy. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Governing Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Governing Board's adopted asset allocation policy as of June 30, 2018:

Asset Class	Target Allocation
US Large Cap	60%
US Small Cap	15%
Long-Term Corporate Bonds	20%
Short-Term Government Fixed	5%
Total	100%

Rate of return. For the year ended June 30, 2018, the rate of return on investments, net of investment expense, was 6.0 percent.

Net OPEB Liability of the District

The component of the net OPEB liability of the District as of June 30, 2018, was as follows:

Total OPEB liability	$ 13,339,432
Plan fiduciary net position	(3,605,688)
District's net OPEB liability	$ 9,733,744
Plan fiduciary net position as a percentage of the total OPEB liability	27%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75	percent
Salary increases	2.75	percent, average, including inflation
Investment rate of return	6.00	percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	4.00	percent for 2017

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period of July 1, 2016- June 30, 2017.

The long-term expected rate of return on OPEB plan investments was determined based on assumed long-term return on employer assets and plan assets assuming 30% funding through CCLC. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
US Large Cap	7.8%
US Small Cap	7.5%
Long-Term Corporate Bonds	5.3%
Short-Term Government Fixed	3.3%

Discount rate. The discount rate used to measure the total OPEB liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2017	$ 14,629,817	$ 3,056,263	$ 11,573,554
Service cost	988,664	-	988,664
Interest	874,856	-	874,856
Contributions-employer	-	1,406,528	(1,406,528)
Net investment income	-	-	-
Changes of assumptions or other inputs	(2,067,466)	-	(2,067,466)
Expected investment income	-	192,795	(192,795)
Investment Gains/Losses	-	42,668	(42,668)
Benefit payments	(1,086,439)	(1,086,439)	-
Administrative expense	-	(6,127)	6,127
Net change in total OPEB liability	(1,290,385)	549,425	(1,839,810)
Balance at June 30, 2018	$ 13,339,432	$ 3,605,688	$ 9,733,744

Changes of assumptions and other inputs reflect a change in the discount rate from 4.2 percent in 2016 to 6.0 percent in 2017.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5 percent) or 1-percentage-point higher (7 percent) than the current discount rate:

Discount Rate	Net OPEB Liability
1% decrease (5%)	$ 10,624,910
Current discount rate (6%)	9,733,744
1% increase (7%)	8,731,212

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

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (3%)	$ 8,602,791
Current healthcare cost trend rate (4%)	9,733,744
1% increase (5%)	10,758,880

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

For the year ended June 30, 2018, the District recognized OPEB expense of $1,839,810. At June 30, 2018, the District reported deferred outflows of resources for OPEB contributions subsequent to measurement date of $444,728.

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

Contributions

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District contributions. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB

At June 30, 2018, the District reported a liability of $87,532 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2017 and June 30, 2016, was 0.0208 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of $3,334.

Actuarial Methods and Assumptions

The total OPEB liability for the MPP Program as of June 30, 2016, was determined based on a financial reporting actuarial valuation that used the June 30, 2016 assumptions presented in the table below. The June 30, 2017 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total OPEB liability to June 30, 2017, using the assumptions listed in the following table:

Measurement Date	June 30, 2017	June 30, 2016
Valuation Date	June 30, 2016	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2016	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.58%	2.85%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2016, CalSTRS used custom mortality tables based on RP2000 Series tables issued by the Society of Actuaries, adjusted to fit CalSTRS specific experience through June 30, 2015. For the valuation as of June 30, 2017, CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS now 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 the 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.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 571 or an average of 0.32 percent of the potentially eligible population (177,763).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2017 and 2016, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2017 and 2016 was 3.58 percent and 2.85 percent, respectively. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.58 percent and 2.85 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2017 and 2016, respectively, was applied to all periods of projected benefit payments to measure the total OPEB liability.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.58%)	$ 78,416
Current discount rate (3.58%)	87,532
1% increase (4.58%)	96,904

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 79,099
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	87,532
1% increase (4.7% Part A and 5.1% Part B)	95,881

NOTE 13 - RISK MANAGEMENT

Property Liability Insurance Coverage

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Joint Powers Authority Risk Pools

During fiscal year ending June 30, 2018, the District contracted with the Northern Community Colleges Self Insurance Authority, a Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2017-2018, the District participated in the Northern Community Colleges Self Insurance Authority Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Employee Medical Benefits

The District has contracted with Kaiser, Blue Shield, and Healthnet to provide employee medical benefits. Rates are set through an annual calculation process. The District pays a monthly premium based on plan membership.

Insurance Program / Company Name	Type of Coverage	Limits
Northern Community Colleges Self Insurance Authority	Workers' Compensation	$ 1,000,000
Northern Community Colleges Self Insurance Authority	Liability	$ 5,000,000
SAFER	Excess Liability	$5,000,000 - $50,000,000
Northern Community Colleges Self Insurance Authority	Property	$ 250,250,000

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2018, the District reported the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflow of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 29,295,937	$ 8,342,444	$ 6,352,739	$ 2,010,735
CalPERS	20,545,045	6,219,288	2,244,209	2,813,815
Total	$ 49,840,982	$ 14,561,732	$ 8,596,948	$ 4,824,550

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.
The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	14.43%	14.43%
Required state contribution rate	9.328%	9.328%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above, and the District's total contributions were $2,806,691.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	$	29,295,937
State's proportionate share of the net pension liability associated with the District		17,331,229
Total	$	46,627,166

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2017 and June 30, 2016 was 0.0317 percent and 0.0332 percent, respectively, resulting in a net decrease in the proportionate share of 0.0015 percent.

For the year ended June 30, 2018, the District recognized pension expense of $2,010,735. In addition, the District recognized pension expense and revenue of $1,397,435 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
Pension contributions subsequent to measurement date	$ 2,806,691	$ -
Net change in proportionate share of net pension liability	-	(5,061,564)
Difference between projected and actual earnings on pension plan investments	-	(780,233)
Differences between expected and actual experience in the measurement of the total pension liability	108,339	(510,942)
Changes of assumptions	5,427,414	-
Total	$ 8,342,444	$ (6,352,739)

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earning on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ (648,736)
2020	490,885
2021	70,792
2022	(693,174)
Total	$ (780,233)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 833,397
2020	833,397
2021	646,245
2022	(1,038,123)
2023	(865,229)
Thereafter	(446,440)
Total	$ (36,753)

Actuarial Methods and Assumptions

Total pension liability for STRP 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 June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) 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 (Milliman) 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%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 43,015,736
Current discount rate (7.10%)	29,295,937
1% increase (8.10%)	18,161,390

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at:
https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	6.50%
Required employer contribution rate	15.531%	15.531%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018, are presented above, and the total District contributions were $1,771,599.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $20,545,045. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2017 and June 30, 2016, was 0.0861 percent and 0.0960 percent, respectively, resulting in a net decrease in the proportionate share of 0.0099 percent.

For the year ended June 30, 2018, the District recognized pension expense of $2,813,815. 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
Pension contributions subsequent to measurement date	$ 1,771,599	$ -
Net change in proportionate share of net pension liability	-	(2,002,316)
Difference between projected and actual earnings on pension plan investments	710,718	-
Differences between expected and actual experience in the measurement of the total pension liability	736,044	-
Changes of assumptions	3,000,927	(241,893)
Total	$ 6,219,288	$ (2,244,209)

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ (19,258)
2020	820,015
2021	299,150
2022	(389,189)
Total	$ 710,718

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the EARSL of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 328,535
2020	502,274
2021	661,953
Total	$ 1,492,762

Actuarial Methods and Assumptions

Total pension liability for the SEP 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 June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and services

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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ 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 rounded 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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	5.38%
Global debt securities	19%	2.27%
Inflation assets	6%	1.39%
Private equity	12%	6.63%
Real estate	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	0.90%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 25,359,785
Current discount rate (7.15%)	$ 20,545,045
1% increase (8.15%)	$ 10,033,540

Tax Deferred Annuity

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use STRS cash balance program as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 4 percent of an employee's gross earnings. An employee is required to contribute 4 percent of his or her gross earnings to the pension plan.

On-Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal years ended June 30, 2018, which amounted to $1,397,435 (9.325 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contributions rate for CalPERS. No contributions were made for CalPERS for the years ended June 30, 2018, 2017, and 2016. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenses. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

Deferred Compensation

The District offers its employees a CalPERS administered 457 Deferred Compensation Program (the Program). The Program, available to all permanent employees, permits them to defer a portion of pre-tax salary into investment of an individual's own choosing until future years. The deferred compensation is not available to the employees or their beneficiaries until termination, retirement, death, or an unforeseeable emergency. The CalPERS Board controls the investment and administrative functions of the CalPERS 457 Deferred Compensation Program. The Board for the exclusive benefit of participating employees, which adds security, holds the assets in trust.

NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Northern California Community Colleges Self Insurance Authority and the California Community College League Retiree Health Benefit Program, Joint Powers Authorities. The District pays annual premiums for its property and liability coverage and a fee to use the retirement plan investment trust. The relationship between the District and the JPAs are such that they are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the JPA and the District are included in these statements. Audited financial statements are available from the respective entities.

The District's share of year-end assets, liabilities, or fund equity has not been calculated.

During the year ended June 30, 2018, the District made payments of approximately $1,096,922 to the Northern California Community Colleges Self Insurance Authority.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2018.

Construction Commitments

As of June 30, 2018, the District had the following commitments with respect to the capital projects:

CAPITAL PROJECT	Construction Funds Committed	Expected Date of Completion
Science building (Phase 1)	$ 30,097,703	To Be Determined
Vacaville Center Intersection Improvements	927,313	To Be Determined
FF Campus Entry Sidewalk Improvements (ADA Improvements)	354,210	To Be Determined
VV Classroom Building Renovation	2,391,638	To Be Determined
Horticulture Modular Restroom Building	215,885	To Be Determined
Horticulture Modular Restroom Building	149,399	To Be Determined
Vacaville Center HVAC Upgrade	2,016,756	To Be Determined
Building 100 Makers Lab Renovation	26,200	To Be Determined
Building 1800B Existing Corridor (Small Capital Project)	96,739	To Be Determined
Building 1800B Robotics lab Renovation (Small Capital Project)	335,216	To Be Determined
	$ 36,611,059	

Accreditation

On January 26, 2018, the District received an accreditation report from the Accrediting Commission for Community and Junior Colleges (ACCJC). The report reaffirmed the District's accreditation for seven years without any findings or sanctions.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
Total OPEB Liability		
Service cost	$ 988,664	$ 962,203
Interest	874,856	590,814
Changes of assumptions	(2,067,466)	-
Benefit payments	(1,086,439)	(1,044,653)
Net changes in total OPEB liability	(1,290,385)	508,364
Total OPEB Liability - beginning, restated	14,629,817	14,121,453
Total OPEB Liability - ending (a)	**$ 13,339,432**	**$ 14,629,817**
Plan fiduciary net position		
Contributions - employer	$ 1,406,528	$ 1,044,653
Net investment income	229,336	263,321
Benefit payments	(1,086,439)	(1,044,653)
Administrative expense	-	(5,029)
Net change in plan fiduciary net position	549,425	258,292
Plan fiduciary net position - beginning	3,056,263	2,797,971
Plan fiduciary net position - ending (b)	**3,605,688**	**3,056,263**
District's net OPEB liability - ending (a) - (b)	**$ 9,733,744**	**$ 11,573,554**
Plan fiduciary net position as a percentage of the total OPEB liability	**27.03%**	**20.89%**
Covered-employee payroll	**$ 28,120,651**	**$ 24,660,729**
District's net OPEB liability as a percentage of covered-employee payroll	**35%**	**47%**

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

See accompanying note to required supplementary information.

SOLANO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR OPEB
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
Actuarially determined contribution	Not Available	Not Available
Contributions in relations to the actuarially determined contribution	$ 1,406,528	$ 1,044,653
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 28,120,651	$ 24,660,729
Contribution as a percentage of covered-employee payroll	5.00%	4.24%

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

See accompanying note to required supplementary information.

SOLANO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF INVESTMENT RETURNS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	**2017**
Annual money-weighted rate of return, net of investment expense	Not Determined	Not Determined

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

See accompanying note to required supplementary information.

SOLANO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – MPP PROGRAM FOR THE YEAR ENDED JUNE 30, 2018

Year ended June 30,[1]	Measurement Date June 30, 2017
District's proportion of the net OPEB liability	0.0208%
District's proportionate share of the net OPEB liability	$ 87,532
District's Covered-Employee Payroll	N/A[2]
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A[2]
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%

[1] In the future, as data becomes available, ten years of information will be presented.

[2] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

See accompanying note to required supplementary information.

SOLANO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

Measurement Date	2017	2016	2015	2014
CalSTRS				
District's proportion of the net pension liability	0.0317%	0.0332%	0.0394%	0.0405%
District's proportionate share of the net pension liability	$ 29,295,937	$ 29,062,671	$ 26,512,169	$ 23,649,968
State's proportionate share of the net pension liability associated with the District	17,331,229	16,544,860	14,022,015	14,280,872
Total	$ 46,627,166	$ 45,607,531	$ 40,534,184	$ 37,930,840
District's covered - employee payroll	$ 16,730,462	$ 17,309,532	$ 16,914,388	$ 16,407,382
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	175.11%	167.90%	156.74%	144.14%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
CalPERS				
District's proportion of the net pension liability	0.0861%	0.0960%	0.1048%	0.1085%
District's proportionate share of the net pension liability	$ 20,545,045	$ 18,955,292	$ 15,451,644	$ 12,322,720
District's covered - employee payroll	11,406,864	11,535,397	11,747,308	11,365,881
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	180.11%	164.32%	131.53%	108.42%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

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

See accompanying note to required supplementary information.

SOLANO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

CalSTRS	2018	2017	2016	2015
Contractually required contribution	$ 2,806,691	$ 2,111,185	$ 1,846,655	$ 1,508,056
Contributions in relation to the contractually required contribution	2,806,691	2,111,185	1,846,655	1,508,056
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered - employee payroll	$ 19,389,388	$ 16,730,462	$ 17,309,532	$ 16,914,388
Contributions as a percentage of covered - employee payroll	14.48%	12.62%	10.67%	8.92%

CalPERS				
Contractually required contribution	$ 1,771,599	$ 1,524,484	$ 1,367,714	$ 1,375,277
Contributions in relation to the contractually required contribution	1,771,599	1,524,484	1,367,714	1,375,277
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered - employee payroll	$ 11,406,864	$ 10,977,418	$ 11,535,397	$ 11,747,308
Contributions as a percentage of covered - employee payroll	15.53%	13.89%	11.86%	11.71%

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

See accompanying note to required supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

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

Change in benefit terms – There were no changes of benefit terms that impact the valuation.

Change of assumptions – Discount rate was changed from 4.2 percent to 6.0 percent.

Schedule of District Contributions for OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

Valuation Date: Actuarially determined contribution rates are calculated as of June 30, 2017, two years prior to the end of the fiscal year in which contributions are reported.

Schedule of OPEB Investment Returns

This schedule presents information on the annual money weighted rate of return on OPEB plan investments. In future years, as data becomes available, ten years of information will be presented.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plan's fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms - There were no changes in the benefits terms since the previous valuation.

Changes of Assumptions - The plan rate of investment return assumption was changed from 2.85 percent to 3.58 percent since the previous valuation.

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

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

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

Changes of Assumptions – The CalSTRS plan rate of investment return assumption was changed from 7.60 percent to 7.10 percent since the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.65 percent to 7.15 percent since the previous valuation.

Schedule of District Contributions

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

SUPPLEMENTARY INFORMATION

DISTRICT ORGANIZATION
JUNE 30, 2018

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

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Sarah E. Chapman, Ph.D.	President	2018
A. Marie Young	Vice President	2018
Denis Honeychurch, J.D.	Member	2018
Pam Keith	Member	2018
Michael A. Martin	Member	2020
Quinten R. Voyce	Member	2020
Rosemary Thurston	Member	2020
Jacob Hinkle	Student Trustee	2018

ADMINISTRATION

Celia Esposito-Noy, Ed.D	Superintendent- President / Board Secretary
Robert Diamond	Vice President, Finance and Administration
Gregory Brown	Vice President of Student Services
David Williams	Vice President of Academic Affairs

See accompanying note to supplementary information.

SOLANO COMMUNITY COLLEGE DISTRICT

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
STUDENT FINANCIAL AID CLUSTER			
Supplemental Educational Opportunity Grant (SEOG)	84.007	[1]	$ 256,291
Pell Grant	84.063	[1]	7,018,502
Federal Work Study Program	84.033	[1]	151,272
Federal Direct Student Loans	84.268	[1]	1,087,525
Subtotal Student Financial Aid Cluster			8,513,590
TRIO CLUSTER			
TRIO Student Support Services	84.042	[1]	274,676
Veteran Assistance Title 38	84.111	[1]	7,183
Passed through California State Chancellors Office			
Perkins Title I-C Reserve	84.048	[2]	541,631
Total U.S. Department of Education			9,337,080
U.S. DEPARTMENT OF VETERAN'S AFFAIRS			
Post-9/11 Veterans Educational Assistance	64.028	[1]	171,794
U.S DEPARTMENT OF AGRICULTURE			
Passed through the California Department of Education			
Child Care Food Program	10.558	[2]	63,650
U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES			
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES CLUSTER			
Passed through California State Chancellors Office			
TANF CLUSTER			
Temporary Assistance for Needy Families (TANF)	93.558	[2]	45,472
Total U.S. Department of Health and Human Services			45,472
NATIONAL SCIENCE FOUNDATION			
National Science Foundation	47.074	[1]	194,810
SMALL BUSINESS ADMINISTRATION			
Passed through Humboldt State University			
Small Business Development Centers	59.037	[2]	45
Total			$ 9,812,851

[1] Pass through number not applicable.
[2] Pass through number not available.

See accompanying note to supplementary information.

SOLANO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

	Program Entitlements			Program Revenues					
Program	Current Year	Prior Year	Total Entitlement	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
AB104 Adult Education Block Grant	$ 38,010	$ 33,929	$ 71,939	$ 71,939	$ -	$ -	$ (17,917)	$ 54,022	$ 54,022
Baccalaureat Pilot Degree Program	-	340,692	340,692	340,692	-	-	-	340,692	332,841
Basic Skill - On Going	304,042	-	304,042	304,042	-	-	-	304,042	106,821
Basic Skills Transformation	106,670	221,238	327,908	327,908	-	-	(32,086)	295,822	295,822
BFAP-SFAA	349,697	-	349,697	349,697	-	-	-	349,697	247,733
CA CPT Diablo Gateway Funding - Year 2	-	15,902	15,902	15,902	-	-	(15,583)	319	319
CA CPT Diablo Gateway Funding - Year 3	-	19,050	19,050	19,050	-	-	(19,050)	-	-
Cal Grants	592,791	5,220	598,011	598,011	-	-	(83,570)	514,441	514,441
Cal Works	234,895	-	234,895	234,895	-	-	-	234,895	234,895
Campus Safe (1718 FY)	17,581	-	17,581	17,581	-	-	-	17,581	-
CARE	72,792	-	72,792	72,792	-	-	-	72,792	72,792
CASCADE Grant	12,177	-	12,177	12,177	-	-	(1,052)	11,125	11,125
CCTR	310,946	-	310,946	392,571	-	-	(91,689)	300,882	300,882
Child Development Training Consortium	16,700	-	16,700	16,700	-	-	(1,542)	15,158	15,158
CSEC Foster & Kinship Care	8,000	-	8,000	4,800	2,991	-	-	7,791	7,791
CSPP	493,610	-	493,610	536,559	-	-	-	536,559	536,559
CTE Data Unblock	-	13,872	13,872	13,872	-	-	-	13,872	13,872
Disabled Students Programs and Services	563,406	-	563,406	563,406	-	-	-	563,406	563,406
Extended Opportunity Program and Services	479,577	-	479,577	479,577	-	-	-	479,577	471,063
First 5 Solano	2,500	-	2,500	2,500	-	-	(2,500)	-	-
Foster & Kindship Care	190,164	-	190,164	155,402	27,954	-	-	183,356	188,464
Full Time Student Success Grant	187,500	-	187,500	187,500	-	-	-	187,500	221,200
Guided Pathways Program (1718 FY)	224,302	-	224,302	224,302	-	-	-	224,302	-
Industry Driven Regional Career Pathways Alliance	-	6,907	6,907	4,791	2,192	-	-	6,983	6,983
Innovation & Effectiveness	-	52,985	52,985	52,985	-	-	-	52,985	52,985
Instruction Equipment (one time)	445,219	152,080	597,299	597,299	-	-	-	597,299	466,940
Lottery Prop 20	394,659	(92,106)	302,553	132,774	175,278	-	-	308,052	308,052
NCCPA Career Pathway - Year 1	-	121,049	121,049	121,049	-	-	-	121,049	106,203
NCCPA Career Pathway - Year 2	-	28,517	28,517	28,517	-	-	(2,188)	26,329	26,329
Non Resident Dreamer Emergency Aid	4,585	-	4,585	4,585	-	-	-	4,585	4,585
Nursing Education	114,000	-	114,000	102,290	2,241	-	-	104,531	104,531
Nursing Enroll Growth	108,400	-	108,400	61,696	-	(2,239)	-	59,457	59,457
P/T Faculty Allocation (1718 FY)	179,274	-	179,274	179,274	-	-	-	179,274	-
Prop 39 Clean Energy	552,010	-	552,010	552,010	-	-	-	552,010	-
Rancho Santiago Community College D	-	47,732	47,732	47,732	-	-	(46,704)	1,028	1,028
Scheduled Maintenance On Going	1,030,758	182,549	1,213,307	1,213,307	-	-	-	1,213,307	856,582
Self Employment GIG Economy Pilot	275,000	-	275,000	249,767	-	-	-	249,767	249,767
Sector Navigator Healthcare	372,500	-	372,500	372,500	-	-	-	372,500	372,500
Student Support Service Program (SSSP)	1,643,149	315,626	1,958,775	1,958,775	-	(29)	(4,083)	1,954,663	1,954,663
Staff Diversity	50,000	-	50,000	50,000	-	-	(30,945)	19,055	19,055
Strong Workforce Program	1,637,821	1,057,484	2,695,305	2,695,305	-	-	(1,401,453)	1,293,852	1,293,852
Strong Workforce Regional Venture	900,793	401,428	1,302,221	401,428	1,302,221	(193,953)	-	1,509,696	207,475
Student Equity	1,004,624	510,813	1,515,437	1,515,437	-	-	-	1,515,437	646,294
Student Hunger Community College	17,732	-	17,732	17,732	-	-	-	17,732	10,424
Vallejo Career Pathway Trust VCUSD	185,559	-	185,559	108,069	-	-	(37,049)	71,020	71,020
Subtotal	$ 13,121,443	$ 3,434,967	$ 16,556,410	$ 15,409,197	$ 1,512,877	$ (196,221)	$ (1,787,411)	$ 14,938,443	$ 11,007,932

See accompanying note to supplementary information.

SOLANO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
FOR THE YEAR ENDED JUNE 30, 2018

CATEGORIES	*(Revised) Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2017 only)			
1. Noncredit **	3.59	-	3.59
2. Credit	755.91	-	755.91
B. Summer Intersession (Summer 2018 - Prior to July 1, 2018)			
1. Noncredit **	-	-	-
2. Credit	815.23	-	815.23
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	4,977.35	-	4,977.35
(b) Daily Census Contact Hours	209.35	-	209.35
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit **	76.05	-	76.05
(b) Credit	173.46	-	173.46
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	871.51	-	871.51
(b) Daily Census Contact Hours	104.46	-	104.46
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	7,986.91	-	7,986.91
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In Service Training Courses (FTES)	-	-	-
H. Basic Skills courses and Immigrant Education			
1. Noncredit **	-	-	-
2. Credit	-	-	-

* Annual report revised as of November 2, 2018.

See accompanying note to supplementary information.

SOLANO COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION FOR THE YEAR ENDED JUNE 30, 2018

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 11,620,396	$ -	$ 11,620,396	$ 11,640,218	$ -	$ 11,640,218
Other	1300	7,507,079	-	7,507,079	7,526,528	-	7,526,528
Total Instructional Salaries		19,127,475	-	19,127,475	19,166,746	-	19,166,746
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	3,463,401	-	3,463,401
Other	1400	-	-	-	166,234	-	166,234
Total Noninstructional Salaries		-	-	-	3,629,635	-	3,629,635
Total Academic Salaries		19,127,475	-	19,127,475	22,796,381	-	22,796,381
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	8,350,156	-	8,350,156
Other	2300	-	-	-	664,982	-	664,982
Total Noninstructional Salaries		-	-	-	9,015,138	-	9,015,138
Instructional Aides							
Regular Status	2200	1,004,221	-	1,004,221	1,004,221	-	1,004,221
Other	2400	213,952	-	213,952	213,291	-	213,291
Total Instructional Aides		1,218,173	-	1,218,173	1,217,512	-	1,217,512
Total Classified Salaries		1,218,173	-	1,218,173	10,232,650	-	10,232,650
Employee Benefits	3000	6,323,819	-	6,323,819	12,610,303	-	12,610,303
Supplies and Material	4000	-	-	-	693,333	-	693,333
Other Operating Expenses	5000	-	-	-	6,833,216	-	6,833,216
Equipment Replacement	6420	-	-	-	42,185	-	42,185
Total Expenditures Prior to Exclusions		26,669,467	-	26,669,467	53,208,068	-	53,208,068

See accompanying note to supplementary information.

SOLANO COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2018

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			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	$ 566,468	$ -	$ 566,468	$ 566,468	$ -	$ 566,468
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	675,657	-	675,657
Objects to Exclude							
Rents and Leases	5060		-	-	158,797	-	158,797
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	5,578	-	5,578
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	382,114	-	382,114
Total Supplies and Materials		-	-	-	387,692	-	387,692

See accompanying note to supplementary information.

SOLANO COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2018

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ -	$ -	$ -
Capital Outlay							
Library Books	6000	-	-	-	-	-	-
Equipment	6300	-	-	-	-	-	-
Equipment - Additional	6400	-	-	-	-	-	-
Equipment - Replacement	6410	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	39,830	-	39,830
Total Exclusions		566,468	-	566,468	1,828,444	-	1,828,444
Total for ECS 84362, 50 Percent Law		$ 26,102,999	$ -	$ 26,102,999	$ 51,379,624	$ -	$ 51,379,624
Percent of CEE (Instructional Salary Cost/Total CEE)		50.80%		50.80%	100.00%		100.00%
50% of Current Expense of Education					$ 25,689,812		$ 25,689,812

See accompanying note to supplementary information.

SOLANO COMMUNITY COLLEGE DISTRICT

PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2018

Activity Classification	**Object Code**				**Unrestricted**
EPA Proceeds:	8630				$ 6,542,212
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 6,542,212			$ 6,542,212
					-
Total Expenditures for EPA		$ 6,542,212	-	-	$ 6,542,212
Revenues Less Expenditures					$ -

See accompanying note to supplementary information.

SOLANO COMMUNITY COLLEGE DISTRICT

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

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report (CCFS-311) and the audited financial statements.

	General Fund Unrestricted	General Fund Restricted	Child Development Fund	Revenue Bond Construction Fund	Bond Interest and Redemption Fund	Capital Outlay Fund
June 30, 2018, Annual Financial and Budget Report (CCFS-311) Reported Fund Balance	$ 15,233,671	$ 4,932,012	$ (918,650)	$ 106,443,318	$ 21,050,995	$ 4,467,996
Adjustments to Increase (Decrease) Fund Balance						
Increase in:						
Cash	-	-	-	1,157,620	(1,157,620)	-
Accounts receivable	-	428,912	-	-	-	1,363,388
Accounts payable and other accrued liabilities	(2,194,093)	-	167	-	-	-
Unearned revenue	-	(1,393,533)	-	-	-	-
Revenues	-	1,425,936	1,027,420	-	1,136,055	-
Expenditures	(1,572,895)	(925,193)	-	(32,527,271)	(21,470,674)	-
Other	381,930	-	-	-	21,778,088	-
Decrease in:						
Accounts receivable	-	-	(15,374)	-	-	-
Accounts payable and other accrued liabilities	-	702,972	-	-	-	-
Revenues	(1,070,270)	-	-	-	-	-
Expenditures	-	-	(15,090)	-	-	-
Other	-	(20,565)	-	-	(6,172,383)	-
Net Adjustments	(4,455,328)	218,529	997,123	(31,369,651)	(5,886,534)	1,363,388
Balance, June 30, 2018, Audited.	$ 10,778,343	$ 5,150,541	$ 78,473	$ 75,073,667	$ 15,164,461	$ 5,831,384

	Revenue Bond Interest and Redemption Fund	Student Financial Aid Fund	Retiree OPEB Trust Fund	Other Trust Fund	Agency Fund
June 30, 2018, Annual Financial and Budget Report (CCFS-311) Reported Fund Balance	$ 15,729,310	$ 76,092	$ 3,055,977	$ 1,769,052	$ 213,732
Adjustments to Increase (Decrease) Fund Balance					
Increase in:					
Accounts receivable	-	67,137	-	-	-
Unearned revenue	-	(101,571)	-	-	-
Other	-	-	-	799	-
Revenues	-	-	229,836	-	-
Decrease in:					
Accounts payable and other accrued liabilities	-	107,808	-	-	-
Revenues	-	(2,507)	-	-	-
Expenditures	-	-	(125)	-	-
Other	(15,398,880)	-	(89)	-	(2,074)
Net Adjustments	(15,398,880)	70,867	229,622	799	(2,074)
Balance, June 30, 2018, Audited.	$ 330,430	$ 146,959	$ 3,285,599	$ 1,769,851	$ 211,658

See accompanying note to supplementary information.

SOLANO COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Total Fund Balance:		
General Funds	$ 15,928,884	
Special Revenue Funds	78,473	
Capital Project Funds	80,905,051	
Debt Service Funds	15,494,891	
Enterprise Funds	970,954	
Proprietary Funds	609,085	
Student Financial Aid and Scholarship Fund	146,959	
Total Fund Balance - All District Funds		**$ 114,134,297**
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 368,193,401	
Accumulated depreciation is	(79,075,101)	289,118,300
Deferred outflows related to bonds: Deferred charges on debt refundings are recognized on the modified accrual basis but on the accrual basis are amortized over the shorter of the life of the old bond or the new bond.		1,001,161
Deferred outflows related to pensions: Pension contributions subsequent to the measurement date and the difference between projected and actual earnings on pension plan investments, and expected and actual experience are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense or the remaining service life of members receiving benefits.		14,561,732
In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred.		(751,280)
Deferred inflows related to bonds: Deferred charges on debt refundings are recognized on the modified accrual basis but on the accrual basis are amortized over the shorter of the life of the old bond or the new bond		(1,468,925)
Deferred outflows related to OPEB: OPEB contributions subsequent to the measurement date.		444,728
Deferred inflows related to pensions: The difference between projected and actual earnings on pension plan investments, expected and actual experience, net change in assumptions, and net change in proportionate share are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense or the remaining service life of members receiving benefits.		(8,596,948)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
General obligation bonds payable	297,201,275	
Revenue bonds payable	9,141,725	
Bond premiums	15,180,718	
Compensated absences	1,439,657	
OPEB liability	9,821,276	
Aggregate net pension liability	49,840,982	(382,625,633)
Total Net Position		**$ 25,817,432**

See accompanying note to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

This schedule provides information about the District's governing board members and administration members.

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (Part 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position – Primary Government, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of funds that in the previous period were recorded as revenues but were unspent, or funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2018.

Description	CFDA Number	Amount
Total Federal Revenues per Statement of Revenues, Expenditures, and Changes in Fund Balance:		$ 10,001,561
Unreconciled		(107,747)
Pell Grant - Use of Fund Balance	84.063	(80,963)
Total Expenditures of Federal Awards		$ 9,812,851

Schedule of Expenditures of State Awards

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

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

FTES is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

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

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

Proposition 30 Education Protection Act (EPA) Expenditure Report

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

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

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

Reconciliation of Governmental Funds to the Statement of Net Position

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

INDEPENDENT AUDITOR'S REPORTS

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE difference

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Solano Community College District
Fairfield, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Solano Community 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 March 29, 2019.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying the Schedule of Financial Statement Findings and Recommendations 2018-001 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Financial Statement Findings and Recommendations 2018-002 through 2018-004 to be significant deficiencies.

5000 Hopyard Rd., Suite 335, Pleasanton, CA 94588 P 925.734.6600 F 925.734.6611

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-005 and 2018-010.

Solano Community College District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying District Corrective Action Plans. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
March 29, 2019

5000 Hopyard Rd., Suite 335, Pleasanton, CA 94588 P 925.734.6600 F 925.734.6611

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE difference

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

Board of Trustees
Solano Community College District
Fairfield, California

Report on Compliance for Each Major Federal Program

We have audited Solano Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2018. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

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 the 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.

5000 Hopyard Rd., Suite 335, Pleasanton, CA 94588 P 925.734.6600 F 925.734.6611

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 Federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items, 2018-005 and 2018-006. Our opinion on each major Federal program is not modified with respect to these matters.

The District's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 the 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-005 and 2018-006, that we consider to be significant deficiencies.

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying District Corrective Action Plans. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
March 29, 2019

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE difference

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Solano Community College District
Fairfield, California

Report on State Compliance

We have audited Solano Community College District's (the District) compliance with the types of compliance requirements as identified in the 2017-2018 California Community Colleges Chancellor's Office *District Audit Manual* that could have a direct and material effect on each of the District's State programs as noted below for the year ended June 30, 2018.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. 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 standards and procedures identified in the 2017-2018 California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of the District's compliance with those requirements.

5000 Hopyard Rd., Suite 335, Pleasanton, CA 94588 P 925.734.6600 F 925.734.6611

Basis for Qualified Opinion on Residency Determination for Credit Courses, Dual Enrollment, Gann Limit Calculation, and Open Enrollment

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding Residency Determination for Credit Courses (Section 425), Dual Enrollment (Section 427), Gann Limit Calculation (Section 431), and Open Enrollment (Section 435). Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to those programs.

Qualified Opinion on Residency Determination for Credit Courses, Dual Enrollment, Gann Limit Calculation, and Open Enrollment

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2018.

Unmodified Opinion for Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the State programs noted below that were audited for the year ended June 30, 2018, except as described in the State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.

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

Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP and Non-CCAP)
Section 428	Student Equity
Section 429	Student Success and Support Program (SSSP) Funds
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 439	Proposition 39 Clean Energy Fund
Section 440	Intersession Extension Programs
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds

The District reports no Instructional Service Agreements/Contracts for Apportionment Funding and To Be Arranged Hours (TBA); therefore, the compliance tests within these sections were not applicable. The District did not participate in the Intersession Extension Program and Apprenticeship Related and Supplemental Instruction (RSI) Funds, therefore, the compliance tests within these sections were not applicable.

The District's responses to the findings identified in our audit are described in the accompanying District Corrective Action Plans. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
March 29, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SOLANO COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	Yes
Identification of major Federal programs:	

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.063, 84.033, 84.268	Student Financial Aid Cluster

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

STATE AWARDS

Type of auditor's report issued on compliance for State programs:

Unmodified for all State programs except for the following State programs which were qualified:

Name of State Programs:
Section 424 Residency Determination for Credit Courses
Section 427 Dual Enrollment
Section 431 Gann Limit Calculation
Section 435 Open Enrollment

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2018

The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

2018-001 Financial Reporting

Criteria or Specific Requirement
The accounting system used to record the financial affairs of any community college district shall be in accordance with the definition, instructions, and procedures published in the California Community Colleges *Budget and Accounting Manual* (BAM). Colleges are also required to present their financial statements in accordance with generally accepted accounting principles (GAAP).

Condition – *Material Weakness*
Errors were made within the closing process of the District's financial records as of June 30, 2018. Material adjustments and reconciliations were required to conform to the BAM and GAPP. We noted:

- Certain accounts receivable and payable accrued in the prior fiscal year were not properly cleared in the 17-18 fiscal year.
- Audit differences were noted in various account balances and transactions resulted in audit adjustments noted on page 79.
- Bank reconciliation were prepared for all the months of the year, however, all of the reconciliations were completed several months after the fiscal year ended June 30, 2018
- A liability account (Other Deductions) has a significant debit balance which cannot be substantiated.
- The District's financial records for the fiscal year ended June 30, 2016 and 2017 were not properly closed which allowed journal entries to be posted after books "closed".

Questioned Costs – Material adjustments to the financial statements were reviewed with management and accepted for posting. No questioned costs were associated with this finding.

Context
The District maintains individual funds accounts and balances subject to the reconciliation process. The net impact to the individual funds is included on page 79 of this report.

Effect
Material adjustments were proposed as a result of the audit procedures. These adjustments were accepted by management to ensure the financial statements were presented fairly.

Cause
The oversight and monitoring controls over the individual accounts and the closing process appear not to have adhere to.

Recommendation
The District should develop a closing procedure calendar at year end to ensure all information is prepared, reviewed, and reconciled prior to the closing of the general ledger. All inter-fund activity accounts should be examined and investigated to determine the purpose to ensure the balance is accurate. A regular and timely reconciliation of the asset and liability accounts should be performed with any inconsistencies reconciled and adjusted prior to year-end.

2018-002 Schedule of Expenditures of Federal Awards (SEFA)/Schedule of Expenditures of State Awards (SESA)

Criteria or Specific Requirement
Uniform Guidance requires the auditee to prepare a SEFA for the period covered by the auditee's financial statements. At a minimum, the schedule should:

- List individual Federal programs by Federal Agency
- Include, for Federal awards received as a subrecipient, the name of the pass-through entity and the identifying number assigned by the pass-through entity
- Provide the total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

Condition – *Significant Deficiency*
A complete SEFA/SESA was prepared by the District for both the Federal and State categorical programs; however, we noted several errors in the initial reporting. There were some errors noted within the recordings of the total revenue, expenditures, accounts receivable, and unearned revenues. All errors noted required post closing audit adjustments.

Questioned Costs – No questioned costs associated with this finding.

Context
Per review of the SEFA and SESA for the 2017-18 fiscal year.

Effect
Without proper control in place over the reporting of Federal and State awards, the District is at risk of losing future funding for those programs and/or may have to repay funds back to the grantor that were already received.

Cause
SEFA and SESA were not accurately prepared.

Recommendation
The District should review its procedures over the collection of data to be included in the SEFA and SESA to ensure revenue and expenditures, and related account balance are properly reported.

2018-003 Capital Asset Reporting

Criteria or Specific Requirement
Accounting principles generally accepted in the United States of America and best accounting practices require a system of internal control over capital assets that will provide for both the safekeeping of District owned assets and the proper recordkeeping of the assets' net book values.

Condition – *Significant Deficiency*
The accounting for capital assets and the related valuations has not been completed as of the fiscal year-end. The review and analysis of purchases, disposals, and other changes in the capital asset accounts has a significant impact on the financial statements as a whole and has not been reconciled during the year. Depreciation schedule of the capitalized assets has not been maintained.

In addition, a physical inventory of the equipment actually owned by the District has not been conducted in the past several years to determine whether all items purchased and capitalized are still in use as intended in the operations of the District.

Questioned Costs – No questioned costs associated with this finding.

Context
Per review of the capital asset for the fiscal year.

Effect
The District is not consistent with GAAP for capital asset accounting.

Cause
Capital asset schedule was not updated and annual depreciation was not prepared for the fiscal year.

Recommendation
The District should establish a procedure to identify capital expenditures throughout the year as they occur and update the capital asset listing quarterly. This update should include a reconciliation of all construction accounts and equipment expense accounts to ensure all items meeting the threshold for capitalization are met.

2018-004 Compensated Absences

Criteria or Specific Requirement
Effective internal controls over compensation require the accumulation, review, and recording of compensated absences. In addition, the District's procedures over compensated absence reporting requires employee to submit request for time off before they went on vacation, and submit the approved time off to HR upon their return.

Condition – *Significant Deficiency*
It was noted that the District has no procedures in place to ensure that all employees returning from vacation submit the approved time off request to HR to ensure that the District's financial system is properly updated for the use of employee vacation time.

Questioned Costs – No questioned costs associated with this finding.

Context
Per review of compensated absences process during the fiscal year.

Effect
The balance for the compensated absences may be overstated.

Cause
No monitoring procedures in place to ensure that all employees submit approved time off requests.

Recommendation
The District should establish monitoring procedures to ensure that all compensated absences are properly tracked and recorded.

The following findings represent significant deficiencies and instances of noncompliance including questioned costs that are required to be reported by the Uniform Guidance.

2018-005 Finding: Returned to Title IV

Program Name: Student Financial Assistance Cluster
CFDA Number: 84.007, 84.033, 84.063, and 84.268
Federal Agency: U.S. Department of Education
Pass-Through Entity: Direct Funded

Criteria or Specific Requirement
OMB Compliance Supplement, 34 CFR Section 668.173(b): Timing of Return of Title IV Funds

Return of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to the Department of Education (ED) or the appropriate Federal Family Education Loan (FFEL) lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew (34 CFR section 668.173(b)).

Condition – *Significant Deficiency*
The District's portion of the Return to Title IV funds was not returned within the 45 day requirement.

Questioned Costs
There were no questioned costs associated to the noncompliance. The District did return the funds; however, they were not returned within the 45 day requirement.

Context
All of the 40 students tested at Solano College where the District's portion of the Return to Title IV funds were not returned within the 45 day requirement.

Effect
Without proper monitoring of Title IV returns, the District risks noncompliance with the above referenced criteria.

Cause
The District has not implemented policies and procedures to monitor the Return to Title IV funds.

Repeat Funding: No.

Recommendation
The District should implement procedures to ensure that the Return to Title IV funds occurs within 45 days from the date the District determines the student withdrew from all classes.

2018-006 Finding: Common Origination and Disbursement System

Program Name: Student Financial Assistance Cluster
CFDA Number: 84.007, 84.033, 84.063, and 84.268
Federal Agency: U.S. Department of Education
Pass-Through Entity: Direct Funded

Criteria or Specific Requirement
Common Origination and Disbursement (COD) System (*OMB No.* 1845-0039) – All schools receiving Pell grants submit Pell payment data to the Department of Education through the COD System.

Schools submit Pell origination records and disbursement records to the COD. Origination records can be sent well in advance of any disbursements, as early as the school chooses to submit them for any student the school reasonably believes will be eligible for a payment. The disbursement record reports the actual disbursement date and the amount of the disbursement. ED processes origination and/or disbursement records and returns acknowledgments to the school. Institutions must report student payment data within 15 calendar days after the school makes a payment, or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Schools may do this by reporting once every 15 calendar days, bi-weekly or weekly, or may set up their own system to ensure that changes are reported in a timely manner.

Condition – *Significant Deficiency*
The process dates reported in the COD files were more than 15 calendar days after the disbursement dates reported in the COD files in the District's financial records for the Fall and Spring semesters. One student of the 40 students tested at Solano College had transactions processed in excess of 15 days.

Questioned Costs
$279.

Context
The District processed and reported approximately $7,031,840 in Pell grants during the year.

Effect
The District is not in compliance with the Federal requirements described in the OMB Compliance Supplement.

Cause
The District did not report student files to COD on a timely basis.

Repeat Funding: No.

Recommendation
The District should implement review procedures to verify that all information is properly reported and in compliance with Federal guidelines.

The following findings represent instances of noncompliance and/or questioned costs relating to State program laws and regulations. The findings have been coded as follows:

2018-007 **Finding – Non CCAP Dual Enrollment**

Criteria or Specific Requirement
Per Ed Codes 48800(a), 48800.5, and 76001(d) the College must obtain verification from the K-12 District that the student can benefit from advanced scholastic or vocational work. Additionally, Education Code 76300 provides that special part-time students may be exempted, as a group, from paying enrollment fees.

Condition – *Significant Deficiency*
A student's documentation from the K-12 District that the students could benefit from advanced scholastic or vocational work was unable to be located.

Questioned Costs
Enrollment fees associated with the one student.

Context
One out of the 25 students, did not have the documentation from the K-12 District that the students could benefit from advanced scholastic or vocational work.

Effect
Students who may not be entitled to the special admit or part time student classification were listed as such, and thereby exempted from payment of enrollment fees.

Cause
Documentation was not properly filed in a secure location.

Recommendation
The District should review the concurrent student process to verify all have a special admit form on file, and/or college enrollment fees from any students not qualifying as concurrent.

2018-008 **Finding – Residency Determination for Credit Courses**

Criteria or Specific Requirement
ED Code 68041, CCR Title 5 Regulations and the Student Attendance Accounting Manual (SAAM), each student enrolled or applying for admission to an institution shall provide the information and evidence of residence as deemed necessary by the governing board or district governing board, as appropriate, to determine his or her classification. An oath or affirmation may be required in connection with taking testimony necessary to ascertain a student's classification. The determination of a student's classification shall be made in accordance with this part and the residence determination date for the semester, quarter, or term for which the student proposes to attend an institution.

Condition – *Significant Deficiency*
Of the 25 students tested, 9 were shown as residence status, however there were no evidence that show showing these students' residency status was determined.

Questioned Costs
The nonresident student fees per unit for the nine students that were charged as residents.

Context
Of the 25 students tested, nine appeared to not have the appropriate documentation to show that they were residents of California.

Effect
The Residential FTES and the Nonresidential FTES may not be properly claimed.

Cause
District classified 9 students as residents even though there was no supporting documentation provided.

Recommendation
The District should review the residential student documentation process to verify all students have provided the information and evidence of residence as deemed necessary by the governing board or district governing board, as appropriate, to determine the students' classification.

2018-009 Finding – Open Enrollment

Criteria or Specific Requirement
Per CCR Title 5 Regulations, Section 51006(b), The statement of policy adopted by the board pursuant to subdivision (a) shall be published in the official catalog, schedule of classes, and addenda to the schedule of classes for which full-time equivalent student (FTES) is reported for state apportionment.

Condition – Significant Deficiency
The District does not have the open enrollment policy stated in the schedule for classes.

Questioned Costs
There were no questioned costs associated to this noncompliance.

Context
Per review of the schedule of classes for the 2017-18 fiscal year end.

Effect
The District is out of compliance with CCR Title 5 Regulations, Section 51006(b).

Cause
The District did not review the schedule of classes to verify that the Board approved Open Enrollment policy was posted in the information.

Recommendation
The District should review the schedule of classes in order to verify that the open enrollment policy approved by the Board is included.

2018-010 Finding – Gann Limit

Criteria or Specific Requirement
Article XIII-B of the California Constitution and Chapter 1205, Statutes of 1980, require each community college to compute its annual appropriation limit. Each limit is adjusted annually for changes in price index, population and, if applicable, other factors. Title 5 section 58303 indicates the district's adopted budget shall also include the appropriations limit and the total annual appropriations subject to limitations. Government Code, section 7908(c) requires each community college district to report to the Chancellor of the California Community Colleges and to the Director of the Department of Finance at least annually its appropriation limit, appropriations subject to limit, state aid apportionments, subventions included within property tax proceeds and amounts excluded from the appropriations subject to limit. Report this information in the Annual Financial and Budget Report (CCFS-311), Part 2 General Fund Supplemental Data.

Condition – Significant Deficiency
P2 for prior year and current year actual amounts reported on the GANN do not agree to the referenced reports. Prior year P2 reported on GANN was 223.83 FTES more than what was reported on the 16-17 P2. The GANN showed 579.69 FTES less than what was reported on the 17-18 P2.

Questioned Costs
There were no questioned costs associated to this noncompliance.

Context
Per review of the Gann Limit calculation for the 2017-18 fiscal year.

Effect
Gann limit amount reported was not accurate.

Cause
There was no review procedures in place to ensure Gann limit calculation was completed properly.

Recommendation
The District should review the process for Gann limit calculation and establish a review process to ensure the Gann limit is properly calculated.

CORRECTIVE ACTION PLANS

YEAR ENDED JUNE 30, 2018

Compiled by: Robert Diamond, Vice President, Finance and Administration

SOLANO COMMUNITY COLLEGE DISTRICT

District Responses and Corrective Action Plans

Year ended June 30, 2018

I. FINANCIAL STATEMENT FINDINGS

Finding 2018-001

The District agrees with this audit finding and is improving processes and internal controls. Some essential processes, such as reconciliations and account analyses, have not been performed for up to ten years. New processes have been implemented, and reconciliations have been brought current, and there are continuing efforts to identify and address any other internal control weaknesses.

Finding 2018-002

The District agrees that the SEFA portion of this report was prepared incorrectly on the District's first attempt. The SEFA has been prepared with the auditor's assistance in prior years and this the first attempt for staff to prepare the SEFA. The auditors assisted the completion of the current SEFA based on information provided by the District and educated staff on the elements of the report. Staff intend to complete next year's SEFA better trained. As a result, we expect next year's preparation by staff to be more accurate.

Finding 2018-003

The District acknowledges that capital assets have not been inventoried for several years and that fixed asset records need review. By June 30, 2019, the District intends to complete a full inventory of all equipment and convert fixed asset accounting to the Banner ERP system. This should result in more timely and accurate accounting and reporting for fixed assets.

Finding 2018-004

The District agrees that internal control over absence reporting was inadequate. The District discovered that six employees had willfully failed to report the absences over a period of 18 months or more. As a result of this discovery, the following have occurred:

- The six employees were disciplined.
- The failure of employees to report and the weakness in internal control, were reported to the auditors. The auditors then expanded their testing of absence reporting.
- In Fall, 2018, management implemented a new absence reporting process and form, requiring every employee to report monthly, even when no absences have occurred.

We believe the new reporting process has substantially improved internal control and the accuracy of absence reporting.

II. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Finding 2018-005

Program: Student Financial Assistance Cluster
CFDA No.: 84.007, 84.033, 84.063, and 84.268
Federal Agency: U.S. Department of Education
Pass-Through Entity: N/A
Award Year: 2017-2018
Compliance Requirement: Special Test and Provisions

The District agrees that several "return to title IV" (R2T4) repayments to the federal government were paid after the 45-day time limit. This compliance task has been assigned to a different employee who has been accomplishing all R@T4 repayments within the 45-day requirement.

Finding 2018-006

Program: Student Financial Assistance Cluster
CFDA No.: 84.007, 84.033, 84.063, and 84.268
Federal Agency: U.S. Department of Education
Pass-Through Entity: N/A
Award Year: 2017-2018
Compliance Requirement: Reporting

The District acknowledges that the student identified in this finding was processed more than 15 days after the disbursement date. The underlying cause of the delay has been addressed and the financial aid department is reporting significant improvements in the process.

SOLANO COMMUNITY COLLEGE DISTRICT

District Responses and Corrective Action Plans

Year ended June 30, 2018

III. STATE AWARDS FINDING AND QUESTIONED COSTS

Finding 2018-007

The District agrees that this missing documentation is an indication of a control weakness and compliance exception. The Dean of Enrollment Services is reviewing process improvement alternatives.

Finding 2018-008

The District agrees that the missing residency documentation is an indication of a control weakness and compliance exception. The Dean of Enrollment Services is reviewing process improvement alternatives.

Finding 2018-009

The District acknowledges that the open enrollment policy was described in our catalog, but not in the course schedule. Immediately on being informed, the District incorporated appropriate language into subsequent class schedules.

Finding 2018-0010

The District acknowledges the error on the Gann limit calculation. This was a clerical error followed by a review oversight. No procedural changes are required, but both the creator and reviewer have been counseled to be more careful in the preparation and review.

SOLANO COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

Financial Statement Findings

2017-001 Accounts Payable Accruals

Finding – *Material Weakness*
The District did not accrue approximately $4.6 million for the cost of services provided during the 2016-17 fiscal year for construction projects that were in progress over the fiscal year-end.

Recommendation
The District should ensure that part of fiscal year end close process is to verify that invoices have been received for all ongoing projects or amounts have been estimated where applicable. There are several methods that can be implemented if amounts need to be estimated, including estimates based on a prior month billing, estimating based on a percentage of completion, or estimating based on purchase order prices or contract rates.

Current Status
Implemented.

State Award Findings

2017-002 Finding – Student Equity

Finding – *Significant Deficiency*
The District had five unallowable expenditures noted in the Student Equity Program out of the 25 transactions tested.

Recommendation
We recommend the District provide additional training to individuals providing information for the reporting of student equity services. We also recommend that management review in detail the transactions in the program to verify compliance with the State requirements for allowable expenditures.

Current Status
Implemented.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

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

November 27, 2019

Board of Trustees
Solano Community 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 $112,650,000 Solano Community College District (Solano and Yolo 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 Government Code, and a resolution adopted by the Board of Trustees of the Solano Community College District (the "District") on October 16, 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 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 Solano Community College District will execute a Continuing Disclosure Certificate in substantially the following form in connection with the issuance of $112,650,000 Solano Community College District (Solano and Yolo Counties, California) 2019 General Obligation Refunding Bonds (Federally Taxable).

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Solano Community College District (the "District") in connection with the issuance of $112,650,000 of the District's 2019 General Obligation Refunding Bonds (Federally Taxable) (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the Board of Trustees of the District adopted on October 16, 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 Wildan Financial, 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 November 13, 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 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):

(a) State funding received by the District for the last completed fiscal year;

(b) FTES of the District for the last completed fiscal year;

(c) Outstanding District indebtedness;

(d) Summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the then-current fiscal year, and

(e) Assessed Valuation of taxable property within the District.

(vi) tax delinquencies, to the extent the County does not maintain the Teeter Plan with respect to the collection of taxes to repay the Bonds 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. Reporting of Significant Events.

(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. optional, contingent or unscheduled bond calls.

4. 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.

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. 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: November 27, 2019

SOLANO COMMUNITY COLLEGE DISTRICT

By: ____

Vice President, Finance and Administration

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: SOLANO COMMUNITY COLLEGE DISTRICT

Name of Bond Issue: 2019 General Obligation Refunding Bonds (Federally Taxable)

Date of Issuance: November 27, 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:_______________________

SOLANO COMMUNITY COLLEGE DISTRICT

By ______[form only; no signature required]_________

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITIES OF FAIRFIELD AND VALLEJO AND SOLANO COUNTY

The following information concerning the City of Fairfield ("Fairfield"), the City of Vallejo ("Vallejo," and together with Fairfield, the "Cities") and Solano County (the "County") is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the County. 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

The City of Fairfield. Fairfield is located within the canter and western portions of the County and lies equidistant from the cities of San Francisco and Sacramento, approximately 38 miles from the centers of each. It is 37 square miles in area. Fairfield was incorporated in 1892 and has a council-manager form of government. Fairfield is the County seat and has the second-largest population of any city in the County, after Vallejo. The basis for much of Fairfield's economy lies in light manufacturing, as well as Travis Air Force Base.

The City of Vallejo. Vallejo is the largest city in the County in both population and area, as its nearly 49 square miles of area are nestled in the southwestern corner of the County, at the junction of the Napa River with Suisun Bay and San Pablo Bay. Its location places it closer to San Francisco, which is about 32 miles away, than Sacramento, which is approximately 47 miles away. Vallejo operates under a council-manager government and has served briefly as the State of California capital twice.

Solano County. The County is one of the nine counties which constitute the greater metropolitan San Francisco Bay Area and one of the counties that originally formed when California achieved statehood in 1850. It lies between the cities and counties of San Francisco and Sacramento, located approximately 45 miles northeast of the former and 45 miles southwest of the latter. The County encompasses over 909 square miles, with 829 square miles of that being on land. Five other counties border the County, with Napa and Yolo Counties to the northwest and Contra Costa and Sacramento.

The majority of the land of the County is used for agricultural purposes, with half of that land being used for irrigated agriculture. Agriculture is naturally a major component of the County's economy, leaving the County as a major producer of livestock including cattle and sheep, nursery stock, tomatoes, hay, grapes, walnuts and corn.

The County is a general law county governed by a five-member Board of Supervisors each serving four year terms. In addition to serving its unincorporated areas, there are seven jurisdictions that are served by the County: the cities of Benicia, Dixon, Fairfield, Rio Vista, Suisun City, Vacaville and Vallejo.

Population

The following table below shows ten years of historical population figures for the Cities, the County and the State.

POPULATION ESTIMATES
2010 through 2019
Cities of Fairfield and Vallejo, Solano County and State of California

Year[1]	City of Fairfield	City of Vallejo	Solano County	State of California
2010[2]	105,321	115,942	413,344	37,253,956
2011	106,173	116,111	414,284	37,594,781
2012	107,418	116,803	417,210	37,971,427
2013	109,325	117,069	420,350	38,321,459
2014	110,768	118,011	424,145	38,622,301
2015	112,137	118,475	427,744	38,952,462
2016	112,820	118,635	431,346	39,214,803
2017	115,311	119,555	436,801	39,504,609
2018	115,966	119,637	439,102	39,740,508
2019	117,149	119,544	441,307	39,927,315

(1) January 1 data.
(2) April 1 data.
Source: California Department of Finance.

Personal Income

The following table summarizes 10 years of per capita personal income for the County, State and United States from 2008 through 2017.

PER CAPITA PERSONAL INCOME[1]
2008 through 2017
Solano County, State of California, and United States

Year	Solano County	State of California	United States
2008	$38,221	$43,895	$40,904
2009	37,524	42,050	39,284
2010	37,706	43,609	40,545
2011	39,008	46,145	42,727
2012	39,514	48,751	44,582
2013	40,874	49,173	44,826
2014	42,486	52,237	47,025
2015	44,979	55,679	48,940
2016	46,693	57,497	49,831
2017	49,116	59,796	51,640

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Commercial Activity

Summaries of annual taxable sales for the Cities and the County from 2009 through 2013 are shown in the following tables.

ANNUAL TAXABLE SALES
2014 through 2018
City of Fairfield
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2014	1,402	$1,293,090	2,047	$1,823,679
2015	1,470	1,374,487	2,307	1,934,957
2016	1,489	1,396,357	2,322	1,932,013
2017	1,550	1,421,654	2,390	1,949,566
2018[1]	1,594	1,359,148	2,528	1,992,645

[1] Preliminary, subject to change.
Source: Taxable Sales in California, California State Board of Equalization for 2014.
Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2015-18. Some previously reported data has been revised by the CDTFA.

ANNUAL TAXABLE SALES
2014 through 2018
City of Vallejo
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2014	1,422	$1,011,316	1,931	$1,152,813
2015	1,542	1,044,955	2,232	1,198,367
2016	1,601	1,057,356	2,328	1,213,182
2017	1,622	1,103,920	2,385	1,281,557
2018[1]	1,689	1,125,465	2,547	1,306,565

[1] Preliminary, subject to change.
Source: Taxable Sales in California, California State Board of Equalization for 2014.
Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2015-18. Some previously reported data has been revised by the CDTFA.

ANNUAL TAXABLE SALES
2014 through 2018
Solano County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Taxable Transactions
2014	5,741	$4,547,857	8,206	$6,700,391
2015	5,926	4,771,773	9,175	7,044,953
2016	6,065	4,937,340	9,421	7,277,925
2017	6,212	5,147,973	9,627	7,675,773
2018(1)	6,412	5,215,584	10,255	7,869,088

(1) Preliminary, subject to change.

Source: *Taxable Sales in California, California State Board of Equalization for 2014.*
Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2015-18. Some previously reported data has been revised by the CDTFA.

[REMAINDER OF PAGE LEFT BLANK]

Employment

The following table summarizes the labor force, employment and unemployment figures for the Cities, the County and the State from 2014 through 2018.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT RATE
2014 through 2018
Cities of Fairfield and Vallejo, Solano County and State of California

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate %
2014	City of Fairfield	50,800	47,400	3,400	6.8
	City of Vallejo	57,600	51,700	5,800	10.2
	Solano County	202,800	187,500	15,200	7.5
	State of California	18,714,700	17,310,900	1,403,800	7.5
2015	City of Fairfield	51,700	48,900	2,900	5.5
	City of Vallejo	57,700	52,900	4,800	8.3
	Solano County	205,000	192,500	12,600	6.1
	State of California	18,851,100	17,681,800	1,169,200	6.2
2016	City of Fairfield	52,800	50,100	2,700	5.2
	City of Vallejo	56,900	53,400	3,500	6.1
	Solano County	207,400	196,000	11,400	5.5
	State of California	19,044,500	18,002,800	1,041,700	5.5
2017	City of Fairfield	53,200	50,800	2,400	4.5
	City of Vallejo	56,800	53,800	3,000	5.3
	Solano County	208,400	198,500	9,900	4.8
	State of California	19,205,300	18,285,500	919,800	4.8
2018	City of Fairfield	53,500	51,600	2,000	3.7
	City of Vallejo	57,100	54,600	2,500	4.4
	Solano County	209,700	201,600	8,200	3.9
	State of California	19,398,200	18,582,800	815,400	4.2

Note: Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2018 Benchmark.

Industry

The following table summarizes the average annual industry employment in the County from 2014 through 2018.

LABOR FORCE AND INDUSTRY EMPLOYMENT ANNUAL AVERAGES
2014 through 2018
Solano County

	2014	2015	2016	2017	2018
Farm	1,800	1,800	1,800	1,700	1,700
Mining, Logging and Construction	8,800	9,400	10,800	10,900	11,900
Manufacturing	11,000	11,700	11,900	12,400	12,500
Wholesale Trade	4,300	4,400	4,100	4,300	4,600
Retail Trade	17,500	18,400	18,600	18,700	18,700
Transportation, Warehousing and Utilities	4,000	4,300	4,500	4,500	4,700
Information	1,100	1,100	1,100	1,100	1,100
Financial Activities	4,800	4,900	5,100	5,100	5,200
Professional and Business Services	10,400	10,400	10,200	10,500	10,800
Education and Health Services	23,100	24,200	25,700	26,800	27,400
Leisure and Hospitality	14,300	14,800	15,100	15,200	15,300
Other Services	4,000	4,100	4,100	4,300	4,200
Government	24,400	24,800	25,200	25,000	24,800
Total All Industries	129,500	134,100	138,000	140,400	143,000

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, Industry Employment & Labor Force – by Annual Average. March 2018 Benchmark.

Principal Employers

The following tables list the principal employers located in the Cities and the County.

PRINCIPAL EMPLOYERS
As of June 30, 2018
City of Fairfield

Employer Name	Employees
Travis Air-Force Base	14,353
County of Solano	2,850
Fairfield-Suisan Unified School District	2,000
Northbay Medical Center	1,115
Solano Community College[(1)]	650
City of Fairfield	571
Sutter Regional Medical Foundation	475
Jelly Belly Candy Co.	461
Partnership HealthPlan	435
Westamerica Bancorporation	407

[(1)] For updated information regarding the District's employees, see "SOLANO COMMUNITY COLLEGE DISTRICT – Labor Relations" in the front part of this Official Statement
Source: "Comprehensive Annual Financial Report" of the City of Fairfield, California, for Fiscal Year Ended June 30, 2018.

PRINCIPAL EMPLOYERS
As of June 30, 2018
City of Vallejo

Employer Name	Employees
Kaiser Permanente Medical Center	3,879
Six Flags Discovery Kingdom	1,839
Vallejo Unified School District	1,435
Kaiser Permanente Call Center	970
Sutter Solano Medical Center	680
City of Vallejo	495
Touro University California	352
California Maritime Academy	313
Costco	279
U.S.D.A. Forest Service	226

Source: "Comprehensive Annual Financial Report" of the City of Vallejo, California, for Fiscal Year Ended June 30, 2018.

PRINCIPAL EMPLOYERS
As of June 30, 2018
Solano County

Employer Name	Employees
Travis AFB	14,353
Kaiser Permanente – Vallejo	3,181
County of Solano	3,029
NorthBay Healthcare System	2,650
Six Flags Discovery Kingdom	2,460
Fairfield-Suisun Unified School District	2,329
Kaiser Permanente – Vacaville	2,091
Vallejo City Unified School District	1,432
Vacaville Unified School District	1,352
California State Prison – Solano	1,221

Source: "Comprehensive Annual Financial Report" of the City of Vallejo, California, for Fiscal Year Ended June 30, 2018.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued from 2014 through 2018 for the Cities and the County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
2014 through 2018
City of Fairfield
(Dollars in Thousands)

	2014	2015	2016	2017	2018
Residential	$103,962	$145,141	$80,303	$76,814	$110,252
Non-Residential	45,655	59,497	69,966	48,318	43,097
Total	$149,617	$204,638	$150,269	$125,132	$153,349
Units					
Single Family	318	389	200	267	314
Multiple Family	0	275	63	0	0
Total	318	664	263	267	314

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2014 through 2018
City of Vallejo
(Dollars in Thousands)

	2014	2015	2016	2017	2018
Residential	$18,494	$18,665	$21,536	$27,421	$39,533
Non-Residential	23,607	26,134	25,618	29,688	28,883
Total	$42,101	$44,799	$47,154	$57,109	$68,416
Units					
Single Family	21	31	35	43	58
Multiple Family	0	0	0	0	140
Total	21	31	35	43	198

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2014 through 2018
Solano County
(Dollars in Thousands)

	2014	2015	2016	2017	2018
Residential	$217,940	$354,584	$307,715	$280,484	$310,352
Non-Residential	174,057	212,363	179,001	226,799	142,833
Total	$391,997	$566,947	$486,716	$507,283	$453,185
Units					
Single Family	655	1,037	873	845	962
Multiple Family	0	331	63	51	140
Total	655	1,368	936	896	1,102

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

SOLANO COUNTY TREASURY INVESTMENT POOL

The following information concerning the excerpts of the Solano County (the "County") Treasury Pool (the "Treasury Pool") has been provided by the Treasurer 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 Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury 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 Treasury Pool will not vary significantly from the values described herein. Finally, neither the District, the Municipal Advisor nor 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 Treasury Pool, may be obtained from the Treasurer at https://www.solanocounty.com/depts/ttcc/treasurer/investment_reports.asp*; however, the information presented on such website is not incorporated herein by any reference.*

[REMAINDER OF PAGE LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

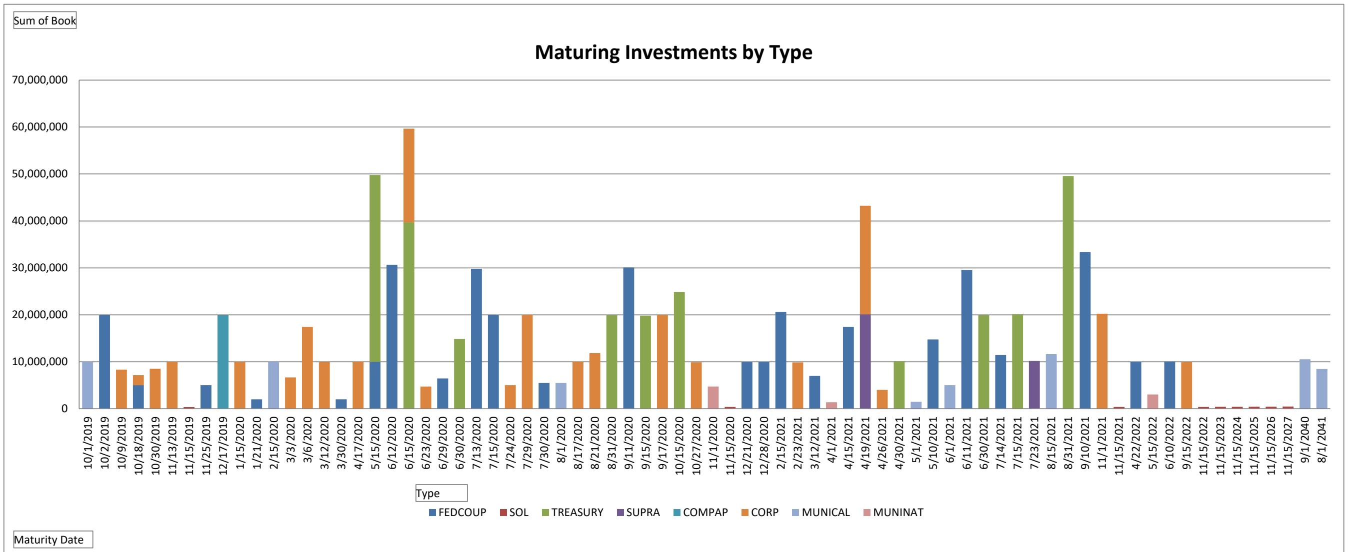
Solano County Treasury
Treasurer Charles Lomeli
Statement of Assets
September 30, 2019

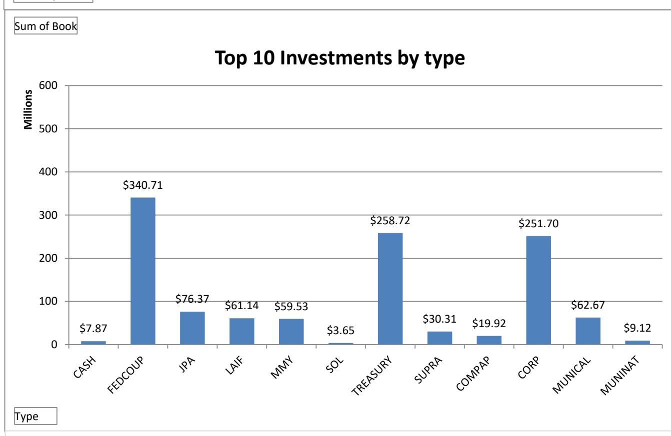
	Fiscal Year 2020 September
Cash & Cash Equivalents	
Cash on Hand	$1,514,079.91
Cash in Bank	$6,357,531.82
Cash in Money Markets	$115,122,971.44
LAIF	$61,136,296.75
Total Cash & Cash Equivalents	**$184,130,879.92**
Non Cash Assets	
Accrued Interest	$5,740,954.68
Total Non Cash Assets	**$5,740,954.68**
Investments	
Mutual Funds	$15,065,756.84
Securities	$981,459,678.66
Total Investments	**$996,525,435.50**
Total Pooled Investment At Market Value	**$1,186,397,270.10**
Mark to Market Equity	$4,709,133.50
Total Pooled Investments At Book Value	**$1,181,688,136.60**
Other Treasury Holdings	
Other Treasury Holdings	$13,515,833.16
PARS115	$31,301,953.47
Total Other Treasury Holdings	**$44,817,786.63**
TOTAL ASSETS AT MARKET VALUE	**$1,231,215,056.73**
NET ASSET VALUE OF POOLED INVESTMENTS*	**1.0040**

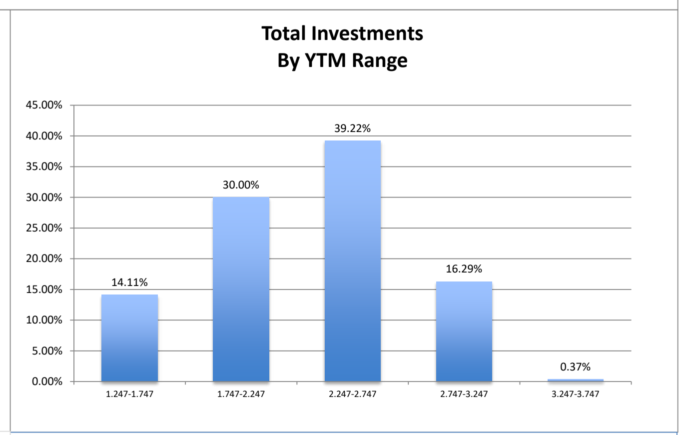
Charles Lomeli: Treasurer - Tax Collector - County Clerk **Date**

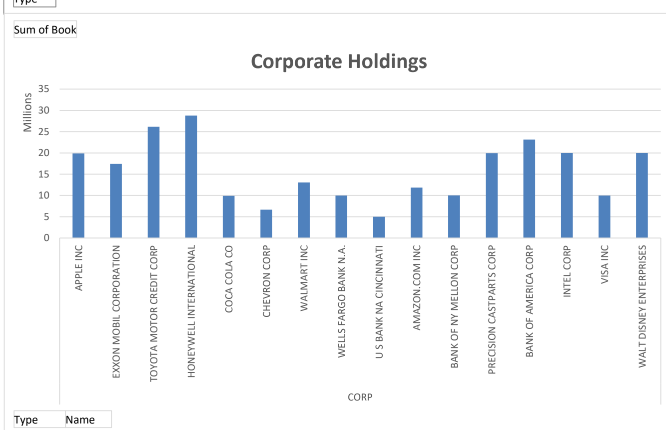
*NAV is calculated by dividing Pooled Assets at Market Value by Pooled Assets at Book Value.
Bond Proceed Totals are not included in the calculation.

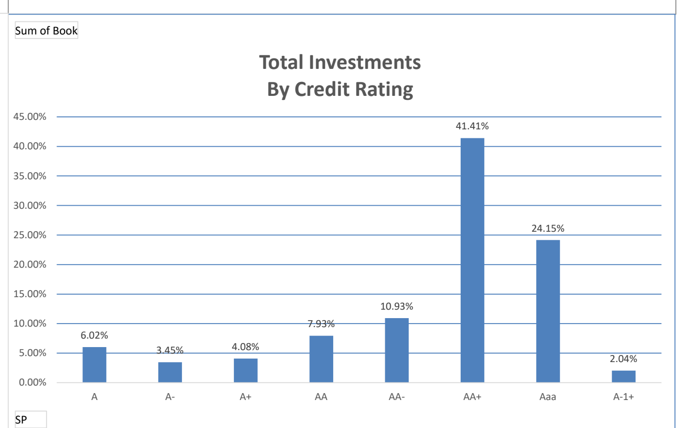
Solano County Treasury
Treasurer Charles Lomeli
Portfolio Statistical Graphs
September 30, 2019











Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet (EOP)
September 30, 2019

	Fiscal Year 2020 September
ASSETS	
Cash & Cash Equivalents	
Physical Cash	$1,002.92
Sealed Bags	$884,618.28
Deposits in Transit	$628,458.71
Total Cash on Hand	**$1,514,079.91**
Wells Fargo Deposit Account	$4,397,003.00
Bank of America Deposit Account	$1,925,266.93
First Northern Bank Lake Solano Park	$14,578.32
Bank of Stockton	$20,683.57
Total Cash in Bank	**$6,357,531.82**
WF Money Market Account	$4,190,995.69
UB Safekeeping Money Market Account	$51,448.30
CAMP Money Market Account	$34,508,455.15
CalTrust Liquidity Fund	$38,822,072.30
CalTrust Blackrock FedFund	$37,550,000.00
Total Cash in Money Markets	**$115,122,971.44**
LAIF	$61,136,296.75
Total LAIF	**$61,136,296.75**
Total Cash & Cash Equivalents	**$184,130,879.92**
Non Cash Assets	
Acc Int Money Markets	$29,486.82
Acc Int LAIF	$352,828.43
Acc Int CT Short	$28,122.43
Acc Int Investment Securities	$5,330,517.00
Total Accrued Interest	**$5,740,954.68**
Total Items in Transit	**$0.00**
Total Non Cash Assets	**$5,740,954.68**
Mutual Funds	
CT Short Book Value	$15,033,482.07
CT Short Mrk to Market	$32,274.77
Total Mutual Funds	**$15,065,756.84**
Securities	
Solano County Bonds Par	$3,645,000.00
US Treasuries Par	$260,000,000.00
US Treasuries Premium	$221,529.18
US Treasuries Discount	($1,501,713.78)

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet (EOP)
September 30, 2019

	Fiscal Year 2020 September
US Treasuries Mk to Mkt	$1,518,159.39
Municipals Par	$69,777,877.00
Municipals Premium	$2,029,192.04
Municipals Discount	($21,043.35)
Municipals Mk to Mkt	$424,183.16
Fed Agencies Par	$339,377,000.00
Fed Agencies Premium	$1,704,354.08
Fed Agencies Discount	($376,022.28)
Fed Agencies Mk to Mkt	$1,211,386.29
Commercial Paper Par	$20,000,000.00
Commercial Paper Discount	($83,846.33)
Commercial Paper Mk to Mkt	$83,846.33
Corporates Par	$252,383,000.00
Corporates Premium	$8,980.68
Corporates Discount	($687,679.75)
Corporates Mk to Mkt	$1,301,575.76
Supranational Banks Par	$30,000,000.00
Supranational Banks Premium	$306,192.44
Supranational Banks Mk to Mkt	$137,707.80
Total Securities	**$981,459,678.66**

Total Investments	**$996,525,435.50**

Total Pool at Market Value	**$1,186,397,270.10**
<u>Other Treasury Holdings</u>	
VCUSD iBank Muni Fund	$7,291,355.03
VCUSD iBank Muni Fund Mk to Mkt	($3.24)
2009 Cops	$1,806,690.65
2005 Pension Obligation Bonds	$4,179,583.80
2013 Cops	$236,076.14
2017 Cops	$2,130.78

Total Bond Proceeds	**$13,515,833.16**
115 Trust Cash	$1,332.24
115 Trust Money Markets	$3,873,219.40
115 Trust Accrued Interest	$127,921.35
115 Trust Money Market Mark to Market	($113.91)
115 Trust US Treasuries Par	$5,000,000.00
115 Trust US Treasuries Discount	($13,775.38)
115 Trust US Treasuries Mk to Mkt	$4,985.38
115 Trust Fed Agencies Par	$11,000,000.00
115 Trust Fed Agencies Premium	$5,935.46
115 Trust Fed Agencies Discount	($4,142.73)
115 Trust Fed Agencies Mk to Mkt	$21,242.03
115 Trust Corporates Par	$8,619,000.00
115 Trust Corporates Premium	$46,325.75

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet (EOP)
September 30, 2019

	Fiscal Year 2020 September
115 Trust Corporates Discount	($2,898.96)
115 Trust Corporates Mk to Mkt	($7,414.01)
115 Trust Municipals Par	$2,635,000.00
115 Trust Municipals Premium	$9,866.67
115 Trust Municipals Mk to Mkt	($14,529.82)

Total 115 Trust	**$31,301,953.47**

Total Deposits With Others	**$44,817,786.63**
	=================

Total Other Treasury Holdings	**$44,817,786.63**
	=================
OTAL ASSETS	**$1,231,215,056.73**
	=================

IABILITIES

Exception Items	
Total Bank Exceptions	**$0.00**
Total Investment Portfolio Exceptions	**$0.00**
Total Auditor - Controller Exceptions	**$0.00**

Total Exception Items	**$0.00**
Auditor - Controller Fund Balance	
OneSolution Cash in Treasury	$1,179,469,626.05

Total OneSolution Cash	**$1,179,469,626.05**
OneSolution Bond Proceeds Dep With Others	$6,224,481.37
OneSolution Pars 115 Trust	$31,297,783.80
OneSolution VCUSD iBank 5390160	$7,291,355.03

Total OneSolution Deposits With Others	**$44,813,620.20**

Total Auditor - Controller Fund Balance	**$1,224,283,246.25**
	=================
OTAL LIABILITIES	**$1,224,283,246.25**
	=================

QUITY

Total Retained Earnings	**$0.00**

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet (EOP)
September 30, 2019

	Fiscal Year 2020 September
Total Pool Mark to Market Equity	$4,709,133.50
115 Trust Mark to Market Equity	$4,169.67
VCUSD iBank Mark to Market Equity	($3.24)

Total Market to Market	**$4,713,299.93**
Net Income	**$2,218,510.55**

'OTAL EQUITY	**$6,931,810.48**

	==================
'OTAL LIABILITIES & EQUITY	**$1,231,215,056.73**
	==================

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet (AVE)
September 30, 2019

	Fiscal Year 2020 September
ASSETS	
Cash & Cash Equivalents	
Physical Cash	$1,002.92
Sealed Bags	$1,010,015.80
Deposits in Transit	$1,352,515.52
Total Cash on Hand	**$2,363,534.24**
Wells Fargo Deposit Account	$1,738,258.87
Bank of America Deposit Account	$1,355,219.28
First Northern Bank Lake Solano Park	$7,151.86
Bank of Stockton	$11,636.41
Total Cash in Bank	**$3,112,266.41**
WF Money Market Account	$5,377,196.46
BAC Money Market Account	$200,466.47
UB Safekeeping Money Market Account	$1,912,972.96
CAMP Money Market Account	$17,328,283.29
CalTrust Liquidity Fund	$27,467,784.84
CalTrust Blackrock FedFund	$17,983,333.33
Total Cash in Money Markets	**$70,270,037.35**
LAIF	$61,136,296.75
Total LAIF	**$61,136,296.75**
Total Cash & Cash Equivalents	**$136,882,134.75**
Non Cash Assets	
Acc Int Money Markets	$4,955.94
Acc Int LAIF	$242,079.61
Acc Int CT Short	$3,792.18
Acc Int CT Medium	$1,165.45
Acc Int Investment Securities	$4,648,522.84
Total Accrued Interest	**$4,900,516.02**
WF Returned Checks	$6.67
WF Non Check Exceptions	$70,339.25
BAC Returned Checks	$29.33
Total Items in Transit	**$70,375.25**
Total Non Cash Assets	**$4,970,891.27**
Mutual Funds	
CT Short Book Value	$15,033,482.07
CT Short Mrk to Market	$32,274.77
Total Mutual Funds	**$15,065,756.84**

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet (AVE)
September 30, 2019

	Fiscal Year 2020 September
Securities	
Solano County Bonds Par	$3,645,000.00
US Treasuries Par	$269,666,666.67
US Treasuries Premium	$231,347.85
US Treasuries Discount	($1,632,317.70)
US Treasuries Mk to Mkt	$1,923,908.31
Municipals Par	$69,819,877.00
Municipals Premium	$2,165,501.68
Municipals Discount	($22,358.23)
Municipals Mk to Mkt	$512,952.65
Fed Agencies Par	$366,705,000.00
Fed Agencies Premium	$1,793,050.58
Fed Agencies Discount	($423,463.77)
Fed Agencies Mk to Mkt	$1,626,559.64
Commercial Paper Par	$12,000,000.00
Commercial Paper Discount	($61,413.39)
Commercial Paper Mk to Mkt	$2,794.88
Corporates Par	$257,216,333.33
Corporates Premium	$10,019.74
Corporates Discount	($767,273.85)
Corporates Mk to Mkt	$1,387,187.70
Supranational Banks Par	$30,000,000.00
Supranational Banks Premium	$320,478.15
Supranational Banks Mk to Mkt	$211,751.26
Total Securities	**$1,016,331,602.49**
Total Investments	**$1,031,397,359.33**
Total Pool	**$1,173,250,385.36**
Other Treasury Holdings	
VCUSD iBank Muni Fund	$7,284,139.56
VCUSD iBank Muni Fund Mk to Mkt	($3.24)
2009 Cops	$1,803,713.69
2005 Pension Obligation Bonds	$4,172,696.75
2013 Cops	$235,687.29
2017 Cops	$2,127.18
Total Bond Proceeds	**$13,498,361.24**
115 Trust Cash	($3,052,071.19)
115 Trust Money Markets	$8,181,948.83
115 Trust Mutual Funds	$536,666.67
115 Trust Mutual Funds Mark to Market	$2,666.67
115 Trust Accrued Interest	$89,388.25
115 Trust Money Market Mark to Market	($372.85)
115 Trust US Treasuries Par	$5,000,000.00
115 Trust US Treasuries Discount	($15,285.44)

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet (AVE)
September 30, 2019

	Fiscal Year 2020 September
115 Trust US Treasuries Mk to Mkt	$6,683.94
115 Trust Fed Agencies Par	$9,300,000.00
115 Trust Fed Agencies Premium	$6,180.23
115 Trust Fed Agencies Discount	($6,766.80)
115 Trust Fed Agencies Mk to Mkt	$30,478.44
115 Trust Corporates Par	$8,519,000.00
115 Trust Corporates Premium	$45,103.91
115 Trust Corporates Discount	($3,294.95)
115 Trust Corporates Mk to Mkt	$1,725.62
115 Trust Municipals Par	$2,635,000.00
115 Trust Municipals Premium	$11,447.68
115 Trust Municipals Mk to Mkt	($15,600.92)

Total 115 Trust	**$31,272,898.10**

Total OPEB Trust	**$0.00**
Total Other Treasury Holdings	**$44,771,259.34**
'OTAL ASSETS	**$1,218,021,644.70**
	=================

.IABILITIES

Exception Items	
In Bank Pending Permit	($49.87)
WF EX Payroll / Schools	($0.00)
Bank Fees	($1,496.76)
WF EX Tax Collector	($490.22)
Total Bank Exceptions	**($2,036.85)**
Total Investment Portfolio Exceptions	**$0.00**
Total Auditor - Controller Exceptions	**$0.00**

Total Exception Items	**($2,036.85)**
Auditor - Controller Fund Balance	
OneSolution Cash in Treasury	$1,166,693,169.26

Total OneSolution Cash	**$1,166,693,169.26**
OneSolution Bond Proceeds Dep With Others	$6,214,224.92
OneSolution Pars 115 Trust	$31,236,588.18
OneSolution VCUSD iBank 5390160	$7,284,139.56

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet (AVE)
September 30, 2019

	Fiscal Year 2020 September
Total OneSolution Deposits With Others	**$44,734,952.66**

Total Auditor - Controller Fund Balance	**$1,211,428,121.92**
'OTAL LIABILITIES	**$1,211,426,085.07**
	=================
:QUITY	
Total Retained Earnings	**$0.00**
Total Pool Mark to Market Equity	$5,697,429.21
115 Trust Mark to Market Equity	$25,580.90
VCUSD iBank Mark to Market Equity	($3.24)

Total Market to Market	**$5,723,006.87**
Net Income	**$872,552.76**

'OTAL EQUITY	**$6,595,559.63**

'OTAL LIABILITIES & EQUITY	**$1,218,021,644.70**
	=================

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet (Percentages)
September 30, 2019

	Fiscal Year 2020 September
TREASURY POOL	
Cash & Cash Equivalents	
Cash on Hand	$1,514,079.91
	0.13%
Cash in Bank	$6,357,531.82
	0.54%
Cash in Money Markets	$115,122,971.44
	9.70%
LAIF	$61,136,296.75
	5.15%

Total Cash & Cash Equivalents	**15.52%**
Non Cash Assets	
Non Cash Assets	$5,740,954.68
	0.48%

Total Non Cash Assets	**0.48%**
Mutual Funds	
Mutual Funds	$15,065,756.84
	1.27%

Total Mutual Funds	**1.27%**
Securities	
US Treasuries	$260,237,974.79
	21.94%
Federal Agencies	$341,916,718.09
	28.82%
Corporates	$253,005,876.69
	21.33%
Municipals	$75,855,208.85
	6.39%
Commercial Paper	$20,000,000.00
	1.69%
	0.00%
Supranationals	$30,443,900.24
	2.57%

Total Securities	**82.73%**

TOTAL TREASURY POOL	**100.00%**
115 TRUST	

Solano County Treasury
Treasurer Charles Lomeli
Balance Sheet (Percentages)
September 30, 2019

	Fiscal Year 2020 September
Cash & Cash Equivalents	
115 Trust Cash	$1,332.24
	0.00%
115 Trust Money Markets	$3,873,219.40
	12.37%

Total Cash and Cash Equivalents	**12.38%**
Non Cash Assets	
115 Trust Accrued Interest	$127,921.35
	0.41%
	0.00%

Total Non Cash Assets	**0.41%**
Mutual Funds	
	0.00%

Total Mutual Funds	**0.00%**
Securities	
US Treasuries	$4,991,210.00
	15.95%
Federal Agencies	$11,023,034.76
	35.22%
Corporates	$8,655,012.78
	27.65%
Municipals	$2,630,336.85
	8.40%

Total Securities	**87.21%**

OTAL 115 TRUST	**100.00%**

Solano County Treasury
Treasurer Charles Lomeli
Statement of Income
September 30, 2019

	Fiscal Year 2020 September
POOL INCOME	
Short Term Investments	
Bank Deposit Income	$0.00
Total Bank Deposit	**$0.00**
Wells Fargo	$5,077.77
B of A	$1,200.24
Union Bank	$212.36
CAMP	$31,212.27
CalTrust BlackRock TempFund Income	$56,159.44
Cal Trust Money Market	$29,486.82
Total Money Markets	**$123,348.90**
LAIF	$114,567.75
Total LAIF	**$114,567.75**

Total Short Term Income	**$237,916.65**
Mutual Funds	
CT Short Interest Earnings	$28,122.43

Total Mutual Fund Income	**$28,122.43**
Long Term Investments	
Interest Earnings 53601A	$10,145.24
Premium Amortization	$0.00
Discount Accretion	$0.00
Gain/Loss on Sale	$0.00
Total County Bonds	**$10,145.24**
Interest Earnings 53601B	$386,959.43
Premium Amortization	($10,157.24)
Discount Accretion	$135,107.50
Gain/Loss on Sale	$0.00
Total US Treasuries	**$511,909.69**
Interest Earnings 53601C	$286,631.96
Premium Amortization	($141,009.97)
Discount Accretion	$1,360.22
Gain/Loss on Sale	$0.00
Total Municipals	**$146,982.21**
Interest Earnings 53601F	$725,736.49
Premium Amortization	($114,294.11)
Discount Accretion	$54,336.30
Gain/Loss on Sale	$0.00
Total Fed Agency	**$665,778.68**

Solano County Treasury
Treasurer Charles Lomeli
Statement of Income
September 30, 2019

	Fiscal Year 2020 September
Interest Earnings 53601G	$0.00
Premium Amortization	$0.00
Discount Accretion	$19,598.11
Gain/Loss on Sale	$0.00
Total Commercial Paper	**$19,598.11**
Interest Earnings 53601H	$0.00
Premium Amortization	$0.00
Discount Accretion	$0.00
Gain/Loss on Sale	$0.00
Total Certificates of Deposit	**$0.00**
Interest Earnings 53601J	$464,905.36
Premium Amortization	($1,074.89)
Discount Accretion	$80,206.42
Gain/Loss on Sale	$2,132.30
Total Corporates	**$546,169.19**
Interest Earnings 53601Q	$66,666.67
Premium Amortization	($14,778.32)
Discount Accretion	$0.00
Gain/Loss on Sale	$0.00
Total Supranational Bonds	**$51,888.35**

Total Long Term Income	**$1,952,471.47**

Total Income	**$2,218,510.55**
Treasury Operating Costs	
Interest Apportionment Expense	$2,350,106.52
Total Treasury Apportioned	**($2,350,106.52)**

Total Expense	**($2,350,106.52)**
	==================
REASURY POOL UNAPPORTIONED	**($131,595.97)**

15 TRUST

Short Term Investments	
115 Trust Cash & Money Mkt Income	$8,085.08
Total Cash & Money Markets	**$8,085.08**
Mutual Funds	
115 Trust Mutual Fund Income	$17,601.07
Total Mutual Funds	**$17,601.07**

Solano County Treasury
Treasurer Charles Lomeli
Statement of Income
September 30, 2019

	Fiscal Year 2020 September
<u>Long Term Investments</u>	
115 Trust US Treasuries Income	$8,185.77
115 Trust Fed Agencies Income	$17,620.93
115 Trust Corporates Income	$14,778.05
115 Trust Municipals Income	$2,279.01
Total Long Term Investments	**$42,863.76**

Total Income	**$68,549.91**
<u>Management Costs</u>	
115 Trust Earnings Distribution	$63,305.81
115 Trust Safekeeping Expense	$1,387.36
115 Trust PARS Expenses	$3,856.74
Total 115 Trust Management Charges	**$5,244.10**

Total Expense	**$68,549.91**
	=================
15 TRUST NET INCOME	**$0.00**

Solano County Treasury
Treasurer Charles Lomeli
Yields
September 30, 2019

	Fiscal Year 2020 September Yield
YIELDS	
Bank Deposits	0.000%
Wells Fargo Money Market	1.152%
Bank Of America Money Market	7.304%
Union Bank Money Market	0.135%
Camp	2.198%
Cal Trust Money Market	0.792%

Wt Ave Of All MMY	**2.142%**
Local Agency Investment Fund	**2.286%**
Cal Trust Short	2.282%
Cal Trust Short TR	2.282%
Cal Trust Medium	0.000%
Cal Trust Medium TR	0.000%

Wt Ave of All Mutual Funds	**2.282%**
Wt Ave of All Mutual Funds TR	**2.282%**
Solano County Bonds	3.396%
Solano County Bonds TR	3.396%
US Treasury Securities	2.328%
US Treasury Securities TR	2.328%
Municipals	2.492%
Municipals TR	2.492%
Federal Agencies	2.207%
Federal Agencies TR	2.207%
Commercial Paper	2.003%
Commerical Paper TR	2.003%
Certificates of Deposit	0.000%
Cerificates of Deposit TR	0.000%
Corporate Securities	2.588%
Corporate Securities TR	2.598%
Sovereign Securities	2.088%
Sovereign Securities TR	2.088%

Wt Ave Of All Securities	**2.354%**
Wt Ave Of All Securities TR	**2.357%**

Total Pool	**2.326%**
Total Pool TR	**2.328%**
Bond Yield	**0.000%**
PARS 115 Yield	**2.674%**