Financial Statements
June 30, 2023

San Francisco Community College District

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 San Francisco Community College District, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 2 and Note 13 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ending June 30, 2023. As a result of implementing the standard, there was no effect on the District's business-type activities beginning net position as of July 1, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 and other required supplementary schedules on pages 66 through 77 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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* 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, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of content 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 March 5, 2024 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
March 5, 2024

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, 2023. 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, 2023. 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, 2022 and through June 30, 2023. 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, 2022 through June 30, 2023.

ANALYSIS OF NET POSITION – FISCAL YEAR 2023

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

	2023	2022, as restated	Change
Assets			
Cash and investments	$ 410,277,444	$ 388,579,372	$ 21,698,072
Receivables, net	37,526,932	27,789,869	9,737,063
Other current assets	9,251,794	9,421,125	(169,331)
Capital and right-to-use subscription IT assets, net	381,433,979	336,476,851	44,957,128
Total assets	838,490,149	762,267,217	76,222,932
Deferred Outflows of Resources	88,312,422	82,411,410	5,901,012
Liabilities			
Accounts payable and accrued liabilities	146,312,195	62,330,641	83,981,554
Current portion of long-term liabilities	27,643,864	40,599,319	(12,955,455)
Noncurrent portion of long-term liabilities	705,165,342	645,294,575	59,870,767
Total liabilities	879,121,401	748,224,535	130,896,866
Deferred Inflows of Resources	57,899,632	174,434,711	(116,535,079)
Net Position (Deficit)			
Net investment in capital assets	156,555,505	132,486,351	24,069,154
Restricted	91,139,255	73,295,165	17,844,090
Unrestricted (deficit)	(257,913,222)	(283,762,135)	25,848,913
Total net position (deficit)	$ (10,218,462)	$ (77,980,619)	$ 67,762,157

Cash, investments, and short-term receivables increased from the prior year by $31.4 million, or 7.5%. Individual component changes are as follows: Cash and investments increased from the prior year by $21.7 million while receivables increased by $9.7 million.

Net capital and right-to-use subscription IT assets increased $45.0 million or 13.4% from the prior year, primarily due to a $67.0 million increase in capital and right-to-use subscription IT assets, non-depreciable and depreciable and depreciation/amortization of $22.1 million on existing assets.

Accounts payable and accrued liabilities increased by $84.0 million or 134.7%, primarily due to unearned revenue increased due to timing of Federal, State, and local grant expenditures. The remaining current portion of long-term liabilities, which are amounts due within the next fiscal year, decreased $13.0 million or 31.9%.

Long-term liabilities increased $59.9 million or 9.3%. The aggregate net pension liability resulted in a net $85.1 million increase while General Obligation Bonds payable decreased $42.7 million as a result scheduled debt service payments. The aggregate net OPEB liability increased by $6.4 million.

The District's net position for net investment in capital assets increased by $24.1 million or 18.2% over the prior year, while restricted and unrestricted net increased by $17.8 million and $25.8 million, or 24.3% and 9.1%, respectively. Total net position, which combines invested in capital assets, restricted, and unrestricted categories, experienced a net increase of $67.8 million or 86.9%.

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

	2023	2022*	Change
Operating Revenues			
Tuition and fees, net	$ 14,006,687	$ 13,787,182	$ 219,505
Grants and contracts, noncapital	44,848,086	50,266,439	(5,418,353)
Total operating revenues	58,854,773	64,053,621	(5,198,848)
Operating Expenses			
Salaries and employee benefits	163,556,999	145,936,358	17,620,641
Supplies, services, equipment, and maintenance	30,285,209	22,763,123	7,522,086
Student financial aid	24,489,584	35,550,595	(11,061,011)
Depreciation and amortization	22,079,293	21,361,431	717,862
Total operating expenses	240,411,085	225,611,507	14,799,578
Operating loss	(181,556,312)	(161,557,886)	(19,998,426)
Nonoperating Revenues (Expenses)			
State apportionments, noncapital	83,605,443	87,818,066	(4,212,623)
Property taxes	131,386,539	121,502,261	9,884,278
Local sales tax	14,641,899	14,654,176	(12,277)
Student financial aid grants	16,803,749	29,658,481	(12,854,732)
State taxes and other revenues	5,096,337	6,011,012	(914,675)
Net interest expense	(7,400,319)	(24,187,900)	16,787,581
Other nonoperating revenues	3,907,594	5,352,052	(1,444,458)
Total nonoperating revenues (expenses)	248,041,242	240,808,148	7,233,094
Other Revenues			
State and local capital income	1,277,227	382,404	894,823
Change in net position	$ 67,762,157	$ 79,632,666	$ (11,870,509)

*The revenues and expenses for the year ended June 30, 2022 were not restated to show the effects of the implementation of GASB Statement No. 96 for comparative purposes.

Tuition and fees, net of scholarships and allowances, increased $0.2 million or 1.6% from the prior year as a result of slightly higher enrollment. Federal, State, and local grants and contracts decreased $5.4 million or 10.8% from prior year.

Consolidated operating expenses increased by $14.8 million or 6.6% from the prior year. This is primarily due to increases in salaries and benefits of $17.6 million, or 12.1%, over the prior year. The increase is primarily related to the return of salary concessions taken in the prior year, increased salary-driven benefit costs, and increases in district operating costs. Depreciation and amortization, a noncash expense, increased $0.7 million or 3.4%. Supplies and maintenance expense increased $7.5 million or 33.0% from prior year.

Total nonoperating revenues and expenses increased by $7.2 million, or 3.0%, over the prior year. During the fiscal year 2023, the District earned $83.6 million in State Apportionment, a decrease of $4.2 million from prior year, an offset resulting from an adjustment in the Total Computational Revenue (TCR) calculation, which included $8.0 million in Education Protection Act (EPA) Funds. Local property taxes for general purposes increased by $9.5 million, or 19.6%, 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 $0.3 million, or 0.5%, mainly due to the collection of taxes for scheduled debt payments. State taxes and other revenues decreased $0.9 million, or 15.2%, over the prior year. Net interest expense on capital asset-related debt decreased $16.8 million, or 69.4% primarily due to interest earnings on amounts held in cash in county treasury.

Other revenues increased by $0.9 million, or 234.0%, primarily due to an increase in State capital revenues.

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.

	2023	2022	Change
Net Cash Flows from			
Operating activities	$ (151,025,567)	$ (172,032,647)	$ 21,007,080
Noncapital financing activities	201,014,402	199,842,011	1,172,391
Capital financing activities	(33,289,829)	(12,207,667)	(21,082,162)
Investing activities	5,099,041	(9,268,528)	14,367,569
Net Increase in Cash	21,798,047	6,333,169	15,464,878
Cash and Cash Equivalents, Beginning of Year	387,929,397	381,596,228	6,333,169
Cash and Cash Equivalents, End of Year	$ 409,727,444	$ 387,929,397	$ 21,798,047

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, Materials, Equipment, Maintenance, and Other Expenses and Services	Student Financial Aid	Depreciation and Amortization	Total
Instructional activities	$ 68,648,183	$ 1,079,457	$ -	$ -	$ 69,727,640
Academic support	7,374,835	124,256	-	-	7,499,091
Student services	26,304,299	834,874	-	-	27,139,173
Plant operations and maintenance	4,440,818	1,320,886	-	-	5,761,704
Instructional support services	47,762,460	5,513,139	-	-	53,275,599
Community services and economic development	4,269,833	392,873	-	-	4,662,706
Ancillary services and auxiliary operations	4,756,571	289,793	-	-	5,046,364
Student aid	-	-	24,489,584	-	24,489,584
Physical property and related acquisitions	-	20,729,931	-	-	20,729,931
Unallocated depreciation	-	-	-	22,079,293	22,079,293
Total	$ 163,556,999	$ 30,285,209	$ 24,489,584	$ 22,079,293	$ 240,411,085

Capital and Right-to-Use Subscription IT Assets

The capital and right-to-use subscription IT assets of the District as of June 30, 2023, amounted to a total of $872.4 million. Of this amount, the non-depreciable portion, composed of land and construction in progress, was $156.9 million or 18.1% of total cost. Depreciable capital assets totaled $711.6 million or 81.9% of total cost. Total accumulated depreciation was $490.1 million, resulting in net depreciable capital assets of $221.5 million.

Note 7 to the financial statements provides additional information on capital and right-to-use subscription IT assets. A summary of capital and right-to-use subscription IT assets is presented below:

	Balance, July 1, 2022, as restated	Additions	Deletions	Balance, June 30, 2023
Capital Assets				
Land and construction in progress	$ 97,618,816	$ 62,665,240	$ (3,374,254)	$ 156,909,802
Buildings and improvements	662,508,775	3,374,254	-	665,883,029
Furniture, equipment, and vehicles	44,352,369	1,378,501	-	45,730,870
Subtotal capital assets	804,479,960	67,417,995	(3,374,254)	868,523,701
Accumulated depreciation	(468,885,538)	(21,180,632)	-	(490,066,170)
Right-to-use subscription IT assets, net	882,429	2,094,019	-	2,976,448
Total capital and right-to-use subscription IT assets, net	$ 336,476,851	$ 48,331,382	$ (3,374,254)	$ 381,433,979

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 and amortization expense amounted to $22.1 million for the year.

Long-term Liabilities

Changes for the District's long-term liabilities include a decrease in general obligations bonds payable of $42.7 million due to scheduled debt service payments, a net increase of the aggregate net OPEB liability of $6.4 million, and a net increase of $85.1 million of aggregate net pension liability. Additionally, other long-term liabilities decreased $1.8 million primarily due to changes in compensated absences, load banking liability, claims 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, July 1, 2022, as restated	Additions	Deletions	Balance, June 30, 2023
General obligation bonds	$ 476,414,502	$ -	$ (42,740,741)	$ 433,673,761
Other long-term liabilities	32,506,119	3,440,414	(5,255,607)	30,690,926
Aggregate net OPEB liability	149,164,585	24,853,661	(18,470,641)	155,547,605
Aggregate net pension liability	27,808,688	85,088,226	-	112,896,914
Total long-term liabilities	$ 685,893,894	$ 113,382,301	$ (66,466,989)	$ 732,809,206
Amount due within one year				$ 27,643,864

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.

The District has a Citizens' Bond Oversight Committee that consists of members from key constituencies of the community to serve 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.

In 2015, the District bond 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.

After the May 2021 rating, District fiscal staff worked to address the concerns noted in the prior ratings by Moody's and Fitch. As of June 30, 2022, the district was rated A1 Stable (Moody's); a revision upward from A1 Negative, and A+ Stable with Fitch. There was no change to the Fitch prior rating.

ECONOMIC FACTORS AFFECTING THE FUTURE OF SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

In 2012, San Francisco voters approved a special parcel tax; Proposition A, which was to provide the District with funding of $79 per parcel until the 2020-21 fiscal year. In 2016, an additional measure was proposed; Proposition B, which raised the parcel tax from $79 to $99 and extended the term of the tax 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. This special parcel tax provides the District with approximately $19 million in annual revenue.

The District also receives funding from the City in the form of sales tax revenue. During the COVID-19 pandemic, this revenue stream was negatively impacted, reducing revenue from $14 million pre-pandemic to less than $10 million in 2020-21. In the 2021-22 year, this revenue stream began to recover and the District has received over $14 million annually to support district operations since the 2021-22 fiscal year. The District will need to continue however, to work on building revenue through enrollment and expansion of its program offerings in order to mitigate any future impact from reduced levels of sales tax revenue.

The 2021-22 budget enacted several changes to District operations. Salary concessions and layoffs were implemented to align District expenditures with projected state and local revenue. These actions provided the District with the flexibility to create a Reserve for Unanticipated Emergencies, and provided funding to address its future Other Postemployment Benefit (OPEB) costs. However, in 2022-23, the district restored the salary concessions implemented in 2021-22, and have recently settled bargaining contracts with several of our employee groups. As the District is not anticipating any significant new revenue given its hold harmless status, planned or unexpected increases in future operating costs will negatively impact the financial stability of the District.

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-707,
San Francisco, CA 94112.

Assets	
Cash and cash equivalents	$ 10,989,944
Investments	399,287,500
Accounts receivable	29,609,187
Student receivables, net	7,917,745
Prepaid expenses	9,217,002
Inventories	34,792
Capital and right-to-use subscription IT assets	
Nondepreciable capital assets	156,909,802
Depreciable capital assets, net of accumulated depreciation	221,547,729
Right-to-use subscription IT assets, net of accumulated amortization	2,976,448
Total capital and right-to-use subscription IT assets, net	381,433,979
Total assets	838,490,149
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	4,754,159
Deferred outflows of resources related to OPEB	42,192,309
Deferred outflows of resources related to pensions	41,365,954
Total deferred outflows of resources	88,312,422
Liabilities	
Accounts payable	57,646,633
Accrued interest payable	593,030
Due to fiduciary funds	8,000,000
Unearned revenue	80,072,532
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	27,643,864
Long-term liabilities other than OPEB and pensions, due in more than one year	436,720,823
Aggregate net other postemployment benefits (OPEB) liability	155,547,605
Aggregate net pension liability	112,896,914
Total liabilities	879,121,401
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	1,824,059
Deferred inflows of resources related to pensions	56,075,573
Total deferred inflows of resources	57,899,632
Net Position (Deficit)	
Net investment in capital assets	156,555,505
Restricted for	
Debt service	43,498,616
Capital projects	20,804,469
Educational programs	12,145,257
Other activities	14,690,913
Unrestricted (deficit)	(257,913,222)
Total net position (deficit)	$ (10,218,462)

Operating Revenues	
Tuition and fees	$ 19,619,464
Less: Scholarship discounts and allowances	(5,612,777)
Net tuition and fees	14,006,687
Grants and contracts, noncapital	
Federal	4,889,705
State	36,860,344
Local	3,098,037
Total grants and contracts, noncapital	44,848,086
Total operating revenues	58,854,773
Operating Expenses	
Salaries	126,151,114
Employee benefits	58,387,929
Employee benefits - pension actuarial changes	(20,982,044)
Supplies, materials, and other operating expenses and services	26,878,593
Student financial aid	24,489,584
Equipment, maintenance, and repairs	3,406,616
Depreciation and amortization	22,079,293
Total operating expenses	240,411,085
Operating Loss	(181,556,312)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	83,605,443
Local property taxes, levied for general purposes	58,315,873
Taxes levied for debt service	53,390,866
Parcel taxes levied for specific purposes	19,679,800
Local sales tax	14,641,899
Federal and state financial aid grants	16,803,749
State taxes and other revenues	5,096,337
Investment income, net	4,999,066
Interest expense on capital related debt	(13,307,205)
Investment income on capital asset-related debt, net	907,820
Other nonoperating revenue	3,907,594
Total nonoperating revenues (expenses)	248,041,242
Income Before Other Revenues	66,484,930
Other Revenues	
State revenues, capital	1,277,227
Change In Net Position	67,762,157
Net Position (Deficit), Beginning of Year	(77,980,619)
Net Position (Deficit), End of Year	$ (10,218,462)

Cash Flows from Operating Activities	
Tuition and fees	$ 14,851,740
Federal, state, and local grants and contracts, noncapital	81,675,619
Payments to or on behalf of employees	(198,096,843)
Payments to vendors for supplies and services	(24,966,499)
Payments to students for scholarships and grants	(24,489,584)
Net cash flows from operating activities	(151,025,567)
Cash Flows from Noncapital Financing Activities	
State apportionments	74,426,107
Federal and state financial aid grants	16,803,749
Property taxes - nondebt related	58,315,873
State taxes and other apportionments	7,102,404
Proceeds from parcel tax	19,679,800
Proceeds from sales tax	14,719,008
Other nonoperating	9,967,461
Net cash flows from noncapital financing activities	201,014,402
Cash Flows from Capital Financing Activities	
Purchase of capital assets	(50,533,493)
State revenue, capital	19,136,634
Property taxes - related to capital debt	53,390,866
Principal paid on capital debt	(39,860,848)
Interest paid on capital debt	(16,330,808)
Interest received on capital asset-related debt	907,820
Net cash flows from capital financing activities	(33,289,829)
Cash Flows from Investing Activities	
Proceeds from sales and maturities of investments	99,975
Change in fair value of cash in county treasury	(12,691,388)
Interest received from investments	17,690,454
Net cash flows from investing activities	5,099,041
Change In Cash and Cash Equivalents	21,798,047
Cash and Cash Equivalents, Beginning of Year	387,929,397
Cash and Cash Equivalents, End of Year	$ 409,727,444

Reconciliation of Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$ (181,556,312)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation and amortization expense	22,079,293
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	8,891,711
Student receivables, net	(795,322)
Inventories	14,711
Prepaid expenses	154,620
Deferred outflows of resources related to OPEB	(5,857,771)
Deferred outflows of resources related to pensions	(656,681)
Accounts payable	5,902,744
Unearned revenue	29,953,298
Compensated absences	(591,545)
Load banking	416,571
Supplemental early retirement plan	(2,054,898)
Other long-term liabilities	(1,862,153)
Aggregate net OPEB liability	6,383,020
Aggregate net pension liability	85,088,226
Deferred inflows of resources related to OPEB	(8,134,497)
Deferred inflows of resources related to pensions	(108,400,582)
Total adjustments	30,530,745
Net cash flows from operating activities	$ (151,025,567)
Cash and Cash Equivalents Consist of the Following:	
Cash on hand and in banks	$ 10,989,944
Cash in county treasury	398,737,500
Total cash and cash equivalents	$ 409,727,444
Noncash Transactions	
Amortization of deferred outflows of resources related to debt refunding	$ 613,440
Amortization of debt premiums	$ 3,555,741
Recognition of subscription-based IT arrangement liabilities arising from obtaining right-to-use subscription IT assets	$ 2,952,680

	Retiree OPEB Trust
Assets	
Cash and cash equivalents	$ 91,363
Investments	29,014,136
Due from primary government	8,000,000
Total assets	37,105,499
Net Position	
Restricted for postemployment benefits other than pensions	$ 37,105,499

	Retiree OPEB Trust
Additions	
District contributions	$ 23,243,217
Interest and investment income	7,400,486
Total additions	30,643,703
Deductions	
Benefit payments	10,262,634
Administrative expenses	64,596
Total deductions	10,327,230
Change in Net Position	20,316,473
Net Position - Beginning of Year	16,789,026
Net Position - End of Year	$ 37,105,499

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 one campus and several centers 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. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115, and is, therefore, exempt from Federal taxes.

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 $5.6 million for the year ended June 30, 2023.

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, 2023.

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.

Subscription-based IT Arrangements

The District recognizes a subscription-based IT arrangement liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. The District measures the subscription-based IT arrangement liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription-based IT arrangement liability is reduced by the principal portion of subscription payments made. The right-to-use subscription IT asset is initially measured as the initial amount of the subscription-based IT arrangement liability, plus certain initial direct costs. Subsequently, the right-to-use subscription IT asset is amortized on a straight-line basis over the lesser of the subscription term or useful life of the underlying asset.

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, subscription-based IT arrangements, 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 and right-to-use subscription IT assets, net of accumulated depreciation and amortization, 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 $91,139,255 of restricted net position, and the fiduciary fund financial statements report $37,105,499 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* 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

Implementation of GASB Statement No. 91

As of July 1, 2022, the District adopted GASB Statement No. 91*, Conduit Debt Obligations*. The objective of this Statement is to better meet the information needs of financial statement users by enhancing the comparability and consistency of conduit debt obligation reporting and reporting of related transactions and other events by state and local government issuers. The implementation of this standard eliminates the option for issuers of conduit debt to recognize a liability for this debt on their financial statements. In addition, it requires issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Implementation of GASB Statement No. 94

As of July 1, 2022, the District adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA)*. The implementation of this standard establishes standards of accounting and financial reporting for PPPs and APAs. The standard requires recognition of an asset, receivable, and deferred inflow of resources. There was not a significant effect on the District's financial statements as a result of the implementation of the standard.

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 13 and the additional disclosures required by this standard are included in Notes 7 and 8.

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 California Community Colleges' *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, 2023, consist of the following:

	Primary Government	Fiduciary Fund
Cash on hand and in banks	$ 10,989,944	$ -
Cash with fiscal agent	-	91,363
Investments	399,287,500	29,014,136
Total deposits and investments	$ 410,277,444	$ 29,105,499

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 rates. 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 deposit.

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 deposit are not required to be rated, nor have they been rated as of June 30, 2023.

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	$ 398,737,500	422	Not rated
San Francisco Retiree Health Care Trust Fund Investment Pool	29,014,136	No maturity	Not rated
Certificates of deposit	550,000	595	Not rated
Total	$ 428,301,636		

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, 2023, the District's bank balance of approximately $15.1 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, 2023, the District's investment balance of approximately $28.5 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, 2023:

Investment Type	Fair Value	Level 2 Inputs	Uncategorized
San Francisco Retiree Health Care Trust Fund Investment Pool	$ 29,014,136	$ -	$ 29,014,136
Certificates of deposit	550,000	550,000	-
Total	$ 29,564,136	$ 550,000	$ 29,014,136

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, 2023, consisted of the following:

	Primary Government
Federal Government	
Categorical aid	$ 3,778,291
State Government	
Apportionment	15,301,392
Categorical aid	1,696,742
Other state sources	178,129
Local Sources	
Sales tax	4,951,183
Other local sources	3,703,450
Total	$ 29,609,187
Student receivables	$ 13,544,054
Less: allowance for bad debt	(5,626,309)
Student receivables, net	$ 7,917,745

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, 2023, the prepaid expenses were as follows:

Prepaid rent	$ 8,400,000
Other prepaid expenses	817,002
Total	$ 9,217,002

Note 7 - Capital and Right-to-use Subscription IT Assets

Capital and right-to-use subscription IT asset activity for the District for the year ended June 30, 2023, was as follows:

	Balance, July 1, 2022, as restated	Additions	Deductions	Balance, June 30, 2023
Capital Assets Not Being Depreciated				
Land	$ 29,211,619	$ -	$ -	$ 29,211,619
Construction in progress	68,407,197	62,665,240	(3,374,254)	127,698,183
Total capital assets not being depreciated	97,618,816	62,665,240	(3,374,254)	156,909,802
Capital Assets Being Depreciated				
Land improvements	160,081,515	-	-	160,081,515
Buildings and improvements	502,427,260	3,374,254	-	505,801,514
Furniture and equipment	43,285,860	1,365,295	-	44,651,155
Vehicles	1,066,509	13,206	-	1,079,715
Total capital assets being depreciated	706,861,144	4,752,755	-	711,613,899
Total capital assets	804,479,960	67,417,995	(3,374,254)	868,523,701
Less Accumulated Depreciation				
Land improvements	(153,649,179)	(1,256,985)	-	(154,906,164)
Buildings and improvements	(276,672,181)	(18,044,653)	-	(294,716,834)
Furniture and equipment	(37,578,584)	(1,843,564)	-	(39,422,148)
Vehicles	(985,594)	(35,430)	-	(1,021,024)
Total accumulated depreciation	(468,885,538)	(21,180,632)	-	(490,066,170)
Net capital assets	335,594,422	46,237,363	(3,374,254)	378,457,531
Right-to-use Subscription IT Assets				
Right-to-use subscription IT assets	882,429	2,992,680	-	3,875,109
Accumulated amortization	-	(898,661)	-	(898,661)
Net right-to-use subscription IT assets	882,429	2,094,019	-	2,976,448
Total capital and right-to-use subscription IT assets, net	$ 336,476,851	$ 48,331,382	$ (3,374,254)	$ 381,433,979

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, 2023, consisted of the following:

	Balance, July 1, 2022, as restated	Additions	Deductions	Balance, June 30, 2023	Due in One Year
General obligation bonds	$ 436,085,000	$ -	$ (39,185,000)	$ 396,900,000	$ 24,880,000
Bond premium	40,329,502	-	(3,555,741)	36,773,761	-
Subscription-based IT arrangements	882,429	2,952,680	(675,848)	3,159,261	901,711
Compensated absences	8,537,052	-	(591,545)	7,945,507	-
Load banking	2,144,387	416,571	-	2,560,958	-
Supplemental early retirement plan	2,054,898	-	(2,054,898)	-	-
Claims liability	3,990,132	71,163	(71,163)	3,990,132	-
Other long-term liability	14,897,221	-	(1,862,153)	13,035,068	1,862,153
Total	$ 508,920,621	$ 3,440,414	$ (47,996,348)	$ 464,364,687	$ 27,643,864

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. Payments for subscription-based IT arrangements will be made by the fund for which the software was intended. 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

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, 2023, was $116,055,000.

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 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 at June 30, 2023, were $87,580,000 and $173,955,000, 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 outstanding principal balance of the 2020 General Obligation Refunding Bonds at June 30, 2023, was $19,310,000.

Debt Maturity

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2022	Issued	Redeemed	Balance, June 30, 2023
2015	2031	2.0-5.0%	$241,290,000	$ 134,865,000	$ -	$ (18,810,000)	$ 116,055,000
2020	2045	2.3-5.0%	110,000,000	106,660,000	-	(19,080,000)	87,580,000
2020	2041	0.8-3.2%	190,000,000	173,955,000	-	-	173,955,000
2020	2034	4.0-5.0%	23,500,000	20,605,000	-	(1,295,000)	19,310,000
				$ 436,085,000	$ -	$ (39,185,000)	$ 396,900,000

Debt Service Requirements to Maturity

The bonds mature through 2045 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
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	19,160,000	11,479,568	30,639,568
2028	20,410,000	10,700,776	31,110,776
2029-2033	91,470,000	40,753,939	132,223,939
2034-2038	62,955,000	28,886,396	91,841,396
2039-2043	90,865,000	17,515,651	108,380,651
2044-2045	47,035,000	2,463,787	49,498,787
Total	$ 396,900,000	$ 151,519,906	$ 548,419,906

Subscriptions-based Information Technology Arrangements (SBITAs)

The District entered into SBITAs for the use of various software. At June 30, 2023, the District has recognized a right-to-use subscriptions IT asset, net of accumulated amortization of $2,976,448 and a SBITA liability of $3,159,261 related to these agreements. Under the terms of the SBITAs, the District makes payments ranging from $43,999 to $552,880 annually, which amounted to total principal and interest costs of $822,679 for the year ending June 30, 2023. During the fiscal year, the District recorded $898,661 in amortization expense and $146,831 in interest expense for the SBITAs. The District used discount rate of 5% based on the estimated incremental borrowing rate for financing over a similar time period.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 901,711	$ 124,798	$ 1,026,509
2025	929,031	78,234	1,007,265
2026	636,681	36,466	673,147
2027	691,838	2,883	694,721
Total	$ 3,159,261	$ 242,381	$ 3,401,642

Supplemental Early Retirement Plan (SERP)

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, 2019. 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, 2023 was paid in full.

Other Long-Term Liabilities

The other long-term liabilities balance of $13,035,068 is related to an apportionment repayment liability to be repaid over an original period 10 years. Future repayments are due through 2030 as follows:

Year Ending June 30,	
2024	$ 1,862,153
2025	1,862,153
2026	1,862,153
2027	1,862,153
2028	1,862,153
2029-2030	3,724,303
Total	$ 13,035,068

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

For the year ended June 30, 2023, 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	$ 152,734,682	$ 42,192,309	$ 1,824,059	$ 16,062,464
Bookstore Plan	2,286,742	-	-	53,475
Medicare Premium Payment (MPP) Program	526,181	-	-	(303,456)
Total	$ 155,547,605	$ 42,192,309	$ 1,824,059	$ 15,812,483

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, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	1,335
Active employees	1,209
Total	2,544

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 voluntary contributions are 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, 2022, the District contributed $16,617,650 to the Plan, of which $10,258,412 was paid for current premiums and $6,359,238 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, 2022:

Asset Class	Target Allocation
Equity	75%
Fixed income	25%

Rate of Return

For the year ended June 30, 2022, the annual money-weighed rate of return on investments, net of investment expense, was -10.53%. 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 $152,734,682 was measured as of June 30, 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2021. The components of the net OPEB liability of the District at June 30, 2022, were as follows:

Total OPEB liability	$ 169,523,708
Plan fiduciary net position	(16,789,026)
Net OPEB liability	$ 152,734,682
Plan fiduciary net position as a percentage of the total OPEB liability	9.90%

Actuarial Assumptions

The total OPEB liability as of June 30, 2022 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%
Investment rate of return	6.75%
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 2020 CalSTRS Mortality Table for certificated employees and the 2020 SFERS Mortality table for classified and miscellaneous 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 valuation were based on the results of an actual experience study as of May 2022.

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, 2022, (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	8.75%
Fixed income	5.75%

Discount Rate

The discount rate used to measure the net OPEB liability was 6.75%. 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, 2021	$ 163,864,843	$ 17,941,676	$ 145,923,167
Service cost	4,090,896	-	4,090,896
Interest	10,884,511	-	10,884,511
Difference between expected and actual experience	941,870	-	941,870
Contributions - employer	-	16,617,650	(16,617,650)
Expected investment income	-	1,424,496	(1,424,496)
Differences between projected and actual earnings on OPEB plan investments	-	(8,901,094)	8,901,094
Benefit payments	(10,258,412)	(10,258,412)	-
Administrative expense	-	(35,290)	35,290
Net change in total OPEB liability	5,658,865	(1,152,650)	6,811,515
Balance, June 30, 2022	$ 169,523,708	$ 16,789,026	$ 152,734,682

There were no changes of economic assumptions since the previous valuation. There were no changes in benefit terms 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 (5.75%)	$ 171,062,366
Current discount rate (6.75%)	152,734,682
1% increase (7.75%)	137,262,133

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 cost trend rate:

Healthcare Cost Trend Rate	Net OPEB Liability
1% decrease (3.00%)	$ 133,607,192
Current healthcare cost trend rate (4.00%)	152,734,682
1% increase (5.00%)	175,769,296

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2023, 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	$ 23,243,217	$ -
Differences between expected and actual experience	9,677,376	1,824,059
Changes of assumptions	5,443,315	-
Net difference between projected and actual earnings on OPEB plan investments	3,828,401	-
Total	$ 42,192,309	$ 1,824,059

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
2024	$ 644,433
2025	708,133
2026	695,617
2027	1,780,218
Total	$ 3,828,401

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 4.8 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 3,714,008
2025	5,314,174
2026	4,111,472
2027	156,978
Total	$ 13,296,632

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, 2022, the valuation date, 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 voluntary contributions are based on projected pay-as-you-go financing requirements. For the measurement period ending June 30, 2023, the District contributed $168,781 to the Plan, all of which was used for current premiums.

Total OPEB Liability of the District

The District's total OPEB liability of $2,286,742 was measured as of June 30, 2023, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions

The total OPEB liability as of June 30, 2023 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2022 and rolling forward the total OPEB liability to June 30, 2023. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%
Discount rate	3.65%
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, 2022 valuation were based on the results of an actual experience study as of June 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2022	$ 2,411,781
Interest	72,484
Changes of assumptions	(28,742)
Benefit payments	(168,781)
Net change in total OPEB liability	(125,039)
Balance, June 30, 2023	$ 2,286,742

Changes of economic assumptions reflect a change in the discount rate from 3.54% to 3.65% since the previous valuation. There were no changes in benefit terms since the previous valuation.

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 rate:

Discount Rate	Total OPEB Liability
1% decrease (2.65%)	$ 2,559,192
Current discount rate (3.65%)	2,286,742
1% increase (4.65%)	2,065,382

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 cost trend rate:

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3.00%)	$ 2,041,136
Current healthcare cost trend rate (4.00%)	2,286,742
1% increase (5.00%)	2,577,946

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, 2021 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.

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, 2023, the District reported a liability of $526,181 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. 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, 2022 and June 30, 2021, was 0.1597% and 0.2080%, respectively, resulting in a net decrease in the proportionate share of 0.0483%.

For the year ended June 30, 2023, the District recognized OPEB expense of $(303,456).

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Actuarial Methods and Assumptions

The June 30, 2022 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022, using the assumptions listed in the following table:

Measurement Date	June 30, 2022
Valuation Date	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.54%
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, 2021, 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 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 209 or an average of 0.14% of the potentially eligible population (145,282).

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, 2022, 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, 2022, is 3.54%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.54%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 1.38% from 2.16% as of June 30, 2021.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.54%)	$ 573,638
Current discount rate (3.54%)	526,181
1% increase (4.54%)	485,089

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 Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 482,790
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	526,181
1% increase (5.50% Part A and 6.40% Part B)	575,366

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:

Type of Coverage	Deductible
General Liability	$ 50,000
Automobile Liability	$ 50,000
Property Liability	$ 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.

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 years' experience.

As of June 30, 2023, liability for claims amounted to $3,990,132, 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, 2023.

	Balance, July 1, 2022	Current Year Claims and Changes in Estimates	Claim Payments	Balance, June 30, 2023
Workers' Compensation	$ 3,990,132	$ 71,163	$ (71,163)	$ 3,990,132
Assets available to pay claims at June 30, 2023				$ 8,072,500

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, 2023, 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	$ 73,955,834	$ 18,952,362	$ 44,580,533	$ (673,147)
SFERS	37,417,263	21,577,188	11,474,545	(302,176)
CalPERS Miscellaneous Plan	1,523,817	836,404	20,495	707,908
Total	$ 112,896,914	$ 41,365,954	$ 56,075,573	$ (267,415)

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, 2021, 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, 2023, 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	19.10%	19.10%
Required State contribution rate	10.828%	10.828%

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, 2023, are presented above, and the District's total contributions were $11,968,281.

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

At June 30, 2023, 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	$ 73,955,834
State's proportionate share of net pension liability associated with the District	37,036,793
Total	$ 110,992,627

The net pension liability was measured as of June 30, 2022. 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, 2022 and June 30, 2021, was 0.1064% and 0.1384%, respectively, resulting in a net decrease in the proportionate share of 0.0320%.

For the year ended June 30, 2023, the District recognized pension expense of $(673,147). In addition, the District recognized pension expense and revenue of $2,986,993 for support provided by the State. At June 30, 2023, 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	$ 11,968,281	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	3,255,743	35,418,805
Differences between projected and actual earnings on pension plan investments	-	3,616,584
Differences between expected and actual experience in the measurement of the total pension liability	60,667	5,545,144
Changes of assumptions	3,667,671	-
Total	$ 18,952,362	$ 44,580,533

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
2024	$ (2,656,650)
2025	(2,878,030)
2026	(4,323,385)
2027	6,241,481
Total	$ (3,616,584)

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
2024	$ (4,260,266)
2025	(7,466,449)
2026	(6,142,699)
2027	(6,912,762)
2028	(5,121,565)
Thereafter	(4,076,127)
Total	$ (33,979,868)

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, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
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 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 current and future valuation, CalSTRS' independent 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, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Private equity	13%	6.3%
Real estate	15%	3.6%
Inflation sensitive	6%	3.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Cash/liquidity	2%	-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%)	$ 125,604,436
Current discount rate (7.10%)	73,955,834
1% increase (8.10%)	31,071,966

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, 2023, are summarized as follows:

	City Employer Pool (Miscellaneous Non-Safety Membership)		
Hire date	On or after November 2, 1976 and before July 1, 2010	On or after July 1, 2010 and before July 7, 2012	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	7.50%-11.00%	7.50%-11.00%	7.50%-11.00%
Required employer contribution rate	18.35%-21.35%	18.35%-21.35%	18.35%-21.35%

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, 2023, were $8,439,298.

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

As of June 30, 2023, the District reported net pension liability for its proportionate share of the collective SFERS net pension liability totaling $37,417,263. The net pension liability of the plan is measured as of June 30, 2022, and the total pension liability for the plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. 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, 2022 and June 30, 2021, was 1.3904% and 1.3967%, respectively, resulting in a net decrease in the proportionate share of 0.0063%.

For the year ended June 30, 2023, the District recognized pension expense of $(302,176), including amortization of deferred outflows of resources and deferred inflows of resources related to pensions. At June 30, 2023, 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	$ 8,439,298	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	3,906,000
Differences between projected and actual earnings on pension plan investments	-	2,917,407
Differences between expected and actual experience in the measurement of the total pension liability	3,415,351	-
Changes of assumptions	9,722,539	4,651,138
Total	$ 21,577,188	$ 11,474,545

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
2024	$ (3,077,547)
2025	(3,683,414)
2026	(6,640,350)
2027	15,064,656
Total	$ 1,663,345

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2021. The following is a summary of the actuarial methods and assumptions used in the actuarial valuation:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2009 through June 30, 2014
Actuarial cost method	Entry age normal
Discount rate	7.20%
Investment rate of return	7.20%
Consumer price inflation	2.50%
Wage growth	3.25%, plus merit component based on employee classification and years of service
Administrative expense	0.60% of payroll
Basic COLA	2.00%

The mortality table used was developed based on the PubG-2010 tables, with adjustments made for male and female participants. Mortality rates for active members were based upon adjusted PubG-2010 Employee mortality tables, while mortality rates for retired members were based upon adjusted PubG-2010 Retiree mortality tables.

The probability of a Supplemental COLA as of June 30, 2023, was developed based upon the probability and amount of Supplemental COLA for each future year. Future Supplemental COLAs are assumed to be 0% for the actuarial valuation as of June 30, 2021.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2022, was 7.20%. 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 7.20% to the extent the fiduciary net position is available to make the payments and at the municipal bond rate of 2.16% to the extent they are not available. The single equivalent rate used to determine the total pension liability as of June 30, 2022, is 7.20%.

The long-term expected rate of return on pension plan investments was 7.20%. It was set by the Retirement Board after consideration of both expected future returns and historical returns experienced 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	37%	4.8%
Treasuries	8%	0.6%
Liquid credit	5%	3.5%
Private credit	10%	5.8%
Private equity	23%	7.9%
Real assets	10%	4.7%
Absolute return	10%	3.4%
Leverage	-3%	0.6%

The following presents the District's proportionate share of the net pension liability/(asset), calculated using the 7.20% 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/(Asset)
1% decrease (6.20%)	$ 102,462,483
Current discount rate (7.20%)	37,417,263
1% increase (8.20%)	(16,204,681)

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, 2023, 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, 2023, are presented above, and the total District contributions were $161,471.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $1,523,817. The net pension liability was measured as of June 30, 2022. 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, 2022 and June 30, 2021, was 0.0326% and 0.0496%, respectively, resulting in a net decrease in the proportionate share of 0.0170%.

For the year ended June 30, 2023, the District recognized pension expense of $707,908. At June 30, 2023, 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	$ 161,471	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	209,062	-
Differences between projected and actual earnings on pension plan investments	279,123	-
Differences between expected and actual experience in the measurement of the total pension liability	30,601	20,495
Changes of assumptions	156,147	-
Total	$ 836,404	$ 20,495

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
2024	$ 45,729
2025	41,122
2026	21,551
2027	170,721
Total	$ 279,123

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 3.7 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 155,776
2025	136,081
2026	83,458
Total	$ 375,315

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, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 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 - cap-weighted	30%	4.45%
Global equity - non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	-5%	-0.59%

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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 (5.90%)	$ 2,476,037
Current discount rate (6.90%)	1,523,817
1% increase (7.90%)	740,376

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 in the amount of $5,941,471 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. 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, 2023.

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, 2023.

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, 2023, the total amount committed was approximately $189.5 million.

Note 13 - Adoption of New Accounting Standard

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The balances of certain assets and liabilities were restated to retroactively adopt the provisions of GASB Statement No. 96 as follows:

Primary Government	
Net Position (Deficit) - Beginning, as previously reported on June 30, 2022	$ (77,980,619)
Right-to-use subscription IT assets, net of amortization	882,429
Subscription-based IT arrangements	(882,429)
Net Position (Deficit) - Beginning	$ (77,980,619)

Required Supplementary Information
June 30, 2023

San Francisco Community College District

	2023	2022	2021
Total OPEB Liability			
Service cost	$ 4,090,896	$ 3,839,775	$ 3,737,007
Interest	10,884,511	9,457,502	9,144,014
Difference between expected and actual experience	941,870	14,160,110	2,015,002
Changes of assumptions	-	9,331,399	-
Benefit payments	(10,258,412)	(10,387,903)	(10,369,665)
Net change in total OPEB liability	5,658,865	26,400,883	4,526,358
Total OPEB Liability - Beginning	163,864,843	137,463,960	132,937,602
Total OPEB Liability - Ending (a)	$ 169,523,708	$ 163,864,843	$ 137,463,960
Plan Fiduciary Net Position			
Contributions - employer	$ 16,617,650	$ 3,004,927	$ 3,952,839
Expected investment income	1,424,496	1,063,705	1,515,343
Differences between projected and actual earnings on OPEB plan investments	(8,901,094)	5,423,018	(62,602)
Benefit payments	(10,258,412)	(10,387,903)	(10,369,665)
Administrative expense	(35,290)	(98,690)	(62,507)
Net change in plan fiduciary net position	(1,152,650)	(994,943)	(5,026,592)
Plan Fiduciary Net Position - Beginning	17,941,676	18,936,619	23,963,211
Plan Fiduciary Net Position - Ending (b)	$ 16,789,026	$ 17,941,676	$ 18,936,619
Net OPEB Liability - Ending (a) - (b)	$ 152,734,682	$ 145,923,167	$ 118,527,341
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	9.90%	10.95%	13.78%
Covered Employee Payroll	$ 112,808,955	$ 125,512,265	$ 140,596,160
Net OPEB Liability as a Percentage of Covered Employee Payroll	135.39%	116.26%	84.30%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020

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

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

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

	2023	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	-10.53%	24.91%	5.12%	8.64%	6.42%	12.17%
Measurement Date	June 30, 2022	June 30, 2021	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.

	2023	2022	2021	2020	2019
Total OPEB Liability					
Interest	$ 72,484	$ 73,822	$ 74,872	$ 96,622	$ 1,724,354
Difference between expected and actual experience	-	(369,222)	-	(67,419)	-
Changes of assumptions	(28,742)	(420,938)	18,074	502,174	111,669
Benefit payments	(168,781)	(183,816)	(187,741)	(184,020)	(176,650)
Net change in total OPEB liability	(125,039)	(900,154)	(94,795)	347,357	1,659,373
Total OPEB Liability - Beginning	2,411,781	3,311,935	3,406,730	3,059,373	1,400,000
Total OPEB Liability - Ending	$ 2,286,742	$ 2,411,781	$ 3,311,935	$ 3,406,730	$ 3,059,373
Covered Payroll	N/A[1]	N/A[1]	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]	N/A[1]	N/A[1]
Measurement Date	June 30, 2023	June 30, 2022	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.

	2023	2022	2021
Year ended June 30,			
Proportion of the net OPEB liability	0.1597%	0.2080%	0.2349%
Proportionate share of the net OPEB liability	$ 526,181	$ 829,637	$ 995,369
Covered payroll	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]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.94%	-0.80%	-0.71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020

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

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

	2020	2019	2018
Year ended June 30,			
Proportion of the net OPEB liability	0.2637%	0.2500%	0.2714%
Proportionate share of the net OPEB liability	$ 981,881	$ 957,049	$ 1,141,807
Covered payroll	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]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2023	2022	2021	2020	2019
CalSTRS					
Proportion of the net pension liability	0.1064%	0.1384%	0.1400%	0.1559%	0.1472%
Proportionate share of the net pension liability	$ 73,955,834	$ 62,971,699	$ 135,713,911	$ 140,845,704	$ 135,303,355
State's proportionate share of the net pension liability associated with the District	37,036,793	31,684,917	69,960,537	76,840,735	77,467,499
Total	$ 110,992,627	$ 94,656,616	$ 205,674,448	$ 217,686,439	$ 212,770,854
Covered payroll	$ 62,193,972	$ 73,848,916	$ 85,192,801	$ 84,911,413	$ 82,254,089
Proportionate share of the net pension liability as a percentage of its covered payroll	118.91%	85.27%	159.30%	165.87%	164.49%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
SEFRS					
Proportion of the net pension liability	1.3904%	1.3967%	1.4256%	1.5791%	1.5814%
Proportionate share of the net pension liability/(asset)	$ 37,417,263	$ (36,105,659)	$ 77,136,365	$ 70,690,622	$ 67,726,728
Covered payroll	$ 50,614,983	$ 51,663,349	$ 55,403,359	$ 52,748,482	$ 47,356,078
Proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	73.93%	-69.89%	139.23%	134.01%	143.02%
Plan fiduciary net position as a percentage of the total pension liability	92%	108%	83%	85%	85%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

	2018	2017	2016	2015
CalSTRS				
Proportion of the net pension liability	0.1588%	0.1578%	0.1637%	0.1838%
Proportionate share of the net pension liability	$ 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	86,879,275	72,680,240	58,302,977	65,917,198
Total	$ 233,736,131	$ 200,350,216	$ 168,539,516	$ 175,079,975
Covered payroll	$ 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	165.60%	165.30%	150.12%	128.31%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
SEFRS				
Proportion of the net pension liability	1.5403%	1.4766%	1.5795%	1.7522%
Proportionate share of the net pension liability/(asset)	$ 76,912,801	$ 85,831,480	$ 36,265,841	$ 31,021,562
Covered payroll	$ 43,296,854	$ 39,223,199	$ 40,264,153	$ 41,365,456
Proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	177.64%	218.83%	90.07%	74.99%
Plan fiduciary net position as a percentage of the total pension liability	82%	77%	90%	92%
Measurement Date	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.

	2023	2022	2021	2020	2019
CalPERS Miscellaneous Plan					
Proportion of the net pension liability	0.0326%	0.0496%	0.0334%	0.0343%	0.0340%
Proportionate share of the net pension liability	$ 1,523,817	$ 942,648	$ 1,406,918	$ 1,375,292	$ 1,282,902
Covered payroll	N/A	N/A	N/A	N/A	N/A
Proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	78%	78%	78%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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.

	2018	2017	2016	2015
CalPERS Miscellaneous Plan				
Proportion of the net pension liability	0.0330%	0.0321%	0.0301%	0.0193%
Proportionate share of the net pension liability	$ 1,300,751	$ 1,115,251	$ 2,626,907	$ 2,193,486
Covered payroll	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	60.27%	133.08%	110.68%
Plan fiduciary net position as a percentage of the total pension liability	75%	76%	80%	81%
Measurement Date	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.

	2023	2022	2021	2020	2019
CalSTRS					
Contractually required contribution	$ 11,968,281	$ 10,523,220	$ 11,926,600	$ 14,567,969	$ 13,823,578
Contributions in relation to the contractually required contribution	(11,968,281)	(10,523,220)	(11,926,600)	(14,567,969)	(13,823,578)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 62,661,157	$ 62,193,972	$ 73,848,916	$ 85,192,801	$ 84,911,413
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%
SEFRS					
Contractually required contribution	$ 8,439,298	$ 10,240,571	$ 11,776,207	$ 10,587,582	$ 9,474,507
Contributions in relation to the contractually required contribution	(8,439,298)	(10,240,571)	(11,776,207)	(10,587,582)	(9,474,507)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 43,456,599	$ 50,614,983	$ 51,663,349	$ 55,403,359	$ 52,748,482
Contributions as a percentage of covered payroll	19.42%	20.23%	22.79%	19.11%	17.96%
CalPERS Miscellaneous Plan					
Contractually required contribution	$ 161,471	$ 154,895	$ 145,513	$ 131,064	$ 93,234
Contributions in relation to the contractually required contribution	(161,471)	(154,895)	(145,513)	(131,064)	(93,234)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

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.

	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	$ 11,869,265	$ 11,156,268	$ 8,287,416	$ 6,520,795
Contributions in relation to the contractually required contribution	(11,869,265)	(11,156,268)	(8,287,416)	(6,520,795)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 82,254,089	$ 88,682,576	$ 77,235,937	$ 73,432,379
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%
SEFRS				
Contractually required contribution	$ 9,219,890	$ 8,192,668	$ 7,819,687	$ 9,603,924
Contributions in relation to the contractually required contribution	(9,219,890)	(8,192,668)	(7,819,687)	(9,603,924)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 47,356,078	$ 43,296,854	$ 39,223,199	$ 40,264,153
Contributions as a percentage of covered payroll	19.47%	18.92%	19.94%	23.85%
CalPERS Miscellaneous Plan				
Contractually required contribution	$ 60,954	$ 49,922	$ 424,160	$ 232,343
Contributions in relation to the contractually required contribution	(60,954)	(49,922)	(424,160)	(232,343)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	N/A	N/A	$ 1,850,556	$ 1,973,862
Contributions as a percentage of covered payroll	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 economic assumptions 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. 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 3.54% to 3.65% since the previous valuation.

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 2.16% to 3.54% 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 economic assumptions for the CalSTRS plan from the previous valuations. The SFERS plan rate of investment return assumption was changed from 7.40% to 7.20% since the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.15% to 6.90% since the previous valuation.

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, 2023

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, 2023

Member	Office	Term Expires
Alan Wong	President	2024
Anita Martinez	Vice President	2026
Aliya Chisti	Member	2024
Murrell Green	Member	2026
Susan Solomon	Member	2026
Vick Van Chung	Member	2026
Shanell Williams	Member	2024
Heather Brandt	Student Trustee	2024

Administration as of June 30, 2023

David Martin	Chancellor
John Al-Amin	Vice Chancellor, Finance and Administration
Geisce Ly	Interim Vice Vice Chancellor, Academic and Institutional Affairs
Lisa Cooper-Wilkins	Vice Chancellor, Student 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	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		$ 12,895,180	$ -
Federal Pell Grant Program Administrative Allowance	84.063		20,590	-
Federal Work-Study Program	84.033		517,170	-
Federal Direct Student Loans	84.268		804,792	-
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		691,136	-
Federal Perkins Loans	84.038		1,157,620	-
Subtotal Student Financial Assistance Cluster			16,086,488	-
TRIO Cluster				
TRIO Student Support Services	84.042A		461,559	-
Subtotal TRIO Cluster			461,559	-
COVID-19: Higher Education Emergency Relief Funds, Student Portion	84.425E		68,984	-
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		1,488,237	-
Subtotal			1,557,221	-
Project TRANSLATES	84.031L		155,516	-
Passed through California Department of Education (CDE)				
Adult Basic Education and ELA	84.002A	14508	597,698	-
Adult Secondary Education	84.002A	13978	109,614	-
Subtotal			707,312	-
Passed through California Community Colleges Chancellor's Office				
Career and Technical Education Act, Title I, Part C	84.048A	22-C01-048	878,860	-
Career and Technical Education	84.051F	G0332	174,372	-
Total U.S. Department of Education			20,021,328	-
U.S. Department of the Treasury				
Passed through California Community Colleges Chancellor's Office				
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	[1]	487,000	-
National Science Foundation				
Research and Development Cluster				
Biolink Next Gen	47.076		69,512	-
Advanced Technology Education	47.076		9,373	-
Growing CTE/STEM Teachers	47.076		6,695	-
Subtotal Research and Development Cluster			85,580	-
U. S. Department of Veterans Affairs				
Veterans Education	64.120		19,360	-

[1] Pass-Through Entity Number not available.

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed through to Subrecipients
U.S. Department of Health and Human Services				
Passed through County of Sonoma				
Community Health Workers for Public Health and Response	93.495	2021-1142-A00	$ 339,885	$ -
Passed through California Community Colleges Chancellor's Office				
Temporary Assistance for Needy Families	93.558	[1]	56,615	-
Foster and Kinship Care Education	93.658	[1]	17,066	-
Passed through City and County of San Francisco				
Foster Care Title IV-E	93.658	[1]	642,368	238,840
Subtotal			659,434	238,840
Passed through California Department of Education (CDE)				
Child Care and Development Fund (CCDF) Cluster				
Child Care Development Block Grant - Centers Based	93.575	15136	7,805	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	16,978	-
Subtotal CCDF Cluster			24,783	-
Total U.S. Department of Health and Human Services			1,080,717	238,840
Total Federal Financial Assistance			$ 21,693,985	$ 238,840

[1] Pass-Through Entity Number not available.

Program	Program Revenues Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
AB 86 Adult Education Consortium	$ 5,805,526	$ -	$ -	$ 3,186,086	$ 2,619,440	$ 2,619,440
Basic Needs Center	889,539	-	-	851,682	37,857	37,857
Board of Financial Aid	630,311	-	-	-	630,311	630,311
CA Institute for Reg Medicine	577,681	-	-	103,588	474,093	474,093
Cal Fresh Outreach SB65	2,025	-	-	2,025	-	-
Cal Grant	2,242,566	12,188	-	-	2,254,754	2,254,754
California College Promise	1,842,158	-	-	431,259	1,410,899	1,410,899
CalWORKs	424,294	-	-	172,185	252,109	252,109
Campus Safety	15,700	-	-	-	15,700	15,700
CARE	149,876	-	-	-	149,876	149,876
Center Based Child Development	214,658	-	-	149,580	65,078	65,078
Center of Excellence	56,006	279,157	-	-	335,163	335,163
Child Care Tax Bailout	148,628	17,234	-	-	165,862	165,862
Classified Professional Development	121,677	-	-	121,677	-	-
COVID-19 Response Block Grant	10,209,930	-	-	10,195,811	14,119	14,119
Culturally Competent Faculty Development	18,317	-	-	15,036	3,281	3,281
DSPS	4,664,480	-	-	2,366,477	2,298,003	2,298,003
EEO Best Practice	342,069	-	-	342,069	-	-
EOPS	2,405,829	-	-	-	2,405,829	2,405,829
Equal Employment Opportunity	266,678	-	-	205,747	60,931	60,931
Emergency Financial Assistance Supplemental	223,308	-	-	223,308	-	-
Financial Aid Technology	355,855	-	-	255,424	100,431	100,431
Foster Care Education	40,769	-	-	10,395	30,374	30,374
Full Time Student Success Grant	3,678,888	-	-	648,699	3,030,189	3,030,189
Golden State Education & Training	55,000	-	-	-	55,000	55,000
Guided Pathway	676,721	-	-	645,364	31,357	31,357
Hunger Free Campus	16,732	-	-	16,732	-	-
i3 Pilot	-	75,388	-	-	75,388	75,388
Innovation for Higher Education	1,075,084	-	-	1,025,362	49,722	49,722

Program	Program Revenues					
	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
Learning-Aligned Employment Program	$ 2,451,553	$ -	$ -	$ 2,432,280	$ 19,273	$ 19,273
LGBTQ+ Support Center	178,367	-	-	173,992	4,375	4,375
Library Services Platform	20,645	-	-	20,645	-	-
Mathematics, Engineering, Science Achievement	559,583	-	-	423,676	135,907	135,907
Mental Health Support Program	949,378	-	-	813,330	136,048	136,048
NextUp	1,191,604	-	-	982,132	209,472	209,472
Nursing Education	215,646	-	-	45,313	170,333	170,333
Physical Plant & Institutional Support	19,295,677	-	7,542,455	10,316,952	1,436,270	1,436,270
Retention and Enrollment Outreach	6,348,781	-	1,485,052	4,485,563	378,166	378,166
Rising Scholars Network	148,000	-	-	59,997	88,003	88,003
San Francisco First 5 Preschool	327,903	-	-	222,805	105,098	105,098
SPDPH/MHSA MHCHW	-	268,719	-	-	268,719	268,719
State Preschool	106,014	304,816	-	-	410,830	410,830
Student Equity and Achievement (SEA) Program	13,503,325	-	-	6,439,665	7,063,660	7,063,660
Student Food and Housing Support	677,699	-	-	557,502	120,197	120,197
Strong Workforce Program - Local	1,124,763	739,240	-	311,461	1,552,542	1,552,542
Strong Workforce Program - State	6,399,232	-	-	4,464,183	1,935,049	1,935,049
Systemwide Technology and Data Security	478,500	-	-	478,500	-	-
The Puente Project	22,362	-	-	19,905	2,457	2,457
Undocumented Resource Liaisons	186,823	-	-	37,876	148,947	148,947
Veteran Resource Center	909,079	-	525,231	-	383,848	383,848
Zero Textbook Cost Prgram	200,000	-	-	200,000	-	-
Total state programs	$ 92,445,239	$ 1,696,742	$ 9,552,738	$ 53,454,283	$ 31,134,960	$31,134,960

CATEGORIES	Revised Reported Data**	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2022 only)			
1. Noncredit*	256.31	-	256.31
2. Credit	950.32	-	950.32
B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)			
1. Noncredit*	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	4,385.38	-	4,385.38
(b) Daily Census Contact Hours	824.58	-	824.58
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	1,273.91	-	1,273.91
(b) Credit	443.59	-	443.59
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	3,751.45	-	3,751.45
(b) Daily Census Procedure Courses	-	-	-
(c) Noncredit Independent Study/Distance Education Courses	1,622.96	-	1,622.96
D. Total FTES	13,508.50	-	13,508.50
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	349.26	-	349.26
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	996.31	-	996.31
2. Credit	7.68	-	7.68
CCFS-320 Addendum			
CDCP Noncredit FTES	2,650.76	-	2,650.76
Centers FTES			
1. Noncredit*	979.18	-	979.18
2. Credit	661.86	-	661.86

*Including Career Development and College Preparation (CDCP) FTES.
**Annual report revised as of September 27, 2023.

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 32,485,667	$ -	$ 32,485,667	$ 32,831,905	$ -	$ 32,831,905
Other	1300	13,937,682	-	13,937,682	14,227,200	-	14,227,200
Total Instructional Salaries		46,423,349	-	46,423,349	47,059,105	-	47,059,105
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	12,315,949	-	12,315,949
Other	1400	-	-	-	3,101,865	-	3,101,865
Total Noninstructional Salaries		-	-	-	15,417,814	-	15,417,814
Total Academic Salaries		46,423,349	-	46,423,349	62,476,919	-	62,476,919
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	26,852,490	-	26,852,490
Other	2300	-	-	-	2,818,692	-	2,818,692
Total Noninstructional Salaries		-	-	-	29,671,182	-	29,671,182
Instructional Aides							
Regular Status	2200	2,214,191	-	2,214,191	2,680,735	-	2,680,735
Other	2400	496,088	-	496,088	532,588	-	532,588
Total Instructional Aides		2,710,279	-	2,710,279	3,213,323	-	3,213,323
Total Classified Salaries		2,710,279	-	2,710,279	32,884,505	-	32,884,505
Employee Benefits	3000	24,754,189	-	24,754,189	51,474,030	-	51,474,030
Supplies and Material	4000	-	-	-	853,488	-	853,488
Other Operating Expenses	5000	-	-	-	13,003,206	-	13,003,206
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		73,887,817	-	73,887,817	160,692,148	-	160,692,148

See Note to Supplementary Information

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ -	$ -	$ -	$ 5,131,317	$ -	$ 5,131,317
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	5,131,317	-	5,131,317
Objects to Exclude							
Rents and Leases	5060	-	-	-	945,668	-	945,668
Lottery Expenditures							
Academic Salaries	1000	-	-	-	1,437,972	-	1,437,972
Classified Salaries	2000	-	-	-	671,151	-	671,151
Employee Benefits	3000	-	-	-	858,817	-	858,817
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	5,158	-	5,158
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	5,158	-	5,158

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 17,688	$ -	$ 17,688
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	14,199,088	-	14,199,088
Total for ECS 84362, 50% Law		$73,887,817	$ -	$73,887,817	$ 146,493,060	$ -	$ 146,493,060
Percent of CEE (Instructional Salary Cost/Total CEE)		50.44%		50.44%	100.00%		100.00%
50% of Current Expense of Education					$ 73,246,530		$ 73,246,530

Activity Classification	Object Code				Unrestricted
EPA Revenue:	8630				$ 9,826,620
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 9,826,620	$ -	$ -	$ 9,826,620
Total Expenditures for EPA		$ 9,826,620	$ -	$ -	$ 9,826,620
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance and retained earnings		
General Funds	$ 31,205,262	
Special Revenue Funds	10,615,145	
Capital Project Funds	228,004,858	
Debt Service Funds	44,091,646	
Proprietary Funds	(239,385)	
Internal Service Funds	4,075,768	
Fiduciary Fund	37,105,499	
Total fund balance and retained earnings - all District funds		$ 354,858,793
Amounts held in trust on behalf of others (OPEB Trust)		(37,105,499)
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.		(12,691,388)
Capital and right-to-use subscription IT 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	868,523,701	
Accumulated depreciation is	(490,066,170)	
The cost of right-to-use subscription IT assets is	3,875,109	
Accumulated amortization is	(898,661)	
Less: fixed assets already recorded in proprietary funds	(1,775)	
Total capital and right-to-use subscription IT assets, net		381,432,204
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	4,754,159	
Deferred outflows of resources related to OPEB	42,192,309	
Deferred outflows of resources related to pensions	41,365,954	
Total deferred outflows of resources		88,312,422
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.		(593,030)

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	$ (433,673,761)	
Subscription-based IT arrangements	(3,159,261)	
Compensated absences	(7,945,507)	
Load banking	(2,560,958)	
Other long-term liability	(13,035,068)	
Aggregate net other postemployment benefits (OPEB) liability, less amounts accrued in the proprietary funds	(153,260,863)	
Aggregate net pension liability	(112,896,914)	
Total long-term liabilities		$ (726,532,332)
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	(1,824,059)	
Deferred inflows of resources related to pensions	(56,075,573)	
Total deferred inflows of resources		(57,899,632)
Total net position (deficit)		$ (10,218,462)

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 as of June 30, 2023.

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, 2023. 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.

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, 2023, was $379,204.

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.

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, 2023

San Francisco Community College District

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*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*), 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 5, 2024.

Adoption of New Accounting Standard

As discussed in Note 2 and Note 13 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ending June 30, 2023. As a result of implementing the standard, there was no effect on the District's business-type activities beginning net position as of July 1, 2022. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on 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*.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

We noted certain matters that we reported to management of the District in a separate letter dated March 5, 2024.

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
March 5, 2024

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited San Francisco Community College District's (the District) compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, San Francisco Community College District complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
March 5, 2024

Independent Auditor's Report on State Compliance

To the 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 2022-2023 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, 2023.

Opinion

In our opinion, San Francisco Community College District complied, in all material respects, with the compliance requirements referred to above that are applicable to the State programs noted in the table below that were audited for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the standards and procedures identified in the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's compliance with the requirements listed in the table below.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit 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 over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

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)
Section 430	Scheduled Maintenance Program
Section 431	Gann Limit Calculation
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475	Disabled Student Programs and Services (DSPS)
Section 490	Propositions 1D and 51 State Bond Funded Projects
Section 491	Education Protection Account Funds
Section 492	Student Representation Fee
Section 494	State Fiscal Recovery Fund
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 does not have any Proposition 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

The State Fiscal Recovery Fund was included as a major federal program, as described in the summary of auditor's results; therefore, the compliance requirements within this section were not performed.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the 2022-2023 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
March 5, 2024

Schedule of Findings and Questioned Costs
June 30, 2023

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	None Reported
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	None Reported
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):	No

Identification of major programs:

Name of Federal Program or Cluster	Federal Financial Assistance Listing
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
Career and Technical Education Act, Title I, Part C	84.048A
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

STATE COMPLIANCE

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

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

2023-001 Financial Condition of the District
Material Weakness in Internal Control over Financial Reporting

Criteria or Specific Requirements

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. The Chancellor's Office recommends that districts adopt formal policies to maintain sufficient unrestricted reserves with a suggested minimum of two months of total general fund operating expenditures, approximately 16.67%.

Condition

For the fiscal year ending June 30, 2023, the District's unrestricted general fund expenditures and other financing uses exceeded the District's revenues and other financing sources by $2,926,213. The District ended the 2022-2023 year with $18,243,078 in available reserves, which was comprised of unassigned balances held in the unrestricted general fund. This amount represented 9.72% of the District's total expenditures and other financing uses. For the fiscal year ending June 30, 2024, the District's unrestricted general fund deficit is projected to be $3,526,702, based on the adopted budget, including updated assumptions for employee compensation adjustments.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified during the review of the District's reserve balances and the District's adopted budget for the fiscal year ending June 30, 2023. For the fiscal year ending June 30, 2023, the District's unrestricted general fund operating deficit caused a 13% decline in the unrestricted general fund ending fund balance. Based on the District's adopted budget and updated assumptions for employee compensation adjustments for the fiscal year ending June 30, 2024, the additional operating deficit projected for the unrestricted general fund will cause an additional 19% decline in the unrestricted general fund ending fund balance.

Effect

The District is in jeopardy of falling below the required reserves as stipulated by the Board of Governors.

Cause

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

1) Deficit spending that occurring in the current fiscal year within the unrestricted general fund.
2) Increasing cost of payroll and benefits.

Unaddressed deficit spending will be further exacerbated by the sunset of state Hold Harmless funding protection, which is currently set for the 2025-2026 fiscal year. The District is expected to receive $33,906,679 in hold harmless funding protection during the year ending June 30, 2024.

Repeat Finding (Yes or No)

No

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. Ideally, the District would follow the Chancellor's Office guidelines for budgeting best practices as published by the Government Finance Officers Association (GFOA). 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 will monitor future planned expenditures to ensure that they do not exceed available resources, and that the district maintains a prudent fiscal reserve pursuant to its board policy. Given the impact of recent negotiations on future operations, the district will need to address this through cost cutting measures and additional revenue outside of the student-centered funding formula. The district fiscal office has provided the board with a five-year financial projection which will be updated annually in order to assist the administration and the board with decision making and rightsizing the district budget to expected revenue.

2023-002 **Financial Close and Reporting**
Material Weakness in Internal Control over Financial Reporting

Criteria or Specific Requirements

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 present their financial statements in accordance with generally accepted accounting principles (GAAP).

Condition

Several year-end adjustments were identified during the audit that resulted in audit adjustments to the original District trial balance. There were material audit adjustments proposed and posted to cash, accounts receivable, accounts payable, and unearned revenue accounts.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

Several adjustments and reclassification entries were posted to ensure accuracy and correct classification of account balances.

Effect

Material adjustments to the general ledger were proposed as a result of audit procedures. These adjustments were accepted by management to ensure the financial statements were presented fairly.

Cause

The internal controls in place during the closing process, including preparation and review of account reconciliations, journal entries, and accruals, were not performed, or were not performed in a timely manner to ensure accurate reporting of balances for reporting.

Repeat Finding (Yes or No)

No

Recommendation

We recommend that all account balances are reconciled and reviewed by appropriate personnel prior to closing the fiscal year ledgers to ensure proper financial reporting. All journal entries posted to the ledger should be reviewed and approved by appropriate personnel. Additionally, policies and procedures should be implemented to ensure that these accounts are reconciled and reviewed throughout the year on a regular basis in order to facilitate timely and accurate reporting at year-end.

Views of Responsible Officials and Corrective Action Plan

The district has gone through a number of personnel changes in the fiscal office, and just recently hired an Associate Vice Chancellor for Budget and Accounting to monitor and oversee accounting activity and the year end close. This person is responsible to see that account reconciliations, journal entries, and accruals are performed timely and that these are done routinely. Monthly monitoring will be implemented to ensure that these activities are done in a timely manner.

The following finding represents a material weakness in internal control over compliance including questioned costs that are required to be reported by the Uniform Guidance.

2023-003 Activities Allowed or Unallowed and Allowable Costs
Material Weakness in Internal Control over Compliance

Program Name: Career and Technical Education Act, Title I, Part C
Federal Financial Assistance Listing Numbers: 84.048A
Federal Agency: U.S. Department of Education (ED)
Pass-Through Entity: California Community Colleges Chancellor's Office

Program Name: Foster Care Title IV-E
Federal Financial Assistance Listing Numbers: 93.658
Federal Agency: U.S. Department of Health and Human Services (HHS)
Pass-Through Entity: City and County of San Francisco

Criteria or Specific Requirements

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

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, 2023.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The federal programs referenced above had a total of $1,521,228 in expenditures for the year ended June 30, 2023, of which $832,331 was associated with salaries and benefits.

Effect

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 federal programs was not performed consistently, or in a timely manner.

Repeat Finding (Yes or No)

No

Recommendation

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

Views of Responsible Officials and Corrective Action Plan

The district Information Technology Services unit is currently working with Ellucian to configure and implement the Time and Effort reporting module within the BANNER timekeeping system. This will allow departments to monitor time and effort activity and ensure that allowable costs are tracked and charged to the appropriate programs and services. This should be completed by June 30, 2024.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.