

SAN DIEGO COMMUNITY COLLEGE DISTRICT

BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2014



San Diego

Los Angeles

San Francisco
Bay Area

christywhite
A PROFESSIONAL
ACCOUNTANCY CORPORATION
associates

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
 TABLE OF CONTENTS
 FOR THE YEAR ENDED JUNE 30, 2014**

FINANCIAL SECTION

Independent Auditors' Report	1
Management's Discussion and Analysis.....	4
Basic Financial Statements	
Statement of Net Position	13
Statement of Revenues, Expenses, and Changes in Net Position.....	14
Statement of Cash Flows.....	15
Statement of Fiduciary Net Position.....	17
Statement of Changes in Fiduciary Net Position.....	18
Notes to Financial Statements	19

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress	44
Notes to Required Supplementary Information.....	45

SUPPLEMENTARY INFORMATION

Combining Balance Sheet	46
Reconciliation of Combining Balance Sheet to Statement of Net Position	49
Combining Schedule of Revenues, Expenditures (Expenses) and Changes in Fund Equity.....	50
Reconciliation of Combining Schedule of Revenue, Expenditure (Expenses) and Changes in Fund Balance to Statement of Revenues, Expenses and Changes in Net Position	53
Schedule of Expenditure of Federal Awards.....	54
Schedule of Revenues and Expenditures of State Awards	56
Schedule of Revenues and Expenditures of Local Awards	62
Schedule of Workload Measures for State General Apportionment Annual Actual Attendance.....	66
Reconciliation of Annual Financial and Budget Report (CCFS-311) with District Accounting System.....	67
Reconciliation of the ECS 84362 (50 Percent Law) Calculation	68
Details of the Education Protection Account.....	69
Notes to Supplementary Information.....	70

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2014**

OTHER INDEPENDENT AUDITORS' REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 71
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133..... 73
Report on State Compliance..... 75

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results 77
Schedule of Findings and Questioned Costs Related to the Financial Statements..... 78
Schedule of Findings and Questioned Costs Related to Federal Awards 79
Schedule of Findings and Questioned Costs Related to State Awards..... 80
Continuing Disclosure 81

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

John Whitehouse, CPA

Heather Rubio

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Corporate Office:

2727 Camino Del Rio South
Suite 219
San Diego, CA 92108

toll-free: 877.220.7229
tel: 619.270.8222
fax: 619.260.9085
www.christywhite.com

*Licensed by the California
State Board of Accountancy*

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

We have audited the accompanying financial statements of the San Diego Community College District (the "District"), as of and for the year ended June 30, 2014, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of San Diego Community College District, as of June 30, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 4 through 12, and the schedule of funding progress on page 44 be presented to supplement the basic financial statements. Such information, although not 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the San Diego Community College District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by the *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2014 on our consideration of San Diego Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Diego Community College District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Christy White Associates".

San Diego, California
December 1, 2014

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

FINANCIAL HIGHLIGHTS FOR 2013-14

- Passage of the 2013-2014 Budget Act included \$50 million statewide to support student success as outlined in the Student Success Act of 2012.
- The District added 1,100 section offerings to serve student demand as a result of the 1.63% increase in access funds contained in the 2013-14 Budget Act.
- Despite the state and national economic condition the past five years, the District continued to meet all of its financial obligations while also maintaining adequate cash flow requirements.
- The District met all of its repayment obligations for Prop S and Prop N General Obligation Bonds.
- The District also met or exceeded all federal and state mandate requirements including the 50% Law and Faculty Obligation Numbers (FON).

DISTRICT BACKGROUND

The California Community College system is comprised of 72 districts, 112 colleges, and 69 approved Education Centers. 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 colleges: San Diego City College, Mesa College, and Miramar College and San Diego Continuing Education which operates at seven campuses throughout the city.

The mission of the District is to provide accessible, high quality learning experiences to meet the educational needs of the San Diego community it serves. The District offers a comprehensive curriculum responding to needs for university transfers, technical, vocational, military and 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.

Based on enrollment, 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 2013-14 academic year. Out-of-state residents paid the enrollment fee plus tuition fees of \$190 per credit.

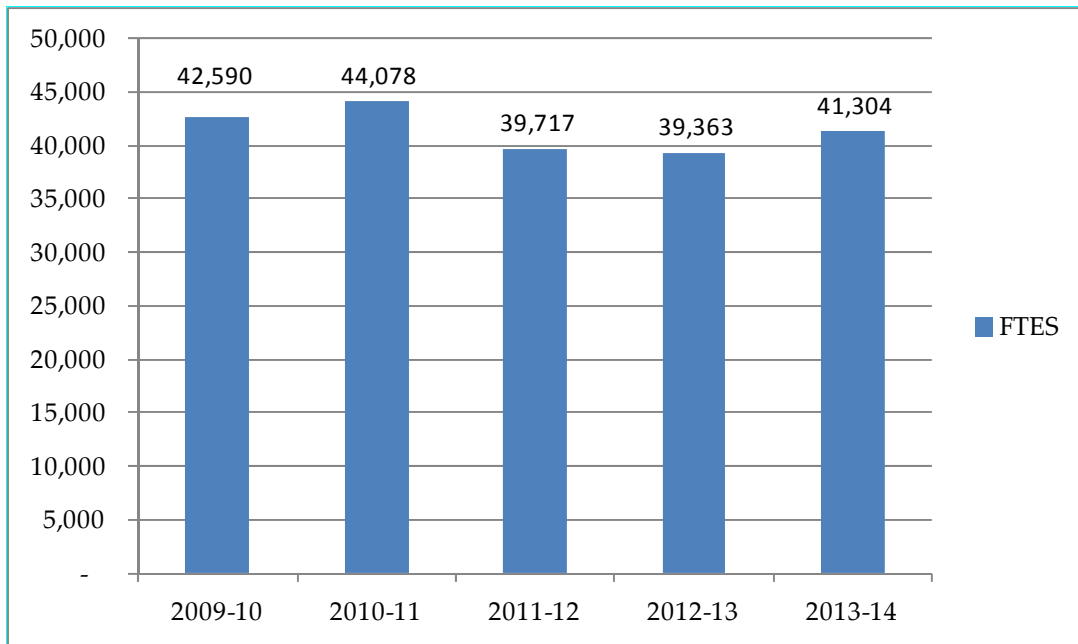
The District has transfer agreements with the California State University and University of California systems, and the instructional coursework offered in transferable courses fully prepares students to succeed in four-year colleges and universities.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

ENROLLMENT HIGHLIGHTS

The State of California’s economic, budgetary, and fiscal crisis that occurred from 2007 to 2012 has had a major impact on the District and all community college districts throughout the State. During that time, the State applied “workload” reductions to reduce the amount of funded Full Time Equivalent Students (FTES) while also applying deficit coefficients to the calculated apportionment revenues earned, which resulted in permanent and temporary reductions in apportionment revenue paid to the District. With the passage of Proposition 30 by voters in November 2012 and an improving state economy, restoration of some of the state “workload” reductions began in 2012-13 and continued in 2013-14. The District has received approximately \$2.7 million in Student Access funding, and it is anticipated that Access funding will continue to be available to districts based upon student demand over the next couple of years. The District has added a total of 1,100 sections enabling it to serve up to 5,000 additional students each semester as a result of the state’s restoration of FTES funding.

Funded full time equivalent students (FTES) at the colleges and Continuing Education increased in FY 2013-14 by 4.9%. A history of student enrollments is provided below.



The District’s total FTES for Fiscal Year (FY) 2013-14 is currently estimated at 41,304; however, the total funded FTES is projected to be 40,220, which results in the District having served 1,084 unfunded FTES for FY 2013-14. The amount of FTES funding a district receives is contingent on how much growth funding is available both system and district-wide in the state approved budget for the system. The funding available for growth for districts can vary throughout a year depending on several factors; and, is subject to change until the state closes out all apportionment reporting for a given fiscal year. Consequently, the final funded FTES will not be known at the district level until January or February of the year after a fiscal year has ended (in this case January or February 2015), when all the final FTES have been reported by the 72 districts and calculated system-wide within the constraints of the state approved budget.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

ENROLLMENT HIGHLIGHTS (continued)

The District has made every effort to continue to serve its community in spite of the State's fiscal and budgetary challenges over the past five years. This commitment is evidenced by the District having served student demand without having received state funding for more than 1,800 FTES in FY 2013-14, which if funded would have resulted in excess of \$7.0 million more in apportionment revenue for the District. The District continued in FY 2013-14 to experience enrollment demand from recent high school graduates desiring to pursue a college education, individuals seeking development of enhanced or new job skills training, and as a result of limited transferability opportunities for students within our community due to reductions in class offerings at other institutions of higher education. The District also consistently maintained adequate cash reserves throughout the year to meet its obligations and was one of a few districts in the state that did not incur additional operating expenses by borrowing cash due to the state's deferral of revenue payments prior to the passage of Proposition 30. Proposition 30 provided additional revenues to support education through the passage of temporary personal income taxes and sales taxes enabling the state to begin a slow but steady economic resurgence.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District uses the Business-Type Activity (BTA) model in which financial reports are generated using the full accrual basis of accounting. 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 has adopted the BTA reporting model for these financial statements.

As required by the Governmental Accounting Standards Board (GASB) reporting standards, the annual report consists of three basic financial statements that provide information on the 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 assets, liabilities, and net position of the District as of the end of the fiscal year and is prepared using the full accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The *Statement of Net Position* is a point of time financial statement whose purpose is to present to the readers a fiscal snapshot of the District. The *Statement of Net Position* presents end-of-the-year data concerning assets (current and non-current), liabilities (current and non-current) and net position (assets minus liabilities). From the data presented, readers of the *Statement of Net Position* are able to determine the assets available to continue the operations of the District. Readers are also able to determine how much the District owes vendors and employees. Finally, the *Statement of Net Position* provides a picture of the net position and its availability for expenditure by the District.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

STATEMENT OF NET POSITION (continued)

The difference between total assets and total liabilities (net position) is one indicator of the current financial condition of the District; the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is Capital Assets, which are stated at historical cost less an allocation for Depreciation expense.

Net Position, as listed on the *Statement of Net Position*, is divided into three major categories. The first category, Net Investment in Capital Assets, provides the equity amount in property, plant and equipment owned by the District with the debt related to those amounts subtracted. The second category is Restricted; these assets are available for expenditure by the District, but must be spent for purposes as determined by external entities and/or donors that have place, time, or purpose restrictions on the use of the assets. The final category is Unrestricted; these represent nets assets which are available to the District for any lawful purpose.

	2014	2013	Net Change
ASSETS			
Current assets	\$ 106,708,419	\$ 104,086,078	\$ 2,622,341
Non-current assets	1,644,315,611	1,263,454,043	380,861,568
Total Assets	1,751,024,030	1,367,540,121	383,483,909
LIABILITIES			
Current liabilities	98,446,103	74,371,628	24,074,475
Non-current liabilities	1,399,529,234	1,018,192,956	381,336,278
Total Liabilities	1,497,975,337	1,092,564,584	405,410,753
NET POSITION			
Net investment in capital assets	182,589,643	198,413,596	(15,823,953)
Restricted	62,087,443	39,887,214	22,200,229
Unrestricted	8,371,607	36,674,727	(28,303,120)
Total Net Position	\$ 253,048,693	\$ 274,975,537	\$ (21,926,844)

Assets

Total assets increased \$383.5 million, a percentage increase of 28.0%. The major changes affecting total assets are listed below:

- Current assets increased by approximately \$2.6 million over the prior fiscal year. This increase is primarily due to a net increase in cash and inventory of \$22.4 million, a net decrease in accounts receivable and prepaid expenses of \$19.8 million.
- Non-current assets increased by approximately \$380.9 million over the prior fiscal year. This is primarily due to the increase of restricted property tax of \$20.7 million to service the General Obligations Bonds (GOB) debt, an increase due to the sale of GOBs of \$201.0 million and an increase in Capital Assets net of Accumulated Depreciation of \$159.2 million.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

STATEMENT OF NET POSITION (continued)

Liabilities

Total liabilities increased \$405.4 million, a percentage increase of 37.1%. The major changes affecting total liabilities are listed below:

- Current liabilities increased by approximately \$24.1 million over the prior fiscal year. This net increase is primarily due to a reduction in retention payable associated with the Propositions S&N of \$10 million, an increase in accounts payable in the General Fund Unrestricted (GFU) of \$3.7 million, an increase of approximately \$15.2 million related with the current portion of the General Obligation Bond (GOB) debt, an increase in unmatured GOB interest payable of \$ 11.2 million, an increase of \$1.3 million in payroll related payables, and a net increase in Deferred Revenue provided by SANDAG for the Capital Project fund and GFU deferred enrollment fees of \$2.7 million.
- Long term liabilities increased by approximately \$ 381.3 million. This was due to an increase in the non-current portion of the General Obligation Bond debt.

STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION

Changes in net position as presented in the *Statement of Net Position* are based on the activity presented in the *Statement of Activities and Changes in Net Position*. The purpose of this statement is to present the operating and non-operating revenues earned, whether received or not, by the District; the operating and non-operating expenses incurred, whether paid or not, by the District; and any other revenues, expenses, gains and/or losses earned or incurred by the District. Thus, this statement presents the District's result of operations.

Generally, operating revenues are earned for providing goods and services to the various constituencies of the District. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues earned and to fulfill the mission of the District. Non-operating revenues are provided by the legislature to the District without the legislature directly receiving commensurable goods and services for those revenues. e.g. State appropriations.

	2014	2013	Net Change
Total operating revenue	\$ 77,949,064	\$ 73,851,075	\$ 4,097,989
Total operating expenses	342,625,264	334,803,092	7,822,172
Operating loss	(264,676,200)	(260,952,017)	(3,724,183)
Net non-operating revenue (expenses)	333,588,434	304,344,683	29,243,751
Gain before capital revenue	68,912,234	43,392,666	25,519,568
Capital revenues (expenses)	(72,459,688)	(51,881,261)	(20,578,427)
Increase (decrease) in net position	(3,547,454)	(8,488,595)	4,941,141
Net position - beginning of the year	274,975,537	290,889,892	(15,914,355)
Adjustment for restatement	(18,379,390)	(7,425,760)	(10,953,630)
Net position - as restated	256,596,147	283,464,132	(26,867,985)
Net position - end of the year	\$ 253,048,693	\$ 274,975,537	\$ (21,926,844)

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION (continued)

Operating Revenues

Total Operating revenues increased approximately \$4.1 million, a percentage increase of 5.5% primarily due to a reduction in federal grants of \$4.3 million and an increase of \$8.4 million in local grants and internal services sales/charges. Award dates for federal and local grants vary, therefore, funding reported is a factor of timing in any giving budget year.

Operating Expenses

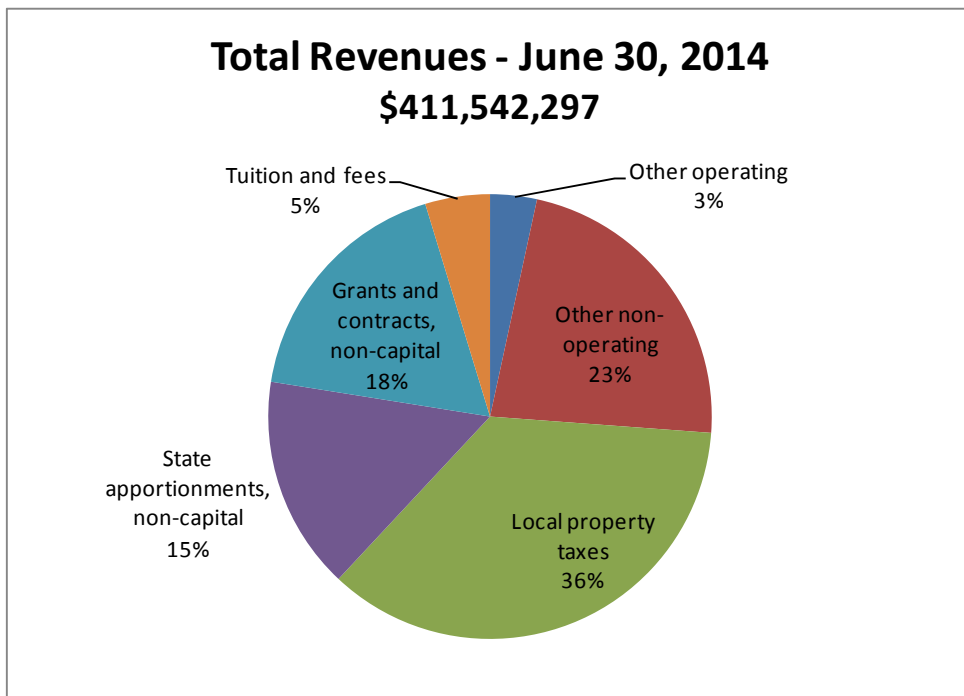
Total Operating expenses increased by approximately \$7.8 million, a percentage increase of 2.3% primarily due to increases in salaries and benefits of \$11.2 million, related to new certificated classroom hires, step increases and inflationary costs, a \$7.9 million increase in depreciation, and a net decrease in supplies, materials and other operating expenses of \$11.3 million .

Non-Operating Revenues (Expenses)

Non-operating revenue (expense) increased approximately \$29.2 million, a percentage increase of 9.6%, due to an increase in State General Apportionment, RDA and property taxes of \$ 8.7 million, revenue receipts to service long term General Obligation Bond debt of \$15.7 million, and GASB 35 STRS adjustment of \$4.8 million.

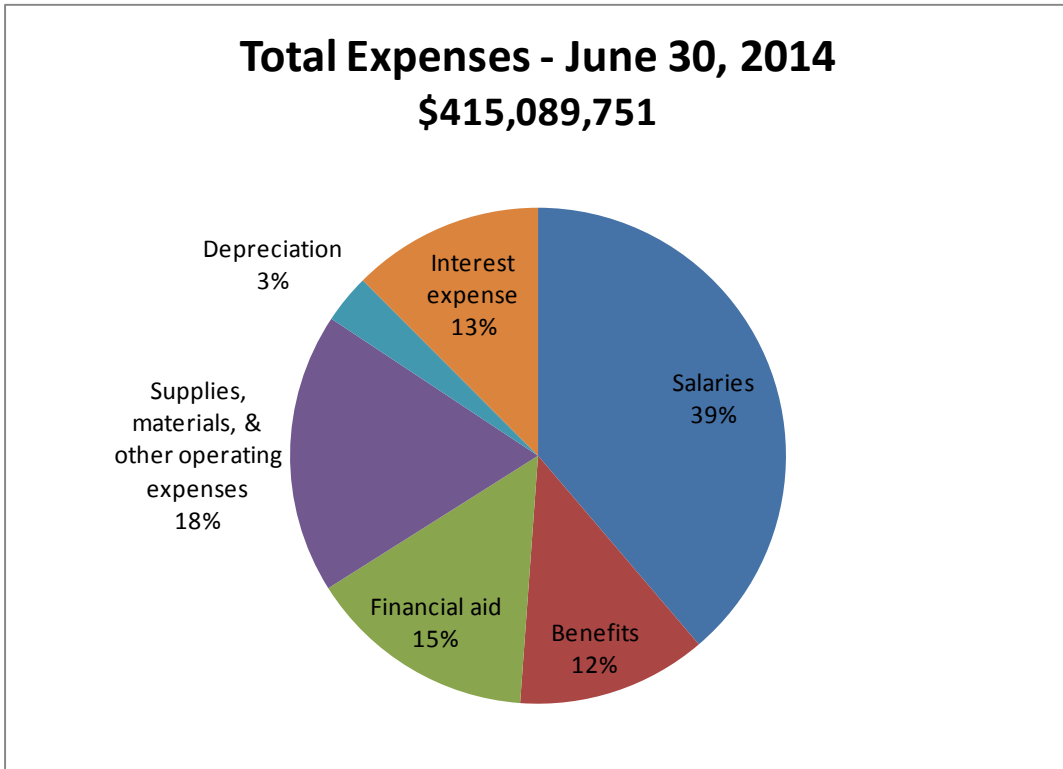
Capital Revenues (Expenses)

Capital revenue (expenses) increased approximately \$20.6 million, a percentage increase of 39.7%, due to an increase of \$1.0 million in interest revenue, an increase in interest expense of \$21.6 million for capital assets related to debt.



SAN DIEGO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014

STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION (continued)



STATEMENT OF CASH FLOWS

The *Statement of Cash Flows* provides information regarding cash receipts and cash payments during the fiscal year. This statement also helps users assess the District's ability to generate positive cash flows, meet obligations as they come due and determine the need for external financing.

The *Statement of Cash Flows* is divided into five parts. The first part reflects operating cash flows and shows the net cash provided (used) by the operating activities of the District. The second part details cash received for non-operating, non-investing, and non-capital financing purposes. The third part shows cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth provides information from investing activities and the amount of interest received. The fifth and final section reconciles the net cash provided by operating activities to the operating loss reflected on the *Statement of Activities and Changes in Net Position*.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

STATEMENT OF CASH FLOWS (continued)

- Cash receipts from operating activities are from student tuition and from federal, state, and local grants.
- Uses of cash are payments to employees, vendors, and students related to the instructional programs.
- Cash from non-capital financing activities include federal grants, state apportionments, local property taxes, state taxes, and other revenues.
- Cash flows from capital financing activities include acquisition of capital assets, payment of principal debt and miscellaneous investments expenses.
- Cash flows from investing activities include the investment earnings of the District.

The District is the fiduciary for certain funds held on behalf of other entities. The District's fiduciary activities are reported in separate Fiduciary Financial Statements. These activities are excluded from the District's other financial statements because these assets may not be used to finance District operations. However, the District, acting as a trustee, is responsible for ensuring that assets reported in these funds are used for their intended purposes.

CAPITAL ASSETS

Note 5 to the financial statements provides additional information on Capital Assets. A summary of capital assets, net of accumulated depreciation for 2014 and 2013, is presented below:

	2014	2013	Net Change
Land and construction in progress	\$ 572,130,634	\$ 791,979,662	\$ (219,849,028)
Buildings and equipment	907,637,594	507,279,064	400,358,530
Accumulated depreciation	173,237,889	151,907,439	21,330,450
Total Capital Assets	\$ 1,306,530,339	\$ 1,147,351,287	\$ 159,179,052

LONG-TERM DEBT

Note 6 to the financial statements provides additional information on long-term liabilities. A summary of long-term debt as of 2014 and 2013 is presented below:

	2014	2013	Net Change
General obligation bonds	\$ 1,408,675,427	\$ 1,016,697,524	\$ 391,977,903
Compensated absences	9,575,520	9,057,911	517,609
Legal commitments	8,685,514	8,685,514	-
Net OPEB Obligation	1,446,528	1,113,742	332,786
Total Long-term Liabilities	\$ 1,428,382,989	\$ 1,035,554,691	\$ 392,828,298

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

ECONOMIC OUTLOOK AND FACTORS AFFECTING NEXT YEAR'S BUDGET

The major economic factors that have an effect on the District's, and all California Community College District's, financial condition are directly related to the overall economic, budgetary, and fiscal condition of the State of California and any future legislation that may impact the funding of all community colleges in the state.

As a result of the support of taxpayers throughout the State, Proposition 30 passed in November 2012, which enabled the State to begin a slow and steady economic recovery. Consequently, FY 2013-14 enabled the State to restore apportionment funding for enrollment access. The District received restoration of approximately one-third of the more than \$33 million in State Apportionment and Categorical revenue reductions imposed by the State on the District since FY 2008-09.

The FY 2014-2015 State Budget for community colleges included a cost of living adjustment (COLA) of 0.85% on general purpose apportionments, which represented approximately \$1.6 million to address the ever increasing costs of operations for the District. This COLA adjustment was only the second in seven years and it does not address the full loss of purchasing power experienced by the District over the seven year period. FY 2014-15 State Budget also provided the District with 2.75% of restoration funding, which represented approximately \$6.0 million for class offerings to serve student demand. Enrollment fees, which are established at the State level, remained at \$46 in FY 2014-15. Although system-wide community colleges enrollment fees have increased 130% in the last 5 years, they are still among the lowest in the nation.

FY2014-15 State Budget also provided the District with \$6.3 million in Student Success and Support Program (SSSP) funding, which requires all community college districts throughout the State to meet specific accountability factors.

Clearly, the State's economic outcome greatly improved in FY 2013-14 and is anticipated to continue to improve primarily due to the Proposition 30 temporary taxes, which have enabled the State to begin to pay down the "wall of debt" to community colleges and also provide COLA along with restoration funding for enrollment access based upon student demand, which is strong for the San Diego City community the District serves.

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.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014**

	<u>Primary Government</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 75,906,501
Investments	618,492
Accounts receivable	28,060,756
Prepaid expenses	16,443
Inventories	2,106,227
Total Current Assets	<u>106,708,419</u>
NONCURRENT ASSETS	
Restricted cash and cash equivalents	337,785,272
Capital assets, net of accumulated depreciation	1,306,530,339
Total Noncurrent Assets	<u>1,644,315,611</u>
TOTAL ASSETS	<u>1,751,024,030</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	29,870,030
Payroll and related liabilities	9,177,035
Deferred revenue	3,302,177
Accrued interest payable	23,495,956
Current Portion - Long-term debt	32,600,905
Total Current Liabilities	<u>98,446,103</u>
NONCURRENT LIABILITIES	
Noncurrent portion - Long-term debt	1,399,529,234
TOTAL LIABILITIES	<u>1,497,975,337</u>
NET POSITION	
Net investment in capital assets	182,589,643
Restricted for:	
Debt service	53,817,500
Capital projects	8,269,943
Unrestricted	8,371,607
NET POSITION	<u>\$ 253,048,693</u>

See accompanying notes to the financial statements.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Primary Government</u>
OPERATING REVENUES	
Student Tuition and Fees	\$ 45,029,909
Less: Scholarship discount & allowance	(25,880,083)
Net tuition & fees	<u>19,149,826</u>
Grants and Contracts, noncapital:	
Federal	11,824,020
State	26,276,253
Local	5,938,366
Internal service Sales and Charges	<u>14,760,599</u>
Subtotal	<u>58,799,238</u>
TOTAL OPERATING REVENUES	<u>77,949,064</u>
OPERATING EXPENSES	
Salaries	169,142,250
Benefits	56,642,409
Payment to students	62,684,582
Supplies, materials, & other operating expenses	32,667,854
Depreciation	<u>21,488,169</u>
TOTAL OPERATING EXPENSES	<u>342,625,264</u>
OPERATING LOSS	<u>(264,676,200)</u>
NONOPERATING REVENUES/(EXPENSES)	
Federal revenue, non-capital	59,511,474
State apportionments, non-capital	64,436,361
Local property taxes	170,503,333
State taxes & other revenues	38,703,682
Investment income - non-capital	433,584
Interest expense	<u>(73,814,823)</u>
TOTAL NONOPERATING REVENUES	<u>259,773,611</u>
GAIN BEFORE OTHER REVENUES AND LOSSES	(4,902,589)
OTHER REVENUES AND GAINS/(LOSSES)	
Local property taxes and revenues, capital	4,799
Investment gain/(loss) - capital	<u>1,350,336</u>
TOTAL OTHER REVENUES AND GAINS	<u>1,355,135</u>
CHANGE IN NET POSITION	(3,547,454)
BEGINNING NET POSITION	<u>274,975,537</u>
ADJUSTMENT FOR RESTATEMENT (see Note 11)	(18,379,390)
NET POSITION, AS RESTATED	<u>256,596,147</u>
ENDING NET POSITION	<u>\$ 253,048,693</u>

See accompanying notes to the financial statements.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Primary Government</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 19,274,847
Federal grants and contracts	13,273,972
State grants and contracts	27,570,175
Local grants and contracts	34,793,442
Payments to or on behalf of employees	(230,382,861)
Payments to vendors for supplies and services	(35,430,032)
Payments to students for scholarships and grants	(62,684,582)
Net Cash Used by Operating Activities	<u>(233,585,039)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments	64,436,361
Property taxes	173,369,840
State taxes and other revenues	38,703,682
Federal grants and contracts	59,511,474
Net Cash Provided by Non-capital Financing Activities	<u>336,021,357</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(180,669,842)
Proceeds from capital debt	393,485,394
Principal and interest paid on capital debt	(73,624,639)
Local revenues, grants and gifts, capital	4,799
Net Cash Provided by Capital Financing Activities	<u>139,195,712</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	1,783,920
Net Cash Provided by Investing Activities	<u>1,783,920</u>
NET DECREASE IN CASH & CASH EQUIVALENTS	243,415,950
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	<u>170,275,823</u>
CASH & CASH EQUIVALENTS, END OF YEAR	<u>\$ 413,691,773</u>

See accompanying notes to the financial statements.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Primary Government</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (264,676,200)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation expense	21,488,169
Changes in Assets and Liabilities:	
Accounts receivable	8,337,794.00
Inventory	(681,427)
Prepaid expense	3,549,320
Accounts payable and accrued liabilities	(5,169,535)
Deferred revenue	2,716,445
Compensated absences	517,609
Net OPEB obligation	332,786
Total Adjustments	<u>31,091,161</u>
Net Cash Flows From Operating Activities	<u>\$ (233,585,039.00)</u>
 CASH AND CASH EQUIVALENTS CONSISTS OF THE FOLLOWING:	
Cash and cash equivalents	\$ 75,906,501
Restricted cash and cash equivalents	337,785,272
Total Cash and Cash Equivalents	<u>\$ 413,691,773</u>
 NONCASH TRANSACTIONS	
On behalf payments for benefits	<u>\$ 4,602,138</u>

See accompanying notes to the financial statements.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014**

	Associated Students	Student Representation Fee Trust	Scholarship and Loan Fund	Other Trust and Agency	Other Post Employment Benefit Trust Fund	Total
ASSETS						
Cash and cash equivalents	\$ 669,670	\$ 44,886	\$ 38,105	\$ 1,095,261	\$ -	\$ 1,847,922
Investments	-	-	-	-	17,419,795	\$ 17,419,795
Accounts receivable, net	6,890	96,455	35,467	237,513	-	376,325
Total Assets	676,560	141,341	73,572	1,332,774	17,419,795	19,644,042
LIABILITIES						
Accounts payable	\$ 7,121	\$ -	\$ 400	\$ 7,770	\$ -	\$ 15,291
Amount held in trust for others	426,069	-	-	-	-	426,069
Total Liabilities	433,190	-	400	7,770	-	441,360
NET POSITION						
Held in trust for OPEB	-	-	-	-	17,419,795	17,419,795
Unrestricted	243,370	141,341	73,172	1,325,004	-	1,782,887
Total Net Position	\$ 243,370	\$ 141,341	\$ 73,172	\$ 1,325,004	\$ 17,419,795	\$ 19,202,682

See accompanying notes to the financial statements.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

	Associated Students	Student Representation Fee Trust	Scholarship and Loan Fund	Other Trust and Agency	Other Post Employment Benefit Trust Fund	Total
ADDITIONS						
Student fees	\$ 17,627	\$ 86,000	\$ -	\$ -	\$ -	\$ 103,627
Interest and investment income	7	-	161	1,338	1,967,833	1,969,339
Other revenues	1,040	-	2,530	887,869	-	891,439
Total Additions	18,674	86,000	2,691	889,207	1,967,833	2,964,405
DEDUCTIONS						
Salaries	22,972	-	-	93,043	-	116,015
Employee benefits	1,567	-	-	11,401	-	12,968
Supplies, materials, and other expenses	115,845	97,609	5,939	696,044	500	915,937
Total Deductions	140,384	97,609	5,939	800,488	500	1,044,920
OTHER FINANCING SOURCES						
Transfers in from governmental funds	114,144	-	-	-	-	114,144
Total Other Financing Sources	114,144	-	-	-	-	114,144
CHANGE IN NET POSITION	(7,566)	(11,609)	(3,248)	88,719	1,967,333	2,033,629
NET POSITION - BEGINNING	250,936	152,950	76,420	1,236,285	15,452,462	17,169,053
NET POSITION - ENDING	\$ 243,370	\$ 141,341	\$ 73,172	\$ 1,325,004	\$ 17,419,795	\$ 19,202,682

See accompanying notes to the financial statements.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 – ORGANIZATION AND OPERATIONS

The San Diego Community College District (the “District”) is a political subdivision of the State of California and provides educational services to the local residents of the surrounding area. The District is located entirely within the City of San Diego and consists of three two-year colleges and seven continuing education campuses. The three colleges are fully accredited by the Accrediting Commission for Community and Junior Colleges of the Western Association of Schools and Colleges. Continuing Education is accredited by the Western Association of Schools and Colleges Accrediting Commissioner for Schools. The District is classified as a state instrumentality under Internal Revenue Code Section 115 and is also classified as a charitable organization under Internal Revenue Code Section 170(c)(1), and is therefore exempt from federal taxes.

The District is governed by a five member Board of Trustees. The five Trustees are elected in even-numbered years to four-year terms by the voters in the District. The boundaries of the District did not change during the year ended June 30, 2014.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles in the United States of America (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

A. Reporting Entity

The financial reporting entity, as defined by GASB, consists of the District, organizations for which the District is financially accountable, and any other organization for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The following criteria regarding financial accountability were considered by the District in its evaluation of District organizations and activities for the year ended June 30, 2014:

- Financial interdependency – the District receives financial support or provides financial benefit to the organization and is responsible for or has directly or indirectly guaranteed the organization's debts.
- Authorize appointment of governing authority – the District's Board of Trustees appoints the organization's governing authority and maintains a significant continuing relationship with the governing authority pertaining to the functions of the organization.

SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

A. **Reporting Entity (continued)**

The District determined that the following organizations met the criteria set forth above:

San Diego Community College Auxiliary Organization

The San Diego Community College Auxiliary Organization (Organization) was created to further support the District's mission and goals beyond state available funding. The Organization has its own Board of Directors composed 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.

B. **Basis of Accounting and Measurement Focus**

For financial reporting purposes, the District is considered a special-purpose government agency engaged only in business-type activities. The basic financial statements include a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows. Fiduciary activities of the District are not included in these statements.

The basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned while expenses are recognized when costs are incurred. The budgetary and financial accounts of the District are recorded and maintained in accordance with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance subject to the same limitation. The District has elected not to follow subsequent private-sector guidance.

C. **District's Fiduciary Responsibility**

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

SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

D. Cash, Cash Equivalents, and Investments

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is considered as fair value for those securities for which market quotations are readily available.

E. Restricted Cash and Investments

Cash and investments that are externally restricted for contractual obligations such as debt service payments, sinking or reserve funds, or to purchase or construct capital or other non-current assets are classified as a non-current asset in the Statement of Net Position.

F. Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of California. Accounts receivable also include 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. Accounts receivable is net of an allowance for uncollectible. The estimated allowance is based on historical collection experience and a review of accounts receivable.

G. Inventories

Inventories, primarily bookstore merchandise, are stated at the lower of cost or market using the first-in, first-out method.

H. Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

I. Capital Assets

Capital assets, which include site and site improvements, buildings, equipment and infrastructure assets (e.g. roads, parking lots, sidewalks, and similar items), are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Assets that do not meet the capitalization threshold of \$5,000 (costs for routine maintenance and repairs that do not add to the value of the asset or materially extend assets' lives) are expensed as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Description of capital assets is computed using straight line basis with a half year convention over the estimated useful life of the asset as follows:

Asset	Years
Infrastructure	35-60
Buildings	50
Equipment/Vehicles	5-6
Technology equipment	3

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets acquired under capital lease are capitalized at the net present value of the total lease payments.

For all infrastructure systems, the District elected to use the Basic Approach for infrastructure reporting.

J. State Apportionments

Certain current year apportionments from the state are estimates based on various financial and statistical information of the previous year. Any changes in estimates due to the annual recalculation each February will be recorded in the year computed by the State.

K. Unearned Revenues

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but are earned in the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Compensated Absences

The District accounts for compensated absences in accordance with GAAP. Accrued compensated absences benefits are recorded as liabilities as vested and earned, but not taken. Employees are allowed to carry over limited number of vacation days from year to year. The District has no commitment for accumulated sick leave and no liability is recorded.

M. 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. Case 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.

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 \$20,000,000 including excess liability. 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 \$5,000,000 limit.

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.

SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

N. Long-Term Liabilities

Long-term debt and other financed obligations are reported as liabilities in the appropriate activities.

O. Classification of Revenues

The District has classified its revenues as either operating or non-operating. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, including state appropriations, local property taxes and investment income. Revenue is classified according to the following criteria:

Operating Revenues

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state, and local grants and contracts and federal appropriations, and (4) interest on institutional student loans.

Non-operating Revenues

Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources as described in GASB Statement No. 35, such as state appropriations, state and local property taxes and investment income.

P. 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 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.

Since the passage of California’s Proposition 13, beginning with Fiscal Year 1978-79, general property taxes are based either on a 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 valuation.

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

SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

P. Property Taxes (*continued*)

This 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).

Property tax revenue is recognized in the fiscal year for which the taxes have been levied based on actual and estimated receipts. Adjustments to estimates are made at the time of final apportionment for the applicable fiscal year.

Q. Scholarship Discounts and Allowance

Student tuition and fee revenue are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for 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, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as operating and non-operating revenues in the District's basic 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.

R. Net Position

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

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

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

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

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Use of Estimates

The preparation of its basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses in the basic financial statements and the accompanying notes. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

NOTE 3 – CASH AND INVESTMENTS

The following is a summary of cash and investments at June 30, 2014:

Primary government	\$ 414,310,265
Fiduciary funds	19,267,717
Total Cash and Investments	\$ 433,577,982
Cash in county treasury	\$ 412,162,973
Cash on hand and in banks	3,376,722
Investments	18,038,287
Total Cash and Investments	\$ 433,577,982

A. 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 District does not have a deposit policy for custodial credit risk. However, 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 percent of an agency's total deposits and collateral that is considered to be held in the name of the District. As of June 30, 2014, the book balance of the District's deposit of \$3,376,722, including fiduciary accounts and component units, were entirely insured and collateralized as described above.

SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2014

NOTE 3 – CASH AND INVESTMENTS (*continued*)

B. Investments

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations. Investments of debt proceeds held by trustees are governed by the provisions of debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities up to 30 years.

Cash in County Treasury

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

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014**

NOTE 3 – CASH AND INVESTMENTS (continued)

General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. The table below identifies examples of the investment types permitted in the investment policy:

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

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the San Diego County Investment Pool with a book value of \$412,162,973 and a fair value of \$412,208,284. The weighted average maturity for this pool as of June 30, 2014 is 366 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Per the County's investment policy, the investments within the San Diego County Investment Pool are rated "A" or higher by S&P.

SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 4 – INTERFUND TRANSACTIONS

Interfund receivables and payables result when the interfund transfer is transacted throughout the fiscal year. Interfund activity within the funds has been eliminated in the basic financial statements, except for balances that are reflected between the business-type activity and fiduciary funds.

NOTE 5 – CAPITAL ASSETS

The following provides a summary of changes in capital assets for the year ended June 30, 2014:

	Balance July 01, 2013	Additions	Deductions	Balance June 30, 2014
Capital Assets not being Depreciated				
Land	\$ 77,080,989	\$ -	\$ -	\$ 77,080,989
Construction in progress	714,898,673	159,608,043	379,457,071	495,049,645
Total Capital Assets not being Depreciated	791,979,662	159,608,043	379,457,071	572,130,634
Capital Assets being Depreciated				
Infrastructure	6,142,097	-	-	6,142,097
Buildings	444,625,143	385,935,337	11,436	830,549,044
Equipment	56,511,824	14,583,533	148,904	70,946,453
Total Capital Assets being Depreciated	507,279,064	400,518,870	160,340	907,637,594
Total Capital Assets	1,299,258,726	560,126,913	379,617,411	1,479,768,228
Less Accumulated Depreciation				
Infrastructure	5,621,407	124,839	-	5,746,246
Buildings	100,814,974	15,222,829	9,263	116,028,540
Equipment	45,471,058	6,140,501	148,456	51,463,103
Total Accumulated Depreciation	151,907,439	21,488,169	157,719	173,237,889
Net Capital Assets	\$ 1,147,351,287	\$ 538,638,744	\$ 379,459,692	\$ 1,306,530,339

Depreciation expense for the year was \$21,488,169.

NOTE 6 – LONG-TERM DEBT

The following is a summary of the changes in long-term debt for the year ended June 30, 2014:

	Balance July 01, 2013	Adjustment for Restatement	Restated July 01, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
Long-Term Obligations							
General obligation bonds	\$ 943,456,933	\$ 1,062,428	\$ 944,519,361	\$ 385,006,597	\$ 10,529,576	\$ 1,318,996,382	\$ 17,570,445
Premium on bonds	73,240,591	9,421,476	82,662,067	12,824,192	5,807,214	89,679,045	5,807,214
Compensated absences	9,057,911	-	9,057,911	6,853,812	6,336,203	9,575,520	6,389,356
Legal commitments	8,685,514	-	8,685,514	-	-	8,685,514	2,833,890
Net OPEB Obligation	1,113,742	-	1,113,742	332,786	-	1,446,528	-
Totals	\$ 1,035,554,691	\$ 10,483,904	\$ 1,046,038,595	\$ 405,017,387	\$ 22,672,993	\$ 1,428,382,989	\$ 32,600,905

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014**

NOTE 6 – LONG-TERM DEBT (continued)

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 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. 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% and maturing through May 1, 2028. Series 2003 was advance refunded during 2011-12 via 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. On April 28, 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. On July 7, 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 7, 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 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 7, 2006, by majority election of the Districts' 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. On July 7, 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. On March 7, 2012, Series 2012, Refunding was issued, with an initial par amount of \$279,755,000 with stated yield rates of 0.18% to 3.10% and maturing through August 1, 2029. The Series 2012, Refunding retired \$313,830,000 of debt including \$267,470,000 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. As a result, approximately 85.2% of the debt service related to the Series 2012, Refunding is attributable to Proposition S and approximately 14.8% of the debt service is attributable to Proposition N. On July 17, 2013, Series 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 \$272,996,021.90 with stated yield rates of .20% to 6.23% and maturing through August 1, 2043.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014**

NOTE 6 – LONG-TERM DEBT (continued)

General Obligation Bonds (continued)

The outstanding bonded debt of the District at June 30, 2014 is as follows:

	Issuance Date	Yield	Maturity Date	Amount of Original Issue	Balance July 01, 2013	Adjustment for Restatement	Restated	Additions	Deletions	Balance June 30, 2014	Due Within One Year
							Balance July 01, 2013				
Proposition S:											
2005 Series	10/5/2005	3.28-4.38%	5/1/2030	\$ 244,999,901	\$ 8,230,906	\$ (661,330)	\$ 7,569,576	\$ -	\$ 2,854,576	\$ 4,715,000	\$ 4,715,000
2009 Series	4/28/2009	2.70-6.00%	8/1/2033	131,293,506	131,293,506	7,372,030	138,665,536	2,275,874	-	140,941,410	-
2011 Series	7/7/2011	0.27-6.69%	8/1/2041	116,449,717	101,321,889	(5,648,272)	95,673,617	1,224,910	100,000	96,798,527	165,000
2011 Series, Refunding	7/7/2011	0.38-3.55%	8/1/2023	22,230,000	22,130,000	-	22,130,000	-	1,300,000	20,830,000	1,400,000
2012 Series, Refunding	3/7/2012	0.18-3.10%	8/1/2029	238,428,671	236,736,902	-	236,736,902	-	123,580	236,613,322	127,842
2013 Series	7/7/2013	0.20-4.25%	8/1/2024	103,705,000	-	-	-	103,705,000	-	103,705,000	1,500,000
Proposition N:											
2007 Series	7/18/2007	3.60-4.51%	8/1/2032	224,996,823	157,710,632	-	157,710,632	844,611	4,130,000	154,425,243	3,340,445
2011 Series	7/7/2011	0.27-4.86%	8/1/2041	250,000,000	245,000,000	-	245,000,000	-	2,000,000	243,000,000	300,000
2012 Series, Refunding	3/7/2012	0.18-3.10%	8/1/2029	41,326,329	41,033,098	-	41,033,098	-	21,420	41,011,678	22,158
2013 Series	7/7/2013	0.20-6.23%	8/1/2043	272,996,022	-	-	-	276,956,202	-	276,956,202	6,000,000
Totals				\$ 1,646,425,969	\$ 943,456,933	\$ 1,062,428	\$ 944,519,361	\$385,006,597	\$ 10,529,576	\$ 1,318,996,382	\$ 17,570,445

The annual requirements to amortize the general obligation bonds outstanding as of June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 15,989,270	\$ 56,528,709	\$ 72,517,979
2016	14,430,090	54,715,560	69,145,650
2017	15,696,616	54,577,385	70,274,001
2018	16,782,909	54,384,042	71,166,951
2019	22,110,306	51,720,820	73,831,126
2020-2024	165,277,042	256,576,953	413,003,807
2025-2029	295,455,399	226,803,526	521,667,363
2030-2034	420,709,789	206,358,288	627,081,952
2035-2039	126,671,558	253,436,302	383,037,485
2040-2042	203,321,208	117,951,885	327,771,343
Accretion	22,552,195	(22,552,195)	-
Total	\$ 1,318,996,382	\$ 1,310,501,275	\$ 2,629,497,657

SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 7 – COMPENSATED ABSENCES

Compensated absence costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year-end as liabilities of the District. The District also participates in and accrues “load banking” with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District’s policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for eligible employees when they retire.

The District’s liability for vested and unpaid compensated absences (accrued vacation) has been accrued and amounts to \$9,575,520.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Leases

The District leases various facilities under formal lease agreements as well as month-to-month lease arrangements. Rental expense associated with all District leases for the fiscal year ended June 30, 2014 aggregated approximately \$310,302.

Construction

In addition to construction amounts in accounts payable and accrued liabilities, the District has construction commitments of approximately \$126,806,143 as of June 30, 2014.

Grants

The District receives a substantial portion of its total revenues under various governmental grants, all of which pay the District based on reimbursable costs, as defined by each grant. Reimbursement recorded under these grants is subject to audit by the grantors. Management believes that no material adjustments will result from subsequent audit of costs reflected in the accompanying basic financial statements.

Litigation

The District is party to various legal actions arising in the ordinary course of its activities. In the opinion of the District’s management, the District has adequate legal defenses and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the District’s operations or financial position.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014**

NOTE 9 – EMPLOYEES’ RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are generally members of the California State Teachers’ Retirement System and classified employees are generally members of the California Public Employees’ Retirement System.

California State Teachers’ Retirement System (CalSTRS)

Most full-time certificated (academic) employees participate in CalSTRS, a cost-sharing multiple-employer contributory public employee retirement system defined benefit pension plan. 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 State Teachers’ Retirement Law (Part 13 of the California Education Code, Section 22000 et seq.). CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS’ annual financial report may be obtained from CalSTRS Executive Office located at 7667 Folsom Boulevard, Sacramento, California 95826.

At June 30, 2014, the District employed approximately 2,666 certified employees with total creditable earnings of \$88,422,180.

Under State Teachers’ Retirement Law, certain early retirement incentives require the employer to pay the present value of the additional benefit, which may be paid on either a current or deferred basis. The District has no obligations to CalSTRS for early retirement incentives granted to terminated employees as of June 30, 2014.

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers’ Retirement Board. The required employer rate for fiscal year 2013-2014 was 8.25% of annual payroll. The contribution requirements on the plan members are established by state statute. The District’s contributions to CalSTRS for the fiscal year ended June 30, 2014, 2013, and 2012 were \$7,306,278, \$7,052,710, \$7,295,856, respectively, and equal to 100% of the Annual Required Contributions.

Most Recent Actuarial Study – Status of Funding Progress

The District’s CalSTRS retirement plan is part of the State Pool, a cost-sharing multiple-employer contributory public employee retirement system defined benefit pension plan. As part of a cost-sharing multiple-employer defined benefit plan, disclosure of the schedule of funding progress is not required as information is not specific to the District.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014**

NOTE 9 – EMPLOYEE’S RETIREMENT SYSTEMS (continued)

California Public Employees’ Retirement Systems (CalPERS)

Most full-time classified (non-academic) employees participate in the School Employer Pool under CalPERS, a cost-sharing multiple-employer contributory 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 Employee’s Retirement Law (Part 3 of the California Government Code, S22000 et seq.). CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS’ annual financial report may be obtained from CalPERS Executive Office located at 400 P Street, Sacramento, CA 95814.

At June 30, 2014, the District employed approximately 1,133 classified employees with total creditable earnings of \$58,858,113

Funding Policy

Active plan members hired prior to January 1, 2013, are required to contribute 7% of their salary. The California Public Employees’ Pension Reform Act (PEPRA), specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member’s contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

Active plan members are required to contribute 7.0% of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-2014 was 11.442% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute. The District’s contributions to CalPERS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$6,734,542, \$6,759,806, \$6,441,176, respectively, and equal 100% of the Annual Required Contributions.

Most Recent Actuarial Study – Status of Funding Progress

The District’s CalPERS retirement plan is part of the County of San Diego Pool, a cost-sharing multiple-employer contributory public employee retirement system defined benefit pension plan. As part of a cost-sharing multiple-employer defined benefit plan, disclosure of the schedule of funding progress is not required as information is not specific to the District.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014**

NOTE 9 – EMPLOYEE’S RETIREMENT SYSTEMS (continued)

On-behalf Payments Made by the State of California

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2014, which amounted to \$4,602,138 (5.204 percent for 2013-14) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on-behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2014. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

Social Security Alternative Plan

The Social Security Alternative Plan is a defined contribution plan covering most employees of the San Diego Community College District who are not eligible for membership in CalPERS, CalSTRS or an alternative 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 IRS 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, 2014, 2013, and 2012 were \$540,035, \$471,776, and \$478,928, 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.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

San Diego Community College District Retiree Health Plan

The District provides medical benefits to its retirees through the Kaiser HMO and four United Healthcare options (PPO, HMO Network 1, 2, & 3, and OOA), as well as their Medicare equivalents for Medicare eligible retirees (United Healthcare Senior Supplement, United Healthcare Medicare Advantage Secure Horizons, and Kaiser Senior Advantage.) Dental benefits are provided through Delta Dental.

The District’s share of retiree premium depends on classification, age, years of service (YOS) and the applicable cap. For the 2014 calendar year the cap is \$987.36 per month (equal to the Kaiser HMO active composite rate).

Following is a table showing details by bargaining unit:

Unit	Job Code	Description	Benefits	Benefits End Date
	A1-A4, A7-A9,			
1	AA, AB, AC	AFT - Faculty	Age 60 & 20 YOS	Age 65
2	B1-B4	Adult Education	Age 60 & 20 YOS	Age 65
3	C1-C4	Management - After 4/1/89	Age 60 & 20 YOS	Age 65
3	C1-C4	Management - Prior to 4/1/89	Age 55 & 8 YOS	Lifetime*
4	D1-D2	Supervisory/Professional	Age 60 & 20 YOS	Age 65
5	E1, E3, E4	SEIU/Operations	Age 60 & 20 YOS	Age 65
6	H1	Police Unit	Age 60 & 20 YOS	Age 65
7	J1-J3	AFT - Office Technical	Age 60 & 20 YOS	Age 65
8	K2	Food Services	Age 60 & 20 YOS	Age 65
9	L1	Confidential	Age 60 & 20 YOS	Age 65
10	C1	Board - Active Only	Age 60 & 20 YOS	Age 65
11	C1	Board - Lifetime Only	Age 55 & 8 YOS	Lifetime**

Must be eligible to retire from retirement system (CalPERS – age 50; Cal STRS – age 50) with 30 years of service credit or age 55 with 5 years of service credit.

*Lifetime benefits are provided only to those employers who were in a management position prior to the April 1989 cutoff date. Currently there is 1 active employee in this category.

**Currently there are 4 retirees in this category. No future retirees will qualify for District-paid benefits.

Under the early retirement program instituted in 2003, the District pays medical premiums for five years (or until age 65, if later for faculty.) Supervisory and Professional, and Office Technical employees may delay the 5 years of District-paid benefits until age 60 by participating in the District plan at their own expense during the deferral period. District-paid dental premiums are provided only to retirees with lifetime benefits.

SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (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 composite rate for the VEBA Kaiser HMO, which the District pays to active employees. The cap was \$940.66 per month for July 2013 – December 2013 and \$987.36 per month for January 2014 – June 2014. The cap assumed to grow at the medical trend rate of 8% for healthcare and Medicare Part B and 4% for dental.

The District also pays Medicare Part B premiums for all retirees and spouses of retirees entitled to lifetime 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. An automobile allowance of \$100 per month and automobile club dues of \$3.58 per month are paid from retirement until age 65 for one retired manager.

Funding Policy

On June 26, 2006, the District contributed \$11,000,000 to the Community College League of California – Joint Powers Authority (CCLC-JPA) and has adopted a goal of fully funding the plan on a fully projected basis by allowing the \$11,000,000 to grow with interest until it is sufficient to pay all future retiree benefits. This is projected to occur within 20 years of the initial investment, however, GASB Statement 45 provides for up to 30 years for amortization of the current and future retiree health benefit liabilities. This funding is being reported in a Fiduciary Fund titled *Other Post-Employment Benefits Trust Fund*, an irrevocable trust fund.

Annual OPEB Cost and Net OPEB Obligation

The District’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize an unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed, and changes in the District’s net OPEB obligation:

Annual required contribution (ARC)	\$ 1,513,420
Interest on net OPEB obligation	72,393
Adjustment to annual required contribution	(85,287)
Annual OPEB cost	<u>1,500,526</u>
Contributions made	<u>(1,167,740)</u>
Changes in net OPEB obligation	332,786
Net OPEB obligation, beginning of year	1,113,742
Net OPEB obligation, end of year	<u>\$ 1,446,528</u>

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014**

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

The District’s annual OPEB cost, the percentage of annual OPEB cost to be contributed to the plan, and the Net OPEB Obligations are as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$ 1,643,608	\$ 1,280,581	78%	\$ 764,844
6/30/2013	\$ 1,634,753	\$ 1,285,855	79%	\$ 1,113,742
6/30/2014	\$ 1,500,526	\$ 1,167,740	78%	\$ 1,446,528

Most Recent Actuarial Study – Status of Funding Progress

The funded status of the plan as of June 30, 2014 was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (Projected Unit Credit Cost Method)(AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2013	\$ 15,201,128	\$ 21,263,557	\$ 6,062,429	71.49%	\$ 155,868,820	3.89%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreased over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The plan’s most recent actuarial valuation was performed on July 1, 2013. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 6.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 5 percent. Both assumptions reflect an implicit 3 percent general inflation assumption. The District’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a rolling basis. The remaining amortization period as of June 30, 2014 was 30 years.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2014**

NOTE 11 – RESTATEMENT OF NET POSITION

The beginning net position of Governmental Activities has been restated in order to reflect the elimination of amortization of debt issuance costs in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The effect on beginning net position is presented as follows:

The following adjustments were made to restate the beginning net position:

	<u>Primary Government</u>
Net Position - Beginning, as Previously Reported	\$ 274,975,537
Restatements	<u>(18,379,390)</u>
Net Position - Beginning, as Restated	<u>\$ 256,596,147</u>

- \$7,895,486 decrease to beginning net position to account for GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.
- \$1,127,428 decrease to beginning net position to account for accreted interest on capital appreciation bonds that had not been previously recognized.
- \$9,421,476 decrease to beginning net position to account for premiums on bond issuances that were not previously recognized.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2014**

NOTE 12 – FUNCTIONAL EXPENSES

The functional operating expenses for the year ended June 30, 2014 were as follows:

	Salaries	Employee Benefits	Student Financial Aid	Supplies, Materials and Other Expenses	Depreciation	Total
Instructional Activities	\$ 81,676,795	\$ 22,203,714	\$ -	\$ 6,045,129	\$ -	\$ 109,925,638
Instructional Administration & Instructional Governance	12,879,979	4,602,518	-	877,820	-	18,360,317
Instructional Support Services	4,193,976	1,598,852	-	1,206,471	-	6,999,299
Student Services	23,410,866	8,258,517	-	2,247,339	-	33,916,722
Plant Operations & Maintenance	9,187,040	4,670,067	-	10,510,122	-	24,367,229
Planning, Policymaking & Coordination	5,037,148	1,631,697	-	1,314,953	-	7,983,798
General Institutional Support Services	21,289,998	10,314,553	-	4,247,144	-	35,851,695
Community Services & Economic Development	725,793	275,589	-	494,429	-	1,495,811
Ancillary Services & Auxiliary Operations	10,740,655	3,086,902	-	5,724,447	-	19,552,004
Student Aid	-	-	62,684,582	-	-	62,684,582
Depreciation Expense	-	-	-	-	21,488,169	21,488,169
Total	\$ 169,142,250	\$ 56,642,409	\$ 62,684,582	\$ 32,667,854	\$ 21,488,169	\$ 342,625,264

**REQUIRED SUPPLEMENTARY
INFORMATION**

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (Projected Unit Credit Cost Method)(AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2009	\$ 12,534,273	\$ 19,606,548	\$ 7,072,275	63.93%	\$ 153,768,568	4.60%
6/30/2011	\$ 12,317,587	\$ 21,305,524	\$ 8,987,937	57.81%	\$ 128,861,312	6.97%
7/1/2013	\$ 15,201,128	\$ 21,263,557	\$ 6,062,429	71.49%	\$ 155,868,820	3.89%

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014**

1. SCHEDULE OF FUNDING PROGRESS FOR DEFINED BENEFIT PLANS

California State Teachers' Retirement Systems (CalSTRS)

The District's CalSTRS retirement plan is part of the State Pool, a cost-sharing multiple-employer contributory public employee retirement system defined benefit pension plan. As part of a cost-sharing multiple-employer defined plan, disclosure of the schedule of funding progress is not required as information is not specific to the District.

California Public Employees' Retirement System (CalPERS)

The District's CalPERS retirement plan is part of the County of San Diego Pool, a cost-sharing multiple-employer contributory public employee retirement system defined benefit pension plan. As part of a cost-sharing multiple-employer defined benefit plan, disclosure of the schedule of funding progress is not required as information is not specific to the District.

Other Postemployment Benefits (OPEB)

A schedule of funding progress for the year ended June 30, 2014 including the actuarial valuations is presented.

**SUPPLEMENTARY
INFORMATION**

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2014**

	General Fund Unrestricted	General Fund Restricted	Bond Interest and Redemption Fund	Special Revenue Funds
Assets				
Current assets:				
Cash and investments	\$ 49,843,674	\$ -	\$ 53,817,500	\$ 664,298
Accounts receivable	21,039,405	5,923,874	-	645
Prepaid expenses	-	-	-	-
Due from other funds	(24,043,115)	40,252,002	-	731,302
Inventories	-	-	-	-
Total current assets	46,839,964	46,175,876	53,817,500	1,396,245
Noncurrent assets:				
Capital assets, net	-	-	-	-
Total noncurrent assets	-	-	-	-
Total assets	\$ 46,839,964	\$ 46,175,876	\$ 53,817,500	\$ 1,396,245
Liabilities and Fund Balance				
Liabilities:				
Accounts Payable	\$ 21,215,081	\$ 35,362	\$ -	\$ -
Accrued Salaries and Wages Payable	9,177,035	-	-	-
Deferred Revenue	1,716,234	149,257	-	-
Due to Other Funds	440,666	293,576	-	22,286
Current Portion LTD	913,260	-	-	-
Total liabilities	33,462,276	478,195	-	22,286
Fund Balances	13,377,688	45,697,681	53,817,500	1,373,959
Total liabilities and fund balance	\$ 46,839,964	\$ 46,175,876	\$ 53,817,500	\$ 1,396,245

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
COMBINING BALANCE SHEET, continued
JUNE 30, 2014**

	Capital Outlay Fund	Prop S Bonds Capital Projects Fund	Prop N Bonds Capital Projects Fund	San Diego Community College District Auxiliary Organization
Assets				
Current assets:				
Cash and investments	\$ 9,460,485	\$ 102,051,783	\$ 181,915,989	\$ 1,023,963
Accounts receivable	84,335	115,337	191,189	163
Prepaid expenses	-	-	-	-
Due from other funds	(48,352)	(4,839,810)	(9,350,580)	-
Inventories	-	-	-	-
Total current assets	9,496,468	97,327,310	172,756,598	1,024,126
Noncurrent assets:				
Capital assets, net	-	-	-	-
Total noncurrent assets	-	-	-	-
Total assets	\$ 9,496,468	\$ 97,327,310	\$ 172,756,598	\$ 1,024,126
Liabilities and Fund Balance				
Liabilities:				
Accounts Payable	\$ 56,525	\$ 2,483,269	\$ 5,418,102	\$ 235,036
Accrued Salaries and Wages Payable	-	-	-	-
Deferred Revenue	1,170,000	-	-	37,888
Due to Other Funds	-	-	-	-
Current Portion LTD	-	-	-	-
Total liabilities	1,226,525	2,483,269	5,418,102	272,924
Fund Balances	8,269,943	94,844,041	167,338,496	751,202
Total liabilities and fund balance	\$ 9,496,468	\$ 97,327,310	\$ 172,756,598	\$ 1,024,126

See accompanying note to supplementary information.

SAN DIEGO COMMUNITY COLLEGE DISTRICT
COMBINING BALANCE SHEET, continued
JUNE 30, 2014

	Bookstore Fund	Cafeteria Fund	Self-Insurance Fund	Financial Aid Fund	Total
Assets					
Current assets:					
Cash and investments	\$ 3,942,664	\$ 679,415	\$ 10,594,795	\$ 315,698	\$ 414,310,264
Accounts receivable	822,939	20,628	40,750	243,901	28,483,166
Prepaid expenses	-	16,443	-	-	16,443
Due from other funds	(233,725)	(520,963)	213,099	(536,720)	1,623,138
Inventories	2,134,818	(28,591)	-	-	2,106,227
Total current assets	6,666,696	166,932	10,848,644	22,879	446,539,238
Noncurrent assets:					
Capital assets, net	12,222	73,303	-	-	85,525
Total noncurrent assets	12,222	73,303	-	-	85,525
Total assets	\$ 6,678,918	\$ 240,235	\$ 10,848,644	\$ 22,879	\$ 446,624,763
Liabilities and Fund Balance					
Liabilities:					
Accounts Payable	\$ 330,029	\$ 36,269	\$ 2,872,227	\$ 22,019	\$ 32,703,919
Accrued Salaries and Wages Payable	-	-	-	-	9,177,035
Deferred Revenue	229,796	(1,659)	-	661	3,302,177
Due to Other Funds	-	-	1,289,020	-	2,045,548
Current Portion LTD	-	-	-	-	913,260
Total liabilities	559,825	34,610	4,161,247	22,680	48,141,939
Fund Balances	6,119,093	205,625	6,687,397	199	398,482,824
Total liabilities and fund balance	\$ 6,678,918	\$ 240,235	\$ 10,848,644	\$ 22,879	\$ 446,624,763

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF COMBINING BALANCE SHEET TO STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Total fund balances reported in the Combining Balance Sheet	\$ 398,482,824
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	
Net capital assets	1,306,530,339
Less enterprise funds capital assets	(85,525)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds	
Long-term liabilities - current portion (net of \$3,747,150 reported in the funds)	(32,600,905)
Long-term liabilities - noncurrent portion	(1,395,782,084)
Interest payable on long-term debt that is not included as a current liability in the governmental funds:	(23,495,956)
Total Net Position	<u>\$ 253,048,693</u>

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES (EXPENSES) AND CHANGES IN
 FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund Unrestricted	General Fund Restricted	Bond Interest and Redemption Fund	Special Revenue Funds
Federal Revenues	\$ -	\$ 11,733,085	\$ -	\$ 90,935
State Grants and Contracts	36,473,405	16,115,429	-	519,957
State Apportionment	63,403,372	1,032,989	-	-
State Taxes and Other Revenue	705,093	1,488,736	-	3,427
Local Grants and Contracts	1,446,996	3,447,960	-	275,206
Local Property Taxes	86,480,242	2,657,460	94,189,699	-
Internal Service Sales and Charges	3,240	39,263	-	-
Investment Income	245,942	-	121,978	5,123
Student Tuition and Fees	15,284,134	3,365,978	-	499,673
Other Financing Sources	-	7,029,398	-	125,000
Total Revenue	204,042,424	46,910,298	94,311,677	1,519,321
Academic Salaries	86,857,551	14,699,110	-	310,427
Classified Salaries	52,037,720	9,673,970	-	279,979
Benefits	44,022,671	5,872,281	-	142,978
Supplies and Materials	3,107,713	2,087,576	-	365,687
Other Operating Expenses	15,814,593	4,702,155	-	72,883
Capital Outlay	3,192,549	1,943,433	-	95,280
Other Outgo	3,829,156	3,734,921	9,635,390	71,555
Interest Expense	-	-	63,989,249	-
Total Expense	208,861,953	42,713,446	73,624,639	1,338,789
Net change in fund balance	(4,819,529)	4,196,852	20,687,038	180,532
Beginning fund balance	18,197,217	41,500,829	33,130,462	1,193,427
Ending fund balance	\$ 13,377,688	\$ 45,697,681	\$ 53,817,500	\$ 1,373,959

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES (EXPENSES) AND CHANGES IN
FUND BALANCE, continued
FOR THE YEAR ENDED JUNE 30, 2014**

	Capital Outlay Fund	Prop S Bonds Capital Projects Fund	Prop N Bonds Capital Projects Fund	San Diego Community College District Auxiliary Organization
Federal Revenues	\$ -	\$ -	\$ -	\$ -
State Grants and Contracts	1,898,641	-	-	-
State Apportionment	-	-	-	-
State Taxes and Other Revenue	-	-	-	-
Local Grants and Contracts	203,634	4,799	-	248,300
Local Property Taxes	-	-	-	-
Internal Service Sales and Charges	-	-	-	-
Investment Income	37,087	501,412	811,837	7,439
Student Tuition and Fees	-	-	-	-
Other Financing Sources	1,907,530	170,484,949	386,711,754	-
Total Revenue	4,046,892	170,991,160	387,523,591	255,739
Academic Salaries	-	-	-	-
Classified Salaries	-	301,902	885,707	-
Benefits	-	109,121	323,548	-
Supplies and Materials	(1,337)	166,367	1,278,885	-
Other Operating Expenses	82,352	411,729	252,680	285,588
Capital Outlay	743,195	55,127,399	110,168,868	-
Other Outgo	1,709,491	66,920,250	114,067,213	-
Interest Expense	-	-	-	-
Total Expense	2,533,701	123,036,768	226,976,901	285,588
Net change in fund balance	1,513,191	47,954,392	160,546,690	(29,849)
Beginning fund balance	6,756,752	46,889,649	6,791,806	781,051
Ending fund balance	\$ 8,269,943	\$ 94,844,041	\$ 167,338,496	\$ 751,202

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES (EXPENSES) AND CHANGES IN
FUND BALANCE, continued
FOR THE YEAR ENDED JUNE 30, 2014**

	Bookstore Fund	Cafeteria Fund	Self-Insurance Fund	Financial Aid Fund	Total
Federal Revenues	\$ -	\$ -	\$ -	\$ 59,511,474	\$ 71,335,494
State Grants and Contracts	-	-	-	106,728	55,114,160
State Apportionment	-	-	-	-	64,436,361
State Taxes and Other Revenue	-	-	-	3,066,381	5,263,637
Local Grants and Contracts	55,648	260,622	34,941,246	-	40,884,411
Local Property Taxes	-	-	-	-	183,327,401
Internal Service Sales and Charges	11,317,200	3,400,896	-	-	14,760,599
Investment Income	20,293	3,011	29,668	130	1,783,920
Student Tuition and Fees	-	-	41	-	19,149,826
Other Financing Sources	-	1,000,000	19,539	-	567,278,170
Total Revenue	11,393,141	4,664,529	34,990,494	62,684,713	1,023,333,979
Academic Salaries	-	6,902	-	-	101,873,990
Classified Salaries	1,605,832	1,965,541	-	-	66,750,651
Benefits	556,510	680,376	-	-	51,707,485
Supplies and Materials	8,299,848	1,897,562	-	-	17,202,301
Other Operating Expenses	310,585	532,751	33,181,427	-	55,646,743
Capital Outlay	18,717	16,904	-	-	171,306,345
Other Outgo	-	-	1,299,376	62,684,582	263,951,934
Interest Expense	-	-	-	-	63,989,249
Total Expense	10,791,492	5,100,036	34,480,803	62,684,582	792,428,698
Net change in fund balance	601,649	(435,507)	509,691	131	230,905,281
Beginning fund balance	5,517,444	641,132	6,177,706	68	167,577,543
Ending fund balance	\$ 6,119,093	\$ 205,625	\$ 6,687,397	\$ 199	\$ 398,482,824

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF COMBINING SCHEDULE OF REVENUES, EXPENDITURES (EXPENSES)
AND CHANGES IN FUND BALANCE TO STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Total change in fund balances, governmental funds:	\$ 230,905,281
Governmental funds report capital outlay as expenditures. Capital outlay expenditures are included in the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances. However, in the Statement of Revenues, Expenses, and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	180,669,842
Repayment of long-term liabilities was an expenditure in governmental funds, but the repayment reduced longterm liabilities in the Statement of Net Position.	10,529,576
The issuance of long-term liabilities provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position.	
Proceeds from bond issuance	(380,661,202)
Premium on bond issuance	(12,824,192)
Amortization expense on bond premiums is reported in the Statement of Revenues, Expenses, and Changes in Net Position, but it does not require the use of current financial resources. Therefore, amortization is not reported as an expenditure in governmental funds.	5,807,214
Compensated absences are reported in the Statement of Revenues, Expenses, and Changes in Net Position, but they do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in governmental funds.	(517,609)
The gain or loss on the disposal of capital assets is reported in the Statement of Revenues, Expenses, and Changes in Net Position, but the entire proceeds from the disposal of capital assets are reported as revenue in the governmental funds.	(2,621)
Net OPEB liability is reported in the Statement of Revenues, Expenses, and Changes in Net Position, but it does not require the use of current financial resources. Therefore, the change in the OPEB liability is not reported as an expenditure in governmental funds.	(332,786)
Depreciation expense on capital assets is reported in the Statement of Revenues, Expenses, and Changes in Net Position, but it does not require the use of current financial resources. Therefore, depreciation is not reported as an expenditure in governmental funds.	(21,488,169)
Accreted interest on long-term debt is not recorded as an expenditure in the governmental funds. In the Statement of Revenues, Expenses, and Changes in Net Position , however, this is recorded as an interest expense.	(4,345,395)
Interest expense on long-term debt is reported in the Statement of Revenues, Expenses, and Changes in Net Position, but it did not require the use of current financial resources.	<u>(11,287,393)</u>
Change in Net Position	<u>\$ (3,547,454)</u>

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Entity Identifying Number	Total Program Expenditures
U.S. Department of Education			
Direct			
Student Financial Assistance Cluster			
PELL	84.063	*	\$ 51,527,879
SEOG	84.007	00127300/00127500/01182000/02241600	762,405
Direct Loans	84.268	*	6,329,381
Federal Work Study	84.033	POO033A90065	841,600
Subtotal Student Financial Assistance Cluster			59,461,264
VATEA Cluster			
VATEA Curriculum Develpm & Instr	84.048	09-C01-047	1,228,398
VATEA Student Support	84.048	09-C01-047	458,542
VATEA Professional Development	84.048	09-C01-047	5,138
VATEA Partnership Development	84.048	09-C01-047	27,206
VATEA Administration	84.048	09-C01-047	95,483
VATEA Evaluation	84.048	09-C01-047	55,126
VATEA Research & Development	84.048	09-C01-047	1,600
Subtotal VATEA Cluster			1,871,493
Adult Education Cluster			
Adult Ed El Civics	84.002A	*	547,749
Adult Ed & Family Literacy	84.002A	*	1,211,512
Subtotal Adult Education Cluster			1,759,261
USDE Student Retention Grant	84.031S	*	659,959
Child Dev Food Grant	10.558	*	93,203
CCAMPIS	84.335	*	28,834
Gear Up II	84.334	*	17,380
Total U.S. Department of Education			63,891,394
U.S. Department of Labor			
SDWFP - SD Urban Teachers	17.258/17.260	*	10,688
Total U.S. Department of Labor			10,688
Transportation Security Administration			
TSA Security Trng - GCC 12-13	unknown	*	9,076
Aircraft Crew Self Defense Training	unknown	*	8,536
Total Transportation Security Administration			17,612
U.S. Department of Justice			
Commission on POST	unknown	*	258,133
Total U.S. Department of Justice			258,133

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
U.S. Department of Defense			
USN Force Protection Program 08	* 12.unk	N61339-03-D0166	246,686
CACI International	* 12.unk	*	1,215
Homeport Training Norfolk 13	* 12.unk	N61339-09-D-0001	92,067
CIP Corry Station 13	* 12.unk	N63394-12-P-5159	31,808
CIP Great Lakes Engineering 13	* 12.unk	N00189-10-D-Z049	630,473
Combat Systems - Great Lakes 13	* 12.unk	N00178-04-D-4079	698,668
Combat Systems - San Diego 13	* 12.unk	N00178-04-D-4079	159,795
Navy SOM WindborneProd 13	* 12.unk	N00189-11-D-Z043	11,574
CIP Meridian 13	* 12.unk	N00189-12-C-Z115	215,780
CIP Corry Station 14	* 12.unk	N00189-08-C-Z005	25,120
CIP Great Lakes Technical Support	* 12.unk	N00189-10-D-Z049	5,084
Combat Systems - Great Lakes 14	* 12.unk	PO7200007645-T ORD 00-19	2,015,989
Combat Systems - San Diego 14	* 12.unk	PO7200007645-T ORD 00-14	615,407
Navy SOM Windborne Prod 14	* 12.unk	*	27,762
CIP Meridian 14	* 12.unk	N00189-12-C-Z115	418,692
Total U.S. Department of Defense			<u>5,196,120</u>
National Science Foundation			
NSF - MESA Program	47.076	*	2,735
Total National Science Foundation			<u>2,735</u>
U.S. Department of Rehabilitation			
Dept of Rehab College to Career	84.126A	*	244,239
Dept of Rehab Workability	84.126A	*	442,844
Total U.S. Department of Rehabilitation			<u>687,083</u>
U.S. Department of Health and Human Services			
Bridges to the Future 08	98.859	*	79,230
Bridges to Baccalaureate Ct	93.859	*	8,730
Total U.S. Department of Health and Human Services			<u>87,960</u>
South Coast Air Q-Truck ORC	81.086	*	107,963
YMCA - SD Urban Teachers	unknown	*	67,781
First Year Experience Grant	unknown	*	122,291
VETS Admin Allow - City	unknown	*	14,760
VETS Admin Allow - Mesa	unknown	*	10,738
VETS Admin Allow - Miramar	unknown	*	6,898
Admin. Allowance - City/CET	84.077, 84.033, 84.063	*	33,448
Admin. Allowance - Mesa	84.077, 84.033, 84.064	*	56,319
Admin. Allowance - Miramar	84.077, 84.033, 84.065	*	24,240
Student Support. Services - Mesa	84.042	*	282,631
			<u>727,070</u>
Total Federal Program Expenditures			<u>\$ 70,878,794</u>

*Pass-Through number is either not available or unknown

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Budget Element	Allocation/ Entitlements Current Year	Program Revenues			
		Cash Received	Accounts Receivable	Deferred Revenue	Total
STATE FUNDING					
BFAP Admin. - City	\$ 663,457	\$ 663,457	\$ -	\$ -	\$ 663,457
BFAP Admin. - Mesa	751,306	751,306	-	-	751,306
BFAP Admin. - Miramar	370,080	375,080	-	-	375,080
Subtotal BFAP Admin	1,784,843	1,789,843	-	-	1,789,843
EOPS Adm/Services - City	710,075	710,075	-	-	710,075
EOPS Adm/Services - Mesa	552,032	551,476	-	-	551,476
EOPS Adm/Services - Miramar	340,145	340,145	-	-	340,145
Subtotal Extended Opportunity Programs and Services	1,602,252	1,601,696	-	-	1,601,696
EOPS Financial Aid - City	7,412	7,412	-	-	7,412
EOPS Financial Aid - Mesa	77,763	78,319	-	-	78,319
Subtotal Extended Opportunity Prg FA	85,175	85,731	-	-	85,731
Total Extended Opportunity Programs and Services	1,687,427	1,687,427	-	-	1,687,427
Care Program - City	49,332	49,338	-	-	49,338
Care Program - Mesa	42,117	42,117	-	-	42,117
Care Program - Miramar	19,420	19,420	-	-	19,420
Subtotal Cooperative Agencies	110,869	110,875	-	-	110,875
Care Program Financial Aid - City	11,000	10,997	-	-	10,997
Care Program Financial Aid - Mesa	10,000	10,000	-	-	10,000
Subtotal Cooperative Agencies	21,000	20,997	-	-	20,997
Total Care Program	131,869	131,872	-	-	131,872
AB1725 Staff Diversity	109,841	14,768	-	-	14,768
Staff Development	17,114	-	-	-	-
Total AB1725 Staff Diversity/Development	126,955	14,768	-	-	14,768
Program for Disabled	2,632,215	2,634,268	-	(16,979)	2,617,289
Deaf & Hard of Hearing/State	455,371	455,371	-	-	455,371
Total Disabled Students Program	3,087,586	3,089,639	-	(16,979)	3,072,660

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

Budget Element	Program Expenditures			
	Transfers In	Direct	Indirect	Total
STATE FUNDING				
BFAP Admin. - City	\$ -	\$ 663,457	\$ -	\$ 663,457
BFAP Admin. - Mesa	-	751,306	-	751,306
BFAP Admin. - Miramar	-	370,080	-	370,080
Subtotal BFAP Admin	-	1,784,843	-	1,784,843
EOPS Adm/Services - City	-	709,500	-	709,500
EOPS Adm/Services - Mesa	-	551,476	-	551,476
EOPS Adm/Services - Miramar	-	340,065	-	340,065
Subtotal Extended Opportunity Programs and Services	-	1,601,040	-	1,601,040
EOPS Financial Aid - City	-	7,412	-	7,412
EOPS Financial Aid - Mesa	-	78,319	-	78,319
Subtotal Extended Opportunity Prg FA	-	85,731	-	85,731
Total Extended Opportunity Programs and Services	-	1,686,771	-	1,686,771
Care Program - City	-	49,334	-	49,334
Care Program - Mesa	-	42,117	-	42,117
Care Program - Miramar	-	19,420	-	19,420
Subtotal Cooperative Agencies	-	110,871	-	110,871
Care Program Financial Aid - City	-	10,997	-	10,997
Care Program Financial Aid - Mesa	-	10,000	-	10,000
Subtotal Cooperative Agencies	-	20,997	-	20,997
Total Care Program	-	131,868	-	131,868
AB1725 Staff Diversity	-	11,458	-	11,458
Staff Development	-	3,146	-	3,146
Total AB1725 Staff Diversity/Development	-	14,604	-	14,604
Program for Disabled	-	2,617,289	-	2,617,289
Deaf & Hard of Hearing/State	-	455,371	-	455,371
Total Disabled Students Program	-	3,072,660	-	3,072,660

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

Budget Element	Allocation/ Entitlements Current Year	Program Revenues			
		Cash Received	Accounts Receivable	Deferred Revenue	Total
STATE FUNDING					
Puente Program	\$ 2,583	\$ 1,500	\$ -	\$ -	\$ 1,500
Career Ladders Project	439,517	219,758	-	-	219,758
EWD- CA Energy Commission	70,000	63,000	-	-	63,000
CalWorks Welfare to Work	312,650	113,500	24,500	-	138,000
CACT-SAN DIEGO	165,887	82,000	-	-	82,000
Basic Skills 11-12	706,448	-	-	-	-
Basic Skills 12-13	846,223	24,011	-	-	24,011
Basic Skills 13-14	1,032,989	1,032,989	-	-	1,032,989
Total Basic Skills	2,585,660	1,057,000	-	-	1,057,000
CDTC - Yosemite CCD	12,500	-	7,920	-	7,920
Part Time Faculty	883,449	883,449	-	-	883,449
Telecom & Technology	23,799	-	-	-	-
Governor's IELM	597,074	486,932	-	-	486,932
IELM Block Grant	117,572	-	-	-	-
Total Instructional Equipment and Library Materials	714,646	486,932	-	-	486,932
Matriculation	2,978,736	2,978,736	-	-	2,978,736
Non-Credit Matric	1,312,125	1,312,125	-	-	1,312,125
Total Matriculation	4,290,861	4,290,861	-	-	4,290,861
Tech Prep	132,075	90,836	41,239	-	132,075
CTE Collaboration 11	1,880	-	-	-	-
CTE Collaboration 12	236,115	41,135	-	-	41,135
CTE Collaboration 12	373,135	-	-	-	-
Total CTE Collaboration Grants	611,130	41,135	-	-	41,135
Math ESA/CCCP City College	55,452	32,185	20,200	-	52,385
Articulation Number System	312	-	-	-	-
Responsive Training Grant	47,175	47,174	-	-	47,174
Nursing Retention Grant 11/12	21,706	21,706	-	-	21,706
Nursing Retention Grant 14/15	211,811	-	35,360	(4,450)	30,910
Nursing Retention Grants	233,517	21,706	35,360	(4,450)	52,616

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

Budget Element	Program Expenditures			
	Transfers In	Direct	Indirect	Total
STATE FUNDING				
Puente Program	\$ -	\$ 965	\$ -	\$ 965
Career Ladders Project	-	7,020	281	7,301
EWD- CA Energy Commission	-	5,662	226	5,888
CalWorks Welfare to Work	-	111,194	7,784	118,978
CACT-SAN DIEGO	-	159,506	6,381	165,887
Basic Skills 11-12	-	706,448	-	706,448
Basic Skills 12-13	-	272,444	-	272,444
Basic Skills 13-14	-	133,211	-	133,211
Total Basic Skills	-	1,112,103	-	1,112,103
CDIC - Yosemite CCD	-	7,543	377	7,920
Part Time Faculty	-	883,447	2	883,449
Telecom & Technology	-	-	-	-
Governor's IELM	-	526,746	-	526,746
IELM Block Grant	-	21,012	-	21,012
Total Instructional Equipment and Library Materials	-	547,758	-	547,758
Matriculation	-	2,037,918	-	2,037,918
Non-Credit Matric	-	1,312,125	-	1,312,125
Total Matriculation	-	3,350,043	-	3,350,043
Tech Prep	-	126,995	5,080	132,075
CTE Collaboration 11	-	1,874	6	1,880
CTE Collaboration 12	-	227,034	9,081	236,115
CTE Collaboration 12	-	173,538	6,941	180,479
Total CTE Collaboration Grants	-	402,446	16,028	418,474
Math ESA/CCCP City College	7	50,376	2,016	52,392
Articulation Number System	-	312	-	312
Responsive Training Grant	-	47,174	-	47,174
Nursing Retention Grant 11/12	-	21,705	-	21,705
Nursing Retention Grant 14/15	-	199,214	8,147	207,361
Nursing Retention Grants	-	220,919	8,147	229,066

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

Budget Element	Allocation/ Entitlements Current Year	Program Revenues			
		Cash Received	Accounts Receivable	Deferred Revenue	Total
STATE FUNDING					
Adv Transportation	\$ 94,817	\$ 82,000	\$ -	\$ -	\$ 82,000
Cal - Works	1,284,655	1,283,994	-	-	1,283,994
TANF	298,695	298,694	-	-	298,694
Proposition 20 Lottery Funds	1,953,508	196,684	1,224,561	-	1,421,245
Biotech CTE HUB 10	90,490	-	15,000	-	15,000
Biotech CTE HUB 12	128,693	-	-	-	-
Bio Technologies	30,048	30,048	-	-	30,048
Total Bio Technologies	249,231	30,048	15,000	-	45,048
Wireless Health Training	29,412	29,412	-	-	29,412
Wireless Health Training Yr 2	155,264	93,158	62,106	-	155,264
Total Wireless Health Training	184,676	122,570	62,106	-	184,676
FCCC Student Mental Health	172,831	83,212	36,850	-	120,062
DSN ICT Digital Media - City	300,000	120,000	112,867	-	232,867
DSN Advanced Transportation -MMR	300,000	120,000	46,956	-	166,956
DSN Life Science Bio Tech - MMR	300,000	120,000	55,629	-	175,629
DSN Advanced Manufacturing - City	300,000	120,000	-	-	120,000
Total Deputy Sector Navigator Grants	1,200,000	480,000	215,452	-	695,452
Sector Navigator Life Science	372,500	149,000	217,696	-	366,696
Enhanced Garden Nutrition Grant	1,000	1,000	-	-	1,000
Cal Grant	2,900,000	3,006,983	50,383	-	3,057,336
Child Dev State Food Grant	4,000	3,427	-	-	3,427
Child Dev CSPP - 1472	521,781	278,717	-	-	278,717
Child Dev CCTR - 1252	381,173	241,240	-	-	241,240
Total Child Development	906,954	523,384	-	-	523,384
Total State District Funding	\$ 27,018,760	\$ 20,402,154	\$ 1,951,267	\$ (21,429)	\$ 22,331,962

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

Budget Element	Program Expenditures			
	Transfers In	Direct	Indirect	Total
STATE FUNDING				
Adv Transportation	\$ -	\$ 91,170	\$ 3,647	\$ 94,817
Cal - Works	-	1,283,994	-	1,283,994
TANF	-	298,694	-	298,694
Proposition 20 Lottery Funds	-	737,443	-	737,443
Biotech CTE HUB 10	-	87,010	3,480	90,490
Biotech CTE HUB 12	-	46,275	1,851	48,126
Bio Technologies	-	28,892	1,156	30,048
Total Bio Technologies	-	162,177	6,487	168,664
Wireless Health Training	-	28,281	1,131	29,412
Wireless Health Training Yr 2	-	149,292	5,972	155,264
Total Wireless Health Training	-	177,573	7,103	184,676
FCCC Student Mental Health	-	113,662	6,400	120,062
DSN ICT Digital Media - City	-	210,932	8,437	219,369
DSN Advanced Transportation -MMR	-	126,573	5,063	131,636
DSN Life Science Bio Tech - MMR	-	168,913	6,716	175,629
DSN Advanced Manufacturing - City	-	110,864	4,435	115,299
Total Deputy Sector Navigator Grants	-	617,282	24,651	641,933
Sector Navigator Life Science	-	352,592	14,104	366,696
Enhanced Garden Nutrition Grant	-	1,000	-	1,000
Cal Grant	-	3,057,366	-	3,057,366
Child Dev State Food Grant	-	3,427	-	3,427
Child Dev CSPP - 1472	125,000	361,553	12,079	373,632
Child Dev CCTR - 1252	-	115,507	10,207	125,714
Total Child Development	125,000	480,486	22,286	502,772
Total State District Funding	\$ 125,007	\$ 21,097,648	\$ 131,000	\$ 21,228,648

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF LOCAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Budget Element	Allocation/ Entitlements Current Year	Program Revenues			Total
		Cash Received	Accounts Receivable	Deferred Revenue	
LOCAL FUNDING					
YMCA Child Care Resource	\$ 15,852	\$ 2,395	\$ -	\$ -	\$ 2,395
Child Dev CSPP-9489	20,500	34,234	-	-	34,234
Child Dev CCTR-9261	8,000	12,085	-	-	12,085
Child Dev Food Grant (Interest/Gain or Loss on Investm	2,000	4,363	760	-	5,123
Student Accident Insurance	361,953	-	-	-	-
Student Health Services	2,080,703	1,821,732	(16,742)	-	1,804,990
Student Liability Insurance	9,856	14	-	-	14
CACT - Incubator	498,217	83,412	-	-	83,412
CACT - Implemented Prog.	143,134	11,676	-	-	11,676
Distwide Cocurricular	2,163,443	39,169	94	-	39,263
Distwide Civic Center	1,921,650	510,078	-	-	510,078
Biotechnology Center Revenue	181,458	64,476	-	-	64,476
Smog Referee Station Prgm	20,968	12,000	-	-	12,000
AMGEN - SDWF Partnership	31,755	18,418	-	-	18,418
Solar ProEngineer Software	450	-	-	-	-
Pearson/Vue Computer Testing	310	-	-	-	-
Military Cash Flow Reserve	765,817	-	-	-	-
Indirect Cost Recovery	855,959	-	-	-	-
Cash Contingency Reserve	19,661,031	-	-	-	-
Military Education Support	670,034	-	-	-	-
Military Education - Auxiliary	639,262	-	-	-	-
Hourglass Park Miramar & Pool	1,248,707	496,480	78,682	-	575,162
Parking	2,244,828	2,059,379	(512)	-	2,058,867
Hazardous Materials	88,170	-	-	-	-
Library Fines	76,645	20,222	14	-	20,236
South Crest Air Quality Mgmt	232,857	(60,143)	91,976	-	31,833
Carnegie Foundation	4,687	-	-	-	-
San Diego County Mental Helath Career Pathways	235,388	119,955	54,645	-	174,600
ATTI Revenue	84,914	56,489	-	-	56,489
SCGS Natural Gas Vehicle ATTE	5,985	-	-	-	-
Price Scholarship Program	548,124	176,894	73,046	-	249,940
Radio Station KSDS	624,500	4,834	546,338	-	551,172

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF LOCAL AWARDS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

Budget Element	Transfers In	Program Expenditures		
		Direct	Indirect	Total
LOCAL FUNDING				
YMCA Child Care Resource	\$ -	\$ 477	\$ -	\$ 477
Child Dev CSPP-9489	-	34,234	-	34,234
Child Dev CCTR-9261	-	12,085	-	12,085
Child Dev Food Grant (Interest/Gain or Loss on Investments)	-	-	-	-
Student Accident Insurance	-	-	361,953	361,953
Student Health Services	-	1,586,565	-	1,586,565
Student Liability Insurance	-	-	14	14
CACT - Incubator	-	60,013	-	60,013
CACT - Implemented Prog.	-	10,834	168	11,002
Distwide Cocurricular	1,801,147	1,962,801	-	1,962,801
Distwide Civic Center	-	329,710	-	329,710
Biotechnology Center Revenue	-	14,676	-	14,676
Smog Referee Station Prgm	-	15,203	517	15,720
AMGEN - SDWF Partnership	-	8,231	165	8,396
Solar ProEngineer Software	-	450	-	450
Pearson/Vue Computer Testing	-	-	-	-
Military Cash Flow Reserve	456,111	-	934,763	934,763
Indirect Cost Recovery	621,427	-	621,486	621,486
Cash Contingency Reserve	2,017,393	1,015,112	6	1,015,118
Military Education Support	579,821	579,821	-	579,821
Military Education - Auxiliary	623,283	623,283	-	623,283
Hourglass Park Miramar & Pool	548,724	1,133,914	-	1,133,914
Parking	-	1,974,006	-	1,974,006
Hazardous Materials	85,500	80,726	-	80,726
Library Fines	-	17,130	-	17,130
South Crest Air Quality Mgmt	-	29,475	2,358	31,833
Carnegie Foundation	-	4,489	198	4,687
San Diego County Mental Helath Career Pathways	-	172,089	7,168	179,257
ATTI Revenue	-	52,692	-	52,692
SCGS Natural Gas Vehicle ATTE	-	411	34	445
Price Scholarship Program	-	249,940	-	249,940
Radio Station KSDS	135,000	686,172	-	686,172

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF LOCAL AWARDS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

Budget Element	Allocation/ Entitlements Current Year	Program Revenues			Total
		Cash Received	Accounts Receivable	Deferred Revenue	
LOCAL FUNDING					
Jobs for the Future	21,393	15,300	-	-	15,300
Neighborhood Investment Program	19,270	-	-	-	-
Educational Broadband	1,601,365	318,194	-	-	318,194
Early Middle College HS	29,986	10,508	9,673	-	20,181
Rape Aggress.Defense Classes	563	-	-	-	-
Medical Billing Technology	10,000	-	-	-	-
SDUSD - SDEMC Leasing	57,800	47,600	-	-	47,600
Cuyamaca College Consortium MMR	1,500	1,500	-	-	1,500
Student Copy Charges	99,172	22,085	-	-	22,085
APPA Award	4,000	-	-	-	-
Early Middle College HS -Hoover	9,000	-	6,918	-	6,918
Arthur Rupe Foundation	50,000	50,000	-	-	50,000
Grossmont/Cuyamaca CCD	24,000	-	-	-	-
Centre City Redevelopment	13,448,663	2,657,460	-	-	2,657,460
Hit The Books	17,544	1,318	-	-	1,318
Basic Skills Professional Development Grant	7,500	-	7,500	-	7,500
Child Care Center	147,861	32,545	-	-	32,545
Electronic Music Tutorial	1,081	-	-	-	-
Curricunet License Fees	39,735	-	-	-	-
Center for Human & Community Services	71,667	61,968	-	-	61,968
Total Local District Funding	\$ 51,109,257	\$ 8,706,640	\$ 852,392	\$ -	\$ 9,559,032
Price Scholarship	3,000	3,000	-	-	3,000
The San Diego Foundation	250,000	250,000	-	(37,888)	212,112
Other Income	482	482	-	-	482
Total Local Auxiliary Funding	\$ 253,482	\$ 253,482	\$ -	\$ (37,888)	\$ 215,594
Total Local Funding	\$ 51,362,739	\$ 8,960,122	\$ 852,392	\$ (37,888)	\$ 9,774,626

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF LOCAL AWARDS, continued
FOR THE YEAR ENDED JUNE 30, 2014**

Budget Element	Transfers In	Program Expenditures		
		Direct	Indirect	Total
LOCAL FUNDING				
Jobs for the Future	-	21,393	-	21,393
Neighborhood Investment Program	-	-	-	-
Educational Broadband	-	1,608	-	1,608
Early Middle College HS	-	20,181	-	20,181
Rape Aggress.Defense Classes	-	-	-	-
Medical Billing Technology	-	-	-	-
SDUSD- SDEMC Leasing	-	-	-	-
Cuyamaca College Consortium MMR	-	1,500	-	1,500
Student Copy Charges	-	16,936	-	16,936
APPA Award	-	-	-	-
Early Middle College HS -Hoover	-	6,919	-	6,919
Arthur Rupe Foundation	-	50,000	-	50,000
Grossmont/Cuyamaca CCD	-	-	-	-
Centre City Redevelopment	-	28,890	198,039	226,929
Hit The Books	-	120	-	120
Basic Skills Professional Development Grant	-	7,500	-	7,500
Child Care Center	-	31,488	-	31,488
Electronic Music Tutorial	-	-	-	-
Curricunet License Fees	-	-	-	-
Center for Human & Community Services	-	51,345	-	51,345
Total Local District Funding	\$ 6,868,406	\$ 10,892,419	\$ 2,126,869	\$ 13,019,288
Price Scholarship	-	-	-	-
The San Diego Foundation	-	248,818	-	248,818
Other Income	-	-	-	-
Total Local Auxiliary Funding	\$ -	\$ 248,818	\$ -	\$ 248,818
Total Local Funding	\$ 6,868,406	\$ 11,141,237	\$ 2,126,869	\$ 13,268,106

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL
ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2014**

	Reported Data	Audit Adjustment	Revised Data
A. Summer Intersession (Summer 2013 Only)			
1. Noncredit	711.27	-	711.27
2. Credit	829.40	-	829.40
B. Summer Intersession (Summer 2014 - Prior to July 1, 2014)			
1. Noncredit	535.51	-	535.51
2. Credit	2,603.89	-	2,603.89
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedures Courses			
(a) Weekly Census Contact Hours	22,691.49	-	22,691.49
(b) Daily Census Contact Hours	1,613.33	-	1,613.33
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	6,625.94	-	6,625.94
(b) Credit	1,716.65	-	1,716.65
3. Alternative Attendance Accounting Procedure			
(a) Weekly Census Procedure Courses	2,902.10	-	2,902.10
(b) Daily Census Procedure Courses	949.40	-	949.40
(c) Noncredit Independent Study/Distance Education Courses	124.88	-	124.88
D. Total FTES	41,303.86	-	41,303.86
Supplemental Information (subset of information above)			
In-service Training Courses (FTES)	1,438.61	-	1,438.61
Basic Skills Courses and Immigrant Education			
1. Noncredit	4,476.10	-	4,476.10
2. Credit	3,190.61	-	3,190.61
CCFS 320 Addendum			
CDCP	6,148.03	-	6,148.03
Centers FTES			
1. Noncredit	7,660.47	-	7,660.47
2. Credit	-	-	-

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH
DISTRICT ACCOUNTING SYSTEM
FOR THE YEAR ENDED JUNE 30, 2014**

There were no adjustments necessary to reconcile the District accounting system with the Annual CCFS-311 report.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE ECS 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2014**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 &			Activity (ESCB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	\$ 37,188,137	\$ -	\$ 37,188,137	\$ 37,188,137	\$ -	\$ 37,188,137
Other	1300	31,657,892	-	31,657,892	31,657,892	-	31,657,892
Total Instructional Salaries		68,846,029	-	68,846,029	68,846,029	-	68,846,029
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	16,672,382	-	16,672,382
Other	1400	-	-	-	1,209,445	-	1,209,445
Total Non-Instructional Salaries		-	-	-	17,881,827	-	17,881,827
Total Academic Salaries		68,846,029	-	68,846,029	86,727,856	-	86,727,856
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	43,736,404	-	43,736,404
Other	2300	-	-	-	1,004,257	-	1,004,257
Total Non-Instructional Salaries		-	-	-	44,740,661	-	44,740,661
Instructional Aides							
Regular Status	2200	5,592,626	-	5,592,626	5,592,626	-	5,592,626
Other	2400	1,304,442	-	1,304,442	1,304,442	-	1,304,442
Total Instructional Aides		6,897,068	-	6,897,068	6,897,068	-	6,897,068
Total Classified Salaries		6,897,068	-	6,897,068	51,637,729	-	51,637,729
Employee Benefits	3000	19,525,119	-	19,525,119	43,848,110	-	43,848,110
Supplies and Materials	4000	-	-	-	3,095,774	-	3,095,774
Other Operating Expenses	5000	607,039	-	607,039	15,790,370	-	15,790,370
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		95,875,255	-	95,875,255	201,099,839	-	201,099,839
Exclusions							
Activities to Exclude							
Instructional Staff-Retirees' Benefits and Retirement Incentives	5900	508,403	-	508,403	508,403	-	508,403
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	7,813	-	7,813
Non-instructional Staff-Retirees' Benefits and Retirement Incentives	6740	-	-	-	1,278,161	-	1,278,161
Object to Exclude							
Rents and Leases	5060	-	-	-	218,438	-	218,438
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials							
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-instructional Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	5,180,263	-	5,180,263
Capital Outlay							
Library Books	6300	-	-	-	-	-	-
Equipment							
Equipment - Additional	6410	-	-	-	3,192,549	-	3,192,549
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	3,192,549	-	3,192,549
Total Capital Outlay		-	-	-	3,192,549	-	3,192,549
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		508,403	-	508,403	10,385,627	-	10,385,627
Total for ECS 84362, 50% Law		\$ 95,366,852	\$ -	\$ 95,366,852	\$ 190,714,212	\$ -	\$ 190,714,212
Percent of CEE (Instructional Salary Cost/Total CEE)		50.01%		50.01%	100.00%		100.00%
50% of Current Expense of Education					\$ 95,357,106		\$ 95,357,106

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
 DETAILS OF THE EDUCATION PROTECTION ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2014**

EPA Revenue	\$ 28,837,907
-------------	---------------

Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 28,837,907	\$ -	\$ -	\$ 28,837,907
Total		\$ 28,837,907	\$ -	\$ -	\$ 28,837,907

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014**

A. SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND LOCAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditure of Federal, State and Local Awards (Schedule) summarizes the expenditures of the San Diego Community College District (District) under programs of the federal, state and local governments for the year ended June 30, 2014. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the District.

For purposes of the Schedule, awards include all grants and contracts entered into directly between the District and agencies and departments of the federal government. The awards are classified into major programs categories in accordance with the provisions of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*

Basis of Accounting

For purpose of the Schedule, expenditures for federal programs are recognized on the accrual basis of accounting. Expenditures are determined using the cost accounting principles and procedures set forth in the OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*.

B. SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT AND ANNUAL APPRENTICESHIP HOURS INSTRUCTION

These schedules represent the basis of apportionment of the District's annual source of funding.

C. RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FUND BALANCES

This schedule reports any audit adjustments made to the fund balances of all funds as reported on the Form CCFS-311.

D. RECONCILIATION OF THE ECS 84362 (50 PERCENT LAW) CALCULATION

This schedule reports any audit adjustments made to the reported data to ensure that a minimum of 50 percent of the District's current expense of education is expended for salaries of classroom instructors.

E. DETAILS OF THE EDUCATION PROJECTION ACCOUNT

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

**OTHER INDEPENDENT
AUDITORS' REPORTS**

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

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

John Whitehouse, CPA

Heather Rubio

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Corporate Office:
2727 Camino Del Rio South
Suite 219
San Diego, CA 92108

toll-free: 877.220.7229
tel: 619.270.8222
fax: 619.260.9085
www.christywhite.com

*Licensed by the California
State Board of Accountancy*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Diego Community College District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the San Diego Community College District's basic financial statements, and have issued our report thereon dated December 1, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered San Diego Community College District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of San Diego Community College District's internal control. Accordingly, we do not express an opinion on the effectiveness of San Diego Community College 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 San Diego Community College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in cursive script that reads "Christy White Associates".

San Diego, California
December 1, 2014

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

John Whitehouse, CPA

Heather Rubio

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Corporate Office:
2727 Camino Del Rio South
Suite 219
San Diego, CA 92108

toll-free: 877.220.7229
tel: 619.270.8222
fax: 619.260.9085
www.christywhite.com

*Licensed by the California
State Board of Accountancy*

Independent Auditors' Report

The 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 compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of San Diego Community College District's major federal programs for the year ended June 30, 2014. San Diego Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of San Diego Community College 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 San Diego Community College 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 San Diego Community College District's compliance.

Opinion on Each Major Federal Program

In our opinion, San Diego Community College 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, 2014.

Report on Internal Control Over Compliance

Management of San Diego Community College 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 San Diego Community College 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 OMB Circular A-133, 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 San Diego Community College District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



San Diego, California
December 1, 2014

REPORT ON STATE COMPLIANCE

Independent Auditors' Report

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

John Whitehouse, CPA

Heather Rubio

SAN DIEGO

LOS ANGELES

SAN FRANCISCO/BAY AREA

Corporate Office:

2727 Camino Del Rio South
Suite 219
San Diego, CA 92108

toll-free: 877.220.7229
tel: 619.270.8222
fax: 619.260.9085
www.christywhite.com

*Licensed by the California
State Board of Accountancy*

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

Report on State Compliance

We have audited San Diego Community College District's compliance with the types of compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2013-14*, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2014.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on San Diego Community College District's compliance with the 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 *California Community Colleges Contracted District Audit Manual (CDAM) 2013-14*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about San Diego Community College 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 with the requirements referred to above. However, our audit does not provide a legal determination of San Diego Community College District's compliance with those requirements.

Opinion on State Compliance

In our opinion, San Diego Community College District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2014.

Procedures Performed

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

- Section 421 – Salaries of Classroom Instructors (50 Percent Law)
- Section 423 - Apportionment for Instructional Service Agreements/Contracts
- Section 424 - State General Apportionment Funding System
- Section 425 - Residency Determination for Credit Courses
- Section 426 - Students Actively Enrolled
- Section 427 - Concurrent Enrollment of K-12 Students in Community College Credit Courses
- Section 430 – Scheduled Maintenance Program
- Section 431 - Gann Limit Calculation
- Section 435 - Open Enrollment
- Section 438 - Student Fees – Health Fees and Use of Health Fee Funds
- Section 439 – Proposition 39 Clean Energy
- Section 474 - Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
- Section 475 - Disabled Student Programs and Services (DSPS)
- Section 479 - To Be Arranged Hours (TBA)
- Section 490 - Proposition 1D State Bond Funded Projects
- Section 491- Proposition 30 Education Protection Account Funds

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2013-14*. Accordingly, this report is not suitable for any other purpose.



San Diego, California
December 1, 2014

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2014**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.007, 84.033, 84.063, 84.268</u>	<u>Student Financial Assistance Cluster</u>
<u>12.unknown</u>	<u>Military Education Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 2,126,364</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over State programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO THE FINANCIAL
STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

There were no findings or questioned costs related to the financial statements identified in our audit for the year ended June 30, 2014.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

There were no findings or questioned costs related to the federal awards identified in our audit for the year ended June 30, 2014.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

There were no findings or questioned costs related to the state awards identified in our audit for the year ended June 30, 2014.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
CONTINUING DISCLOSURE
FOR THE YEAR ENDED JUNE 30, 2014**

This section provides additional information for disclosures required by various Official Statements, to be incorporated in the District’s Annual Report:

CONTENT OF ANNUAL REPORT

Please see the accompanying table of contents for the locations of statement and schedules referenced below.

For the audited basic financial statements prepared in accordance with generally accepted accounting principles in the United States, see the basic financial statements.

Information related to state grants, contracts and apportionments received by the District for the year ended June 30, 2014 may be derived from the Statement of Revenues, Expenses, and Changes in Net Position in the basic financial statements. Expenditures under various state grants and contracts may be found in the Schedule of Expenditure of Federal, State and Local Awards under State Funding.

Enrollment of the District for the year ended June 30, 2014 by full time equivalent and apprenticeship clock hours may be found in the Schedule of Workload Measures for State General Apportionment and the Schedule of Annual Apprenticeship Hours of Instruction.

Outstanding District indebtedness information can be found in the Notes 6 to the Basic Financial Statements.

Assessed gross valuations applicable to the area in which the District is established, as defined by the County of San Diego, are as follows:

Locally Assessed	Secured		Unsecured	
	Utility	Total Secured	Total Unsecured	
\$ 133,185,375,034	\$ 20,001,306	\$ 133,205,376,340	\$ 6,304,508,555	

The San Diego Community College District is within the City of San Diego, which consists of the following Tax Rate Areas and Tax Rates:

Tax Rate Area	Tax Rate		
	2011-12	2012-13	2013-14
8001	1.11280	1.11153	1.18277
8254	1.11280	1.11153	1.18277
8988	1.10910	1.10803	1.17927
8999	1.10910	1.10803	1.17927

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
CONTINUING DISCLOSURE, continued
FOR THE YEAR ENDED JUNE 30, 2014**

CONTENT OF ANNUAL REPORT (continued)

The 30 largest taxpayers within the County of San Diego for the year 2013-14 are as follows:

PROPERTY OWNER	AMOUNT OF TAX*
SAN DIEGO GAS & ELECTRIC CO	\$ 87,007,049
SOUTHERN CALIFORNIA EDISON CO	35,875,444
IRVINE CO	19,995,798
QUALCOMM INC	18,573,859
KILROY REALTY L P	15,781,405
PACIFIC BELL TELEPHONE COMPANY	10,658,898
HOST HOTELS AND RESORTS	9,242,345
OC/SD HOLDINGS LLC	7,596,075
ONE PARK BOULEVARD LLC	7,245,071
B S K DEL PARTNERS LLC	6,135,288
PREBYS CONRAD TRUST	5,698,590
FASHION VALLEY MALL LLC	5,638,722
ARDEN REALTY LTD PTNSHP	5,198,651
SEA WORLD PARKS AND ENTERTAINMENT	5,168,033
SOLAR TURBINES INC	4,823,429
COSTCO WHOLESALE CORP	4,734,475
GENENTECH INC	4,723,999
B R E PROPERTIES, INC	4,488,807
SAN DIEGO FAMILY HOUSING LLC	4,478,466
OTAY MESA GENERATING CO, LLC	4,266,040
LA JOLLA CROSSROADS 1 LLC	4,204,190
SORRENTO WEST PROPERTIES INC	3,913,997
PFIZER INC	3,559,485
PACIFIC GATEWAY LTD	3,551,871
ROHR INC	3,376,524
U T C VENTURE LLC	3,329,927
E R P OPERATING LP	3,288,516
HORTON PLAZA LLC	3,223,735
AT&T MOBILITY	3,067,241
HOST SAN DIEGO HOTEL LLC	2,833,650

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
CONTINUING DISCLOSURE, continued
FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund Unrestricted			General Fund Unrestricted
	2013-14 Budget	2013-14 Actual	Variances - Budget to Actual	2014-15 Budget
REVENUES				
Federal	\$ -	\$ -	\$ -	\$ -
State	101,917,574	99,876,777	(2,040,797)	106,161,726
Local	83,496,235	87,927,238	4,431,003	90,367,324
Tuition and fees	16,208,293	15,284,134	(924,159)	15,313,445
State taxes and other revenues	914,386	954,275	39,889	905,091
Total Revenues	\$ 202,536,488	\$ 204,042,424	\$ 1,505,936	\$ 212,747,586
EXPENDITURES				
Salaries	136,780,787	138,895,271	2,114,484	147,202,946
Employee benefits	46,041,992	44,022,671	(2,019,321)	47,767,801
Books, supplies and replacement equipment	28,129,791	22,114,855	(6,014,936)	27,932,990
Contingencies	5,952,913	-	(5,952,913)	10,428,089
Student grants and loans	-	-	-	-
Total Expenditures	216,905,483	205,032,797	(11,872,686)	233,331,826
Excess (Deficiency) of Revenues				
Over Expenditures	(14,368,995)	(990,373)	13,378,622	(20,584,240)
Other Financing Sources (Uses)				
Transfers in	-	-	-	10,827,156
Transfers out	(3,828,223)	(3,829,156)	(933)	(3,620,605)
Net Financing Sources (Uses)	(3,828,223)	(3,829,156)	(933)	7,206,551
NET CHANGE IN FUND BALANCE	(18,197,218)	(4,819,529)	13,377,689	(13,377,689)
Fund Balance - Beginning		18,197,218		
Fund Balance - Ending		\$ 13,377,689		

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
CONTINUING DISCLOSURE, continued
FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund Restricted			General Fund
	2013-14 Budget	2013-14 Actual	Variances - Budget to Actual	Restricted 2014-15 Budget
REVENUES				
Federal	\$ 13,915,378	\$ 11,733,085	\$ (2,182,293)	\$ 8,856,095
State	18,996,446	18,637,158	(359,288)	28,120,018
Local	10,189,643	9,510,661	(678,982)	9,701,597
Tuition and fees	-	-	-	-
State taxes and other revenues	-	-	-	-
Total Revenues	\$ 43,101,467	\$ 39,880,904	\$ (3,220,563)	\$ 46,677,710
EXPENDITURES				
Salaries	28,255,613	24,373,080	(3,882,533)	28,743,063
Employee benefits	7,416,385	5,872,281	(1,544,104)	7,659,326
Books, supplies and replacement equipment	28,143,631	8,733,164	(19,410,467)	33,300,598
Contingencies	22,405,135	-	(22,405,135)	14,297,098
Student grants and loans	883,246	463,674	(419,572)	845,799
Total Expenditures	87,104,010	39,442,199	(47,661,811)	84,845,884
Excess (Deficiency) of Revenues				
Over Expenditures	(44,002,543)	438,705	44,441,248	(38,168,174)
Other Financing Sources (Uses)				
Transfers in	4,875,268	7,029,398	2,154,130	4,825,332
Transfers out	(2,373,554)	(3,271,247)	(897,693)	(12,354,843)
Net Financing Sources (Uses)	2,501,714	3,758,151	1,256,437	(7,529,511)
NET CHANGE IN FUND BALANCE	(41,500,829)	4,196,856	45,697,685	(45,697,685)
Fund Balance - Beginning		41,500,829		
Fund Balance - Ending		\$ 45,697,685		

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
CONTINUING DISCLOSURE, continued
FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund Combined			General Fund Combined
	2013-14 Budget	2013-14 Actual	Variances - Budget to Actual	2014-15 Budget
REVENUES				
Federal	\$ 13,915,378	\$ 11,733,085	\$ (2,182,293)	\$ 8,856,095
State	120,914,020	118,513,935	(2,400,085)	134,281,744
Local	93,685,878	97,437,899	3,752,021	100,068,921
Tuition and fees	16,208,293	15,284,134	(924,159)	15,313,445
State taxes and other revenues	914,386	954,275	39,889	905,091
Total Revenues	\$ 245,637,955	\$ 243,923,328	\$ (1,714,627)	\$ 259,425,296
EXPENDITURES				
Salaries	165,036,400	163,268,351	(1,768,049)	175,946,009
Employee benefits	53,458,377	49,894,952	(3,563,425)	55,427,127
Books, supplies and replacement equipment	56,273,422	30,848,019	(25,425,403)	61,233,588
Contingencies	28,358,048	-	(28,358,048)	24,725,187
Student grants and loans	883,246	463,674	(419,572)	845,799
Total Expenditures	304,009,493	244,474,996	(59,534,497)	318,177,710
Excess (Deficiency) of Revenues Over Expenditures	(58,371,538)	(551,668)	57,819,870	(58,752,414)
Other Financing Sources (Uses)				
Transfers in	4,875,268	7,029,398	2,154,130	15,652,488
Transfers out	(6,201,777)	(7,100,403)	(898,626)	(15,975,448)
Net Financing Sources (Uses)	(1,326,509)	(71,005)	1,255,504	(322,960)
NET CHANGE IN FUND BALANCE	(59,698,047)	(622,673)	59,075,374	(59,075,374)
Fund Balance - Beginning		59,698,047		
Fund Balance - Ending		\$ 59,075,374		