Financial Statements
June 30, 2021

San Francisco Community College District

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

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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 remaining fund information of the District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern
The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note 13 to the financial statements, the District has suffered historical 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 13. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinions are not modified with respect to that matter.

Emphasis of Matter – Change in Accounting Principle
As discussed in Note 2 and Note 14 to the financial statements, the District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which resulted in a restatement of net position (deficit) as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 and other required supplementary schedules on pages 68 through 74 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 basic financial statements. The accompanying supplementary information, including the schedule of expenditures of federal awards, as required by the audit requirements of 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 other supplementary information listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and 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 23, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 23, 2022

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, 2021. 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 of resources, liabilities, deferred inflows of resources, and the difference between these measurement groups and is reported as of June 30, 2021. 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, 2020 and through June 30, 2021. 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, 2020 through June 30, 2021.

ANALYSIS OF NET POSITION – FISCAL YEAR 2021

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

	2021	2020, as restated	Change
Assets			
Cash and investments	$ 382,646,203	$ 68,203,366	$ 314,442,837
Receivables, net	36,810,490	40,697,193	(3,886,703)
Other current assets	9,576,620	9,726,520	(149,900)
Capital assets, net	329,695,546	325,310,905	4,384,641
Total assets	758,728,859	443,937,984	314,790,875
Deferred Outflows of Resources	66,560,897	73,731,082	(7,170,185)
Liabilities			
Accounts payable and accrued liabilities	48,473,642	57,924,534	(9,450,892)
Current portion of long-term liabilities	42,482,768	23,352,124	19,130,644
Noncurrent portion of long-term liabilities	851,401,026	572,982,414	278,418,612
Total liabilities	942,357,436	654,259,072	288,098,364
Deferred Inflows of Resources	40,545,605	50,843,061	(10,297,456)
Net Position (Deficit)			
Net investment in capital assets	109,669,880	123,410,793	(13,740,913)
Restricted	64,957,485	25,703,481	39,254,004
Unrestricted (deficit)	(332,240,650)	(336,547,341)	4,306,691
Total net position (deficit)	$ (157,613,285)	$ (187,433,067)	$ 29,819,782

Cash, investments, and short-term receivables increased from the prior year by $310.5 million, or 285%. Individual component changes are as follows: Cash and investments increased from the prior year by $314.4 million while receivables decreased by $3.9 million.

Net capital assets increased $4.4 million or 1.3% from the prior year, primarily due to a $26.5 million increase in capital assets, non-depreciable and depreciable and depreciation of $22.1 million on existing assets.

Accounts payable and accrued liabilities decreased by $9.5 million or 16.3%, primarily due to the property taxes payable of $11.5 million of Educational Revenue Augmentation Fund (ERAF) overpayments from City and County of San Francisco in the prior fiscal year. Unearned revenue increased by $4.9 million mainly due to timing of $14.9 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 $19.1 million or 81.9%.

Long-term liabilities increased $297.5 million or 49.9%. The aggregate net pension liability resulted in a net $1.4 million increase while General Obligation Bonds payable increased $290.2 million as a result of the issuance of the 2020 Series A, Series A-1, and 2020 Refunding bonds. The aggregate net OPEB liability increased by $9.5 million.

The District's net position for net investment in capital assets decreased by $13.7 million or 11.1% over the prior year, while restricted and unrestricted net position increased by $39.3 million and $4.3 million, or 152.7% and 1.3% respectively. Total net position, which combines invested in capital assets, restricted, and unrestricted categories, experienced a net increase of $29.8 million or 15.9%.

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 15.

Table 2

	2021	2020, as restated	Change
Operating Revenues			
Tuition and fees, net	$ 14,009,668	$ 18,960,583	$ (4,950,915)
Grants and contracts, noncapital	62,571,570	50,555,313	12,016,257
Total operating revenues	76,581,238	69,515,896	7,065,342
Operating Expenses			
Salaries and employee benefits	209,086,212	221,552,074	(12,465,862)
Supplies, services, equipment, and maintenance	23,703,301	31,272,903	(7,569,602)
Student financial aid	28,927,769	25,776,319	3,151,450
Depreciation	22,133,985	21,799,644	334,341
Total operating expenses	283,851,267	300,400,940	(16,549,673)
Operating loss	(207,270,029)	(230,885,044)	23,615,015
Nonoperating Revenues (Expenses)			
State apportionments, noncapital	80,934,173	87,272,605	(6,338,432)
Property taxes	124,423,125	84,225,091	40,198,034
Local sales tax	9,700,793	16,181,395	(6,480,602)
Student financial aid grants	19,028,312	21,397,480	(2,369,168)
State taxes and other revenues	5,186,665	4,957,443	229,222
Net interest expense	(8,853,886)	(6,473,526)	(2,380,360)
Other nonoperating revenues	5,737,805	3,478,010	2,259,795
Total nonoperating revenue (expenses)	236,156,987	211,038,498	25,118,489
Other Revenues			
State and local capital income	932,824	3,248,088	(2,315,264)
Change in net position	$ 29,819,782	$ (16,598,458)	$ 46,418,240

Tuition and fees, net of scholarships and allowances, decreased $5.0 million or 26.1% from the prior year due to lower enrollment. Federal, State, and local grants and contracts increased $12.0 million or 23.8% from prior year.

Consolidated operating expenses decreased by $16.5 million or 5.5% from the prior year. This is primarily due to decreases in salaries and benefits of $12.5 million, or 5.6%, over the prior year. Depreciation, a noncash expense, increased $334.3 thousand or 1.5%. Supplies and maintenance expense decreased $7.6 million or 24.2% from prior year.

Total nonoperating revenues and expenses increased by $25.1 million, or 11.9%, over the prior year. During the fiscal year 2021, the District earned $80.9 million in State Apportionment, a decrease of $6.3 million from prior year, an offset resulting from an adjustment in the Total Computational Revenue (TCR) calculation, which included $32.5 million in Education Protection Act (EPA) Funds. Local property taxes for general purposes increased by $10.1 million, or 28.0%, due to an offset of ERAF overpayments from the City and County. Taxes levied for debt service and for other specific purposes (parcel tax Measure B) increased by $30.1 million, or 62.3%, mainly due to the collection of taxes for scheduled debt payments. State taxes and other revenues increased $229.2 thousand, or 4.6%, over the prior year. Net interest expense on capital asset-related debt increased $2.4 million, or 36.8% primarily due to increasing general obligation bond balances.

Other revenues decreased by $2.3 million, or 71.3%, primarily due to the following: a decrease of $2.0 million, or 67.8%, in State revenues, capital and a decrease of $350.2 thousand, from AB1290 local property (redevelopment) taxes over the year.

Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing.

	2021	2020, as restated	Change
Net Cash Flows from			
Operating activities	$ (178,852,515)	$ (192,341,447)	$ 13,488,932
Noncapital financing activities	178,876,645	192,718,698	(13,842,053)
Capital financing activities	312,683,928	(20,515,832)	333,199,760
Investing activities	1,884,779	1,776,069	108,710
Net Increase (Decrease) in Cash	314,592,837	(18,362,512)	332,955,349
Cash, Beginning of Year	67,003,391	85,066,535	(18,063,144)
Cash, End of Year	$ 381,596,228	$ 66,704,023	$ 314,892,205

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 Employee Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional activities	$ 99,962,277	$ 805,308	$ 16,255	$ -	$ 100,783,840
Academic support	10,870,241	829,403	-	-	11,699,644
Student services	37,078,094	453,281	12,391,435	-	49,922,810
Plant operations and maintenance	5,691,210	1,297,524	-	-	6,988,734
Instructional support services	45,470,222	7,872,103	-	-	53,342,325
Community services and economic development	5,886,817	253,086	-	-	6,139,903
Ancillary services and auxiliary operations	3,918,421	122,507	-	-	4,040,928
Student aid	-	-	16,520,079	-	16,520,079
Physical property and related acquisitions	208,930	12,070,089	-	-	12,279,019
Unallocated depreciation	-	-	-	22,133,985	22,133,985
Total	$ 209,086,212	$ 23,703,301	$ 28,927,769	$ 22,133,985	$ 283,851,267

Capital Assets

The capital assets of the District as of June 30, 2021, amounted to a total of $329.7 million. Of this amount, the nondepreciable portion, composed of land and construction in progress, was $82.2 million or 24.9% of total cost. Depreciable capital assets totaled $695.0 million or 89.4% of total cost. Total accumulated depreciation was $447.5 million, resulting in net depreciable capital assets of $329.7 million.

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

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
Land and construction in progress	$ 60,998,995	$ 26,212,876	$ (4,968,647)	$ 82,243,224
Buildings and improvements	649,236,283	4,764,206	-	654,000,489
Equipment and vehicles	40,465,749	510,191	-	40,975,940
Subtotal	750,701,027	31,487,273	(4,968,647)	777,219,653
Accumulated depreciation	(425,390,122)	(22,133,985)	-	(447,524,107)
Total	$ 325,310,905	$ 9,353,288	$ (4,968,647)	$ 329,695,546

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 $22.1 million for the year.

Long-term Liabilities

Changes for the District's long-term liabilities include an increase in general obligations bonds payable of $290.2 million due to the issuance of the 2020 Series A, Series A-1, and 2020 Refunding bonds, a net increase of the aggregate net OPEB liability of $9.5 million, and a net increase of $1.3 million of aggregate net pension liability. Additionally, other long-term liabilities decreased $3.4 million primarily due to changes in compensated absences, load banking liability, and supplemental early retirement plan liability.

Notes 8, 9, 10, and 11 to the financial statements provides additional information on long-term liabilities. A summary of long-term liabilities is presented below:

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
General obligation bonds	$ 227,758,289	$ 342,117,817	$ (51,960,862)	$ 517,915,244
Other long-term liabilities	42,301,629	940,376	(4,365,294)	38,876,711
Aggregate net OPEB liability	113,363,002	14,972,113	(5,500,470)	122,834,645
Aggregate net pension liability	212,911,618	6,477,369	(5,131,793)	214,257,194
Total long-term liabilities	$ 596,334,538	$ 364,507,675	$ (66,958,419)	$ 893,883,794
Amount due within one year				$ 42,482,768

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, 2005, and 2020 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.

in 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+' reflected the District's accreditation status, which was uncertain at that time.

However, in 2015, 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 allowed the District to refinance its outstanding bond debt, and 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 in order to save San Francisco property taxpayers approximately $48.7 million.

In March 2020, San Francisco taxpayers approved $845.0 million in Proposition A General Obligation Bonds for Educational Facilities improvements. The first sale of these 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.

In May, 2021, Moody's downgraded the rating for District bonds to A1 from Aa3, with a negative outlook. No action was taken by Fitch prior to the end of the 2020-21 fiscal year. Moody's indicated their downgrade reflected the District's failure to address its structural budget gap and its continued reliance on one-time revenues and interfund borrowing to cover operating expenditures. The lower rating also reflected ongoing enrollment declines, and recurring operating deficits which have resulted in the District being unable to maintain a state mandated and board required 5% minimum reserve.

The District has had significant challenges given ongoing management turnover and an unresolved structural deficit. However, the District has taken steps to fill critical management and accounting positions, and through budget reductions, are working on a long-term plan to stabilize enrollment, improve operational efficiencies, and eliminate deficit spending.

ECONOMIC FACTORS AFFECTING THE FUTURE OF SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

- The 2020-21 budget reflected a reduction in personnel costs and changes made by the District to monitor revenues and expenditures and ensure it was able to address unfunded liabilities. One action taken to address unbudgeted Other Post Employment Benefit (OPEB) costs was to take a withdrawal of $10.8 million from the Districts' OPEB irrevocable trust. As these trust funds will not be available in future years, this liability will be included as a part of District budget development planning beginning in 2021-22.

- In 2012, the City College of San Francisco (City College) proposed a special parcel tax; Proposition A, as provided by California *Government Code* Section 50075. This proposal was placed on the November 2012 ballot and approved by San Francisco voters by a 73% affirmative vote. The proposition was effective beginning in 2013-14, with a duration of eight years. However, in 2016, the voters approved Proposition B that raised the parcel tax from $79 to $99 and extended the term until 2032. The parcel tax is collected via the general property tax billing system, through the San Francisco County Tax Collector's office, and is updated annually based upon the number of taxable parcels within the city.

- The city is still recovering from the effects of the COVID-19 pandemic, which negatively impacted revenue received by the college through the local sales tax. State and local stay at home orders have also had a negative impact on student enrollment. The District will need to continue to work on rebuilding enrollment through outreach and expansion of its program offerings, as well as look for additional ways to mitigate the impact from the reduced level of sales tax revenue.

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, Vice Chancellor Finance and Administration, 50 Frida Kahlo Way, B-606, San Francisco, CA 94112.

Assets	
Cash and cash equivalents	$ 4,655,478
Investments	377,990,725
Accounts receivable	22,329,820
Student receivables, net	4,092,767
Due from fiduciary fund	10,387,903
Prepaid expenses	9,530,249
Inventories	46,371
Capital assets	
Nondepreciable capital assets	82,243,224
Depreciable capital assets, net of depreciation	247,452,322
Total capital assets	329,695,546
Total assets	758,728,859
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	5,981,039
Deferred outflows of resources related to OPEB	4,572,150
Deferred outflows of resources related to pensions	56,007,708
Total deferred outflows of resources	66,560,897
Liabilities	
Accounts payable	21,103,415
Accrued interest payable	740,014
Unearned revenue	26,630,213
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	42,482,768
Long-term liabilities other than OPEB and pensions, due in more than one year	514,309,187
Aggregate net other postemployment benefits (OPEB) liability	122,834,645
Aggregate net pension liability	214,257,194
Total liabilities	942,357,436
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	9,627,968
Deferred inflows of resources related to pensions	30,917,637
Total deferred inflows of resources	40,545,605
Net Position (Deficit)	
Net investment in capital assets	109,669,880
Restricted for	
Debt service	46,424,906
Capital projects	6,015,285
Educational programs	5,637,579
Other activities	6,879,715
Unrestricted (deficit)	(332,240,650)
Total Net Position (Deficit)	$ (157,613,285)

Operating Revenues	
Tuition and fees	$ 23,776,934
Less: Scholarship discounts and allowances	(9,767,266)
Net tuition and fees	14,009,668
Grants and contracts, noncapital	
Federal	22,410,449
State	37,781,848
Local	2,379,273
Total grants and contracts, noncapital	62,571,570
Total operating revenues	76,581,238
Operating Expenses	
Salaries	141,188,479
Employee benefits	67,897,733
Supplies, materials, and other operating expenses and services	22,982,147
Student financial aid	28,927,769
Equipment, maintenance, and repairs	721,154
Depreciation	22,133,985
Total operating expenses	283,851,267
Operating Loss	(207,270,029)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	80,934,173
Local property taxes, levied for general purposes	45,934,971
Taxes levied for debt service	58,969,261
Parcel taxes levied for specific purposes	19,518,893
Local sales tax	9,700,793
Federal and state financial aid grants	19,028,312
State taxes and other revenues	5,186,665
Investment income	1,571,414
Interest expense on capital related debt	(10,639,162)
Investment income on capital asset-related debt, net	213,862
Other nonoperating revenue	5,737,805
Total nonoperating revenues (expenses)	236,156,987
Income Before Other Revenues	28,886,958
Other Revenues	
State revenues, capital	932,824
Change In Net Position	29,819,782
Net Position (Deficit), Beginning of Year, as Restated	(187,433,067)
Net Position (Deficit), End of Year	$ (157,613,285)

Cash Flows from Operating Activities	
Tuition and fees	$ 12,473,178
Federal, state, and local grants and contracts, noncapital	61,968,804
Payments to or on behalf of employees	(201,807,110)
Payments to vendors for supplies and services	(22,559,618)
Payments to students for scholarships and grants	(28,927,769)
Net cash flows from operating activities	(178,852,515)
Cash Flows from Noncapital Financing Activities	
State apportionments	84,879,343
Federal and state financial aid grants	19,028,312
Property taxes - nondebt related	53,962,928
State taxes and other apportionments	5,082,979
Proceeds from sales tax	8,614,235
Other nonoperating	7,308,848
Net cash flows from noncapital financing activities	178,876,645
Cash Flows from Capital Financing Activities	
Purchase of capital assets	(27,897,447)
Proceeds from sale of capital debt	342,117,817
Property taxes - related to capital debt	59,902,085
Principal paid on capital debt	(47,425,000)
Interest paid on capital debt	(14,227,389)
Interest received on capital asset-related debt	213,862
Net cash flows from capital financing activities	312,683,928
Cash Flows from Investing Activities	
Proceeds from sales and maturities of investments	150,000
Interest received from investments	1,734,779
Net cash flows from investing activities	1,884,779
Change In Cash and Cash Equivalents	314,592,837
Cash and Cash Equivalents, Beginning of Year, as Restated	67,003,391
Cash and Cash Equivalents, End of Year	$ 381,596,228

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$ (207,270,029)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation expense	22,133,985
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	(4,919,074)
Student receivables, net	2,218,200
Inventories	1,085
Prepaid expenses	148,815
Deferred outflows of resources related to OPEB	(619,311)
Deferred outflows of resources related to pensions	7,176,056
Accounts payable	2,138,425
Unearned revenue	3,044,488
Compensated absences	841,654
Load banking	(210,883)
Supplemental early retirement plan	(2,814,254)
Other long-term liabilities	(1,241,435)
Aggregate net OPEB liability	9,471,643
Aggregate net pension liability	1,345,576
Deferred inflows of resources related to OPEB	(4,070,428)
Deferred inflows of resources related to pensions	(6,227,028)
Total adjustments	28,417,514
Net cash flows from operating activities	$ (178,852,515)
Cash and Cash Equivalents Consist of the Following:	
Cash on hand and in banks	$ 4,655,478
Cash in county treasury	376,940,750
Total cash and cash equivalents	$ 381,596,228
Noncash Transactions	
Amortization of deferred outflows of resources related to debt refunding	$ 613,440
Amortization of debt premiums	$ 4,535,862

	Retiree OPEB Trust
Assets	
Cash and cash equivalents	$ 734,693
Investments	27,594,886
Total assets	28,329,579
Liabilities	
Due to primary government	10,387,903
Net Position	
Restricted for postemployment benefits other than pensions	$ 17,941,676

	Retiree OPEB Trust
Additions	
District contributions	$ 3,004,927
Interest and investment income, net of fees	6,486,723
Total additions	9,491,650
Deductions	
Benefit payments	10,387,903
Administrative expenses	98,690
Total deductions	10,486,593
Change in Net Position	(994,943)
Net Position - Beginning of Year, as Restated	18,936,619
Net Position - End of Year	$ 17,941,676

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.

Note 2 - Summary of Significant Accounting Policies

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, as defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board (GASB). The financial reporting entity consists of the primary government (the District). The District has identified no component units.

Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. This presentation provides a comprehensive government-wide perspective of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities are excluded from the primary government financial statements. 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 promulgated 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. 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.

Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

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 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, including money market investments and participating interest-earning investment contracts with original maturities greater than one year, are stated at cost or amortized cost.

The District's investment in the County Treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool is not required to be categorized within the fair value hierarchy.

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 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 $4.6 million for the year ended June 30, 2021.

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, building and land 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.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2021.

Compensated Absences and Load Banking

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 0.004 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. All other bond issuance costs are expensed when incurred.

Deferred Outflows of Resources and Deferred 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 related to debt refunding, for OPEB related items, and for pension related items. The deferred outflows of resources related to debt 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. The deferred amounts related to OPEB and pension related items are associated with contributions subsequent to the measurement date, change in proportion and differences between contributions made and the District's proportionate share of contributions, differences between expected and actual earnings on plan investments, changes of assumptions, and other OPEB and pension related changes.

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 recognize 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 is primarily composed of (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 bonds payable, compensated absences, load banking, supplemental early retirement plan, claims liability, other long-term liability associated with state apportionment repayment, the aggregate net OPEB liability, and aggregate net pension liability 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 its 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 $64,957,485 of restricted net position, and the fiduciary fund financial statements report $17,941,676 of restricted net position.

Operating and Nonoperating 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. Classifications are as follows:

- **Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions such as 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, and other revenue sources defined by GASB.

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, 2005, and 2020 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, with updated levies and duration passed in 2016, for the general revenues of the District. The Parcel tax levies $99 per parcel until 2032 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.

Scholarship Discounts and Allowances

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

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 and State of California. Financial aid provided to the student in the form of cash is reported as an operating expense in the Statement of Revenues, Expenses and Changes in Net Position. Federal financial assistance 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, and those difference could be material.

Interfund Activity

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 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.

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 primary government and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances transferred between the primary government and the fiduciary funds are not eliminated in the consolidation process.

Change in Accounting Principles

As of July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's other trust and agency funds from fiduciary to governmental. The effect of the implementation of this standard on beginning net position (deficit) is disclosed in Note 14.

New Accounting Pronouncements

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.

The requirements for 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.

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, 2021, consist of the following:

	Primary Government	Fiduciary Funds
Cash on hand and in banks	$ 4,655,478	$ -
Cash with fiscal agent	-	734,693
Investments	377,990,725	27,594,886
Total deposits and investments	$ 382,646,203	$ 28,329,579

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.

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, 2021.

Information about the sensitivity of the fair values of the District's investments to interest rate risk and credit risk is provided by the following schedule that shows the distribution of the District's investment by maturity and credit rating:

Investment Type	Fair Value	Weighted Average Maturity in Days	Credit Rating
City and County of San Francisco Investment Pool	$ 377,025,813	407	Not rated
San Francisco Retiree Health Care Trust Fund Investment Pool	27,509,823	No maturity	Not rated
Certificates of deposit	1,049,975	726	Not rated
Total	$ 405,585,611		

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, 2021, the District's bank balance of approximately $9.7 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, 2021, the District's investment balance of approximately $27.6 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 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, 2021:

Investment Type	Fair Value	Level 1 Inputs	Uncategorized
San Francisco Retiree Health Care Trust Fund Investment Pool	$ 27,509,823	$ -	$ 27,509,823
Certificates of deposit	1,049,975	1,049,975	-
Total	$ 28,559,798	$ 1,049,975	$ 27,509,823

All assets have been valued using a market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets or group of assets.

Note 5 - Accounts Receivable

Accounts receivable as of June 30, 2021, consisted of the following:

	Primary Government
Federal Government	
Categorical aid	$ 12,968,083
State Government	
Categorical aid	585,101
Lottery	1,256,609
Other state sources	3,358,434
Local Sources	
Sales tax	2,132,305
Other local sources	2,029,288
Total	$ 22,329,820
Student receivables	$ 8,706,785
Less: allowance for bad debt	(4,614,018)
Student receivables, net	$ 4,092,767

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, 2021, the prepaid expenses were as follows:

Prepaid rent	$ 8,711,111
Other prepaid expenses	819,138
Total	$ 9,530,249

Note 7 - Capital Assets

Capital asset activity for the District for the year ended June 30, 2021, was as follows:

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year
Capital Assets Not Being Depreciated				
Land	$ 29,211,619	$ -	$ -	$ 29,211,619
Construction in progress	31,787,376	26,212,876	(4,968,647)	53,031,605
Total capital assets not being depreciated	60,998,995	26,212,876	(4,968,647)	82,243,224
Capital Assets Being Depreciated				
Land improvements	157,831,655	487,405	-	158,319,060
Buildings and improvements	491,404,628	4,276,801	-	495,681,429
Furniture and equipment	39,447,537	476,005	-	39,923,542
Vehicles	1,018,212	34,186	-	1,052,398
Total capital assets being depreciated	689,702,032	5,274,397	-	694,976,429
Total capital assets	750,701,027	31,487,273	(4,968,647)	777,219,653
Less Accumulated Depreciation				
Land improvements	(149,937,479)	(2,169,905)	-	(152,107,384)
Buildings and improvements	(241,073,162)	(17,689,284)	-	(258,762,446)
Furniture and equipment	(33,520,902)	(2,185,768)	-	(35,706,670)
Vehicles	(858,579)	(89,028)	-	(947,607)
Total accumulated depreciation	(425,390,122)	(22,133,985)	-	(447,524,107)
Net capital assets	$ 325,310,905	$ 9,353,288	$ (4,968,647)	$ 329,695,546

Note 8 - 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 ended June 30, 2021, consisted of the following:

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year	Due in One Year
General obligation bonds	$ 197,955,000	$ 323,500,000	$ (47,425,000)	$ 474,030,000	$ 37,945,000
Bond premium	29,803,289	18,617,817	(4,535,862)	43,885,244	-
Compensated absences	8,585,569	841,654	-	9,427,223	-
Load banking	2,376,884	-	(210,883)	2,166,001	-
Supplemental early retirement plan	8,978,948	-	(2,814,254)	6,164,694	2,054,898
Claims liability	4,980,137	98,722	(98,722)	4,980,137	-
Other long-term liabilities	17,380,091	-	(1,241,435)	16,138,656	2,482,870
Total	$ 270,059,918	$ 343,058,193	$ (56,326,156)	$ 556,791,955	$ 42,482,768

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. The supplemental early retirement plan payments are made by the 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

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 and D bonds were paid in full at June 30, 2021.

2015, Series D Refunding Bonds

On March 24, 2015, $241,290,000 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 balance of the 2015 General Obligation Refunding Bonds at June 30, 2021, was $152,190,000.

Election of 2020, Series A and A-1 Bonds

On December 1, 2020, $110,000,000 of San Francisco Community College District, Election of 2020, Series A Bonds and $190,000,000 of San Francisco Community College District, Election of 2020, Series A-1 Bonds were issued with a final maturity dates of June 15, 2045 and June 15, 2041, respectively. Interest rates are 2.3 % to 5.0% for the Series A bonds, and 0.8% to 3.2% for the Series A-1 bonds, 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 outstanding principal balances of the Series A and A-1 bonds were $110,000,000 and $190,000,000, respectively.

2020 General Obligation Refunding Bonds

On December 1, 2020, $23,500,000 of San Francisco Community College District, 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 advance refund and defease the District's Election of 2005 General Obligation Bonds, Series D, and to pay all legal, financial, and contingent costs in connection with the issuance of the Bonds. Because the transaction qualified as a legal defeasance, the obligation for the defeased bonds has been removed from the District's financial statements. The economic gain calculated as the sum of the project fund proceeds and the net present value savings is approximately $8,516,000. The outstanding principal balance of the 2020 General Obligation Refunding Bonds at June 30, 2021, was $21,840,000.

Debt Maturity

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued	Redeemed	Bonds Outstanding End of Year
2010	2034	4.0-5.0%	$ 30,660,000	$ 29,220,000	$ -	$ (29,220,000)	$ -
2015	2031	2.0-5.0%	241,290,000	168,735,000	-	(16,545,000)	152,190,000
2020	2045	2.3-5.0%	110,000,000	-	110,000,000	-	110,000,000
2020	2041	0.8-3.2%	190,000,000	-	190,000,000	-	190,000,000
2020	2034	4.0-5.0%	23,500,000	-	23,500,000	(1,660,000)	21,840,000
				$ 197,955,000	$ 323,500,000	$ (47,425,000)	$ 474,030,000

Debt Service Requirements to Maturity

The bonds mature through 2045 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2022	$ 37,945,000	$ 17,760,327	$ 55,705,327
2023	39,185,000	16,183,977	55,368,977
2024	24,880,000	14,232,727	39,112,727
2025	19,430,000	13,145,418	32,575,418
2026	20,695,000	12,341,644	33,036,644
2027-2031	109,045,000	49,032,297	158,077,297
2032-2036	57,535,000	32,324,737	89,859,737
2037-2041	77,735,000	22,669,858	100,404,858
2042-2045	87,580,000	7,773,225	95,353,225
Total	$ 474,030,000	$ 185,464,210	$ 659,494,210

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. As of June 30, 2021, the balance has been paid in full.

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, 2021. In exchange for early retirement, the District will contribute 65% of the 2018-19 base salary. The District had 197 employees that enrolled in the SERP. The remaining obligation as of June 30, 2021 is $6,164,694.

Future SERP payments are as follows:

Year Ending June 30,	
2022	$ 2,054,898
2023	2,054,898
2024	2,054,898
Total	$ 6,164,694

Other Long-Term Liabilities

The other long-term liabilities balance of $16,138,656 is related to an apportionment repayment liability to be repaid over an original period 10 years. The payment due in the 2020-2021 fiscal year was reduced by half by the State. Future repayments are as follows:

Year Ending June 30,	
2022	$ 2,482,870
2023	2,482,870
2024	2,482,870
2025	2,482,870
2026	2,482,870
2027-2028	3,724,306
Total	$ 16,138,656

Note 9 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the year ended June 30, 2021, 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	$ 118,527,341	$ 4,572,150	$ 9,627,968	$ 4,863,211
Bookstore Plan	3,311,935	-	-	(94,795)
Medicare Premium Payment (MPP) Program	995,369	-	-	13,488
Total	$ 122,834,645	$ 4,572,150	$ 9,627,968	$ 4,781,904

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, 2020, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	1,259
Active employees	1,123
Total	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 the measurement period ending June 30, 2020, the District contributed $3,952,839 to the Plan, which 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, 2020:

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, 2020, the annual money-weighed rate of return on investments, net of investment expense, was 5.12%. 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 $118,527,341 was measured as of June 30, 2020, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2019. The components of the net OPEB liability of the District at June 30, 2020, were as follows:

Total OPEB liability	$ 137,463,960
Plan fiduciary net position	(18,936,619)
Net OPEB liability	$ 118,527,341
Plan fiduciary net position as a percentage of the total OPEB liability	13.78%

Actuarial Assumptions

The net OPEB liability as of June 30, 2020 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the net OPEB liability to June 30, 2020. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.63%
Salary increases	2.75%
Investment rate of return	7.00%
Healthcare cost trend rate	4.00%

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, 2020 rollforward 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, 2020, (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	8.8%
Fixed income	2.7%
Inflation sensitive	4.6%
Private equity	6.3%
Risk mitigating strategies	1.8%

Discount Rate

The discount rate used to measure the net 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 liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2019	$ 132,937,602	$ 23,963,211	$ 108,974,391
Service cost	3,737,007	-	3,737,007
Interest	9,144,014	-	9,144,014
Difference between expected and actual experience	2,015,002	-	2,015,002
Contributions - employer	-	3,952,839	(3,952,839)
Expected investment income	-	1,452,836	(1,452,836)
Differences between projected and actual earnings on OPEB plan investments	-	(62,602)	62,602
Benefit payments	(10,369,665)	(10,369,665)	-
Net change in total OPEB liability	4,526,358	(5,026,592)	9,552,950
Balance, June 30, 2020	$ 137,463,960	$ 18,936,619	$ 118,527,341

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 rate:

Discount Rate	Net OPEB Liability
1% decrease (6.00%)	$ 132,652,498
Current discount rate (7.00%)	118,527,341
1% increase (8.00%)	106,582,070

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend 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 healthcare cost trend rate that is one percent lower or higher than the current healthcare costs trend rate:

Healthcare Cost Trend Rate	Net OPEB Liability
1% decrease (3.00%)	$ 104,994,810
Current healthcare cost trend rate (4.00%)	118,527,341
1% increase (5.00%)	134,266,563

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2021, 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	$ 3,004,927	$ -
Differences between expected and actual experience	1,567,223	9,495,901
Net difference between projected and actual earnings on OPEB plan investments	-	132,067
Total	$ 4,572,150	$ 9,627,968

The deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the 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
2022	$ (46,700)
2023	(46,700)
2024	(51,182)
2025	12,515
Total	$ (132,067)

The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions 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 will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ (3,513,347)
2023	(3,262,937)
2024	(1,376,280)
2025	223,886
Total	$ (7,928,678)

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, 2021, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	14
Active employees	-
Total	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 the measurement period ending June 30, 2021, the District contributed $187,741 to the Plan, all of which was used for current premiums.

Total OPEB Liability of the District

The District's total OPEB liability of $3,311,935 was measured as of June 30, 2021, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions

The total OPEB liability as of June 30, 2021 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total OPEB liability to June 30, 2021. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%
Discount rate	2.16%
Healthcare cost trend rates	4.00%

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, 2021 rollforward 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, June 30, 2020	$ 3,406,730
Interest	74,872
Changes of assumptions	18,074
Benefit payments	(187,741)
Net change in total OPEB liability	(94,795)
Balance, June 30, 2021	$ 3,311,935

Changes of economic assumptions reflect a change in the discount rate from 2.20% to 2.16% 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 (1.16%)	$ 3,793,148
Current discount rate (2.16%)	3,311,935
1% increase (3.16%)	2,923,950

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend 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 healthcare cost trend rate that is one percent lower or higher than the current healthcare costs trend rate:

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3.00%)	$ 2,898,921
Current healthcare cost trend rate (4.00%)	3,311,935
1% increase (5.00%)	3,817,372

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, 2019 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, 2021, the District reported a liability of $995,369 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020 and June 30, 2019, was 0.2349% and 0.2637%, respectively, resulting in a net decrease in the proportionate share of 0.0288%.

For the year ended June 30, 2021, the District recognized OPEB expense of $13,488.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020
Valuation Date	June 30, 2019
Experience Study	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%

For the valuation as of June 30, 2019, 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-2019) 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 294 or an average of 0.18% of the potentially eligible population (159,339).

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, 2020, 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, 2020, is 2.21%. 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 2.21%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29% from 3.50% as of June 30, 2019.

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 (1.21%)	$ 1,100,657
Current discount rate (2.21%)	995,369
1% increase (3.21%)	905,776

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 Rate	Net OPEB Liability
1% decrease (3.5% Part A and 4.4% Part B)	$ 902,535
Current Medicare costs trend rate (4.5% Part A and 5.4% Part B)	995,369
1% increase (5.5% Part A and 6.4% Part B)	1,102,238

Note 10 - 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, 2021, 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, 2021.

	Balance Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance End of Year
Workers' Compensation	$ 4,980,137	$ 98,722	$ (98,722)	$ 4,980,137
Assets available to pay claims at June 30, 2021				$ 1,418,988

Note 11 - 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, 2021, the District reported an aggregate net pension liability, 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	$ 135,713,911	$ 34,188,348	$ 23,514,100	$ 12,975,119
SEFRS	77,136,365	21,526,096	7,388,669	14,103,703
CalPERS Miscellaneous Plan	1,406,918	293,264	14,868	58,346
Total	$ 214,257,194	$ 56,007,708	$ 30,917,637	$ 27,137,168

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, 2019, 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 and Cash Balance Benefit Program; thus, disclosures are not included for the other plans.

The STRP Defined Benefit Program provisions and benefits in effect at June 30, 2021, are summarized as follows:

Hire date	On or before December 31, 2012	On or after 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	16.15%	16.15%
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 are 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 California Assembly Bill 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, 2021, are presented above, and the District's total contributions were $11,926,600.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 135,713,911
State's proportionate share of net pension liability associated with the District	69,960,537
Total	$ 205,674,448

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2020 and June 30, 2019, was 0.1400% and 0.1559%, respectively, resulting in a net decrease in the proportionate share of 0.0159%.

For the year ended June 30, 2021, the District recognized pension expense of $12,975,119. In addition, the District recognized pension expense and revenue of $9,800,785 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 11,926,600	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	5,564,465	19,686,735
Differences between projected and actual earnings on pension plan investments	3,223,782	-
Differences between expected and actual experience in the measurement of the total pension liability	239,473	3,827,365
Changes of assumptions	13,234,028	-
Total	$ 34,188,348	$ 23,514,100

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
2022	$ (1,967,132)
2023	1,098,402
2024	2,191,434
2025	1,901,078
Total	$ 3,223,782

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
2022	$ (1,780,209)
2023	885,405
2024	1,748,530
2025	(2,434,581)
2026	(1,107,012)
Thereafter	(1,788,267)
Total	$ (4,476,134)

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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS 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 January 2020 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, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42.0%	4.8%
Private equity	13.0%	6.3%
Real estate	15.0%	3.6%
Inflation sensitive	6.0%	3.3%
Fixed income	12.0%	1.3%
Risk mitigating strategies	10.0%	1.8%
Cash/liquidity	2.0%	-0.4%

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%)	$ 205,044,815
Current discount rate (7.10%)	135,713,911
1% increase (8.10%)	78,471,487

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, 2021, are summarized as follows:

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	20.41%-24.41%	20.41%-24.41%	20.41%-24.41%

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, 2021, were $11,776,207.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the collective SFERS net pension liability totaling $77,136,365. The net pension liability of the plan is measured as of June 30, 2020, 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, 2020 and June 30, 2019, was 1.4256% and 1.5791%, respectively, resulting in a net decrease in the proportionate share of 0.1535%.

For the year ended June 30, 2021, the District recognized pension expense of $14,103,703, including amortization of deferred outflows of resources and deferred inflows of resources related to pensions. At June 30, 2021, 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	$ 11,776,207	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,280,000	5,811,000
Differences between projected and actual earnings on pension plan investments	1,615,248	-
Differences between expected and actual experience in the measurement of the total pension liability	2,619,797	241,696
Changes of assumptions	4,234,844	1,335,973
Total	$ 21,526,096	$ 7,388,669

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
2022	$ (2,486,614)
2023	428,425
2024	2,520,307
2025	1,899,102
Total	$ 2,361,220

Actuarial Assumptions

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	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2009 through June 30, 2014
Actuarial cost method	Entry age normal
Discount rate	7.40%
Investment rate of return	7.40%
Consumer price inflation	2.75%
Wage growth	3.50%, plus merit component based on employee classification and years of service
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, 2020, 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
2022	0.190%
2024	2.700%
2026	0.300%
2028	0.330%
2030	0.350%
2032	0.370%
Thereafter	0.375%

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2020, 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, 2020, 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 7.40% 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, 2020, is 7.40%.

The long-term expected rate of return on pension plan investments was 7.40%. 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%	4.9%
Treasuries	6%	-0.5%
Liquid credit	3%	2.7%
Private credit	10%	4.8%
Private equity	18%	7.9%
Real assets	17%	5.7%
Hedge funds/Absolute return	15%	3.0%

The following presents the District's 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%)	$ 136,386,753
Current discount rate (7.40%)	77,136,365
1% increase (8.40%)	281,844,545

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Plan under CalPERS, 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 School Employer Pool provisions and benefits in effect at June 30, 2021, are summarized as follows:

Hire date	On or before December 31, 2012	On or after 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, 2021, are presented above, and the total District contributions were $145,513.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $1,406,918. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2020 and June 30, 2019, was 0.0334% and 0.0343%, respectively, resulting in a net decrease in the proportionate share of 0.0009%.

For the year ended June 30, 2021, the District recognized pension expense of $58,346. At June 30, 2021, 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	$ 145,513	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	33,455	4,833
Differences between projected and actual earnings on pension plan investments	41,794	-
Differences between expected and actual experience in the measurement of the total pension liability	72,502	-
Changes of assumptions	-	10,035
Total	$ 293,264	$ 14,868

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
2022	$ (16,475)
2023	13,459
2024	24,764
2025	20,046
Total	$ 41,794

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
2022	$ 40,614
2023	36,785
2024	13,690
Total	$ 91,089

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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% 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%)	$ 2,246,734
Current discount rate (7.15%)	1,406,918
1% increase (8.15%)	713,005

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, 2021, which amounted to $7,917,457 (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.

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 12 - 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, 2021.

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, 2021.

In relation to litigation concerning contracts related to construction at the District's Chinatown/North Beach Center location, the District received a settlement payment of approximately $1.7 million in October 2021. There are no further pending matters associated with this litigation.

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, 2021, the total amount committed was approximately $24.5 million.

Note 13 - Going Concern/District Financial Condition

The District's historical trend of deficit spending combined with an insufficient fund balance for the Unrestricted General Fund 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 within the unrestricted General Fund, 2) decline in revenues caused 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 five fiscal years the District's fund balance for the Unrestricted General Fund has declined from $46,828,965 to $16,874,513, a decline of $29,954,452 or 64%. During the current year, the Unrestricted General Fund recorded a surplus of $7,657,319, or 83% of the District's beginning fund balance and ended the year with $16,874,513 in fund balance. However, the District's spendable fund balance at June 30, 2021 was $7,350,846 resulting in available reserves of 4.45%. Based on the District's adopted budget for the fiscal year ending June 30, 2022, the District may be able to restore its unrestricted General Fund reserve balances to the minimum 5%. The 2021-2022 adopted budget includes further decreases in salary costs of nearly $19 million. Historically, such decreases have been a challenge for the District. Additionally, a significant portion of revenues included in the unrestricted General Fund for the year ending June 30, 2021 were related to one-time funding.

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 been reduced, the 2022 budget calls for a significant 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 2025-2026. 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 and 2020-2021 years, 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 each year. The District also benefited from federal and state monies provided to assist with the effects of the pandemic during the 2020-2021 year, which are one-time in nature. 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 a structural deficit.

The District has filled several vacancies in the District budget office to provide the management and oversight to monitor and implement necessary financial controls. As part of the budget development process for the 2021-2022 fiscal year, the District included funding to meet the state mandated and board required reserve to meet any unanticipated emergencies. This process will be included as part of future budget development. This will ensure financial stability and solvency. Additionally, the District is in the process of evaluating its long-term contractual obligations and implementing staffing reorganizations and reductions to stabilize its future expenditures and align operations with anticipated revenues.

Note 14 - Restatement of Prior Year Net Position (Deficit)

The District adopted GASB Statement No. 84, *Fiduciary Activities*, in the current year. As a result, the effect on the current fiscal year is as follows:

Primary Government	
Net Position (Deficit) - Beginning	$(197,148,455)
Inclusion of assets and liabilities of funds previously identified as fiduciary in nature from the adoption of GASB Statement No. 84	9,715,388
Net Position (Deficit) - Beginning, as Restated	$(187,433,067)

Fiduciary Funds	
Net Position - Beginning	$ 28,652,007
Exclusion of assets and liabilities of funds previously identified as fiduciary in nature from the adoption of GASB Statement No. 84	(9,715,388)
Net Position - Beginning, as Restated	$ 18,936,619

Certain reclassifications of amounts previously reported have been made to the Management Discussion and Analysis and the Statement of Cash Flows to maintain consistency between periods presented.

Required Supplementary Information
June 30, 2021

San Francisco Community College District

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 3,737,007	$ 4,715,900	$ 4,761,606	$ 5,382,732
Interest	9,144,014	9,938,445	9,533,290	9,134,663
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	2,015,002	(16,416,531)	(1,314,630)	-
Changes of assumptions	-	-	-	-
Benefit payments	(10,369,665)	(8,900,749)	(7,692,202)	(8,144,914)
Net change in total OPEB liability	4,526,358	(10,662,935)	5,288,064	6,372,481
Total OPEB Liability - Beginning	132,937,602	143,600,537	138,312,473	131,939,992
Total OPEB Liability - Ending (a)	$ 137,463,960	$ 132,937,602	$ 143,600,537	$ 138,312,473
Plan Fiduciary Net Position				
Contributions - employer	$ 3,952,839	$ 12,187,894	$ 13,966,777	$ 11,983,985
Expected investment income	1,452,836	1,440,540	1,080,198	1,243,581
Differences between projected and actual earnings on OPEB plan investments	(62,602)	318,531	(22,427)	-
Benefit payments	(10,369,665)	(8,900,749)	(9,006,832)	(8,144,914)
Administrative expense	-	(37,145)	(30,000)	-
Net change in plan fiduciary net position	(5,026,592)	5,009,071	5,987,716	5,082,652
Plan Fiduciary Net Position - Beginning	23,963,211	18,954,140	12,966,424	7,883,772
Plan Fiduciary Net Position - Ending (b)	$ 18,936,619	$ 23,963,211	$ 18,954,140	$ 12,966,424
Net OPEB Liability - Ending (a) - (b)	$ 118,527,341	$ 108,974,391	$ 124,646,397	$ 125,346,049
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.78%	18.03%	13.20%	9.37%
Covered Employee Payroll	$ 140,596,160	$ 137,659,895	$ 129,610,167	$ 131,979,430
Net OPEB Liability as a Percentage of Covered Employee Payroll	84.30%	79.16%	96.17%	94.97%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	5.12%	8.64%	6.42%	12.17%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

	2021	2020	2019
Total OPEB Liability			
Interest	$ 74,872	$ 96,622	$ 1,724,354
Difference between expected and actual experience	-	(67,419)	-
Changes of assumptions	18,074	502,174	111,669
Benefit payments	(187,741)	(184,020)	(176,650)
Net change in total OPEB liability	(94,795)	347,357	1,659,373
Total OPEB Liability - Beginning	3,406,730	3,059,373	1,400,000
Total OPEB Liability - Ending	$ 3,311,935	$ 3,406,730	$ 3,059,373
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019

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

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

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.2349%	0.2637%	0.2500%	0.2714%
Proportionate share of the net OPEB liability	$ 995,369	$ 981,881	$ 957,049	$ 1,141,807
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	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.

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Proportion of the net pension liability	0.1400%	0.1559%	0.1472%	0.1588%	0.1578%	0.1637%	0.1838%
Proportionate share of the net pension liability	$ 135,713,911	$ 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	69,960,537	76,840,735	77,467,499	86,879,275	72,680,240	58,302,977	65,917,198
Total	$ 205,674,448	$ 217,686,439	$ 212,770,854	$233,736,131	$200,350,216	$168,539,516	$175,079,975
Covered payroll	$ 85,192,801	$ 84,911,413	$ 82,254,089	$ 88,682,576	$ 77,235,937	$ 73,432,379	$ 85,079,413
Proportionate share of the net pension liability as a percentage of its covered payroll	159.30%	165.87%	164.49%	165.60%	165.30%	150.12%	128.31%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
SEFRS							
Proportion of the net pension liability	1.4256%	1.5791%	1.5814%	1.5403%	1.4766%	1.5795%	1.7522%
Proportionate share of the net pension liability	$ 77,136,365	$ 70,690,622	$ 67,726,728	$ 76,912,801	$ 85,831,480	$ 36,265,841	$ 31,021,562
Covered payroll	$ 55,403,359	$ 52,748,482	$ 47,356,078	$ 43,296,854	$ 39,223,199	$ 40,264,153	$ 41,365,456
Proportionate share of the net pension liability as a percentage of its covered payroll	139.23%	134.01%	143.02%	177.64%	218.83%	90.07%	74.99%
Plan fiduciary net position as a percentage of the total pension liability	83%	85%	85%	82%	77%	90%	92%
Measurement Date	June 30, 2020	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.

	2021	2020	2019	2018	2017	2016	2015
CalPERS Miscellaneous Plan							
Proportion of the net pension liability	0.0334%	0.0343%	0.0340%	0.0330%	0.0321%	0.0301%	0.0193%
Proportionate share of the net pension liability	$ 1,406,918	$ 1,375,292	$ 1,282,902	$ 1,300,751	$ 1,115,251	$ 2,626,907	$ 2,193,486
Covered payroll	N/A	N/A	N/A	N/A	$ 1,850,556	$ 1,973,862	$ 1,981,879
Proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	60.27%	133.08%	110.68%
Plan fiduciary net position as a percentage of the total pension liability	78%	78%	78%	75%	76%	80%	81%
Measurement Date	June 30, 2020	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 employees covered by the CalPERS Miscellaneous Plan.

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Contractually required contribution	$ 11,926,600	$ 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	(11,926,600)	(14,567,969)	(13,823,578)	(11,869,265)	(11,156,268)	(8,287,416)	(6,520,795)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 73,848,916	$ 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	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
SEFRS							
Contractually required contribution	$ 11,776,207	$ 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	(11,776,207)	(10,587,582)	(9,474,507)	(9,219,890)	(8,192,668)	(7,819,687)	(9,603,924)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 51,663,349	$ 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	22.79%	19.11%	17.96%	19.47%	18.92%	19.94%	23.85%
CalPERS Miscellaneous Plan							
Contractually required contribution	$ 145,513	$ 131,064	$ 93,234	$ 60,954	$ 49,922	$ 424,160	$ 232,343
Contributions in relation to the contractually required contribution	(145,513)	(131,064)	(93,234)	(60,954)	(49,922)	(424,160)	(232,343)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	N/A	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	N/A	22.92%	11.77%

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 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 - District Plan

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 2.20% to 2.16% 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 3.50% to 2.21% 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 changes in assumptions or other inputs since the previous valuations for CalSTRS, SFERS, or CalPERS.

Schedule of the 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, 2021

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 as of June 30, 2021

Member	Office	Term Expires
Shanell Williams	President	2024
Tom Temprano	Vice President	2024
Aliya Chisti	Member	2024
Brigitte Davila	Member	2022
John Rizzo	Member	2022
Thea Selby	Member	2022
Alan Wong	Member	2024
Malinalli Villalobos	Student Trustee	2021

Administration as of June 30, 2021

Rajen Vurdien	Interim Chancellor
Dianna Gonzalez	Deputy Chancellor, Human Resources, Compliance, Risk Management and Public Safety
John Al-Amin	Vice Chancellor, Finance and Administration
Tom Boegel	Senior Vice Chancellor, Academic and Institutional Affairs

Auxiliary Organizations in Good Standing

The District did not identify any auxiliary organizations in good standing.

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed through to Subrecipients
U.S. Department of Education				
Student Financial Assistance Cluster				
Federal Pell Grant Program	84.063		$ 12,530,031	$ -
Federal Pell Grant Program Administrative Allowance	84.063		17,220	-
Federal Work-Study Program	84.033		244,069	-
Federal Work-Study Program Administrative Allowance			37,636	-
Federal Direct Student Loans	84.268		749,660	-
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		1,113,047	-
FSEOG Administrative Allowance			36,937	-
Federal Perkins Loans	84.038		1,553,269	-
Subtotal Student Financial Assistance Cluster			16,281,869	-
TRIO Cluster				
TRIO Student Support Services	84.042A		417,001	-
Subtotal TRIO Cluster			417,001	-
COVID-19: Higher Education Emergency Relief Funds, Student Portion	84.425E		3,548,444	-
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		17,714,419	-
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L		90,522	-
Subtotal			21,353,385	-
Passed through California Department of Education (CDE)				
Adult Basic Education and ELA	84.002A	14508	805,569	-
Adult Secondary Education	84.002A	13978	106,916	-
Subtotal			912,485	-
Passed through California Community Colleges Chancellor's Office				
Career and Technical Education Act, Title I, Part C	84.048A	19-C01-048	1,021,794	-
Total U.S. Department of Education			39,986,534	-
U.S. Department of the Treasury				
Passed through California Community Colleges Chancellor's Office				
COVID-19: Coronavirus Relief Fund	21.019	[1]	1,089,518	-
National Science Foundation				
Research and Development Cluster				
Collaborative Research	47.076		77,369	-
Growing CTE/STEM Teachers	47.076		132,625	-
Subtotal Research and Development Cluster			209,994	-
U. S. Department of Veterans Affairs				
Veterans Education	64.120		18,848	-

[1] Pass-Through Entity Number not available.

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed through to Subrecipients
U.S. Department of Health and Human Services				
Passed through California Community Colleges Chancellor's Office				
Temporary Assistance for Needy Families	93.558	[1]	$ 70,937	$ -
Passed through City and County of San Francisco				
Temporary Assistance for Needy Families	93.558	[1]	1,722	-
Subtotal			72,659	-
Passed through California Community Colleges Chancellor's Office				
Foster and Kinship Care Education	93.658	[1]	24,600	-
Passed through City and County of San Francisco				
Foster Care Title IV-E	93.658	[1]	830,495	378,111
Subtotal			855,095	378,111
Passed through California Department of Education (CDE)				
Child Care Development Fund (CCDF) Cluster				
Child Care Development Block Grant - Centers Based	93.575	15136	7,260	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	15,791	-
Subtotal CCDF Cluster			23,051	-
Total U.S. Department of Health and Human Services			950,805	378,111
Total Federal Financial Assistance			$ 42,255,699	$ 378,111

[1] Pass-Through Entity Number not available.

	Program Revenues				
Program	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
AB 86 Adult Education Consortium	$ 3,979,138	$ -	$ 1,530,402	$ 2,448,736	$ 2,448,736
Board of Financial Aid	686,982	-	-	686,982	686,982
CA Apprenticeship Initiative	162,273	-	-	162,273	162,273
CA Institute for Reg Medicine	440,287	-	98,905	341,382	341,382
CAI Pre-Apprentice and Job Training	105,978	-	-	105,978	105,978
Cal Fresh Outreach SB65	38,627	-	38,627	-	-
Cal Grant	1,585,167	5,078	-	1,590,245	1,590,245
California College Promise	1,686,641	-	285,605	1,401,036	1,401,036
California Nursing Support	294,771	-	-	294,771	294,771
CalWORKs	417,374	-	-	417,374	417,374
Campus Safety	15,700	-	15,700	-	-
CARE	133,870	-	-	133,870	133,870
CCCCO MESA	-	18,580	-	18,580	18,580
Center Based Child Development	67,154	-	-	67,154	67,154
Child Care Tax Bailout	124,787	-	124,787	-	-
COVID-19 Response Block Grant	1,337,398	-	1,337,398	-	-
Disaster Relief Emergency Student Financial Aid	213,048	-	-	213,048	213,048
DSPS	2,737,713	-	773,259	1,964,454	1,964,454
Economic Workforce Development	342,653	15,333	-	357,986	357,986
Early Action Emergency Financial Aid	1,048,208	-	358,208	690,000	690,000
EOPS	1,566,882	-	-	1,566,882	1,566,882
Equal Employment Opportunity	140,554	-	101,824	38,730	38,730
Financial Aid Technology	290,870	-	289,580	1,290	1,290
Foster Parenting	38,884	-	-	38,884	38,884
Full Time Student Success Grant	1,362,488	-	-	1,362,488	1,362,488
Guided Pathway	573,029	-	158,911	414,118	414,118
Hunger Free Campus	66,931	-	66,931	-	-
Incarcerated Students Reentry Program	22,606	24,274	-	46,880	46,880
Innovation for Higher Education	1,169,002	-	1,121,643	47,359	47,359
Mental Health Support Program	74,464	-	52,436	22,028	22,028

Program	Program Revenues: Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Retention and Enrollment Outreach	$ 441,625	$ -	$ 441,625	$ -	$ -
San Francisco First 5 Preschool	671,275	-	505,458	165,817	165,817
SPDPH/MHSA MHCHW	-	255,000	-	255,000	255,000
State Preschool	507,814	-	-	507,814	507,814
Student Equity and Achievement (SEA) Program	11,055,136	-	2,668,361	8,386,775	8,386,775
Strong Workforce Program - Local	664,264	266,836	-	931,100	931,100
Strong Workforce Program - State	6,448,697	-	3,747,153	2,701,544	2,701,544
The Puente Project	5,960	-	5,532	428	428
Undocumented Resource Liaisons	84,032	-	84,032	-	-
Veteran Resource Center	845,153	-	622,980	222,173	222,173
Total state programs	$ 41,447,435	$ 585,101	$ 14,429,357	$ 27,603,179	$ 27,603,179

CATEGORIES	Revised Reported Data**	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2020 only)			
1. Noncredit*	151.96	-	151.96
2. Credit	690.48	-	690.48
B. Summer Intersession (Summer 2021 - 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	7,855.74	-	7,855.74
(b) Daily Census Contact Hours	725.82	-	725.82
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	171.28	-	171.28
(b) Credit	367.88	-	367.88
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	2,807.37	-	2,807.37
(b) Daily Census Procedure Courses	-	-	-
(c) Noncredit Independent Study/Distance Education Courses	1,049.39	-	1,049.39
D. Total FTES	13,819.92	-	13,819.92
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	410.71	-	410.71
2. Credit	22.78	-	22.78
CCFS-320 Addendum			
CDCP Noncredit FTES	1,045.15	-	1,045.15
Centers FTES			
1. Noncredit*	-	-	-
2. Credit	416.66	-	416.66

*Including Career Development and College Preparation (CDCP) FTES.
**Annual report revised as of September 28, 2021.

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP	Reported	Audit	Revised	Reported	Audit	Revised
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$41,154,190	$ -	$41,154,190	$ 41,490,716	$ -	$ 41,490,716
Other	1300	16,411,224	-	16,411,224	16,746,466	-	16,746,466
Total Instructional Salaries		57,565,414	-	57,565,414	58,237,182	-	58,237,182
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	7,362,201	-	7,362,201
Other	1400	-	-	-	2,136,035	-	2,136,035
Total Noninstructional Salaries		-	-	-	9,498,236	-	9,498,236
Total Academic Salaries		57,565,414	-	57,565,414	67,735,418	-	67,735,418
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	31,467,667	-	31,467,667
Other	2300	-	-	-	2,691,662	-	2,691,662
Total Noninstructional Salaries		-	-	-	34,159,329	-	34,159,329
Instructional Aides							
Regular Status	2200	1,663,902	-	1,663,902	2,506,537	-	2,506,537
Other	2400	461,786	-	461,786	496,152	-	496,152
Total Instructional Aides		2,125,688	-	2,125,688	3,002,689	-	3,002,689
Total Classified Salaries		2,125,688	-	2,125,688	37,162,018	-	37,162,018
Employee Benefits	3000	24,242,469	-	24,242,469	45,237,201	-	45,237,201
Supplies and Material	4000	-	-	-	530,793	-	530,793
Other Operating Expenses	5000	-	-	-	12,056,525	-	12,056,525
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		83,933,571	-	83,933,571	162,721,955	-	162,721,955

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP	Reported	Audit	Revised	Reported	Audit	Revised
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	-	-	-	-	-	-
Objects to Exclude							
Rents and Leases	5060	-	-	-	-	-	-
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	2,509,935	-	2,509,935
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	Reported	Audit	Revised	Reported	Audit	Revised
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 541,962	$ -	$ 541,962
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	3,051,897	-	3,051,897
Total for ECS 84362, 50% Law		$83,933,571	$ -	$83,933,571	$ 159,670,058	$ -	$ 159,670,058
Percent of CEE (Instructional Salary Cost/Total CEE)		52.57%		52.57%	100.00%		100.00%
50% of Current Expense of Education					$ 79,835,029		$ 79,835,029

See Note to Supplementary Information

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2021.

Activity Classification	Object Code				Unrestricted
EPA Revenue:	8630				$ 32,536,173
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 32,536,173	$ -	$ -	$ 32,536,173
Total Expenditures for EPA		$ 32,536,173	$ -	$ -	$ 32,536,173
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance		
General Funds	$ 22,512,092	
Special Revenue Funds	10,787,139	
Capital Project Funds	297,923,824	
Debt Service Funds	47,164,920	
Proprietary Funds	(1,792,920)	
Internal Service Funds	(3,907,424)	
Fiduciary Funds	17,941,676	
Total fund balance - all District funds		$ 390,629,307
Amounts held in trust on behalf of others (OPEB Trust)		(17,941,676)
The District's investment in the City and County of San Francisco Investment Pool is reported at fair market value in the Statement of Net Position.		321,757
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	777,219,652	
Accumulated depreciation is	(447,524,106)	
Less: fixed assets already recorded in proprietary funds	(1,775)	
Total capital assets, net		329,693,771
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources at year-end consist of:		
Deferred outflows of resources related to debt refunding	5,981,039	
Deferred outflows of resources related to OPEB	4,572,150	
Deferred outflows of resources related to pensions	56,007,708	
Total deferred outflows of resources		66,560,897
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(740,014)

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	$(517,915,244)	
Compensated absences	(9,427,223)	
Load banking	(2,166,001)	
Supplemental early retirement plan	(6,164,694)	
Other long-term liabilities	(16,138,656)	
Aggregate net other postemployment benefits (OPEB) liability, less amounts accrued in the proprietary funds	(119,522,710)	
Aggregate net pension liability	(214,257,194)	
Total long-term liabilities		$(885,591,722)
Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources amount to and related to		
Deferred inflows of resources related to OPEB	(9,627,968)	
Deferred inflows of resources related to pensions	(30,917,637)	
Total deferred inflows of resources		(40,545,605)
Total net position (deficit)		$(157,613,285)

Note 1 - Purpose of Schedules

District Organization

This schedule provides information about the District's governing board members, administration members, and auxiliary organizations in good standing.

Schedule of Expenditures of Federal Awards

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2021. The information 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 10% de minimis cost rate.

Donated Personal Protective Equipment (PPE) (unaudited)
Nonmonetary assistance of PPE received during the emergency period of the COVID-19 pandemic was approximately $273.6 thousand and is based on the estimated fair market value of the PPE received. The donated PPE was generally provided by donors without information about compliance or reporting requirements associated with federal financial assisting listings or CFDA numbers. The donated PPE is not included in the Schedule of Expenditure of Federal Awards.

Loan Programs
Expenditures reported in the Schedule consist of the beginning of the year outstanding loan balance plus advances made on the loan during the year. The outstanding balance at June 30, 2021, was $1,356,078.

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 for making 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 50% 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.

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.

Proposition 30 Education Protection Account (EPA) Expenditure Report

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

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, 2021

San Francisco Community College District

CPAs & BUSINESS ADVISORS

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the remaining fund information of San Francisco Community College District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 23, 2022.

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 13 to the financial statements, the District has suffered historical 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 13. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinions are not modified with respect to that matter.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2 and Note 14 to the financial statements, the District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which resulted in a restatement of net position (deficit) as of July 1, 2020. Our opinions are not modified with respect to this 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.

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 2021-001 and 2021-002 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 2021-003 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 23, 2022

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, 2021. 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 opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program
In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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Other Matters
The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-004 and 2021-005. Our opinion on each major federal program 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. 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 of this section 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 did identify 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 compliance requirement 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 2021-006 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 2021-004 and 2021-005 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. 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 23, 2022

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 2020-2021 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility
Management is responsible for compliance with the 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 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 2020-2021 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 412	SCFF Supplemental Allocation Metrics
Section 413	SCFF Success Allocation Metrics
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 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
Section 499	COVID-19 Response Block Grant Expenditures

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 2021-007. 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, 2021.

Unmodified Opinion for 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 in the table above that were audited for the year ended June 30, 2021, except as described in the state compliance 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 2020-2021 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 23, 2022

Schedule of Findings and Questioned Costs
June 30, 2021

San Francisco Community College District

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

Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs:	$1,267,671
Auditee qualified as low-risk auditee?	No

STATE COMPLIANCE

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

Unmodified for all programs except for the following program which was qualified:

Name of Program
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*.

2021-001 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 - The District ended the 2020-2021 year with $7,350,846 in available reserves, which was comprised of unassigned balances held in the unrestricted General Fund. This amount represented 4.45% of the District's total expenditures and other financing uses. For the fiscal year ending June 30, 2021, the District's unrestricted General Fund revenues and other financing sources exceeded the District's expenditures and other financing uses by $7,657,319.

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

Context
The condition was originally 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, 2021, the District's unrestricted General Fund operating surplus created an 83% increase in the unrestricted General Fund ending fund balance. Based on the District's adopted budget for the fiscal year ending June 30, 2022, the District may be able to restore its unrestricted General Fund reserve balances to the minimum 5%. The 2021-2022 adopted budget includes further decreases in salary costs of nearly $19 million. Historically, such decreases have been a challenge for the District. Additionally, a significant portion of revenues included in the unrestricted General Fund for the year ending June 30, 2021 were related to one-time funding.

Effect
The District's fund balance and historical 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 prior fiscal years 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.

Repeat Finding (Yes or No)
Yes. See prior year finding 2020-001 in the summary schedule of prior audit findings.

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 an 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 District has filled several vacancies in the District budget office to provide the management and oversight to monitor and implement necessary financial controls. As part of the budget development process for the 2021-2022 fiscal year, the District included funding to meet the state mandated and board required reserve to meet any unanticipated emergencies. This process will be included as part of future budget development. This will ensure financial stability and solvency. Additionally, the District is in the process of evaluating its long-term contractual obligations and implementing staffing reorganizations and reductions to stabilize its future expenditures and align operations with anticipated revenues.

2021-002 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 $3,907,424 as of June 30, 2021.

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

Context
A deficit fund balance was originally identified at June 30, 2020. The beginning retained earnings balance of the Self-Insurance Fund as of June 30, 2020 was a deficit balance of $1,987,974, which further decreased during the year ending June 30, 2021. In the future, the deficit retained earnings of $3,907,424 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.

Repeat Finding (Yes or No)
Yes. See prior year finding 2020-002 in the summary schedule of prior audit findings.

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
After reconciling the 2021-2022 ending balance, as part of the budget development process for the 2022-2023 fiscal year, the District will incorporate funding in its operational plan to address the deficit balance and stabilize the fund. Staff will also monitor expenditures in this area and address future costs for this activity through an appropriation and transfer from the general fund to keep the fund from experiencing future deficit balances.

2021-003 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, 2021, 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 deficit amounts noted in the load banking balance totaled $707,924 at June 30, 2021.

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 in previous years. During the year ended June 30, 2021, 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.

Repeat Finding (Yes or No)
Yes. See prior year finding 2020-003 in the summary schedule of prior audit findings.

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
Negative load balances are a concern of the District, as we have experienced difficulty in having sufficient workload for faculty in some areas. With the COVID-19 pandemic in 2020-2021, and its impact on the academic schedule, this inhibited our ability to adequately address this ongoing concern. The Office of Instruction is working with seventeen departments on load reconciliation, and will continue to schedule faculty to eliminate the negative load balances in accordance with Article 18.J of the District/AFT Collective Bargaining Agreement, which requires us to reconcile load balances within three semesters. With the addition of new accounting and budgeting staff, the District will assign the monitoring and oversight of this activity to its Supervising Fiscal Officer, who will work with the Office of Instruction to track and accrue this activity using the District management information system. The budget office will also review and provide load balance reports each semester to the Office of Instruction to assist with schedule planning and assignments to control and reduce accumulated balances.

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.

2021-004 Allowable Costs

Program Name: COVID-19: Higher Education Emergency Relief Funds (HEERF), Institutional Portion
Assistance Listing Number: 84.425F
Federal Agency: U.S. Department of Education
Pass-Through Entity: Direct Funded

Criteria or Specific Requirement
Uniform Guidance, 2 CFR 200.414: Indirect (F&A) costs
Uniform Guidance, 2 CFR 200.1: Definitions

Any non-Federal entity that does not have a current negotiated (including provisional) rate, except for those non-Federal entities described in appendix VII to this part, paragraph D.1.b, may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC).

Modified Total Direct Cost (MTDC) means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first $25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of $25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

Condition
Significant Deficiency and Noncompliance – The District incorrectly calculated indirect costs for the Institutional Portion of the HEERF program. The District utilized the de minimis indirect cost rate of 10%, but should have used their approved negotiated indirect cost rate which is valid through June 30, 2022. Additionally, the District included amounts recorded for lost revenue in their direct cost base. Lost revenues represent an estimate of revenues that were not earned by the District due to the coronavirus pandemic. They do not represent expenses of the District, and do not meet the definition of MTDC for inclusion in the indirect cost base. Additionally, they would not have met the requirements of the approved negotiated indirect cost rate agreement, which stipulates a direct cost base of salaries and wages including fringe benefits.

Questioned Costs
Questioned costs are $427,867 at June 30, 2021, which is the difference of the indirect cost charged to the program, and the indirect costs recalculated using the District’s approved negotiated indirect cost rate agreement.

Context
The District spent $17,714,419 under the COVID-19: Higher Education Emergency Relief Funds (HEERF), Institutional Portion. The District spent $21,353,385 associated with the Education Stabilization Fund program (ALN 84.425) in total.

Effect
The District is not in compliance with Allowable Costs requirements.

Cause
The District's indirect cost was not calculated in accordance with their approved negotiated indirect cost rate agreement.

Repeat Finding (Yes or No)
No.

Recommendation
It is recommended that the District implement review process for indirect cost calculation, which should include review of the approved negotiated indirect cost rate agreements, relevant grant agreements, and relevant federal guidance.

Views of Responsible Officials and Corrective Action Plan
District staff has received training on the calculation of this cost. Accounting staff will utilize the federally approved indirect cost rate of 30.44% on all allowable activities until June 30, 2022. We will then use the approved negotiated indirect cost rate after that date.

2021-005 Reporting

Program Name: COVID-19: Higher Education Emergency Relief Funds (HEERF), Institutional Portion
Assistance Listing Number: 84.425F
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) Institutional Aid Portion award to publicly post the HEERF quarterly reporting form on their website no later than 10 days after the end of each calendar quarter, or as directed by the U.S. Department of Education.

Condition
Significant Deficiency and Noncompliance – During our testing over reporting for the institutional aid portion, we noted that the report required to be publicly available by January 10, 2021 following the end of the quarter ending December 31, 2020 available was posted on January 19, 2021 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 is required to report institutional grant metrics and other data within 10 days of the end of each calendar quarter, or as directed by the U.S. Department of Education. A sample of two reports was reviewed for compliance, with one report not submitted in a timely manner.

Effect
The College's quarterly report was not uploaded to their website within the required timeframe.

Cause
Staffing changes in the departments responsible for completing and posting the report resulted in delays.

Repeat Finding (Yes or No)
Yes. See prior year finding 2020-005 in the summary schedule of prior audit findings.

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
Staff have been actively monitoring the deadlines for submittal of these reports since the date of our last annual audit in February 2021. District staff assigned to prepare and submit reports are utilizing a task list with deadlines for each report and are aware that an extension can be provided if requested. They also are working with district Informational Technology staff to ensure that reports are properly posted and uploaded to the District website. Since the December 2020 report, all succeeding HEERF reports have been submitted timely and posted on the website within the ten-calendar day timeframe.

2021-006 Activities Allowed or Unallowed and Allowable Costs

Program Name: Adult Basic Education and ELA, Adult Secondary Education
Assistance Listing 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 – Time and effort reporting, or another similar internal control activity to retroactively verify employee time spent on the program, was not performed consistently or in a timely manner for the year ending June 30, 2021.

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

Context
The federal program referenced above had a total of $912,485 in expenditures for the year ended June 30, 2021, of which $898,779 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. Additionally, without effective internal controls in place over personnel costs, the District risks noncompliance for program costs that could be material.

Cause
The District's review of personnel charges to identify the employee costs that should and should not be charged to the federal program was not performed consistently, or in a timely manner.

Repeat Finding (Yes or No)
Yes. See prior year finding 2020-006 in the summary schedule of prior audit findings.

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
The grant management team will issue a time certification document for every classified and certificated employee working under the Adult Education grant, and employees will also be required to use a shared Google document to track their work. The designated grant manger will keep track of classified and certificated staff work with record keeping submitted to the Business Office. The District will assign the monitoring and oversight of this activity to the Supervising Fiscal Officer, who will work with the Office of Instruction to ensure compliance with federal policies and procedures. The District budget office is also implementing position control monitoring to ensure that all positions are properly coded to the appropriate budget lines.

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

2021-007 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 $32,536,173 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.

Repeat Finding (Yes or No)
Yes. See prior year finding 2020-007 in the summary schedule of prior audit findings.

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 held an open session for its 2021-2022 Educational Protection Account funds at its November 16, 2021 board meeting. Prior staff were unaware of this constitutional provision, and while included in the annual budget plan, it was not presented for a separate open session. This requirement will be included as a part of the adoption budget presentation process.

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

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:

2) Significant deficit spending that occurred in the prior and current fiscal year within the unrestricted General Fund.
3) 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.

Current Status
Not implemented. See current year finding 2021-001.

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.

Current Status
Not implemented. See current year finding 2021-002.

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.

Current Status
Partially implemented. See current year finding 2021-003.

Federal Awards Findings

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.

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.

Current Status
Implemented.

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.

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.

Current Status
Not implemented. See current year finding 2021-005.

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.

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.

Current Status
Not implemented. See current year finding 2021-006.

State Compliance Findings

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.

Current Status
Not implemented. See current year finding 2021-007.

February 23, 2022

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

We have audited the financial statements of San Francisco Community College District (the District) as of and for the year ended June 30, 2021, and have issued our report thereon dated February 23, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance

As communicated in our letter dated July 2, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the District complied 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. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the District's major federal program compliance, is to express an opinion on the compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances 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, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the District's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our 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* dated February 23, 2022. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance dated February 23, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 2 to the financial statements. As described in Notes 2 and 14 to the financial statements, the District changed accounting policies related to accounting for fiduciary activities to adopt the provisions of GASB Statement No. 84, *Fiduciary Activities*. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

The most sensitive accounting estimates affecting the financial statements are:

> Management's estimate of the aggregate net other postemployment benefit (OPEB) liability, related deferred outflows of resources, deferred inflows of resources, and OPEB expense is based on the work performed by an actuary, utilizing projections of future benefit costs, actuarial assumptions such as inflation, benefit cost increases, mortality rates, and discount rates.

Management's estimate of the aggregate net pension liability, related deferred outflows of resources, deferred inflows of resources, and pension expense is based on the District's proportionate share of the California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS), and the City and County of San Francisco Employee's Retirement Systems (SFERS) estimated net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, which were actuarially determined; utilizing projections of future contributions and future earnings, actuarial assumptions such as inflation, salary increases, mortality rates, and investment rate of return and discount rates in the determination of the final balances reported in the CalSTRS, CalPERS, and SFERS audited financial statements. The District's proportionate share was determined by calculating the District's share of contributions to the pension plan relative to the contributions of all participating entities in the plan.

Management's estimate of the collectability of student accounts are based on past history and current market conditions. We evaluated the key factors and assumptions used to develop the collectability of student accounts and determined that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the claims liability for the District's self-insured Workers' Compensation Program is based on actuarial estimates provided by Bay Actuarial Consultants. We evaluated the key factors and assumptions used to develop the claims liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of lost revenues associated with certain federal programs is based on the District's interpretation of the enabling laws and regulations, as well as the assumptions used in their methodology for identifying and quantifying lost revenues.

Financial Statement Disclosures

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

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Primary Government	
Overstatement of accounts receivable	$427,867

The effect of this uncorrected misstatement as of and for the year ended June 30, 2021, is an overstatement of change in net position of $427,867 and overstatement of net position of $427,867.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated February 23, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the District's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

However, in accordance with such standards, we will review the information inputted into the data collection form and will consider whether such information, or the manner of its presentation, is materially consistent with the financial statements.

Substantial Doubt on the Entity's Ability to Continue as a Going Concern

We believe that the events and conditions identified during the course of the audit and included within Note 13 indicate substantial doubt on the District's ability to continue as a going concern for a reasonable period of time, and we have included a modification of the Independent Auditor's Report to include an emphasis of matter regarding the facts and circumstances described within Note 13.

Modification of the Auditor's Report

We have made the following modification to our auditor's report:

> **Emphasis of Matter**
>
> As discussed in Notes 2 and 14 to the financial statements, the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position (deficit) as of July 1, 2020. Our opinions are not modified with respect to this matter.

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

Eide Bailly LLP

Rancho Cucamonga, California