

# SAN DIEGO COMMUNITY COLLEGE DISTRICT

AUDIT REPORT  
JUNE 30, 2017



San Diego

Los Angeles

San Francisco  
Bay Area

christywhite  
A PROFESSIONAL  
ACCOUNTANCY CORPORATION  
*associates*

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
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 FOR THE YEAR ENDED JUNE 30, 2017**

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
San Diego Community College District  
San Diego, California 92108

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the San Diego Community College District (District) as of and for the year ended June 30, 2017, which comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

### *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 the 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.

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State Board of Accountancy*

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of San Diego Community College District, as of June 30, 2017, 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, budgetary comparison information, schedule of changes in net OPEB liability and related ratios, schedule of District contributions and investment returns for OPEB, schedules of proportionate share of net pension liability, and schedules of District contributions for pensions 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

*Supplementary Information (continued)*

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 Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of San Diego Community College District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering San Diego Community College District's internal control over financial reporting and compliance.



San Diego, CA

December 1, 2017 except for the *Report On Compliance For Each Major Federal Program; And Report On Internal Control Over Compliance Required By The Uniform Guidance*, which is dated August 19, 2019

## **SAN DIEGO COMMUNITY COLLEGE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FINANCIAL HIGHLIGHTS FOR 2016-17**

- Passage of the 2016-17 State Budget Act included another \$5.5 million in Student Equity and \$10.6 million in Student Success and Support (SSSP) funding for all students, particularly, historically underrepresented students as defined in the Student Equity Plans.
- The District received \$3.4 million from the \$200 million statewide that was allocated for the Strong Workforce Program initiative in support of career and technical education programs.
- The District increased its FTES by 1,088 or 2.51% to serve student demand as a result of the 2% increase in access/growth funding statewide provided in the 2016-17 State Budget Act.
- The 2016-17 State Budget Act included no COLA (cost of living adjustment).
- 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).
- The Board of Trustees established a Designated Project Reserve Fund to offset the annual increase costs to the CalSTRS/PERS employer contribution rate increases, which were imposed by both pension systems and more than doubling the employer operating costs for both systems by FY 2020-21 as compared to FY 2013-14.

### **DISTRICT BACKGROUND**

The California Community College system is comprised of 72 districts, 114 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.

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. Starting in 2016 the District also offers a bachelor's degree at Mesa College in Health Information Management, which is one of only 15 colleges system-wide approved to offer a bachelor's degree under a state piloted program.

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 2016-17 academic year. Out-of-state residents paid the enrollment fee plus tuition fees of \$193 per credit, while the baccalaureate tuition surcharge is \$84 per credit plus the applicable enrollment fee for resident and non-resident students.

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.

The notes to the financial statements are an integral part of this statement.



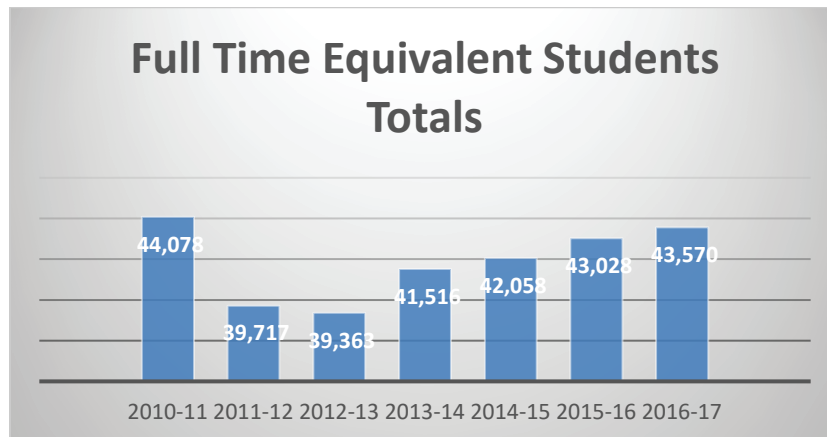
**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSTION  
FOR THE YEAR ENDED JUNE 30, 2017**

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**ENROLLMENT HIGHLIGHTS**

The State of California’s economic, budgetary, and fiscal crisis that occurred from 2007 to 2012 had a major impact on the District and all community college districts throughout the State. During the next several years, the state’s economy slowly began to improve and funding to community colleges improved as a result of the passage of Proposition 30 by voters in November 2012, which resulted in an increase to the state sales and income tax rates. Proposition 30 was scheduled to sunset and the taxes to be decreased; however in November 2016, voters approved Proposition 55 which provided for the continuation of the income tax rate increase with the majority of the funding going towards education through 2030. In 2016-17, SDCCCD received \$4.1 million in growth funding and an increase of \$2.6 million in base apportionment, which enabled the District to continue to respond to student demand. Additional state apportionment full time equivalent students (FTES) funding in FY 2016-17 allowed the District to set an FTES targeted increase of 2.51% or an additional 1,088 FTES as compared to FY 2015-16 at the colleges and Continuing Education.

Funded FTES at the colleges and Continuing Education is anticipated to be at 43,570 FTES in FY 2016-17. A history of student enrollments is provided in the table below with FY 2016-17 pending confirmation from the state upon release of the “recal” apportionment report by the State Chancellor’s office in spring 2018.



The District’s targeted FTES for FY 2016-17 was estimated at 44,440; however, the total funded FTES is currently projected to be 44,020, which would result in the District having 420 unfunded FTES for FY 2016-17. 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 all of the community college districts and the amount of FTES actually served by a district. 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 2018), when all of the final FTES served system-wide have been reported by the 72 districts and calculated within the constraints of the state approved budget.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

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**ENROLLMENT HIGHLIGHTS (continued)**

Community college enrollments normally fluctuate with unemployment rates. When unemployment is high, people rush to community colleges to prepare for new or improved careers and jobs, thereby boosting enrollments. When the employment situation improves, and people are able to find employment, community college enrollments usually falter or decrease. With an improved employment picture in California as of FY 2015-16, including San Diego, almost a third of the California community college districts have fallen below their base enrollment levels. Although, the District experienced a “softening” of enrollment in some areas in FY 2016-17, the District is one of very few of the 72 districts in the state to continue to experience enrollment growth, which is due to strong enrollment management planning that included smart course scheduling, flexible offerings, great institutional reputations, and effective community outreach.

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 the Assets, Liabilities, and Net Position of the District as of the end of the fiscal year using the accrual basis of accounting, which is comparable to that used by most private-sector institutions. Net position—the difference between assets and liabilities—is one way to measure the financial health of the District. The net asset data allows readers to determine the resources available to continue the operations of the District.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

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**STATEMENT OF NET POSITION (continued)**

GASB Statements No. 68 and No. 71 require all governmental agencies to report their full proportionate shares of all net pension liabilities. These new requirements had a \$51 million negative impact on the District's Net Position, and will also impact other community colleges in California.

In addition, the final Proposition N issuance of \$122 million on November 3, 2016, which is also required to be recorded as a liability of the District, is a financial obligation of the taxpayers and assessed on their property taxes.

These requirements primarily account for the reduction of \$162 million in net assets from the prior year.

The Net Position of the District consists of three major categories:

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

	2017	2016	Net Change
<b>ASSETS</b>			
Current assets	\$ 271,516,096	\$ 120,439,507	\$ 151,076,589
Non-current assets	1,589,371,505	1,606,324,259	(16,952,754)
<b>Total Assets</b>	<b>1,860,887,601</b>	<b>1,726,763,766</b>	<b>134,123,835</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>58,893,286</b>	<b>22,572,491</b>	<b>36,320,795</b>
<b>LIABILITIES</b>			
Current liabilities	101,397,228	88,607,578	12,789,650
Non-current liabilities	1,923,296,177	1,592,853,053	330,443,124
<b>Total Liabilities</b>	<b>2,024,693,405</b>	<b>1,681,460,631</b>	<b>343,232,774</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>23,187,246</b>	<b>33,901,354</b>	<b>(10,714,108)</b>
<b>NET POSITION</b>			
Net investment in capital assets	(7,351,908)	144,910,806	(152,262,714)
Restricted	101,346,967	62,616,980	38,729,987
Unrestricted	(222,094,823)	(173,553,514)	(48,541,309)
<b>Total Net Position</b>	<b>\$ (128,099,764)</b>	<b>\$ 33,974,272</b>	<b>\$ (162,074,036)</b>

The notes to the financial statements are an integral part of this statement.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

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**STATEMENT OF NET POSITION (continued)**

**ASSETS**

The District's assets consist of current assets including cash, investments and net accounts receivable. These assets are resources with present capability to enable the District to provide services and continue its operations. Current assets increased by \$151.0 million primarily due to the Proposition N General Obligation Bond issuance of \$122 million on November 3, 2016. Non-current assets include capital assets net of accumulated depreciation and restricted cash.

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources include amounts associated with the refunding of debt and pension contributions made during the fiscal year that are removed from expenses. The net increase of \$36.3 million from last year reflects increases in the District's net pension obligations.

**LIABILITIES**

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

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

**DEFERRED INFLOWS OF RESOURCES**

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

**NET POSITION**

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

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

The notes to the financial statements are an integral part of this statement.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSTION  
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

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

	2017	2016	Net Change
Total operating revenue	\$ 84,280,431	\$ 71,050,017	\$ 13,230,414
Total operating expenses	608,274,187	457,196,645	151,077,542
Operating loss	(523,993,756)	(386,146,628)	(137,847,128)
Net non-operating revenue (expenses)	362,571,754	429,218,327	(66,646,573)
Gain before capital revenue	(161,422,002)	43,071,699	(204,493,701)
Capital revenues (expenses)	(652,034)	(51,401,564)	50,749,530
Increase (decrease) in net position	(162,074,036)	(8,329,865)	(153,744,171)
Net position - beginning of the year	33,974,272	42,304,137	(8,329,865)
Net position - end of the year	\$ (128,099,764)	\$ 33,974,272	\$ (162,074,036)

**OPERATING REVENUES AND EXPENSES**

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

The operating revenues are generated by the resident enrollment fees, non-resident, and out-of-State tuition paid by students, including fees such as health fees, parking fees, and other related fees.

The primary operating expenses of the District are for the salaries and benefits of academic, classified, and administrative personnel, comprising the total operating expenses from a District-wide full accrual perspective. This amount includes the activity from all District funds. These costs increased from the previous fiscal year, from \$457 million to \$608 million.

The notes to the financial statements are an integral part of this statement.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

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**OPERATING REVENUES AND EXPENSES *continued***

Given all community colleges' dependency on revenues such as State appropriations, property taxes, sales taxes and other revenues, and investment income, which are prescribed by GASB as non-operating revenues, operating expenses exceed operating revenues, resulting in a loss on operations.

**NON-OPERATING REVENUES AND OTHER REVENUES**

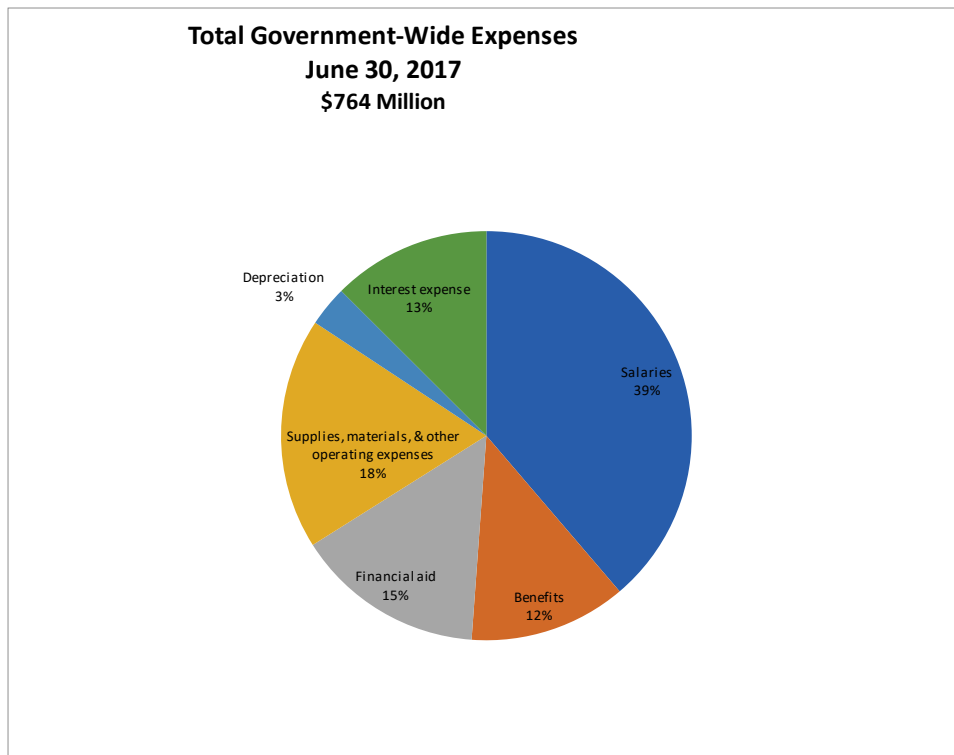
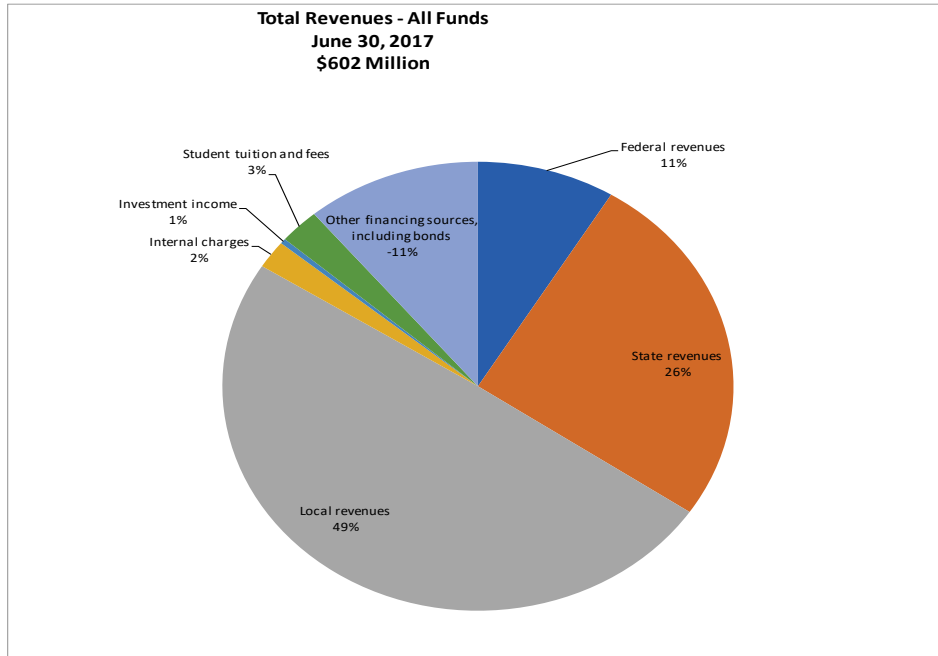
Non-operating revenues and other State and local revenues are those received or pledged for which goods and services are not provided to the entity providing the revenues. For example, State appropriations are non-operating revenues because they are provided by the State Legislature to the District without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

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

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

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



The notes to the financial statements are an integral part of this statement.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**STATEMENT OF CASH FLOWS**

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

	2017	2016	Net Change
Net cash provided(used) by:			
Operating activities	\$ (476,042,135)	\$ (335,037,443)	\$ (141,004,692)
Non-capital financing activities	428,660,481	427,287,193	1,373,288
Capital and related financing activities	49,319,571	(130,180,044)	179,499,615
Investment activities	2,851,509	2,349,544	501,965
Net increase in cash	4,789,426	(35,580,750)	40,370,176
Cash - beginning of the year	245,477,726	281,058,476	(35,580,750)
Cash - end of the year	<u>\$ 250,267,152</u>	<u>\$ 245,477,726</u>	<u>\$ 4,789,426</u>

**CAPITAL ASSETS**

Note 5 to the financial statements provides additional information on Capital Assets. Below is a summary of capital assets, net of accumulated depreciation, for 2016 and 2017.

	2017	2016	Net Change
Land and construction in progress	\$ 373,963,613	\$ 340,267,327	\$ 33,696,286
Buildings and equipment	1,371,653,697	1,354,259,851	17,393,846
Accumulated depreciation	278,223,030	236,448,577	41,774,453
<b>Total Capital Assets</b>	<u>\$ 1,467,394,280</u>	<u>\$ 1,458,078,601</u>	<u>\$ 9,315,679</u>

**LONG-TERM DEBT**

Note 6 to the financial statements provides additional information on long-term debt. Below is a summary of long-term debt, for 2016 and 2017.

	2017	2016	Net Change
General obligation bonds	\$ 1,481,017,736	\$ 1,307,501,352	\$ 173,516,384
Premium bonds	176,493,879	72,890,610	103,603,269
Compensated absences	13,373,717	10,569,170	2,804,547
Legal commitments	8,472,156	8,472,156	-
Net OPEB obligation	1,421,053	1,753,633	(332,580)
Net pension liability	274,603,466	223,229,283	51,374,183
<b>Total Long-term Liabilities</b>	<u>\$ 1,955,382,007</u>	<u>\$ 1,624,416,204</u>	<u>\$ 330,965,803</u>

The notes to the financial statements are an integral part of this statement.



**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

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**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 they 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.

**ECONOMIC OUTLOOK AND FACTORS AFFECTING NEXT YEAR'S BUDGET (FY 2018-19)**

The major economic factors that impact the District and all California community college districts' financial condition are directly related to the overall economic, budgetary, and fiscal condition of the State of California and any legislation that impacts the funding of all community colleges in the state. According to an Annual Outlook Report released by the Legislative Analyst's Office (LAO) on November 15, 2017, titled "The 2018-19 Budget: California's Fiscal Outlook", the state budget is perceived to be better prepared to address an economic downturn than it has ever been in decades. In addition, the LAO projects that the state's economic growth will continue through FY 2018-19 and possibly beyond. However, in the event of an economic downturn, the LAO's report also assumed that a moderate recession could begin in FY 2019-20. If the state economy continues to grow, the state is projected to have operating surpluses of about \$6 billion each year. However, if the economy experiences a moderate recession, the LAO projects that the state has enough reserves to cover its deficits until FY 2021-22. The LAO report notes that at that point, any available reserves are only sufficient to cover a portion of the operating deficit; therefore, the state would need to use some combination of spending reductions or tax increases to address the remaining \$11 billion deficit. The FY 2018-19 LAO report assumes no additional budget commitments in any year. If the state committed to new spending or tax reductions, the state budget's bottom line would be much worse off.

The LAO report also notes that decisions by the federal government or state executive branch would certainly influence state budget conditions and hurt the budget's bottom line. Any changes to health care, tax, immigration or other policies by the federal government would impact the state's budget condition. Similarly, the state executive branch has discretion to allocate different levels of revenues from Proposition 55 and 56 to Medi-Cal, which is the state's health care system for low-income earners in California.

Clearly, there are many uncertainties regarding the state's budget and economic situation, which is why Governor Brown and the LAO continue to encourage the Legislature to build more reserves and prepare for the unanticipated or unexpected events in future fiscal years.

The District continued to serve its local student demand with enrollment in FY 2016-17 projected at 44,440 FTES. As of June 30, 2017, the District's apportionment funded FTES increased by 2.51% or nearly 1,088 FTES resulting in a \$ 4.1 million increase in growth funding and a \$2.6 million increase in base apportionment revenue, which allowed the District to increase course offerings, student support through services offered to students while serving student demand throughout the District. Enrollment fees, which are established at the state level, once again remained at \$46 in FY 2016-17 resulting in California community college enrollment fees continuing to be among the lowest in the nation. The District served its first student cohort in FY 2016-17 for a bachelor's degree in Health Information Management at Mesa College, which is one of fifteen colleges in the state approved to offer a bachelor's degree as part of a state pilot program.

The notes to the financial statements are an integral part of this statement.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

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**ECONOMIC OUTLOOK AND FACTORS AFFECTING NEXT YEAR'S BUDGET (FY 2018-19) (continued)**

FY 2016-17 State Budget also provided the District with \$5.5 million in Student Equity and \$10.6 million in SSSP funding in support of student success in achieving educational goals and provided funding to support historically underrepresented students to ensure equity for all students. Clearly, the State's economic outlook continued to improve in FY 2016-17 and is anticipated to continue to improve in FY 2017-18 primarily due to the extension of personal income taxes under Proposition 55, which will continue to support funding for public education.

In addition to state funding uncertainties, a major concern for all districts continues to be the significant rate increases to the CalSTRS and CalPERS employer pension contribution rates, which are expected to increase to 19.1% and 20.4% respectively based upon employee payroll for each of the pension systems, more than doubling the cost of employer contributions by FY 2020-21 for each community college district in California as compared to FY 2013-14. In order to minimize, as much as possible, the potential impact on future annual operating budgets, in FY 2016-17 the Board of Trustees established a Designated Project Reserve Fund for CalSTRS and CalPERS employer contribution rate costs. As of June 30, 2017 the Board Designated Project Reserve Fund had a balance of \$24.3 million to assist with addressing the future costs associated with both pension obligations. The District continues to identify ways by which to minimize its dependency upon the state's economic conditions by maintaining strong reserves, including cash, the CalSTRS and CalPERS pension cost reserve, and entering into long-term lease agreements for surplus District property in support of maintenance and operations costs.

**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  
FOR THE YEAR ENDED JUNE 30, 2017**

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<b>ASSETS</b>	<b>Primary Government</b>
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 250,267,152
Accounts receivable	18,929,596
Prepaid expenses	37,974
Inventories	2,281,374
<b>Total Current Assets</b>	<u>271,516,096</u>
<b>NONCURRENT ASSETS</b>	
Restricted cash and cash equivalents	121,913,430
Capital assets, net of accumulated depreciation	1,467,458,075
<b>Total Noncurrent Assets</b>	<u>1,589,371,505</u>
<b>TOTAL ASSETS</b>	<u>1,860,887,601</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>58,893,286</u>
<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued liabilities	23,411,039
Payroll and related liabilities	20,032,476
Unearned revenue	4,750,490
Amount held in trust	649,577
Accrued interest payable	20,467,816
Current Portion - Long-term liabilities	32,085,830
<b>Total Current Liabilities</b>	<u>101,397,228</u>
<b>NONCURRENT LIABILITIES</b>	
Noncurrent portion - Long-term liabilities	1,923,296,177
<b>TOTAL LIABILITIES</b>	<u>2,024,693,405</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>23,187,246</u>
<b>NET POSITION</b>	
Net investment in capital assets	(7,351,908)
Restricted for:	
Debt service	79,416,568
Capital projects	21,930,399
Unrestricted	(222,094,823)
<b>TOTAL NET POSITION</b>	<u>\$ (128,099,764)</u>

The notes to the financial statements are an integral part of this statement.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

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	<u>Primary Government</u>
<b>OPERATING REVENUES</b>	
Student Tuition and Fees	\$ 45,572,618
Less: Scholarship discount & allowance	(25,833,564)
Net tuition & fees	<u>19,739,054</u>
Grants and Contracts, noncapital:	
Federal	11,265,293
State	32,210,906
Local	5,462,267
Internal Service Sales and Charges	<u>15,602,911</u>
Other operating revenues	<u>64,541,377</u>
Subtotal	<u>64,541,377</u>
<b>TOTAL OPERATING REVENUES</b>	<u>84,280,431</u>
 <b>OPERATING EXPENSES</b>	
Salaries	218,049,595
Benefits	97,002,349
Financial aid	63,415,131
Supplies, materials, & other operating expenses	188,032,659
Depreciation	<u>41,774,453</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>608,274,187</u>
 <b>OPERATING LOSS</b>	<u>(523,993,756)</u>
 <b>NONOPERATING REVENUES/(EXPENSES)</b>	
Federal revenue, non-capital	56,262,936
State apportionments, non-capital	144,702,098
Local revenue, non-capital	172,174,236
Local property taxes	205,489,418
State taxes & other revenues	22,206,029
Other financing sources/(uses)	(85,721,036)
Investment income - non-capital	2,851,509
Interest expense	<u>(155,393,436)</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>362,571,754</u>
 <b>LOSS BEFORE OTHER REVENUES AND GAINS</b>	(161,422,002)
 <b>OTHER REVENUES AND GAINS/(LOSSES)</b>	
Investment gains/losses - capital	<u>(652,034)</u>
<b>TOTAL OTHER REVENUES AND GAINS</b>	<u>(652,034)</u>
 <b>CHANGE IN NET POSITION</b>	(162,074,036)
 <b>BEGINNING NET POSITION</b>	<u>33,974,272</u>
 <b>ENDING NET POSITION</b>	<u>\$ (128,099,764)</u>

The notes to the financial statements are an integral part of this statement.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Primary Government</b>
Tuition and fees	\$ 19,739,054
Grants and contracts	55,115,634
Payments to or on behalf of employees	(315,051,944)
Payments to vendors for supplies and services	(188,032,659)
Payments to students for scholarships and grants	(63,415,131)
Internal service sales and charges	15,602,911
Net Cash Flows From Operating Activities	<u>(476,042,135)</u>
 <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
State apportionments	144,702,098
Property taxes	205,489,418
State taxes and other revenue	22,206,029
Federal grants and contracts	56,262,936
Net Cash Flows From Non-capital Financing Activities	<u>428,660,481</u>
 <b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(48,574,920)
Investment gain/(loss)	(652,034)
Addition to long-term debt	639,098,470
Principal and interest paid on long-term debt	(540,551,945)
Net Cash Flows From Capital Financing Activities	<u>49,319,571</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	<u>2,851,509</u>
Net Cash Flows From Investing Activities	<u>2,851,509</u>
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	 4,789,426
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	 <u>245,477,726</u>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	 <u>\$ 250,267,152</u>

The notes to the financial statements are an integral part of this statement.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF CASH FLOWS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u><b>Primary Government</b></u>
Operating Loss	<u>\$ (523,993,756)</u>
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:	
Depreciation expense	41,774,453
Changes in Assets and Liabilities:	
Receivables, net	887,172
Inventory and prepaid expenditures	26,030
Accounts payable and accrued liabilities	(2,028,349)
Deferred revenue	1,004,638
Compensated absences	2,804,547
Other postemployment benefits	(332,580)
Amounts held in trust	(523,570)
Net pension liability	51,374,183
Deferred inflow/outflows	<u>(47,034,903)</u>
Total Adjustments	<u>47,951,621</u>
<b>Net Cash Flows From Operating Activities</b>	<u><b>\$ (476,042,135)</b></u>

The notes to the financial statements are an integral part of this statement.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSITION – FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Associated Student Trust</u>	<u>Student Representation</u>	<u>Scholarship Trust</u>	<u>OPEB Trust</u>
<b>ASSETS</b>				
Cash	\$ 773,257	\$ 192,323	\$ 32,783	\$ 1,039,542
Investments	-	-	-	18,970,125
Accounts receivable	8,296	7,852	1,674	28,551
Prepaid	(450)	(26,711)	-	-
Due from agency	-	-	30,224	302,894
<b>Total Assets</b>	<u>781,103</u>	<u>173,464</u>	<u>64,681</u>	<u>20,341,112</u>
<b>LIABILITIES</b>				
Due to agency	504,448	-	-	-
Accounts payable	1,426	6,151	-	9,069
<b>Total Liabilities</b>	<u>505,874</u>	<u>6,151</u>	<u>-</u>	<u>9,069</u>
<b>NET POSITION</b>				
Restricted Net Position	<u>275,237</u>	<u>167,313</u>	<u>64,681</u>	<u>20,332,282</u>
<b>Total Net Position</b>	<u>\$ 275,237</u>	<u>\$ 167,313</u>	<u>\$ 64,681</u>	<u>\$ 20,332,282</u>

The notes to the financial statements are an integral part of this statement.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	Associated Student Trust	Student Representation	Scholarship Trust	OPEB Trust
<b>Additions</b>				
Investment income	\$ 8	\$ -	\$ -	\$ 1,607,750
Student tuition and fees	15,947	92,136	-	-
State grants, non-capital	-	-	-	63
Other financing sources	114,793	-	-	11,829
Other income	1,372	-	11,909	750,061
<b>Total Additions</b>	<b>132,120</b>	<b>92,136</b>	<b>11,909</b>	<b>2,369,703</b>
<b>Deductions</b>				
Salaries	19,758	-	-	295
Benefits	1,322	-	-	111
Supplies and materials	9,421	-	-	171,545
Other operating expenses	102,689	93,354	11,147	537,932
<b>Total Deductions</b>	<b>133,190</b>	<b>93,354</b>	<b>11,147</b>	<b>709,883</b>
<b>CHANGE IN NET POSITION</b>	<b>(1,070)</b>	<b>(1,218)</b>	<b>762</b>	<b>1,659,820</b>
<b>NET POSITION, July 1, 2016</b>	<b>276,307</b>	<b>168,531</b>	<b>63,919</b>	<b>18,672,462</b>
<b>NET POSITION, July 1, 2017</b>	<b>\$ 275,237</b>	<b>\$ 167,313</b>	<b>\$ 64,681</b>	<b>\$ 20,332,282</b>

The notes to the financial statements are an integral part of this statement.



**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

The San Diego Community College District (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 continuing education on seven 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 College 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, 2017.

**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, 2017:

- 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 THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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**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 November 3, 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 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 THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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**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/expenditures) 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 THE FINANCIAL STATEMENTS, continued  
 FOR THE YEAR ENDED JUNE 30, 2017**

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

**I. Capital Assets**

Capital assets, which include 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 from grant and contract sponsors that have not yet been earned.

**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 a limited number of vacation days from year to year. The District has no commitment for accumulated sick leave and no liability is recorded.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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

**M. Pensions**

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

**N. Risk Management**

**Property/Liability**

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

**Workers' Compensation**

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

**Liability and Crime Policy**

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

**O. Long-Term Liabilities**

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

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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

**P. 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.

**Q. 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 payment 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 November 30 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 flat 1% rate applied to the 1975-76 full value of the property or on 1% of the sales price of any property sold or the cost of any new constructions after the 1975-76 valuations.

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

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

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 the final apportionment report for the applicable fiscal year.

SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Scholarship Discounts and Allowances

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 differences 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.

S. 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 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.

T. 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.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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

**U. New Accounting Pronouncements**

**GASB Statement No. 71** – In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This standard seeks to clarify certain implementation issues related to amounts that are deferred and amortized at the time GASB 68 is first adopted. It applies to situations in which the measurement date of an actuarial valuation differs from the government’s fiscal year. The Statement is effective for periods beginning after June 15, 2014. The District has implemented GASB Statement No. 71 for the year ended June 30, 2015.

**GASB Statement No. 72** – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This standard addresses accounting and financial reporting issues related to fair value measurements. The Statement is effective for periods beginning after June 15, 2015.

**GASB Statement No. 73** – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 & 68*. This standard establishes requirements for defined benefit pensions that are not within the scope of GASB Statement 68 and amends certain provisions of GASB Statements 67 and 68. The Statement is effective for periods beginning after June 15, 2016.

**GASB Statement No. 75** – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard’s primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The Statement is effective for periods beginning after June 15, 2017.

**GASB Statement No. 80** – In January 2015, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. This standard’s primary objective is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The Statement is effective for periods beginning after June 15, 2016. The District has not yet determined the impact on the financial statements.



**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS, continued  
 FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 3 – CASH AND INVESTMENTS**

The following is a summary of cash and investments at June 30, 2017:

Primary government	\$ 250,267,152
Fiduciary Funds	2,037,905
Total Cash and Investments	<u>\$ 252,305,057</u>
Cash in County Treasury	\$ 232,260,743
Cash on hand and in banks	20,044,314
Total Cash and Investments	<u>\$ 252,305,057</u>

**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 *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, 2017, the book balance of the District’s deposit of \$252,305,057, including fiduciary accounts, were entirely insured and collateralized as described above.

**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 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 THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 3 – CASH AND INVESTMENTS (continued)**

**B. 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	15%	5%
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	35%
Banker's Acceptance	180 days	40%	5%
Commercial Paper	270 days	40%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	1 year	40%	10%
Medium-Term Corporate Notes	5 years	30%	5%
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	15%	10%
Mortgage Pass-Through Securities	5 years	20%	5%
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 \$255,611,011 and a fair value of \$270,783,001. The weighted average maturity for this pool as of June 30, 2017 is 417 days.

**Credit Risk**

Credit risk is the risk that an issuer 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 AAAsf/S1 or higher by S&P.

**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.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017, is summarized below:

	PY Beginning Balance July 01, 2016	Additions	Deletions	Balance June 30, 2017
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 77,080,989	\$ -	\$ -	\$ 77,080,989
Construction in progress	263,186,338	48,574,920	14,878,634	296,882,624
Total Capital Assets not Being Depreciated	<u>340,267,327</u>	<u>48,574,920</u>	<u>14,878,634</u>	<u>373,963,613</u>
Capital assets being depreciated				
Land improvements	38,232,957	2,254,332	-	40,487,289
Buildings & improvements	1,237,671,488	14,147,838	468,308	1,251,351,018
Furniture & equipment	78,291,610	3,194,104	1,670,325	79,815,389
Total Capital Assets Being Depreciated	<u>1,354,196,055</u>	<u>19,596,275</u>	<u>2,138,633</u>	<u>1,371,653,697</u>
Total Capital Assets	<u>1,694,463,382</u>	<u>68,171,195</u>	<u>17,017,267</u>	<u>1,745,617,310</u>
Less Accumulated Depreciation				
Land improvements	6,435,449	1,064,810	-	7,500,259
Buildings & improvements	164,830,100	35,308,216	-	200,138,316
Furniture & equipment	65,183,028	5,453,129	51,702	70,584,455
Total Accumulated Depreciation	<u>236,448,577</u>	<u>41,826,155</u>	<u>51,702</u>	<u>278,223,030</u>
<b>Governmental Activities</b>				
Capital Assets, net	<u>\$ 1,458,014,805</u>	<u>\$ 26,345,040</u>	<u>\$ 16,965,565</u>	<u>\$ 1,467,394,280</u>
<b>Proprietary Funds, Capital Assets, Net</b>				
	<u>\$ 63,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,795</u>
<b>Total Capital Assets</b>	<u>\$ 1,458,078,600</u>	<u>\$ 26,345,040</u>	<u>\$ 16,965,565</u>	<u>\$ 1,467,458,075</u>

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 6 – LONG-TERM DEBT**

The following is a summary of the changes in long-term debt for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Amount Due in One Year
General obligation bonds	\$ 1,307,501,352	\$ 646,321,980	\$ 472,805,597	\$ 1,481,017,735	\$ 21,337,679
Premium on bonds	72,890,610	108,900,634	5,297,365	176,493,879	9,834,891
Compensated absences	11,482,430	1,891,287	-	13,373,717	913,260
Legal commitments	8,472,156	-	-	8,472,156	-
Net OPEB obligation	1,753,633	-	332,580	1,421,053	-
Net pension liability	223,229,283	51,374,183	-	274,603,466	-
<b>Total</b>	<b>\$ 1,625,329,464</b>	<b>\$ 808,488,084</b>	<b>\$ 478,435,542</b>	<b>\$ 1,955,382,006</b>	<b>\$ 32,085,830</b>

**General Obligation Bonds**

On November 5, 2002, by majority election of the District’s registered voters, \$685,000,00 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, 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. Proposition S bonds were fully issued as of July 2013.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 6 – LONG-TERM DEBT (continued)**

**General Obligation Bonds (continued)**

On November 7, 2006, by majority election of the District's registered voters, \$870,000,000 in general obligation bonds ("Proposition N") were authorized to be issued and sold for the benefit of the District. Proceeds from the bonds are to be used for acquisition, construction, renovation, repair and modernization of certain District property and facilities and to refund or advance refund certain obligations of the District. The bonds are scheduled to be issued in four increments over a ten-year period. On July 18, 2007, Series 2007 of the Proposition N bond authorization was issued, which consisted of current interest serial bonds, current interest term bonds and capital appreciation bonds with an initial par amount of \$224,996,823 with stated yield rates of 3.60% to 4.51% and maturing through August 1, 2032. 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 of the Proposition N bond authorization was issued, which consisted of current interest serial bonds, current interest term bonds, capital appreciation bonds and convertible capital appreciation bonds with an initial par amount of \$272,996,022 with stated yield rates of 0.20% to 6.23% and maturing through August 1, 2043.

On November 3, 2016, Series 2016 of the Proposition N Bond authorization was issued, which consisted of serial bonds and term bonds with an initial par amount of \$122,005,000 with stated yield rates of 0.74% to 2.72% and maturing through August 1, 2032.

On November 3, 2016, Series 2016, Refunding was issued, with an initial par amount of \$504,030,000 with stated yield rates of 0.74% to 3.00% and maturing through August 1, 2041. The Series 2016 Refunding retired \$524,205,000 of debt including \$163,715,000 of Series 2009 and Series 2011 of the Proposition S bond authorization and \$360,490,000 of Series 2007 and Series 2011 of the Prop N bond authorization. As a result, approximately 31.2% of the debt service related to the Series 2016, Refunding is attributable to Proposition S and approximately 68.8% of the debt service is attributable to Proposition N.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 6 – LONG-TERM DEBT (continued)**

**General Obligation Bonds (continued)**

The outstanding bonded debt of the District at June 30, 2017 is as follows:

	Issuance Date	Yield	Maturity Date	Amount of Original Issue	July 1, 2016 Balance	Deletions	Additions	Redeemed Current Year	June 30, 2017 Balance	Due Within One Year
Proposition S:										
2009 Series	4/28/2009	2.70-6.00%	8/1/2033	\$ 131,293,506	\$ 145,867,380	\$ (95,895,000)	\$ 2,717,110	\$ 625,000	\$ 52,064,490	\$ 1,150,000
2011 Series	7/7/2011	0.27-6.69%	8/1/2041	116,449,717	98,111,627	-	1,489,796	1,290,000	98,311,423	1,295,000
2011 Series, Refunding	7/7/2011	0.38-3.55%	8/1/2023	22,230,000	17,860,000	-	7,149,859	1,660,000	23,349,859	1,295,000
2012 Series, Refunding	3/7/2012	0.18-3.10%	8/1/2029	238,428,671	232,028,073	(73,651)	-	5,181,842	226,772,580	5,976,780
2013 Series	7/7/2013	0.20-3.25%	8/1/2024	103,705,000	101,605,000	-	-	1,500,000	100,105,000	-
2016 Series, Refunding	11/3/2016	0.74-2.89%	8/1/2041	157,257,360	-	-	157,257,360	-	157,257,360	471,145
Proposition N:										
2007 Series	7/18/2007	3.60-4.51%	8/1/2032	224,996,823	143,887,337	(136,815,329)	-	3,506,530	3,565,478	3,565,478
2011 Series	7/7/2011	0.27-4.86%	8/1/2041	250,000,000	242,505,000	(224,325,000)	-	845,000	17,335,000	1,620,000
2012 Series, Refunding	3/7/2012	0.18-3.10%	8/1/2029	41,326,329	40,216,927	-	73,651	898,158	39,392,420	882,910
2013 Series	7/7/2013	1.34-4.30%	8/1/2043	272,996,022	285,420,008	-	8,856,564	190,086	294,086,486	322,431
2016 Series	11/3/2016	0.74-2.72%	8/1/2032	6,925,000	-	-	122,005,000	-	122,005,000	3,720,000
2016 Series, Refunding	11/3/2016	0.74-2.89%	8/1/2041	346,772,640	-	-	346,772,640	-	346,772,640	1,038,935
			Total	\$ 1,912,381,068	\$ 1,307,501,352	\$ (457,108,980)	\$ 646,321,980	\$ 15,696,616	\$ 1,481,017,736	\$ 21,337,679

The annual requirements to amortize the General Obligation Bonds outstanding as of June 30, 2017 are as follows:

Year Ending	Principal	Interest	Total
June 30, 2018	\$ 24,822,909	\$ 65,631,253	\$ 90,454,162
2019	23,665,306	55,987,169	79,652,475
2020	27,951,688	56,609,187	84,560,875
2021	28,739,136	57,155,952	85,895,088
2022	34,162,450	55,952,787	90,115,237
2023-2027	274,902,548	257,164,927	532,067,475
2028-2032	460,982,006	206,404,282	667,386,288
2033-2037	287,352,904	271,062,273	558,415,177
2038-2042	175,959,122	258,552,536	434,511,658
2043-2044	88,590,000	4,483,500	93,073,500
Accretion	53,889,666	(53,889,666)	-
<b>Total</b>	<b>\$ 1,481,017,735</b>	<b>\$ 1,235,114,200</b>	<b>\$ 2,716,131,935</b>

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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**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 \$13,373,717.

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

**Leases**

The District leases various facilities under formal long-term lease agreements as well as month-to-month lease arrangements for various educational programs. Rental expense associated with all District facility leases for the fiscal year ended June 30, 2017 aggregated approximately \$267,000.

**Construction**

In addition to construction amounts in accounts payable and accrued liabilities, the District has construction commitments of approximately \$42,171,858 as of June 30, 2017

**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 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 THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 9 – EMPLOYEE PENSION PLANS**

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers’ Retirement System (CalSTRS), and classified employees are members of the California Public Employees’ Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	<u>Net pension liability</u>	<u>Deferred outflows related to pensions</u>	<u>Deferred inflows related to pensions</u>	<u>Pension expense</u>
STRS Pension	\$ 163,779,231	\$ 27,464,522	\$ 17,513,751	\$ 13,577,989
PERS Pension	110,824,235	31,428,764	5,673,495	13,877,289
	<u>\$ 274,603,466</u>	<u>\$ 58,893,286</u>	<u>\$ 23,187,246</u>	<u>\$ 27,455,278</u>

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

**Plan Description**

The District contributes to the California State Teachers’ Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits to plan members and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers’ Retirement Law. 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, 7919 Folsom Blvd., Sacramento, CA 95826.

**Benefits Provided**

The CalSTRS defined benefit plan has two benefit formulas:

CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.

CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

**CalSTRS at 62**

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.



**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS, continued  
 FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 9 – EMPLOYEE PENSION PLANS (continued)**

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

**Contributions**

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 9.205% of their salary for fiscal year 2017, respectively, 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 CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2017 was 12.58% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$14,444,153 for the year ended June 30, 2017.

**On-Behalf Payments**

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-14 education. These payments consist of state general fund contributions of approximately \$8,314,080 to CalSTRS (7.126% of 2013-14 creditable compensation subject to CalSTRS).

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

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 163,779,231
State's proportionate share of the net pension liability associated with the District	<u>179,075,105</u>
Total	<u>\$ 342,854,336</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by applying updated procedures to an actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, an amount established in State statute.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 9 – EMPLOYEE PENSION PLANS (continued)**

**California State Teachers’ Retirement System (CalSTRS) (continued)**

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

For the year ended June 30, 2017, the District recognized pension expense of \$13,577,989. In addition, the District recognized pension expense and revenue of \$16,638,020 for support provided by the State. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 13,020,369	\$ -
Differences between expected and actual experience	-	3,995,208
Changes in proportion and differences between District contributions and proportionate share of contributions	-	13,518,543
District contributions subsequent to the measurement date	14,444,153	-
	<u>\$ 27,464,522</u>	<u>\$ 17,513,751</u>

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 284,061	\$ 2,982,238
2019	284,061	2,982,238
2020	7,568,785	2,982,238
2021	4,883,462	2,982,238
2022	-	2,982,238
2023	-	2,602,561
	<u>\$ 13,020,369</u>	<u>\$ 17,513,751</u>

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 9 – EMPLOYEE PENSION PLANS (continued)**

**California State Teachers’ Retirement System (CalSTRS) (continued)**

**Actuarial Assumptions**

The total pension liability was determined by applying updated procedures to an actuarial valuations as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Consume Price Inflation	3.00%
Investment Yield (Net of Expenses)	7.60%
Wage Inflation	3.75%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2006 – June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance – PCA) as an input to the process. Based on the model from CalSTRS consulting actuary’s (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board.

Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	6.30%
Private Equity	13%	9.30%
Real Estate	13%	5.20%
Inflation Sensitive	4%	3.80%
Fixed Income	12%	0.30%
Absolute Return	9%	2.90%
Cash/Liquidity	2%	-1.00%
	<u>100%</u>	

\* 20-year geometric average

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS, continued  
 FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 9 – EMPLOYEE PENSION PLANS (continued)**

**California State Teachers’ Retirement System (CalSTRS) (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the district’s proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	<b>1% Decrease (6.60%)</b>	<b>Current Discount Rate (7.60%)</b>	<b>1% Increase (8.60%)</b>
District's proportionate share of the net pension liability	\$ 314,422,972	\$ 163,779,231	\$ 138,771,151

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS financial report.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 9 – EMPLOYEE PENSION PLANS (continued)**

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

**Plan Description**

The District contributes to the school Employer Pool under the California Public Employees’ Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees’ Retirement Laws. 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 the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

**Benefits Provided**

The benefits for the defined benefit plan are based on members’ years of service, age, final compensation, and benefit formula. Benefits are provided for retirement and disability for eligible members, and death benefits for survivors or eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

**Contributions**

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% 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.

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 CalPERS Board of Administration. The required employer contribution rate for fiscal year 2017 was 13.888% of annual payroll. Contributions to the plan from the District were \$8,671,845 for the year ended June 30, 2017.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 9 – EMPLOYEE PENSION PLANS (continued)**

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

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

At June 30, 2017, the District reported a liability of \$110,824,235 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by applying updated procedures to an actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The District’s proportion of the net pension liability was based on a projection of all participating school districts, actuarially determined. At the June 30, 2016 measure date, the District’s proportion was .565 percent, which was a decrease of .007 percent from its proportion as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$13,877,289. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 17,196,358	\$ -
Differences between expected and actual experience	4,766,504	-
Changes in assumptions	-	3,329,608
Changes in proportion and differences between District contributions and proportionate share of contributions	794,057	2,343,887
District contributions subsequent to the measurement date	8,671,845	-
	<u>\$ 31,428,764</u>	<u>\$ 5,673,495</u>

The \$8,671,845 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 5,035,643	\$ 2,560,662
2019	4,830,849	2,385,420
2020	8,402,328	727,413
2021	4,488,099	-
	<u>\$ 22,756,919</u>	<u>\$ 5,673,495</u>

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 9 – EMPLOYEE PENSION PLANS (continued)**

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

**Actuarial Assumptions**

The total pension liability was determined by applying updated procedures to an actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Yield*	7.65%
Wage Inflation	Varies by Entry Age and Service

\* Net of investment expenses, but gross of administrative expenses.

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 9 – EMPLOYEE PENSION PLANS (continued)**

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

**Actuarial Assumptions, continued**

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Years 11+**</u>
Global Equity	51%	5.25%	5.71%
Global Debt Securities	20%	0.99%	2.43%
Inflation Assets	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	4.50%	5.09%
Liquidity	1%	-0.55%	-1.05%
	100%		

\* An expected inflation of 2.5% used for this period

\*\* An expected inflation of 3.0% used for this period

**Discount Rate**

The discount rate used to measure the total pension liability was 7.65 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.



**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS, continued  
 FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 9 – EMPLOYEE PENSION PLANS (continued)**

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

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	<b>1% Decrease (6.65%)</b>	<b>Current Discount Rate (7.65%)</b>	<b>1% Increase (8.65%)</b>
District's proportionate share of the net pension liability	\$ 179,791,078	\$ 110,824,235	\$ 71,133,922

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

**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 other 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 other Social Security Alternative Plan for the fiscal years ended June 30, 2017, 2016, and 2015 were \$774,363, \$675,218 and \$609,498 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 THE FINANCIAL STATEMENTS, continued  
 FOR THE YEAR ENDED JUNE 30, 2017**

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**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 2017 calendar year the cap is \$1,038 per month (equal to the Kaiser HMO active composite rate).

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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; CalSTRS – 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.

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 \$86.56 per month in 2016-17. The cap is assumed to grow at the medical trend rate of 8% for healthcare and Medicare Part B and 4% for dental.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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

**San Diego Community College District Retiree Health Plan (continued)**

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 unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) 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	\$ 1,429,364
Interest on net OPEB obligation	113,986
Adjustment to annual required contribution	(134,288)
Annual OPEB cost (expense)	<u>1,409,062</u>
Contributions made	<u>(1,741,642)</u>
Increase (decrease) in net OPEB obligation	(332,580)
Net OPEB obligation, beginning of the year	<u>1,753,633</u>
Net OPEB obligation, end of the year	<u>\$ 1,421,053</u>

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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

*Annual OPEB Cost and Net OPEB Obligation (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:

<b>Year Ended June 30,</b>	<b>Annual OPEB Cost</b>	<b>Percentage Contributed</b>	<b>Net OPEB Obligation</b>
2017	\$ 1,409,062	124%	\$ 1,421,053
2016	\$ 1,412,729	80%	\$ 1,753,633
2015	\$ 1,412,617	76%	\$ 1,587,790

*Most Recent Actuarial Study – Status of Funding Progress*

The funded status of the plan as of June 30, 2017 was as follows:

<b>Actuarial Valuation Date</b>	<b>Actuarial Valuation of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
July 1, 2015	\$ 18,586,921	\$ 22,479,610	\$ 3,892,689	83%	\$ 181,289,022	2%

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 decreasing over time relative to the actuarial 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, 2015. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 6.7 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8 percent. Both assumptions reflect an implicit .5 percent general inflation assumption. The District’s unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a rolling basis. The remaining amortization period as of June 30, 2017 was 30 years.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 11 – FUNCTIONAL EXPENSES**

The functional operating expenses for the year ended June 30, 2017 were as follows:

	Instructional Salaries and Benefits	Non-Instructional Salaries and Benefits	Operating Expenses	Depreciation	Financial Aid	Total
Instructional Activities	\$ 165,468,216	\$ 4,347,072	\$ 6,301,536	\$ -	\$ -	\$ 176,116,824
Instructional Admin. & Governance	61,683	22,303,835	1,002,122	-	-	23,367,640
Instructional Support Services	75	6,161,057	1,412,577	-	-	7,573,709
Admissions and Records	-	5,928,885	144,657	-	-	6,073,542
Student Counseling and Guidance	7,476	21,721,841	1,062,700	-	-	22,792,017
Student Services	58,590	18,990,207	2,498,821	-	-	21,547,618
Operation and Maintenance of Plant	-	15,641,202	163,219,427	-	-	178,860,629
Planning, Policy Making and Coordination	8,708	9,193,099	2,143,511	-	-	11,345,318
Institutional Support Services	108,845	37,035,085	8,035,684	-	-	45,179,614
Community Services and Economic Development	-	1,689,428	671,218	-	-	2,360,646
Ancillary Services and Auxiliary Operations	2,971	3,090,528	1,314,160	-	-	4,407,659
Auxiliary Operations	2,600,716	632,425	226,246	-	-	3,459,387
Transfers, Student Aid and Other Outgo	-	-	-	-	63,415,131	63,415,131
Depreciation Expense	-	-	-	41,774,453	-	41,774,453
Total	\$ 168,317,280	\$ 146,734,664	\$ 188,032,659	\$ 41,774,453	\$ 63,415,131	\$ 608,274,187

**NOTE 12 – SUBSEQUENT EVENTS**

The District has evaluated subsequent events for the period from June 30, 2017 through December XX, 2017. Management did not identify any transactions that require disclosure or that would have an impact on the financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS FUNDING PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2017**

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<b>Actuarial Valuation Date</b>	<b>Actuarial Valuation of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
July 1, 2015	\$ 18,586,921	\$ 22,479,610	\$ 3,892,689	83%	\$ 181,289,022	2%
July 1, 2013	\$ 15,201,128	\$ 21,263,557	\$ 6,062,429	71%	\$ 155,868,820	4%
July 1, 2011	\$ 12,317,587	\$ 21,305,524	\$ 8,987,937	58%	\$ 128,861,312	7%

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE FOR THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION  
LIABILITY—STRS  
FOR THE YEAR ENDED JUNE 30, 2017**

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	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.202%	0.210%	0.195%
District's proportionate share of the net pension liability	\$ 163,779,231	\$ 139,938,870	\$ 113,952,150
States's proportionate share of the net pension liability associated with the District	93,250,321	74,012,037	68,809,228
Total	<u>\$ 257,029,552</u>	<u>\$ 213,950,907</u>	<u>\$ 182,761,378</u>
District's covered payroll	\$ 129,555,727	\$ 105,341,887	\$ 85,394,811
District's proportionate share of the net pension liability as a percentage of its covered payroll	126.4%	132.8%	133.4%
Plan fiduciary net position as a percentage of the total pension liability.	70.0%	74.0%	76.5%

See accompanying note to supplementary information.



**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION  
LIABILITY—PERS  
FOR THE YEAR ENDED JUNE 30, 2017**

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	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.561%	0.565%	0.572%
District's proportionate share of the net pension liability	\$ 110,824,235	\$ 83,290,413	\$ 64,981,337
District's covered payroll	\$ 72,195,412	\$ 60,878,491	\$ 62,528,696
District's proportionate share of the net pension liability as a percentage of its covered payroll	153.5%	136.8%	103.9%
Plan fiduciary net position as a percentage of the total pension liability.	73.9%	83.4%	83.4%

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS— STRS  
FOR THE YEAR ENDED JUNE 30, 2017**

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	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 14,444,153	\$ 11,176,072	\$ 7,306,278
Contributions in relation to the contractually required contribution*	(14,444,153)	(11,176,072)	(7,306,278)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 129,555,727	\$ 105,341,887	\$ 85,394,811
Contributions as a percentage of covered payroll	11.15%	10.61%	8.56%

\*Amounts do not include on behalf contributions

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS—PERS  
FOR THE YEAR ENDED JUNE 30, 2017**

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	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 8,671,845	\$ 5,424,269	\$ 6,875,902
Contributions in relation to the contractually required contribution	(8,671,845)	(5,424,269)	(6,875,902)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 72,195,412	\$ 60,878,491	\$ 62,528,696
Contributions as a percentage of covered payroll	12.01%	8.91%	11.00%

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 1 – PURPOSE OF THE SCHEDULE**

**A. Schedule of Postemployment Healthcare Benefits Funding Progress**

This schedule is prepared to show information for the most recent actuarial valuation and from the three most recent actuarial valuations in accordance with Statement No. 45 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The schedule is intended to show trends about the funding progress of the District's actuarially determined liability for post-employment benefits other than pensions.

**B. Schedule of the District's Proportionate Share of the Net Pension Liability**

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered employee payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered employee payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

**C. Schedule of District Contributions**

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered employee payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered employee payroll.

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## **SUPPLEMENTARY INFORMATION**

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**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
COMBINING BALANCE SHEET  
JUNE 30, 2017**

	General Fund Unrestricted	General Fund Restricted	Bond Interest and Redemption Fund	Child Development Fund	Special Revenue Funds
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 149,157,619	\$ 61,918,221	\$ 79,416,568	\$ 1,330,147	\$ -
Accounts receivable	8,337,718	6,869,439	-	(86)	1
Prepaid expenses	150,522	(107,846)	-	-	(195)
Due from other funds	-	-	-	-	1,289,109
Inventories	-	-	-	-	-
<b>Total current assets</b>	<b>157,645,859</b>	<b>68,679,814</b>	<b>79,416,568</b>	<b>1,330,061</b>	<b>1,288,915</b>
Noncurrent assets:					
Capital assets, net	-	-	-	-	-
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 157,645,859</b>	<b>\$ 68,679,814</b>	<b>\$ 79,416,568</b>	<b>\$ 1,330,061</b>	<b>\$ 1,288,915</b>
<b>Liabilities and Fund Balance</b>					
Liabilities:					
Accounts Payable	\$ 8,193,116	\$ 1,910,891	\$ -	\$ 48,540	\$ 42,262
Accrued Salaries and Wages Payable	(617,136)	13,749,521	-	145,111	68,725
Deferred Revenue	2,767,782	424,130	-	-	-
Due to Other Funds	121,913,340	-	-	94,314	-
<b>Total liabilities</b>	<b>132,257,102</b>	<b>16,084,542</b>	<b>-</b>	<b>287,965</b>	<b>110,987</b>
<b>Fund Balances</b>	<b>25,388,757</b>	<b>52,595,272</b>	<b>79,416,568</b>	<b>1,042,096</b>	<b>1,177,928</b>
<b>Total liabilities and fund balance</b>	<b>\$ 157,645,859</b>	<b>\$ 68,679,814</b>	<b>\$ 79,416,568</b>	<b>\$ 1,330,061</b>	<b>\$ 1,288,915</b>

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
COMBINING BALANCE SHEET, CONTINUED  
JUNE 30, 2017**

	San Diego Community			
	Capital Outlay Fund	Prop S and N Bonds Capital Projects Fund	College District Auxiliary Organization	Bookstore Fund
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 15,843,466	\$ 138,873,549	\$ 1,423,334	\$ 770,888
Accounts receivable	246,564	402,964	1,861	1,678,151
Prepaid expenses			-	100
Due from other funds	8,334,783	363,025	-	862
Inventories	-	-	-	2,294,309
Total current assets	24,424,813	139,639,538	1,425,195	4,744,310
Noncurrent assets:				
Capital assets, net	-	-	-	7,128
Total noncurrent assets	-	-	-	7,128
Total assets	\$ 24,424,813	\$ 139,639,538	\$ 1,425,195	\$ 4,751,438
<b>Liabilities and Fund Balance</b>				
Liabilities:				
Accounts Payable	\$ 1,800,875	\$ 9,639,740	\$ 165,717	\$ 1,290,647
Accrued Salaries and Wages Payable	-	740,732	-	839,799
Deferred Revenue	-	-	53,554	421,027
Due to Other Funds	693,539	383,305	126,007	590,790
Total liabilities	2,494,414	10,763,777	345,278	3,142,263
Fund Balances	21,930,399	128,875,761	1,079,917	1,609,175
Total liabilities and fund balance	\$ 24,424,813	\$ 139,639,538	\$ 1,425,195	\$ 4,751,438

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
COMBINING BALANCE SHEET, CONTINUED  
JUNE 30, 2017**

	Cafeteria Fund	Other Enterprise Fund	Self-Insurance Fund	Financial Aid Fund	Total
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 2,909,816	\$ 166,546	\$ 13,865,567	\$ 4,584,887	\$ 470,260,608
Accounts receivable	19,827	721,487	8,870	642,800	18,929,596
Prepaid expenses	7,775	238	14,541	-	65,135
Due from other funds	756	-	1,958,993	293,576	12,241,104
Inventories	(12,935)	-	-	-	2,281,374
Total current assets	2,925,239	888,271	15,847,971	5,521,263	503,777,817
Noncurrent assets:					
Capital assets, net	56,667	-	-	-	63,795
Total noncurrent assets	56,667	-	-	-	63,795
Total assets	\$ 2,981,906	\$ 888,271	\$ 15,847,971	\$ 5,521,263	\$ 503,841,612
<b>Liabilities and Fund Balance</b>					
Liabilities:					
Accounts Payable	\$ (184,161)	\$ 121,728	\$ 4,157,357	\$ 318,063	\$ 27,504,775
Accrued Salaries and Wages Payable	864,770	238,451	-	-	16,029,973
Deferred Revenue	3,102	-	29,683	411,226	4,110,504
Due to Other Funds	2,122,125	528,092	606	4,814,771	131,266,889
Total liabilities	2,805,836	888,271	4,187,646	5,544,060	178,912,141
Fund Balances	176,070	-	11,660,325	(22,797)	324,929,471
Total liabilities and fund balance	\$ 2,981,906	\$ 888,271	\$ 15,847,971	\$ 5,521,263	\$ 503,841,612

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, 2017**

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Total fund balances reported in the Combining Balance Sheet	\$ 324,929,471
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	
Net capital assets	1,467,458,076
Less: capital assets reported in the proprietary funds	(63,796)
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	(32,085,830)
Long-term liabilities - noncurrent portion	(1,924,043,725)
Deferred outflows and inflows of resources relating to pensions:	
In the governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported as:	
Deferred outflows of resources related to pensions	58,893,286
Deferred inflows of resources related to pensions	(23,187,246)
Total Net Position	<u>\$ (128,099,764)</u>

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES (EXPENSES) AND CHANGES IN  
 FUND EQUITY  
 FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund Unrestricted	General Fund Restricted	Bond Interest and Redemption Fund	Child Development Fund	Special Revenue
Federal Revenues	\$ -	\$ 11,191,469	\$ -	\$ 73,824	\$ -
State Grants and Contracts	-	20,767,446	-	691,631	2,233
State Apportionment	122,034,924	22,667,174	-	-	-
State Taxes and Other Revenue	18,752,491	3,453,538	-	-	-
Local Grants and Contracts	-	4,542,288	-	42,003	-
Local Property Taxes	103,557,358	2,736,537	97,883,841	-	419,981
Investment Income	1,085,416	6,385	325,169	8,105	-
Student Tuition and Fees	19,567,130	4,227	-	-	167,697
Other Operating Revenues	(652,034)	-	-	-	-
Other Non-operating Revenues	640,994	3,985,264	-	2,460	154,040
Other Financing Sources	11,668,390	5,444,045	832,000	176,264	-
Total Revenue	276,654,669	74,798,373	99,041,010	994,287	743,951
Academic Salaries	118,768,358	20,175,746	-	22,374	210,696
Classified Salaries	57,010,450	15,148,727	-	448,554	38,936
Benefits	65,724,685	11,710,590	-	127,396	41,201
Supplies and Materials	3,186,995	2,908,444	-	125,329	236,516
Other Operating Expenses	21,259,618	8,697,866	-	15,337	57,036
Capital Outlay	6,279,301	4,967,890	-	86,221	32,816
Other Outgo	13,943,286	22,888,139	16,528,616	145,270	-
Financial Aid	-	944,942	-	-	-
Interest Expense	-	-	54,593,884	-	-
Total Expense	286,172,693	87,442,344	71,122,500	970,481	617,201
Net change in fund balance	(9,518,024)	(12,643,971)	27,918,510	23,806	126,750
Beginning fund balance	34,907,265	65,208,771	51,498,058	1,018,290	1,051,178
Beginning fund balance adjustment	(484)	30,225	-	-	-
Adjusted beginning fund balance	34,906,781	65,238,996	51,498,058	1,018,290	1,051,178
Ending fund balance	\$ 25,388,757	\$ 52,595,025	\$ 79,416,568	\$ 1,042,096	\$ 1,177,928

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES (EXPENSES)  
AND CHANGES IN FUND EQUITY, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

	Capital Outlay Fund	Prop N Bonds Capital Projects Fund	San Diego Community College District Auxiliary Organization	Bookstore Fund
Federal Revenues	\$ -	\$ -	\$ -	\$ -
State Grants and Contracts	4,668,712	6,755	-	-
State Apportionment	-	-	-	-
State Taxes and Other Revenue	-	-	-	-
Local Grants and Contracts	869,245	-	-	-
Local Property Taxes	891,701	-	-	-
Investment Income	86,515	1,290,878	88,024	12,979
Student Tuition and Fees	-	-	-	-
Other Operating Revenues	-	-	-	11,111,622
Other Non-operating Revenues	1,722,314	121,296,128	602,680	114,263
Other Financing Sources	20,704,332	62,436,234	-	-
<b>Total Revenue</b>	<b>28,942,819</b>	<b>185,029,995</b>	<b>690,704</b>	<b>11,238,864</b>
Academic Salaries	-	-	-	-
Classified Salaries	-	1,323,935	-	1,970,487
Benefits	-	497,247	-	666,335
Supplies and Materials	278,357	609,151	-	8,356,763
Other Operating Expenses	902,877	4,293,973	346,547	357,539
Capital Outlay	15,820,147	41,760,736	-	26,628
Other Outgo	1,102,107	62,435,785	-	2,000,000
Financial Aid	-	-	-	-
Interest Expense	-	-	-	-
<b>Total Expense</b>	<b>18,103,488</b>	<b>110,920,827</b>	<b>346,547</b>	<b>13,377,752</b>
<b>Net change in fund balance</b>	<b>10,839,331</b>	<b>74,109,168</b>	<b>344,157</b>	<b>(2,138,888)</b>
Beginning fund balance	11,118,922	54,766,593	1,079,917	3,748,063
Beginning fund balance adjustment	(27,854)	-	(344,157)	-
Adjusted beginning fund balance	11,091,068	54,766,593	735,760	3,748,063
Ending fund balance	\$ 21,930,399	\$ 128,875,761	\$ 1,079,917	\$ 1,609,175

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES (EXPENSES) AND CHANGES IN  
FUND EQUITY, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

	Cafeteria Fund	Other Enterprise Fund	Self-Insurance Fund	Financial Aid Fund	Total
Federal Revenues	\$ -	\$ -	\$ -	\$ 56,262,936	\$ 67,528,229
State Grants and Contracts	-	-	-	6,074,129	32,210,906
State Apportionment	-	-	-	-	144,702,098
State Taxes and Other Revenue	-	-	-	-	22,206,029
Local Grants and Contracts	-	8,731	-	-	5,462,267
Local Property Taxes	-	-	-	-	205,489,418
Investment Income	3,132	4,589	28,341	-	2,939,533
Student Tuition and Fees	-	-	-	-	19,739,054
Other Operating Revenues	3,940,871	-	93,070	-	14,493,529
Other Non-operating Revenues	67,269	731,656	43,353,249	106,599	172,776,916
Other Financing Sources	2,000,000	135,000	7,675	-	103,403,940
<b>Total Revenue</b>	<b>6,011,272</b>	<b>879,976</b>	<b>43,482,335</b>	<b>62,443,664</b>	<b>790,951,919</b>
Academic Salaries	-	-	-	-	139,177,174
Classified Salaries	2,500,496	430,837	-	-	78,872,422
Benefits	841,324	166,721	-	-	79,775,499
Supplies and Materials	1,967,994	217	-	-	17,669,766
Other Operating Expenses	515,739	279,002	40,790,939	-	77,516,473
Capital Outlay	9,847	-	-	-	68,983,586
Other Outgo	-	-	-	-	119,043,203
Financial Aid	-	-	-	62,470,189	63,415,131
Interest Expense	-	-	-	-	54,593,884
<b>Total Expense</b>	<b>5,835,400</b>	<b>876,777</b>	<b>40,790,939</b>	<b>62,470,189</b>	<b>699,047,138</b>
<b>Net change in fund balance</b>	<b>175,872</b>	<b>3,199</b>	<b>2,691,396</b>	<b>(26,525)</b>	<b>91,778,031</b>
Beginning fund balance	-	(3,199)	8,968,929	3,728	232,315,337
Beginning fund balance adjustment	198	-	-	-	(342,072)
Adjusted beginning fund balance	198	(3,199)	8,968,929	3,728	231,973,265
<b>Ending fund balance</b>	<b>\$ 176,070</b>	<b>\$ -</b>	<b>\$ 11,660,325</b>	<b>\$ (22,797)</b>	<b>\$ 323,751,296</b>

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF COMBINING SCHEDULE OF REVENUE, EXPENDITURE (EXPENSES)  
AND CHANGES IN FUND BALANCE TO STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

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Total change in fund balances, governmental funds:	\$ 91,778,031
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.	68,983,586
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.	(5,297,365)
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.	(1,891,287)
Disposal of assets net of accumulated depreciation	(16,965,565)
Net pension liability is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. Therefore, the change in the Net Pension Liability is not reported as an expenditure in government funds.	(15,335,563)
Deferred outflows and inflows are reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. Therefore, the change in the deferred outflows/inflows are not reported as an expenditure in governmental funds.	(35,706,040)
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.	332,580
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.	(41,774,453)
Net change in GO Bond refunding	(153,605,102)
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.	(53,889,665)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:	1,296,807
Change in Net Position	<u>\$ (162,074,036)</u>

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

Program Name	Federal Catalog Number	Grantor or Pass-through Agency ID	Total Expenditures
<b>US Department of Education:</b>			
Student Financial Aid Cluster:			
Direct:			
Pell Grant	84.063	*	\$ 50,319,228
Supplemental Educational Opportunities Grant (SEOG)	84.007	*	879,592
Direct Loan Program	84.268	*	4,075,900
Federal Work Study	84.033	*	843,611
Subtotal Student Financial Aid			<b>56,118,331</b>
Career and Technical Education (Perkins IV):			
Pass-through from the California Department of Education:			
VATEA Curriculum Developm & Instr			
VATEA Student Support	84.048	16-C01-047	1,420,169
VATEA Professional Development	84.048	16-C01-047	470,532
VATEA Partnership Development	84.048	16-C01-047	22,334
VATEA Evaluation	84.048	16-C01-047	98,251
VATEA Public Relations & Disemin.	84.048	16-C01-047	34,061
CTE Transitions (Tech Prep)	84.048	16-C01-047	131,100
Subtotal Career and Technical Education:			<b>2,176,447</b>
Adult Education:			
Direct:			
Adult Ed EI Civics	* 84.002A	*	621,181
Adult Ed & Family Literacy	* 84.002A	*	1,684,321
Subtotal 84.002A			2,305,502
HIS Program Title V	* 84.031S	*	349,036
HIS Program - Title III - Mesa	84.031S	*	262,668
HIS Program - Title V - City	84.031S	*	339,415
USDE Student Retention Grant	84.031S	*	6,321
Subtotal 84.031S			957,440
Admin. Allowance - Mesa	84.077, 84.033, 84.063	*	58,747
Admin. Allowance - Miramar	84.077, 84.033, 84.064	*	12,105
Admin. Allowance - City/CET	84.077, 84.033, 84.065	*	47,371
Subtotal 84.077			118,223
Trio Cluster - CCAMPIS	84.042	*	295,433
Total Adult Education			<b>3,676,598</b>
State Vocational Rehabilitation Services:			
Direct:			
Dept of Rehab College 2 Career Work Experience	84.126A	*	1,647
Dept of Rehab College to Career	84.126A	*	202,537
Dept of Rehab Workability	84.126A	*	442,540
Total State Vocational Rehabilitation Services			<b>646,724</b>
<b>Total Department of Education</b>			
			<b>62,618,100</b>
<b>Department of Agriculture</b>			
Direct:			
SEEDS Scholars Program	10.223	*	87,823
YMCA - SD Urban Teachers	unk	*	600
Child Dev Food Grant	10.558	*	93,510
Total Department of Agriculture			<b>181,933</b>

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

Program Name	Federal Catalog Number	Grantor or Pass-through Agency ID	Total Expenditures
<b>US Department of Defense:</b>			
Pass-Through Department of Defense:			
CIP Meridian 16-17	* 12.unk	*	11,926
Navy Shipyard -Washington 15	* 12.unk	*	911
CIP Corry Station 16	* 12.unk	N63394-12-P-5159	13,812
Combat Systems - Great Lakes 16	* 12.unk	N00178-04-D-4079	440,948
Combat Systems - San Diego 16	* 12.unk	N00178-04-D-4079	269,489
CIP Meridian 16	* 12.unk	N00189-15-A-0023	287,135
Naval Shipyard - Yokosuka Japan	* 12.unk	N00406-16-P-0049	2,682
Combat Systems Grt Lakes 17	* 12.unk	N00178-04-D-4079	1,324,473
CIP Meridian 17	* 12.unk	*	186,629
Corry Station 17	* 12.unk	N63394-12-P-5159	24,423
Combat Systems San Diego 17	* 12.unk	N00178-04-D-4079	796,820
<b>Total US Department of Defense</b>			<b>3,359,248</b>
Direct:			
Commission on POST 14-15			
Commission on POST - AICC	unk	*	734
Commission on POST 15-16	unk	*	70,515
	unk	*	261,884
<b>Total US Department of Justice</b>			<b>333,133</b>
<b>US Department of Health and Human Services:</b>			
Direct:			
Suicide Prevention Program			
Bridges to the Future 08	93.243	*	76,779
DETA Research Project	93.859	*	3,420
CalWorks Welfare to Work	93.859	*	258,675
TANF Cluster - Bridges to Baccalaureate Ct	93.558	*	116,888
<b>Total US Department of Health and Human Services</b>			<b>455,762</b>
<b>Miscellaneous Programs:</b>			
Direct:			
South Coast Air Q-Truck ORC	81.086	*	29,633
Professors for the Future Program	93.859	*	12,978
WIOA Title I Youth Grant	unk	*	284,170
First Year Experience Grant	unk	*	76,715
VETS Admin Allow - City	unk	*	9,074
VETS Admin Allow - Mesa	unk	*	12,778
VETS Admin Allow - Miramar	unk	*	5,607
<b>Subtotal Miscellaneous Programs</b>			<b>430,955</b>
<b>Total Federal District Funding</b>			<b>\$ 67,379,131</b>

\* denotes information is unknown or not applicable

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

Budget Element	Allocation/ Entitlements Current Year	Program Revenues				Transfers In	Program Expenditures		
		Cash Received	Accounts Receivable	Deferred Revenue	Total		Direct	Indirect	Total
STATE FUNDING									
		-							
BFAP Admin. - City	711,641	711,444	-	-	711,444	-	712,188	-	712,188
BFAP Admin. - Mesa	828,038	828,038	-	-	828,038	-	826,756	-	826,756
BFAP Admin. - Miramar	418,845	418,473	-	-	418,473	-	415,064	-	415,064
<b>BFAP Admin</b>	<b>\$ 1,958,524</b>	<b>\$ 1,957,955</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,957,955</b>	<b>-</b>	<b>\$ 1,954,008</b>	<b>\$ -</b>	<b>\$ 1,954,008</b>
EOPS Adm/Services - City	856,035	870,857	-	-	870,857	-	860,844	-	860,844
EOPS Adm/Services - Mesa	683,470	684,383	-	-	684,383	-	687,936	-	687,936
EOPS Adm/Services - Miramar	362,138	372,570	-	-	372,570	-	372,006	-	372,006
<b>Extended Opportunity Programs and Services</b>	<b>\$ 1,901,643</b>	<b>\$ 1,927,810</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,927,810</b>	<b>\$ -</b>	<b>\$ 1,920,786</b>	<b>\$ -</b>	<b>\$ 1,920,786</b>
EOPS Financial Aid - FS	195,806	195,532	(7,690)	-	187,842	-	195,532	-	195,532
EOPS Financial Aid - FS	139,300	138,900	-	-	138,900	-	138,900	-	138,900
EOPS Financial Aid - FS	134,814	134,250	-	-	134,250	-	134,250	-	134,250
<b>Extended Opportunity Prg FA</b>	<b>469,920</b>	<b>468,682</b>	<b>(7,690)</b>	<b>-</b>	<b>460,992</b>	<b>-</b>	<b>468,682</b>	<b>-</b>	<b>468,682</b>
<b>Extended Opportunity Programs and Services</b>	<b>\$ 2,371,563</b>	<b>\$ 2,396,492</b>	<b>\$ (7,690)</b>	<b>\$ -</b>	<b>\$ 2,388,802</b>	<b>\$ -</b>	<b>\$ 2,389,468</b>	<b>\$ -</b>	<b>\$ 2,389,468</b>

See accompanying note to supplementary information.



**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

Budget Element	Allocation/ Entitlements Current Year	Program Revenues				Transfers In	Program Expenditures		
		Cash Received	Accounts Receivable	Deferred Revenue	Total		Direct	Indirect	Total
Care Program - City	63,951	66,766	-	-	66,766	-	58,220	-	58,220
Care Program - Mesa	55,480	57,644	-	-	57,644	-	57,644	-	57,644
Care Program - Miramar	27,901	27,893	-	-	27,893	-	27,892	-	27,892
<b>Cooperative Agencies</b>	<b>\$ 147,332</b>	<b>\$ 152,303</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 152,303</b>	<b>\$ -</b>	<b>\$ 143,756</b>	<b>\$ -</b>	<b>\$ 143,756</b>
Care Program Financial Aid -FS	43,210	43,210	-	-	43,210	-	43,210	-	43,210
Care Program Financial Aid -FS	11,444	11,444	-	-	11,444	-	11,444	-	11,444
Care Program Financial Aid -FS	20,500	20,500	-	-	20,500	-	20,500	-	20,500
<b>Cooperative Agencies - FS</b>	<b>\$ 75,154</b>	<b>\$ 75,154</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75,154</b>	<b>\$ -</b>	<b>\$ 75,154</b>	<b>\$ -</b>	<b>\$ 75,154</b>
<b>Care Program</b>	<b>\$ 222,486</b>	<b>\$ 227,457</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 227,457</b>	<b>\$ -</b>	<b>\$ 218,910</b>	<b>\$ -</b>	<b>\$ 218,910</b>
IEPI Innovation - City	200,000	200,000	-	-	200,000	-	190,280	-	190,280
IEPI - Innovation- Mesa	150,000	150,000	-	-	150,000	-	13,199	-	13,199
IEP - Innovation Miramar	200,000	201,985	-	-	201,985	-	53,457	-	53,457
<b>IEPI Grant</b>	<b>550,000</b>	<b>551,985</b>	<b>-</b>	<b>-</b>	<b>551,985</b>	<b>-</b>	<b>256,937</b>	<b>-</b>	<b>256,937</b>
AB1725 Staff Diversity	176,571	61,342	-	-	61,342	-	12,578	-	12,578
Staff Development	8,868	-	-	-	-	-	4,396	-	4,396
<b>AB1725 Staff Diversity/Development</b>	<b>185,439</b>	<b>61,342</b>	<b>-</b>	<b>-</b>	<b>61,342</b>	<b>-</b>	<b>16,974</b>	<b>-</b>	<b>16,974</b>
Program for Disabled	4,395,616	4,319,465	-	-	4,319,465	-	4,433,337	-	4,433,337
Deaf & Hard of Hearing/State	493,890	493,890	-	-	493,890	-	493,890	-	493,890
<b>Disabled Students Program</b>	<b>4,889,506</b>	<b>4,813,355</b>	<b>-</b>	<b>-</b>	<b>4,813,355</b>	<b>-</b>	<b>4,927,227</b>	<b>-</b>	<b>4,927,227</b>

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

Budget Element	Allocation/ Entitlements Current Year	Program Revenues				Transfers In	Program Expenditures		
		Cash Received	Accounts Receivable	Deferred Revenue	Total		Direct	Indirect	Total
Adult Ed Block Grant Data and Accountability	451,837	451,837	-	(347,761)	104,076	-	100,073	4,003	104,076
Adult Ed Block Grant	2,433,814	12,056	-	-	12,056	-	1,629,825	86,421	1,716,247
Adult Ed Block Grant 16-17	2,823,332	2,823,383	-	-	2,823,383	-	426,157	3,697	429,854
<b>Adult Education Block Grant</b>	<b>5,708,983</b>	<b>3,287,276</b>	<b>-</b>	<b>(347,761)</b>	<b>2,939,515</b>	<b>-</b>	<b>2,156,055</b>	<b>94,121</b>	<b>2,250,177</b>
New Innovative Apprenticeship - MMR	539,521	4,553	95,975	-	100,528	-	269,453	10,596	280,049
New Pre Apprenticeship - City	494,280	5,021	-	-	5,021	-	116,688	4,467	121,155
<b>New Apprenticeship Programs</b>	<b>1,033,801</b>	<b>9,574</b>	<b>95,975</b>	<b>-</b>	<b>105,549</b>	<b>-</b>	<b>386,141</b>	<b>15,063</b>	<b>401,204</b>
SD Early Middle College	109,000	40,944	44,430	-	85,374	395	81,964	3,410	85,374
SD Early Middle College HS 15-16	18,662	17,585	-	-	17,585	-	18,133	753	18,886
<b>SD Early Middle College</b>	<b>127,662</b>	<b>58,529</b>	<b>44,430</b>	<b>-</b>	<b>102,959</b>	<b>395</b>	<b>100,097</b>	<b>4,163</b>	<b>104,260</b>
Basic Skills 12-13	-	98	-	-	98	-	98	-	98
Basic Skills 13-14	751	4,089	-	-	4,089	-	4,840	20	4,860
Basic Skills 14-15	9	1,341	-	-	1,341	-	1,341	69	1,409
Basic Skills 15-16	860,971	39,583	-	-	39,583	-	842,910	-	842,910
Basic Skills & Student Out- Mesa	1,499,005	600,808	-	-	600,808	-	212,647	8,458	221,104
Basic Skills & Student Out- Miramar	1,386,876	562,158	-	-	562,158	-	219,100	8,468	227,568
Basic Skills 16/17	1,036,841	1,039,089	-	-	1,039,089	-	181,773	-	181,773
<b>Basic Skills</b>	<b>4,784,453</b>	<b>2,247,165</b>	<b>-</b>	<b>-</b>	<b>2,247,165</b>	<b>-</b>	<b>1,462,708</b>	<b>17,014</b>	<b>1,479,722</b>
Governor's IELM	3,486,218	2,793,648	-	-	2,793,648	-	1,867,441	-	1,867,441
IELM Block Grant	45,076	-	-	-	-	-	-	-	-
<b>Instructional Equipment and Library Materials</b>	<b>3,531,294</b>	<b>2,793,648</b>	<b>-</b>	<b>-</b>	<b>2,793,648</b>	<b>-</b>	<b>1,867,441</b>	<b>-</b>	<b>1,867,441</b>

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

Budget Element	Allocation/ Entitlements Current Year	Program Revenues				Transfers In	Program Expenditures		
		Cash Received	Accounts Receivable	Deferred Revenue	Total		Direct	Indirect	Total
Student S&S Program Credit 14-15	8	40,904	-	-	40,904	-	129,406	-	129,406
Student S&S Program N- Credit	867,462	117,598	-	-	117,598	-	910,060	-	910,060
Student S&S Program Credit	-	306	-	-	306	36	306	-	306
Student S&S Program Credit 15-16	4,121,750	107,733	-	-	107,733	1	4,229,483	-	4,229,483
SSSP - Credit 16-17	8,242,690	8,345,952	-	-	8,345,952	-	5,672,464	-	5,672,464
SSSP -Non Credit 16-17	2,393,925	2,433,293	-	-	2,433,293	-	2,292,708	-	2,292,708
<b>Student S &amp; S Program</b>	<b>15,625,835</b>	<b>11,045,787</b>	<b>-</b>	<b>-</b>	<b>11,045,787</b>	<b>37</b>	<b>13,234,428</b>	<b>-</b>	<b>13,234,428</b>
Student Equity 14-15	-	(13,249)	-	-	(13,249)	18,928	1,913	18,928	20,841
Student Equity 15-16	3,962,276	383,040	-	-	383,040	1,750	4,019,131	-	4,019,131
Student Equity 16-17	5,478,591	5,518,611	-	-	5,518,611	-	3,118,321	-	3,118,321
<b>Student Equity Plan</b>	<b>9,440,867</b>	<b>5,888,401</b>	<b>-</b>	<b>-</b>	<b>5,888,401</b>	<b>20,678</b>	<b>7,139,365</b>	<b>18,928</b>	<b>7,158,293</b>
Enrollment Growth - Nursing 15-16	6,018	6,053	-	-	6,053	-	6,053	-	6,053
Nursing Retention Grant 14/15	57,000	55,206	3,650	-	58,855	-	56,698	2,157	58,855
Enrollment Growth - Nursing	188,200	176,050	12,644	-	188,694	-	181,548	7,146	188,694
<b>Nursing Retention Grants</b>	<b>251,218</b>	<b>237,309</b>	<b>16,293</b>	<b>-</b>	<b>253,602</b>	<b>-</b>	<b>244,299</b>	<b>9,303</b>	<b>253,602</b>
Advance Transportation Renewables 16-17	372,500	158,858	218,241	-	377,099	-	362,974	14,125	377,099
Advance Transportation Renewables 15-16	4,347	-	-	-	-	-	4,255	92	4,347
<b>Advance Transportation Renewables</b>	<b>376,847</b>	<b>158,858</b>	<b>218,241</b>	<b>-</b>	<b>377,099</b>	<b>-</b>	<b>367,229</b>	<b>14,216</b>	<b>381,445</b>

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

Budget Element	Allocation/ Entitlements Current Year	Program Revenues				Transfers In	Program Expenditures		
		Cash Received	Accounts Receivable	Deferred Revenue	Total		Direct	Indirect	Total
DSN Adv Transport - MMR 16-17	300,000	120,847	29,789	-	150,636	-	144,875	5,761	150,636
DSN ICT Digital Media - City 16-17	300,000	122,718	136,183	-	258,901	-	249,047	9,853	258,901
DSN Advanced Manf - City 16-17	300,000	120,000	-	-	120,000	-	114,052	4,562	118,614
DSN Life Sci Bio Tech MMR 16-17	300,000	126,120	77,181	-	203,301	-	190,153	6,885	197,038
DSN Adv Transport - MMR 14-15	-	(78,964)	-	-	(78,964)	-	-	-	-
DSN ICT Digital Media - City 14-15	-	121,482	98,518	-	220,000	-	-	-	-
DSN Life Sci Bio Tech MMR14-15	-	118,102	-	-	118,102	-	-	41	41
DSN Advanced Manf - City 14-15	148,200	120,584	-	-	120,584	-	114,985	4,599	119,584
DSN Adv Transport - MMR 15-16	70,748	3,387	155,080	-	158,467	-	73,662	412	74,074
DSN ICT Digital Media - City 15-16	100,000	0	128,217	-	128,217	-	64,008	2,560	66,569
DSN Advanced Manf - City 15-16	300,000	-	164,949	-	164,949	-	274,165	10,784	284,949
DSN Life Sci Bio Tech MMR 15-16	87,489	(165,130)	180,000	-	14,870	37	86,520	3,365	89,885
<b>Deputy Sector Navigator Grants</b>	<b>1,906,437</b>	<b>609,146</b>	<b>969,917</b>	<b>-</b>	<b>1,579,063</b>	<b>37</b>	<b>1,311,466</b>	<b>48,824</b>	<b>1,360,290</b>
Sector Navigator Life Science 15-16	-	1,705	-	-	1,705	-	1,705	-	1,705
Sec Navigator - Life Science 16-17	372,500	149,197	223,500	-	372,697	-	357,431	14,326	371,757
<b>Sector Navigator</b>	<b>372,500</b>	<b>150,902</b>	<b>223,500</b>	<b>-</b>	<b>374,402</b>	<b>-</b>	<b>359,135</b>	<b>14,326</b>	<b>373,461</b>
CTE Enhancement Grant - City	37,143	37,142	-	-	37,142	-	37,124	18	37,142
CTE Enhancement Grant - Miramar	82,957	45,511	-	-	45,511	-	86,865	37	86,902
CTE Enhancement Grant - Cont'd Ed.	79,761	80,926	-	-	80,926	-	78,664	-	78,664
CTE Enhancement Grant - Mesa	80,731	49,520	-	-	49,520	2,683	80,731	-	80,731
CTE Data Unlock -MMR-LS/B	40,000	40,000	-	-	40,000	-	32,787	1,311	34,099
CTE Data Unlock -MMR - R&PL	50,000	50,000	-	-	50,000	-	-	-	-
CTE Data Unlock - Mesa	50,000	50,000	-	-	50,000	-	-	-	-
CTE Data Unlock - Cont'd Ed	50,000	50,000	-	-	50,000	-	-	-	-
CTE Wkfric Innovation Prtn 09A	-	85	-	-	85	-	85	-	85
CTE Data Unlock Initiative - MMR	40,000	40,000	-	-	40,000	-	38,462	1,538	40,000
CTE Data Unlock - City	50,000	126,070	50,000	-	176,070	-	174,147	1,923	176,070
<b>CTE Enhancement Grant</b>	<b>560,592</b>	<b>569,254</b>	<b>50,000</b>	<b>-</b>	<b>619,254</b>	<b>2,683</b>	<b>528,865</b>	<b>4,828</b>	<b>533,693</b>

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

Budget Element	Allocation/ Entitlements Current Year	Program Revenues				Transfers In	Program Expenditures		
		Cash Received	Accounts Receivable	Deferred Revenue	Total		Direct	Indirect	Total
Project Concern International	10,000	1,984	2,220	-	4,203	-	4,118	85	4,203
OSHPD - Health Careers Training Program	-	1,791	-	-	1,791	-	1,791	-	1,791
New World of Work - FR College	18,257	10,000	-	-	10,000	-	17,369	695	18,064
Zero Textbook Gt Implement 16-17	50,000	733	7,678	-	8,411	-	8,115	295	8,411
Zero Textbook Grt Planning 16-17	35,000	292	4,070	-	4,362	-	4,206	157	4,362
I Can Afford College	20,212	15,000	-	-	15,000	-	15,000	-	15,000
Strong Workforce Program 16-17	3,412,913	3,414,200	-	-	3,414,200	-	484,500	19,276	503,775
Industry Driven Collabr 16-17	500,000	200,000	-	-	200,000	-	140,000	5,600	145,600
Puente Program	6,722	-	-	-	-	-	575	-	575
Suicide Prevention Program 15-16	8	7	-	-	7	-	7	-	7
CalWorks Welfare to Work	337,023	5,512	-	-	5,512	-	5,512	-	5,512
Faculty Entrepreneurship 16-17	7,500	821	7,500	-	8,321	-	8,308	14	8,321
CDTC - Yosemite CCD	12,596	-	10,873	-	10,873	1,627	10,278	595	10,873
Part Time Faculty	892,536	891,035	-	-	891,035	-	-	891,035	891,035
Telecom & Technology	4,809	-	-	-	-	-	4,585	-	4,585
Math ESA/CCCP City College	77,893	31,365	39,316	-	70,682	-	68,004	2,678	70,682
Heavy Duty Transportation	-	2	(2)	-	-	2	-	-	-
AB86 Adult Education Consortium	-	182	-	-	182	-	182	0	182
EWD - Ca Energy Commission	3,000,000	156,966	38,612	-	195,578	-	186,265	9,313	195,578
Cal - Works	2,114,997	1,996,782	-	-	1,996,782	-	1,890,923	-	1,890,923
TANF	377,058	324,994	-	-	324,994	-	247,758	-	247,758
Proposition 20 Lottery Funds	5,273,203	209,279	1,992,858	-	2,202,138	-	1,559,629	-	1,559,629
FCCC Student Mental Health	-	(25,228)	-	-	(25,228)	-	-	-	-
<b>Other Misc State</b>	<b>16,150,727</b>	<b>7,235,717</b>	<b>2,103,126</b>	<b>-</b>	<b>9,338,843</b>	<b>1,629</b>	<b>4,657,123</b>	<b>929,742</b>	<b>5,586,866</b>
<b>Cal Grant</b>	<b>4,560,277</b>	<b>4,411,652</b>	<b>(83,350)</b>	<b>-</b>	<b>4,328,302</b>	<b>-</b>	<b>4,412,069</b>	<b>-</b>	<b>4,412,069</b>
Child Dev State Food Grant	5,000	3,144	-	-	3,144	-	3,144	-	3,144
Child Dev CSPP - 1472	915,229	408,583	-	-	408,583	176,264	362,118	42,586	404,704
Child Dev CCTR - 1252	817,392	279,905	-	-	279,905	-	400,700	26,420	427,120
CALIFORNIA DEPARTMENT OF ED	1,737,621	691,632	-	-	691,632	176,264	765,962	69,006	834,968
<b>Total State Funding</b>	<b>\$ 76,346,632</b>	<b>\$ 49,403,435</b>	<b>\$ 3,630,442</b>	<b>\$ (347,761)</b>	<b>\$ 52,686,116</b>	<b>201,723</b>	<b>\$ 48,755,908</b>	<b>\$ 1,239,534</b>	<b>\$ 49,995,442</b>

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF LOCAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

Budget Element	Allocation/ Entitlements Current Year	Program Revenues				Transfers In	Program Expenditures		
		Cash Received	Accounts Receivable	Deferred Revenue	Total		Direct	Indirect	Total
<b>LOCAL FUNDING</b>									
YMCA Child Care Resource	\$ 15,800	\$ 2,460	\$ -	\$ -	\$ 2,460	-	\$ -	\$ -	\$ -
Child Dev CSPP-9489	38,405	34,676	-	-	34,676	-	34,676	-	34,676
Child Dev CCTR-9261	6,500	7,327	-	-	7,327	-	7,327	-	7,327
Child Dev Food Grant (Interest/Gain or Loss on Investments)	4,500	8,104	(4,027)	-	4,077	-	-	-	-
Student Health Services	2,546,752	1,985,412	(14,626)	-	1,970,786	-	1,983,782	-	1,983,782
CACT - Incubator	324,234	-	-	-	-	-	65,584	-	65,584
CACT - Implemented Prog.	212,632	124,712	-	-	124,712	-	18,817	-	18,817
<b>Total Center for Applied Technology</b>	<b>536,866</b>	<b>124,712</b>	<b>-</b>	<b>-</b>	<b>124,712</b>	<b>-</b>	<b>84,401</b>	<b>-</b>	<b>84,401</b>
Distwide Cocurricular	2,418,975	63,934	(51)	-	63,883	2,202,075	2,289,223	-	2,289,223
Distwide Civic Center	3,126,047	521,121	-	-	521,121	-	265,897	-	265,897
Biotechnology Center Revenue	252,702	55,463	-	-	55,463	-	50,048	-	50,048
FIPT Program	32,317	32,317	-	-	32,317	-	32,311	5	32,317
Smog Referee Station Prgm	28,773	11,313	-	-	11,313	-	17,005	674	17,679
AMGEN - SDWF Partnership	17,391	10,350	-	-	10,350	-	4,727	67	4,794
Pearson/Vue Computer Testing	310	-	-	-	-	-	-	-	-
Military Cash Flow Reserve	503,942	-	-	-	-	550,132	-	327,766	327,766
Indirect Cost Recovery	1,398,484	-	-	-	-	605,146	-	605,146	605,146
Cash Contingency Reserve	21,821,185	-	-	-	-	517,281	-	514,662	514,662
Military Education Auxiliary	522,955	-	-	-	-	494,104	494,104	-	494,104
Military Education Support	413,876	1,331	-	-	1,331	308,961	310,301	-	310,301
Hourglass Park Miramir & Pool	1,657,719	717,003	48,408	-	765,411	413,738	1,483,432	-	1,483,432
Parking	2,640,769	2,130,420	(1,406)	-	2,129,013	-	2,384,302	-	2,384,302
Hazardous Materials	146,073	-	-	-	-	142,500	117,248	-	117,248
Library Fines	77,624	15,251	7	-	15,258	-	11,096	-	11,096

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF LOCAL AWARDS, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

Budget Element	Allocation/ Entitlements Current Year	Program Revenues				Transfers In	Program Expenditures		
		Cash Received	Accounts Receivable	Deferred Revenue	Total		Direct	Indirect	Total
South Crest Air Quality Mgmt	6,569	-	-	-	-	-	1,958	-	1,958
San Diego County Mental Helath Career Pathways	16,703	1,297	-	-	1,297	0	17,326	674	18,000
ATTI Revenue	22,109	6,850	-	-	6,850	-	7,118	-	7,118
Price Scholarship Program	597,479	307,127	86,978	-	394,104	-	312,480	-	312,480
Educational Broadband	1,524,156	317,517	-	-	317,517	-	248,998	-	248,998
Early Middle College HS	5,593	-	-	-	-	-	-	-	-
Rape Aggress.Defense Classes	563	-	-	-	-	-	-	-	-
SDWR - Life Science Instruction & Training	19,991	635	-	-	635	0	19,857	769	20,626
CA Native Plant Society	500	500	-	-	500	-	-	-	-
Medical Billing Technology	93,714	-	-	-	-	-	-	-	-
SDUSD - SDEMC Leasing	159,800	-	-	-	-	-	1,000	-	1,000
Student Copy Charges	159,909	33,627	5	-	33,632	-	19,630	-	19,630
APPA Award	4,000	-	-	-	-	-	-	-	-
Graphic Design Capstone Proj	25,000	-	-	-	-	-	-	-	-
San Diego Audubon Society	4,805	4,005	-	-	4,005	-	-	-	-
Arthur Rupe foundation Grant	45,000	61,518	-	(15,000)	46,518	-	46,518	-	46,518
Early Middle College HS	-	(7,047)	7,047	-	0	-	-	-	-
Hit The Books	20,442	121	-	-	121	-	-	-	-
Child Care Center	212,858	-	-	-	-	-	3,633	-	3,633
Electronic Music Tutorial	1,081	-	-	-	-	-	81	-	81
Curricunet License Fees	39,735	-	-	-	-	-	-	-	-
Centre City Redevelopment	21,918,778	3,526,349	-	-	3,526,349	-	-	19,441,675	19,441,675
The Andrew Mellon Foundation	585,000	593,787	-	-	593,787	-	40,401	-	40,401
Center for Human & Community Services	188,832	51,487	-	-	51,487	-	46,383	-	46,383
<b>Total Local District Funding</b>	<b>\$ 63,860,582</b>	<b>\$ 10,618,965</b>	<b>\$ 122,334</b>	<b>\$ (15,000)</b>	<b>\$ 10,726,300</b>	<b>\$ 5,233,936</b>	<b>\$ 10,335,265</b>	<b>\$ 20,891,437</b>	<b>\$ 31,226,703</b>
<b>San Diego Community College Auxiliary Grants</b>									
Price Scholarship	3,000	3,000	-	-	3,000	-	-	-	-
The San Diego Foundation	250,000	250,000	-	(79,603)	170,397	-	250,101	-	250,101
<b>Total Local Auxiliary Funding</b>	<b>\$ 253,000</b>	<b>\$ 253,000</b>	<b>\$ -</b>	<b>\$ (79,603)</b>	<b>\$ 173,397</b>	<b>\$ -</b>	<b>\$ 250,101</b>	<b>\$ -</b>	<b>\$ 250,101</b>
<b>Total Local Funding</b>	<b>\$ 64,113,582</b>	<b>\$ 10,871,965</b>	<b>\$ 122,334</b>	<b>\$ (94,603)</b>	<b>\$ 10,899,697</b>	<b>\$ 5,233,936</b>	<b>\$ 10,585,366</b>	<b>\$ 20,891,437</b>	<b>\$ 31,476,804</b>

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, 2017**

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	<u>Reported Data</u>	<u>Audit Adjustment</u>	<u>Revised Data</u>
<b>A. Summer Intersession (Summer Only)</b>			
1. Noncredit	960.80	-	960.80
2. Credit	473.85	-	473.85
<b>B. Summer Intersession (Summer - Prior to July 1)</b>			
1. Noncredit	483.13	-	483.13
2. Credit	3,798.20	-	3,798.20
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedures Courses			
(a) Weekly Census Contact Hours	21,629.31	-	21,629.31
(b) Daily Census Contact Hours	2,739.64	-	2,739.64
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	6,925.13	-	6,925.13
(b) Credit	1,026.32	-	1,026.32
3. Alternative Attendance Accounting Procedure			
(a) Weekly Census Procedure Courses	3,296.67	-	3,296.67
(b) Daily Census Procedure Courses	2,012.19	-	2,012.19
(c) Noncredit Independent Study/Distance Education Courses	224.93	-	224.93
<b>D. Total FTES</b>			
Total Credit FTES	34,976.18	-	34,976.18
Total Noncredit FTES	8,593.99	-	8,593.99
Total	<u>43,570.17</u>	<u>-</u>	<u>43,570.17</u>
<b>Supplemental Information (subset of information above)</b>			
In-service Training Courses (FTES)	1,256.51		
Basic Skills Courses and Immigrant Education			
1. Noncredit	4,702.50		
2. Credit	2,726.67		

See accompanying note to supplementary information.



**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH FUND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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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, 2017**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ESCB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	44,257,648	-	44,257,648	44,257,648	-	44,257,648
Other	1300	47,654,003	-	47,654,003	47,654,003	-	47,654,003
Total Instructional Salaries		91,911,651	-	91,911,651	91,911,651	-	91,911,651
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	19,407,106	-	19,407,106
Other	1400	-	-	-	1,875,340	-	1,875,340
Total Non-Instructional Salaries		-	-	-	21,282,446	-	21,282,446
Total Academic Salaries		91,911,651	-	91,911,651	113,194,097	-	113,194,097
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	51,141,905	-	51,141,905
Other	2300	-	-	-	2,335,560	-	2,335,560
Total Non-Instructional Salaries		-	-	-	53,477,465	-	53,477,465
Instructional Aides							
Regular Status	2200	6,901,750	-	6,901,750	6,901,750	-	6,901,750
Other	2400	1,511,808	-	1,511,808	1,511,808	-	1,511,808
Total Instructional Aides		8,413,558	-	8,413,558	8,413,558	-	8,413,558
Total Classified Salaries		8,413,558	-	8,413,558	61,891,023	-	61,891,023
Employee Benefits	3000	34,795,097	-	34,795,097	65,460,564	-	65,460,564
Supplies and Materials	4000	-	-	-	3,178,465	-	3,178,465
Other Operating Expenses	5000	478,691	-	478,691	21,231,212	-	21,231,212
Equipment Replacement	6420	-	-	-	532	-	532
Total Expenditures Prior to Exclusions		135,598,997	-	135,598,997	264,955,893	-	264,955,893
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff-Retirees' Benefits and Retirement Incentives	5900	451,213	-	451,213	451,213	-	451,213
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	1,297	-	1,297
Non-instructional Staff-Retirees' Benefits and Retirement Incentives	6740	-	-	-	907,862	-	907,862
Object to Exclude							
Rents and Leases	5060	-	-	-	235,023	-	235,023
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
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	-	-	-	6,619,479	-	6,619,479
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	6,278,769	-	6,278,769
Equipment - Replacement	6420	-	-	-	532	-	532
Total Equipment	6420	-	-	-	6,279,301	-	6,279,301
Total Capital Outlay		-	-	-	6,279,301	-	6,279,301
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ 451,213	\$ -	\$ 451,213	\$ 14,494,175	\$ -	\$ 14,494,175
Total for ECS 84362, 50% Law		\$ 135,147,784	\$ -	\$ 135,147,784	\$ 250,461,718	\$ -	\$ 250,461,718
Percent of CEE (Instructional Salary Cost/Total CEE)		53.96%	0.00%	53.96%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 125,230,859	\$ -	\$ 125,230,859

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
 DETAILS OF THE EDUCATION PROTECTION ACCOUNT  
 FOR THE YEAR ENDED JUNE 30, 2017**

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EPA Revenue	\$ 33,916,178
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 33,916,178	\$ -	\$ -	\$ 33,916,178
Total		\$ 33,916,178	\$ -	\$ -	\$ 33,916,178

See accompanying note to supplementary information.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
 LOCAL EDUCATIONAL AGENCY ORGANIZATION STRUCTURE  
 JUNE 30, 2017**

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The San Diego Community College District is located in San Diego County, California.

**Board of Trustees**

<b>MEMBER</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
Maria Nieto Senour, Ph.D.	President	2018
Bernie Rhinerson	Executive Vice President	2020
Mary Graham	Vice President for Institutional Effectiveness	2020
Rich Grosch	Vice President for Educational Collaboration	2018
Peter Zschiesche	Vice President for Community Development	2018

**District Executive Officers**

<b>NAME</b>	<b>TITLE</b>
Constance M. Carroll, Ph.D.	Chancellor
Ricky Shabazz, Ed.D.	President, San Diego City College
Pamela T. Luster, Ed.D.	President, San Diego Mesa College
Patricia Hsieh, Ed.D.	President, San Diego Miramar College
Carlos O. Turner Cortez, Ph.D.	President, San Diego Continuing Education
Lynn Ceresino Neault, Ed.D.	Vice Chancellor, Student Services
Bonnie Ann Dowd, Ed.D.	Executive Vice Chancellor, Business and Technology Services
Christopher Manis	Vice Chancellor, Facilities Management
Will Surbrook	Vice Chancellor, Human Resources
Stephanie Bulger, Ph.D.	Vice Chancellor, Instructional Services

SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017

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NOTE 1 – PURPOSE OF THE SCHEDULE

A. **Local Education Agency Organization Structure**

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

B. **Schedule of Expenditures of Federal Awards**

*Basis of Presentation*

The accompanying schedule of expenditures of Federal Awards includes the federal grant activity of the District for the year ended 2017. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

*Summary of Significant Accounting Policies*

Expenditures reported on the Schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. The District did not use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance. The District has no federal loan programs. The District did not provide federal awards to subrecipients during the year ended June 30, 2017.

C. **Schedule of Expenditures of State Awards**

The accompanying schedule of expenditures of State Awards includes the state grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of financial statements.

D. **Schedule of Workload Measures for State General Apportionment—Annual/Actual Attendance**

Full-Time Equivalent Students (FTES) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to community college districts. This schedule provides information regarding the attendance of students throughout the District.

E. **Reconciliation of Annual Financial and Budget Report with Fund Financial Statements**

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

F. **Reconciliation of Governmental Fund Balance Sheets to the Statement of Net Position**

This schedule provides a reconciliation of the adjustments necessary to bring the District's fund financial statements, prepared on a modified accrual basis, to the accrual basis required under GASB Statement No. 35.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
NOTES TO THE SUPPLEMENTARY INFORMATION, continued  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 1 – PURPOSE OF THE SCHEDULE (continued)**

**G. Reconciliation of the ECS 84632 (50 Percent Law) Calculation**

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

**H. Details of the Education Protection Account**

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

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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

SAN DIEGO  
LOS ANGELES  
SAN FRANCISCO/BAY AREA

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*Licensed by the California  
State Board of Accountancy*

Independent Auditors' Report

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 San Diego Community College District, as of and for the year ended June 30, 2017, 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, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of 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 weakness or significant deficiencies. Given these limitations, during our audit we did not identify a deficiency in internal control that we consider to be material weaknesses. However, a material weaknesses may exist in 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.



San Diego, CA

December 1, 2017, except for the *Report On Compliance For Each Major Federal Program; And Report On Internal Control Over Compliance Required By The Uniform Guidance*, which is dated August 19, 2019

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE

**Independent Auditors' Report**

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

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 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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about San Diego Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

SAN DIEGO  
LOS ANGELES  
SAN FRANCISCO/BAY AREA

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State Board of Accountancy*

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, 2017.

### ***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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Other Matters**

This is a reissue of Uniform Guidance compliance report due to the identification of additional major programs subsequent to the previous issue date that required testing.

*Christy White Associates*

San Diego, CA  
August 19, 2019

## REPORT ON STATE COMPLIANCE

### Independent Auditors' Report

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)*, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2017.

#### ***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)*, 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 that 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, 2017.

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

SAN DIEGO

LOS ANGELES

SAN FRANCISCO/BAY AREA

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State Board of Accountancy*

### *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 429 – Student Success and Support Program (SSSP)
- 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 440 – Intercession Extension Program
- 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)*. Accordingly, this report is not suitable for any other purpose.

*Christy White Associates*

San Diego, California  
December 1, 2017

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# **FINDINGS AND QUESTIONED COSTS**

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**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**FINANCIAL STATEMENTS**

	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</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 Uniform Guidance	<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 Aid Cluster</u>
<u>84.048</u>	<u>Career and Technical Education</u>
<u>84.002</u>	<u>Adult Education</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$2,021,374</u>
Auditee qualified as low-risk auditee?	<u>No</u>

**STATE AWARDS**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies 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, 2017**

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*There were no findings or questioned costs related to the financial statements identified in our audit for the year ended June 30, 2017.*



**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

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*There were no findings or questioned costs related to the federal awards identified in our audit for the year ended June 30, 2017.*

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

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*There were no findings or questioned costs related to the state awards identified in our audit for the year ended June 30, 2017.*

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

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*There were no findings or questioned costs for the fiscal year ended June 30, 2016.*

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
CONTINUING DISCLOSURE  
FOR THE YEAR ENDED JUNE 30, 2017**

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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, 2017, 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 Expenditures of Federal, State and Local Awards under State Funding.

Enrollment in the District for the year ended June 30, 2017 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 Note 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:

**ASSESSED VALUATIONS - SCHOOLS  
FISCAL YEAR 2016-2017**

	<b>Secured</b>		<b>Unsecured</b>	
	<b>LOCALLY ASSESSED</b>	<b>STATE ASSESSED</b>	<b>TOTAL SECURED</b>	<b>TOTAL UNSECURED</b>
SAN DIEGO	159,317,217,136	11,401,517	159,328,618,653	6,912,467,040

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

<b>Tax Rate Area</b>	<b>TAX RATE</b>		
	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
08001	1.17901	1.17459	1.17432
08254	1.17901	1.17459	1.17432
08988	1.17901	1.17901	1.17082
08999	1.17901	1.17901	1.17082

**SAN DIEGO COMMUNITY COLLEGE DISTRICT  
CONTINUING DISCLOSURE, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2017**

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**CONTENT OF ANNUAL REPORT (continued)**

The largest taxpayers within the County of San Diego are as follows:

**LARGEST TAXPAYERS FOR FISCAL YEAR 2016-2017**

<b>NO.</b>	<b>PROPERTY OWNER</b>	<b>AMOUNT OF TAX*</b>
1.	SAN DIEGO GAS & ELECTRIC CO	\$ 111,635,964
2.	QUALCOMM INC	\$ 23,768,382
3.	IRVINE CO L L C	\$ 16,146,299
4.	SOUTHERN CALIFORNIA EDISON CO	\$ 14,393,562
5.	KILROY REALTY L P	\$ 10,780,664
6.	PACIFIC BELL TELEPHONE	\$ 9,915,391
7.	HOST HOTELS AND RESORTS	\$ 9,028,733
8.	CONRAD PREBYS TRUST	\$ 7,569,600
9.	JOHN HANCOCK LIFE INSURANCE CO	\$ 6,698,982
10.	B S K DEL PARTNERS L L C	\$ 6,648,684
11.	POSEIDON RESOURCES	\$ 6,382,260
12.	KAISER FOUNDATION HOSPITALS	\$ 6,137,546
13.	FASHION VALLEY MALL L L C	\$ 6,127,390
14.	ONE PARK BOULEVARD L L C	\$ 5,598,477
15.	B E X PORTFOLIO L L C	\$ 5,533,987
16.	BRE CA OFFICE OWNER L L C	\$ 5,523,725
17.	CALATLANTIC GROUP INC	\$ 5,273,285
18.	SORRENTO WEST PROPERTIES INC	\$ 5,259,022
19.	AT&T MOBILITY L L C	\$ 5,075,757
20.	VERIZON WIRELESS DBA CELLCO PARTNERSHIP	\$ 4,988,332
21.	SOLAR TURBINES INC	\$ 4,902,755
22.	VONS COMPANIES INC	\$ 4,812,369
23.	LAJOLLA CROSSROADS 1 L L C	\$ 4,793,731
24.	GENENTECH INC	\$ 4,566,208
25.	VILLAGE MISSION VALLEY L L C	\$ 4,462,434
26.	COSTCO WHOLESALE CORPORATION	\$ 4,111,633
27.	G D M HOTEL PROPERTIES L L C	\$ 4,070,495
28.	OTAY MESA GENERATING CO L L C	\$ 3,922,129
29.	SEAWORLD PARKS AND ENTERTAINMENT	\$ 3,898,214
30.	PACIFIC GATEWAY LTD	\$ 3,614,827

\*Includes 1%, debt service, and special assessments

SAN DIEGO COMMUNITY COLLEGE DISTRICT  
CONTINUING DISCLOSURE, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2017

**Combining Schedule of Revenues, Expenditures and Changes in Fund  
Balance**

**Budget and Actual - General Funds**

	General Fund Unrestricted		
	Budget	Actual	Variances - Budget to Actual
<b>REVENUES</b>			
Federal	\$ -	\$ -	\$ -
State	141,067,776	140,787,415	(280,361)
Local	122,739,176	124,198,864	1,459,688
<b>Total Revenues</b>	<b>263,806,952</b>	<b>264,986,279</b>	<b>1,179,327</b>
<b>EXPENDITURES</b>			
Salaries	172,240,170	175,778,807	3,538,637
Employee benefits	65,383,719	65,724,684	340,965
Books, supplies and replacement equipment	32,943,547	30,725,914	(2,217,633)
<b>Total Expenditures</b>	<b>270,567,436</b>	<b>272,229,405</b>	<b>1,661,969</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(6,760,484)</b>	<b>(7,243,126)</b>	<b>(482,642)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	21,367,509	11,668,390	(9,699,119)
Transfers out	(3,579,827)	(13,943,288)	(10,363,461)
<b>Net Financing Sources (Uses)</b>	<b>17,787,682</b>	<b>(2,274,898)</b>	<b>(20,062,580)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 11,027,198</b>	<b>(9,518,024)</b>	<b>\$ (20,545,222)</b>
<b>Fund Balance - Beginning</b>		<b>34,906,781</b>	
<b>Fund Balance - Ending</b>		<b>\$ 25,388,757</b>	

SAN DIEGO COMMUNITY COLLEGE DISTRICT  
CONTINUING DISCLOSURE, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2017

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - General Funds**

	General Fund - Restricted		
	Budget	Actual	Variances - Budget to Actual
<b>REVENUES</b>			
Federal	\$ 10,207,537	\$ 11,191,469	\$ 983,932
State	45,067,538	47,572,759	2,505,221
Local	10,521,261	10,590,347	69,086
<b>Total Revenues</b>	<b>65,796,336</b>	<b>69,354,575</b>	<b>3,558,239</b>
<b>EXPENDITURES</b>			
Salaries	45,257,798	35,324,473	(9,933,325)
Employee benefits	12,870,590	11,710,590	(1,160,000)
Books, supplies and replacement equipment	37,335,693	16,574,200	(20,761,493)
<b>Total Expenditures</b>	<b>95,464,081</b>	<b>63,609,263</b>	<b>(31,854,818)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(29,667,745)</b>	<b>5,745,312</b>	<b>35,413,057</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	6,016,421	5,444,045	(572,376)
Transfers out	(25,661,839)	(23,833,081)	1,828,758
<b>Net Financing Sources</b>	<b>(19,645,418)</b>	<b>(18,389,036)</b>	<b>1,256,382</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (49,313,163)</b>	<b>(12,643,724)</b>	<b>\$ 36,669,439</b>
<b>Fund Balance - Beginning</b>		<b>65,238,996</b>	
<b>Fund Balance - Ending</b>		<b>\$ 52,595,272</b>	

SAN DIEGO COMMUNITY COLLEGE DISTRICT  
CONTINUING DISCLOSURE, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2017

Combining Schedule of Revenues, Expenditures and Changes in Fund  
Balance

Budget and Actual - General Funds

	General Fund - Combined		
	Budget	Actual	Variances - Budget to Actual
<b>REVENUES</b>			
Federal	\$ 10,207,537	\$ 11,191,469	\$ 983,932
State	186,135,314	188,360,174	2,224,860
Local	133,260,437	134,789,211	1,528,774
<b>Total Revenues</b>	<b>329,603,288</b>	<b>334,340,854</b>	<b>4,737,566</b>
<b>EXPENDITURES</b>			
Salaries	217,497,968	211,103,280	(6,394,688)
Employee benefits	78,254,309	77,435,274	(819,035)
Books, supplies and replacement equipment	70,279,240	47,300,114	(22,979,126)
<b>Total Expenditures</b>	<b>366,031,517</b>	<b>335,838,668</b>	<b>(30,192,849)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(36,428,229)</b>	<b>(1,497,814)</b>	<b>34,930,415</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	27,383,930	17,112,435	(10,271,495)
Transfers out	(29,241,666)	(37,776,369)	(8,534,703)
<b>Net Financing Sources</b>	<b>(1,857,736)</b>	<b>(20,663,934)</b>	<b>(18,806,198)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (38,285,965)</b>	<b>(22,161,748)</b>	<b>\$ 16,124,217</b>
<b>Fund Balance - Beginning</b>		<b>100,145,777</b>	
<b>Fund Balance - Ending</b>		<b>\$ 77,984,029</b>	