Financial Statements
June 30, 2020

San Francisco Community College District

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Eide Bailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of San Francisco Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern
The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note 16 to the financial statements, the District has suffered recurring deficit spending and does not meet minimum fund balance requirements. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 16. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require the management's discussion and analysis on pages 4 through 12 and other required supplementary schedules on pages 75 through 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

The schedule of expenditures of federal awards and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and other supplementary information listed in the table of contents are 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 February 28, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
February 28, 2021

The following section, Management's Discussion and Analysis (MD&A), of the San Francisco Community College District's (the District) Annual Financial Report, is management's narrative overview and analysis of the financial condition and activities of the District for the fiscal year ended June 30, 2020. The District's financial statements are presented based on the Government Accounting Standards Board (GASB) Codification Section (Cod. Sec.) 2200-101 and Code Sec 5 business-type activities model.

DISTRICT OVERVIEW

San Francisco Community College District's financial statements are presented in accordance with GASB Cod. Sec. 2200-101 and Cod. Sec. Co5. These statements allow for the presentation of financial activity and results of operations focusing on the District as a whole. The government-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the presentation by fund type.

The focus of the Statement of Net Position is on assets, deferred outflows or resources, liabilities, deferred inflows of resources, and the difference between these measurement groups and is reported as of June 30, 2020. This statement combines and consolidates current financial resources with capital assets and long-term liabilities.

The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities with revenues and expense categorized as operating and nonoperating, and expenses reported by natural classification for fiscal period July 1, 2019 and through June 30, 2020. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District for the fiscal period July 1, 2019 through June 30, 2020.

ANALYSIS OF NET POSITION – FISCAL YEAR 2020

The Statement of Net Position can serve as a useful indicator of a government agency's financial position. The comparative Statement of Net Position schedule compares the past two years and is based on the business-type activities model.

Table 1

	2020	2019	Increase (Decrease)	Percent Change
Assets				
Cash, investments, and receivables	$ 99,025,998	$ 106,741,143	$ (7,715,145)	-7.2%
Prepaid expenses and other assets	9,720,481	10,196,112	(475,631)	-4.7%
Capital assets, net of depreciation	325,309,130	319,603,565	5,705,565	1.8%
Total assets	434,055,609	436,540,820	(2,485,211)	-0.6%
Deferred Outflows of Resources	73,731,082	79,271,562	(5,540,480)	-7.0%
Liabilities				
Accounts payable and accrued liabilities	36,030,423	17,835,080	18,195,343	102.0%
Unearned revenue	21,727,124	15,477,368	6,249,756	40.4%
Long-term liabilities, due within on year	23,352,124	22,485,475	866,649	3.9%
Long-term liabilities, due in more than one year	572,982,414	599,452,536	(26,470,122)	-4.4%
Total liabilities	654,092,085	655,250,459	(1,158,374)	-0.2%
Deferred Inflows of Resources	50,843,061	40,925,019	9,918,042	24.2%
Net Position				
Net investment in capital assets	123,410,793	132,333,158	(8,922,365)	-6.7%
Restricted	18,135,884	22,645,095	(4,509,211)	-19.9%
Unrestricted deficit	(338,695,132)	(335,341,349)	(3,353,783)	-1.0%
Total net position	$ (197,148,455)	$ (180,363,096)	$ (16,785,359)	-9.3%

Cash, investments, and short-term receivables decreased from the prior year by $7.7 million, or 7.2%. Individual component changes are as follows: Cash and investments decreased from the prior year by $18.3 million while receivables increased by $10.6 million.

Net capital assets increased $5.7 million or 1.8% from the prior year, primarily due to a $27.5 million increase in capital assets, non-depreciable and depreciable and depreciation of $21.8 million on existing assets.

Accounts payable and accrued liabilities increased by $18.2 million or 102.0%, primarily due to the property taxes payable offset by $11.5 million of Educational Revenue Augmentation Fund (ERAF) overpayments from City and County of San Francisco in the current fiscal year. Unearned revenue increased by $6.2 million mainly due to timing of $13.1 million in Federal and State grant expenditures. The remaining current portion of long-term liabilities, which are amounts due within the next fiscal year, increased $0.9 million or 3.9%.

Long-term liabilities decreased $26.5 million or 4.4%. Aggregate net pension liability resulted in a net $8.6 million increase while General Obligation Bonds payable decreased $19.9 million as a result of scheduled payments funded through property taxes. Aggregate net OPEB liabilities decreased by $15.3 million.

The District's net position for net investment in capital assets and restricted net position decreased by $8.9 million and $4.5 million or 6.7 and 19.9% over the prior year, respectively, while unrestricted net position decreased $3.4 million or 1.0%. Total net position, which combines invested in capital assets, restricted, and unrestricted categories, experienced a net decrease of $16.8 million or 9.3%.

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

The following comparative Statement of Revenues, Expenses, and Changes in Net Position presents the operating results of the District, as well as the nonoperating revenues and expenses. Annual State appropriations (apportionments), while budgeted for operations, are considered nonoperating revenues according to generally accepted accounting principles.

Operating Results for the Year

The results of this year's operations for the District as a whole are reported in the Statement of Revenues, Expenses, and Changes in Net Position on page 14.

Table 2

	2020	2019	Increase (Decrease)	Percent Change
Operating Revenues				
Tuition and fees	$ 18,960,583	$ 21,918,599	$ (2,958,016)	-13.5%
Federal, State, and local grants and contracts	50,482,138	51,761,440	(1,279,302)	-2.5%
Total operating revenues	69,442,721	73,680,039	(4,237,318)	-5.8%
Operating Expenses				
Salaries and benefits	221,415,905	245,134,455	(23,718,550)	-9.7%
Supplies and maintenance	30,612,345	36,125,816	(5,513,471)	-15.3%
Student financial aid	24,468,333	19,927,016	4,541,317	22.8%
Depreciation	21,799,644	22,647,532	(847,888)	-3.7%
Total operating expenses	298,296,227	323,834,819	(25,538,592)	-7.9%
Operating Loss	(228,853,506)	(250,154,780)	21,301,274	8.5%
Nonoperating Revenues and (Expenses)				
State apportionments	87,272,605	96,394,334	(9,121,729)	-9.5%
Local property taxes	35,875,218	26,467,079	9,408,139	35.5%
Taxes levied for debt service	28,859,809	27,017,007	1,842,802	6.8%
Taxes levied for other specific purposes	19,490,064	20,190,456	(700,392)	-3.5%
Local sales tax	16,181,395	15,285,632	895,763	5.9%
Federal and State financial aid grants	21,397,480	17,780,031	3,617,449	20.3%
State taxes and other revenues	4,957,443	5,981,031	(1,023,588)	-17.1%
Investment income	2,013,672	3,465,806	(1,452,134)	-41.9%
Interest expense on capital related debt	(8,487,198)	(9,215,566)	(728,368)	-7.9%
Transfer to fiduciary funds	(70,330)	(65,280)	(5,050)	-7.7%
Transfer from fiduciary funds	439	-	439	100.0%
Other nonoperating revenues	1,329,462	1,814,212	(484,750)	-26.7%
Total nonoperating revenues and (expenses)	208,820,059	205,114,742	3,705,317	1.8%
Loss Before Other Revenues	(20,033,447)	(45,040,038)	25,006,591	-55.5%
Other Revenues				
State revenues, capital	2,897,931	3,189,272	(291,341)	-9.1%
Local revenues, capital	350,157	582,385	(232,228)	-39.9%
Total other revenues	3,248,088	3,771,657	(523,569)	-13.9%
Change in Net Position	$ (16,785,359)	$ (41,268,381)	$ 24,483,022	-59.3%

Tuition and fees, net of scholarships and allowances, decreased $3.0 million or 13.5% from the prior year due to lower enrollment. Federal, State, and local grants and contracts decreased $1.3 million or 2.5% from prior year.

Consolidated operating expenses decreased by $25.5 million or 7.9% from the prior year. This is primarily due to decreases in salaries and benefits of $23.7 million, or 9.7%, over the prior year including Supplemental Early Retirement Plan (SERP) payouts at the end of fiscal year 2019. Depreciation, a noncash expense, decreased $0.8 million or 3.7%. Supplies and maintenance expense decreased $5.5 million or 15.3% from prior year.

Total nonoperating revenues and expenses increased by $3.7 million, or 1.8%, over the prior year. During the fiscal year 2020, the District earned $87.3 million in State Apportionment, an decrease of $9.1 million from prior year, an offset resulting from an adjustment in the Total Computational Revenue (TCR) calculation, which included $10.8 million in Education Protection Act (EPA) Funds. Local property taxes for general purposes increased by $9.4 million, or 35.5%, mainly due to an offset of ERAF overpayments from City and County of San Francisco in the 2019 year. Taxes levied for debt service and for other specific purposes (parcel tax Measure B) increased by $1.1 million, or 2.4%, mainly due to the collection of delinquent parcel taxes from the prior year. State taxes and other revenues decreased $1.0 million, or 17.1%, over the prior year. Interest expense on capital asset-related debt decreased $0.7 million, or 7.9% primarily due to decreasing general obligation bond balances.

Other revenues decreased by $0.5 million, or 13.9%, primarily due to the following: a decrease of $0.3 million, or 9.1%, in State revenues, capital and a decrease of $0.2 million, or 39.9% from local property taxes (AB1290) for the redevelopment project during the year.

Functional Expenses

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

	Salaries and Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional activities	$ 105,672,436	$ 1,569,921	$ 19,865	$ -	$ 107,262,222
Academic support	12,503,980	223,718	-	-	12,727,698
Student services	39,957,302	1,069,056	8,255,167	-	49,281,525
Plant operations and maintenance	6,369,455	2,439,040	-	-	8,808,495
Instructional support services	45,587,659	10,495,735	-	-	56,083,394
Community services and economic development	7,070,442	1,052,683			8,123,125
Auxiliary services and auxiliary operations	3,951,041	416,030	-	-	4,367,071
Student aid	20,139	-	16,193,301	-	16,213,440
Physical property and related acquisitions	283,451	13,346,162	-	-	13,629,613
Depreciation expense	-	-	-	21,799,644	21,799,644
Total expenses	$ 221,415,905	$ 30,612,345	$ 24,468,333	$ 21,799,644	$ 298,296,227

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the District as of June 30, 2020, amounted to a total of $325.3 million. Of this amount, the nondepreciable portion, composed of land and construction in progress, was $61.0 million or 8.1% of total book value. Depreciable capital assets totaled $689.5 million or 91.9% of total book value. Total accumulated depreciation was $425.2 million, resulting in net depreciable capital assets of $264.3 million.

Note 7 to the financial statements provides additional information on capital assets. A summary of capital assets is presented below:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Land and construction in progress	$ 37,653,589	$ 26,453,882	$ (3,108,476)	$ 60,998,995
Buildings and improvements	646,264,304	2,960,334	-	649,224,638
Equipment and vehicles	39,111,260	1,199,469	-	40,310,729
Subtotal	723,029,153	30,613,685	(3,108,476)	750,534,362
Accumulated depreciation	(403,425,588)	(21,799,644)	-	(425,225,232)
Capital assets, net	$ 319,603,565	$ 8,814,041	$ (3,108,476)	$ 325,309,130

The District calculates depreciation using the straight-line method and the mid-year convention. The District participates in a physical asset count every three years. Depreciation expense amounted to $21.8 million for the year.

Long-term Liabilities

Changes for the District's long-term liabilities include a decrease in general obligations bonds payable of $19.9 million due to annual payments, a net decrease of the aggregate net OPEB liability of $15.3 million, and a net increase of $8.6 million of aggregate net pension liability. Additionally, other long-term liabilities increased $1.0 million primarily due to changes in compensated absences, load banking liability, and supplemental early retirement plan liability.

Notes 11, 12, 13, and 14 to the financial statements provides additional information on long-term liabilities. A summary of long-term liabilities is presented below:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
General obligation bonds	$ 247,623,586	$ -	$ (19,865,297)	$ 227,758,289
Aggregate net OPEB liability	128,662,819	-	(15,299,817)	113,363,002
Aggregate net pension liability	204,312,985	8,598,633	-	212,911,618
Other long-term liabilities	41,338,621	4,439,697	(3,476,689)	42,301,629
Total long-term liabilities	$ 621,938,011	$ 13,038,330	$ (38,641,803)	$ 596,334,538
Amount due within one year				$ 23,352,124

DEBT FINANCING

The District participates in external financing activities to cover both long-term and short-term cash flows needs. As a governmental unit, the District's financing activities and choices are bounded by Federal and State restrictions.

A Citizens' Oversight Committee consisting of members from key constituencies of the community services as an advisory committee to the District's Board of Trustees. These constituencies include the San Francisco Taxpayers Association, the San Francisco Chamber of Commerce, senior citizens groups, City College students, and the Foundation of the San Francisco Community College District. The Citizens' Oversight Committee is responsible for monitoring the spending of the 2001 and 2005 Proposition A Bond funds. The District successfully qualified for matching funds available from Statewide School Facilities Bonds for several Proposition A projects.

In November 2001, San Francisco taxpayers approved $195.0 million in Proposition A Education Facilities Improvement Bonds. In November 2005, San Francisco taxpayers approved an additional $246.3 million authorization in Proposition A Bonds. As of June 30, 2014, the entire $195.0 million of the 2001 authorization and $246.3 million of the 2005 authorization had been sold and the proceeds are being used to fund approved projects.

On September 14, 2004, the District sold an additional $110.0 million. For the second sale that occurred on September 14, 2004, Moody's Investor Services assigned an underlying rating for these bonds of Aa3 and Standard & Poor's assigned an AA rating. The insured ratings assigned for these same bonds by Moody's Investor Services and Standard & Poor's are Aaa and AAA, respectively. The underlying rating is an improvement over the previous rating.

In November 2005, San Francisco voters approved for the District an additional $246.3 million authorization to issue Proposition A General Obligation Bonds for Educational Facilities improvements. This award combined with the November 2001 approval, brought the District's Proposition A authorization up to $441.3 million. The first sale of Proposition A Bonds (Series A) occurred on March 13, 2002, and netted proceeds of $38.0 million. For this first sale, Moody's Investor Services assigned an underlying rating for these bonds of Aa3 and Fitch assigned an AA-rating. The insured ratings assigned for these same bonds by Moody's Investor Services and Fitch are Aaa and AAA, respectively.

On June 20, 2006, the District sold $137.0 million of General Obligation Bonds; the remaining authorization of 2001 (Series C) in the amount of $47.0 million and the first part of its 2005 authorization (Series A) in the amount of $90.0 million. Ratings assigned by Moody's Investor Services and Standard & Poor's remained the same as those assigned to the September 14, 2004, sale referred to in the previous paragraph.

On December 5, 2007, the District sold $110.0 million of General Obligation Bonds. This was the second sale of the November 2005 authorization (2005 authorization, Series B). The insured ratings assigned for this bond by Moody's Investor Services and Standard & Poor's are Aaa and AAA, respectively.

On April 2010, the District sold the remaining $46.3 million General Obligation bonds. This was the third and final sale of the November 2005 authorization (2005 authorization, Series C and Series D). The insured ratings assigned for both bonds by Moody's Investor Services and Standard & Poor's were Aa3 and AA, respectively.

On September 10, 2012, Moody's Investor Service downgraded the District's General Obligation bond rating from A1 to A1- and assigned the rating a negative outlook. Then, on November 15, 2012, Fitch Ratings issued a revised rating which took into account the successful passage statewide of Proposition 30 and locally in San Francisco the parcel tax. Fitch modified its rating for the District's General Obligation debt from A to A- and moved the District from its "negative watch" category to a "negative outlook" category. On March 27, 2013, Fitch Ratings downgraded the District's General Obligation Bonds of the $28.1 million 2002 GO bonds (election of 2001, series A) from A- to BBB+. The downgrade to 'BBB+' reflects the District's accreditation status. Through June 30, 2019, the District has maintained these respective ratings.

The District's ratings were raised to Aa3 and A/Stable for Moody's, S&P, and Fitch, respectively, the highest level since 2011, with Moody's valuing the College's bonds in the coveted Prime-1 Investment Grade range. The improved ratings mean more than just a grade for City College. The newly minted status has allowed the District to refinance outstanding bond debt and save San Francisco property taxpayers $48.7 million. On April 9, 2015, the District refinanced $241,290,000 of general obligation bonds from the 2001 series A, B, and C and 2005 series A and B bonds.

2020 Bond

In March 2020, San Francisco taxpayers approved $845.0 million in Proposition A General Obligation Bonds for Educational Facilities improvements. The first sale of Proposition A Bonds Series A ($110.0 million) and Series A-1($190.0 million) occurred on December 1, 2020. For this first sale, Moody's Investor Services assigned a rating for these bonds of Aa3 and Fitch assigned an A+ rating.

ECONOMIC FACTORS AFFECTING THE FUTURE OF SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

- The economic position of San Francisco Community College District is closely tied to that of the State of California, as State apportionments and property taxes allocated to the District's Unrestricted General fund represent approximately 70% of the total unrestricted revenues received by the District. Accordingly, the State economy plays a major factor in State appropriations for both higher education in general, and to the District in particular. The balance of District unrestricted revenues comes primarily from local sales taxes, 8%; tuitions, 9%; lottery, 2%; and other revenues, 11%.

- The 2020-2021 budget reflects a reduction in personnel costs and the District actively monitors both revenues and expenditures to ensure that prompt actions are taken in response to developments as they occur. The OPEB expense for this fiscal year will be supported by a withdrawal from the OPEB irrevocable trust in the amount of approximately $11 million.

- In November 2012 voters passed the State Proposition 30 ballot initiative. Additionally, San Francisco voters passed a local parcel tax, Measure A. The value of Proposition 30 funds in the 2016-2017 budget year are $23.0 million. The value of Measure A funding is estimated by the City Controller to generate approximately $15.2 million annually in each of eight consecutive years. Both Proposition 30 and Measure A funding will make it possible for the District to rebuild its Board designated reserves and address its employer share of postemployment benefits liabilities during the currently Board approved eight year budget plan. In November 2016, the local voters passed Proposition B, which extends the parcel tax fifteen years and increases the amount per parcel to $99, a $20 per parcel increase. It is anticipated that this will translate into additional parcel tax revenue of $3.8 million per year bringing anticipated approximate annual revenue to $19.0 million per year. Additionally, Proposition 55 was passed statewide, which extends the income tax portion of the 2012 Proposition 30 measure for twelve additional years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact San Francisco Community College District, Associate Vice Chancellor of Financial Services, 50 Frida Kahlo Way, Smith Hall SH106, San Francisco, CA 94112.

Assets	
Cash and cash equivalents	$ 9,979,625
Investments	48,620,411
Accounts receivable	24,071,678
Student receivable, net	6,061,306
Due from fiduciary funds	10,292,978
Prepaid expenses	9,673,025
Inventories	47,456
Capital assets	
Nondepreciable capital assets	60,998,995
Depreciable capital assets, net of depreciation	264,310,135
Total capital assets	325,309,130
Total assets	434,055,609
Deferred Outflows of Resources	
Deferred charges on refunding	6,594,479
Deferred outflows of resources related to other postemployment benefits liability (OPEB)	3,952,839
Deferred outflows of resources related to pensions	63,183,764
Total deferred outflows of resources	73,731,082
Liabilities	
Accounts payable	35,624,604
Accrued interest payable	405,819
Unearned revenue	21,727,124
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	23,352,124
Long-term liabilities other than OPEB and pensions, due in more than one year	246,707,794
Aggregate net other postemployment benefits (OPEB) liability	113,363,002
Aggregate net pension liability	212,911,618
Total liabilities	654,092,085
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	13,698,396
Deferred inflows of resources related to pensions	37,144,665
Total deferred inflows of resources	50,843,061
Net Position	
Net investments in capital assets	123,410,793
Restricted for:	
Debt service	8,021,181
Capital projects	5,230,230
Educational programs	3,501,383
Other activities	1,383,090
Unrestricted deficit	(338,695,132)
Total net position	$ (197,148,455)

Operating Revenues	
Student Tuition and Fees	$ 25,885,076
Less: Scholarship discount and allowance	(6,924,493)
Net tuition and fees	18,960,583
Grants and Contracts, Noncapital	
Federal	5,468,052
State	41,709,897
Local	3,304,189
Total grants and contracts, noncapital	50,482,138
Total operating revenues	69,442,721
Operating Expenses	
Salaries	152,622,826
Employee benefits	68,793,079
Supplies, materials, and other operating expenses and services	27,948,025
Student financial aid	24,468,333
Equipment, maintenance, and repairs	2,664,320
Depreciation	21,799,644
Total operating expenses	298,296,227
Operating Loss	(228,853,506)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	87,272,605
Local property taxes, levied for general purposes	35,875,218
Taxes levied for debt service	28,859,809
Taxes levied for other specific purposes	19,490,064
Local sales tax	16,181,395
Federal financial aid grants, noncapital	19,851,528
State financial aid grants, noncapital	1,545,952
State taxes and other revenues	4,957,443
Investment income	1,617,819
Interest expense on capital related debt	(8,487,198)
Investment income on capital asset-related debt, net	395,853
Transfer to fiduciary funds	(70,330)
Transfer from fiduciary funds	439
Other nonoperating revenues	1,329,462
Total nonoperating revenues (expenses)	208,820,059
Loss Before Other Revenues	(20,033,447)
Other Revenues	
State revenues, capital	2,897,931
Local revenues, capital	350,157
Total other revenues	3,248,088
Change in Net Position	(16,785,359)
Net Position, Beginning of Year	(180,363,096)
Net Position, End of Year	$ (197,148,455)

Operating Activities	
Tuition and fees	$ 21,643,891
Federal, State, and local grants and contracts	52,181,912
Payments to vendors for supplies and services	(29,214,189)
Payments to or on behalf of employees	(210,125,684)
Payments to students for scholarships and grants	(24,468,333)
Net Cash Flows from Operating Activities	(189,982,403)
Noncapital Financing Activities	
State apportionments	79,875,656
Federal and State financial aid grants	21,397,480
Property taxes - nondebt related	71,701,284
State taxes and other revenues	4,928,775
Other nonoperating revenues	12,555,880
Net Cash Flows from Noncapital Financing Activities	190,459,075
Capital Financing Activities	
Purchase of capital assets	(25,231,393)
State revenue, capital projects	2,897,931
Local revenue, capital projects	350,157
Property taxes - related to capital debt	28,859,809
Principal paid on capital debt	(17,188,351)
Interest paid on capital debt	(10,599,838)
Interest received on capital asset-related debt	395,853
Net Cash Flows from Capital Financing Activities	(20,515,832)
Investing Activities	
Interest received from investments	1,776,069
Net Change in Cash and Cash Equivalents	(18,263,091)
Cash and Cash Equivalents, Beginning of Year	75,663,152
Cash and Cash Equivalents, End of Year	$ 57,400,061

Reconciliation of net operating loss to net cash flows from operating activities	
Operating Loss	$ (228,853,506)
Adjustments to reconcile operating loss to net cash flows from operating activities:	
Depreciation expense	21,799,644
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	622,506
Student receivable, net	(250,861)
Inventories	(7,943)
Prepaid expenses	483,574
Deferred outflows of resources related to OPEB	8,076,346
Deferred outflows of resources related to pensions	(3,149,305)
Accounts payable	609,618
Unearned revenue	6,494,307
Compensated absences and load banking	3,790,613
Supplemental early retirement plan	(2,814,254)
Aggregate net OPEB liability	(15,299,817)
Aggregate net pension liability	8,598,633
Deferred inflows of resources related to OPEB	12,696,774
Deferred inflows of resources related to pensions	(2,778,732)
Total adjustments	38,871,103
Net cash flows from operating activities	$ (189,982,403)
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	$ 9,979,625
Cash in county treasury	47,420,436
Total cash and cash equivalents	$ 57,400,061
Noncash Transactions	
Amortization of deferred charges on refunding	$ 613,439
Amortization of debt premiums	$ 2,690,297

	Retiree OPEB Trust	Other Trust Funds
Assets		
Cash and cash equivalents	$ 362,879	$ -
Investments	28,866,718	9,603,330
Accounts receivable	-	21,570
Student receivables	-	249,661
Prepaid expenses	-	6,039
Depreciable capital assets, net of depreciation	-	1,775
Total assets	29,229,597	9,882,375
Liabilities		
Accounts payable	-	66,898
Due to primary government	10,292,978	-
Unearned revenue	-	100,089
Total liabilities	10,292,978	166,987
Net Position		
Restricted for postemployment benefits other than pensions	18,936,619	-
Unrestricted	-	9,715,388
Total net position	$ 18,936,619	$ 9,715,388

	Retiree OPEB Trust	Other Trust Funds
Additions		
Federal revenues	$ -	$ 19,575
State revenues	-	53,600
District contributions	3,952,839	-
Net investment income	1,390,234	-
Local revenues	-	2,148,548
Transfer from primary government	-	70,330
Total additions	5,343,073	2,292,053
Deductions		
Classified salaries	-	136,169
Employee benefits	10,369,665	-
Books and supplies	-	193,741
Services and operating expenditures	-	370,463
Capital outlay	-	96,354
Transfer to primary government	-	439
Other uses - Other student payments	-	1,307,986
Total deductions	10,369,665	2,105,152
Change in Net Position	(5,026,592)	186,901
Net Position, Beginning of Year	23,963,211	9,528,487
Net Position, End of Year	$ 18,936,619	$ 9,715,388

Note 1 - Organization

San Francisco Community College District (the District) was established in 1935 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected seven-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates 10 campuses located within the City of San Francisco, California. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

Financial Reporting Entity

The District has adopted accounting policies to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a “direct benefit”, the “environment and ability to access/influence reporting”, and the “significance” criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government. The District has identified no component units.

Note 2 - Summary of Significant Accounting Policies

Measurement Focus and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, No. 39, and No. 61. This presentation provides a comprehensive government-wide perspective of the District’s assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities, with the exception of the Student Financial Aid Fund, are excluded from the basic financial statements. Accordingly, the District’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District’s policies comply with the California Community Colleges Chancellor’s Office *Budget and Accounting Manual.* Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. For the District, operating revenues consist primarily of student fees, grants, and contracts.

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

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

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37, No. 38, No. 39, and No. 61. The business-type activities model followed by the District requires the following components of the District's financial statements:

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at approximately $4.0 million for the year ended June 30, 2020.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

Inventories

Inventories consist primarily of cafeteria food and supplies held for resale to the students and faculty of the colleges. Inventories are stated at cost, utilizing the weighted average method. The cost is recorded as an expense as the inventory is consumed rather than when purchased.

Capital Assets and Depreciation

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

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, 10 to 15 years; equipment, 5 to 10 years; vehicles, 3 years.

Accrued Liabilities and Long-Term Liabilities

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

Compensated Absences

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

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

Debt Premiums

Debt premiums are amortized over the life of the bonds using the straight line method, which approximates the effective interest method.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for OPEB related items, and for pension related items. The deferred charges on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS), the City and County of San Francisco Employees' Retirement System (SFERS), and the California Public Employees' Retirement System (CalPERS) Miscellaneous Risk Pool (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS, SFERS, CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The aggregate net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District's Plan and MPP's fiduciary net position have been determined on the same basis as they are reported by the District's Plan and MPP. For this purpose, the District's Plan and MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The aggregate net OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized. Unearned revenue includes (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from federal, state, and local grants and contracts received before the eligibility requirements are met.

Noncurrent Liabilities

Noncurrent liabilities include general obligation bonds, compensated absences, load banking, claims liability, capital leases, supplemental early retirement plan, aggregate net OPEB liability, aggregate net pension liability, and other long-term liabilities with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the 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 net position is available. The government-wide financial statements report $18,135,884 of restricted net position, and the fiduciary fund financial statements report $18,936,619 of restricted net position.

Operating Revenues and Expenses

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

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

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

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

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

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

State Apportionments

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

Property Taxes

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

The voters of the District passed General Obligation Bonds in 2001 and 2005 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are billed and collected as noted above and remitted to the District when collected.

The voters of the District passed a Parcel Tax in 2012 for the general revenues of the District. The Parcel tax levies $99 per parcel for 8 years to provide for core academic programs, training, and education of student attending the District and transferring to university. The taxes are assessed, billed, and collected as noted above, and remitted to the District when collected.

Scholarships, Discounts, and Allowances

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

Federal Financial Assistance Programs

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

Estimates

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

Interfund Activity

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

Change in Accounting Principles

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3*, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

The provisions of this Statement have been implemented as of June 30, 2020, with the exception of Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* and Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The District has already implemented these standards as of June 30, 2020.

New Accounting Pronouncements

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

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100% equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100% equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
  The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended*, and No. 74*, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers

- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

As a result of the implementation of GASB Statement No. 95, the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The effects of this change on the District's financial statements have not yet been determined.

Note 3 - Deposits and Investments

Policies and Practices

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

Investment in County Treasury

In accordance with the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the County Treasury as part of the common investment pool. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

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

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

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Summary of Deposits and Investments

Deposits and investments as of June 30, 2020, consist of the following:

Primary Government	$ 58,600,036
Fiduciary funds	38,832,927
Total deposits and investments	$ 97,432,963

Cash on hand and in banks	$ 9,979,625
Cash with fiscal agent	362,879
Investments	87,090,459
Total deposits and investments	$ 97,432,963

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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rate. The District manages its exposure to interest rate risk by primarily investing in the City and County of San Francisco Investment Pool, San Francisco Retiree Health Care Trust Fund Investment Pool, and Certificates of Deposits.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investments by maturity:

Investment Type	Reported Amount	Weighted Average Days to Maturity
City and County of San Francisco Investment Pool	$ 57,100,693	249
San Francisco Retiree Health Care Trust Fund Investment Pool	28,789,791	No maturity
Certificates of deposits	1,199,975	839
Total	$ 87,090,459	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the City and County of San Francisco Investment Pool, San Francisco Retiree Health Care Trust Fund Investment Pool, and Certificates of Deposits are not required to be rated, nor have they been rated as of June 30, 2020.

Custodial Credit Risk

Deposits
This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2020, the District's bank balance of approximately $13.6 million was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Investments
This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2020, the District's investment balance of approximately $30.0 million was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

Note 4 - Fair Value Measurements

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

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

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

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

Uncategorized - Investments in the San Francisco Retiree Health Care Trust Fund Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2020:

Investment Type	Fair Value	Level 1 Inputs	Uncategorized
San Francisco Retiree Health Care Trust Fund			
Investment Pool	$ 28,789,791	$ -	$ 28,789,791
Certificates of deposits	1,199,975	1,199,975	-
Total	$ 29,989,766	$ 1,199,975	$ 28,789,791

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

Note 5 - Accounts Receivable

Accounts receivable at June 30, 2020, consisted of the following:

	Primary Government	Fiduciary Funds
Federal Government		
Categorical aid	$ 2,630,626	$ -
State Government		
Apportionment	8,526,283	-
Categorical aid	5,737,188	-
Lottery	1,152,923	-
Other State sources	1,141,860	-
Local Sources		
Contract education	49,261	-
Sales tax	1,045,747	-
Interest	163,365	-
Other local revenues	3,624,425	21,570
Total	$ 24,071,678	$ 21,570
Student receivables	$ 10,025,129	$ 249,661
Less allowance for bad debt	(3,963,823)	-
Student receivables, net	$ 6,061,306	$ 249,661

Note 6 - Prepaid Expenses

In 2003, the District entered into a 75 year operating contract with San Francisco Unified School District to lease real property located at 106 Bartlett Street, San Francisco, California with a lump sum payment of $7,500,000. This amount was recorded as prepaid expenses and is being amortized as annual operating lease expense of $100,000 over the 75 year period. On June 9, 2006, the District entered into a second lease agreement with San Francisco Unified School District for additional property at 106 Bartlett Street with a lump sum payment of $4,000,000. This amount was recorded as prepaid expense and is being amortized as annual operating lease expense of $155,556 over the remaining life of the original lease. As of June 30, 2020, the prepaid expenses were as follows:

	Primary Government	Fiduciary Funds
Prepaid rent	$ 8,866,667	$ -
Prepaid other	806,358	6,039
Total	$ 9,673,025	$ 6,039

Note 7 - Capital Assets

Capital asset activity for the District for the fiscal year ended June 30, 2020, was as follows:

	Balance, July 1, 2019	Additions	Deletions	Balance, June 30, 2020	Fiduciary Activities
Capital Assets Not Being Depreciated					
Land	$ 29,211,619	$ -	$ -	$ 29,211,619	$ -
Construction in progress	8,441,970	26,453,882	(3,108,476)	31,787,376	-
Total capital assets not being depreciated	37,653,589	26,453,882	(3,108,476)	60,998,995	-
Capital Assets Being Depreciated					
Land improvements	157,623,932	207,723	-	157,831,655	-
Buildings and improvements	488,640,372	2,752,611	-	491,392,983	-
Furniture and equipment	38,127,234	1,165,283	-	39,292,517	11,645
Vehicles	984,026	34,186	-	1,018,212	155,020
Total capital assets being depreciated	685,375,564	4,159,803	-	689,535,367	166,665
Total capital assets	723,029,153	30,613,685	(3,108,476)	750,534,362	166,665
Less Accumulated Depreciation					
Land improvements	(147,482,109)	(2,455,370)	-	(149,937,479)	-
Buildings and improvements	(223,598,391)	(17,463,874)	-	(241,062,265)	-
Furniture and equipment	(31,568,700)	(1,798,209)	-	(33,366,909)	(10,897)
Vehicles	(776,388)	(82,191)	-	(858,579)	(153,993)
Total accumulated depreciation	(403,425,588)	(21,799,644)	-	(425,225,232)	(164,890)
Net Capital Assets	$ 319,603,565	$ 8,814,041	$ (3,108,476)	$ 325,309,130	$ 1,775

Depreciation expense for the year was $21,799,644.

Note 8 - Accounts Payable

Accounts payable as of June 30, 2020, consisted of the following:

	Primary Government	Fiduciary Funds
Accrued payroll	$ 7,604,101	$ -
Construction	7,734,666	-
Apportionment	3,856,755	-
Property taxes	11,490,936	-
Vendors	4,938,146	66,898
Total	$ 35,624,604	$ 66,898

Note 9 - Unearned Revenue

Unearned revenue as of June 30, 2020, consisted of the following:

	Primary Government	Fiduciary Funds
Federal financial assistance	$ 3,530,506	$ -
State categorical aid	9,521,900	-
Enrollment fees	6,715,632	-
Other local	1,959,086	100,089
Total	$ 21,727,124	$ 100,089

Note 10 - Interfund Transactions

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2020, the fiduciary funds owed the primary government $10,292,978.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2020 fiscal year, the amount transferred to the fiduciary funds from the primary government was $70,330, and amounts transferred to the primary government from the fiduciary funds was $439.

Note 11 - Long-Term Liabilities other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance, July 1, 2019	Additions	Deductions	Balance, June 30, 2020	Due in One Year
General obligation bonds payable					
General obligation bonds, Series 2005D	$ 30,660,000	$ -	$ (1,440,000)	$ 29,220,000	$ 1,510,000
General obligation bonds, 2015 Refunding	184,470,000	-	(15,735,000)	168,735,000	16,545,000
Unamortized bond premium	32,493,586	-	(2,690,297)	29,803,289	-
Total bonds payable	247,623,586	-	(19,865,297)	227,758,289	18,055,000
Other liabilities					
Compensated absences	6,755,455	1,830,114	-	8,585,569	-
Load banking	416,385	1,960,499	-	2,376,884	-
Capital leases	13,351	-	(13,351)	-	-
Supplemental early retirement plan	11,793,202	-	(2,814,254)	8,978,948	2,814,254
Claims liability	4,980,137	649,084	(649,084)	4,980,137	-
Other long-term liabilities	17,380,091	-	-	17,380,091	2,482,870
Total other liabilities	41,338,621	4,439,697	(3,476,689)	42,301,629	5,297,124
Total long-term liabilities	$ 288,962,207	$ 4,439,697	$ (23,341,986)	$ 270,059,918	$ 23,352,124

Description of Long-Term Liabilities

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The compensated absences and load banking liabilities will be paid by the fund for which the employee worked. The claims liability will be paid from the self-insurance fund. Capital leases and supplemental early retirement plan payments are made out of the unrestricted general fund. The other long-term liability related to the apportionment repayment liability will be paid as a reduction in State apportionment each year.

General Obligation Bonds Payable

Election of 2005, Series C and D Bonds

To increase educational opportunities, raise student achievement, and improve conditions in its neighborhood campuses throughout San Francisco, the voters of the City and County of San Francisco approved a $246,300,000 General Obligation Bonds issued for the San Francisco Community College District on November 8, 2005, under the provisions of Article XIIIA of the Constitution of the State of California and Title I, Division 1, Part 10, Chapter 1.5 of the *Education Code* of the State of California (commencing at Section 15100). The bonds were authorized pursuant to provisions of the Constitution of the State of California affected by Proposition 39, the Constitutional initiative passed by voters on November 7, 2000, permitting approval of certain general obligation bonds of school and community college districts by a 55% vote. On March 23, 2010, $15,640,000 (net of premium and bond issuance costs) of San Francisco Community College District, Election of 2005, Series C Bonds were issued with a final maturity date of June 15, 2019, and interest rates of .40% to 4.0%, depending on the maturity of the related bonds. Interest is payable semiannually on June 15 and December 15 of each year commencing on June 15, 2010. On April 13, 2010, $30,660,000 (net of premium and bond issuance costs) of San Francisco Community College District, Election of 2005, Series D Bonds were issued with a final maturity date of June 15, 2034, and interest rates of 4.0% to 5.0%, depending on the maturity of the related bonds. Interest is payable semiannually on June 15 and December 15 of each year commencing on June 15, 2010. The outstanding principal balance of the Series C bonds were paid in full at June 30, 2019. The outstanding principal balance of the Series D bonds at June 30, 2020, was $29,220,000.

Election of 2015, Series D Refunding Bonds

On March 24, 2015, $241,290,000 (net of premium and bond issuance costs) of San Francisco Community College District, 2015 General Obligation Refunding Bonds were issued with a final maturity date of June 15, 2031, and interest rates of 2.0% to 5.0%, depending on the maturity of the related bonds. Interest is payable semiannually on June 15 and December 15 of each year commencing on June 15, 2015. The outstanding principal balances of the 2015 General Obligation Refunding Bonds at June 30, 2020, were $168,735,000.

Debt Maturity

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Issued	Redeemed	Bonds Outstanding June 30, 2020
2010	06/15/34	4.0%-5.0%	$ 30,660,000	$ 30,660,000	$ -	$ (1,440,000)	$ 29,220,000
2015	06/15/31	2.0%-5.0%	241,290,000	184,470,000	-	(15,735,000)	168,735,000
				$ 215,130,000	$ -	$ (17,175,000)	$ 197,955,000

The bonds mature through 2034 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2021	$18,055,000	$9,739,650	$ 27,794,650
2022	18,915,000	8,846,300	27,761,300
2023	20,475,000	7,900,550	28,375,550
2024	21,525,000	6,884,800	28,409,800
2025	15,610,000	5,826,050	21,436,050
2026-2030	92,955,000	18,239,750	111,194,750
2031-2034	10,420,000	1,334,500	11,754,500
Total	$ 197,955,000	$ 58,771,600	$ 256,726,600

Compensated Absences

At June 30, 2020, the liability for compensated absences was $8,585,569.

Load Banking

At June 30, 2020, the liability for load banking was $2,376,884.

Capital Leases

The District leases equipment under capital lease agreements. As of June 30, 2020, the liability associated with capital leases has been paid in full.

Supplemental Early Retirement Plan (SERP)

During the 2016-2017 year, the District adopted a one-time SERP for full-time faculty who were employed by the District as of December 15, 2016. To be eligible for early retirement benefits, the employee must have been at least 55 years of age, have five or more years of District service, be eligible to retire from CalSTRS, and be resigned from District employment by June 30, 2017. In exchange for early retirement, the District will contribute 65% of the 2016-2017 actual paid step/column salary. The District had 57 employees that enrolled in the SERP. The remaining obligation as of June 30, 2020, is $759,356.

During the 2018-2019 year, the District adopted a one-time SERP for full-time faculty, part-time faculty, classified personnel and administrators. To be eligible for early retirement benefits, full-time faculty must have been at least 55 years of age and have five or more years of District service. To be eligible for early retirement benefits, part-time faculty must have been at least 55 years of age and have fifteen or more years of District service. To be eligible for early retirement benefits, classified personnel must have been at least 50 years of age and have five or more years of District service. To be eligible for early retirement benefits, administrators must have been at least 50 years of age and have three or more years of District service. Regardless of classification, the participating employee must be resigned from the District by June 30, 2020. In exchange for early retirement, the District will contribute 65% of the 2019-20 base salary. The District had 197 employees that enrolled in the SERP. The remaining obligation as of June 30, 2020 is $8,219,592.

Future SERP payments are as follows:

Year Ending June 30,	Payment
2021	$ 2,814,254
2022	2,054,898
2023	2,054,898
2024	2,054,898
Total	$ 8,978,948

Other Long-Term Liabilities

Other long-term liabilities of $17,380,091 is related to the apportionment repayment liability to be repaid over 10 years. Payment due in the 2019-2020 fiscal year was deferred to the 2020-2021 fiscal year by the State. Future repayments are as follows:

Year Ending June 30,	Repayments
2021	$ 2,482,870
2022	2,482,870
2023	2,482,870
2024	2,482,870
2025	2,482,870
2026-2028	4,965,741
Total	$ 17,380,091

Note 12 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2020, the District reported an aggregate net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 108,974,391	$ 3,952,839	$ 13,698,396	$ 5,101,114
Bookstore Plan	3,406,730	-	-	347,357
Medicare Premium Payment (MPP) Program	981,881	-	-	24,832
Total	$ 113,363,002	$ 3,952,839	$ 13,698,396	$ 5,473,303

The details of each plan are as follows:

District Plan

Plan Administration

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

Management of the plan is vested in the District management. Management of the trustee assets is vested with the City and County of San Francisco Retiree Health Care Trust Fund Board.

Plan Membership

At June 30, 2019, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	1,259
Active employees	1,123
	2,382

Retiree Health Benefit OPEB Trust

The Retiree Health Benefit OPEB Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the San Francisco Retiree Health Care Trust Fund. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California *Government Code* Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

Benefits Provided

The Plan provides medical insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and a portion of the cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District and the bargaining units. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined by the District. For fiscal year 2018-2019, the District contributed $12,187,894 to the Plan, of which $8,900,749 was used for current premiums and $3,287,145 was used to fund the OPEB Trust.

Investment

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, expect for liquidity purposes, and aims to refrain from dramatically shifting asset class allocation over short time spans. The following was the governing board's adopted asset allocation policy as of June 30, 2019:

Asset Class	Target Allocation
Equity	59%
Fixed income	9%
Inflation sensitive	17%
Private equity	10%
Risk mitigating strategies	5%

Rate of Return

For the year ended June 30, 2019, the annual money-weighed rate of return on investments, net of investment expense, was 8.64%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The District's net OPEB liability of $108,974,391 was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2019, were as follows:

Total OPEB liability	$ 132,937,602
Plan fiduciary net position	(23,963,211)
District's net OPEB liability	$ 108,974,391
Plan fiduciary net position as a percentage of the total OPEB liability	18.03%

Actuarial Assumptions

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

Inflation	2.75 percent
Salary increases	2.75 percent
Investment rate of return	7.00 percent
Health care cost trend rates	4.00 percent

The discount rate was based on the assumed long-term return on employer assets, using the building block method.

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study as of June 2019.

The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Equity	8.80%
Fixed income	2.70%
Inflation sensitive	4.60%
Private equity	6.30%
Risk mitigating strategies	1.80%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB lability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2018	$ 143,600,537	$ 18,954,140	$ 124,646,397
Service cost	4,715,900	-	4,715,900
Interest	9,938,445	-	9,938,445
Contributions - employer	-	12,187,894	(12,187,894)
Expected investment income	-	1,440,540	(1,440,540)
Differences between projected and actual earnings on OPEB plan investments	-	318,531	(318,531)
Expected benefit payments	(8,900,749)	(8,900,749)	-
Differences between expected and actual experience	(16,416,531)	-	(16,416,531)
Administrative expense	-	(37,145)	37,145
Net change in total OPEB liability	(10,662,935)	5,009,071	(15,672,006)
Balance at June 30, 2019	$ 132,937,602	$ 23,963,211	$ 108,974,391

There were no changes in benefit terms since the previous valuation. There were no changes of economic assumptions and other inputs since the previous valuation.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Net OPEB Liability
1% decrease (6.00%)	$ 122,649,285
Current discount rate (7.00%)	108,974,391
1% increase (8.00%)	97,391,851

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using health care cost trend rates that are one percent lower or higher than the current health care costs trend rates:

Health Care Cost Trend Rates	Net OPEB Liability
1% decrease (3.00%)	$ 97,247,628
Current health care cost trend rate (4.00%)	108,974,391
1% increase (5.00%)	122,423,177

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

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 3,952,839	$ -
Differences between expected and actual experience	-	13,457,027
Net difference between projected and actual earnings on OPEB plan investments	-	241,369
Total	$ 3,952,839	$ 13,698,396

The deferred outflows of resources related to OPEB contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (59,221)
2022	(59,221)
2023	(59,221)
2024	(63,706)
	$ (241,369)

The deferred inflows of resources related to differences between projected and actual experience will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 4.5 years and amounts will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Inflows of Resources
2021	$ (3,961,126)
2022	(3,961,126)
2023	(3,710,716)
2024	(1,824,059)
	$ (13,457,027)

Bookstore Plan

Plan Administration

The District's governing board administers the Bookstore Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees. No assets are accumulated in a trust that meets criteria in paragraph 4 of GASB Statement No. 75. Management of the plan is vested in the District management.

Plan Membership

At June 30, 2020, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	14
Active employees	-
	14

Benefits Provided

The Plan provides medical insurance benefits to eligible retirees. Benefits are provided through a third-party insurer, and a portion of the cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The contribution requirements of Plan members and the District are established and may be amended by the District and the bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2019-2020, the District contributed $184,020 to the Plan, all of which was used for current premiums.

Total OPEB Liability of the District

The District's total OPEB liability of $3,406,730 was measured as of June 30, 2020, and the total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Inflation	2.75 percent
Salary increases	2.75 percent
Investment rate of return	2.20 percent
Health care cost trend rates	4.00 percent

The discount rate was based on the Bond Buyer 20-Bond General Obligation Index.

Mortality rates were based on the 2017 CalPERS Retiree Mortality for All Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actual experience study as of June 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	$ 3,059,373
Interest	96,622
Differences between expected and actual experience	(67,419)
Changes of assumptions	502,174
Benefit payments	(184,020)
Net change in total OPEB liability	347,357
Balance at June 30, 2020	$ 3,406,730

Changes of economic assumptions reflect a change in the discount rate from 3.5% to 2.2% during the measurement period. There were no changes in benefit terms during the measurement period.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Total OPEB Liability
1% decrease (1.20%)	$ 3,911,638
Current discount rate (2.20%)	3,406,730
1% increase (3.20%)	3,002,769

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using health care cost trend rates that are one percent lower or higher than the current health care costs trend rates:

Health Care Cost Trend Rates	Total OPEB Liability
1% decrease (3.00%)	$ 3,005,583
Current health care cost trend rate (4.00%)	3,406,730
1% increase (5.00%)	3,896,608

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that may be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

Contributions

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

Net OPEB Liability and OPEB Expense

At June 30, 2020, the District reported a liability of $981,881 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, was 0.2637% and 0.2500, respectively, resulting in a net increase in the proportionate share of 0.0137%.

For the year ended June 30, 2020, the District recognized OPEB expense of $24,832.

Actuarial Methods and Assumptions

The June 30, 2019 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019, using the assumptions listed in the following table:

Measurement Date	June 30, 2019	June 30, 2018
Valuation Date	June 30, 2018	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.50%	3.87%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2018, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP 2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 380 or an average of 0.23% of the potentially eligible population (165,422).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2019, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2019, is 3.50%. The MPP Program is funded on a pay-as-you-go basis as previously noted, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.50%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 3.37% from 3.87% as of June 30, 2018.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.50%)	$ 1,071,457
Current discount rate (3.50%)	981,881
1% increase (4.50%)	899,521

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 920,316
Current Medicare costs trend rates (3.7% Part A and 4.1% Part B)	981,881
1% increase (4.7% Part A and 5.1% Part B)	1,104,855

Note 13 - Risk Management

The District is exposed to various risks of loss related to property, general liability, and employee benefits. These risks are addressed through a combination of participation in public entity risk pools, commercial insurance, and self-insurance. The District is fully self-insured for workers' compensation.

The District is a member of the Alliance of School Cooperative Insurance Program (ASCIP) and Schools Excess Liability Fund (SELF). The District is subject to various deductible amounts in addition to payment of premiums assessed by the pools. The pools are responsible for claims beyond the deductible amount and provide high-level umbrella type coverage above certain limits.

The risk pools are operated separately and are independently accountable for their fiscal matters. The risk pools are not component units of the District for financial reporting purposes. A copy of the most recent audited financial statements for the pools can be obtained from the District.

During the fiscal year, the District finances its risk of loss for the following deductible portion of the general liability, automotive liability, property claims, and student professional liability as follows:

General Liability	$50,000
Automobile Liability	$50,000
Property	$25,000
Student Professional Liability	$50,000

Estimates of liabilities for open claims, both reported and unreported, are established by the District's external administrator for known claims and by periodic actuarial valuations.

A number of claims and suits are pending against the District. In the opinion of District administration, the related liability, if any, will not materially affect the financial position of the District. No settlements exceeded insurance coverage during the last three years.

As of February 1, 2005, the District became a charter member of the Community College Insurance Group (CCIG). The District's membership is limited to dental insurance. As a result, the District transitioned from a self-insured system to a premium system. Premiums are adjusted annually based upon the previous year's experience.

As of June 30, 2020, liability for claims amounted to $4,980,137, which is recorded in the self-insurance fund.

Claims Liabilities

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the year ending June 30, 2020.

	Balance Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	Balance End of Year
Workers' Compensation	$ 4,980,137	$ 649,084	$ (649,084)	$ 4,980,137

Note 14 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2020, the District reported the net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 140,845,704	$ 39,456,260	$ 22,601,700	$ 13,647,593
SFERS	70,690,622	23,356,820	14,477,397	14,784,561
CalPERS Miscellaneous Plan	1,375,292	370,684	65,568	283,034
Total	$ 212,911,618	$ 63,183,764	$ 37,144,665	$ 28,715,188

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that may be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31,	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required state contribution rate	10.328%	10.328%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the District's total contributions were $14,567,969.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 140,845,704
State's proportionate share of the net pension liability associated with the District	76,840,735
Total	$ 217,686,439

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.1559% and 0.1472%, respectively, resulting in a net increase in the proportionate share of 0.0087%.

For the year ended June 30, 2020, the District recognized pension expense of $13,647,593. In addition, the District recognized pension expense and revenue of $11,443,242 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 14,567,969	$ -
Change in proportion and differences between contributions made and District's proportinate share of contributions	6,718,827	13,207,412
Difference between projected and actual earnings on pension plan investments	-	5,425,420
Difference between expected and actual experience in the measurement of the total pension liability	355,561	3,968,868
Changes of assumptions	17,813,903	-
Total	$ 39,456,260	$ 22,601,700

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (547,246)
2022	(4,307,145)
2023	(894,229)
2024	323,200
Total	$ (5,425,420)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 371,261
2022	371,261
2023	3,064,756
2024	3,955,759
2025	(690,278)
Thereafter	639,252
Total	$ 7,712,011

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.80%
Fixed income	12%	1.30%
Real estate	13%	3.60%
Private equity	13%	6.30%
Risk mitigating strategies	9%	1.80%
Inflation sensitive	4%	3.30%
Cash/liquidity	2%	-0.40%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 209,730,913
Current discount rate (7.10%)	140,845,704
1% increase (8.10%)	83,726,749

City and County of San Francisco Employees' Retirement System (SFERS)

Plan Description

Qualified employees are eligible to participate in the San Francisco Employees' Retirement System (SFERS); a cost-sharing multiple-employer, public employee, defined benefit pension plan administered by the City and County of San Francisco (the City). SFERS is a separate department of the City, deriving its powers, functions, and responsibility from the City Charter and ordinances of the Board of Supervisors of the City. Substantially all employees of the City and County are members, including most of the District's classified permanent full-time employees and certain certificated employees hired prior to July 1, 1972. Members are classified according to City bargaining units as police, fire, and miscellaneous. District employees are members of the miscellaneous pool. SFERS issues a separate annual financial report that includes financial statements and required supplementary information. The SFERS annual financial report is available online at www.sfers.org.

Benefits Provided

The retirement system provides service retirement, disability, and death benefits based on specified percentages of defined final average monthly salary and annual cost-of-living adjustments after retirement. Employees with 20 years of service who have attained age 50 or those with 10 years of service who have attained age 60 are eligible for retirement benefits. The City Charter and the Administrative Code are the authorities that establish and amend the benefit provisions of the plan and employer and member obligations to the plan.

The SFERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	City Employer Pool (Miscellaneous Non-Safety Membership)		
Hire date	On or after November 2, 1976 and before July 1, 2010	On or after July 1, 2010 and before July 7, 202	On or after January 7, 2012
Benefit formula	2.3% at 62	2.3% at 62	2.3% at 65
Benefit vesting schedule	Age 50 with 20 Years of Credited Service or Age 60 with 10 Years of Credited Service	Age 50 with 20 Years of Credited Service or Age 60 with 10 Years of Credited Service	Age 53 with 20 Years of Credited Service or Age 60 with 10 Years of Credited Service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	62	62	65
Maximum annual benefits	75%	75%	75%
Monthly benefits as a percentage of eligible compensation	1.00% - 2.30%	1.00% - 2.30%	1.00% - 2.30%
Required employee contribution rate	8.00%-12.00%	7.50%-11.50%	7.50%-11.50%
Required employer contribution rate	19.31% - 23.31%	19.31% - 23.31%	19.31% - 23.31%

All retired members receive a benefit adjustment each July 1, which is the basic cost of living adjustment (COLA). The majority of adjustments are determined by changes in the Consumer Price Index with increases capped at 2%. The Plan provides for a supplemental COLA in years when there are sufficient “excess” investment earnings in the Plan and the Plan is fully funded on a market value of assets basis. The maximum benefit adjustment is 3.5% including that Basic COLA. For members hired on or after January 7, 2012, Supplemental COLAs will not be permanent adjustments to retirement benefits.

Contributions

Contributions are made to the plan by both the employers and the participating employees. The basic employer contributions are the amounts deemed necessary, on an actuarial basis using the entry age normal cost method, to provide the plan with assets sufficient to pay the basic benefits that are not provided for by employees’ contributions. Employee and employer contributions are mandatory, as required by the City Charter. The District’s contributions to SFERS, for the year ended June 30, 2020, were $10,587,582.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the collective SFERS net pension liability totaling $70,690,622. The net pension liability of the plan is measured as of June 30, 2019, and the total pension liability for the plan used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 employers, actuarially determined. The District’s proportionate share for the measurement period June 30, 2019 and June 30, 2018, was 1.5791% and 1.5814%, respectively, resulting in a net decrease in the proportionate share of 0.0023%.

For the year ended June 30, 2020, the District recognized pension expense of $14,784,561, including amortization of deferred outflows of resources and deferred inflows of resources related to pensions. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 10,587,582	$ -
Change in proportion and differences between contributions made and District's proportinate share of contributions	2,192,000	673,000
Difference between projected and actual earnings on pension plan investments	-	13,026,153
Difference between expected and actual experience in the measurement of the total pension liability	523,503	778,244
Change of assumptions	10,053,735	-
Total	$ 23,356,820	$ 14,477,397

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

The remaining deferred outflows/inflows of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources
2021	$ 2,951,520
2022	(4,478,209)
2023	(1,249,297)
2024	1,067,827
Total	$ (1,708,159)

The total pension liability was determined by an actuarial valuation as of June 30, 2019. The following is a summary of the actuarial methods and assumptions used in the actuarial valuation:

Valuation date	July 1, 2019
Measurement date	June 30, 2019
Actuarial cost method	Entry-age actuarial cost
Inflation	3.25%
Salary increases	3.50% plus merit component
Investment rate of return	7.50%, net of investment expense
Discount rate	7.40%
Administrative expense	0.60% of payroll
Basic COLA	2.00%

Mortality rates for active members were based upon adjusted Employee CalPERS mortality tables projected generationally from the 2009 base year using a modified version of the MP-2015 projection scale.

The probability of a Supplemental COLA as of June 30, 2019, was developed based upon the probability and amount of Supplemental COLA for each future year. The table below shows the net assumed Supplemental COLA for members with a 2.00% basic COLA for sample years.

Fiscal Year	Assumption
2021	0.270%
2023	0.340%
2025	0.360%
2027	0.370%
Thereafter	0.375%

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2019, was 7.40%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will continue to be made at the rates specified in the Charter. Employer contributions were assumed to be made in accordance with the contribution policy in effect for July 1, 2019, actuarial valuation. That policy includes contributions equal to the employer portion of the entry age normal costs for members as of the valuation data plus an amortization payment on the unfunded actuarial liability.

The plan's fiduciary net position was projected to be available to make projected future benefit payments for current members until fiscal year end 2096, when only a portion of the projected benefit payments can be made from the projected fiduciary net position. Projected benefit payments are discounted at the long-term expected return on assets of 7.50% to the extent the fiduciary net position is available to make the payments and at the municipal bond rate of 3.50% to the extent they are not available. The single equivalent rate used to determine the total pension liability as of June 30, 2019, is 7.50%.

The long-term expected rate of return on pension plan investments was 7.50%. It was set by the Retirement Board after consideration of both expected future returns and historical returns experienced by the by the Retirement System. Expected future returns were determined by using a building-block method in which best-estimate ranges of expected future real rates of return were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Target allocation and best estimates of geometric long-term expected real rates of return (net of pension plan investment expense and inflation) for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	31%	5.3%
Treasuries	6%	0.9%
Liquid credit	3%	3.6%
Private Credit	10%	5.2%
Private equity	18%	8.3%
Real assets	17%	5.4%
Hedge funds/Absolute return	15%	3.9%

The following presents the District's allocation of the its proportionate share of the net pension liability, calculated using the 7.40% discount rate, as well as what the District's allocation would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.40%)	$ 133,434,692
Current discount rate (7.40%)	70,690,622
1% increase (8.40%)	18,850,159

California Public Employees' Retirement System (CalPERS)

Plan Description

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

The Public Agency Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. Individual employers may sponsor more than one Miscellaneous or Safety plan. The District sponsors one Miscellaneous Risk Pool plan (the Plan). The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

Benefits Provided

The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for employment-related disability benefits regardless of length of service and non-duty disability benefits after five years of service. Disability benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree's designated survivor or estate upon the retiree's death. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Required employee contribution rate	N/A	N/A
Required employer contribution rate	N/A	N/A

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the total District contributions were $131,064.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $1,375,292. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.0343% and 0.0340%, respectively, resulting in a net increase in the proportionate share of 0.0003%.

For the year ended June 30, 2020, the District recognized pension expense of $283,034. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 131,064	$ -
Change in proportion and differences between contributions made and District's proportinate share of contributions	78,520	10,875
Difference between projected and actual earnings on pension plan investments	-	24,044
Difference between expected and actual experience in the measurement of the total pension liability	95,520	7,401
Changes of assumptions	65,580	23,248
Total	$ 370,684	$ 65,568

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 15,483
2022	(37,603)
2023	(6,783)
2024	4,859
Total	$ (24,044)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 153,634
2022	24,268
2023	20,194
Total	$ 198,096

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and services

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of Scale MP-2016.

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 2,206,040
Current discount rate (7.15%)	1,375,292
1% increase (8.15%)	689,568

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the Social Security as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 6.20% of an employee's gross earnings. An employee is required to contribute 6.20% of his or her gross earnings to the pension plan.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2020, which amounted to $8,026,259 (10.328%) of salaries subject to CalSTRS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of operating revenue and employee benefit expense. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2018–19 contribution on behalf of school employers of $2.246 billion for CalSTRS. A proportionate share of these contributions has been recorded in these financial statements.

Deferred Compensation

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

Note 15 - Commitments and Contingencies

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2020.

Operating Leases

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

Year Ending June 30,	Lease Payment
2021	$ 1,038,744

Construction Commitments

The District had several commitments with respect to the unfinished capital projects. These projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office. As of June 30, 2020, the total amount committed was approximately $12.9 million.

Note 16 - Going Concern

The District's current trend of deficit spending combined with a declining Unrestricted General Fund fund balance raises concerns about the District's financial condition.

The significant factors contributing to the District's financial condition include: 1) deficit spending that occurred in prior years and continued in the current fiscal year within the unrestricted General Fund, 2) decline in revenues cause by loss of stability funding in the 2016-2017 fiscal year, combined with increasing cost of payroll and benefits creating a structural deficit.

The District began a trend of deficit spending in the 2016-17 year. Over the past four fiscal years the District's Unrestricted General Fund fund balance has declined from $46,828,965 to $9,217,194, a decline of $37,611,771 or 80%. During the current year, the Unrestricted General Fund recorded a deficit spending of $1,033,952, or 10% of the District's beginning fund balance and ended the year with $9,217,194 in fund balance. However, the District's spendable fund balance at June 30, 2020 was $(461,951) resulting in available reserves of -0.26%. Based on the District's adopted budget for the 2020-2021 fiscal year, the budget includes the assumption of continued deficit spending in the unrestricted general fund of $5,506,699. This will result in further deterioration of the unrestricted general fund balance to an estimated deficit balance of $3.7 million, and available reserves of -3.06%.

The District developed a significant structural deficit as a result of decreasing full-time equivalent students (FTES). During the 2014-2015 through 2016-2017 years, the District's funding levels were inflated by "stability funding" received from the State, which protects districts from sudden drops in FTES. Although the District was receiving higher funding, FTES experienced further decline, creating a larger discrepancy between the revenues the District was "earning" versus receiving. The District budgeted ongoing costs (primarily employee costs) based on the higher level of stability funding. When the District was no longer eligible for stability funding in 2017-18, expenses exceeded revenues dramatically. While employee costs have be reduced, the 2021 budget calls for further reduction of these costs, which may be difficult when considering scheduled salary increased and increased benefit rates.

Further, the District is currently considered a "hold harmless" district under the Student Centered Funding Formula. The District is receiving the higher of: earned revenues based on FTES, Supplemental Allocation, and Student Success Allocation; or 2017-18 total computational revenues plus cost-of-living adjustment. For the 2019-2020 year, the District is receiving the latter, which indicates that earned revenues are less than what the District will receive in funding. Based on current legislation, the District will continue to receive "hold harmless" funding until 2023-2024. At that time, the District's revenues will be based on the District's earned revenue, which may be significantly less than the District's "hold harmless" funding levels without significant increases in FTES and other student metrics.

During the 2018-2019 year, the District had identified other funds that had reserves that were allowable to use for general fund purposes. During the 2019-2020 year, the District utilized approximately $10 million in monies held in their irrevocable trust to offset retiree health benefit costs paid from the unrestricted general fund. Although these sources have helped the District maintain a reserve in the unrestricted general fund, they are not sources of ongoing revenues that will address the structural deficit.

Corrective Action	Timeline	Updated as of February 2021
1. Continue the student-centered restructuring of the academic program begun in 2018 that aligns with the top priorities of CCSF mission statement of graduation, transfer, workforce certificate completion and basic skills.	Schedule for academic year 20/21 in progress. Completion date: End of March 2020	In addition to mid-year reductions in class schedule to close deficit, additional sections reduced Summer 2020 affecting just over 200 PT faculty assignments.
2. Reduce over the next two years the number of full-time equivalent faculty who are compensated not to teach from the current 100 FTE-F to 75 FTE-F.	Completion date: July 1, 2021	SERP offered FY19; 48 FT, 60 PT faculty participated, no backfill provided. FT faculty not reduced in FY20, but notices have been issued to reduce FT faculty in FT21/22.

3. Develop and implement a real estate plan in 2020 that will assess the revenue options for current CCSF-owned campus properties for the purpose of realizing funds for: • A permanent ready-cash reserve of 5 percent to 10 percent of the unrestricted fund annual operating budget, about $10M to $20M; • Opportunity funding for new and existing initiatives to increase enrollment and student success outcomes in alignment with the Student-Centered Funding Formula (SCFF). • Growth funding for CityOnline and other new and existing programs with opportunities to grow to increase student enrollment and completions and to capture the full restoration funding of 32,000 FTES.	Preliminary findings presented to Facilities Committee. Recommendation will be presented to BOT March 26, 2020. Training faculty for online and hybrid is ongoing.	Real estate options (i.e., selling or leasing property) presented and reviewed by the BOT. However, due to pandemic, real estate options originally considered are no longer a viable option. - Increasing cash reserve was based on passage of Prop A bond funds and transferring U-fund expenditures to bond funds is still under review. Additionally, building cash reserves was also contingent on leveraging real estate holdings, which also did not materialize. - Administration diligently pursued additional funding through local, state, and federal lobbying. One initiative, WERF, was rejected by the City. - Growth funding by expanding CityOnline was devoted to enabling remote teaching due to pandemic.
4. Explore partnerships and funding opportunities for non-credit lifelong learning and enrichment courses.	In progress for FY20/21	Efforts to secure additional funding through WERF through the City and County of SF were unsuccessful. Additional funding from the state through census-based enrollment for non-credit is pending.
5. Identify programs for discontinuance and teach-out, without layoff of any regular full time tenured or tenure-track faculty.	Begin Fall 2020	Due to "dire financial emergency" per BP/AP 6.17 the District will engage in the expedited program discontinuance or suspension process for Academic Year 21/22.

6. Proposition A is on the ballot on March 3, 2020, a facilities bond initiative in the amount of $845M. If Prop A passes, this will enable some capital costs currently paid through the unrestricted fund to shift to bond funds.	March 3, 2020	Transfer of expenditures from U-fund to Bond under review.
7. Work with all CCSF stakeholders to secure additional permanent and sustainable supplemental unrestricted funding for CCSF student-centered priorities.	Begin mid-March for November election.	See prior response to items 3 and 4.
8. In addition, management recommends engaging an external corrective action monitor, a CPA, who will serve as an outside and impartial fiscal expert resource to the college budget committee and its own corrective action monitors.	March 26, 2020	The College attempted to hire someone in coordination with the State Chancellor's office Jim Austin, however, the individual was unavailable. After a few months, the College engaged the services of a retired CFO/CEO and then began recruiting for a Vice Chancellor of Finance and Administration as well as an Executive Director, Audit and Internal Controls. The Vice Chancellor of Finance and Administration was hired November 9, 2020 and the Executive Director was hired December 1, 2020.

Fiscal staff will continue to monitor and analyze budgets, cash flow, enrollment, and attendance to make sure the most accurate information is provided when making decisions.

Note 17 - Subsequent Events

Subsequent to year end, the District has been negatively impacted by the effects of the world-wide coronavirus pandemic. The District is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the District's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

On December 17, 2020, $110,000,000 (net of premium and bond issuance costs) of Election of 2020 General Obligation Bonds, Series A were issued with a final maturity date of June 15, 2045, and interest rates of 2.3% to 5.0%, depending on the maturity of the related bonds. Interest is payable semiannually on June 15 and December 15 of each year commencing on June 15, 2022.

On December 17, 2020, $190,000,000 (net of premium and bond issuance costs) of Election of 2020 General Obligation Bonds, Series A-1 were issued with a final maturity date of June 15, 2041, and interest rates of 0.8% to 3.2%, depending on the maturity of the related bonds. Interest is payable semiannually on June 15 and December 15 of each year commencing on June 15, 2022.

On December 17, 2020, $23,500,000 (net of premium and bond issuance costs) of 2020 General Obligation Refunding Bonds were issued with a final maturity date of June 15, 2034, and interest rates of 4.0% to 5.0%, depending on the maturity of the related bonds. Interest is payable semiannually on June 15 and December 15 of each year commencing on June 15, 2021. The bonds were issued to refund the District's outstanding Election of 2005 General Obligation Bonds, Series B.

Required Supplementary Information
June 30, 2020

San Francisco Community College District

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 4,715,900	$ 4,761,606	$ 5,382,732
Interest	9,938,445	9,533,290	9,134,663
Expected benefit payments	(8,900,749)	(7,692,202)	(8,144,914)
Difference between expected and actual experience	(16,416,531)	(1,314,630)	-
Net change in total OPEB liability	(10,662,935)	5,288,064	6,372,481
Total OPEB liability - beginning	143,600,537	138,312,473	131,939,992
Total OPEB liability - ending (a)	$ 132,937,602	$ 143,600,537	$ 138,312,473
Plan Fiduciary Net Position			
Contributions - employer	$ 12,187,894	$ 13,966,777	$ 11,983,985
Expected investment income	1,440,540	1,080,198	1,243,581
Differences between projected and actual earnings on OPEB plan investments	318,531	(22,427)	-
Expected benefit payments	(8,900,749)	(7,692,202)	(8,144,914)
Difference between expected and actual experience	-	(1,314,630)	-
Administrative expense	(37,145)	(30,000)	-
Net change in plan fiduciary net position	5,009,071	5,987,716	5,082,652
Plan fiduciary net position - beginning	18,954,140	12,966,424	7,883,772
Plan fiduciary net position - ending (b)	$ 23,963,211	$ 18,954,140	$ 12,966,424
District's net OPEB liability - ending (a) - (b)	$ 108,974,391	$ 124,646,397	$ 125,346,049
Plan fiduciary net position as a percentage of the total OPEB liability	18.03%	13.20%	9.37%
Covered-employee payroll	$ 137,659,895	$ 129,610,167	$ 131,979,430
District's net OPEB liability as a percentage of covered-employee payroll	79.16%	96.17%	94.97%
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017

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

	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	8.64%	6.42%	12.17%

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

	2020	2019
Total OPEB Liability		
Interest	$ 96,622	$ 1,724,354
Difference between expected and actual experience	(67,419)	-
Changes of assumptions	502,174	111,669
Benefit payments	(184,020)	(176,650)
Net change in total OPEB liability	347,357	1,659,373
Total OPEB liability - beginning	3,059,373	1,400,000
Total OPEB liability - ending	$ 3,406,730	$ 3,059,373
Covered-employee payroll	N/A[1]	N/A[1]
District's total OPEB liability as a percentage of covered payroll	N/A[1]	N/A[1]
Measurement date	June 30, 2020	June 30, 2019

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

[1] As of the 2017 fiscal year, there was no covered payroll associated with employees covered by the Bookstore OPEB Plan.

Year ended June 30,	2020	2019	2018
District's proportion of the net OPEB liability	0.2637%	0.2500%	0.2714%
District's proportionate share of the net OPEB liability	$ 981,881	$ 957,049	$ 1,141,807
District's covered payroll	N/A[1]	N/A[1]	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
District's proportion of the net pension liability	0.1559%	0.1472%	0.1588%	0.1578%	0.1637%	0.1838%
District's proportionate share of the net pension liability	$ 140,845,704	$ 135,303,355	$ 146,856,856	$ 127,669,976	$ 110,236,539	$ 109,162,777
State's proportionate share of the net pension liability associated with the District	76,840,735	77,467,499	86,879,275	72,680,240	58,302,977	65,917,198
Total	$ 217,686,439	$ 212,770,854	$ 233,736,131	$ 200,350,216	$ 168,539,516	$ 175,079,975
District's covered payroll	$ 84,911,413	$ 82,254,089	$ 88,682,576	$ 77,235,937	$ 73,432,379	$ 85,079,413
District's proportionate share of the net pension liability as a percentage of its covered payroll	166%	164%	166%	165%	150%	128%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
SFERS						
District's proportion of the net pension liability	1.5791%	1.5814%	1.5403%	1.4766%	1.5795%	1.7522%
District's proportionate share of the net pension liability	$ 70,690,622	$ 67,726,728	$ 76,912,801	$ 85,831,480	$ 36,265,841	$ 31,021,562
District's covered payroll	$ 52,748,482	$ 47,356,078	$ 43,296,854	$ 39,223,199	$ 40,264,153	$ 41,365,456
District's proportionate share of the net pension liability as a percentage of its covered payroll	134%	143%	178%	219%	90%	75%
Plan fiduciary net position as a percentage of the total pension liability	85%	85%	82%	77%	90%	92%
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

See Note to Required Supplementary Information

	2020	2019	2018	2017	2016	2015
CalPERS - Miscellaneous Plan						
District's proportion of the net pension liability	0.0343%	0.0340%	0.0330%	0.0321%	0.0301%	0.0193%
District's proportionate share of the net pension liability	$ 1,375,292	$ 1,282,902	$ 1,300,751	$ 1,115,251	$ 2,626,907	$ 2,193,486
District's covered payroll	N/A	N/A	N/A	$ 1,850,556	$ 1,973,862	$ 1,981,879
District's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	60%	133%	111%
Plan fiduciary net position as a percentage of the total pension liability	78%	78%	75%	76%	80%	81%
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

N/A - As of the 2017 fiscal year, there was no covered payroll associated with the PERS employees covered by the CalPERS Miscellaneous Plan.

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	$ 14,567,969	$ 13,823,578	$ 11,869,265	$ 11,156,268	$ 8,287,416	$ 6,520,795
Contributions in relation to the contractually required contribution	14,567,969	13,823,578	11,869,265	11,156,268	8,287,416	6,520,795
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 85,192,801	$ 84,911,413	$ 82,254,089	$ 88,682,576	$ 77,235,937	$ 73,432,379
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
SFERS						
Contractually required contribution	$ 10,587,582	$ 9,474,507	$ 9,219,890	$ 8,192,668	$ 7,819,687	$ 9,603,924
Contributions in relation to the contractually required contribution	10,587,582	9,474,507	9,219,890	8,192,668	7,819,687	9,603,924
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 55,403,359	$ 52,748,482	$ 47,356,078	$ 43,296,854	$ 39,223,199	$ 40,264,153
Contributions as a percentage of covered payroll	19.11%	17.96%	19.47%	18.92%	19.94%	23.85%

	2020	2019	2018	2017	2016	2015
CalPERS - Miscellaneous Plan						
Contractually required contribution	$ 131,064	$ 93,234	$ 60,954	$ 49,922	$ 424,160	$ 232,343
Contributions in relation to the contractually required contribution	131,064	93,234	60,954	49,922	424,160	232,343
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	N/A	N/A	N/A	N/A	$ 1,850,556	$ 1,973,862
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	23%	12%

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

N/A - As of the 2017 fiscal year, there was no covered payroll associated with the employees covered by the CalPERS Miscellaneous Plan.

Note 1 - Purpose of Schedules

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

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

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

Changes of Assumptions - There were no changes in assumptions or other inputs since the previous valuation.

Schedule of OPEB Investment Returns

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

Schedule of Changes in the District's Total OPEB Liability and Related Ratios - Bookstore Plan

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

Changes in Benefit Terms - There were no changes in the benefit terms during the measurement period.

Changes of Assumptions - The plan rate of investment return assumption was changed from 3.50% to 2.20% during the measurement period.

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

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

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

Changes of Assumptions - The plan rate of investment return assumption was changed from 3.87% to 3.50% since the previous valuation.

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

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

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuations for CalSTRS, SFERS, or CalPERS.

Changes of Assumptions - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS. For SFERS, the discount rate assumption was changed from 7.50% to 7.40% during the measurement period

Schedule of District Contributions for Pensions

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

Supplementary Information
June 30, 2020

San Francisco Community College District

San Francisco Community College District was established in 1935 and is located in San Francisco County. There were no changes in the boundaries of the District during the current year. The District's college is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Shanell Williams	President	2020
Tom Temprano	Vice President	2020
Brigitte Davila	Member	2022
Ivy Lee	Member	2022
John Rizzo	Member	2022
Thea Selby	Member	2022
Alex Randolph	Member	2020
Vick Van Chung	Student Trustee	2020

ADMINISTRATION

Dianna Gonzales	Interim Chancellor
Dianna Gonzales	Senior Vice Chancellor, Administrative and Student Affairs
Tom Boegel	Senior Vice Chancellor of Academic Affairs and Institutional Affairs
Charmaine Curtis	Interim Senior Vice Chancellor of Facilities and Capital Planning

Program Name	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures	Amount Passed Through to Subrecipients
U.S. Department of Education				
Student Financial Assistance Cluster				
Federal Pell Grant Program	84.063		$ 14,725,983	$ -
Federal Pell Grant Program Administrative Allowance	84.063		111,976	-
Federal Work-Study Program	84.033		894,181	-
Federal Direct Student Loans	84.268		906,980	-
Federal Supplemental Educational Opportunity Grants	84.007		863,872	-
Federal Perkins Loans	84.038		1,644,520	-
Subtotal Student Financial Assistance Cluster			19,147,512	-
TRIO Cluster				
TRIO Student Support Services	84.042A		443,327	-
Subtotal TRIO Cluster			443,327	-
COVID-19: CARES Act Higher Education Emergency Relief Funds, Student Portion	84.425E		3,461,430	-
COVID-19: CARES Act Higher Education Emergency Relief Funds, Institutional Portion	84.425F		528,647	-
Subtotal			3,990,077	-
Passed through California Department of Education (CDE)				
Adult Basic Education and ELA	84.002A	14508	894,285	-
Adult Secondary Education	84.002A	13978	141,350	-
Subtotal			1,035,635	-
Passed through California Community Colleges Chancellor's Office				
Career and Technical Education Act, Title I, Part C	84.048A	19-C01-048	930,331	-
Career and Technical Education Transitions	84.048A	19-C01-048	46,195	-
Subtotal			976,526	-
Total U.S. Department of Education			25,593,077	-
U.S. Department of Agriculture				
Passed through California Department of Education (CDE)				
Child and Adult Care Food Program	10.558	13393	23,379	-
U.S. Department of Labor				
Passed through Los Rios Community College District				
Northern California Community College Apprenticeship Initiative	17.268	AP-27832-1560-A-6	12,751	-

[1] Pass-Through Entity Number not available.

Program Name	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures	Amount Passed Through to Subrecipients
National Science Foundation				
Research and Development Cluster				
Collaborative Research	47.076		$ 81,370	$ -
Growing CTE/STEM Teachers	47.076		122,266	-
Subtotal Research and Development Cluster			203,636	-
U. S. Department of Veterans Affairs				
Veterans Education	64.120		1,662	-
U.S. Department of Health and Human Services				
Passed through California Community Colleges Chancellor's Office				
Temporary Assistance for Needy Families	93.558	[1]	74,427	-
Passed through City and County of San Francisco				
Temporary Assistance for Needy Families	93.558	[1]	213,116	-
Subtotal			287,543	-
Passed through California Community Colleges Chancellor's Office				
Foster and Kinship Care Education	93.658	[1]	27,083	-
Passed through City and County of San Francisco				
Foster Care Title IV-E	93.658	[1]	1,056,536	655,692
Subtotal			1,083,619	655,692
Passed through California Department of Education (CDE)				
Child Care Development Fund (CCDF) Cluster				
Child Care Development Block Grant - Centers Based	93.575	15136	7,805	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	16,978	-
Subtotal CCDF Cluster			24,783	-
Total U.S. Department of Health and Human Services			1,395,945	655,692
Total Expenditures of Federal Awards			$ 27,230,450	$ 655,692

[1] Pass-Through Entity Number not available.

Program	Program Entitlements: Current Year	Program Entitlements: Prior Year	Program Entitlements: Total Entitlement	Program Revenues: Cash Received	Program Revenues: Accounts Receivable	Program Revenues: Unearned Revenue	Program Revenues: Total Revenue	Program Expenditures
AB 1290 Scheduled Deferred Maintenance and Repair	$ 4,255,514	$ -	$ 4,255,514	$ 1,084,472	$ 1,813,458	$ -	$ 2,897,930	$ 2,897,930
AB 86 Adult Education Consortium	3,610,072	62,496	3,672,568	3,614,697	-	426,938	3,187,759	3,183,137
Beverage Container Recycling Grant	101,738	-	101,738	-	86,314	-	86,314	86,314
Board of Financial Aid	686,741	-	686,741	686,741	-	-	686,741	686,741
CA Apprenticeship Initiative	208,241	-	208,241	-	208,241	-	208,241	208,241
CA Institute for Reg Medicine	432,700	26,083	458,783	415,656	-	50,404	365,252	365,252
CAI Pre-Apprentice and Job Training	186,742	-	186,742	-	186,742	-	186,742	186,742
Cal Grant	1,545,952	-	1,545,952	1,540,678	5,274	-	1,545,952	1,545,952
California College Promise	1,400,440	290,700	1,691,140	1,400,440	-	169,112	1,231,328	1,231,328
California Nursing Support	215,647	-	215,647	215,647	-	79,125	136,522	136,522
CalWORKs	440,454	-	440,454	440,454	-	-	440,454	440,454
Campus Safety	-	16,831	16,831	15,700	-	15,700	-	-
CARE	136,381	-	136,381	136,381	-	-	136,381	136,381
Career Tech Enhancement	5,046,989	3,622,216	8,669,205	2,692,239	2,845,062	3,759,143	1,778,158	1,778,158
CCCCO MESA	74,515	-	74,515	31,004	26,129	-	57,133	57,133
Child Care Tax Bailout	84,734	26,090	110,824	113,584	-	37,293	76,291	76,291
Center Based Child Development	158,400	34,029	192,429	40,091	-	8,746	31,345	31,345
San Fran First 5 Preschool	139,750	-	139,750	368,849	56,094	227,444	197,499	197,499
State Preschool	567,622	-	567,622	-	215,340	-	215,340	215,340
DSPS	2,178,476	-	2,178,476	2,268,799	-	269,837	1,998,962	1,998,962
Economic Workforce Development	296,000	5,180	301,180	283,600	28,315	-	311,915	311,915
EOPS	1,479,895	-	1,479,895	1,479,895	-	-	1,479,895	1,479,895
Equal Employment Opportunity	50,000	80,878	130,878	130,878	-	90,554	40,324	40,324
Financial Aid Technology	67,715	234,634	302,349	302,349	-	222,975	79,374	79,374
Foster Parenting	41,397	-	41,397	30,178	11,219	-	41,397	41,397
Full Time Student Success Grant	1,303,386	-	1,303,386	1,303,386	-	-	1,303,386	1,303,386
Guided Pathway	548,701	664,731	1,213,432	1,121,982	-	390,128	731,854	731,854
Hunger Free Campus	178,744	181,196	359,940	235,850	-	66,931	168,919	168,919
Incarcerated Students Reentry Program	113,638	-	113,638	45,454	-	22,606	22,848	22,848
Innovation for Higher Education	-	1,196,121	1,196,121	1,196,121	-	1,169,002	27,119	27,119
Mental Health Support Program	182,513	-	182,513	182,513	-	74,464	108,049	108,049

Program	Program Entitlements			Program Revenues				
	Current Year	Prior Year	Total Entitlement	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
SPDPH/MHSA MHCHW	$ 255,000	$ -	$ 255,000	$ -	$ 255,000	$ -	$ 255,000	$ 255,000
Student Equity and Achievement (SEA) Program	8,934,540	2,084,427	11,018,967	11,018,967	-	2,120,596	8,898,371	8,870,131
The Puente Project	3,000	5,673	8,673	8,673	-	5,960	2,713	2,713
Veteran Resource Center	332,136	-	332,136	332,136	-	314,942	17,194	17,194
Total	$ 35,257,773	$ 8,531,285	$ 43,789,058	$ 32,737,414	$ 5,737,188	$ 9,521,900	$ 28,952,702	$ 28,919,840

CATEGORIES	Reported Data*	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2019 only)			
1. Noncredit**	591.86	-	591.86
2. Credit	1,476.75	-	1,476.75
B. Summer Intersession (Summer 2020 - Prior to July 1, 2021)			
1. Noncredit**	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	9,517.70	-	9,517.70
(b) Daily Census Contact Hours	877.83	-	877.83
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit**	4,377.13	-	4,377.13
(b) Credit	581.01	-	581.01
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	2,542.93	-	2,542.93
(b) Daily Census Procedure Courses	-	-	-
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	19,965.21	-	19,965.21
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit**	3,540.72	-	3,540.72
2. Credit	42.17	-	42.17
CCFS-320 Addendum			
CDCP Noncredit FTES	3,611.87	-	3,611.87
Centers FTES			
1. Noncredit**	4,227.33	-	4,227.33
2. Credit	1,990.81	-	1,990.81

* Annual report revised as September 30, 2020.
** Including Career Development and College Preparation (CDCP) FTES.

	Object/ TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 37,264,807	$ -	$ 37,264,807	$ 37,423,832	$ -	$ 37,423,832
Other	1300	21,225,506	-	21,225,506	21,607,970	-	21,607,970
Total Instructional Salaries		58,490,313	-	58,490,313	59,031,802	-	59,031,802
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	11,634,066	-	11,634,066
Other	1400	-	-	-	2,291,382	-	2,291,382
Total Noninstructional Salaries		-	-	-	13,925,448	-	13,925,448
Total Academic Salaries		58,490,313	-	58,490,313	72,957,250	-	72,957,250
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	31,486,864	-	31,486,864
Other	2300	-	-	-	4,701,594	-	4,701,594
Total Noninstructional Salaries		-	-	-	36,188,458	-	36,188,458
Instructional Aides							
Regular Status	2200	1,472,755	-	1,472,755	2,247,578	-	2,247,578
Other	2400	484,582	-	484,582	517,630	-	517,630
Total Instructional Aides		1,957,337	-	1,957,337	2,765,208	-	2,765,208
Total Classified Salaries		1,957,337	-	1,957,337	38,953,666	-	38,953,666
Employee Benefits	3000	18,361,695	-	18,361,695	36,385,524	-	36,385,524
Supplies and Material	4000	-	-	-	754,849	-	754,849
Other Operating Expenses	5000	798,416	-	798,416	12,891,781	-	12,891,781
Equipment Replacement	6420	-	-	-	29,155	-	29,155
Total Expenditures Prior to Exclusions		79,607,761	-	79,607,761	161,972,225	-	161,972,225

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ -	$ -	$ -	$ -	$ -	$ -
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	76,687	-	76,687
Objects to Exclude							
Rents and Leases	5060	-	-	-	1,426,911	-	1,426,911
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 2,983,577	$ -	$ 2,983,577
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	4,487,175	-	4,487,175
Total for ECS 84362, 50 Percent Law		$ 79,607,761	$ -	$ 79,607,761	$ 157,485,050	$ -	$ 157,485,050
Percent of CEE (Instructional Salary Cost/Total CEE)		50.55%		50.55%	100.00%		100.00%
50% of Current Expense of Education					$ 78,742,525		$ 78,742,525

See Note to Supplementary Information

Activity Classification	Object Code				Unrestricted
EPA Revenue:	8630				$ 10,810,413
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 10,810,413	$ -	$ -	$ 10,810,413
Revenues Less Expenditures					$ -

Summarized below are the fund balance reconciliations between the Annual Financial and Budget Report (CCFS-311) and the fund financial statements.

	Unrestricted General Fund	Restricted General Fund
Annual Financial and Budget Report (CCFS-311) Reported Fund Balance at June 30, 2020*	$ 8,662,083	$ 3,071,277
Change in:		
Accounts receivable	555,111	430,106
Balance, June 30, 2020, Audited	$ 9,217,194	$ 3,501,383

* This balance is the ending balance of the Unrestricted General Fund as reflected in the District's general ledger. The amount reported on the District's CCFS-311 report did not agree to the District's general ledger.

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Total Fund Balance:		
General Funds	$ 12,718,577	
Debt Service Funds	8,427,000	
Special Revenue Funds	20,999	
Capital Project Funds	24,495,703	
Enterprise Funds	(2,028,512)	
Internal Service Funds	(1,987,974)	
Fiduciary Fund	1,362,091	
Total fund balance - all District funds		$ 43,007,884
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	750,534,362	
Accumulated depreciation is	(425,225,232)	
Total capital assets		325,309,130
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(405,819)
Deferred outflows of resources represent a consumption of net position in a future period and are not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred charges on refunding	6,594,479	
Deferred outflows of resources related OPEB	3,952,839	
Deferred outflows of resources related to pensions	63,183,764	
Total deferred outflows of resources		73,731,082
Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not reported in the District's funds. Deferred inflows of resources at year-end consist of:		
Deferred inflows of resources related OPEB	(13,698,396)	
Deferred inflows of resources related to pensions	(37,144,665)	
Total deferred inflows of resources		(50,843,061)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
General obligation bonds payable	$ 227,758,289	
Compensated absences	8,585,569	
Load banking	2,376,884	
Supplemental early retirement plan	8,978,948	
Aggregate net OPEB liability, less amount already recorded in funds	109,956,272	
Aggregate net pension liability	212,911,618	
Other long-term liabilities	17,380,091	
Total long-term liabilities		$ (587,947,671)
Total net position		$ (197,148,455)

Note 1 - Purpose of Schedules

District Organization

This schedule provides information about the District's governing board members and administration members as of June 30, 2020.

Schedule of Expenditures of Federal Awards

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies
Expenditures reported in the Schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate
The District has not elected to use the ten percent de minimis cost rate.

SEFA Reconciliation
The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position - Primary Government, Statement of Changes in Net Position - Fiduciary Funds, and the related expenditures reported on the Schedule of Expenditures of Federal Awards:

Description	CFDA Number	Amount
Federal Revenues per Statement of Revenues, Expenses, and Changes in Net Position and Statement of Changes in Fiduciary Net Position		$ 25,339,155
Veterans Education	64.120	(17,913)
Federal Supplemental Educational Opportunity Grants	84.007	127,912
Federal Work-Study Program	84.033	45,975
Federal Perkins Loans	84.038	1,644,520
Federal Pell Grant Program Administrative Allowance	84.063	90,801
Total Expenditures of Federal Awards		$ 27,230,450

The amount of expenditures presented for the Federal Perkins Loans program represents the balance of outstanding loans with the U.S. Department of Education with continuing compliance requirements at July 1, 2019. At June 30, 2020, the balance of outstanding loans was $1,746,865.

Schedule of Expenditures of State Awards

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

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

FTES is a measurement of the number of students 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 to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

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

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

This schedule provides the District's EPA proceeds and summarizes the expenditures of EPA proceeds.

Reconciliation of Annual Financial and Budget Report (CCFS-311) With Audited Financial Statements

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

Reconciliation of Governmental Funds to the Statement of Net Position

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

Independent Auditor's Reports
June 30, 2020

San Francisco Community College District

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of San Francisco Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 28, 2021.

Emphasis of Matter Regarding Going Concern
The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note 16 to the financial statements, the District has suffered recurring deficit spending and does not meet minimum fund balance requirements. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 16. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-003 to be a significant deficiency.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

San Francisco Community College District's Responses to Findings
The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
February 28, 2021

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program
We have audited San Francisco Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the District's compliance.

Basis for Qualified Opinion on Adult Basic Education and ELA and Adult Secondary Education (CFDA 84.002A)
As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding CFDA 84.002A Adult Basic Education and ELA and Adult Secondary Education as described in finding numbers 2020-006 for Activities Allowed or Unallowed and Allowable Costs. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified Opinion on Adult Basic Education and ELA and Adult Secondary Education (CFDA 84.002A)
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Adult Basic Education and ELA and Adult Secondary Education programs for the year ended June 30, 2020.

Unmodified Opinion on Each of the Other Major Federal Programs
In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

Other Matters
The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-004 and 2020-005. Our opinion on each major Federal program , other than Adult Basic Education and ELA and Adult Secondary Education (CFDA 84.002A), is not modified with respect to these matters.

The District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-006 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-004 and 2020-005 to be significant deficiencies.

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Eide Bailly LLP

Rancho Cucamonga, California
February 28, 2021

Independent Auditor's Report on State Compliance

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

Report on State Compliance
We have audited San Francisco Community College District's (the District) compliance with the types of compliance requirements described in the 2019-2020 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations listed on the table below for the year ended June 30, 2020.

Management's Responsibility
Management is responsible for compliance with state laws and regulations as identified in the table below.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to in the table below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the 2019-2020 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed in the table below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

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

Section 411	SCFF Data Management Control Environment
Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Activities Funded From Other Sources
Section 424	Student Centered Funding Formula Base Allocation: FTES
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment (CCAP and Non-CCAP)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 439	Proposition 39 Clean Energy Fund
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged Hours (TBA)
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds

The District reports no Apportionment for Activities Funded From Other Sources; therefore, the compliance tests within this section were not applicable.

The District reports no To Be Arranged Hours (TBA) for Apportionment funding; therefore, the compliance tests within this section were not applicable.

Basis for Qualified Opinion on Section 491 – Education Protection Account Funds
As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Section 491 – Education Protection Account Funds, as identified in finding 2020-007. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified Opinion on Section 491 – Education Protection Account Funds
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2020.

Unmodified Opinion on Each of the Other Programs
In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state programs noted above that were audited for the year ended June 30, 2020, except as described in the state awards findings and questioned costs section of the accompanying schedule of findings and questioned costs.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on the response.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2019-2020 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
February 28, 2021

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted:	No

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major Federal programs:	Qualified

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

Name of Federal Program or Cluster	CFDA Number
Adult Basic Education and ELA	84.002A
Adult Secondary Education	84.002A

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

Identification of major Federal programs:

Name of Federal Program or Cluster	CFDA Number
Student Financial Assistance Cluster	84.007, 84.033, 84.038, 84.063, 84.268
COVID-19: CARES Act Higher Education Emergency Relief Funds, Student Portion	84.425E
COVID-19: CARES Act Higher Education Emergency Relief Funds, Institutional Portion	84.425F
Adult Basic Education and ELA	84.002A
Adult Secondary Education	84.002A

Dollar threshold used to distinguish between Type A and Type B programs:	$816,913
Auditee qualified as low-risk auditee?	No

STATE AWARDS

Type of auditor's report issued on compliance for state awards:	Qualified

Unmodified for all State awards except for the following program which was qualified:

Name of State Award
Section 491 - Education Protection Account Funds

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

2020-001 Financial Condition of the District - Going Concern

Criteria or Specific Requirement
Pursuant to *Education Code* Section 84040, the Board of Governors is required to adopt criteria and standards for the periodic assessment of the fiscal condition of California community college districts. The main criteria for assessment will be the percentage of unrestricted General Fund balance to all expenditures and other outgo of unrestricted General Fund. The minimum prudent unrestricted General Fund balance is 5% for community colleges. This minimum prudent level is considered necessary to ease cash flow problems, to deal with unexpected cost increases, and other fiscal uncertainties. If a district falls below this minimum prudent level, further review will be performed to determine if any fiscal problems exist.

Condition
Material Weakness - For the fiscal year ending June 30, 2020, the District's unrestricted General Fund expenditures and other financing uses exceeded the District's revenues and other financing sources by $1,033,952. The District ended the 2019-2020 year with $(461,951) in available reserves, which was comprised of unassigned balances held in the unrestricted General Fund. This amount represented -0.26% of the District's total expenditures and other financing uses.

Questioned Costs
There were no questioned costs associated with the condition identified.

Context
The condition was identified as a material weakness during the year ended June 30, 2018 through the review of the District's reserve balances and the District's adopted budget for the fiscal years ending June 30, 2019 and 2020. For the fiscal year ending June 30, 2020, the District's unrestricted General Fund operating deficit caused a 10% decline in the unrestricted General Fund ending fund balance. Based on the District's adopted budget for the fiscal year ending June 30, 2021, the District will not be able to restore its unrestricted General Fund reserve balances to the minimum 5%.

Effect
The District's declining fund balance and structural deficit raises substantial doubt about the District's ability to continue as a going concern.

Cause
The significant factors contributing to the District's condition include the following:

1) Significant deficit spending that occurred in the prior and current fiscal year within the unrestricted General Fund.
2) Decline in revenues cause by loss of stability funding in the 2016-2017 fiscal year, combined with increasing cost of payroll and benefits creating a structural deficit.

Recommendation
The District must actively monitor its budget to actual results to ensure that the District can maintain adequate unrestricted General Fund reserves. More importantly, the District should develop a more aggressive fiscal management and budget stabilization plan that identifies a viable correction plan to ensure that fiscal solvency can be sustained. The stabilization plan should incorporate adequate expenditure mitigation objectives that can create an additional layer of "cushion" beyond the minimum reserve requirement. This will allow the District to accommodate future uncertainties in operational variances without impairing the District's reserves.

Views of Responsible Officials and Corrective Action Plan
The Board of Trustees on November 12, 2020, adopted a Multi-Year Budget and Enrollment plan to address the structural deficit and improve operations. The plan proposes to reduce ongoing salary and benefit costs through layoffs, concessions, and through operating expenditure reductions beginning July 1, 2021. March 15th notices to lay off faculty and administrators were approved by the Board at its February 25, 2021, meeting.

2020-002 Self-Insurance Fund Deficit Retained Earnings

Criteria or Specific Requirement
The accounting system used to record the financial affairs of any community college district shall be in accordance with the definitions, instructions, and procedures published in the California Community Colleges Budget and Accounting Manual (BAM). Colleges are also required to use fund accounting. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Condition
Material Weakness –The Self-Insurance Fund had a deficit retained earnings balance of $1,987,974 as of June 30, 2020.

Questioned Costs
There are no questioned costs associated with this finding.

Context
The beginning retained earnings balance of the Self-Insurance Fund as of June 30, 2019 was $1,082,991. In the future, the deficit retained earnings of $1,987,974 may require the District to encroach on the Unrestricted General Fund to cover costs of claims associated with the self-insured workers' compensation claims liability.

Effect
The Self-Insurance Fund has liabilities in excess of its total assets, resulting in a deficit retained earnings which encroaches on the Unrestricted General Fund's ending fund balance.

Cause
The deficit appears to have been caused by costs paid by the Self-Insurance Fund, in excess of in-District contributions and transfers from other funds to cover such costs.

Recommendation
The District should review the activities with the Self-Insurance Fund and determine a funding plan to ensure the fund does not remain in a deficit. The District's year-end closing process should include a reconciliation and review process over fund balances to ensure ending balances are not in deficit. Deficit ending fund balances should be researched and reviewed prior to year-end closing.

Views of Responsible Officials and Corrective Action Plan
The reserves in the self-insurance fund were reduced in the last few years to offset expenses in the unrestricted general fund. Specifically, to close the U-fund deficit, reserves were drawn down from several restricted funds and transferred to the U-fund, including the self-insurance fund. For FY20, the lack of an adequate reserve is likely due to under-budgeting. Risk Management will work closely with the Budget Office to cure the deficit, using data from the City and County of San Francisco's Workers Compensation program, and claims data from the District's property and liability insurance carrier.

2020-003 Load Banking

Criteria or Specific Requirement
The District offers load banking to eligible faculty employees whereby the employee may teach extra courses in one period in exchange for time off in another period. If the employee retires or is terminated before they utilize their accrued load baking balance, the District will pay the employee for the equivalent amount. The District records a long-term liability for this load banking balance.

Condition
Significant Deficiency – For the fiscal year ending June 30, 2020, the District's load banking balance included a deficit amount owed from faculty employees. In essence, faculty employees did not teach or taught less than required for a full-time faculty, but were paid their full salary without having an adequate balance in their load banking account. The deficit balance included in the load banking balance as of June 30, 2020, has decreased significantly from the year ending June 30, 2019.

Questioned Costs
There were no questioned costs associated with the condition identified.

Context
The condition was identified during the review of the District's detailed load banking balances.

Effect
The District has spent funds for faculty employees, but did not receive the services from the employee.

Cause
The cause appears to be lack of monitoring and oversight of the faculty employee load banking balance and requests. During the year ended June 30, 2020, the District implemented procedures to monitor and reduce deficit balances owed. However, the District will need to continue monitoring the balance to ensure the deficit is further reduced to a minimal amount.

Recommendation
The District should continue monitoring to ensure no faculty employee utilizes more paid leave than they have accrued in their load banking balance. Additionally, the District should work with faculty employees to plan when they will teach extra courses to eliminate their deficit load banking balance.

Views of Responsible Officials and Corrective Action Plan
Board Policy 3.15 and Article 18 of the District/AFT Collective Bargaining Agreement establishes workload expectations and calculations for full-time faculty. The District monitors full-time faculty assignments and maintains records of cumulative load balances, which represent an accounting of whether the assignments performed by an individual faculty member across time exceed or fall below established workload expectations. Small variations in individual faculty cumulative load balances occur normally, based on the workload calculations for individual classes and events such as class cancellations due to low enrollment. Article 18.J. prescribes a nominal 3-semester timeline for addressing cumulative load balances that fall above or below a certain threshold.

In the data provided for this audit, the District reported on the cumulative load balances of 535 full-time faculty. Of these 535, 28 faculty had cumulative load deficits that fell below the threshold established by Article 18.J. The aggregate load balance across all full-time faculty was positive, meaning that faculty had performed more services than the nominal workload expectations.

We have made progress this past year in addressing this issue and as a result, the deficit balance has shown a significant decline. The district will continue to engage in the corrective actions already undertaken which include monitoring faculty load balances and implementing additional assignments when circumstances occur that cause an underload (e.g., class cancellation due to low enrollment), and improving inter-department communication so that proper load accounting occurs when faculty are granted leave from their normal assignments in accordance with Article 17 of the District/AFT Collective Bargaining Agreement.

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

2020-004 Cash Management

Program Name: COVID-19: CARES Act Higher Education Emergency Relief Funds, Institutional Portion
CFDA Number: 84.425F
Federal Agency: U.S. Department of Education
Pass-Through Entity: Direct Funded

Criteria or Specific Requirement
Uniform Guidance, 2 CFR 200.305: Federal Payment

(b) For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. See also §200.302(b)(6). Except as noted elsewhere in this part, Federal agencies must require recipients to use only OMB-approved, governmentwide information collection requests to request payment.

(1) Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs. The non-Federal entity must make timely payment to contractors in accordance with the contract provisions.

Condition
Significant Deficiency and Noncompliance – The District drew down all funds available for the Higher Education Emergency Relief Funds - Institutional Portion program in May 2020. However, at June 30, 2020, the District had only spent $528,647 of these federal funds. The District did not minimize the time between receipt and disbursement of the funds requested, and as a result, held excess cash of $2,976,290 at June 30, 2020.

Questioned Costs
Questioned costs include interest earned on the advanced funds of approximately $11,575 at June 30, 2020.

Context
The District drew down $3,504,937, which represents the total awarded allocation for the program.

Effect
The District is not in compliance with federal cash management requirements.

Cause
The District did not minimize the time between receipt and disbursement of the funds requested, and as a result, held excess cash at June 30, 2020.

Repeat Finding: No

Recommendation
It is recommended that the District implement review process for all cash draw downs to ensure only funds needed for immediate disbursement are requested.

Views of Responsible Officials and Corrective Action Plan
These funds were inadvertently drawn down by prior administrative staff while the college was in the process of developing plans to expend these resources. Any interest earned will be repaid to the Department of Education with future funds drawn down as needed.

2020-005 Reporting

Program Name: COVID-19: CARES Act Higher Education Emergency Relief Funds, Student Portion
CFDA Number: 84.425E
Federal Agency: U.S. Department of Education
Pass-Through Entity: Direct Funded

Criteria or Specific Requirement
Section 18004(a)(1) of The Coronavirus Aid, Relief, and Economic Security Act required that institutions that received the HEERF 18004(a)(1) Student Aid Portion award to publicly post certain information on their website no later than 30 days after their award and update that information every 45 days thereafter.

Condition
Significant Deficiency and Noncompliance – During our testing over reporting for the Student Portion, we noted that the report required to be publicly available 30 days following the award becoming available was late by two days and therefore, the District did not meet the timeliness requirement.

Questioned Costs
There were no questioned costs associated with the condition identified.

Context
The District had one report for the Higher Education Emergency Relief Funds, Student Portion due within the year ending June 30, 2020.

Effect
The District's 30 day report was uploaded to their website 36 days late.

Cause
There was a lack of oversight in the 30 day requirement for the student aid portion reporting.

Repeat Finding: No

Recommendation
The District should ensure that reporting requirements and deadlines are clearly communicated to all staff, and procedures in place to ensure requirements and deadlines are met. The District should also ensure all documentation to support amounts reported is maintained in accordance with document retention guidelines.

Views of Responsible Officials and Corrective Action Plan
The oversight of this program has had several changes. The new Vice Chancellor, who was hired on November 9, 2020, has assigned specific staff to manage reporting for these funds so there is no question over oversight and reporting responsibilities. The college will work to ensure that all documentation and reporting requirements are met.

2020-006 Activities Allowed or Unallowed and Allowable Costs

Program Name: Adult Basic Education and ELA, Adult Secondary Education
CFDA Number: 84.002A
Federal Agency: U.S. Department of Education
Pass-Through Entity: California Department of Education

Criteria or Specific Requirement
The Uniform Guidance states that personnel costs for Federal programs should represent only "reasonable amounts for activities contributing and directly related to work under an agreement". Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. (2 CFR 200.430).

Condition
Material Weakness and Noncompliance – The salary and fringe benefits for two employees, who did not perform services for the Adult Education grant, were erroneously charged to the grant during the 2019-2020 fiscal year.

Questioned Costs
The known questioned costs related to the salary and fringe benefits for the two employees identified through testing are $62,206. Based on an error rate of 20% calculated from the total sample size of ten employees, likely questioned costs over the program are projected to be $88,505.

Context
The federal program referenced above had a total of $1,035,635 in expenditures for the year ended June 30, 2020, of which $1,029,090 was associated with salaries and benefits.

Effect
The District is not in compliance with the federal requirements over personnel costs described in the Uniform Guidance.

Cause
The District's review of personnel charges did not identify the employees that should not have been charged to the federal program.

Repeat Finding: No

Recommendation
The District should monitor personnel costs for federal program in accordance with their policies and procedures. The District should review personnel costs on a regular basis to ensure that costs charged are supported by allowable activities directly related to the program. Additionally, adequate supporting documentation should be retained for personnel charges for Federal grants.

Views of Responsible Officials and Corrective Action Plan
To improve record keeping for federal program awards, a centralized system will be used to track payroll authorization forms, timesheet records, time and effort certificates for personnel charged to the fund. In addition, a monthly reconciliation process will be implemented to ensure the most accurate information is recorded, and which will allow the grant manager to research and rectify errors or discrepancies as soon as they are identified.

The following finding represents an instance of noncompliance relating to compliance with state laws and regulations.

2020-007 Section 491 – Education Protection Account Funds

Criteria or Specific Requirement
California Constitution Article XIII section 36(e)(6) states that a community college district shall have sole authority to determine how the moneys received from the Education Protection Account are spent in the school or schools within its jurisdiction, provided, however, that the appropriate governing board or body shall make these spending determinations in open session of a public meeting of the governing board or body and shall not use any of the funds from the Education Protection Account for salaries or benefits of administrators or any other administrative costs. Each community college district shall annually publish on its Internet Web site an accounting of how much money was received from the Education Protection Account and how that money was spent.

Condition
The governing board did not make a spending determination in an open session of a public meeting of the governing board or body. The governing board did not publish on its Internet website an accounting of how it spent the money it received from the Education Protection Account.

Questioned Costs
There were no questioned costs. Based on testing EPA funds were spent on allowable expenses.

Context
The District expensed the Education Protection Account funds of $10,810,413 without holding an open session to make the spending determination for the funds received.

Effect
The District is not in compliance with state requirements.

Cause
The District governing board did not hold an open session to make spending determination for the Education Protection Account funds received.

Recommendation
The governing board should hold an open session public meeting where they take action to adopt a plan in the form of a Board resolution to expend Education Protection Account funds received.

Views of Responsible Officials and Corrective Action Plan
The District has hired a new Vice Chancellor for Finance and Administration, who has begun to make routine reports to the board on the budget activities of the college. The board has also amended its agenda to have a standing agenda item for district finance and budget. Future expenditures for the Education Protection Account will be shared with the board and public, with the appropriate public session held for discussion and review of proposed spending plans.

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

Financial Statement Findings

2019-001 Financial Condition of the District - Going Concern

Criteria or Specific Requirement
Pursuant to *Education Code* Section 84040, the Board of Governors is required to adopt criteria and standards for the periodic assessment of the fiscal condition of California community college districts. The main criteria for assessment will be the percentage of unrestricted General Fund balance to all expenditures and other outgo of unrestricted General Fund. The minimum prudent unrestricted General Fund balance is 5% for community colleges. This minimum prudent level is considered necessary to ease cash flow problems, to deal with unexpected cost increases, and other fiscal uncertainties. If a district falls below this minimum prudent level, further review will be performed to determine if any fiscal problems exist.

Condition
Material Weakness - For the fiscal year ending June 30, 2019, the District's unrestricted General Fund expenditures and other financing uses exceeded the District's revenues and other financing sources by $13,981,928, or 58% of the District's beginning fund balance. The District ended the 2018-2019 year with $363,727 in spendable available reserves, which was comprised of unassigned balances held in the unrestricted General Fund. This amount represented 0.20% of the District's total expenditures and other financing uses.

Questioned Costs
There were no questioned costs associated with the condition identified.

Context
The condition was identified during the review of the District's reserve balances and the District's adopted budget for the fiscal year ending June 30, 2020. For the fiscal year ending June 30, 2019, the District's unrestricted General Fund operating deficit caused a 58% decline in the unrestricted General Fund ending fund balance. Based on the District's adopted budget for the fiscal year ending June 30, 2020, the District will not be able to restore its unrestricted General Fund spendable available reserve balances to the minimum five percent.

Effect
The District's declining fund balance and structural deficit raises substantial doubt about the District's ability to continue as a going concern.

Cause

The significant factors contributing to the District's condition include the following:

1) Significant deficit spending that occurred in the prior years and current fiscal year within the unrestricted General Fund.
2) Decline in revenues caused by loss of stability funding in the 2016-2017 fiscal year and decline in FTES, combined with increasing cost of payroll and benefits has created a structural deficit. The District's ongoing expenses, which are primarily for salaries and benefits, exceed ongoing revenues generated through FTES and Student Centered Funding Formula metrics.
3) Actual revenues fell below the 2018-19 budgeted amounts, which were projected assuming a significant increase in FTES.
4) Although it is officially a single-campus district, the District maintains ten physical locations (one campus and nine center locations). As of June 30, 2019, two of the centers are not serving students, and an additional two centers are reporting less than 200 FTES. These centers are incurring administrative, operating, and maintenance costs with little to no ongoing revenue generation.

Recommendation

The District must actively monitor its budget to actual results to ensure that the District can maintain adequate unrestricted General Fund reserves. More importantly, the District should develop a more aggressive fiscal management and budget stabilization plan that identifies a viable correction plan to ensure that fiscal solvency can be sustained. The stabilization plan should incorporate adequate expenditure mitigation objectives that can create an additional layer of "cushion" beyond the minimum reserve requirement. This will allow the District to accommodate future uncertainties in operational variances without impairing the District's reserves.

Current Status

Not implemented. See current year finding 2020-001.

2019-002 Load Banking

Criteria or Specific Requirement

The District offers load banking to eligible faculty employees whereby the employee may teach extra courses in one period in exchange for time off in another period. If the employee retires or is terminated before they utilize their accrued load baking balance, the District will pay the employee for the equivalent amount. The District records a long-term liability for this load banking balance.

Condition

Material Weakness - For the fiscal year ending June 30, 2019, the District's load banking balance included a deficit amount owed from faculty employees. In essence, faculty employees did not teach or taught less than required for a full-time faculty, but were paid their full salary without having an adequate balance in their load banking account.

Questioned Costs
There were no questioned costs associated with the condition identified.

Context
The condition was identified during the review of the District's detailed load banking balances.

Effect
The District has spent funds for faculty employees, but did not receive the services from the employee.

Cause
The cause appears to be lack of monitoring and oversight of the faculty employee load banking balance and requests. Additionally, the District's current process does not have formal documentation/forms for the use of banked load or for banking overload assignments.

Recommendation
The District should implement procedures to ensure no faculty employee utilizes more paid leave than they have accrued in their load banking balance. Additionally, the District should work with faculty employees to plan when they will teach extra courses to eliminate their deficit load banking balance.

Current Status
Partially implemented. See current year finding 2020-003.

Federal Awards Findings

2019-003 Reporting – Common Origination and Disbursement (COD) Reporting

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

Criteria or Specific Requirement
Common Origination and Disbursement (COD) System (OMB No. 845-0039) – All schools receiving Pell grants submit Pell payment data to the Department of Education through the COD System. Schools submit Pell origination records and disbursement records to the COD. Origination records can be sent well in advance of any disbursements, as early as the school chooses to submit them for any student the school reasonably believes will be eligible for a payment. The disbursement record reports the actual disbursement date and the amount of the disbursement. ED processes origination and/or disbursement records and returns acknowledgments to the school. Institutions must report student payment data within 15 calendar days after the school makes a payment or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Schools may do this by reporting once every 15 calendar days, bi-weekly or weekly, or may set up their own system to ensure that changes are reported in a timely manner.

Condition
Significant Deficiency and Noncompliance – The process dates reported in the COD files were more than 15 calendar days after the disbursement dates reported in the COD files in the District's financial records for the Fall and Spring semesters. Five out of the forty students tested had transactions processed more than 15 days.

Questioned Costs
There were no questioned costs associated with the condition identified.

Context
The District disbursed PELL and Direct Loans to approximately 5,368 students during the 2018-2019 year. COD reporting is required for each individual disbursement to a student.

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

Cause
The District did not report student files to COD on a timely basis. The District implemented the corrective action plan as described below upon the receipt of the finding 2018-003 in December 2018.

Repeat Finding: Yes

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

Current Status
Implemented.

State Compliance Findings

None reported.