



Board of Trustees
Solano Community College District
Fairfield, California

We have audited the financial statements of the business-type activities and the fiduciary activities of the Solano Community College District (the District) as of and for the year ended June 30, 2021, and have issued our report thereon dated February 28, 2022. We have also audited the financial statements of the Bond Construction Fund (Measure Q (2012)) and have issued our report thereon dated February 28, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Business-Type Activities	Qualified
Aggregate Discretely Presented Component Units	Unmodified
Bond Construction Fund (Measure Q (2012))	Unmodified

As more fully discussed in Note 6 to the financial statements and Finding 2021-001, the District does not have a detailed capital asset listing to support the cost and accumulated depreciation for the property and equipment included in the financial statements. In our opinion, the District should maintain a listing of the historical cost, if purchased, or at fair value, if donated or contributed, of property and equipment, to conform with accounting principles generally accepted in the United States of America, and those amounts should be depreciated over the estimated useful lives of the assets. Quantification of the effects on the financial statements of the preceding practices is not practicable.

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements.

As described in Note 14, the District changed accounting policies by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 84, *Fiduciary Activities*, in 2021. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Revenues, Expenses, and Changes in Net Position.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate(s) affecting the financial statements were the net realizable value of student receivables, the fair value of investments, the rate of depreciation of property, year-end accruals related to state apportionments, pension liabilities and other post-employment healthcare benefit obligations, the estimate for incurred but not reported amounts for self-insurance claims, and assessing the District's exposure to certain litigation matters. We evaluated the key factors and assumptions used to develop the estimates in determining they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of Other Post-Employment Healthcare Benefits Employee and Employee Retirement Plans and in Notes 9 and 10 to the financial statements are significant and utilize actuarial determined data.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. See attachment A.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letters dated February 28, 2022.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

The following is considered significant and relevant to communicate to management and those charged with governance in overseeing the financial statement process:

Schedule of State Awards - The 2019-20 financial statements included a material finding for errors in the Schedule of State Awards. Although the audit identified uncorrected misstatements in the preparation of the of the Schedule of State Awards, these errors do not meet the definition of a material error. Closing processes should be evaluated to ensure accounts receivable and unearned revenues are properly accrued.

Modified Accrual Verses Full Accrual - The 2019-20 financial statements included a material finding for the accrual of the vacation liability in the general fund and interest payable in the bond redemption fund. Although this practice is not consistent with the modified accrual, the audited financial statements are prepared on full accrual. Our interpretation on the matter is current accrual practices for vacation liability and interest payable can be continued for consistency. Furthermore, it does not meet the definition of a material error.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated February 28, 2022.


With respect to the supplementary information listed in the table of contents (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated February 28, 2022.

Other information is being included in documents containing the audited financial statements and the auditors' report thereon. Our responsibility for such other information does not extend beyond the financial information identified in our auditors' report. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in such documents.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report or an official statement, should be done only with our prior approval and review of the document.

Closing

This communication is intended solely for the information and use of the Board of Trustees and management of Solano Community College District and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Glendora California
February 28, 2022

Attachment A – Uncorrected Misstatements

Attachment A

Uncorrected Misstatements

Account	Description	Debit	Credit	Net Effect on Ending Net Position
Journal Entry # 1				
GASB 34/35 To correct recognition of STRS on-behalf. District proportion share was recognized instead of State's proportionate share.				
99-869000	Other State Revenues (Operational)	\$ 787,021	\$ -	\$
99-310000	STRS	-	787,021	
Total		<u>\$ 787,021</u>	<u>\$ 787,021</u>	-
Journal Entry # 2				
To correct estimate of accrued interest payable.				
21-95107	(Accrued) Interest Payable	1,771,700	-	
21-7120	Debt Retire-Interest	-	1,771,700	
Total		<u>1,771,700</u>	<u>1,771,700</u>	(1,771,700)
Journal Entry # 3				
To correct 2019-20 GASB 34/35 conversion entry.				
99-710001	Debt Interest and Other Service Charges	1,105,579	-	
99-100000	Academic Salaries	-	61,154	
99-500000	Other Operating Expenses	-	255,703	
99-975000	Unrestricted	-	788,722	
Total		<u>1,105,579</u>	<u>1,105,579</u>	-
Journal Entry # 4				
To record difference between general ledger and accrued vacation and load banking reports.				
11-1291	Vacation Payoff, Academic Admin	65,408	-	
11-9640	Compensated Absences-Liability	-	65,408	
Total		<u>65,408</u>	<u>65,408</u>	65,408
Journal Entry # 5				
To recognized accounts receivable and unearned revenue related to State Awards. (Fund 136107, \$10,600; Funds 3326 & 33261, \$21,684; Fund 1330, \$493,432; and Funds 137618, 137619, 137620 & 137621, \$288,346)				
13-8694	Other State Revenues	770,694	-	
13-9161	Accounts Receivable	21,684	-	
13-954050	Deferred Revenue - Other	-	792,378	
Total		<u>792,378</u>	<u>792,378</u>	770,694
Net effect of uncorrected misstatements on ending net position				<u>\$ (935,598)</u>