

**SAN DIEGO COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2021**



WEALTH ADVISORY | OUTSOURCING  
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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
San Diego Community College District  
San Diego, 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 the San Diego Community College District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' 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. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the San Diego Community College District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis-of-Matter Regarding a Change in Accounting Principle***

The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the District reported a restatement for the change in accounting principle (See note 15). Our auditor's opinion is not modified with respect to the restatement.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information schedules as listed in the aforementioned 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***

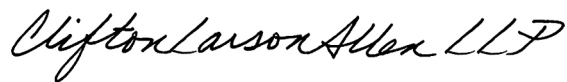
Our audit was conducted for the purpose of forming an opinion on the District's financial statements as a whole. The supplementary schedules and reconciliations, as referenced in the Table of Contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary schedules and reconciliations, including the schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and reconciliations, including the schedule of expenditures of federal awards, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The history and organization has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Glendora, California  
January 22, 2022

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**FINANCIAL HIGHLIGHTS FOR 2020-2021**

- The California Budget Act for 2020-21 signed into law on June 30, 2020 once again represented an investment in the state's public higher education segments and the students of California along with a renewed commitment by the state to increase reserves to offset future unanticipated declines in revenue or increases in expenses.
- The state budget included total funding of \$36 billion (\$21.2 billion in General Fund and local property tax and \$14.8 billion in other funds) for all higher education entities in 2020-21.
- Governor Newsom also continued his support of the Student Centered Funding Formula (SCFF) for community colleges and made some modifications to the formula as originally enacted to include maintaining the funding split of 70% based on FTES enrollment, 20% based on supporting low-income students and the remaining 10% based on specific student success outcomes. Additionally, changes to how the student success metrics are applied were made and the "hold harmless" provision in the SCFF was extended for an additional two years through FY 2023-24.
- The state budget outlook deteriorated significantly at the beginning of 2020-21 due to the COVID-19 pandemic that resulted in the governor declaring a "stay at home" health emergency and ensuing recession, transforming a projected surplus to a \$54.3 billion deficit with anticipated state apportionment deferrals applied against all community colleges revenue payments of \$1.5 billion to not be paid until 2021-22 resulting in potential cash flow challenges for all districts. SDCCD due to its ongoing cash flow monitoring efforts did not have to borrow cash for operational purposes.
- The Budget Act included \$16 million in ongoing policy adjustments and a 9% funding decline in Proposition 98 funding.
- The District's Adopted Budget for 2020-21 of \$780 million consisted of \$448 million in General Fund Unrestricted and Restricted Funds and \$332 million in Other Funds representing a \$24.5 million increase in all funds as compared to 2019-20.
- The District met all of its repayment obligations for Prop S and Prop N General Obligation Bonds in 2020-21.
- The District also met or exceeded all federal and state mandated requirements including the 50% Law and Faculty Obligation Number (FON).

**DISTRICT BACKGROUND**

The California Community College system is comprised of 73 districts, 116 colleges, and 74 approved and grandfathered Education Centers serving 2.1 million students. San Diego Community College District (the "District") is one of five Community College districts located in San Diego County. The District is located within the metropolitan area of the city of San Diego and consists of three credit colleges: San Diego City College, Mesa College, and Miramar College, and one non-credit college: San Diego College of Continuing Education which operates at seven campus sites.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**DISTRICT BACKGROUND (CONTINUED)**

The mission of the District is to provide accessible, high quality learning experiences to meet the educational needs of the San Diego community served. The District offers a comprehensive curriculum responding to needs for university transfers, technical, vocational, general education, remediation and development, special education, human development, honors, and ethnic and linguistic diversity. The District also provides comprehensive support services, including counseling, financial aid, health services, tutoring, career planning and placement, child care, transfer centers, disabled student services and extended opportunities programs and services. As of 2016 the District began offering a bachelor's degree in Health Information Management at Mesa College, which is one of 15 community colleges system-wide approved to offer a bachelor's degree under a state piloted program.

The District is the second largest community college district in California and the sixth largest in the United States. California residents paid an enrollment fee of \$46 per credit unit during the 2020-21 academic year. Out-of-state residents paid the enrollment fee plus non-resident tuition of \$290 per credit, and students in the baccalaureate program also paid a surcharge of \$84 per credit on top of either resident or non-resident fees.

The District has transfer agreements with the California State University and University of California systems, and the instructional coursework offered in transferable courses fully prepares students to succeed in four-year colleges and universities.

**ENROLLMENT HIGHLIGHTS**

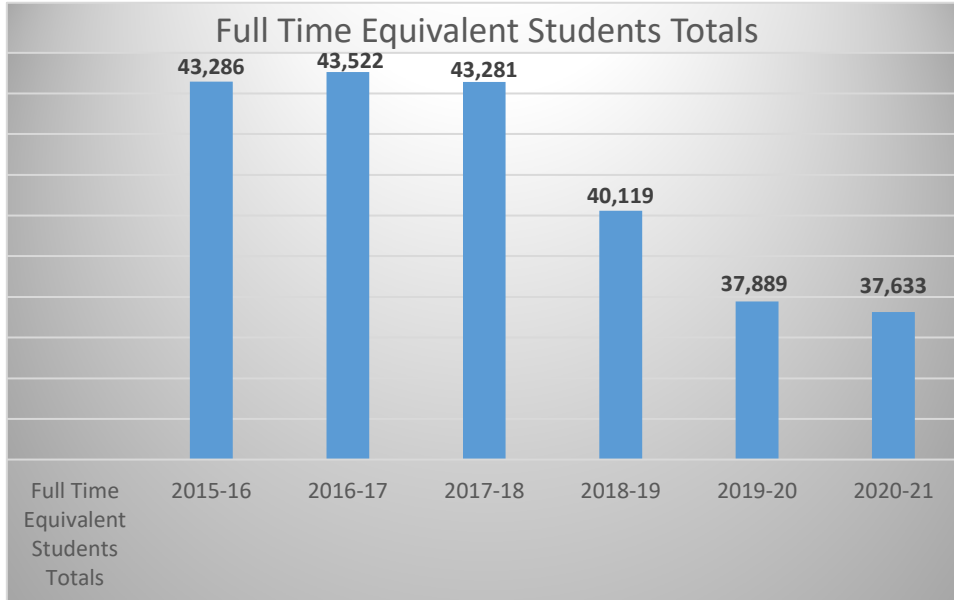
The state's enrollment funding for community colleges significantly improved as a result of the passage by voters in November 2012 of Proposition 30, which resulted in an increase to the state sales and income tax rates. Proposition 30 was scheduled to sunset after seven years; however, in November 2016, voters approved Proposition 55 which provided for the continuation of the income tax rate increase with the majority of the funding going towards education through 2030. The District's full-time equivalent students (FTES) target for 2020-21 was targeted at 37,920 FTES, an increase of 120 in order to align FTES funding in accordance with the Student Centered Funding Formula (SCFF) model, which decreased apportionment FTES revenue funding from 100% down to 70% with the remaining 30% funding tied to specific accountability measurements as compared to how community colleges were previously funded. As with the previous funding model, actual apportionment revenue earned and to be funded by the state for 2020-21 will not be known until February or March 2022 when the state releases the final "Recal" reports for all 73 districts based upon available state funding. In accordance with the declared state health emergency, the state chancellor's office declared emergency conditions that allowed districts to either report actual earned FTES or request the option of reporting its FTES based upon 2019-20 FTES (pre-pandemic), which SDCCD chose to do for 2020-21. A history of student enrollments is provided in the table on the following page:



**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**ENROLLMENT HIGHLIGHTS (CONTINUED)**

**FULL TIME EQUIVALENT STUDENTS**



As previously stated under the SCFF model, districts will only receive 70% state funding tied to student enrollment as compared to the previous funding model which funded based upon 100% tied to FTES enrollment. The remaining 30% funding in the 2019-20 State Budget Act was to be based upon 20% tied to enrollment of low-income students with the 10% remaining tied to achievement of certain performance outcomes. The Budget Act also included an annual 5% enrollment funding reduction from 70% down to 60% over a two-year period with an increased funding tied to performance outcomes such that upon full implementation of the SCFF districts would be funded at 60% enrollment, 20% low-income students and 20% based upon performance outcomes. The percentage change was originally scheduled to occur over a three year period; however, it was subsequently extended by the Governor for an additional year. Consequently, the SCFF 70/20/10% split of 2019-20 remained the same for 2020-21.

Unfortunately, final apportionment funding for all districts is usually not known until the February after a fiscal year has ended (for 2020-21 this will be February or March 2022), when all 73 districts have reported their FTES and outcomes in accordance with the SCFF actual or executive order option for apportionment revenue has been calculated by the system office within the constraints of the state approved budget and available state funding to fund apportionment revenue for all districts.

Community college enrollments normally fluctuate with unemployment rates. When unemployment is high, people rush to community colleges to prepare for new or improved careers and jobs, thereby boosting enrollments. When the employment situation improves, and people are able to find employment, community college enrollments usually falter or decrease. With an improved employment picture in California, which began in FY 2015-16, including San Diego, nearly half of the California community college districts continued to see a decline in their base enrollment levels. In spite of strong enrollment management planning at the District based upon smart course scheduling, flexible offerings, great institutional reputations, outstanding academic programs and faculty, and effective community outreach, the District also experienced a softening of student demand.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**ENROLLMENT HIGHLIGHTS (CONTINUED)**

As previously noted, everything changed on the evening of March 19, 2020 when Governor Newsom declared a “stay at home” order as a result of a Federal Public Health Emergency being declared due to the COVID-19. Consequently by April 2020, job loss and an abrupt halting of economic activity made it clear the state was entering into a recession due to the global pandemic. The California Budget and Fiscal Review Committee provided an update to the state’s original fiscal outlook from one of anticipated surpluses to the state likely facing budget challenges that would likely span more than one budget year and impact student enrollments.

**FINANCIAL REPORTING STANDARDS**

The California Community College Chancellor’s Office through its Fiscal Standards and Accountability Committee, recommends that all community college districts implement the reporting standards under the BTA model. To comply with the recommendations of the Chancellor’s Office and to report in a manner consistent with other California Community College Districts, the District adopted the BTA reporting model for its financial statement reporting.

As required by the Governmental Accounting Standards Board (GASB), district annual reports are to consist of three basic financial statements that provide information on a district as a whole:

- The Statement of Net Position
- Statements of Revenues, Expenses, and Changes in Net Position
- The Statement of Cash Flows

Each of these statements, along with other selected financial statement summaries, will be described herewith and also will include comparisons between the prior and current year, along with selected highlighted information relevant to each statement presented.

**STATEMENT OF NET POSITION**

The Statement of Net Position presents the Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position of the District as of the end of the fiscal year using the accrual basis of accounting, which is comparable to that used by most private sector institutions. Net position—the difference between assets, and deferred outflows, and liabilities, and deferred inflows—is one way to measure the financial health of the District. The net asset data allows readers to determine the resources available to continue the operations of the District. Net Position as of July 1, 2020 was (\$217,596,604) after the cumulative effective of changes in accounting principles (GASB 84), while the change in Net Position was (\$16,404,154) for an ending Net Position of (\$234,000,758) as of June 30, 2021. The net position of the District consists of three major categories:

1. Invested in capital assets, net of related debt – the District’s equity in property, plant, and equipment.
2. Restricted (distinguished between major categories of restriction) – the constraints placed on the use of the assets are externally imposed by creditors such as through debt covenants, grantors, contributors, laws or regulations of other governments, or imposed through constitutional provisions or enabling legislation.
3. Unrestricted – the District can use for any lawful purpose. Although unrestricted, the District’s governing board may place internal restrictions on this net position, but it retains the power to change, remove, or modify those restrictions.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**STATEMENT OF NET POSITION (CONTINUED)**

	<u>2021</u>	<u>2020*</u>	<u>Net Change</u>
<b>Assets</b>			
Current assets	\$ 232,377	\$ 203,607	\$ 28,771
Noncurrent assets	272,644	291,028	(18,384)
Capital assets, net	<u>1,392,874</u>	<u>1,423,061</u>	<u>(30,187)</u>
<b>Total Assets</b>	<u>1,897,896</u>	<u>1,917,695</u>	<u>(19,800)</u>
<b>Deferred Outflows of Resources</b>	<u>143,281</u>	<u>156,691</u>	<u>(13,410)</u>
<b>Liabilities</b>			
Current liabilities	109,163	107,274	1,889
Noncurrent liabilities	<u>2,147,406</u>	<u>2,160,828</u>	<u>(13,422)</u>
<b>Total Liabilities</b>	<u>2,256,569</u>	<u>2,268,102</u>	<u>(11,533)</u>
<b>Deferred Inflows of Resources</b>	<u>18,609</u>	<u>23,881</u>	<u>(5,272)</u>
<b>Net Position</b>			
Net investment in capital assets	(38,094)	2,614	(40,708)
Restricted	111,268	99,942	11,326
Unrestricted	<u>(307,175)</u>	<u>(320,153)</u>	<u>12,978</u>
<b>Total Net Position</b>	<u>\$ (234,001)</u>	<u>\$ (217,597)</u>	<u>\$ (16,404)</u>

\* Amounts have been restated (See Note 15) and also have been reclassified to conform to current year groupings

(Amounts in thousands)

**ASSETS**

The District's assets consist of current assets and non-current assets. The major components of the current assets are cash and net accounts receivable. These assets are resources with present capability to enable the District to provide services and continue its operations.

Non-current assets are assets with longer-term investment of more than one year. These assets include capital assets net of accumulated depreciation and restricted cash.

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources include amounts associated with the refunding of debt and pension-related variables that are removed from expenses during the fiscal year.

**LIABILITIES**

The liabilities of the District consist of current liabilities and non-current liabilities. The major components of the current liabilities are the current portion of outstanding General Obligation Bond debt and related accrued interest payable within one year, accrued payroll and amounts payable to vendors.

Non-current liabilities are debt with maturities of more than one year, which consist of General Obligation Bond repayments, compensated absences payable, net OPEB obligation, and aggregate net pension liability.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources represent pension costs resulting from the difference between projected and actual earnings on pension plan investments and other pension-related variables. This amount is deferred and amortized over five to seven years.

**NET POSITION**

The total net position is one indicator of the District's financial health. Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position during fiscal year 2020-21. The change in net position reveals whether the overall financial condition has improved or worsened during the year. Over time, increases or decreases in net position will point out the improvement or erosion of the District's financial health when considered with nonfinancial facts, such as enrollment levels, State changes in funding, facility changes, etc.

Net position represents residual District assets and deferred outflows after liabilities and deferred inflows are deducted. The net position is categorized between net investment in capital assets, restricted net assets, and unrestricted net assets. The net investment in capital assets represents the equity amount in property, plant, and equipment owned by the District. Restricted net position represents funds that are limited in terms of the purpose and time for which the funds can be spent and are subject to externally imposed restrictions governing their use. Unrestricted net position is defined by GASB Statements No. 34 and No. 35 as those assets that do not have external legal restrictions against them, including any amounts designated by the Governing Board.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

The Statement of Revenues, Expenses and Changes in Net Position presents the operating results of the District. The purpose of the statement is to present the revenues received by the District, both operating and non-operating, and the expenses paid by the District, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the District. State general apportionment funds, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles.

Changes in total net position on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. Operating revenues are received for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the District.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)**

	<b>2021</b>	<b>2020*</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Operating Revenues</b>				
Net tuition & fees	\$ 16,287	\$ 23,572	\$ (7,284)	-31%
Grants and contracts, noncapital	62,895	56,284	6,611	12%
Auxiliary enterprise, net	4,321	9,473	(5,152)	-54.39%
<b>Total Operating Revenues</b>	<u>83,503</u>	<u>89,329</u>	<u>(5,826)</u>	<u>-6.52%</u>
<b>Operating Expenses</b>				
Salaries	215,210	226,830	(11,620)	-5%
Benefits	125,991	128,493	(2,502)	-2%
Supplies, materials, & other operating expenses	44,819	49,174	(4,355)	-9%
Financial Aid	56,902	64,192	(7,290)	-11%
Utilities	9,066	9,914	(848)	-9%
Depreciation	42,654	45,607	(2,953)	-6%
<b>Total Operating Expenses</b>	<u>494,641</u>	<u>524,210</u>	<u>(29,568)</u>	<u>-5.64%</u>
<b>Operating Loss</b>	(411,138)	(434,881)	23,743	-5%
<b>Nonoperating Revenues (Expenses)</b>				
State Apportionments, Noncapital	113,192	116,650	(3,458)	-3%
Federal Grants and Contracts	55,680	48,742	6,938	14%
Local Property Taxes	226,030	217,855	8,175	4%
State Taxes and Other Revenues	44,215	51,253	(7,037)	-14%
Investment Income	5,178	2,746	2,432	89%
Interest Expense	(63,966)	(66,818)	2,852	-4%
Other Nonoperating Revenue	8,566	11,605	(3,039)	-26%
<b>Total Nonoperating Revenues (Expenses)</b>	<u>388,896</u>	<u>382,032</u>	<u>6,864</u>	<u>1.8%</u>
<b>Loss Before Other Revenues, Expenses, Gains, and Losses</b>	(22,243)	(52,849)	30,607	-58%
<b>Other Revenues, Expenses, Gains, and Losses</b>	5,838	7,542	(1,703)	-23%
<b>Change in Net Position</b>	<u>\$ (16,404)</u>	<u>\$ (45,307)</u>	<u>\$ 28,903</u>	<u>-64%</u>

\* Amounts have been restated (See Note 15) and also have been reclassified to conform to current year groupings

(Amounts in thousands)

**OPERATING REVENUES AND EXPENSES**

Generally, operating revenues are earned for providing educational and programmatic services to the various customers and constituencies of the District. Operating expenses are those expenses incurred to acquire goods or provide services in return for the operating revenues used to fulfill the mission of the District.

The operating revenues are generated by the resident enrollment fees, non-resident, and out-of-State tuition paid by students, including fees such as health fees, parking fees, and other related fees. Since State apportionments, property taxes, sales taxes and other revenues, and investment income are prescribed by GASB as non-operating revenues; operating expenses generally exceeds operating revenues in the Statement of Revenue, Expenses, and Changes in Net Position.

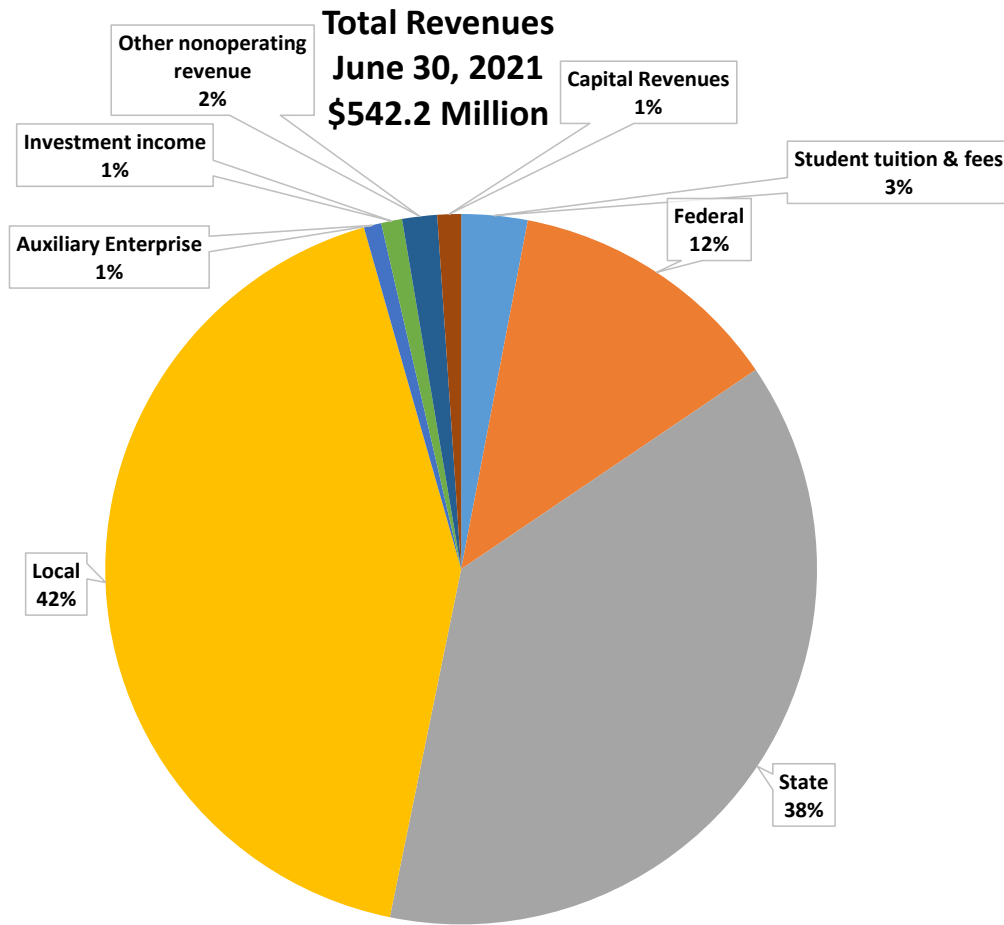
The primary operating expenses of the District are for the salaries and benefits of academic, classified, and administrative personnel, comprising the total operating expenses from a District-wide full accrual perspective. This amount includes the activity from all District funds. The costs decreased from the previous fiscal year, from \$524 million to \$495 million, mainly due to a decrease in salary costs due to the elimination of vacant funded positions and continued hiring freeze.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**NON-OPERATING REVENUES AND OTHER REVENUES**

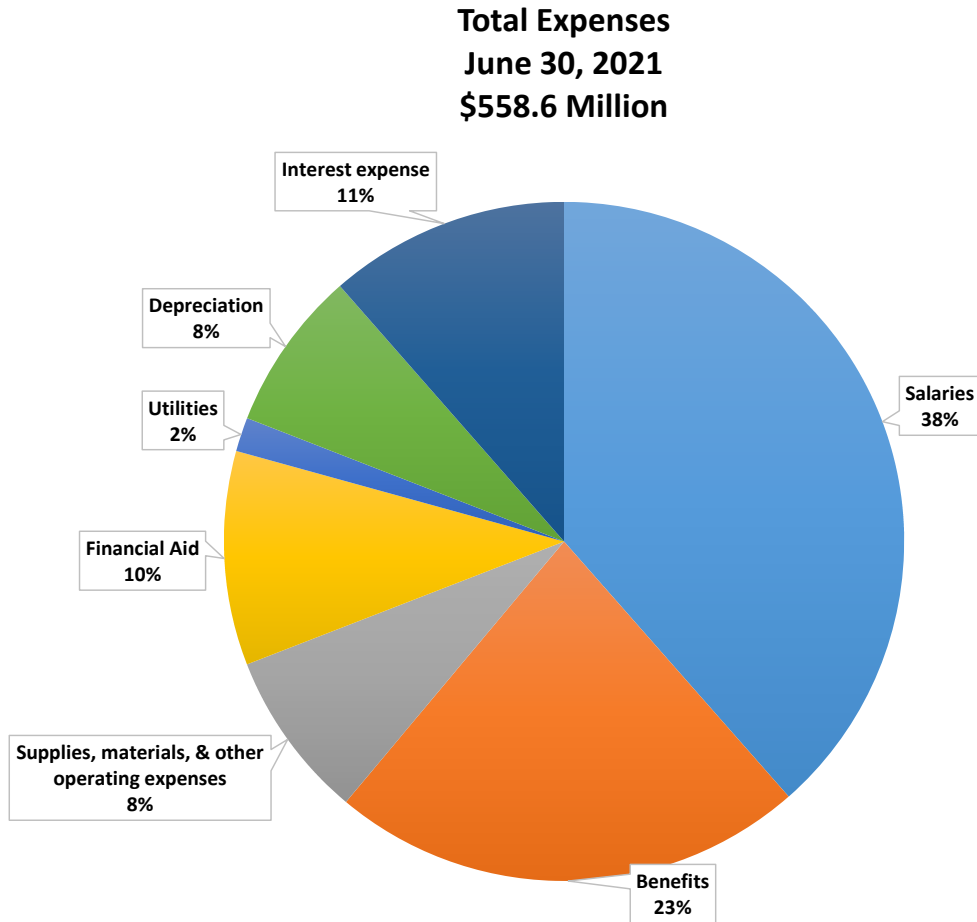
Non-operating revenues and other State and local revenues are those received or pledged for which goods and services are not provided to the entity providing the revenues. For example, State appropriations are non-operating revenues because they are provided by the State Legislature to the District without the Legislature directly receiving commensurate goods and services for the revenues. Total non-operating revenues or expenses are an integral component in determining the increases or decreases in net position.

The following two graphs depict total revenues and expenses for all funds on a modified accrual basis of accounting:



**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**NON-OPERATING REVENUES AND OTHER REVENUES (CONTINUED)**



**STATEMENT OF CASH FLOWS**

The Statement of Cash Flows provides additional information about the District's financial results by reporting its major sources and uses of cash. This information assists readers in assessing the District's ability to generate revenue, meet its obligations as they come due, and evaluate its need for external financing. The statement is divided into several parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from non-capital financing activities and shows the sources and uses of those funds. The third section deals with cash flows from capital and related financing activities. This section deals with cash flows from investing activities and reflects the cash received and spent for short-term investments and any interest paid or received on those investments.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>Net Change</u>	<u>% Change</u>
<b>Net cash provided (used) by:</b>				
Operating activities	\$ (359,292)	\$ (327,811)	\$ (31,481)	10%
Non-capital financing activities	451,512	399,263	52,249	13%
Capital and related financing activities	(95,263)	161,087	(256,350)	-159%
Investment activities	4,307	(250,330)	254,637	-101.72%
Net change in cash	1,264	(17,790)	19,055	-107%
<b>Cash - beginning of the year *</b>	<u>190,054</u>	<u>205,870</u>	<u>(15,816)</u>	<u>-8%</u>
<b>Cash - end of the year</b>	<u>\$ 191,318</u>	<u>\$ 188,080</u>	<u>\$ 3,238</u>	<u>1.72%</u>

\* Amounts have been restated (See Note 15)

(Amounts in thousands)

**CAPITAL ASSETS**

Note 4 to the financial statements provide additional information on Capital Assets. Below is a summary of capital assets, net of accumulated depreciation, for 2021 and 2020:

	<u>2021</u>	<u>2020</u>	<u>Net Change</u>
Land and construction in progress	\$ 122,965	\$ 112,649	\$ 10,316
Buildings and equipment	1,733,020	1,730,869	2,151
Accumulated depreciation	(463,112)	(420,458)	(42,654)
<b>Total Capital Assets</b>	<u>\$ 1,392,874</u>	<u>\$ 1,423,061</u>	<u>\$ (30,187)</u>

(Amounts in thousands)

**LONG-TERM DEBT**

Note 9 to the financial statements provide additional information on long-term debt. Below is a summary of long-term debt for 2021 and 2020:

	<u>2021</u>	<u>2020</u>	<u>Net Change</u>
Compensated absences	\$ 14,941	\$ 13,606	\$ 1,334
Claims liability	6,205	5,914	290
Bonds and Notes Payable	1,753,044	1,786,244	(33,200)
OPEB Liability	45,113	43,159	1,954
Early Retirement Incentive	3,851	-	3,851
Medicare Premium Program	1,284	1,192	92
Net pension liability	366,976	352,756	14,220
<b>Total Long-Term Liabilities</b>	<u>\$ 2,191,413</u>	<u>\$ 2,202,871</u>	<u>\$ (11,457)</u>

(Amounts in thousands)



**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**DISTRICT'S FIDUCIARY RESPONSIBILITY**

The District's Investment Trust Retiree Benefit OPEB Trust (the OPEB Trust) is an irrevocable government trust for the purpose of funding postemployment health benefits. The District acts as the fiduciary of the OPEB Trust and the financial activity of the OPEB trust has been presented in separate statements in the financial statements.

**ECONOMIC OUTLOOK AND FACTORS AFFECTING FUTURE BUDGETS**

The major economic factors that impact the District and all California community college districts' financial condition are directly related to the overall economic, budgetary, and fiscal condition of the State of California and any legislation that impacts the funding of all community colleges in the state. According to the Annual Outlook Report released by the Legislative Analyst's Office (LAO) on November 20, 2019, titled "*The 2020-21 Budget: California's Fiscal Outlook*", the state budget was perceived to be better prepared to address an economic downturn than it had ever been in decades. The LAO has produced its *Fiscal Outlook* every year since 1995. Based upon the LAOs estimate of revenue and spending when it published the 2020-21 fiscal outlook report in November 2019, the state's constitutionally required reserve was expected to reach \$18.3 billion by the end of FY 2020-21. The LAO also projected that the Legislature would have an additional \$7 billion in resources available for allocations in the FY 2020-21 budget process.

In addition to state funding uncertainties and the continuing impact of the health emergency, another major concern for all districts continues to be the significant increases to the CalSTRS and CalPERS employer pension contribution rates. It is important to note that the CalSTRS and CalPERS supplemental payments addressed above reduced pension costs over the long range; however, the rate relief payments did not reduce long-run costs. Those payments merely shifted the costs from the districts to the state.

The SCFF went into effect July 1, 2018; however, districts were provided limited information from the state during 2018-19 with outcome measurements and funding rates under the supplemental and success aspects of the SCFF continuing to change, which resulted in large swings in apportionment funding for all districts. Because multi-year projections for the SCFF had not been done at the state level, when 2018-19 ended as of June 30, 2019, the state did not have enough state funding to fully fund all districts under the new SCFF model. Consequently, some significant changes were made to various aspects of the SCFF, which created even more confusion and challenges for districts. 2020-21 was originally intended to be the last of the three-year implementation years for the SCFF; however, with Governor Newsom's extension of the implementation by two more fiscal years the SCFF "hold harmless" provision extended to 2023-24.

San Diego Community College District has consistently been a high student demand district serving the needs of its San Diego local taxpayers. The SCFF required the District to make significant changes in how it operates to ensure funding under the new model which provides districts apportionment revenue based upon 70% FTES enrollment access, 20% for increasing the number of student financial aid awards, and a requirement to increase outcomes tied to specific metrics identified in the formula in order to be funded for the remaining 10%. Prior to the implementation of the SCFF districts received 100% of its state funding based upon only FTES enrollment access. Under the SCFF, districts must now achieve specific outcomes in order to receive the same 100% funding it used to receive. Unfortunately, the SCFF did not provide additional funding for achieving additional new outcomes. The biggest challenge under the SCFF is that in order for a district to receive each dollar of funding it received in a prior year it is only guaranteed seventy cents of that dollar and must achieve specific outcomes in

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**ECONOMIC OUTLOOK AND FACTORS AFFECTING FUTURE BUDGETS (CONTINUED)**

order to earn the other thirty cents of state apportionment funding. The SCFF model has been described as an “outcomes” or “performance” based model. However, if it was truly a performance based funding model, it would have provided an opportunity for districts to earn additional funding as opposed to a repurposing of ongoing funding a district used to receive.

In addition to some of the challenges districts are experiencing with the SCFF, districts have also seen employer pension costs more than double since 2013-14, which is a major drain on annual budgets. It is likely that the state and all districts will continue to face budget challenges in the years to come. The most significant risk to the system is always related to the state of the economy. Due to the coronavirus COVID-19 pandemic, state, national and global economies have been negatively impacted resulting in the state moving from what was anticipated in January 2019 to be a projected surplus to slip into a substantial deficit due to revenue losses in 2019-20. In March 2020 when the national and state health emergency was declared no one could have predicted the situation would continue beyond 2020. The long-term impact of the pandemic to the California community college system and the state’s fiscal situation is difficult to project. In addition, there are decisions being made outside of the California Legislature’s control, for example by the federal government, which could further negatively impact the state budget. The primary focus of the state and districts had to shift from one of only an educational focus for the District’s student but also a focus to support the basic needs of our students for food, shelter, and other support services.

In spite of the pandemic related challenges, the District continued its effort to identify ways by which to minimize its dependency upon the state’s economic conditions and state funding. Enrollment management planning, which previously primarily focused on FTES targets (revenue driver) expanded to include FTEF (full-time equivalent faculty) targets (costs associated with the revenue) in its planning efforts. The District began realigning its operating expenses in 2019-20 based upon SCFF anticipated revenues. The District continued to take steps to reduce operating expenses in order to align them with apportionment revenue possible under the SCFF. In spite of the many operational challenges, the need to rethink the way the District operates under the SCFF funding model, the coronavirus pandemic that as of this writing is in its twenty-second month which required instructional, student services and operating functions of the District to operate in a hybrid manner of remote and in-person operation, the faculty, staff and administrators continue to have as their number one priority a commitment to serve current and future students in its San Diego community in achieving their educational and career goals. Currently, the District is planning to completely return to in-person operations with more course sections being offered in-person and on District campuses.

**CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

This financial report was designed to provide a general overview of the District’s finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Vice Chancellor, Business and Technology Services, San Diego Community College District, 3375 Camino Del Rio South, Room 210, San Diego, CA 92108.

## **BASIC FINANCIAL STATEMENTS**

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 168,144,470
Accounts Receivable	61,888,311
Inventory	2,281,070
Prepaid Expenses	63,406
Total Current Assets	<u>232,377,257</u>

**NONCURRENT ASSETS**

Restricted Cash and Cash Equivalents	23,173,601
Investments with Fiscal Agent	249,470,888
Capital Assets, Not Being Depreciated	122,965,470
Capital Assets, Net of Accumulated Depreciation	1,269,908,448
Total Noncurrent Assets	<u>1,665,518,407</u>

Total Assets 1,897,895,664

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Charge on Refunding	57,772,644
Deferred Outflows - Pensions	75,625,411
Deferred Outflows - Other Postemployment Benefits	9,883,431
Total Deferred Outflows of Resources	<u>143,281,486</u>

Total Assets and Deferred Outflows of Resources \$ 2,041,177,150

See accompanying Notes to Financial Statements.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSITION (CONTINUED)  
JUNE 30, 2021**

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

Accounts Payable	\$ 13,720,272
Accrued Liabilities	19,612,705
Amounts Held in Trust for Others	616,676
Accrued Interest	22,533,533
Unearned Revenue	8,672,331
Current Portion of Long-Term Liabilities	44,007,448
Total Current Liabilities	<u>109,162,965</u>

**NONCURRENT LIABILITIES**

Noncurrent Portion of Long-Term Liabilities	<u>2,147,405,861</u>
Total Noncurrent Liabilities	<u>2,147,405,861</u>

Total Liabilities	2,256,568,826
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**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows - Pensions	17,879,587
Deferred Inflows - Other Postemployment Benefits	729,495
Total Deferred Inflows of Resources	<u>18,609,082</u>

**NET POSITION**

Net Investment in Capital Assets	(38,093,634)
Restricted for:	
Debt Service	52,686,139
Scholarship and Loans	3,960,652
Other Special Purposes	55,298,133
Unrestricted	<u>(307,852,048)</u>
Total Net Position	<u>(234,000,758)</u>

Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>\$ 2,041,177,150</u></u>
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**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2021**

**OPERATING REVENUES**

Tuition and Fees (Gross)	\$ 33,733,120
Less: Scholarship Discounts and Allowances	<u>(17,445,626)</u>
Net Tuition and Fees	16,287,494
Grants and Contracts, Noncapital:	
Federal	12,171,026
State	46,676,370
Local	3,747,143
Auxiliary	<u>4,321,089</u>
Total Operating Revenues	<u>83,203,122</u>

**OPERATING EXPENSES**

Salaries	215,209,522
Employee Benefits	125,990,793
Supplies, Materials, and Other Operating Expenses and Services	44,819,137
Financial Aid	56,901,997
Utilities	9,065,652
Depreciation	<u>42,654,257</u>
Total Operating Expenses	<u>494,641,358</u>

**OPERATING LOSS** (411,438,236)

**NONOPERATING REVENUES (EXPENSES)**

State Apportionments, Noncapital	113,192,401
Federal Grants and Contracts	55,980,269
Local Property Taxes	226,030,163
State Taxes and Other Revenues	44,215,340
Investment Income	5,177,989
Interest Expense	(63,966,260)
Other Nonoperating Revenue	<u>8,565,777</u>
Total Nonoperating Revenues (Expenses)	<u>389,195,679</u>

**LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES** (22,242,557)

**OTHER REVENUES, EXPENSES, GAINS, AND LOSSES**

Local Property Taxes	5,464,319
Interest and Investment Income, Capital	<u>374,084</u>
Total Other Revenues, Expenses, Gains, and Losses	<u>5,838,403</u>

**CHANGES IN NET POSITION** (16,404,154)

Net Position, Beginning of Year as Previously Reported	(219,697,006)
Cumulative Effect of Change in Accounting Principles (See Note 15)	<u>2,100,402</u>

Net Position, Beginning of Year After Cumulative Effect (217,596,604)

**NET POSITION - END OF YEAR** \$ (234,000,758)

See accompanying Notes to Financial Statements.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and Fees, Net	\$ 23,926,429
Federal Grants and Contracts	14,359,665
State Grants and Contracts	31,697,191
Local Grants and Contracts	(4,882,053)
Sales and Services of Auxiliary Enterprises	4,321,089
Payments to Suppliers	(62,208,999)
Payments to/on-behalf of Employees	(310,139,126)
Payments to/on-behalf of Students	(56,666,144)
Net Cash Used by Operating Activities	<u>(359,591,948)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State Apportionments and Receipts	123,651,660
Federal Grants and Contracts	49,559,719
Local Property Taxes	226,030,163
State Taxes and Other Revenue	52,270,694
Net Cash Provided by Noncapital Financing Activities	<u>451,512,236</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Local Revenue for Capital Purposes	5,464,319
Interest on Investments, Capital Funds	101,233
Net Purchase of Capital Assets	(10,484,940)
Principal Paid on Capital Related Debt	(40,444,135)
Interest Paid on Capital Related Debt	(49,899,784)
Net Cash Used by Capital and Related Financing Activities	<u>(95,263,307)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest on Investments	4,307,369
Net Cash Provided by Investing Activities	<u>4,307,369</u>

**NET CHANGE IN CASH AND CASH EQUIVALENTS**

964,350

Cash and Cash Equivalents - Beginning of Year \*

190,053,721

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 191,018,071

\*Amount has been restated (See Note 15)

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

**RECONCILIATION OF OPERATING LOSS TO NET CASH  
USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (411,438,236)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	42,654,257
Changes in Assets and Liabilities:	
Receivables, Net	(15,912,569)
Prepaid Expenses	16,448
Deferred Outflows of Resources - Pensions and OPEB	10,610,839
Accounts Payable	(8,852,631)
Accrued Liabilities	4,279,284
Other Assets	644,450
Unearned Revenue	1,831,768
Compensated Absences	1,334,467
Claims Liability	4,337,397
Net Pension Liabilities	14,220,129
Other Postemployment Retiree Benefits (OPEB)	1,954,478
Deferred Inflows of Resources - Pensions and OPEB	(5,272,029)
Net Cash Used by Operating Activities	<u>\$ (359,591,948)</u>

**NONCASH CAPITAL ACTIVITIES**

Purcashe of Assets Included in Accounts Payable	<u>\$ 1,982,541</u>
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See accompanying Notes to Financial Statements.



**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
STATEMENT OF PLAN NET POSITION  
JUNE 30, 2021**

	Retiree Health Benefit (OPEB) Trust
<b>ASSETS</b>	
Investments	\$ 7,870,551
Total Assets	\$ 7,870,551
<b>NET POSITION</b>	
Restricted for postemployment benefits other than pensions	\$ 7,870,551
Total Net Position	\$ 7,870,551

See accompanying Notes to Financial Statements.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CHANGES IN PLAN NET POSITION  
YEAR ENDED JUNE 30, 2021**

	<u>Retiree Health Benefit (OPEB) Trust</u>
<b>ADDITIONS</b>	
Employer Contributions	\$ 2,021,220
Investment Income	<u>1,332,470</u>
Total Additions	3,353,690
<b>DEDUCTIONS</b>	
Operating Expenses and Services	16,967
Benefit Payments	<u>2,021,220</u>
Total Deductions	<u>2,038,187</u>
<b>CHANGES IN NET POSITION</b>	1,315,503
Net Position - Beginning of Year	<u>6,555,048</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 7,870,551</u></u>

See accompanying Notes to Financial Statements.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

San Diego Community College District (the District) is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Trustees.

The District considered its financial and operational relationships with potential component units under the reporting entity definition of Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents;
- The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; and
- The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

The San Diego Community College Auxiliary Organization (the Organization) was created to further support the District's mission and goals beyond state available funding. The Organization has its own Board of Directors comprised of District faculty and administrators; however, the District maintains oversight responsibility for the Organization as carried out by the District Chancellor in accordance with the provisions of Section 72670 of the California Education Code. Since the District significantly influences its operations, the Organization has been included in the District's financial statements as a blended component unit. Should the Organization be dissolved, its assets remaining after payment of liabilities would be distributed to the District.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Statement Presentation**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the District's financial activities. The Retiree Health (OPEB) Trust, are excluded from the basic financial statements.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

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

For internal accounting purposes, the budgetary and financial accounts of the District have been recorded and maintained in accordance with the Chancellor's Office of the California Community College's Budget and Accounting Manual. The financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations, and equities.

By state law, the District's Governing Board must approve a budget no later than September 15. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with generally accepted accounting principles (GAAP). These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

**Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the County Treasury is recorded at cost, which approximates fair value, in accordance with the requirements of GASB.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Investments are reported at fair value, which is determined by the most recent bid and asking price as obtained from dealers that make markets in such securities.

**Accounts Receivable**

Accounts receivable consists primarily of amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Material receivables are considered fully collectible. Bad debt is accounted for by the direct write-off method for student receivables, which is not materially different from the allowance method.

**Inventories**

Inventories are presented at the lower of cost or market on an average basis and are expensed when used. Inventory is primarily items held in the bookstore for resale along with other supplies held for consumption.

**Prepaid Expenses**

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2021 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which goods or services are consumed.

**Restricted Cash and Cash Equivalents**

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

**Capital Assets**

Capital assets are long-lived assets of the District 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 assets as defined in GASB Statement No. 34. Donated capital assets are recorded at estimated acquisition 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.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

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, 50 years; equipment and vehicles, 5 to 6 years; and technology equipment 3 years.

**Deferred Outflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following deferred outflows:

*Deferred Charge on Refunding:* A deferred charge on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

*Deferred Outflows – Pensions and OPEB:* The deferred outflows of resources related to pensions and OPEB resulted from District contributions to employee plans subsequent to the measurement date of the actuarial valuations for the plans. Deferred outflows are also recorded for the effects of actuarially-determined changes to the pension plan. These amounts are deferred and/or amortized as detailed in Notes 7 and 8 to the financial statements.

**Accounts Payable and Accrued Liabilities**

Accounts payable consists of amounts due to vendors for goods and services received prior to June 30. Accrued liabilities consist of salaries and benefits payable and other accrued expenses.

**Unearned Revenue**

Cash received for federal and state special projects, and programs is recognized as revenue to the extent that eligibility requirements have been met. Unearned revenue is recorded to the extent cash received prior to having met eligibility requirements for specific projects and programs. Unearned revenue also includes summer enrollment fees received but not earned.

**Compensated Absences**

Accumulated unpaid employee vacation benefits are recognized as a liability in the statement of net position when incurred.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave; therefore, accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Long-Term Obligations**

Long-term debt and other obligations financed by proprietary funds are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. General obligation bonds are reported net of the applicable bond premium or discount.

**Medicare Premium Liability**

For purposes of measuring the District's liability related to the Medicare Premium Payment (MPP) Program, the fiduciary net position of the MPP Program and additions to/deductions from the MPP Program fiduciary net position have been determined on the same basis as they are reported by the MPP Program. There are no deferred outflows of resources or deferred inflows of resources related to the MPP Program or for MPP Program expenses. For this purpose, the MPP Program recognizes benefit payments when due and payable in accordance with the benefit terms. The MPP Program reports its investments at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The related liability for the District's proportionate share of the MPP Program is reported in the financial statements; as the plan is not material, additional disclosures are not included.

**Net Pension Liability**

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 (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)**

The District's OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, OPEB expense, and information about the fiduciary net position have been determined on the same basis as they are reported by the Trust. For this purpose, the Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflows of resources related to pensions resulted from the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 7 to the financial statements.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position**

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

*Restricted Net Position – Expendable:* Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties or by enabling legislation adopted by the District. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

*Restricted Net Position – Nonexpendable:* Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The District have no Restricted Net Position – Nonexpendable net assets.

*Unrestricted Net Position:* Unrestricted net position represents resources available to be used for transactions relating to the general operations of the District, and may be used at the discretion of the governing board, as designated, to meet current expenses for specific future purposes.

**State Apportionments**

Certain current year apportionments from the state under the Student Centered Funding Formula are based upon various financial and statistical information of the previous year. The California Community College Chancellor's Office recalculates apportionment on a statewide basis each February of the subsequent year; any difference in computational revenue or state aid will be recorded in the year computed by the State.

The District also receives state apportionments for categorical programs. These allocations are based on various financial and statistical information from the current and previous years.

**Property Taxes**

The County of San Diego (County) bills and collects property taxes on behalf of numerous special districts and incorporated cities, including the District. The District's collections of current year's taxes are received through periodic apportionment payments from the County. The County's tax calendar is from July 1 to June 30. Property taxes attach as a lien on property on March 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.



**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property Taxes (Continued)**

Since the passage of California's Proposition 13, beginning with Fiscal Year 1978-79, general property taxes are based either on flat 1% rate applied to the 1975-76 full value of the property or on 1% of the sales price of any property sold or the cost of any new constructions after the 1975-76 valuations.

Taxable values of properties (exclusive of increases related to sales and new construction) can rise at a maximum of 2% per year.

The Proposition 13 limitation on general property taxes does not apply to taxes levied to pay the debt service on any indebtedness approved by the voters prior to June 6, 1978 (the date of the passage of Proposition 13).

**Classification of Revenues**

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

*Operating Revenues:* Operating revenues include activities that have the characteristics of exchange transactions, such as student fees, net of scholarship discounts and allowances, and Federal and most state and local grants and contracts.

*Nonoperating Revenues:* Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as State apportionments, taxes, and other revenue sources that are defined as nonoperating revenues by GASB.

**Scholarships, Discounts and Allowances**

Student tuition and fee revenues, and certain other revenues from students, are reported gross of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the District, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, and other federal, state, or nongovernmental programs, are recorded as operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

**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.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Risks and Uncertainties**

The COVID-19 Pandemic has recently affected global markets, supply chains, employees of companies and our communities. Management is taking appropriate actions to mitigate the impact. However, the economic impact of COVID-19 is unknown and cannot be reasonably estimated as of June 30, 2021.

**NOTE 2 DEPOSITS**

**Deposits - Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal a percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits and collateral that is considered to be held in the name of the District. As of June 30, 2021, \$10,717,000 of the District's bank balance of \$11,976,138 was exposed to credit risk.

**Cash in County Treasury**

In accordance with the Budget and Accounting Manual, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2021 is measured at 100.50% of amortized cost. The District's investments in the fund are considered to be highly liquid and reflected in the financial statements as cash and cash equivalents in the statement of net position.

The County is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635, and 53648. The County is restricted to invest time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the County are either secured by federal depository insurance or are collateralized. The County investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

Cash and cash equivalents as of June 30, 2021 are as shown herein.

Primary Government:

Cash on Hand and in Banks	\$ 4,534,895
Cash in County Treasury	186,783,176
Total Cash and Cash Equivalents	<u>\$ 191,318,071</u>

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 DEPOSITS (CONTINUED)**

**Investments**

*Policies*

Under provisions of California Government Code Sections 16430, 53601, and 53602 and District Board Policy Section 3130, the District may invest in the types of investments shown herein. The District did not violate any provisions of the California Government Code or District Board policy during the year ended June 30, 2021.

- State of California Local Agency Investment Fund (LAIF)
- County Treasurer’s Investment Pools
- U.S. Treasury notes, bonds, bills, or certificates of indebtedness
- U.S. Government Agency guaranteed instruments
- Fully insured or collateralized certificates of deposit
- Fully insured and collateralized credit union accounts

*Investment Valuation*

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments’ fair value measurements at June 30, 2021 are presented herein. Information regarding the investments held in the District’s OPEB Trust Funds are included in Note 8.

Investment:	Fair Value	Standard & Poor’s Rating
U.S. Treasury Notes - SLGS - Level 2	\$ 249,470,888	AA+
Total	\$ 249,470,888	

**Interest Rate Risk**

Interest rate risk is the risk that changes in 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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligations. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The District follows Government Code to reduce exposure to investment credit risk.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 DEPOSITS (CONTINUED)**

**Concentration of Credit Risk**

The District places no limit on the amount that may be invested in any one issuer.

**Custodial Credit Risk**

Custodial Credit Risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in possession of an outside party. The District does not have a policy limiting the amount of securities that can be held by counterparties.

**NOTE 3 ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2021 consisted of the amounts shown herein.

Primary Government:

Federal and State	\$ 46,127,381
Student, Net of Allowance	6,297,453
Miscellaneous	9,463,477
Total Accounts Receivable	<u>\$ 61,888,311</u>

**NOTE 4 CAPITAL ASSETS AND DEPRECIATION**

A summary of changes for the District in capital assets for the year ended June 30, 2021 is shown herein.

	Balance July 1, 2020	Additions	Retirements and Transfers	Balance June 30, 2021
Capital Assets not being Depreciated:				
Land	\$ 82,170,133	\$ -	\$ -	\$ 82,170,133
Construction in Progress	30,478,999	10,960,518	644,180	40,795,337
Total Capital Assets not being Depreciated	112,649,132	10,960,518	644,180	122,965,470
Capital Assets being Depreciated:				
Site Improvements	43,754,210	152,065	-	43,906,275
Buildings and Improvements	1,600,952,838	492,115	-	1,601,444,953
Equipment and Software	86,162,031	1,506,963	-	87,668,994
Total Capital Assets being Depreciated	1,730,869,079	2,151,143	-	1,733,020,222
Less: Accumulated Depreciation for:				
Site improvements	(10,532,496)	(1,022,110)	-	(11,554,606)
Buildings	(329,197,988)	(39,517,606)	-	(368,715,594)
Equipment	(80,727,033)	(2,114,541)	-	(82,841,574)
Total Accumulated Depreciation	(420,457,517)	(42,654,257)	-	(463,111,774)
Depreciable Assets, Net	1,310,411,562	(40,503,114)	-	1,269,908,448
Capital Assets, Net	<u>\$ 1,423,060,694</u>	<u>\$ (29,542,596)</u>	<u>\$ 644,180</u>	<u>\$ 1,392,873,918</u>

Depreciation expense of \$42,654,257 was recorded during the year.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities at June 30, 2021 consisted of the amounts shown herein.

Primary Government:	
Vendors and Others	\$ 13,206,199
Retention	<u>514,073</u>
Total Accounts Payable	<u>13,720,272</u>
Payroll and Benefits	17,717,208
Accrued Expenses	<u>1,895,497</u>
Total Accrued Liabilities	<u>19,612,705</u>
Total Accounts Payable and Accrued Liabilities	<u><u>\$ 33,332,977</u></u>

**NOTE 6 UNEARNED REVENUE**

Unearned revenue at June 30, 2021 consisted of the amounts shown herein.

Primary Government:	
Federal Financial Assistance	\$ 4,817,498
State Categorical Aid	431,467
Enrollment Fee	<u>3,423,366</u>
Total Unearned Revenue	<u><u>\$ 8,672,331</u></u>

**NOTE 7 EMPLOYEE RETIREMENT PLANS**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

As of June 30, 2021, the District's proportionate share of the net pension liabilities, pension expense, and deferred inflows of resources and deferred outflows of resources for each of the retirement plans herein.

Pension Plan:	Proportionate Share of Net Pension Liability	Proportionate Share of Deferred Outflows of Resources	Proportionate Share of Deferred Inflows of Resources	Proportionate Share of Pension Expense
CalSTRS - STRP	\$ 193,818,000	\$ 45,342,113	\$ 16,998,132	\$ 38,113,567
CalPERS - Schools Pool Plan	173,175,281	29,703,967	881,578	35,491,684
CalPERS - Safety Risk Pool	(17,386)	579,331	(123)	35,340
Total	<u><u>\$ 366,975,895</u></u>	<u><u>\$ 75,625,411</u></u>	<u><u>\$ 17,879,587</u></u>	<u><u>\$ 73,640,591</u></u>

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 7 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**California State Teachers' Retirement System (CalSTRS)**

Plan Description

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

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% 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 to the STRP Defined Benefit Program and STRP Defined Benefit Supplement Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2021 are summarized herein.

<u>Provisions and Benefits</u>	<u>CalSTRS-STRP Defined Benefit Program and Supplement Program</u>	
	<u>On or Before December 31, 2012</u>	<u>On or After January 1, 2013</u>
Hire Date		
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	60	62
Monthly Benefits as a Percentage of		
Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Employee Contribution Rate	10.25%	10.21%
Required Employer Contribution Rate	16.15%	16.15%
Required State Contribution Rate	10.328%	10.328%

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 7 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**California State Teachers' Retirement System (CalSTRS) (Continued)**

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 contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2021 are presented above and the total District contributions were \$17,727,559.

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

At June 30, 2021, 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:

	Balance <u>June 30, 2021</u>
<u>Proportionate Share of Net Pension Liability</u>	<u>June 30, 2021</u>
District Proportionate Share of Net Pension Liability	\$ 193,818,000
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>99,912,393</u>
Total	<u><u>\$ 293,730,393</u></u>

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2020, the District's proportion was 0.2000% which is a decrease of 0.0070% from its proportion measured as of June 30, 2019.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 7 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**California State Teachers' Retirement System (CalSTRS) (Continued)**

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

For the year ended June 30, 2021, the District recognized pension expense of \$38,113,567. In addition, the District recognized revenue and corresponding expense of \$11,289,032 for support provided by the state. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources herein.

<u>Pension Deferred Outflows and Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 17,727,559	\$ -
Difference Between Expected and Actual Experience	342,000	5,466,000
Change in Assumptions	18,900,000	-
Change in Proportion	3,768,554	11,532,132
Net Differences Between Projected and Actual Earnings on Plan Investments	4,604,000	-
Total	<u>\$ 45,342,113</u>	<u>\$ 16,998,132</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The net difference between projected and actual earnings on plan investments is amortized over a five-year period on a straight-line basis.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2020 measurement date is seven years.

The remaining amount will be recognized to pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2022	\$ (1,221,025)
2023	5,567,994
2024	8,033,571
2025	536,718
2026	(1,472,946)
2027	(827,890)
Total	<u>\$ 10,616,422</u>



**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 7 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**California State Teachers' Retirement System (CalSTRS) (Continued)**

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2019 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.10%
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) 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 investment staff and investment consultants and adopted by the CalSTRS Board in January 2020. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 7 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**California State Teachers' Retirement System (CalSTRS) (Continued)**

Discount Rate

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments, and administrative expense occur mid-year. 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 the 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 1% lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% Decrease (6.10%)	\$ 292,832,000
Current Discount Rate (7.10%)	193,818,000
1% Increase (8.10%)	112,068,000

Plan Fiduciary Net Position

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

**California Public Employees Retirement System (CalPERS)**

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 7 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**California Public Employees Retirement System (CalPERS) (Continued)**

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 nonduty disability benefits after 5 years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2021 are summarized herein.

Provisions and Benefits	CalPERS-Schools Pool Plan	
	On or Before December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55	62
Monthly Benefits as a Percentage of		
Eligible Compensation	1.1%-2.5%	1.0%-2.5%
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	20.700%	20.700%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021 are as presented above and the total District contributions were \$16,321,999.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 7 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**California Public Employees Retirement System (CalPERS)**

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$173,175,281. The net pension liability was measured as of June 30, 2020. 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 districts, actuarially determined. At June 30, 2020, the District's proportion was 0.5644% which is a decrease 0.0045% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$35,491,684. In addition, at June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources herein.

<u>Pension Deferred Outflows and Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 16,321,999	\$ -
Difference Between Expected and Actual Experience	8,588,962	-
Changes of Assumptions	635,040	-
Changes in Proportion	553,007	881,578
Net Differences Between Projected and Actual Earnings on Plan Investments	3,604,959	-
Total	<u>\$ 29,703,967</u>	<u>\$ 881,578</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The net difference between projected and actual earnings on plan investments is amortized over a five-year period on a straight-line basis.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2020 measurement date is 4.1 years.

The remaining amount will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2022	\$ 4,427,805
2023	3,730,674
2024	2,648,902
2025	1,693,009
Total	<u>\$ 12,500,390</u>

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 7 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**California Public Employees Retirement System (CalPERS) (Continued)**

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2019 used the methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Experience Study	July 1, 1997 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by Entry Age and Service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of mortality improvements using 90% of scale MP 2016 published by the Society of Actuaries.

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	50%	5.98%
Fixed Income	28%	2.62%
Real Assets	13%	4.93%
Private Equity	8%	7.23%
Liquidity	1%	-0.92%

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 7 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**California Public Employees Retirement System (CalPERS) (Continued)**

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. 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 Schools Pool Plan 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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% Decrease (6.15%)	\$ 248,971,046
Current Discount Rate (7.15%)	173,175,281
1% Increase (8.15%)	110,268,600

Plan Fiduciary Net Position

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

**California Public Employees Retirement System (CalPERS) – Safety Risk Pool**

Plan Description

The Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan or PERF C) is administered by the California Public Employees' Retirement System (the System or CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. Each individual employer rate plan generally has less than 100 active members.

Benefits Provided

The Plan was established to provide retirement, death, and disability benefits to public agency rate plans with generally less than 100 active members. The benefit provisions for PERF C employees are established by statute.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**Social Security Alternative Plan**

Plan Description

The Social Security Alternative plan is a single employer defined contribution plan covering most employees of the San Diego Community College District who are not eligible for membership in CalPERS, CalSTRS or another plan. Upon employment and any re-employment, part-time employees may become a member of the Social Security Alternative Plan. The Social Security Alternative Plan is an alternative plan to social security, and unit members would not contribute to social security under the Omnibus Budget Reconciliation Act of 1991.

Funding Policy

Contributions to the Social Security Alternative Plan are shared between the employee and the District. The District contributes 3.75% of eligible wages as defined under Internal Revenue Service regulations, and 3.75% of eligible wages are withheld from the employee's checks for deposit under the plan. The District's contribution to the Social Security Alternative Plan for the fiscal years ended June 30, 2021 and 2020 were \$532,712 and \$553,969, respectively.

The Social Security Alternative Plan is a qualified pension plan under the Internal Revenue Code 401 and is thereby exempt from all federal income and California franchise taxes.

**NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS**

The District provides postemployment healthcare benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

**Plan Description and Eligibility**

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District. The District provides medical benefits to its employees through the Kaiser HMO, four United Healthcare HMO options, United Healthcare Signature Value Alliance, United Healthcare CA Select Plus PPO plan, and three United Healthcare Out of Area PPO options. The District also provides dental (Delta Dental) and vision (Vision Service Plan) benefits.

The District maintains the same medical plans for its retirees as for its active employees, as well as their Medicare equivalents for Medicare eligible retirees (United Healthcare Medicare Advantage PPO, United Healthcare Medicare Advantage HMO, and Kaiser Senior Advantage

The District's share of retiree premium depends on classification, age, years of service (YOS) and the applicable cap. For the 2020 calendar year the cap is \$1,223 per month.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Plan Description and Eligibility (Continued)**

The District pays for the cost of spousal coverage for all retirees, both before and after age 65, up to the District cap. The cap is set equal to the active employee two-party rate for the Kaiser HMO, which the District pays for its active employees. For the 2020 calendar year the cap was \$1,223 per month. The cap is assumed to grow at the medical trend rate of 5.80% for healthcare, decreasing 0.10% per year to an ultimate rate of 5.00% for 2029 and later years.

The District's share of retiree premium depends on classification, age, years of service (YOS) and the applicable cap. The monthly cap is \$1,223.47 and \$1,321.88, for calendar year 2020 and 2021, respectively.

The District also pays Medicare Part B premiums for all retirees and spouses of retirees entitled to District-paid medical benefits beyond age 65. Survivor benefits are provided for the spouses of those retirees eligible for lifetime benefits. Benefits are paid for one year following the retiree's death, and are limited to medical and dental premiums only.

Participant Type:	Number of Participants
Inactive Participants Currently Receiving Benefits	154
Active Employees	2,019
Total	2,173

**Funding Policy**

The contribution requirements of plan members and the District are established and may be amended by the District and the District's 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 agreements between the District and the bargaining units. For the fiscal year ended June 30, 2021, the District contributed \$2,021,220 to the plan including the implicit rate subsidy.

On June 26, 2006, the District contributed \$11,000,000 to the Community College League of California - Joint Powers Authority (CCLC-JPA) irrevocable trust and adopted a goal of fully funding the plan on a fully projected basis by allowing the balance to grow with interest until it is sufficient to pay all future retiree benefits. On June 5, 2019, the District withdrew \$14,700,000 for on behalf payments for retirees receiving life-time health and welfare benefits, which were charged each year since 2006 to General Fund Unrestricted rather than being billed annually to the CCLC-JPA.

**Net OPEB Liability**

The District's Net OPEB Liability was measured as of June 30, 2021 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of June 30, 2021. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.



**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Net OPEB Liability (Continued)**

Actuarial assumptions. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Salary increases: 3.00%
- Inflation rate: 3.00%
- Investment rate of return: 6.50%
- Healthcare cost trend rate: 5.80% decreasing 0.10% per year to an ultimate rate of 5.00% for 2029 and later years

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection. Actuarial assumptions used in the July 1, 2017 valuation were based on a review of plan experience during the period July 1, 2015 to June 30, 2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class:	<u>Assumed Asset Allocation</u>	<u>Real Rate of Return</u>
Broad U.S. Equity	50%	4.4
U.S. Fixed	50%	1.5

To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or in excess of the target rate of return of 6.50%.

*Discount rate.* GASB 75 requires a discount rate that reflects the following:

- The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in above are not met.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Net OPEB Liability (Continued)**

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments.

The discount rate used to measure the District's Total OPEB liability is based on the following: long-term expected return of plan investments of 6.50%; Fidelity GO AA 20-years Municipal Index of 2.45%; and a discount rate of 3.11%.

The table herein shows the components of the net OPEB liability of the District:

	Balance
	<u>June 30, 2020</u>
Total OPEB Liability	\$ 52,983,774
Plan Fiduciary Net Position	<u>7,870,551</u>
District's Net OPEB Liability	<u><u>\$ 45,113,223</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	14.85%

**Investments**

Investment policy. The District's policy regarding the allocation of the plan's invested assets is established and may be amended by District management. The primary objective is to maximize total plan return, subject to the risk and quality constraints set forth in the investment guidelines. The investment objective the District has selected is the Moderate Objective, which has a dual goal to seek moderate growth of income and principal. The asset allocation ranges for this objective as of June 30, 2021 are listed below:

Asset Class:	<u>Target Percentage of Portfolio</u>	<u>Actual Percentage of Portfolio</u>
Cash	0 - 20%	0%
Fixed Income	40% - 60%	50%
Equity	40% - 60%	50%

Market conditions may cause the account's asset allocation to vary from the stated range from time to time. The investment manager (assisting the District) will rebalance the portfolio when the actual weighting differs substantially from the strategic range, if appropriate and consistent with the objectives.

Rate of return. For the year ended June 30, 2021 the annual money-weighted rate of return on investments, net of investment expense, was 20.35%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Investment Valuation**

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Plan's investments' fair value measurements at June 30, 2021 are presented below:

Investment	Total	Fair Value Measurements		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Master Trust - US Bank	\$ 7,870,551	\$ -	\$ -	\$ 7,870,551

**Schedule of Changes in Net OPEB Liability**

The District's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of June 30, 2020. Liabilities in this report were calculated as of the valuation date.

The total OPEB liability was determined by an actuarial valuation date of June 30, 2020, using the actuarial assumptions shown herein, applied to all periods included in the measurement, unless otherwise specified.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 49,713,793	\$ 6,555,048	\$ 43,158,745
Changes for the Year:			
Service cost	2,533,668	-	2,533,668
Interest	1,593,707	-	1,593,707
Employer Contributions	-	2,021,220	(2,021,220)
Difference Between Expected and Actual Experience	-	-	-
Changes in Assumptions	1,163,826	-	1,163,826
Difference Between Actual and Expected Return on Assets	-	-	-
Expected Investment Income	-	1,332,470	(1,332,470)
Benefit Payments	(2,021,220)	(2,021,220)	-
Administrative Expense	-	(16,967)	16,967
Net Changes	<u>3,269,981</u>	<u>1,315,503</u>	<u>1,954,478</u>
Balances at June 30, 2021	<u>\$ 52,983,774</u>	<u>\$ 7,870,551</u>	<u>\$ 45,113,223</u>

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Schedule of Changes in Net OPEB Liability (Continued)**

The following presents the District's net OPEB liability calculated using the discount rate of 2.83%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.83%) or 1-percentage-point higher (3.83%) than the current rate:

	<u>Net OPEB Liability</u>
Discount Rate:	
1% Decrease (1.83%)	\$ 49,487,707
Current Discount Rate (2.83%)	45,113,223
1% Increase (3.83%)	41,079,089

The following presents the District's net OPEB liability calculated using the current healthcare cost trend rate of 5.8%, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.8%) or 1-percentage-point higher (6.8%) than the current rate:

	<u>Net OPEB Liability</u>
Health Care Trend Rate:	
1% Decrease (4.8%)	\$ 39,432,016
Current Health Care Trend Rate (5.8%)	45,113,223
1% Increase (6.8%)	51,774,532

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

At June 30, 2021, the District's deferred outflows of resources and deferred inflows of resources to OPEB from the following sources were:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Projected and Actual Earnings on Plan Investments	\$ 334,213	\$ 729,495
Difference Between Expected and Actual Experience	819,280	-
Changes in Assumptions	8,729,938	-
Total	<u>\$ 9,883,431</u>	<u>\$ 729,495</u>

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 8 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 1,400,792
2023	1,418,748
2024	1,293,402
2025	1,265,563
2026	1,443,447
2027	1,015,264
2028	542,012
2029	542,012
2030	198,800
2031	33,896
Total	<u>\$ 9,153,936</u>

**OPEB Expense**

For the year ended June 30, 2021, the District recognized OPEB expense of \$5,102,085.

**NOTE 9 LONG-TERM DEBT**

A schedule of changes in long-term debt for the year ended June 30, 2021 is shown herein.

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Amount Due in One Year</u>
General Obligation Bonds	\$ 1,678,189,835	\$ 13,727,825	\$ 40,444,135	\$ 1,651,473,525	\$ 41,672,450
Premiums, Net of Amortization	108,054,166	-	6,484,021	101,570,145	-
Total Bonds and Notes Payable	<u>1,786,244,001</u>	<u>13,727,825</u>	<u>46,928,156</u>	<u>1,753,043,670</u>	<u>41,672,450</u>
Compensated Absences	13,606,207	7,376,266	6,041,799	14,940,674	913,260
Claims Liability	5,914,155	458,928	168,545	6,204,538	458,928
OPEB Liability	43,158,745	1,954,478	-	45,113,223	-
Early Retirement Incentive	-	3,851,240	-	3,851,240	962,810
Medicare Premium Program	1,191,671	92,398	-	1,284,069	-
Net Pension Liability	352,755,766	14,220,129	-	366,975,895	-
Total Other Liabilities	<u>416,626,544</u>	<u>24,102,199</u>	<u>6,210,344</u>	<u>438,369,639</u>	<u>2,334,998</u>
Total Long-Term Debt	<u>\$ 2,202,870,545</u>	<u>\$ 37,830,024</u>	<u>\$ 53,138,500</u>	<u>\$ 2,191,413,309</u>	<u>\$ 44,007,448</u>

**SAN DIEGO COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

In accordance with state guidelines, liabilities for compensated absences, OPEB, Medicare Premium Program, and the net pension liability are liquidated by the governmental funds in which related salaries and benefits are recorded. Capital leases are liquidated by the General Fund, while the general obligation bond liabilities are liquidated through property tax collections as administered by the County Controller's office through the Bond Interest and Redemption Fund.

The District participates in the Medicare Premium Payment (MPP) Program of the California State Teachers' Retirement Plan (the STRP). The District's proportionate share of the liability is 0.30%. As the plan activity and the District's proportionate share of the total OPEB liability is not significant, additional disclosures regarding the plan are not included in these financial statements.

In December 2019, the Board of Trustees approved the implementation of the District's Supplemental Employee Retirement Plan (SERP) for classified professionals, tenured faculty members, and supervisory and professional administrators. The SERP will be effective starting July 1, 2020. A total of 77 employees, 54 classified and 23 faculty employees will participate in the plan. There were not enough SPAA employees interested in participating so that unit was not included in the SERP. The total cost to the District will be approximately \$4.81 million. The District will pay benefits of \$962,810 annually through fiscal year 2024. The accumulated future liability for the District at June 30, 2021 is \$3,851,240.

**NOTE 10 GENERAL OBLIGATION BONDS**

On November 5, 2002, by majority election of the District's registered voters, \$685,000,000 in general obligation bonds (Proposition S) were authorized to be issued and sold for the benefit of the District. Proceeds from the bonds were to be used for acquisition, construction, renovation, repair and modernization of certain District property and facilities and to refund or advance refund certain obligations of the District.

On May 15, 2003, Series 2003 A, B and C of the Proposition S bond authorization were issued, which consisted of serial bonds and term bonds with an initial total par amount of \$105,000,000 with stated yield rates of 0.95% to 4.39%. Series 2003 was advance refunded with the issuances of the series 2011 General Obligation Refunding bonds and the issuance of the Series 2012 General Obligation Refunding bonds.

On October 5, 2005, Series 2005 of the Proposition S bond authorization was issued, which consisted of serial bonds, term bonds, and capital appreciation bonds with an initial par amount of \$244,999,901 with stated yield rates of 3.28% to 4.38% and maturing through May 1, 2030. Series 2005 was advanced refunded.

On May 13, 2009, Series 2009 of the Proposition S bond authorization was issued, which consisted of serial bonds, term bonds, and convertible capital appreciation bonds with an initial par amount of \$131,293,506 with stated yield rates of 2.70% to 6.00% and maturing through August 1, 2033.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 10 GENERAL OBLIGATION BONDS (CONTINUED)**

On July 21, 2011, Series 2011 of the Proposition S bond authorization was issued, which consisted of current interest serial bonds and capital appreciation serial bonds with an initial par amount of \$99,999,859 with stated yield rates of 0.27% to 6.69% and maturing through August 1, 2041. On July 21, 2011, Series 2011, Refunding, of the Proposition S bond authorization was issued, which consisted of current interest serial bonds with an initial par amount of \$22,230,000 with stated yield rates of 0.38% to 3.55% and maturing through August 1, 2023.

On March 22, 2012, Series 2012, Refunding of the Proposition S bond authorization was issued with an initial par amount of \$235,134,077 with stated yield rates of 0.18% to 3.10% and maturing through August 1, 2029. The Series 2012, Refunding retired \$290,680,000 of debt including \$244,320,000 of Series 2003A and Series 2005 of the Proposition S bond authorization.

On July 17, 2013, Series 2013 of the Proposition S bond authorization was issued, which consisted of current interest serial bonds with an initial par amount of \$103,705,000 with stated yield rates of 0.20% to 4.25% and maturing through August 1, 2032.

On November 3, 2016, Series 2016, Refunding of the Proposition S bond authorization was issued, with an initial par amount of \$157,257,360 with stated yield rate of 0.74% to 3.00% and maturing through August 1, 2041. The Series 2016 Refunding retired \$524,205,000 of debt including \$163,715,000 of Series 2009 and Series 2011 of the Proposition S bond authorization and \$360,490,000 of Series 2007 and Series 2011 of the Prop N bond authorization.

On November 7, 2006 by majority election of the District's registered voters, \$870,000,000 in general obligation bonds ("Proposition N") were authorized to be issued and sold for the benefit of the District. Proceeds from the bonds are to be used for acquisition, construction, renovation, repair and modernization of certain District property and facilities and to refund or advance refund certain obligations of the District. The bonds are scheduled to be issued in four increments over a ten-year period.

On July 18, 2007, Series 2007 of the Proposition N bond authorization was issued, which consisted of current interest serial bonds, current interest term bonds and capital appreciation bonds with an initial par amount of \$224,996,823 with stated yield rates of 3.60% to 4.51% and maturing through August 1, 2032. Series 2007 was advanced refunded via the issuance of series 2016 General Obligation refunding bonds.

On July 21, 2011, Series 2011 of the Proposition N bond authorization was issued, which consisted of current interest serial bonds and current interest term bonds with an initial par amount of \$250,000,000 with stated yield rates of 0.27% to 4.86% and maturing through August 1, 2041.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 10 GENERAL OBLIGATION BONDS (CONTINUED)**

On March 22, 2012, Series 2012, Refunding was issued with an initial par amount of \$44,620,923 with stated yield rates of 0.18% to 3.10% and maturing through August 1, 2029. The Series 2012, Refunding retired \$290,680,000 of debt including \$244,320,000 of Series 2003A and Series 2005 of the Proposition S bond authorization and \$46,360,000 of Series 2007 of the Proposition N bond authorization.

On July 17, 2013 of the Proposition N bond authorization was issued, which consisted of current interest serial bonds, current interest term bonds, capital appreciation bonds and convertible capital appreciation bonds with an initial par amount of \$272,996,022 with state yield rates of 0.20% to 6.23% and maturing through August 1, 2043.

On November 3, 2016, Series 2016 of the Proposition N Bond authorization was issued, which consisted of serial bonds and term bonds with an initial par amount of \$122,005,000, with stated yield rates of 0.74% to 3.17% and maturing through August 1, 2034.

On November 3, 2016, Series 2016, Refunding of Proposition N bond authorization was issued, with an initial par amount of \$346,772,640 with stated yield rates of 0.74% to 3.00% and maturing through August 1, 2041. The Series 2016 Refunding retired \$524,205,000 of debt including \$163,715,000 of Series 2009 and Series 2011 of the Proposition S bond authorization and \$360,490,000 of Series 2007 and 2011 of the Proposition N bond authorization.

On October 16, 2019, Series 2019, Refunding was issued, with an initial par amount of \$437,965,000 Series A. The bonds were sold with an interest rate ranging from 1.935% to 3.336% and maturity dates from August 1, 2020 through August 1, 2043. The 2019 Refunding Series A Refunding retired \$390,440,000 of debt, including \$5,500,000 of Series 2011 General Obligation Refunding Bonds; \$167,895,000 of Series 2012 General Obligation Refunding Bonds; \$94,695,000 of Election of 2002, Series 2013 Bonds; and \$122,350,000 of Election of 2006. Series 2013 Bonds.

On October 16, 2019, Series 2019, Refunding was issued, with an initial par amount of \$255,470,000 Series B. The bonds were sold with an interest rate ranging from 2.407% to 3.316% and maturity dates from August 1, 2027 through August 1, 2041. The 2019 Refunding Series B Refunding are issued on a crossover basis to retire \$133,034,590 of convertible capital appreciation debt of Election of 2006, Series 2013 Bonds. The crossover date is August 1, 2023; the bonds remain as a long-term debt and will continue to accrete interest until the crossover date. Proceeds from the debt issuance of \$254,411,963 have been deposited in an escrow account to defease the debt on the crossover date.



**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 10 GENERAL OBLIGATION BONDS (CONTINUED)**

The refunding results in an estimated present value savings in cash flow of \$103,108,777.

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2021
2009 Series	5/13/2009	8/1/2033	2.70 - 6.00%	\$ 131,293,506	\$ 29,998,506
2011 Series	7/21/2011	8/1/2041	0.27 - 6.69%	99,999,859	5,490,000
2011 Series	7/21/2011	8/1/2021	0.27 - 4.86%	250,000,000	18,024,859
2011 Series, Refunding	7/21/2011	8/1/2021	0.38 - 3.55%	22,230,000	2,495,000
2012 Series, Refunding	3/22/2012	8/1/2027	0.18 - 3.10%	279,755,000	43,695,000
2013 Series A	7/17/2013	8/1/2024	0.20 - 4.25%	103,705,000	4,795,000
2013 Series B	7/17/2013	8/1/2023	0.20 - 6.23%	272,996,022	138,805,808
2016 Series	11/3/2016	8/1/2034	0.74 - 3.17%	122,005,000	111,705,000
2016 Series, Refunding	11/3/2016	8/1/2041	0.74 - 3.00%	504,030,000	498,650,000
2019 Series A Refunding	10/16/2019	8/1/2043	1.93 - 3.34%	437,965,000	427,550,000
2019 Series B Refunding	10/16/2019	8/1/2041	2.41 - 3.32%	255,470,000	255,470,000
Accreted Interest				-	114,794,352
Total				<u>\$ 2,479,449,387</u>	<u>\$ 1,651,473,525</u>

The annual requirements to amortize the General Obligation Bonds outstanding as of June 30, 2021 are as shown herein.

**2009 Series**

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ -	\$ 3,292,800
2023	-	3,292,800
2024	-	3,292,800
2025	-	3,292,800
2026	-	3,292,800
2027-2031	-	16,464,000
2032-2036	29,998,506	33,113,494
Total	29,998,506	<u>\$ 66,041,494</u>
Accreted Interest	24,881,494	
Total	<u>\$ 54,880,000</u>	

**2011 Series**

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,575,000	\$ 34,219
2023	-	-
2024	-	-
2025	-	-
2026	-	-
2027-2031	-	-
2032-2036	5,007,064	17,842,937
2037-2041	9,838,269	47,691,731
2042-2044	1,604,526	9,970,474
Total	18,024,859	<u>\$ 75,539,361</u>
Accreted Interest	14,174,536	
Total	<u>\$ 32,199,395</u>	

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 10 GENERAL OBLIGATION BONDS (CONTINUED)**

**2011 Series**

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	<u>\$ 5,490,000</u>	<u>\$ 137,250</u>
Total	<u>\$ 5,490,000</u>	<u>\$ 137,250</u>

**2011 Refunding Series**

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	<u>\$ 2,495,000</u>	<u>\$ 58,250</u>
Total	<u>\$ 2,495,000</u>	<u>\$ 58,250</u>

**2012 Refunding Series**

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 19,865,000	\$ 1,579,750
2023	22,080,000	601,412
2024	-	96,250
2025	-	96,250
2026	-	96,250
2027-2031	1,750,000	144,375
Total	<u>\$ 43,695,000</u>	<u>\$ 2,614,287</u>

**2013 Series A**

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,000,000	\$ 199,350
2023	1,500,000	144,350
2024	2,275,000	57,475
2025	20,000	300
Total	<u>\$ 4,795,000</u>	<u>\$ 401,475</u>

**2013 Series B**

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,692,450	\$ 557,550
2023	1,935,615	824,384
2024	135,177,743	1,136,848
Total	<u>138,805,808</u>	<u>\$ 2,518,782</u>
Accreted Interest	75,738,322	
Total	<u>\$ 214,544,130</u>	

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 10 GENERAL OBLIGATION BONDS (CONTINUED)**

**2016 Series**

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 2,765,000	\$ 4,332,800
2023	3,110,000	4,215,300
2024	3,480,000	4,083,500
2025	6,240,000	3,857,900
2026	6,335,000	3,543,525
2027-2031	41,010,000	12,770,525
2032-2036	48,765,000	3,445,650
Total	<u>\$ 111,705,000</u>	<u>\$ 36,249,200</u>

**2016 Refunding Series**

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 200,000	\$ 23,165,350
2023	8,895,000	22,937,975
2024	10,895,000	22,443,225
2025	22,355,000	21,611,975
2026	21,675,000	20,511,225
2027-2031	148,770,000	82,850,000
2032-2036	195,060,000	32,859,425
2037-2041	73,820,000	12,416,400
2042-2044	16,980,000	# 379,600
Total	<u>\$ 498,650,000</u>	<u>\$ 239,175,175</u>

**2019 Series A Refunding**

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 6,590,000	\$ 11,225,834
2023	9,330,000	11,071,761
2024	32,335,000	10,658,744
2025	24,180,000	10,088,679
2026	29,040,000	9,522,023
2027-2031	174,290,000	35,967,915
2032-2036	32,595,000	21,142,331
2037-2041	7,610,000	19,262,898
2042-2044	111,580,000	5,891,042
Total	<u>\$ 427,550,000</u>	<u>\$ 134,831,227</u>

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 10 GENERAL OBLIGATION BONDS (CONTINUED)**

**2019 Series B Refunding**

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ -	\$ 8,087,824
2023	-	8,087,824
2024	-	8,087,824
2025	-	8,087,824
2026	-	8,087,823
2027-2031	11,795,000	40,047,664
2032-2036	94,485,000	33,659,262
2037-2041	143,425,000	13,155,816
2042-2044	5,765,000	95,584
Total	<u>\$ 255,470,000</u>	<u>\$ 127,397,444</u>

**NOTE 11 RISK MANAGEMENT**

**Property/Liability**

The District is self-insured for losses arising from public liability, auto, and property claims. Self-insurance amounts are \$100,000 per individual claim for property and \$200,000 for auto and public liability. The District is covered for losses in excess of these amounts by outside insurance carriers.

**Workers' Compensation**

As of July 1, 2001, the District elected to be self-insured for workers' compensation claims. Currently, the District covers claims up to \$500,000 per individual claim. Claim reserves and related incurred-but-not-reported (IBNR) liabilities are recorded for all periods of self-insurance. The outstanding claims which are expected to become due and payable within the subsequent fiscal year, have been reflected as an accrued liability as of year-end. Such claim exposure is estimated based on information provided by the third-party actuary and is reflected in the District's Statement of Net Position.

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. Settled claims have not exceeded the coverage in any of the past three fiscal years.

	Balance July 1, 2020	Claims and Changes in Estimates	Claim Payments	Balance June 30, 2021
Reported Liability:				
Workers' Compensation	\$ 5,914,155	\$ 458,928	\$ 168,545	\$ 6,204,538

**Liability and Crime Policy**

The District maintains a Liability insurance policy for California whereby the District pays the first \$200,000 per occurrence with coverage up to \$50 million including excess liability with no self-retention between the coverage ranges of \$1 - \$20 million. The District also maintains a Crime policy with a deductible of \$2,500 with a \$5 million limit.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 11 RISK MANAGEMENT (CONTINUED)**

**Health/Dental/Vision/Life**

These programs are fully insured.

**Student Accident**

This program is fully insured and provides coverage for up to \$25,000 per accident.

**NOTE 12 FUNCTIONAL EXPENSE**

Operating expenses are reported by natural classification in the statement of revenues, expenses and change in net position. A schedule of expenses by function is shown herein.

	Salaries	Benefits	Supplies, Materials, and Other Operating Expenses and Services	Financial Aid	Depreciation	Total
Functional Expense:						
Instructional Activities	\$ 95,486,463	\$ 46,773,208	\$ 4,316,349	\$ -	\$ -	\$ 146,576,020
Instructional Administration and Instructional Governance	22,037,620	18,053,364	1,229,156	-	-	41,320,140
Instructional Support Services	4,397,106	2,269,617	573,330	-	-	7,240,053
Student Services	38,377,068	20,205,132	3,523,438	-	-	62,105,638
Operation and Maintenance of Plant	11,679,540	8,354,801	3,297,725	-	-	23,332,066
Planning, Policymaking, and Coordination	8,359,234	3,975,154	786,936	-	-	13,121,324
General Institutional Support Services	28,345,681	22,341,345	36,665,609	-	-	87,352,635
Community Services and Economic Development	1,166,005	787,126	-	-	-	1,953,131
Ancillary Services and Auxiliary Operations	5,360,805	3,231,046	3,492,246	-	-	12,084,097
Transfers, Student Aid and Other Outgo	-	-	-	56,901,997	-	56,901,997
Depreciation Expense	-	-	-	-	42,654,257	42,654,257
Total	<u>\$ 215,209,522</u>	<u>\$ 125,990,793</u>	<u>\$ 53,884,789</u>	<u>\$ 56,901,997</u>	<u>\$ 42,654,257</u>	<u>\$ 494,641,358</u>

**NOTE 13 COMMITMENTS AND CONTINGENCIES**

The District is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

**State and Federal Allowances, Awards, and Grants**

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

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Operating Leases**

The District has entered into various operating leases for buildings and equipment with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration.

Future minimum lease payments under these agreements are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 122,486
2023	107,559
2024	40,569
Total	<u>\$ 270,614</u>

**Purchase Commitments**

As of June 30, 2021, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$3.3 million. Projects will be funded through state funds and general obligation bonds.

**NOTE 14 INTERFUND TRANSACTIONS**

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund receivables and payables result when the interfund transfer is transacted after the close of the fiscal year. Interfund activity within funds has been eliminated in the basic financial statements.

**NOTE 15 CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES**

**Fiduciary Funds**

The beginning net position of the basic financial statements has been restated by a change of \$2,100,402 in the governmental funds to recognize the beginning net position of the Fiduciary Activities as Business Type Activities resulting from the implementation of GASB Statement No. 84, *Fiduciary Activities*.

Net Position, Beginning of Year as Previously Reported	\$ (219,697,006)
Cumulative Effect of Change in Accounting Principles	<u>2,100,402</u>
Net Position, Beginning of Year After Cumulative Effect	<u>\$ (217,596,604)</u>

Certain reclassifications of amounts previously reported have been made to the Management Discussion and Analysis and statement of cash flows to maintain consistency between periods presented.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 16 GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2021, that have effective dates that impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

**Statement No. 87 – Leases**

The objective of the statement is to improve the accounting and financial reporting for leases by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Inflows of resources or outflows of resources will be recognized based on the payment provisions of the contract. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The statement effective date was postponed to fiscal year 2021-22.

**Statement No. 91 – Conduit Debt Obligations**

The objective of the statement is to eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations and related note disclosures. The statement clarifies the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the user, and establishing standards for accounting and financial reporting. The statement effective date was postponed to fiscal year 2022-23.

**Statement No. 92 – Omnibus 2020**

The objectives of the statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The statement addresses a variety of topics. Some requirements are effective upon issuance of the statement and for other requirements the effective date has been postponed to fiscal year 2022-23.

**Statement No. 93 – Replacement of Interbank Offered Rates (IBOR)**

This statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The statement effective date was postponed to fiscal year 2022-23.

**Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements**

This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The statement is effective for fiscal year 2022-23.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 16 GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE (CONTINUED)**

**Statement No. 96 - Subscription-Based Information Technology Arrangements**

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for fiscal year 2022-23.



**REQUIRED SUPPLEMENTARY INFORMATION**

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
YEARS ENDED JUNE 30,**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
California State Teachers' Retirement System - State Teachers' Retirement Plan							
District's Proportion of the Net Pension Liability (Assets)	0.1950%	0.2100%	0.2020%	0.2140%	0.2080%	0.2070%	0.2000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 113,952,150	\$ 139,938,870	\$ 163,779,231	\$ 197,907,200	\$ 191,166,560	\$ 186,954,120	\$ 193,818,000
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	68,809,228	74,012,037	93,250,321	117,081,181	109,452,333	101,996,777	99,912,393
Total	<u>\$ 182,761,378</u>	<u>\$ 213,950,907</u>	<u>\$ 257,029,552</u>	<u>\$ 314,988,381</u>	<u>\$ 300,618,893</u>	<u>\$ 288,950,897</u>	<u>\$ 293,730,393</u>
District's Covered Payroll	\$ 88,422,180	\$ 95,865,557	\$ 105,341,887	\$ 115,111,575	\$ 117,685,016	\$ 119,206,011	\$ 115,465,068
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	128.87%	145.97%	155.47%	171.93%	162.44%	156.83%	167.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.00%	74.00%	70.04%	69.46%	71.00%	73.00%	72.00%
California Public Employees' Retirement System - Schools Pool Plan							
District's Proportion of the Net Pension Liability (Assets)	0.5720%	0.5650%	0.5610%	0.5642%	0.5640%	0.5689%	0.5644%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 64,981,337</u>	<u>\$ 83,290,413</u>	<u>\$ 110,824,235</u>	<u>\$ 134,682,269</u>	<u>\$ 150,380,156</u>	<u>\$ 165,801,646</u>	<u>\$ 173,175,281</u>
District's Covered Payroll	\$ 60,093,558	\$ 62,528,696	\$ 67,438,815	\$ 72,195,412	\$ 75,056,239	\$ 79,256,333	\$ 81,723,145
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	108.13%	133.20%	164.33%	186.55%	200.36%	209.20%	211.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.00%	79.00%	73.90%	71.87%	71.00%	70.00%	70.00%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts for covered payroll are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

See accompanying Notes to Required Supplementary Information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
YEARS ENDED JUNE 30,**

<u>California State Teachers' Retirement System - State Teachers' Retirement Plan</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually Required Contribution	\$ 7,306,278	\$ 11,176,072	\$ 14,444,153	\$ 16,964,270	\$ 19,348,123	\$ 19,731,613	\$ 17,727,559
Contributions in Relation to the Contractually Required Contribution	<u>7,306,278</u>	<u>11,176,072</u>	<u>14,444,153</u>	<u>16,964,270</u>	<u>19,348,123</u>	<u>19,731,613</u>	<u>17,727,559</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	\$ 95,865,557	\$ 105,341,887	\$ 115,111,575	\$ 117,685,016	\$ 119,206,011	115,465,068	109,844,936
Contributions as a Percentage of Covered Payroll	7.62%	10.61%	12.55%	14.41%	16.23%	17.09%	16.14%
<u>California Public Employees' Retirement System - Schools Pool Plan</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually Required Contribution	\$ 6,875,902	\$ 5,424,269	\$ 8,671,845	\$ 11,592,739	\$ 14,252,718	\$ 16,051,934	\$ 16,321,999
Contributions in Relation to the Contractually Required Contribution	<u>6,875,902</u>	<u>5,424,269</u>	<u>8,671,845</u>	<u>11,592,739</u>	<u>14,252,718</u>	<u>16,051,934</u>	<u>16,321,999</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 62,528,696	\$ 67,438,815	\$ 72,195,412	\$ 75,056,239	\$ 79,256,333	\$ 81,723,145	\$ 79,275,641
Contributions as a Percentage of Covered Payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY  
YEARS ENDED JUNE 30,**

<u>Total OPEB Liability</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Service Cost	\$ 986,766	\$ 1,016,369	\$ 2,253,692	\$ 2,533,668
Interest	2,094,028	2,160,432	1,705,646	1,593,707
Changes in Assumptions	-	7,684,732	4,375,997	1,163,826
Benefit Payments	<u>(2,069,538)</u>	<u>(2,048,523)</u>	<u>(1,680,106)</u>	<u>(2,021,220)</u>
<b>Net Change in Total OPEB Liability</b>	1,011,256	8,813,010	6,655,229	3,269,981
<b>Total OPEB Liability - Beginning of year</b>	<u>33,234,298</u>	<u>34,245,554</u>	<u>43,058,564</u>	<u>49,713,793</u>
<b>Total OPEB Liability - End of year (a)</b>	<u>\$ 34,245,554</u>	<u>\$ 43,058,564</u>	<u>\$ 49,713,793</u>	<u>\$ 52,983,774</u>
 <u>Plan Fiduciary Net Position</u>	 <u>2018</u>	 <u>2019</u>	 <u>2020</u>	 <u>2021</u>
Contributions - Employer	\$ 2,069,538	\$ 2,048,523	\$ 1,680,106	\$ 2,021,220
Net Investment Income	1,323,364	708,941	282,216	1,332,470
Benefit Payments	(2,069,538)	(2,048,523)	(1,680,106)	(2,021,220)
Transfer to the County of San Diego	-	(14,700,000)	-	-
Trustee Fees	-	(250)	-	-
Administrative Expense	(500)	(16,360)	(12,843)	(16,967)
<b>Net Change in Plan Fiduciary Net Position</b>	1,322,864	(14,007,669)	269,373	1,315,503
<b>Plan Fiduciary Net Position - Beginning of year</b>	<u>18,970,480</u>	<u>20,293,344</u>	<u>6,285,675</u>	<u>6,555,048</u>
<b>Plan Fiduciary Net Position - End of year (b)</b>	<u>\$ 20,293,344</u>	<u>\$ 6,285,675</u>	<u>\$ 6,555,048</u>	<u>\$ 7,870,551</u>
 <b>Net OPEB Liability - End of year (a) - (b)</b>	 <u>\$ 13,952,210</u>	 <u>\$ 36,772,889</u>	 <u>\$ 43,158,745</u>	 <u>\$ 45,113,223</u>
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	 59.26%	 14.60%	 13.19%	 14.85%
 Covered-Employee Payroll	 \$ 226,093,712	 \$ 229,715,106	 \$ 227,670,372	 \$ 214,097,303
 Net OPEB Liability as a Percentage of Covered-Employee Payroll	 6.17%	 16.01%	 18.96%	 21.07%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFIT CONTRIBUTIONS  
YEARS ENDED JUNE 30,**

<u>OPEB Contributions</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially Determined Contribution (ADC)	\$ 1,775,405	\$ 1,575,911	\$ 3,052,870	\$ 3,081,054
Contributions in Relation to the ADC*	<u>1,521,272</u>	<u>1,505,824</u>	<u>1,230,036</u>	<u>1,487,723</u>
Contribution Deficiency (Excess)	<u>\$ 254,133</u>	<u>\$ 70,087</u>	<u>\$ 1,822,834</u>	<u>\$ 1,593,331</u>
District's Covered-Employee Payroll	\$ 226,093,712	\$ 229,715,106	\$ 227,670,372	\$ 214,097,303
Contributions as a Percentage of Covered-Employee Payroll	0.67%	0.66%	0.54%	0.69%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

\*Amount excludes rate subsidy

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFIT MONEY-WEIGHTED  
RATE OF RETURN ON PLAN ASSETS  
YEARS ENDED JUNE 30,**

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
2018	7.00%
2019	3.68%
2020	4.49%
2021	20.35%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively.  
Years will be added to this schedule as future data becomes available.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2021**

**NOTE 1 PURPOSE OF SCHEDULES**

**Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS-STRP and CalPERS-Schools Pool Plan**

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the state's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Benefit changes – None

Changes of Assumptions:

2019-20

CalSTRS Board adopted a new experience study which updated assumptions for termination rates and service rates.

2018-19

CalPERS Board adopted new mortality assumptions for the plan. Assumption for inflation rate was reduced from 2.75% to 2.50%. Assumption for individual salary increases and overall payroll growth was reduced from 3.00% to 2.75%.

2017-18

CalSTRS Board adopted new mortality assumptions and new mortality tables for the plan. Assumption for inflation rate was reduced from 3.00% to 2.75%. Assumption for payroll growth was reduced from 3.75% to 3.50%.

CalPERS applied a new discount rate decreasing the rate from 7.65% to 7.15%.

2015-16

CalPERS applied a new discount rate increasing the rate from 7.50% to 7.65%.

**Schedules of District Contributions – CalSTRS-STRP and CalPERS-Schools Pool Plan**

The 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, 10 years of information will be presented.

**Schedule of Postemployment Healthcare Benefits Funding Progress**

The schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

Benefit changes – None

Changes of Assumptions: None

## **SUPPLEMENTARY INFORMATION**



**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
HISTORY AND ORGANIZATION  
YEAR ENDED JUNE 30, 2021**

The Board of Trustees and the District Administration for the fiscal year ended June 30, 2021 were as follows:

**BOARD OF TRUSTEES**

<b><u>Member</u></b>	<b><u>Title</u></b>	<b><u>Term Expires</u></b>
Maria Nieto Senour	President	2022
Mary Graham	Executive Vice President	2024
Geysil Arroyo	Vice President for Public Health Advocacy	2022
Craig Milgrim	Vice President for Diversity, Equity, and Inclusion	2022
Bernie Rhinerson	Vice President for Legislative Advocacy	2024

<b><u>Member</u></b>	<b><u>Title</u></b>
Constance M. Carroll, Ph.D.	Chancellor
Ricky Shabazz, Ed.D.	President, San Diego City College
Pamela T. Luster, Ed.D.	President, San Diego Mesa College
P. Wesley Lundburg, Ph.D.	President, San Diego Miramar College
Carlos O. Turner Cortez, Ph.D.	President, San Diego College of Continuing Education
Bonnie Ann Dowd, Ed.D.	Executive Vice Chancellor, Business and Technology Services
Susan Topham, Ed.D.	Vice Chancellor, Educational Services
Christopher Manis	Vice Chancellor, Facilities Management
Gregory Smith	Vice Chancellor, Human Resources

**AUXILIARY ORGANIZATIONS IN GOOD STANDING**

<b><u>Auxiliary Name</u></b>	<b><u>Director's Name</u></b>	<b><u>Establishment and Master Agreement Date</u></b>
San Diego Community College Auxiliary Organization	Masahiro Omae, Academic Senate President	Organized as an auxiliary organization in 1997 and has a signed master agreement dated June 18, 1997
San Diego City College Foundation	John Parker, Vice President, Administrative Services	Organized as an auxiliary organization in 2014 and has a signed master agreement dated April 30, 2014

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
HISTORY AND ORGANIZATION  
YEAR ENDED JUNE 30, 2021**

**AUXILIARY ORGANIZATIONS IN GOOD STANDING (CONTINUED)**

<b><u>Auxiliary Name</u></b>	<b><u>Director's Name</u></b>	<b><u>Establishment and Master Agreement Date</u></b>
San Diego Continuing Education Foundation	Jacqueline Sabanos, Vice President, Administrative Services	Organized as an auxiliary organization in 2014 and has a signed master agreement dated April 30, 2014
San Diego Mesa College Foundation	Lorenze Legaspi, Vice President, Administrative Services	Organized as an auxiliary organization in 2014 and has a signed master agreement dated April 24, 2014
San Diego Miramar College Foundation	Brett Bell, Vice President, Administrative Services	Organized as an auxiliary organization in 2014 and has a signed master agreement dated March 14, 2014

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

Program Name	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Program Expenditures	Amounts Passed through to Subrecipients
<b>U.S. Department of Education</b>				
<b>Student Financial Aid Cluster</b>				
Federal Pell Grant Programs (PELL)	84.063	(1)	\$ 31,460,462	\$ -
Federal Pell Administrative Allowance	84.063	(1)	7,202	-
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	(1)	2,455,678	-
Federal Supplemental Educational Opportunity Grants Administrative Allowance	84.007	(1)	95,968	-
Federal Direct Student Loan	84.268	(1)	1,811,197	-
Federal College Work Study (FWS)	84.033	(1)	453,308	-
Federal College Work Study Administrative Allowance	84.033	(1)	11,307	-
Total Student Financial Aid Cluster			<u>36,295,122</u>	<u>-</u>
<b>TRIO Cluster</b>				
Student Support Services	84.042	(1)	242,835	-
Federal Trio Program - Upward Bound	84.047	(1)	294,708	-
Total TRIO Cluster			<u>537,543</u>	<u>-</u>
<b>Higher Education Emergency Relief Funds</b>				
COVID-19 Higher Education Emergency Relief Funds CARES Act- Student Aid	84.425E	(1)	6,670,875	-
COVID-19 Higher Education Emergency Relief Funds CARES Act- Institutional	84.425F	(1)	14,899,228	-
COVID-19 Higher Education Emergency Relief Funds CARES Act - Minority Serving Institutions	84.425L	(1)	981,574	-
Total Higher Education Emergency Relief Funds			<u>22,551,677</u>	<u>-</u>
<b>Higher Education-Institutional Aid</b>	84.031	(1)	1,400,704	-
<b>Pass Through Funds</b>				
Pass through California Department of Education Career Technical Education Act:				
Basic Grants to States (Perkins Title I-C)	84.048	18-C01-016	2,101,091	-
Total Career Technical Education Act			<u>2,101,091</u>	<u>-</u>
Pass through California Department of Education Adult Education Basic Grants to States:				
Adult Ed EI Civics	84.002A	(2)	458,377	-
Adult Ed & Family Literacy	84.002A	(2)	1,310,629	-
Adult Ed/ECE/ET	84.002A	(2)	311,470	-
Total Adult Education Basic Grants to States			<u>2,080,476</u>	<u>-</u>
Pass through California Department of Rehabilitation				
College to Career Program	84.126A	(2)	267,191	-
Workability III (WA III)	84.126A	(2)	441,758	-
Total State Vocational Rehabilitation Services Program			<u>708,949</u>	<u>-</u>
Total U.S. Department of Education			65,675,562	-
<b>U.S. Department of Labor</b>				
VETS Administrative Allowance	17.802	(1)	5,943	-
Workforce Innovation and Opportunity Activities - Youth Activities	17.259	(1)	307,496	-
Total U.S. Department of Labor			<u>313,439</u>	<u>-</u>

See accompanying Notes to Supplementary Information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

<u>Program Name</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Program Expenditures</u>	<u>Amounts Passed through to Subrecipients</u>
<b>U.S. Department of Health and Human Services</b>				
Professors for the Future	93.859	(1)	\$ 11,997	\$ -
Pass through County of San Diego:				
Temporary Assistance for Needy Family-CalWorks Welfare to Work	93.558	(2)	1,152	-
Total U.S. Department of Health and Human Services			<u>13,149</u>	<u>-</u>
<b>U.S. Department of Treasury</b>				
Passed through the California Community Colleges Chancellor's Office				
COVID-19 - Coronavirus Relief Fund - COVID-19 Response Block Grant	21.019	(1)	1,960,928	-
			<u>1,960,928</u>	<u>-</u>
<b>U.S. Department of Justice</b>				
Victim Advocacy Support & Services	16.525	(1)	153,677	-
Total U.S. Department of Justice			<u>153,677</u>	<u>-</u>
<b>U.S. Department of Agriculture</b>				
Child and Adult Care Food Program	10.558	(1)	34,540	-
Total U.S. Department of Agriculture			<u>34,540</u>	<u>-</u>
<b>Total Federal Programs</b>			<u>\$ 68,151,295</u>	<u>\$ -</u>

- (1) Pass-through entity identifying number not applicable, direct funded  
(2) Pass-through entity identifying number not applicable

See accompanying Notes to Supplementary Information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF STATE FINANCIAL ASSISTANCE - GRANTS  
YEAR ENDED JUNE 30, 2021**

Program Name	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
BFAP Admin	\$ 1,888,168	\$ -	\$ -	\$ (3,890)	\$ 1,884,278	\$ 1,812,106
Extended Opportunity Programs and Services	2,690,664	461,362	-	(8,991)	3,143,035	3,054,470
Care Program	246,674	87,250	-	(8,556)	325,368	317,307
NextUp	1,643,780	(10,113)	-	229,248	1,862,915	1,251,222
California College Promise	4,538,730	14,902	-	(842,465)	3,711,167	3,711,167
Financial Aid Technology	154,081	-	-	(5,227)	148,854	148,853
Commission On Post	(696)	101,209	-	-	100,513	100,513
IEPI Grant	200,000	-	-	-	200,000	164,782
AB1725 Staff Diversity/Development	50,000	-	-	-	50,000	41,027
Disabled Students Program	4,765,276	-	-	-	4,765,276	4,482,773
Adult Education Block Grant	3,590,932	-	-	-	3,590,932	3,473,962
New Apprenticeship Programs	(32,206)	32,206	-	-	-	-
SD Early Middle College	(37)	19,877	-	-	19,840	19,802
Basic Skills	-	1,229,230	-	-	1,229,230	920,453
Instructional Equipment and Library Materials	-	-	-	-	-	75,567
Student S & S Program	-	10,224,397	-	-	10,224,397	9,457,027
Student Equity Plan	1,514,989	3,917,277	-	-	5,432,266	4,846,467
Nursing Grants	231,149	-	-	-	231,149	213,100
Deputy Sector Navigator Grants	128,278	98,518	-	-	226,796	187,009
Sector Navigator	307,763	-	-	-	307,763	296,843
CTE Enhancement Grant	254,592	15,000	-	-	269,592	269,418
Strong Workforce Program	5,026,382	-	-	-	5,026,382	5,689,028
Strong Workforce Program Regional	587,516	1,490,532	-	-	2,078,048	2,626,443
Cal Grant	4,106,621	47,699	-	(10,234)	4,144,086	4,144,086
Student Success Completion Grant	3,177,711	-	-	(874,880)	2,302,831	2,302,831
Child Development CSPP-1472	669,534	-	-	-	669,534	398,534
Child Development CCTR-1252	604,942	-	-	-	604,942	211,664
Miscellaneous State Assistance:						
Veterans Resource Centers	1,213,158	105,477	-	-	1,318,635	375,102
Hunger Free Campus Support 20-21	-	-	-	-	-	21,022
Puente Program	2,500	-	-	-	2,500	4,000
CA Energy Comm - (ARFVTP)	7,136	390,283	-	-	397,419	397,419
CDTC - Yosemite CCD	-	-	-	-	-	(276)
Student Retention & Enrollment	689,579	-	-	-	689,579	898,672
Biotech Pathway Program	16,250	16,250	-	-	32,500	32,560
Guided Pathways 17-18	439,557	-	-	-	439,557	-
Hunger Free Campus Support 18-19	-	-	-	-	-	166,723
Math ESA/CCCP City	(23,770)	40,876	-	-	17,106	17,107
Cal-Works	2,339,970	-	-	-	2,339,970	2,161,694
TANF	385,252	-	-	-	385,252	383,829
Ca Campus Catalyst Fund	321,000	(1,423)	-	-	319,577	286,975
Proposition 20 Lottery funds	1,468,659	-	-	-	1,468,659	1,108,107
Mental Health Services Grant	106,743	1,087,876	-	-	1,194,619	105,772
Incarcerated Students Reentry Program	30,785	-	-	-	30,785	6,815
CA CCAP STEM Academy Program	333,333	-	-	-	333,333	225,460
Mental Health Services Grant 18-19	-	-	-	-	-	169,971
CSEP Block Grant	-	-	-	-	-	16,583
Homeless & Housing Insecurities	600,000	-	-	-	600,000	124,251
Guided Pathways Regional Coord	84,188	36,101	-	-	120,289	120,289
School Communication IG Program	-	18,743	-	-	18,743	18,743
Dream Resource Liaison Support	181,772	-	-	-	181,772	9,245
COVID-19 Block Grant State	2,407,064	-	-	-	2,407,064	355,191
Emergency SFA	2,898,441	-	-	(2,898,441)	-	-
State Chancellors Relief	444,619	-	-	(3,127)	441,492	441,492
AB82-CRRSA Child Development	58,433	-	-	-	58,433	-
<b>Total</b>	<b>\$ 50,349,512</b>	<b>\$ 19,423,529</b>	<b>\$ -</b>	<b>\$ (4,426,563)</b>	<b>\$ 65,346,478</b>	<b>\$ 57,663,200</b>

Note : Certain programs use resources from the prior year ending balance and/or carry over balances into the subsequent fiscal year beginning fund balance; for these situations, total revenue will not equal total expenditures.

See accompanying Notes to Supplementary Information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL  
APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE  
YEAR ENDED JUNE 30, 2021**

Categories	Annual - Factored			
	Reported Data	District Adjustments	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2020 only)				
1. Noncredit <sup>1</sup>	826.59	(0.56)	-	826.03
2. Credit <sup>1</sup>	3,128.06	121.60	-	3,249.66
B. Summer Intersession (Summer 2021 - Prior to July 1, 2021)				
1. Noncredit <sup>1</sup>	4.81	0.87	-	5.68
2. Credit <sup>1</sup>	19.87	13.94	-	33.81
C. Primary Terms (Exclusive of Summer Intersession)				
1. Census Procedure Courses				
(a) Weekly Census Contact Hours	251.40	-	-	251.40
(b) Daily Census Contact Hours	678.68	18.51	-	697.19
2. Actual Hours of Attendance Procedure Courses				
(a) Noncredit <sup>1</sup>	7.01	-	-	7.01
(b) Credit <sup>1</sup>	229.51	3.10	-	232.61
3. Alternative Attendance Accounting Procedures Courses				
(a) Weekly Census Contact Hours	17,037.51	1,045.02	-	18,082.53
(b) Daily Census Contact Hours	5,594.51	259.18	-	5,853.69
(c) Noncredit Independent Study/Distance Education Courses	8,378.07	15.40	-	8,393.47
D. Total FTES	<u>36,156.02</u>	<u>1,477.06</u>	<u>-</u>	<u>37,633.08</u>
Supplemental Information (subset of above information)				
E. In-service Training Courses (FTES)	1,086.16	33.60	-	1,119.76
H. Basic Skills courses and Immigrant Education				
(a) Noncredit <sup>1</sup>	4,238.11	5.18	-	4,243.29
(b) Credit <sup>1</sup>	682.44	3.11	-	685.55
<b>CCFS 320 Addendum</b>				
CDCP Noncredit FTES	6,797.42	(8.53)	-	6,788.89
Centers FTES				
(a) Noncredit <sup>1</sup>	8,336.10	(11.41)	-	8,324.69
(b) Credit <sup>1</sup>	-	-	-	-

<sup>1</sup>Including Career Development and College Preparation (CDCP) FTES

See accompanying Notes to Supplementary Information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311)  
WITH FUND FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

The audit resulted in no adjustments to the fund balances reported on the June 30, 2021 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles. In accordance with Governmental Accounting Standards Board Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting which requires that revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Additional entries were made to comply with the governmental reporting requirements. These entries are not considered audit adjustments for purposes of this reconciliation.

A reconciliation between the fund balances reported on the June 30, 2021 Annual Financial and Budget Report (CCFS-311), based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting is shown below and on the following page:

Unrestricted Fund Balance		\$ 21,903,119
Restricted Fund Balance		52,749,977
Debt Service Funds	\$ 79,049,678	
Audit Adjustment	<u>(3,830,004)</u>	75,219,674
Child Development Fund		2,548,156
Capital Outlay Funds Balance		29,892,980
Enterprise Funds Balance		(4,176,734)
Auxiliary Fund Balance (not included on CCFS-311)		848,293
Self Insurance Fund Balance		21,329,194
All Other Funds		<u>3,960,652</u>
Total Fund Balances as Reported on the Annual Financial and Budget Report (CCFS-311), Except for OPEB Trust Funds		<u>\$ 204,275,311</u>

See accompanying Notes to Supplementary Information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311)  
WITH FUND FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

Total Fund Balances as Reported on the Previous Page	\$ 204,275,311
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets, net of accumulated depreciation are added to total net assets. Capital assets, net of accumulated depreciation of \$63,795, are already recorded in the governmental funds.	1,392,810,123
Deferred charges associated with debt refundings are capitalized. These amounts will be amortized to interest expense over the life of the refunded debt.	57,772,644
Deferred outflows associated with pension costs and OPEB result from pension and OPEB contributions made during the fiscal year and from actuarially determined adjustments. These amounts will be recognized as a reduction of the net pension liability or amortized to pension expense, as applicable, in subsequent periods.	85,508,842
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds. The short term portion of compensated absences of \$913,260 is already recorded in the General Fund.	(14,027,414)
Claims payable on self-insured programs are not due and payable in the current period and therefore are not reported in the government funds. The short term portion of claims payable of \$3,974,094 is already recorded in the governmental funds.	(2,230,444)
Cash with fiscal agent for crossover refunding bonds less negative cash balance reported in the debt service fund of \$3,830,004	253,300,892
Long-term liability related to general obligation bonds are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long term obligations are added to the statement of net position which reduces the total net assets reported.	(1,753,043,670)
The liability of employers and nonemployers contributing to employees for benefits provided through a defined benefit pension plan and OPEB is recorded as net pension and OPEB liabilities. The proportionate share of STRS Medicare Premium Program is also recorded as a liability.	(413,373,187)
The supplemental employee retirement plan is not due and payable in the current period and, therefore, is not reported in the governmental funds	(3,851,240)
Interest related to bonds incurred through June 30, 2021 is accrued as a current liability on the statement of net position which reduces the total net assets reported.	(22,533,533)
Deferred inflows associated with pension costs and OPEB represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflows of resources results from the difference between the expended and actual experience, the difference in proportion and changes in assumptions. These amounts are deferred and amortized.	<u>(18,609,082)</u>
Total Net Position	<u>\$ (234,000,758)</u>

See accompanying Notes to Supplementary Information.



**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF 50 PERCENT LAW CALCULATION  
YEAR ENDED JUNE 30, 2021**

	Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries - Contract or Regular	1100	40,143,141	-	40,143,141	40,143,141	-	40,143,141
Instructional Salaries - Other	1300	40,245,098	-	40,245,098	40,245,098	-	40,245,098
Total Instructional Salaries		80,388,239	-	80,388,239	80,388,239	-	80,388,239
Non-Instructional Salaries - Contract or Regular	1200	-	-	-	25,125,590	-	25,125,590
Non-Instructional Salaries - Other	1400	-	-	-	1,803,919	-	1,803,919
Total Non-Instructional Salaries		-	-	-	26,929,509	-	26,929,509
Total Academic Salaries		80,388,239	-	80,388,239	107,317,748	-	107,317,748
<u>Classified Salaries</u>							
Non-Instructional Salaries - Regular Status	2100	-	-	-	49,042,878	-	49,042,878
Non-Instructional Salaries - Other	2300	-	-	-	866,586	-	866,586
Total Non-Instructional Salaries		-	-	-	49,909,464	-	49,909,464
Instructional Aides - Regular Status	2200	6,658,307	-	6,658,307	6,658,307	-	6,658,307
Instructional Aides - Other	2400	488,257	-	488,257	488,257	-	488,257
Total Instructional Aides		7,146,564	-	7,146,564	7,146,564	-	7,146,564
Total Classified Salaries		7,146,564	-	7,146,564	57,056,028	-	57,056,028
Employee Benefits	3000	39,843,542	-	39,843,542	77,856,395	-	77,856,395
Supplies and Materials	4000	-	-	-	2,059,442	-	2,059,442
Other Operating Expenses	5000	1,041,881	-	1,041,881	20,240,041	-	20,240,041
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		128,420,226	-	128,420,226	264,529,654	-	264,529,654
<u>Exclusions</u>							
<u>Activities to Exclude</u>							
Instructional Staff-Retirees' Benefits & Retirement Incentives	5900	831,516	-	831,516	831,516	-	831,516
Student Health Services Above Amount Collected	6441	-	-	-	275,701	-	275,701
Student Transportation	6491	-	-	-	-	-	-
Non-instructional Staff-Retirees' Benefits & Retirement Incentives	6740	-	-	-	1,662,345	-	1,662,345
<u>Objects to Exclude</u>							
Rents and Leases	5060	-	-	-	3,912,022	-	3,912,022
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Noninstructional, Supplies & Materials	4400	-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	5,709,309	-	5,709,309
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		831,516	-	831,516	12,390,893	-	12,390,893
Total for ECS 84362, 50% Law		127,588,710	-	127,588,710	252,138,761	-	252,138,761
Percent of CEE (Instructional Salary Cost/Total CEE)		50.60%	0%	50.60%	100%	0%	100%
50% of Current Expense of Education					126,069,381		126,069,381

See accompanying Notes to Supplementary Information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
EDUCATION PROTECTION ACCOUNT EXPENDITURE REPORT  
YEAR ENDED JUNE 30, 2021**

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				\$ 62,045,417
Activity Classification	Object Code	Salaries and Benefits (1000-3000)	Operating Expenses (4000-5000)	Capital Outlay (6000)	Total
Instructional Activities	0100-5900	\$ 62,045,417	\$ -	\$ -	\$ 62,045,417
<b>Total Expenditures for EPA*</b>		<b>\$ 62,045,417</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 62,045,417</b>
<b>Revenue less Expenditures</b>					
*Total Expenditures for EPA may not include Administrator Salaries and Benefits or other administrative costs.					

See accompanying Notes to Supplementary Information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2021**

**NOTE 1 PURPOSE OF SCHEDULES**

**Schedule of Expenditures of Federal Awards**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Federal awards received directly from federal agencies are included in the Schedule, as are federal guaranteed loans disbursed by other sources. Additionally, all federal awards passed through from other entities have been included in the Schedule. The District is required to match certain grant agreements, as defined in the grants, and these matching amounts are not included in the Schedule.

**Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District did not use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance. The District did not provide federal awards to subrecipients during the year ended June 30, 2021.

**Schedule of State Financial Assistance – Grants**

The Schedule of State Financial Assistance was prepared on the full accrual basis of accounting.

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

The Schedule of Workload Measures for State General Apportionment represents the basis of apportionment of the District's annual source of funding.

**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

This schedule reports any audit adjustments made to the fund balances reported on the June 30, 2021 Annual Financial and Budget Report (CCFS- 311). This schedule is prepared to show a reconciliation between the governmental fund balances reported on the June 30, 2021 Annual Financial and Budget Report (CCFS- 311), based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting is shown.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2021**

**NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)**

**Reconciliation of 50 Percent Law Calculation**

This schedule reports any audit adjustments made to the 50 percent law calculation (Education Code Section 84362).

**Proposition 55 Education Protection Account Expenditure Report**

This schedule reports how funds received from the passage of Proposition 55 Education Protection Act were expended.

**OTHER INDEPENDENT AUDITORS' REPORTS**



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

Board of Trustees  
San Diego Community College District  
San Diego, California

We have audited, 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, the business type activities and the aggregate remaining fund information of San Diego Community College District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 22, 2022.

**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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

**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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Glendora, California  
January 22, 2022



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

Board of Trustees  
San Diego Community College District  
San Diego, California

### **Report on Compliance for Each Major Federal Program**

We have audited San Diego Community College District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2021. The District's major federal programs are identified in the summary of auditors' 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.

### ***Auditors' 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.

### ***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, 2021.



### ***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 2021-001, 2021-002, and 2021-003. Our opinion on each major federal program is not modified with respect to this matter.

The District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs 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, 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 2021-001, 2021-002, and 2021-003 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 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.

Board of Trustees  
San Diego Community College District

**Purpose of this Report**

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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Glendora, California  
January 22, 2022



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees  
San Diego Community College District  
San Diego, California

We have audited the San Diego Community College District's (the District) compliance with the types of compliance requirements described in the *2020-21 Contracted District Audit Manual*, published by the California Community Colleges Chancellor's Office for the year ended June 30, 2021. The District's state compliance requirements are identified in the table provided.

### Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified below.

### Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to below.

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 *2020-21 Contracted District Audit Manual*, published by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has 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 state compliance. However, our audit does not provide a legal determination of the District's compliance.

**Compliance Requirements Tested**

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

<u>Section</u>	<u>Description</u>	<u>Procedures Performed</u>
411	SCFF Data Management Control Environment	Yes
412	SCFF Supplemental Allocation Metrics	Yes
413	SCFF Success Allocation Metrics	Yes
421	Salaries of Classroom Instructors (50 Percent Law)	Yes
423	Apportionment for Activities Funded From Other Sources	Yes
424	Student Center Funding Formula Base Allocation: FTES	Yes
425	Residency Determination for Credit Courses	Yes
426	Students Actively Enrolled	Yes
427	Dual Enrollment of K-12 Students in Community College Credit Courses	Yes
430	Scheduled Maintenance Program	Yes
431	Gann Limit Calculation	Yes
435	Open Enrollment	Yes
439	Proposition 39 Clean Energy Funds	Yes
444	Apprenticeship Related and Supplemental Instruction (RSI) Funds	Yes
475	Disabled Student Programs and Services (DSPS)	Yes
479	To Be Arranged Hours (TBA)	Not applicable
490	Proposition 1D State Bond Funded Projects	Not applicable
491	Education Protection Account Funds	Yes
499	COVID-19 Response Block Grant Expenditures	Yes

**Opinion on State Compliance**

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2021.

**Purpose of this Report**

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2020-21 Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Glendora, California  
 January 22, 2022

## **FINDINGS AND QUESTIONED COSTS**

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021**

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***Section I – Summary of Auditors’ Results***

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**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified?   x   yes      \_\_\_\_\_ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   x   yes      \_\_\_\_\_ no

***Identification of Major Federal Programs***

**Assistance Listing Number(s)**

**Name of Federal Program or Cluster**

84.007, 84.033, 84.063 and 84.268

Student Financial Aid Cluster

84.425E, 84.425F and 84.425L

COVID-19 - Higher Education Emergency Relief Funds (HEERF)/Coronavirus Aid, Relief and Economic Security (CARES) Act

21.019

COVID-19 - Coronavirus Relief Fund - COVID-19 Response Block Grant

84.002

Adult Education - Basic Grants to States

Dollar threshold used to distinguish between Type A and Type B programs:

Type A \$2,044,539/Type B \$511,135

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes        x   no

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021**

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***Section II – Financial Statement Findings***

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There were no findings and questioned costs related to basic financial statements for the year ended June 30, 2021.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021**

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***Section III – Federal Award Findings***

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**2021 – 001: Activities Allowed or Unallowed, Allowable Cost/Cost Principles**

Federal Agency: Department of Education

Federal Program Title: Higher Education Emergency Relief Fund (HEERF) Institutional Aid Portion

Assistance Listing Number: 84.425F

Award Period: July 1, 2020 to June 30, 2021

Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

**Criteria or Specific Requirement:** Institutions must demonstrate that costs incurred are allowable under the relevant statutory provisions and consistent with the purpose of the ESF “to prevent, prepare for, and respond to coronavirus.” In general, the CARES Act authorized broad uses of HEERF funds, with specific standards for the different subprograms. The CRRSAA expanded the allowable uses for supplemental awards and new awards made under Section 314(a)(1) of the CRRSAA. The expanded use of funds authority also applies to unexpended HEERF I funds as of December 27, 2020 (the date of enactment of the CRRSAA).

**Condition:** During our testing, we noted 1 transaction out of 40 transactions tested, was not allowable.

**Questioned Costs:** None

**Context:** The District expended \$14,599,228 in HEERF Institutional Aid Portion during fiscal year 2021.

**Cause:** The District’s internal controls did not ensure compliance with the requirements within the criteria mentioned above.

**Effect:** The cause identified resulted in noncompliance with the requirements within the criteria mentioned above.

**Repeat Finding:** This is not a repeat finding.

**Recommendation:** We recommend that the District improve the existing procedures and controls to ensure compliance with the aforementioned criteria such as having an additional level of review by managements or an internal auditor. Also, we recommend the District improve the review process by maintaining adequate documentation to support all charges to new and existing federal programs.

**Views of Responsible Officials:** Please refer to the attached Corrective Action Plan.



**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021**

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***Section III – Federal Award Findings (Continued)***

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**2021 – 002: Attendance in Distance Education for Return to Title IV Students**

Federal Agency: Department of Education

Federal Program Title: Student Federal Assistance Cluster

Assistance Listing Number: Various

Award Period: July 1, 2020 to June 30, 2021

Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

**Criteria or Specific Requirement:** Title IV funds may be expended only towards the education of the students who can be proven to have been in attendance at the institution. In a distance education context, documenting that a student has logged into an online distance education platform or system is not sufficient, by itself, to demonstrate attendance by the student. To avoid returning all funds for a student that did not begin attendance, an institution must be able to document “attendance at any class.” To qualify as a last date of attendance for Return of Title IV purposes, an institution must demonstrate that a student participated in class or was otherwise engaged in an academically related activity, such as by contributing to an online discussion or initiating contact with a faculty member to ask a course-related question. An institution that is required to take attendance or requires that attendance be taken on only one specified day to meet a census reporting requirement, is not considered to take attendance (34 CFR 668.22(b)(3)).

**Condition:** During our testing, we noted for 1 out of 14 Mesa College students and 1 out of 12 Miramar College students, who had received Federal Aid and had withdrawn from a distance education class and the College was not able to provide support of the student’s attendance and participation support.

**Questioned Costs:** None

**Context:** The District expended \$36,295,122 in Title IV awards during fiscal year 2021.

**Cause:** The Colleges’ internal controls did not ensure compliance with the applicable Title IV regulations.

**Effect:** The cause identified resulted in noncompliance with Title IV regulations.

**Repeat Finding:** This is not a repeat finding.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021**

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***Section III – Federal Award Findings (Continued)***

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**Recommendation:** We recommend that the Colleges improve the existing procedures and controls to ensure compliance with the aforementioned criteria. And the Colleges need to maintain all the students' participation documentation in distance education classes to ensure accuracy of withdrawal date for Return to Title IV calculation.

**Views of Responsible Officials:** Please refer to the attached Corrective Action Plan.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021**

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***Section III – Federal Award Findings (Continued)***

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**2021 – 003: Enrollment Reporting**

Federal Agency: Department of Education

Federal Program Title: Student Federal Assistance Cluster

Assistance Listing Number: Various

Award Period: July 1, 2020 to June 30, 2021

Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

**Criteria or Specific Requirement:** In accordance with 34 CFR 685.309 and 34 CFR 690.83, institutions are required to report enrollment information under the Pell Grant and Direct Loan programs via the National Student Loan Data System (NSLDS). The administration of the Title IV programs depends heavily on the accuracy and timeliness of the enrollment information reported by institutions. Institutions must review, update, and verify student enrollment statuses, program information, and effective dates. There are two categories of enrollment information; “Campus Level” and “Program Level,” both of which need to be reported accurately.

In addition, regulations require that an institution return the enrollment rosters within 15 days from receipt of the rosters and make necessary corrections and resubmit to NSLDS within 10 days.

Furthermore, 2 CFR 200.303 requires non-Federal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include establishing procedures to ensure student enrollment status changes are accurately and timely reported to the NSLDS.

**Condition:** Although improvements were made and error rates had gone down from prior year audit, our audit procedures resulted in the following conditions by Colleges:

City College - Twenty students tested identified the following conditions:

- 1) The enrollment effective date reported to NSLDS did not match the College’s record - 3 students.
- 2) The College did not correct the errors of the rosters and resubmit to NSLDS within the 10-day requirement for Enrollment Reporting Summary Report (SCHER1).

Mesa College - Twenty students tested identified the following conditions:

- 1) The student’s enrollment status did not match the College’s Record - 1 student.
- 2) The program enrollment effective date reported to NSLDS did not match the College’s record - 2 student.
- 3) The enrollment effective date reported to NSLDS did not match the College’s record - 3 students.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021**

---

***Section III – Federal Award Findings (Continued)***

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Miramar College- Twenty students tested identified the following conditions:

- 1) Student received financial aid and was not reported to NSLDS - 1 student.
- 2) Program begin date did not match the College's record - 1 student.
- 3) The program enrollment effective date reported to NSLDS did not match the College's record - 2 students.
- 4) The enrollment effective date reported to NSLDS did not match the College's record - 2 students.

**Questioned Costs:** None

**Context:** The District expended \$36,295,122 in Title IV awards during fiscal year 2021.

**Cause:** The Colleges' internal controls processes were being implemented during the year as a result of prior year finding and additional time were needed to completely implement.

**Effect:** The NSLDS database did not include accurate information. A student's enrollment status determines eligibility for in-school status, deferment, and grace periods. Enrollment reporting in a timely and accurate manner is critical for effective management of Title IV.

**Repeat Finding:** Similar conditions were noted in the prior year, see finding number 2020-003.

**Recommendation:** We recommend that the Colleges continue to improve the existing procedures and controls to ensure timely and accurate reporting of student status to NSLDS as required by regulations.

**Views of Responsible Officials:** Please refer to the attached Corrective Action Plan.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021**

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***Section IV – State Compliance Findings***

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There were no findings and questioned costs related to state awards for the year ended June 30, 2021.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021**

Please refer to the attached schedule of prior year findings.



January 5, 2021

**SAN DIEGO COMMUNITY COLLEGE  
DISTRICT CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2021**

**U.S. Department of Education**

San Diego Community College District respectfully submits the following corrective action plan for the year ended June 30, 2021.

Audit period: July 1, 2020 to June 30, 2021

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**FINDING—FINANCIAL STATEMENT**

There were no financial statement findings for the year ended June 30, 2021.

**FINDINGS—FEDERAL AWARD PROGRAMS AUDITS**

**Department of Education**

**2021-001 Higher Education Emergency Relief Fund (HEERF) Institutional Aid Portion- Activities Allowed or Unallowed, Allowable Cost/Cost Principles**

Recommendation: Business process related to reconciliation and review of HEERF funding activities to be reviewed.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Staff training of District and colleges business offices with regard to allowable costs will be reviewed with an emphasis on the need to ensure all HEERF dollars are used in accordance with the federal guidelines associated with each HEERF stimulus funding.

Name(s) of the contact person(s) responsible for corrective action: Colleges Vice Presidents of Administrative Services and District Fiscal Services office.

Planned completion date for corrective action plan: No later than the end of FY 2021-22 (June 30, 2022)

**SAN DIEGO COMMUNITY COLLEGE  
DISTRICT CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2021**

**Department of Education**

**2021-002 Student Financial Aid Cluster - Special Tests and Provisions: Enrollment Reporting**

Recommendation: Ongoing staff training of District and colleges Financial Aid staff related to implemented business process related to submission of information to NSLDS via NSC.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The Enrollment file reported to NSLDS is submitted on behalf of the District by the National Student Clearinghouse (NSC). The enrollment file is generated from the recently implemented ERP PeopleSoft data system. While the District submits its monthly enrollment reports as required, there have been some discrepancies between what the system reported and what was reported to the NSLDS. The District developed and implemented a business process to maintain documentation with the colleges Financial Aid Offices of what is submitted to NSC to ensure information is being reported to NSLDS accurately. The NSC/NSLDS reporting process within PeopleSoft: Campus Solutions is a delivered process developed by Oracle and is used by most other institutions reporting to the NSLDS. Staff training will continue to be conducted to emphasize the need for District and colleges staff to follow the existing processes and controls to ensure timely and accurate reporting to NSLDS.

Name(s) of the contact person(s) responsible for corrective action: Dr. Susan Topham, Vice Chancellor, Educational Services.

Planned completion date for corrective action plan: No later than the end of FY 2021-22 (June 30, 2021).

**Department of Education**

**2021-003 Student Financial Aid Cluster-Special Tests and Provisions: Attendance in Distance Education for Return to Title IV Students**

Recommendation: Ongoing staff training of District and colleges Financial Aid staff related to implemented business process.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Staff training will continue to be conducted to emphasize the need for District and colleges staff to follow the existing business processes and controls to ensure timely and accurate reporting to federal government.

Name(s) of the contact person(s) responsible for corrective action: Dr. Susan Topham, Vice Chancellor, Educational Services

Planned completion date for corrective action plan: No later than the end of FY 2021-22 (June 30, 2022).



**SAN DIEGO COMMUNITY COLLEGE  
DISTRICT CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2021**

If the Department of Education has questions regarding the above state corrective action plans, please contact Dr. Bonnie Ann Dowd, Executive Vice Chancellor, Business and Technology Services via email at [bdowd@sdccd.edu](mailto:bdowd@sdccd.edu).

Sincerely,

A handwritten signature in black ink that reads "Bonnie Ann Dowd". The signature is written in a cursive, flowing style.

Bonnie Ann Dowd, Ed.D, MBA, CMA  
Executive Vice Chancellor  
Business and Technology Services



# SAN DIEGO COMMUNITY COLLEGE DISTRICT

CITY COLLEGE • MESA COLLEGE • MIRAMAR COLLEGE • CONTINUING EDUCATION

## SAN DIEGO COMMUNITY COLLEGE DISTRICT SUMMARY SCHEDULE AS OF JUNE 30, 2021 OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2020

Department of Education

San Diego Community College District respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2020.

Audit period: July 1, 2019 through June 30, 2020

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year audit.

### FINDINGS—FINANCIAL STATEMENT AUDIT

#### **2020-001 - Restatement of Net Position- Material Weakness in Internal Control over Financial Reporting**

**Condition:** Net position has been restated to recognize depreciation on capital assets not recorded in prior years and to write off the unreconciled difference in Construction in Progress (CIP). The following deficiencies were noted related to the capital assets reconciliation process:

- Capital assets were not moved from CIP to depreciable assets when placed into service. Depreciation for years 2010 to 2019 for assets previously placed in service totals \$26,109,588.
- Capitalized interest has not been identified to specific projects to know the allocation between assets placed into service and projects remaining in CIP.
- An audit adjustment of \$5,286,632 was made to record depreciation expense for fiscal year 2019-20 for assets previously placed into service, including management's allocation of capitalized interest.
- In reconciling CIP, the district is unable to identify \$22,682,290 to capital projects either in process or that have been placed in service.

**Status:** The corrective action related to this finding was implemented.

### FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

#### **2020 – 002- Special Tests and Provisions: Return of Funds on Behalf of the Students:**

**Condition:** The audit identified the following conditions:

- 1) The institutional portion of unearned aid was not returned to the Department of Education within 45 days. This was noted for 1 out of 20 samples tested from San Diego City College and 1 out of 20 samples from San Diego Mesa College, which is a statistically valid sample.
- 2) The return of funds was not properly calculated by the College. This was noted for 2 out of 20 samples from San Diego City College, which is a statistically valid sample.
- 3) The post withdrawal disbursements for 2 out of 20 students tested at San Diego Mesa College were not made within the 180 day timeline, which is a statistically valid sample.

**Status:** The corrective action related to this finding was implemented.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE AS OF JUNE 30, 2021  
OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

**2020 – 003- Special Tests and Provisions: Enrollment Reporting**

**Condition:** The audit identified the following conditions:

- 1) The student's enrollment status was not certified every 60 days. This condition was noted for 52 out of 60 samples tested, which is a statistically valid sample.
- 2) The student's program enrollment effective date was not reported correctly to NSLDS. This condition was noted for 5 out of 60 students tested, which is a statistically valid sample.
- 3) The student's enrollment status according to the transcripts was not reported correctly to NSLDS. This condition was noted for 4 out of 60 samples tested, which is a statistically valid sample.
- 4) The student's change in enrollment status was not reported to NSLDS within the prescribed timeframe. This condition was noted for 2 out of 60 samples tested, which is a statistically valid sample.
- 5) The student's enrollment effective date was not reported correctly to NSLDS. This condition was noted for 2 out of 60 students, which is a statistically valid sample.

**Reason for Finding's Recurrence:** The Enrollment file reported to NSLDS is submitted on behalf of the District by the National Student Clearinghouse (NSC). The enrollment file that is sent to NSC is generated from the District's PeopleSoft ERP system. The District submitted its monthly enrollment reports as required; however, there were some discrepancies between what the ERP system reported and what was reported to the NSLDS.

**Status:** See current year finding 2021-003.

**Corrective Action:** The District implemented a business process that requires each college's Financial Aid Office to maintain a record of what is submitted to NSC along with a requirement that they verify with NSC that the data was timely submitted to NSLDS. The NSC/NSLDS reporting process within PeopleSoft ERP system includes in its Campus Solutions module a delivered process that was developed by Oracle and is used by most other institutions for reporting purposes to NSLDS. Staff training will continue to be ongoing with an emphasis on the need for District and college staff to follow the implemented processes and controls to ensure timely and accurate reporting to NSLDS.

**Planned Completion Date for Corrective Action Plan:** No later than the end of FY 2020-21 (June 30, 2021).

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE AS OF JUNE 30, 2021  
OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

**2020-004- Direct Loan Reconciliations**

**Condition:** The required monthly reconciliations were not performed at San Diego City College and San Diego Mesa College.

**Status:** The corrective action related to this finding was implemented.

**2020-005- Verifications**

**Condition:** San Diego Mesa College did not report the verification status of 1 out of 13 students that were selected for the audit, which is a statistically valid sample.

**Status:** The corrective action related to this finding was implemented.

**2020-006- Exit Counseling**

**Condition:** 4 out of 60 students selected for testing, in our statistically valid sample, did not receive exit counseling within the required timeframe prescribed by the Department of Education. This condition was noted for students attending San Diego City College.

**Status:** The corrective action related to this finding was implemented.

**FINDINGS— STATE AWARD PROGRAMS AUDITS**

**2020-006- State Compliance: Section 427 Dual Enrollment (Non-CCAP) – Ten Percent Of Special Part-Time Enrollment In Physical Education Courses**

**Condition:** The audit identified 3 courses out of a sample size of 25 that exceeded 10 percent of the maximum allowance for the enrollment claimed for apportionment for each course section.

**Status:** The corrective action related to this finding was implemented.

**If the Department of Education has questions regarding the above stated corrective action plans, please contact Dr. Bonnie Ann Dowd, Executive Vice Chancellor, Business and Technology Services via email at [bdowd@sdccd.edu](mailto:bdowd@sdccd.edu).**

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