

San Diego Community College District

San Diego, California

*Basic Financial Statements and
Independent Auditors' Reports*

For the year ended June 30, 2011

C&L
Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

San Diego Community College District

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis (Required Supplementary Information)	3
Basic Financial Statements:	
Statement of Net Assets	17
Statement of Activities and Changes in Net Assets	18
Statement of Cash Flows.....	19
Statement of Fiduciary Net Assets	23
Statement of Changes in Fiduciary Net Assets.....	24
Notes to Basic Financial Statements	25
Required Supplementary Information:	
Schedule of Funding Progress for Defined Benefit Plans	52
Supplementary Information:	
Combining Balance Sheet	54
Reconciliation of Combining Balance Sheet to Government-Wide Statement of Net Assets	59
Combining Schedule of Revenues, Expenditures (Expenses), and Changes in Fund Equity (Net Assets).....	60
Reconciliation of Combining Schedules of Revenues, Expenditures (Expenses) and Changes in Fund Equity (Retained Earnings) to Government-Wide Statement of Revenues, Expenses and Changes in Net Assets	65
Schedule of Expenditures of Federal Awards	66
Schedule of Revenues and Expenditures of State Awards	68
Schedule of Revenues and Expenditures of Local Awards	68

San Diego Community College District

Table of Contents

	<u>Page</u>
Supplementary Information, Continued:	
Schedule of Workload Measures for State General Apportionment and Schedule of Annual Apprenticeship Hours of Instruction	76
Reconciliation of Annual Financial and Budget Report (CCFS-311) With District Accounting System	78
Notes to Supplemental Information.....	81
Independent Auditors' Report on State Compliance	83
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	89
Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	91
Schedule of Findings and Questioned Costs.....	93
Continuing Disclosures	96



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the business-type activities and fiduciary funds of the San Diego Community College District (the "District") as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2011, the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011, 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, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The accompanying Combining Balance Sheet, Reconciliation of Combining Balance Sheet to Government-Wide Statement of Net Assets, Combining Schedule of Revenues, Expenditures (Expenses), and Changes in Fund Equity (Net Assets), Reconciliation of Combining Schedule of Revenue, Expenditures (Expenses), and Change in Fund Equity (Net Assets) to Government-Wide Statement of Revenues, Expenses and Changes in Net Assets, Reconciliation of Annual Financial and Budget Report (CCFS-311) with District Accounting System, and Notes to Supplemental Information are presented for purpose of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the District, taken as a whole. The accompanying Schedule of Workload Measures for State General Apportionment and Schedule of Annual Apprenticeship Hours of Instruction, and Continuing Disclosures are not a required part of the basic financial statements but are supplementary information required by the State of California Department of Education. This supplementary information is the responsibility of management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on this schedule.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Diego, California
November 30, 2011

San Diego Community College District
Management's Discussion and Analysis
For the year ended June 30, 2011

FINANCIAL HIGHLIGHTS FOR 2010-11

- Despite the decline in the current state and national economic condition, the District continues to meet all of its financial obligations while also maintaining adequate cash flow requirements.
- District met all of its repayment obligations for Prop S and Prop N General Obligation Bonds.
- District also met or exceeded all federal and state mandate requirements including the 50% Law and Faculty Obligation Numbers (FON).

DISTRICT BACKGROUND

The California Community Colleges system is comprised of 72 districts, 112 campuses, and 68 approved Education Centers. San Diego Community College District (the "District") is one of five Community College districts located in San Diego County. The District is located within the metropolitan area of the city of San Diego and consists of six campuses for continuing education and three college campuses: San Diego City College, Mesa College, and Miramar College.

The mission of the District is to provide accessible, high quality learning experiences to meet the educational needs of the San Diego community it serves. The District offers a comprehensive curriculum responding to needs for university transfer, technical, vocational, military and general education, remedial and developmental, special education, human development, honors, and ethnic and linguistic diversity. The District also provides comprehensive support services, including counseling, financial aid, health, tutoring, career planning and placement, child care, transfer centers, disabled student services and extended opportunities programs and services.

Based on enrollment, the District is the second largest community college district in California and the sixth largest in the United States. California residents paid an enrollment fee of \$26 per credit unit during the 2010-11 academic year. Out-of-state residents paid the enrollment fee plus tuition fees of \$183 per credit.

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

ENROLLMENT HIGHLIGHTS

The State of California's economic, budgetary, and fiscal crisis has had a major impact on the District and all community college districts and colleges throughout the State. Over the past several years, the State has applied "workload" reductions to reduce the amount of funded Full Time Equivalent Students (FTES) while also applying deficit coefficients to the calculated apportionment revenues earned, which has resulted in permanent and temporary reductions in apportionment revenue paid to the District.

San Diego Community College District

Management's Discussion and Analysis

For the year ended June 30, 2011

The District's total FTES for Fiscal Year (FY) 2010-11 is currently estimated at 44,119; however, the funded FTES is estimated at 41,910, which results in the District serving 2,209 unfunded FTES. The amount of FTES funding a district receives is contingent on how much growth is experienced both system and district-wide; the community college system's annually approved state budget can vary throughout a year depending on several factors; and, is subject to change until the state closes out all apportionment reporting for a given budget years. Consequently, the final funded FTES will not be known at the District level until January or February of the year after the fiscal year has ended (in this case January or February 2012), when all the final FTES have been reported and calculated system-wide.

The District has made every effort to serve its community in spite of the State's fiscal and budgetary constraints as evidenced by the significant number of unfunded FTES served by the District in FY2010-11. This has occurred at a time when the District is experiencing tremendous enrollment demand due primarily to the downturn in the economy, which has resulted in individuals seeking development of enhanced or new job skills training in unprecedented numbers; significant cuts being made to other institutions of higher education, which has limited transferability opportunities within our community; and, ever increasing operating costs. In addition, the State's fiscal situation has necessitated deferrals of apportionment payments to the community college districts throughout the state, resulting in a form of "internal borrowing" requiring districts and colleges to use its cash reserves and in many instances borrow cash in the short-term to meet local obligations.

The following discussion and analysis provides an overview of the financial position and activities of the District for the year ended June 30, 2011. This discussion has been prepared by college administration and should be read in conjunction with the financial statements and notes thereto which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District is using the Business Type Activity (BTA) model in which financial reports are generated using the full accrual basis of accounting. The California Community College Chancellor's Office, through its Fiscal Standards and Accountability Committee, recommends that all community college districts implement the reporting standards under the BTA model. To comply with the recommendations of the Chancellor's Office and to report in a manner consistent with other California Community College Districts, the District has adopted the BTA reporting model for these financial statements.

As required by the Governmental Accounting Standards Board (GASB) reporting standards, the annual report consists of three basic financial statements that provide information on the District as a whole:

- The Statement of Net Assets
- The Statement of Activities and Changes in Net Assets
- The Statement of Cash Flows

Each of these statements, along with other selected financial statement summaries, will be described herewith and also will include comparisons between the prior and current year, along with selected highlight information relevant to each statement presented.

San Diego Community College District
Management's Discussion and Analysis
For the year ended June 30, 2011

Statement of Net Assets

The *Statement of Net Assets* presents assets, liabilities, and net assets of the District as of the end of the fiscal year and is prepared using the full accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The *Statement of Net Assets* is a point of time financial statement whose purpose is to present to the readers a fiscal snapshot of the District. The *Statement of Net Assets* presents end-of-year data concerning assets (current and non-current), liabilities (current and non-current), and net assets (assets minus liabilities).

From the data presented, readers of the *Statement of Net Assets* are able to determine the assets available to continue the operations of the District. Readers are also able to determine how much the District owes vendors and employees. Finally, the *Statement of Net Assets* provides a picture of the net assets and their availability for expenditure by the District.

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

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

The following analysis focuses on the District's *Statement of Net Assets* (Table 1); *Statement of Activities and Changes in Net Assets* (Table 2); *Statement of Cash Flows* (Table 3); *Capital Assets Net of Accumulated Depreciation* (Table 4); *Summary of Long-Term Debt* (Table 5); and, *Functional Operating Expenses* (Table 6) for the fiscal year ended June 30, 2011.

San Diego Community College District
Management's Discussion and Analysis
For the year ended June 30, 2011

Table 1
Statement of Net Assets
(In thousands of dollars)

	June 30, 2011	June 30, 2010	Change	
Current assets:	\$ 125,295	\$ 100,232	\$ 25,063	25.0%
Restricted cash and investments	141,481	267,872	(126,391)	-47.2%
Capital assets	701,629	608,286	93,343	15.3%
Total assets	<u>968,405</u>	<u>976,390</u>	<u>(7,985)</u>	<u>-0.8%</u>
Current liabilities	47,788	49,846	(2,058)	-4.1%
Long-term liabilities	623,864	624,753	(889)	-0.1%
Total liabilities	<u>671,652</u>	<u>674,599</u>	<u>(2,947)</u>	<u>-0.4%</u>
Net assets:				
Invested in capital assets, net of related debt	225,403	252,767	(27,364)	-10.8%
Restricted	35,840	33,032	2,808	8.5%
Unrestricted	35,510	15,992	19,518	122.0%
Total net assets	<u>\$ 296,753</u>	<u>\$ 301,791</u>	<u>\$ (5,038)</u>	<u>-1.7%</u>

The District's total Net Assets decreased by \$5.0 million or about a 1.7% decline. Total Assets decreased by \$7.9 million or a .8% decline; however, total Liabilities also decreased by \$2.9 million, which represents a decrease of .4% from the previous year.

Statement of Activities and Changes in Net Assets

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

Generally speaking, operating revenues are earned for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues earned and to fulfill the mission of the District. Non-operating revenues are those received or pledged for which goods and services are not provided; for example, state appropriations are non-operating because they are provided by the legislature to the District without the legislature directly receiving commensurate goods and services for those revenues.

The *Changes in Net Assets* compares the District's changes in net assets over the past two years from the perspective of the *Statement of Activities and Changes in Net Assets*. There was an overall change in net assets of \$21.2 million for the year ended June 30, 2011 as compared to June 30, 2010. However, as previously mentioned the change in Net Assets for the year ended June 30, 2011 was a decrease of \$5.0 million.

San Diego Community College District
Management's Discussion and Analysis
For the year ended June 30, 2011

Table 2
Changes in Net Assets
(In thousands of dollars)

	June 30, 2011	June 30, 2010	Change	
Operating revenues	\$ 94,285	\$ 127,543	\$ (33,258)	-26.1%
Operating expenses	(362,023)	(310,238)	(51,785)	16.7%
Deficit before depreciation and Nonoperating income and expenses	(267,738)	(182,695)	(85,043)	46.5%
Depreciation	(12,488)	(7,956)	(4,532)	57.0%
Non-operating income and expenses, net	262,700	206,807	55,893	27.0%
Increase (decrease) in net assets	<u>\$ (5,038)</u>	<u>\$ 16,156</u>	<u>\$ (21,194)</u>	<u>-131.2%</u>

Statement of Cash Flows

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

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

A Statement of Cash Flows for the fiscal year ended June 30, 2011 and 2010 is summarized and presented below:

Table 3
Statement of Cash Flows
(In thousands of dollars)

	June 30, 2011	June 30, 2010
Cash provided (used):		
Operating activities	\$ (259,983)	\$ (191,825)
Non-capital financing activities	288,997	191,841
Capital and related financing activities	(140,043)	(134,157)
Investing activities	2,921	10,649
Net decrease in cash and cash equivalents	(108,108)	(123,492)
Cash balance, beginning of year	328,302	451,794
Cash balance, end of year	<u>\$ 220,194</u>	<u>\$ 328,302</u>

San Diego Community College District
Management's Discussion and Analysis
For the year ended June 30, 2011

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

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

Capital Assets

Note 5 to the financial statements provide additional information on Capital Assets. A summary of capital assets, net of accumulated depreciation for 2011 and 2010, is presented below:

Table 4
Capital Assets Net of Accumulated Depreciation
(In thousands of dollars)

	June 30, 2011	June 30, 2010	Change	
Land	\$ 75,480	\$ 75,480	\$ -	0.0%
Buildings	778	906	(128)	-14.1%
Infrastructure	260,142	175,641	84,501	48.1%
Equipment	10,684	9,678	1,006	10.4%
Construction in progress	354,545	346,581	7,964	2.3%
Net capital assets	<u>\$ 701,629</u>	<u>\$ 608,286</u>	<u>\$ 93,343</u>	<u>15.3%</u>

Depreciation expense for the year ended June 30, 2011 was \$12,488,436.

San Diego Community College District
Management's Discussion and Analysis
For the year ended June 30, 2011

Long-Term Debt

Note 6 to the financial statements provide additional information on long-term liabilities. A summary of long-term debt as of 2011 and 2010 is presented below:

Table 5
Summary of Long-Term Debt
(In thousands of dollars)

	<u>June 30, 2011</u>	<u>June 30, 2011</u>
General Obligation Bonds:		
Proposition S:		
Election of 2002, 2003 Series A	\$ 40,440	\$ 41,345
Election of 2002, 2005 Series	239,912	241,770
Election of 2002, 2009 Series	131,294	131,294
Proposition N:		
Election of 2006, 2007 Series	206,062	208,982
	<u>\$ 617,708</u>	<u>\$ 623,391</u>

At June 30, 2011 the District had \$617.7 million in general obligation bond debt. On July 7, 2011 the District issued the general obligation bonds, election of 2002, Series 2011, in the amount of \$99,999,859 and issued the general obligation bonds, election of 2006, Series 2011 in the amount of \$250,000,000.

The purpose of the bonds is to finance the acquisition, construction, modernization, and equipping of certain property and District facilities.

San Diego Community College District
Management's Discussion and Analysis
For the year ended June 30, 2011

Functional Expenses

Note 11 to the financial statements provide additional information on functional expenses. A summary of functional expenses is presented below:

Table 6
Functional Operating Expenses
For the year ended June 30, 2011
(In thousands of dollars)

	June 30, 2011	June 30, 2010
Instructional activities	\$ 108,667	\$ 100,627
Instructional administration	17,661	17,730
Instructional support services	6,375	6,895
Student services	30,618	31,673
Plant operations & maintenance	23,009	15,782
Planning & policymaking	7,277	9,277
Institutional support services	44,723	44,374
Community service	1,613	1,482
Anciliary services	30,837	27,841
Physical property	11,667	2,367
Student aid	67,088	52,190
Depreciation	12,488	7,956
Total	\$ 362,023	\$ 318,194

ECONOMIC FACTORS THAT MAY AFFECT FUTURE BUDGETS

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

Beginning in 2009-10, the state enacted its first of several workload reductions including a 3.39% reduction in funded Full-time Equivalent Students (FTES) apportionment revenue for each district and made significant cuts to categorical programs system-wide.

The State's 2011-12 Budget Act includes a provision authorizing the California Community Colleges Chancellor to reduce districts' base workload measures commensurate with reductions in general apportionment revenues. The adjustment is intended to align FTES workload with the reduced revenues provided by the State in FY2011-12. Simply put, the workload adjustment provision acknowledges that significant budget cuts will reduce the capacity of community colleges to offer courses and reduces workload expectations accordingly. Language in the Budget Act states the legislative intent that reductions in course sections, to the greatest extent possible, be achieved in areas other than basic skills, workforce training, and transfer. The guaranteed workload reduction for each district in FY2011-12 is a 6.2% reduction in FTES and apportionment FTES revenue funding, which is estimated to reduce funding for the District by 2,603 FTES or approximately \$11.5 million.

San Diego Community College District
Management's Discussion and Analysis
For the year ended June 30, 2011

The State's 2011-12 Budget Act also provides for "mid-year triggers" in the form of two "tiers" if revenue projections for the state fall below specific projected revenue levels included in the annual budget. While the performance of the economy and state tax revenues have always shaped the State Budget, for FY2011-12 there is a direct link between revenues and potential mid-year trigger cuts. The *2011-12 State Budget Act* anticipates two scenarios for potential mid-year cuts to the system of \$30 million (Tier 1) and \$72 million (Tier 2) if certain statewide revenue estimates are not met. In the event that Tier 1 were to occur, the District's apportionment funding would be further reduced by \$1,061,130 or 250 funded FTES. If Tier 2 were to occur, the District's apportionment funding would sustain an additional reduction beyond the Tier 1 reduction in the amount of \$2,546,713 or 600 funded FTES.

Unfortunately, these potential mid-year cuts appear likely given recent forecasts by the Legislative Analyst Office (LAO) that revenues are approximately \$3.7 billion below state budget assumptions, which would necessitated that both Tier 1 and Tier 2 reductions be imposed by the Department of Finance (DOF). According to statute enacted in conjunction with the *2011-12 Budget Act*, the DOF is to use the higher of the LAO or DOF revenue projections to automatically impose the additional revenue reductions previously defined as Tier 1 and Tier 2 depending upon, if any, revenue shortfalls. In addition to the apportionment revenue reductions identified in Tier 1, student fees will increase to \$46 per unit system-wide, effective with the summer of 2012. The District has accounted for these potential reductions in its FY2011-12 Adopted Budget; however, the apportionment revenue reductions are covered mainly by utilization of one-time reserve funds.

Clearly, the state and national economic situation continues to disrupt markets and slow or halt economic growth. Unforeseen state and national events such as, a natural disaster, political conflict, oil supply reduction, or a foreign debt default would likely slow state and national growth. Consequently, the fluidity of the State's current fiscal and budgetary situation is making it difficult for the District and other districts/colleges to plan beyond the current fiscal year's budget. However, management will continue to maintain a close watch over resources to maintain the District's ability to react to internal and external issues if and when they arise in order to ensure the continued fiscal stability of the District.

Finally, a subsequent event occurred related to debt service associated with the District's General Obligation Bond, 2002 and 2006 Elections in the amount of approximately \$350 million in bond series issuances, which occurred in July 2011. The bond issuances provide funding to continue numerous construction projects authorized by the District's electorate in 2002 and 2006 general elections. The District also refinanced \$22.2 million to pay refunding of a portion of the District's outstanding Tax-Exempt General Obligation Bonds, Election of 2002, Series 2003A and the costs associated with the issuance of the Refunding Bonds.

Other than the items previously discussed, the District is unaware of any currently known facts, decisions, or conditions that are anticipated to have a significant impact on the financial position or results of operation during this current fiscal year beyond those unforeseen events at a state or national level that would have an effect on virtually all types of business operations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report was designed to provide general overview of the District's finances for all those interested. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Executive Vice Chancellor, Business Services, San Diego Community College District, 3375 Camino del Rio South, Room 210, San Diego, CA 92108.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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San Diego Community College District
Statement of Net Assets
June 30, 2011

ASSETS

Current assets:

Cash and cash equivalents	\$ 78,713,552
Receivables:	
Accounts receivable	36,923,259
Grants receivable:	
Federal	6,106,386
State	1,064,882
Local	788,168
Interest receivable	335,107
Total receivables	<u>45,217,802</u>
Inventories	1,327,268
Due from fiduciary funds	19
Prepaid expenses	36,189
Total current assets	<u>125,294,830</u>

Noncurrent assets:

Restricted cash and cash equivalents	141,480,689
Capital assets, net	701,628,950
Total noncurrent assets	<u>843,109,639</u>
Total assets	<u><u>968,404,469</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Current liabilities:

Accounts payable and accrued liabilities	26,279,383
Payroll and related liabilities	8,467,464
Unearned revenue	1,026,000
Due to Trustholders	246,290
Compensated absences - due within one year	5,200,000
Long-term liabilities - due within one year	6,568,869
Total current liabilities	<u>47,788,006</u>

Noncurrent liabilities:

Insurance claims payable	8,706,014
Compensated absences - due in more than one year	3,618,045
Accrued OPEB liability - due in more than one year	401,817
Long-term liabilities - due in more than one year	611,138,212
Total noncurrent liabilities	<u>623,864,088</u>
Total liabilities	<u>671,652,094</u>

Net Assets:

Invested in capital assets, net of related debt	225,402,558
Restricted	35,839,998
Unrestricted	35,509,819
Total net assets	<u><u>\$ 296,752,375</u></u>

See accompanying notes to basic financial statements.

San Diego Community College District
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2011

OPERATING REVENUES:

Tuition and fees	\$ 13,659,010
Grants and contracts, noncapital:	
Federal	34,145,144
State	18,732,047
Local	10,624,888
Total grants and contracts, non capital	63,502,079
Auxiliary enterprises sales and charges, net	14,157,150
Other operating revenues	2,966,630
Total operating revenues	94,284,869

OPERATING EXPENSES:

Salaries	173,284,335
Employee benefits	50,006,765
Payments to students	67,939,875
Supplies, materials, and other expenses	58,303,935
Depreciation	12,488,436
Total operating expenses	362,023,346
Operating income (loss)	(267,738,477)

NONOPERATING REVENUE (EXPENSES):

Federal grants, noncapital	52,806,356
State apportionments, noncapital	117,584,923
Local property taxes, noncapital	67,522,299
State taxes and other revenues	5,712,015
Investment income, noncapital	326,368
Local property taxes, capital	34,083,332
Investment income, capital	1,904,695
Investments expenses - capital assets related debt	(28,528,340)
Contributions from County of San Diego	9,184,302
Other nonoperating revenues (expenses)	2,104,093
Total nonoperating revenues (expenses), net	262,700,043
Change in Net Assets	(5,038,434)

NET ASSETS:

Beginning of year	301,790,809
End of year	\$ 296,752,375

See accompanying notes to basic financial statements.

San Diego Community College District
Statement of Cash Flows
For the year ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Tuition and fees	\$ 5,764,894
Grants and contracts	63,764,795
Payments for supplies and services	(55,204,553)
Payments to/on behalf of employees	(223,432,996)
Financial aid to students	(67,998,831)
Auxiliary enterprise sales and charges	14,157,150
Other operating revenues	2,966,630
Net cash provided (used) by operating activities	(259,982,911)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Federal Pell grants	52,806,356
State apportionments and receipts	117,584,923
Local property taxes	101,605,631
Contribution from County of San Diego	9,184,302
State taxes and other revenues	7,816,108
Net cash provided (used) by noncapital financing activities	288,997,320

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:

Acquisition of capital assets	(105,831,215)
Payment of principal	(5,683,747)
Miscellaneous investment expenses	(28,528,340)
Net cash provided (used) by capital financing activities	(140,043,302)

CASH FLOWS FROM INVESTING ACTIVITIES:

Investments earnings	2,920,710
Net cash provided (used) by investing activities	2,920,710
Net increase (decrease) in cash and cash equivalents	(108,108,183)

CASH AND CASH EQUIVALENTS:

Beginning of year	328,302,424
End of year	\$ 220,194,241

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS:

Cash and cash equivalents	\$ 78,713,552
Restricted cash and cash equivalents	141,480,689
Total cash and investments	\$ 220,194,241

See accompanying notes to basic financial statements.

San Diego Community College District
Statement of Cash Flows, Continued
For the year ended June 30, 2011

RECONCILIATION OF NET OPERATING REVENUES (EXPENSES)
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating income (loss)	\$ (267,738,477)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	12,488,436
Change in assets and liabilities:	
Grants and contracts receivable	(15,764)
Accounts receivable	(7,894,116)
Inventories	431,515
Due from fiduciary funds	3,245
Prepaid items	6,085
Accounts payable and accrued liabilities	(2,924,375)
Payroll and related liabilities	(235,074)
Unearned revenue	278,480
Due to Trustholders	(62,201)
Net OPEB Obligations	(141,896)
Insurance claims payable	5,114,757
Compensated absences	706,474
Net cash provided (used) by operating activities	\$ (259,982,911)

See accompanying notes to basic financial statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

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San Diego Community College District
Statement of Fiduciary Net Assets
June 30, 2011

	Associated Students	Student Representation Fee Trust	Scholarship and Loan Fund	Other Trust and Agency	Other Post Employment Benefit Trust Fund	Total
ASSETS						
Current assets:						
Cash and investments	\$ 641,673	\$ 73,049	\$ 45,557	\$ 866,847	\$ 13,596,141	\$ 15,223,267
Accounts receivable	11,002	6,273	1,737	21,990	-	41,002
Due from SDCCD	-	76,784	46,320	168,016	-	291,120
Total assets	652,675	156,106	93,614	1,056,853	13,596,141	15,555,389
LIABILITIES AND NET ASSETS						
Liabilities:						
Accounts payable and accrued liabilities	4,051	-	1,482	4,666	-	10,199
Due to SDCCD	19	-	-	-	-	19
Amount held for trustholders	399,997	-	-	-	-	399,997
Total liabilities	404,067	-	1,482	4,666	-	410,215
Net Assets:						
Held in Trust for OPEB	-	-	-	-	13,596,141	13,596,141
Unrestricted (deficit)	248,608	156,106	92,132	1,052,187	-	1,549,033
Total net assets	\$ 248,608	\$ 156,106	\$ 92,132	\$ 1,052,187	\$ 13,596,141	\$ 15,145,174

See accompanying notes to basic financial statements.

San Diego Community College District
Statement of Changes in Fiduciary Net Assets
For the year ended June 30, 2011

	Associated Students	Student Representation Fee Trust	Scholarship and Loan Fund	Other Trust and Agency	Other Post Employment Benefits Trust Fund	Total
OPERATING REVENUES:						
Student fees	\$ -	\$ 75,993	\$ -	\$ -	\$ -	\$ 75,993
Interest and investment income	-	-	-	-	2,052,511	2,052,511
Other revenues	27,570	-	16,001	901,473	-	945,044
Total operating revenues	27,570	75,993	16,001	901,473	2,052,511	3,073,548
OPERATING EXPENSES:						
Salaries	22,079	-	-	70,701	-	92,780
Employee benefits	1,622	-	-	12,709	-	14,331
Payments to students	-	-	24,788	-	-	24,788
Supplies, materials, and other expenses	113,204	120,185	-	687,641	500	921,530
Total operating expenses	136,905	120,185	24,788	771,051	500	1,053,429
Operating income (loss)	(109,335)	(44,192)	(8,787)	130,422	2,052,011	2,020,119
TRANSFERS:						
Transfers from SDCCD	105,748	-	-	-	-	105,748
Total transfers	105,748	-	-	-	-	105,748
Net Change in Net Assets	(3,587)	(44,192)	(8,787)	130,422	2,052,011	2,125,867
NET ASSETS:						
Beginning of year	252,195	200,298	100,919	921,765	11,544,130	13,019,307
End of year	\$ 248,608	\$ 156,106	\$ 92,132	\$ 1,052,187	\$ 13,596,141	\$ 15,145,174

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

San Diego Community College District

Notes to Basic Financial Statements

For the year ended June 30, 2011

1. ORGANIZATION AND OPERATIONS

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

The District is governed by an elected five member Board of Trustees. The five Trustees are elected in even-numbered years to four-year terms by the voters in the District. The boundaries of the District did not change during the year ended June 30, 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The financial reporting entity, as defined by GASB, consists of the District, organizations for which the District is financially accountable, and any other organization for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The following criteria regarding financial accountability were considered by the District in its evaluation of District organizations and activities for the year ended June 30, 2011:

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

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

San Diego Community College District Administrative Facilities Corporation

The San Diego Community College District Administrative Facilities Corporation (Corporation) was created to finance the acquisition and construction of certain facilities to be leased by the District.

Additionally, the District's Board of Trustees approves the governing body of the Corporation. Since the District significantly influences its operations, the Corporation has been included in the District's financial statements as a blended component unit. The Corporation does not have a budget that is formally adopted by the District's Board of Trustees. At June 30, 2011, the balance of fund equity in the Corporation is \$128,914.

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Reporting Entity, Continued

San Diego Community College District Auxiliary Organization

The San Diego Community College District Auxiliary Organization (Organization) was created to offer not-for-credit and other special programs for the District. The Organization has its own Board of Directors composed of District faculty and administrators; however, the District maintains oversight responsibility for the Organization as carried out by the District Chancellor in accordance with the provisions of §72670 of the California Education Code. Since the District significantly influences its operations, the Organization has been included in the District's financial statements as a blended component unit. Should the Organization be dissolved, its assets remaining after payment of liabilities would be distributed to the District.

The District determined that the following organization did not meet the criteria set forth above:

San Diego Community College District Endowment Trust

The Organization is a beneficiary of a trust fund held at Bank of America and managed by an independent Board of Trustees. The District has determined that the trust does not meet the criteria set forth above and, as such, its assets, liabilities and results of operations are not included in the accompanying basic financial statements at June 30, 2011. In June of 2011, the funds in the trust (\$21,089,000) were irrevocably transferred to the San Diego Foundation. There was a residual amount in the account at June 30, 2011 of \$9,307 that was subsequently transferred to the San Diego Foundation.

B. Basis of Accounting and Measurement Focus

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

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

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance subject to the same limitation. The District has elected not to follow subsequent private-sector guidance.

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. District's Fiduciary Responsibility

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

D. Cash, Cash Equivalents, and Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investment and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is considered as fair value for those securities for which market quotations are readily available.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements, if applicable for deposit and investment risk are specified for the following areas:

- Interest Rate Risk
- Credit Risk
 - ◆ Overall
 - ◆ Custodial Credit Risk
 - ◆ Concentration of Credit Risk
- Foreign Currency Risk

E. Restricted Cash and Investments

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

F. Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of California. Accounts receivable also include amounts due from the federal government, state and local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable is net of an allowance for uncollectible. The estimated allowance is based on historical collection experience and a review of accounts receivable.

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Inventories

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

H. Capital Assets

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

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

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

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

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the District has included all infrastructures in the basic financial statements.

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

For all infrastructure systems, the District elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting.

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. State Apportionments

Certain current year apportionments from the state are estimates based on various financial and statistical information of the previous year. Any changes in estimates due to the recalculation in February 2011 will be recorded in the year computed by the State.

J. Unearned Revenues

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

K. Compensated Absences

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

L. Risk Management

Property/Liability

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

The amount of the outstanding liability at June 30, 2011 for property/liability claims is estimated to be approximately \$351,850.

Workers' Compensation

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

The amount of the outstanding liability at June 30, 2011 for workers' compensation claims is estimated to be approximately \$8,354,164.

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Risk Management, Continued

Comprehensive & Legal Liability

The District maintains a comprehensive and legal liability insurance policy for California whereby the District pays the first \$200,000 per occurrence and coverage is up to \$5 million. The District also maintains excess liability insurance for claims above \$5 million up to a maximum of \$20 million with no self retention between the \$5-\$20 million coverage ranges.

Health/Dental/Vision/Life

These programs are fully insured.

Student Accident

This program is fully insured and provides coverage for up to \$25,000 per accident.

M. Long-Term Liabilities

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

N. Classification of Revenues

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

Operating Revenues

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

Non-operating Revenues

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

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Property Taxes

The County of San Diego (County) bills and collects property taxes on behalf of numerous special districts and incorporated cities, including the District. The District's collections of current year's taxes are received through periodic apportionments from the County. The County's tax calendar is from July 1 to June 30. Property taxes attach as a lien on property on March 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

Since the passage of California's Proposition 13, beginning with Fiscal Year 1978-79, general property taxes are based either on a flat 1% rate applied to the 1975-76 full value of the property or on 1% of the sales price of any property sold or the cost of any new construction after the 1975-76 valuation.

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

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

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

P. Scholarship Discounts and Allowance

Student tuition and fee revenue are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net assets. Scholarship discounts and allowances represent the difference between stated charges for goods and services provided by the District and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as operating and non-operating revenues in the District's basic financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Q. Net Assets

Net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted" net assets, and represent resources derived from student tuition and fees, state apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose. Although the governing board may designate these funds for special purposes, the funds remain unrestricted.

R. Use of Estimates

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

3. CASH AND INVESTMENTS

The following is a summary of cash and investments at June 30, 2011:

	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and investments	\$ 78,713,552	\$ 15,223,267	\$ 93,936,819
Restricted cash and investments	141,480,689	-	141,480,689
Total cash and investments	\$ 220,194,241	\$ 15,223,267	\$ 235,417,508

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

3. CASH AND INVESTMENTS, Continued

Cash, cash equivalents, and investments consisted as follows at June 30, 2011:

Demand Deposits:	
Cash on hand	\$ 29,800
Cash in bank accounts	2,804,789
Total demand deposits	2,834,589
Investments:	
Annuity	10,560
Money Market Funds	382,427
San Diego County Investment Pool	218,175,007
Mutual Funds	13,596,140
Certificates of Deposit	418,785
Total investments	232,582,919
Total cash and investments	\$ 235,417,508

Cash Deposits

The carrying amounts of the District's cash deposits were \$2,804,789 at June 30, 2011. Bank balances before reconciling items were \$3,028,770 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the District's name as discussed below.

Investments

As provided for by Education Code §41001, a significant portion of the District's cash balances is deposited with the County Treasurer to enhance interest earnings through County investment activities. In accordance with §53601 and §53602 of the California Government Code, the County may invest in the following types of investments:

- Local bonds or notes;
- Securities of the U.S. Government or its agencies;
- Registered State warrants or treasury notes or bonds of the State;
- Small Business Administration loans;
- Negotiable Certificates of Deposit;
- Bankers Acceptances;
- Commercial Paper (Prime Quality);
- Local Agency Investment Fund (State Pool) Deposits;
- Passbook Savings Account Demand Deposits;
- Medium-term notes (remaining maturity of five years or less; rated "A" or better);
- Repurchase agreements or reverse repurchase agreements; and
- Mortgage pass-through securities.

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

3. CASH AND INVESTMENTS, Continued

Restricted Cash and Investments

As of June 30, 2011, the District had the following restricted cash and investments:

Proceeds from General Obligation Bonds	<u>\$ 141,480,689</u>
--	-----------------------

Proceeds are restricted to be used for acquisition, construction, renovation, repair, and modernization of certain District property and facilities and to refund or advance refund certain obligations of the District.

Interest Rate Risk

Interest rate risk is the risk that a change in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity its fair value will be to changes in market interest rates. None of the District's investments are highly sensitive to interest rate fluctuation.

Credit Risk

The District's investments are not rated by the nationally recognized statistical rating organizations as follows:

	<u>Moody's</u>	<u>Standard & Poor's</u>
Annuity	Not Rated	Not Rated
Money Market Funds	Not Rated	Not Rated
San Diego County Investment Pool	Not Rated	Not Rated
Mutual Funds	Not Rated	Not Rated

Concentration of Credit Risk

The investment policy limits the amount of the percentage of the portfolio that can be invested by the type of investment for certain types of investments. The District is in compliance with investment type percentages of the total portfolio of the investment policy.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the broker or dealer to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party.

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

3. CASH AND INVESTMENTS, Continued

Custodial Credit Risk, Continued

The California Government Code requires California banks and savings and loan associations to secure the District's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District's name.

The market value of pledged securities must equal at least 110% of the District's cash deposits. California law also allows institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total cash deposits. The District may waive collateral requirements for cash deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The District, however, has not waived the collateralization requirements.

4. RECEIVABLES

The following is a summary of receivables at June 30, 2011:

Grants:		
Federal	\$	6,106,386
State		1,064,882
Local		788,168
Total grants		<u>7,959,436</u>
State Apportionments		27,834,825
Lottery Apportionments		2,171,022
Interest		335,107
Other		<u>6,917,413</u>
Total	\$	<u><u>45,217,803</u></u>

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

5. CAPITAL ASSETS

The following summarizes the changes in the various capital asset categories for the year ended June 30, 2011:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2011</u>
Nondepreciable:					
Land	\$ 75,479,639	\$ -	\$ -	\$ -	\$ 75,479,639
Construction in progress	346,581,055	101,166,535	-	(93,202,233)	354,545,357
Total nondepreciable	<u>422,060,694</u>	<u>101,166,535</u>	<u>-</u>	<u>(93,202,233)</u>	<u>430,024,996</u>
Depreciable:					
Infrastructure	6,142,097	-	-	-	6,142,097
Buildings	246,507,482	-	-	93,202,233	339,709,715
Equipment	45,288,942	4,677,762	(573,511)	-	49,393,193
Total depreciable, at cost	<u>297,938,521</u>	<u>4,677,762</u>	<u>(573,511)</u>	<u>93,202,233</u>	<u>395,245,005</u>
Less accumulated depreciation:					
Infrastructure	(5,236,009)	(128,466)	-	-	(5,364,475)
Buildings	(70,866,285)	(8,700,650)	-	-	(79,566,935)
Equipment	(35,610,750)	(3,659,320)	560,429	-	(38,709,641)
Total accumulated depreciation	<u>(111,713,044)</u>	<u>(12,488,436)</u>	<u>560,429</u>	<u>-</u>	<u>(123,641,051)</u>
Total depreciable, net	<u>186,225,477</u>	<u>(7,810,674)</u>	<u>(13,082)</u>	<u>93,202,233</u>	<u>271,603,954</u>
Total capital assets, net	<u>\$ 608,286,171</u>	<u>\$ 93,355,861</u>	<u>\$ (13,082)</u>	<u>\$ -</u>	<u>\$ 701,628,950</u>

Depreciation expense for capital assets for the year ended June 30, 2011 was \$12,488,436.

6. LONG-TERM DEBT

The following is a summary of the changes in long-term debt for the year ended June 30, 2011:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due Within</u> <u>One Year</u>	<u>Due In More</u> <u>Than One Year</u>
General Obligation Bonds:						
Proposition S:						
2003 Series A	\$ 41,345,000	\$ -	\$ (905,000)	\$ 40,440,000	\$ 1,010,000	\$ 39,430,000
2005 Series	241,770,499	-	(1,858,747)	239,911,752	2,213,869	237,697,883
2009 Series	131,293,506	-	-	131,293,506	-	131,293,506
Proposition N:						
2007 Series	208,981,823	-	(2,920,000)	206,061,823	3,345,000	202,716,823
Total	<u>\$ 623,390,828</u>	<u>\$ -</u>	<u>\$ (5,683,747)</u>	<u>\$ 617,707,081</u>	<u>\$ 6,568,869</u>	<u>\$ 611,138,212</u>

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

6. LONG-TERM DEBT, Continued

General Obligation Bonds – Proposition S

On November 5, 2002, by majority election of the District’s registered voters, \$685,000,000 in general obligation bonds (Proposition S) were authorized to be issued and sold for the benefit of the District. Proceeds from the issues are to be used for acquisition, construction, renovation, repair and modernization of certain District property and facilities and to refund or advance refund certain obligations of the District. Under the terms of Proposition S, a Citizens’ Oversight Committee was established to oversee the expenditure of the bond proceeds. The bonds are to be issued in four series over a ten-year period. Series currently outstanding are as follows:

Tax-Exempt General Obligation Bonds, Election of 2002, Series 2003A

On May 29, 2003, \$86,345,000 in tax-exempt general obligation bonds were delivered to refund the District’s Series 2000B Lease Revenue Bonds and to establish a project fund for the acquisition, construction, renovation, repair and modernization of certain District property and facilities. The serial bonds (\$71,195,000) mature in varying amounts from May 1, 2004 through 2024, with coupon rates ranging 3% to 5% and yield rates ranging 0.95% to 4.32%. The remaining \$15,150,000 term bond matures on May 1, 2028 with a 5% coupon rate and yield rate of 4.39%. Debt service consists of interest and principal payable May 1 of each year, commencing on May 1, 2004. Net proceeds of \$89,746,000 (after receipt of a \$4,986,000 reoffering premium less issuance and underwriters’ costs of \$1,401,000 and insurance premiums of \$184,000) were deposited with the trustee for establishment of a building fund (\$77,234,000), a debt service fund (\$3,401,000) and refunding of the Series 2000B Lease Revenue Bonds (\$9,111,000 in bond proceeds plus \$14,439,000 in debt service and project funds from the Series 2000B Bonds).

The bonds are solely payable from *ad valorem* property taxes levied. The District pledged all *ad valorem* property tax levied and collected to repay the outstanding principals and interest of the Tax-Exempt General Obligation Bonds, Election of 2002, Series 2003A. Total principal and interest remaining on the bonds is \$62,638,437, payable through 2028.

The District used the original proceeds of the Series 2000B Lease Revenue Bonds to finance the acquisition and construction of new buildings and the renovation of previously existing buildings.

Aggregate annual maturities and sinking fund requirements for the Series 2003A general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,010,000	\$ 2,003,112	\$ 3,013,112
2013	1,130,000	1,962,713	3,092,713
2014	1,255,000	1,911,862	3,166,862
2015	1,395,000	1,825,250	3,220,250
2016	1,545,000	1,782,500	3,327,500
2017-2021	10,305,000	7,587,750	17,892,750
2022-2026	15,655,000	4,507,000	20,162,000
2027-2028	8,145,000	618,250	8,763,250
Total	\$ 40,440,000	\$ 22,198,437	\$ 62,638,437

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

6. LONG-TERM DEBT, Continued

General Obligation Bonds – Proposition S, Continued

General Obligation Bonds, Election of 2002, Series 2005

On October 19, 2005, the District issued the general obligation bonds, election of 2002, Series 2005 in the amount of \$244,999,901. The issue is comprised of \$229,170,000 of serial bonds maturing in varying amounts from May 1, 2015 through 2030, with coupon and yield rates ranging 3.95% to 5.00% and \$15,829,901 of capital appreciation bonds maturing in varying amounts from May 1, 2008 through 2015, with coupon and yield rates ranging 3.28% to 4.34%. The purpose of the bonds is to finance the acquisition, construction and modernization of certain property and District facilities.

The bonds are solely payable from *ad valorem* property taxes levied. The District pledged all *ad valorem* property tax levied and collected to repay the outstanding principal and interest of the Tax-Exempt General Obligation Bonds, Election of 2002, Series 2005. Total principal and interest remaining on the bonds is \$405,561,000, payable through 2030.

Aggregate annual maturities and sinking fund requirements for the Series 2005 general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 2,213,869	\$ 12,104,631	\$ 14,318,500
2013	2,539,482	12,364,018	14,903,500
2014	2,854,576	12,673,924	15,528,500
2015	3,133,825	13,039,675	16,173,500
2016	5,380,000	11,458,500	16,838,500
2017-2021	43,015,000	52,231,000	95,246,000
2022-2026	78,415,000	38,193,500	116,608,500
2027-2030	102,360,000	13,584,500	115,944,500
Total	\$ 239,911,752	\$ 165,649,748	\$ 405,561,500

General Obligation Bonds, Election of 2002, Series 2009

On April 28, 2009, the District issued the general obligation bonds, election of 2002, series 2009 in the amount of \$131,293,506. The issue is comprised of \$8,065,000 of current interest serial bonds maturing in varying amounts from August 1, 2015 through 2029, with coupon and yield rates ranging 2.70% to 4.87%, \$93,230,000 of term bonds due August 1, 2033, with coupon and yield rates at 5.10%, and \$29,998,506 of convertible capital appreciation bonds maturing August 1, 2033, with coupon and yield rates at 6.00%. The purpose of the bonds is to finance the acquisition, construction and modernization of certain property and District facilities.

The bonds are general obligations of the District and are payable solely from *ad valorem* taxes levied and collected by the County. The District pledged all *ad valorem* property tax levied and collected to repay the outstanding principal and interest of the Tax-Exempt General Obligation Bonds, Election of 2002, Series 2009. Total principal and interest remaining on the bonds is \$285,259,703 payable through 2034.

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

6. LONG-TERM DEBT, Continued

General Obligation Bonds – Proposition S, continued

General Obligation Bonds, Election of 2002, Series 2009, Continued

Aggregate annual maturities and sinking fund requirements for the Series 2009 general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ -	\$ 5,277,088	\$ 5,277,088
2013	-	5,277,088	5,277,088
2014	-	5,277,088	5,277,088
2015	-	5,277,088	5,277,088
2016	50,000	5,276,088	5,326,088
2017-2021	5,350,000	30,694,263	36,044,263
2022-2026	-	41,590,688	41,590,688
2027-2031	6,240,000	41,300,700	47,540,700
2032-2034	119,653,506	13,996,106	133,649,612
Total	\$ 131,293,506	\$ 153,966,197	\$ 285,259,703

General Obligation Bonds – Proposition N

On November 7, 2006, by majority election of the District’s registered voters, \$870,000,000 in general obligation bonds (Proposition N) were authorized to be issued and sold for the benefit of the District. Proceeds from the issues are to be used for acquisition, construction, renovation, repair and modernization of certain District property and facilities and to refund or advance refund certain obligations of the District. Under the terms of Proposition N, a Citizens’ Oversight Committee was established to oversee the expenditure of the bond proceeds. The bonds are to be issued in four series over a ten-year period. Series currently outstanding are as follows:

General Obligation Bonds, Election of 2006, Series 2007

On July 18, 2007, the District issued the general obligation bonds, election of 2006, Series 2007 in the amount of \$224,996,823. The issue is comprised of \$204,805,000 of serial bonds maturing in varying amounts from August 1, 2018 through 2032, with coupon and yield rates ranging 3.60% to 4.51% and \$20,191,823 of capital appreciation bonds maturing in varying amounts from August 1, 2012 through 2017, with coupon and yield rates ranging 4.05% to 4.42%. The purpose of the bonds is to finance the acquisition, construction and modernization of certain property and District facilities.

The bonds are solely payable from *ad valorem* property taxes levied. The District pledged all *ad valorem* property tax levied and collected to repay the outstanding principals and interest of the Tax-Exempt General Obligation Bonds, Election of 2006, Series 2007. Total principal and interest remaining on the bonds is \$360,422,772, payable through 2033.

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

6. LONG-TERM DEBT, Continued

General Obligation Bonds – Proposition N, Continued

General Obligation Bonds, Election of 2006, Series 2007, Continued

Aggregate annual maturities and sinking fund requirements for the Series 2007 general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 3,345,000	\$ 9,538,133	\$ 12,883,133
2013	3,110,034	9,918,325	13,028,359
2014	3,235,814	10,135,619	13,371,433
2015	3,340,445	10,376,766	13,717,211
2016	3,433,522	10,641,224	14,074,746
2017-2021	26,812,008	47,001,257	73,813,265
2022-2026	48,865,000	35,033,625	83,898,625
2027-2031	74,830,000	19,725,000	94,555,000
2032-2034	39,090,000	1,991,000	41,081,000
Total	\$ 206,061,823	\$ 154,360,949	\$ 360,422,772

7. COMPENSATED ABSENCES

The following is a summary of the changes in compensated absences for the year ended June 30, 2011:

	<u>Balance</u>		<u>Balance</u>	<u>Due Within</u>	<u>Due In More</u>
	<u>July 1, 2010</u>	<u>Additions</u>	<u>June 30, 2011</u>	<u>One Year</u>	<u>Than One Year</u>
Compensated absences	\$ 8,111,571	\$ 5,820,021	\$ (5,113,547)	\$ 8,818,045	\$ 5,200,000
				\$ 3,618,045	

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

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

The District’s liability for vested and unpaid compensated absences (accrued vacation) has been accrued and amounts to \$8,818,045.

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

8. COMMITMENTS AND CONTINGENCIES

Leases

The District leases various facilities under month-to-month lease arrangements. Efforts to structure formal lease agreements are currently in progress. Rental expense associated with all District leases for the fiscal year ended June 30, 2011 aggregated approximately \$541,610.

Construction

In addition to construction amounts in accounts payable and accrued liabilities, the District has construction commitments of approximately \$217,031,565 as of June 30, 2011.

Grants

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

Litigation

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

9. EMPLOYEES' RETIREMENT SYSTEMS

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

California State Teachers' Retirement System (CalSTRS)

Most full-time certificated (academic) employees participate in CalSTRS, a cost-sharing multiple-employer contributory public employee retirement system defined benefit pension plan. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law (Part 13 of the California Education Code, §22000 et seq.). CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS' annual financial report may be obtained from the CalSTRS Executive Office located at 7667 Folsom Boulevard, Sacramento, California 95826.

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

9. EMPLOYEES' RETIREMENT SYSTEMS, Continued

California State Teachers' Retirement System (CalSTRS), Continued

At June 30, 2011, the District employed approximately 2,343 certificated employees with total creditable earnings of \$93,717,172.

Under State Teachers' Retirement Law, certain early retirement incentives require the employer to pay the present value of the additional benefit, which may be paid on either a current or deferred basis. The District has no obligations to CalSTRS for early retirement incentives granted to terminated employees as of June 30, 2011.

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer rate for fiscal year 2010-2011 was 8.25% of annual payroll. The contribution requirements on the plan members are established by state statute. The District's contributions to CalSTRS for the fiscal year ended June 30, 2011, 2010 and 2009 were \$7,734,455, \$7,536,807, and \$8,009,150, respectively, and equal to 100% of the Annual Required Contributions.

Most Recent Actuarial Study – Status of Funding Progress

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

California Public Employees' Retirement System (CalPERS)

Most full-time classified (non-academic) employees participate in the School Employer Pool under CalPERS, a cost-sharing multiple-employer contributory public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law (Part 3 of the California Government Code, §22000 et seq.). CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office located at 400 P Street, Sacramento, CA 95814.

At June 30, 2011, the District employed approximately 1,230 classified employees with total creditable earnings of \$60,741,354.

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

9. EMPLOYEES' RETIREMENT SYSTEMS, Continued

California Public Employees' Retirement System (CalPERS), Continued

Funding Policy

Active plan members are required to contribute 7.0% of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2010-2011 was 9.709% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$6,503,561, \$5,528,580, and \$5,347,442, respectively, and equal 100% of the Annual Required Contributions.

Most Recent Actuarial Study – Status of Funding Progress

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

On-behalf Payments Made by the State of California

GASB Statement No. 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers and Public Employees Retirement Systems on behalf of all Community Colleges in California. A fiscal advisory issued by the California Department of Education instructed districts not to record revenue and expenditures for these on-behalf payments. However, the amount of on-behalf payments made for the District is estimated at \$0 for CalSTRS and \$0 for CalPERS for the year ended June 30, 2011.

Social Security Alternative Plan

The Social Security Alternative Plan is a defined contribution plan covering most employees of the San Diego Community College District who are not eligible for membership in CalPERS, CalSTRS or an alternative plan. Upon employment and any re-employment, part-time employees may become a member of the Social Security Alternative Plan. The Social Security Alternative Plan is an alternative plan to social security, and unit members would not contribute to social security under the Omnibus Budget Reconciliation Act of 1991.

Funding Policy

Contributions to the Social Security Alternative Plan are shared between the employee and the District. The District contributes 3.75% of eligible wages as defined under IRS regulations, and 3.75% of eligible wages are withheld from the employee's checks for deposit under the plan. The District's contributions to the Social Security Alternative Plan for the fiscal years ended June 30, 2011, 2010, and 2009 were \$432,206, \$483,247, and \$513,633, respectively.

The Social Security Alternative Plan is a qualified pension plan under the Internal Revenue Code 401 and is thereby exempt from all federal income and California franchise taxes.

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

10. OTHER POST EMPLOYMENT BENEFITS (OPEB)

San Diego Community College District Retiree Health Plan

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

The District's share of retiree premium depends on classification, age, years of service (YOS) and the applicable cap. For the 2010 calendar year the cap is \$767 per month (equal to the Kaiser HMO active composite rate.)

Following is a table showing benefit details by bargaining unit:

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

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

¹ Lifetime benefits are provided only to those employees who transferred into a management position prior to the 1989 cutoff date. Currently there are 7 active employees in this category.

² Currently there are 4 retirees in this category. No future retirees will qualify for District-paid benefits.

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

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

The District pays for the cost of spousal coverage for all retirees, both before and after age 65, up to the District cap. The cap is set equal to the active employee composite rate for the VEBA Kaiser HMO, which the District pays to active employees. The cap was \$767 per month for July 2010 – December 2010 and \$812 per month for January 2011 – June 2011. The cap was assumed to grow at the medical trend rate of 8% for healthcare and Medicare Part B and 4% for dental.

The District also pays Medicare Part B premiums for all retirees and spouses of retirees entitled to lifetime District-paid medical benefits beyond age 65. Survivor benefits are provided for the spouses of those retirees eligible for lifetime benefits. Benefits are paid for one year following the retiree’s death, and are limited to medical and dental premiums only. An automobile allowance of \$100 per month and automobile club dues of \$3.58 per month are paid from retirement until age 65 for four retired managers and two active managers eligible for lifetime benefits.

Funding Policy

On June 26, 2006, the District contributed \$11,000,000 to the Community College League of California - Joint Powers Authority (CCLC-JPA) and has adopted a goal of fully funding the plan on a fully projected basis by allowing the \$11,000,000 to grow with interest until it is sufficient to pay all future retiree benefits. This is projected to occur some time between 2016 and 2018 depending on the assumed investment return. This funding is being reported in a Fiduciary Fund titled *Other Post Employment Benefits Trust Fund*, an irrevocable trust fund.

Annual OPEB Cost

For the year ended June 30, 2011, the District’s Annual Required Contribution (“ARC”) for OPEB was \$1,294,335. The District’s annual OPEB cost, the percentage of annual OPEB cost to be contributed to the plan, and the Net OPEB Obligation are as follows:

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Increase (Decrease) in OPEB Obligation</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 1,318,814	\$ 1,126,978	85%	\$ 191,836	\$ 270,530
6/30/2010	\$ 1,413,224	\$ 1,140,041	81%	\$ 273,183	\$ 543,713
6/30/2011	\$ 1,294,335	\$ 1,436,231	111%	\$ (141,896)	\$ 401,817

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Most Recent Actuarial Study – Status of Funding Progress

The funded status of the plan as of June 30, 2011 was as follows:

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities	Funded Ratio	Covered Payroll	Unfunded Actuarial Liabilities as Percentage of Liabilities as Covered Payroll
6/30/2011	\$ 12,317,587	\$ 21,305,524	\$ 8,987,937	57.81%	\$ 132,585,482	6.78%

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The plan's most recent actuarial valuation was performed as of June 30, 2011. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 6.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7 percent initially, reduced by decrements to an ultimate rate of 5 percent after 2 years. Both assumptions reflect an implicit 3 percent general inflation assumption. The District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a rolling basis. The remaining amortization period as of June 30, 2011 was 30 years.

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

11. FUNCTIONAL EXPENSES

Functional operating expenses for the year ended June 30, 2011 were as follows:

	Salaries	Employee Benefits	Student Financial Aid	Supplies, Materials & Other Expenses	Depreciation	Total
Instructional activities	\$ 82,405,700	\$ 19,707,774	\$ 401,874	\$ 6,151,890	\$ -	\$ 108,667,238
Instructional administration & instructional governance	13,121,061	3,766,676	-	773,663	-	17,661,400
Instructional support services	4,105,073	1,400,882	11,866	856,853	-	6,374,674
Student services	21,555,664	7,007,640	438,901	1,616,201	-	30,618,406
Plant operations & maintenance	9,309,671	3,891,048	-	9,808,573	-	23,009,292
Planning, policymaking & coordination	4,648,255	1,275,230	-	1,353,037	-	7,276,522
General institutional support services	21,448,929	9,275,820	-	13,998,300	-	44,723,049
Community services & economic development	834,418	268,945	-	509,918	-	1,613,281
Ancillary services & auxiliary operations	15,855,564	3,412,750	-	11,568,438	-	30,836,752
Physical property	-	-	-	11,667,062	-	11,667,062
Student aid	-	-	67,087,234	-	-	67,087,234
Depreciation expenses	-	-	-	-	12,488,436	12,488,436
Total	\$173,284,335	\$ 50,006,765	\$ 67,939,875	\$ 58,303,935	\$ 12,488,436	\$ 362,023,346

12. SUBSEQUENT EVENTS

General Obligation Bonds, Election of 2002, Series 2011

On July 7, 2011, the District issued the general obligation bonds, election of 2002, Series 2011 in the amount of \$99,999,859. The issue is comprised of \$83,550,000 of current interest serial bonds maturing in varying amounts from August 1, 2012 through 2032, with coupon and yield rates ranging from .027% to 5.00% and \$16,449,859 of capital appreciation bonds maturing in varying amounts from August 1, 2034 through 2041, with coupon and yield rates ranging 6.53% to 6.69%. The purpose of the bonds is to finance the acquisition, construction and modernization of certain property and District facilities.

The bonds are solely payable from *ad valorem* property taxes levied and collected by the County of San Diego. The District pledged all *ad valorem* property tax levied and collected to repay the outstanding principals and interest of the Tax-Exempt General Obligation Bonds, Election of 2002, Series 2011.

San Diego Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2011

12. SUBSEQUENT EVENTS, Continued

General Obligation Bonds, Election of 2006, Series 2011

On July 7, 2011, the District issued the general obligation bonds, election of 2006, Series 2011 in the amount of \$250,000,000. The issue is comprised of \$109,495,000 of current interest serial bonds maturing in varying amounts from August 1, 2012 through 2031, with coupon and yield rates ranging from .027% to 5.00%, \$61,060,000 of current interest term bonds due August 1, 2026 yielding 4.80%, and \$79,445,000 of current interest term bonds due August 1, 2041 yielding 4.86%. The purpose of the bonds is to finance the acquisition, construction, modernization, and equipping of certain property and District facilities.

The bonds are solely payable from *ad valorem* property taxes levied and collected by the County of San Diego. The District pledged all *ad valorem* property tax levied and collected to repay the outstanding principals and interest of the Tax-Exempt General Obligation Bonds, Election of 2006, Series 2011.

2011 General Obligation Refunding Bonds

On July 7, 2011, the District issued the 2011 general obligation refunding bonds in the amount of \$22,230,000. The issue is comprised of \$22,230,000 of current interest serial bonds maturing in varying amounts from August 1, 2012 through 2032, with coupon and yield rates ranging from .038% to 5.00%. The purpose of the bonds is to advance refund a portion of the District's outstanding general obligation bonds, election of 2002, series 2003A, and to pay the costs associated with the issuance of the refunding bonds.

The bonds are solely payable from *ad valorem* property taxes levied and collected by the County of San Diego. The District pledged all *ad valorem* property tax levied and collected to repay the outstanding principals and interest of the 2011 General Obligation Refunding Bonds.

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REQUIRED SUPPLEMENTARY INFORMATION

San Diego Community College District
Required Supplementary Information
For the year ended June 30, 2011

1. SCHEDULE OF FUNDING PROGRESS FOR DEFINED BENEFIT PLANS

California State Teachers' Retirement System (CalSTRS)

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

California Public Employees' Retirement System (CalPERS)

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

Other Post Employment Benefits (OPEB)

A schedule of funding progress for the year ended June 30, 2011 including the actuarial valuations is presented below.

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities	Funded Ratio	Covered Payroll	Unfunded Actuarial Liabilities as Percentage of Liabilities as Covered Payroll
6/30/2007	\$ 11,737,000	\$ 19,622,286	\$ 7,885,286	59.81%	\$ 147,271,464	5.35%
6/30/2009	\$ 12,534,273	\$ 19,606,548	\$ 7,072,275	63.93%	\$ 153,768,568	4.60%
6/30/2011	\$ 12,317,587	\$ 21,305,524	\$ 8,987,937	57.81%	\$ 132,585,482	6.78%

SUPPLEMENTARY INFORMATION

San Diego Community College District
Combining Balance Sheet
June 30, 2011

	General Fund Unrestricted	General Fund Restricted	Special Revenue Funds	Bond Interest and Redemption Fund
ASSETS				
Current assets:				
Cash and investments	\$ 28,919,546	\$ -	\$ 389,434	\$ 19,569,080
Accounts receivable, net	35,248,590	-	(116)	-
Federal grants receivable	-	6,106,386	-	-
State grants receivable	-	1,064,882	-	-
Local grants receivable	-	698,644	-	-
Interest receivable	-	-	-	-
Student loans receivable	-	-	-	-
Stores inventories	-	-	-	-
Prepaid expenses	-	-	-	-
Due from (to) other funds	(16,539,422)	28,302,525	599,591	-
Total current assets	47,628,714	36,172,437	988,909	19,569,080
Noncurrent assets:				
Capital assets, net	-	-	-	-
Total noncurrent assets	-	-	-	-
Total assets	\$ 47,628,714	\$ 36,172,437	\$ 988,909	\$ 19,569,080
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 17,191,616	\$ 44,371	\$ -	\$ -
Payroll and related liabilities	8,451,494	-	-	-
Deferred revenue	99,249	108,308	-	-
Due to other funds	241,622	179,760	-	-
Amount held in trust for others	-	-	-	-
Compensated absences	913,260	-	-	-
Insurance claims payable	-	-	-	-
Total liabilities	26,897,241	332,439	-	-
Fund Balances	20,731,473	35,839,998	988,909	19,569,080
Total liabilities and fund balances	\$ 47,628,714	\$ 36,172,437	\$ 988,909	\$ 19,569,080

Prop S Bonds Capital Projects Fund	Capital Outlay	Prop N Bonds Capital Projects Fund	San Diego Community College District Auxiliary Organization	Bookstore	Cafeteria	Other Enterprise
\$ 47,812,920	\$ 9,942,984	\$ 93,667,769	\$ 1,311,516	\$ 3,918,594	\$ 456,047	\$ 19,262
74,266	14,026	138,851	-	1,200,622	9,685	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	89,524	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,301,075	26,193	-
-	-	-	7,949	-	9,310	-
(4,933,129)	374,467	-	228	(91,131)	(108,483)	418,257
<u>42,954,057</u>	<u>10,331,477</u>	<u>93,806,620</u>	<u>1,409,217</u>	<u>6,329,160</u>	<u>392,752</u>	<u>437,519</u>
-	-	-	-	54,739	207,969	-
-	-	-	-	54,739	207,969	-
<u>\$ 42,954,057</u>	<u>\$ 10,331,477</u>	<u>\$ 93,806,620</u>	<u>\$ 1,409,217</u>	<u>\$ 6,383,899</u>	<u>\$ 600,721</u>	<u>\$ 437,519</u>
\$ 1,862,419	\$ 18,609	\$ 6,545,843	\$ 137,221	\$ 60,542	\$ 2,886	\$ -
-	-	-	15,970	-	-	-
-	-	-	558,662	255,595	2,848	-
-	-	7,016,581	228	500,000	-	-
-	-	-	246,290	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,862,419</u>	<u>18,609</u>	<u>13,562,424</u>	<u>958,371</u>	<u>816,137</u>	<u>5,734</u>	<u>-</u>
<u>41,091,638</u>	<u>10,312,868</u>	<u>80,244,196</u>	<u>450,846</u>	<u>5,567,762</u>	<u>594,987</u>	<u>437,519</u>
<u>\$ 42,954,057</u>	<u>\$ 10,331,477</u>	<u>\$ 93,806,620</u>	<u>\$ 1,409,217</u>	<u>\$ 6,383,899</u>	<u>\$ 600,721</u>	<u>\$ 437,519</u>

San Diego Community College District
Combining Balance Sheet, Continued
June 30, 2011

	Self Insurance	Other Internal Service	Associated Students	Student Representation Fee Trust
ASSETS				
Current assets:				
Cash and investments	\$ 6,058,509	\$ 8,104,040	\$ 641,673	\$ 73,049
Accounts receivable, net	3,001	26,463	11,002	6,273
Federal grants receivable	-	-	-	-
State grants receivable	-	-	-	-
Local grants receivable	-	-	-	-
Interest receivable	-	-	-	-
Student loans receivable	-	-	-	-
Stores inventories	-	-	-	-
Prepaid expenses	-	18,930	-	-
Due from (to) other funds	47,213	521,104	-	76,784
Total current assets	6,108,723	8,670,537	652,675	156,106
Noncurrent assets:				
Capital assets, net	-	-	-	-
Total noncurrent assets	-	-	-	-
Total assets	\$ 6,108,723	\$ 8,670,537	\$ 652,675	\$ 156,106
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 952	\$ 39,590	\$ 4,051	\$ -
Payroll and related liabilities	-	-	-	-
Deferred revenue	-	1,338	-	-
Due to other funds	-	461,251	19	-
Amount held in trust for others	-	-	399,997	-
Compensated absences	-	-	-	-
Insurance claims payable	2,715,904	-	-	-
Total liabilities	2,716,856	502,179	404,067	-
Fund Balances	3,391,867	8,168,358	248,608	156,106
Total liabilities and fund balances	\$ 6,108,723	\$ 8,670,537	\$ 652,675	\$ 156,106

Financial Aid	Scholarship and Loan Fund	Other Trust and Agency	Total
\$ 24,540	\$ 45,557	\$ 14,462,988	\$ 235,417,508
542,978	1,737	21,990	37,299,368
-	-	-	6,106,386
-	-	-	1,064,882
-	-	-	788,168
-	-	-	-
-	-	-	-
-	-	-	1,327,268
-	-	-	36,189
-	46,320	168,016	8,882,340
567,518	93,614	14,652,994	290,922,109
-	-	-	262,708
-	-	-	262,708
\$ 567,518	\$ 93,614	\$ 14,652,994	\$ 291,184,817

\$ 84,214	\$ 1,482	\$ 4,666	\$ 25,998,462
-	-	-	8,467,464
-	-	-	1,026,000
482,879	-	-	8,882,340
-	-	-	646,287
-	-	-	913,260
-	-	-	2,715,904
567,093	1,482	4,666	48,649,717
425	92,132	14,648,328	242,535,100
\$ 567,518	\$ 93,614	\$ 14,652,994	\$ 291,184,817

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San Diego Community College District
Reconciliation of Combining Balance Sheet to Government-Wide Statement of Net Assets
June 30, 2011

Total Fund Balances reported in the Combining Balance Sheet	\$ 242,535,100
Amounts reported in the Statement of Net Assets are differently because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	
Government-Wide capital assets	701,628,950
Less enterprise funds capital assets	<u>(262,708)</u>
Total capital assets not reported in the funds	<u>701,366,242</u>
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Compensated absences - due within one year	(5,200,000)
Compensated absences - due in more than one year	(2,704,785)
Insurance claims payable	(5,990,110)
Long-term liabilities - due within one year	(6,568,869)
Long-term liabilities - due in more than one year	<u>(611,138,212)</u>
Total long-term liabilities not reported in the funds	<u>(631,601,976)</u>
Student activities are fiduciary activities and therefore are not reported in the government-wide statement of net assets.	
Associated Students	(248,608)
Student Representation Fee Trust	(156,106)
Scholarship and Loan Fund	(92,132)
Other Trust and Agency	(1,052,187)
Other Post Employment Benefits Trust Fund	<u>(13,596,141)</u>
Total fiduciary activities	<u>(15,145,174)</u>
Net OPEB liability is not due and payable in the current period and therefore is not reported in the governmental funds.	
	<u>(401,817)</u>
Net assets	\$ 296,752,375

San Diego Community College District

Combining Schedule of Revenues, Expenditures (Expenses) and Changes in Fund Equity (Net Assets) For the year ended June 30, 2011

	General Fund Unrestricted	General Fund Restricted	Special Revenue Funds	Bond Interest and Redemption Fund
OPERATING REVENUES:				
Tuition and fees	\$ 13,659,010	\$ -	\$ -	\$ -
Federal grant, non-capital	-	21,995,946	140,597	-
State grant, non-capital	-	15,887,341	587,941	-
Local grant, non-capital	-	9,603,361	52,925	-
Auxiliary enterprise sales and charges	-	-	-	-
Interest on student loans	-	-	-	-
Other operating revenues	19,500	-	584,773	-
Total operating revenues	13,678,510	47,486,648	1,366,236	-
OPERATING EXPENDITURES/EXPENSES:				
Salaries	137,622,730	29,947,811	700,077	-
Employee benefits	41,480,778	6,656,775	202,663	-
Payments to students	-	852,437	-	-
Supplies, materials, and other expenses	20,153,341	9,212,778	391,916	-
Depreciation	-	-	-	-
Total operating expenditures/expenses	199,256,849	46,669,801	1,294,656	-
OPERATING REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	(185,578,339)	816,847	71,580	-
NONOPERATING REVENUE/(EXPENSES):				
Federal grant, non-capital	-	-	-	-
State apportionments, non-capital	117,584,923	-	-	-
Local property taxes, non-capital	67,522,299	-	-	-
State taxes and other revenues	5,712,015	-	-	-
Investment income - non-capital	-	-	-	111,603
Investment income - capital	-	-	-	-
Local property taxes, capital	-	-	-	34,083,332
Other non-operating revenue	1,267,701	-	-	-
Contributions from County of San Diego	-	-	-	19,586,232
Principal payments	-	-	-	(5,683,747)
Interest and fiscal charges	-	-	-	(28,528,340)
Total non-operating revenues/expenses	192,086,938	-	-	19,569,080
NET REVENUE/EXPENSE	6,508,599	816,847	71,580	19,569,080
Transfers in	-	6,288,737	99,438	-
Transfers out	(3,115,960)	(4,297,457)	(67,101)	-
Transfers in/(out), net	(3,115,960)	1,991,280	32,337	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES EXPENSES AND OTHER FINANCING USES	3,392,639	2,808,127	103,917	19,569,080
FUND EQUITY/RETAINED EARNINGS:				
Beginning of year	17,338,834	33,031,871	884,992	-
End of year	\$ 20,731,473	\$ 35,839,998	\$ 988,909	\$ 19,569,080

Prop S Bonds Capital Projects Fund	Capital Outlay	Prop N Bonds Capital Projects Fund	San Diego Community College District Auxiliary Organization	Bookstore	Cafeteria	Other Enterprise
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	968,602	-	-	-
-	-	-	-	11,016,117	3,141,033	-
-	-	-	-	-	-	-
710,481	767,027	856,136	30,716	-	-	-
<u>710,481</u>	<u>767,027</u>	<u>856,136</u>	<u>999,318</u>	<u>11,016,117</u>	<u>3,141,033</u>	<u>-</u>
648,740	-	653,879	506,439	1,675,742	1,528,917	-
221,126	-	225,010	134,331	617,765	711,251	-
-	-	-	-	-	-	-
38,974,256	2,133,962	88,160,336	618,427	8,174,172	1,728,169	-
-	-	-	-	25,962	50,101	-
<u>39,844,122</u>	<u>2,133,962</u>	<u>89,039,225</u>	<u>1,259,197</u>	<u>10,493,641</u>	<u>4,018,438</u>	<u>-</u>
(39,133,641)	(1,366,935)	(88,183,089)	(259,879)	522,476	(877,405)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	214,765	-	-	-
-	-	1,904,695	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,904,695	214,765	-	-	-
(39,133,641)	(1,366,935)	(86,278,394)	(45,114)	522,476	(877,405)	-
15,962,693	2,053,086	55,881,400	-	-	800,000	-
(15,962,694)	(1,391,382)	(55,881,400)	-	(500,001)	-	-
<u>(1)</u>	<u>661,704</u>	<u>-</u>	<u>-</u>	<u>(500,001)</u>	<u>800,000</u>	<u>-</u>
(39,133,642)	(705,231)	(86,278,394)	(45,114)	22,475	(77,405)	-
80,225,280	11,018,099	166,522,590	495,960	5,545,287	672,392	437,519
<u>\$ 41,091,638</u>	<u>\$ 10,312,868</u>	<u>\$ 80,244,196</u>	<u>\$ 450,846</u>	<u>\$ 5,567,762</u>	<u>\$ 594,987</u>	<u>\$ 437,519</u>

San Diego Community College District

Combining Schedule of Revenues, Expenditures (Expenses) and Changes in Fund Equity (Net Assets) For the year ended June 30, 2011

	Self-Insurance Internal Service Fund	Other Internal Service	Associated Students	Student Representation Fee Trust
OPERATING REVENUES:				
Tuition and fees	\$ -	\$ -	\$ -	\$ 75,993
Federal grant, non-capital	-	-	-	-
State grant, non-capital	-	-	-	-
Local grant, non-capital	-	-	-	-
Auxiliary enterprise sales and charges	-	-	-	-
Interest on student loans	-	-	-	-
Other operating revenues	-	-	27,570	-
Total operating revenues	-	-	27,570	75,993
OPERATING EXPENDITURES/EXPENSES:				
Salaries	-	-	22,079	-
Employee benefits	-	-	1,622	-
Payments to students	-	-	-	-
Supplies, materials, and other expenses	3,810,336	27,868,507	113,204	120,185
Depreciation	-	-	-	-
Total operating expenditures/expenses	3,810,336	27,868,507	136,905	120,185
OPERATING REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	(3,810,336)	(27,868,507)	(109,335)	(44,192)
NONOPERATING REVENUE/(EXPENSES):				
Federal grant, non-capital	-	-	-	-
State apportionments, non-capital	-	-	-	-
Local property taxes, non-capital	-	-	-	-
State taxes and other revenues	-	-	-	-
Investment income - non-capital	-	-	-	-
Investment income - capital	-	-	-	-
Investment expenses - capital assets related debt	-	-	-	-
Other non-operating revenue	4,647,017	27,881,300	-	-
Contributions from County of San Diego	-	-	-	-
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total non-operating revenues/expenses	4,647,017	27,881,300	-	-
NET REVENUE/EXPENSE	836,681	12,793	(109,335)	(44,192)
Transfers in	-	17,468	105,748	-
Transfers out	-	(8,285)	-	-
Transfers in/(out), net	-	9,183	105,748	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES EXPENSES AND OTHER FINANCING USES	836,681	21,976	(3,587)	(44,192)
FUND EQUITY/RETAINED EARNINGS:				
Beginning of year	2,555,186	8,146,382	252,195	200,298
End of year	\$ 3,391,867	\$ 8,168,358	\$ 248,608	\$ 156,106

Financial Aid	Scholarship and Loan Fund	Other Trust and Agency	Total
\$ -	\$ -	\$ -	\$ 13,735,003
12,008,601	-	-	34,145,144
2,256,765	-	-	18,732,047
-	16,001	-	10,640,889
-	-	-	14,157,150
-	-	-	-
(2,003)	-	-	2,994,200
14,263,363	16,001	-	94,404,433
-	-	70,701	173,377,115
-	-	12,709	50,264,030
67,087,438	24,788	-	67,964,663
-	-	688,141	202,147,730
-	-	-	76,063
67,087,438	24,788	771,551	493,829,601
(52,824,075)	(8,787)	(771,551)	(399,425,168)
52,806,356	-	-	52,806,356
-	-	-	117,584,923
-	-	-	67,522,299
-	-	-	5,712,015
-	-	2,052,511	2,378,879
-	-	-	1,904,695
-	-	-	34,083,332
-	-	901,473	34,697,491
-	-	-	19,586,232
-	-	-	(5,683,747)
-	-	-	(28,528,340)
52,806,356	-	2,953,984	302,064,135
(17,719)	(8,787)	2,182,433	(97,361,033)
57,994	-	-	81,266,564
(42,284)	-	-	(81,266,564)
15,710	-	-	-
(2,009)	(8,787)	2,182,433	(97,361,033)
2,434	100,919	12,465,895	339,896,133
\$ 425	\$ 92,132	\$ 14,648,328	\$ 242,535,100

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San Diego Community College District

Reconciliation of Combining Schedule of Revenues, Expenditures (Expenses) and Changes in Fund Equity (Retained Earnings) to Government-Wide Statement of Revenues, Expenses and Changes in Net Assets

For the year ended June 30, 2011

Revenues and other financing sources over (under) expenditures/expenses and other financing uses	\$ (97,361,033)
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Amounts reported in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. Capital outlay expenditures are included in the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.

	<u>105,713,363</u>
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Repayment of long-term liabilities was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets.

	<u>5,683,747</u>
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Compensated absences are reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in governmental funds.

	<u>206,786</u>
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Insurance Claims are reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, insurance claims are not reported as expenditures in governmental funds.

	<u>(4,884,953)</u>
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Net OPEB liability is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. Therefore, the change in the OPEB liability is not reported as an expenditure in governmental funds.

	<u>141,896</u>
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Depreciation expense on capital assets are reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation is not reported as an expenditure in governmental funds.

	<u>(12,412,373)</u>
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Student activities are fiduciary activities and therefore are not reported in the government-wide statement of activities.

Associated Students	3,587
Student representation Fee Trust	44,192
Scholarship and loan Fund	8,787
Other Trust and Agency	<u>(2,182,433)</u>
Total fiduciary activities	<u>(2,125,867)</u>

Change in Net Assets	<u><u>\$ (5,038,434)</u></u>
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San Diego Community College District
Schedule of Expenditures of Federal Awards
For the period ended June 30, 2011

<u>Program Title</u>	<u>CFDA No.</u>	<u>Agency or Pass-Through No.</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education:</u>			
Financial Aid Cluster:			
PELL	84.063		\$ 52,806,356
SEOG	84.007	00127300/00127500/01182000/02241600	845,683
Direct Loans	84.268		10,007,122
ACG	84.375		392,685
Federal Work Study	84.033	POO033A090065	790,538
		Subtotal Financial Aid Cluster	64,842,384
VATEA/County ROP	84.048	09-C01-047	37,193
VATEA Curriculum Development & Instruction	84.048	09-C01-047	1,674,262
VATEA Student Support	84.048	09-C01-047	1,167,152
VATEA Professional Development	84.048	09-C01-047	34,805
VATEA Partnership Development	84.048	09-C01-047	75,299
VATEA Administration	84.048	09-C01-047	132,035
VATEA Research & Development	84.048	09-C01-047	15,000
VATEA Public Relations & Communication	84.048	09-C01-047	19,721
		Subtotal 84.048	3,155,467
STAR/SSSP/TRIO	84.042		17,545
USDE Title III Grant	84.031		237,743
Dept of Rehabilitation Workability	84.126A		288,755
Assests: Learn and Service America	84.153		24
Gear UP I	84.334		4,617
Gear UP II	84.334		11,557
Gear UP Summer	84.334		3,687
		Subtotal 84.334	19,861
College to Career	84.unk		199,691
Workability III - ARRA	84.390A*		49,374
League for Innovation	84.369		1,835
Admin. Allowance - City/CE	84.007,84.033,84.063		89,459
Admin. Allowance - Mesa	84.007,84.033,84.063		62,652
Admin. Allowance - Miramar	84.007,84.033,84.063		17,284
		Subtotal	169,395
Student Support. Services - City	84.042*	P042A - 050895/050502/050945	28,648
Student Support. Services - Mesa	84.042*	P042A - 050895/050502/050945	299,584
Student Support. Services-Miramar	84.042*	P042A - 050895/050502/050945	26,894
		Subtotal 84.042	355,126
Adult Education El Civics	84.002A		457,390
Adult Education & Family Literacy	84.002A		1,144,933
		Subtotal 84.002A	1,602,323
		Total U.S. Department of Education	70,939,523
<u>U.S. Department of Labor:</u>			
SDWFP - Clean Energy	17.258		115,795
ARRA - SDWFP - City	17.258/17.260		225,927
ARRA - SDWFP - Mesa	17.258/17.260		190,500
ARRA - SDWFP - Miramar	17.258/17.260		238,770
SDWFP- Continuing Education	17.258/17.260		201,329
SDWF Partnership Step Up 08/09	17.259		104,593
SDWF Partnership Step Up 09/10	17.259		33,986
		Total U.S. Department of Labor	1,110,900

San Diego Community College District
Schedule of Expenditures of Federal Awards
For the period ended June 30, 2011

<u>Program Title</u>	<u>CFDA No.</u>	<u>Agency or Pass-Through No.</u>	<u>Federal Expenditures</u>
<u>Transportation Security Administration</u>			
Aircraft Crew Self Defense Training	unk		7,022
Total Transportation Security Administration			7,022
<u>U.S. Department of Defense:</u>			
Military CIP Projects:			
USN Force Protection Program 08	12.unk	N61339-03-D0166	1,022,077
CIP San Diego 10	12.unk	N00-140-06-D-0007	1,171,987
CIP - Personal Financial Mgmt 10	12.unk	N00189-08-D-Z-032	198,377
Homeport Training Norfolk 10	12.unk	N61339-09-D-001	608,225
Army Military	12.unk	None	443,985
CIP Meridian 10	12.unk	N00889-08-C-Z006	335,828
Corry Station 10	12.unk	N00189-08-C-Z005	39,834
CIP - Personal Financial Mgmt 11	12.unk		655,502
Homeport Training Norfolk 11	12.unk		894,009
US Army PFM 11	12.unk		906,186
CIP Meridian 11	12.unk		941,337
CIP Corry Station 11	12.unk		59,718
CIP Great Lakes Engineering 11	12.unk		1,962,901
Combat Systems - Great Lakes 11	12.unk		3,631,674
Combat Systems - San Diego 11	12.unk		631,843
Total Military CIP Projects			13,503,483
<u>National Science Foundation:</u>			
NSF Peer Wise CIS	47.076	n/a	9,296
NSF - MESA Program	47.076	n/a	44,135
NSF - SDSU Service Grant	47.076	n/a	2,047
NSF - SDSU-NSDL Math	47.076	n/a	57,011
Subtotal 47.076			112,489
NSF - SDSU Troops to Engineering	47.082	n/a	34,531
Total National Science Foundation			147,020
<u>U.S. Department of Health and Human Services:</u>			
ARRA - Hi-Tech Community College Consortium 11	93.721	n/a	272,769
Bridges to the Future 08	93.859	n/a	255,662
Bridges to Baccalaureate	93.859	n/a	10,000
Bridges Project	93.859	n/a	97,012
Subtotal 93.859			362,674
Total U.S. Department of Health and Human Services			635,443
CTS Alliance	unk	n/a	23,000
VETS Admin Allow - City	unk	n/a	3,752
VETS Admin Allow - Mesa	unk	n/a	11,702
VETS Admin Allow - Miramar	unk	n/a	2,519
VETS Admin Allow - CE	unk	n/a	197
Subtotal			18,170
Total Expenditures of Federal Awards			\$ 86,384,561

San Diego Community College District
Schedule of Expenditures of Federal, State and Local Awards
For the period ended June 30, 2011

Budget Element	Allocation/ Entitlements Current Year	Program Revenues			
		Cash Received	Accounts Receivable	Deferred Revenue	Total
STATE FUNDING					
BFAP Administration - City	\$ 654,450	\$ 654,268	\$ -	\$ -	\$ 654,268
BFAP Administration - Mesa	753,329	647,002	-	-	647,002
BFAP Administration - Miramar	386,116	315,509	-	-	315,509
BFAP Administration	1,793,895	1,616,779	-	-	1,616,779
EOPS Administration/Services - City	581,569	581,569	-	-	581,569
EOPS Administration/Services - Mesa	517,872	510,489	-	-	510,489
EOPS Administration/Services - Miramar	278,836	275,709	-	-	275,709
Extended Opportunity Programs and Services	1,378,277	1,367,767	-	-	1,367,767
EOPS Financial Aid	-	(150)	-	-	(150)
EOPS Financial Aid	-	(90)	-	-	(90)
Extended Opportunity Prg FA	-	(240)	-	-	(240)
Extended Opportunity Programs and Services	1,378,277	1,367,527	-	-	1,367,527
Care Program - City	48,468	47,432	-	-	47,432
Care Program - Mesa	42,127	42,117	-	-	42,117
Care Program - Miramar	19,423	19,220	-	-	19,220
Cooperative Agencies	110,018	108,769	-	-	108,769
Care Program Financial Aid	12,900	12,900	-	-	12,900
Care Program Financial Aid	-	-	-	-	-
Care Program Financial Aid	10,200	10,200	-	-	10,200
Cooperative Agencies	23,100	23,100	-	-	23,100
Care Program	133,118	131,869	-	-	131,869
AB1725 Staff Diversity	99,388	15,439	-	-	15,439
Staff Development	25,245	-	-	-	-
AB1725 Staff Diversity/Development	124,633	15,439	-	-	15,439
Program for Disabled	2,192,052	2,178,425	-	(250)	2,178,175
Deaf & Hard of Hearing/State	460,197	458,173	-	-	458,173
Disabled Students Program	2,652,249	2,636,598	-	(250)	2,636,348
Puente Program	390	-	-	-	-
Career Ladders Project	42,272	30,250	-	-	30,250
Network & Computer Systems Training	836,464	791,307	45,157	-	836,464
CalWorks Welfare to Work	223,145	111,000	20,000	-	131,000
CACT-SAN DIEGO	274,580	139,199	-	-	139,199
Basic Skills 07-08	22,848	22,847	-	-	22,847
Basic Skills 08-09	754,456	-	-	-	-
Basic Skills 09-10	790,549	-	-	-	-
Basic Skills 10-11	941,194	941,194	-	-	941,194
Basic Skills	2,509,047	964,041	-	-	964,041
CDTC - Yosemite CCD	12,500	12,500	-	-	12,500
Part Time Faculty Compensation	883,449	883,449	-	-	883,449
Telecom & Technology	103,720	-	-	-	-
Governor's IELM	191,264	-	-	-	-
IELM Block Grant	184,612	-	-	-	-
Instructional Equipment and Library Materials	375,876	-	-	-	-

Program Expenditures

Transfers In	Direct	Indirect	Total	Status
\$ -	\$ 651,373	\$ -	\$ 651,373	Continuous
-	587,348	-	587,348	Continuous
-	339,704	-	339,704	Continuous
-	1,578,425	-	1,578,425	Continuous
-	581,569	-	581,569	Continuous
-	517,872	-	517,872	Continuous
-	278,836	-	278,836	Continuous
-	1,378,277	-	1,378,277	Continuous
-	(150)	-	(150)	Continuous
-	(90)	-	(90)	Continuous
-	(240)	-	(240)	Continuous
-	1,378,037	-	1,378,037	Continuous
-	48,467	-	48,467	Continuous
-	42,127	-	42,127	Continuous
-	19,423	-	19,423	Continuous
-	110,018	-	110,018	Continuous
-	12,900	-	12,900	Continuous
-	-	-	-	Continuous
-	10,200	-	10,200	Continuous
-	23,100	-	23,100	Continuous
-	133,118	-	133,118	Continuous
-	28,431	-	28,431	Continuous
-	1,239	-	1,239	Continuous
-	29,670	-	29,670	Continuous
-	2,191,802	-	2,191,802	Continuous
-	460,197	-	460,197	Open
-	2,651,999	-	2,651,999	Continuous
-	-	-	-	Open
-	40,647	1,625	42,272	Open
-	804,292	32,172	836,464	Open
-	88,696	6,208	94,904	Open
-	143,726	5,749	149,475	Open
1	22,848	-	22,848	Open
-	754,112	-	754,112	Open
-	129,498	-	129,498	Open
-	140,796	-	140,796	Open
1	1,047,254	-	1,047,254	
-	11,905	595	12,500	Open
-	883,448	-	883,448	Open
-	76,644	-	76,644	Open
-	46,492	-	46,492	Open
-	32,296	-	32,296	Open
-	78,788	-	78,788	

San Diego Community College District
Schedule of Expenditures of Federal, State and Local Awards
For the period ended June 30, 2011

Budget Element	Allocation/ Entitlements Current Year	Program Revenues			Total
		Cash Received	Accounts Receivable	Deferred Revenue	
STATE FUNDING					
Matriculation	1,422,797	1,422,797	-	-	1,422,797
Non-Credit Matriculation	1,319,868	1,319,868	-	-	1,319,868
Matriculation	2,742,665	2,742,665	-	-	2,742,665
Middle College	99,454	39,782	59,671	-	99,453
Tech Prep	209,124	109,774	99,350	-	209,124
Linking After School Program 09/10	35,455	19,128	-	-	19,128
Construction Industry Sector	33,464	33,273	-	-	33,273
CTE Collaboration 11	400,000	400,000	-	-	400,000
CTE Collaboration & Supplement 11	130,000	130,000	-	-	130,000
CTE Supplement 10	79,000	-	-	-	-
CTE Collaboration & Supplement 10	310,000	-	-	-	-
CTE Collaboration & Supplement 09A	-	(19)	-	-	(19)
CTE Workforce Innovation Partnership 09	112,034	(43)	-	-	(43)
CTE Collaboration Grants	1,031,034	529,938	-	-	529,938
Faculty Inquiry Network Program	19,402	9,250	-	-	9,250
Math ESA/CCCP City College	50,568	37,856	1,004	-	38,860
Articulation Number System	2,656	-	-	-	-
ARRA 11	125,145	125,145	-	-	125,145
Nursing Retention Grant	46,109	(3)	-	-	(3)
ATTE CTE HUB 10	146,436	-	76,958	-	76,958
ATTE CTE 11	187,500	187,500	-	-	187,500
ATTE Solar	70,000	-	61,517	-	61,517
Adv Transportation	205,000	123,000	-	-	123,000
ATTE HUB 10	-	17,081	-	-	17,081
Adv - Transportation Tech	608,936	327,581	138,475	-	466,056
Radiology Imaging	253,515	127,564	125,951	-	253,515
Medical Lab Technology	178,442	158,615	19,827	-	178,442
Economic Stimulus Projects	431,957	286,179	145,778	-	431,957
Cal - Works	952,185	947,756	-	-	947,756
TANF Child Development	65,971	51,958	7,163	-	59,121
TANF	290,539	290,573	-	-	290,573
TANF	356,510	342,531	7,163	-	349,694
Proposition 20 Lottery Funds	760,277	284,256	464,518	-	748,774
Biotech CTE HUB 10	120,186	-	77,491	-	77,491
Biotech CTE HUB 09	187,500	187,500	-	-	187,500
Bio Technologies	205,000	123,000	-	-	123,000
Bio Technologies	512,686	310,500	77,491	-	387,991
TSA Security Officer Training	7,500	-	6,275	-	6,275
Cal Grant	2,102,000	2,175,023	58,883	-	2,233,905
Total State District Funding	\$ 21,470,742	\$ 17,020,592	\$ 1,123,765	\$ (250)	\$ 18,144,106

Program Expenditures				
Transfers In	Direct	Indirect	Total	Status
-	1,422,797	-	1,422,797	Continuous
-	1,319,868	-	1,319,868	Continuous
-	2,742,665	-	2,742,665	
-	95,628	3,825	99,453	Open
-	201,081	8,043	209,124	Open
-	33,490	1,340	34,830	Open
-	31,993	1,280	33,273	Open
-	-	-	-	Open
-	-	-	-	
-	28,053	1,122	29,175	Open
-	146,428	5,857	152,285	Open
-	152,954	6,114	159,068	Open
-	107,683	4,307	111,990	Open
-	435,118	17,400	452,518	
-	19,402	-	19,402	Open
37	37,383	1,514	38,897	Open
-	1,798	-	1,798	Open
-	125,145	-	125,145	Closed
-	44,333	1,773	46,106	Open
-	140,283	5,612	145,895	Open
-	65,127	2,606	67,733	
-	59,151	2,366	61,517	Open
-	73,733	2,949	76,682	Open
-	-	17,080	17,080	Open
-	338,294	30,613	368,907	Open
-	230,468	23,047	253,515	Closed
-	162,220	16,222	178,442	Closed
-	392,688	39,269	431,957	
-	947,754	2	947,756	Open
-	62,452	-	62,452	Open
-	284,112	6,461	290,573	Closed
-	346,564	6,461	353,025	
-	748,774	-	748,774	Continuous
-	115,555	4,622	120,177	Open
-	24,531	981	25,512	Closed
-	109,164	4,367	113,531	Open
-	249,250	9,970	259,220	Open
-	5,810	465	6,275	Open
-	2,233,906	-	2,233,906	Continuous
\$ 38	\$ 18,133,942	\$ 168,304	\$ 18,146,029	

San Diego Community College District
Schedule of Expenditures of Federal, State and Local Awards
For the period ended June 30, 2011

Budget Element	Allocation/ Entitlements Current Year	Program Revenues			
		Cash Received	Accounts Receivable	Deferred Revenue	Total
LOCAL FUNDING					
Student Accident Insurance	\$ 524,688	\$ 258,908	\$ 2,844	\$ -	\$ 261,752
Student Health Services	1,736,217	1,299,045	(1,913)	-	1,297,132
Student Liability Insurance	22,852	11,018	(7)	-	11,011
STUDENT HEALTH SERVICES	2,283,757	1,568,971	924	-	1,569,895
ROP Admin	503,625	266,062	91,775	-	357,837
ROP Construction Electrician	18,339	10,011	-	-	10,011
ROP Stampmaker	56,895	49,225	-	-	49,225
ROP Nurse/Home Health Aide	348,564	220,611	-	-	220,611
ROP Contingency		9,833	-	-	9,833
Regional Occupation Program	927,423	555,742	91,775	-	647,517
CACT - Incubator	484,176	94,598	-	-	94,598
CACT - Implemented Program	264,260	198,460	-	-	198,460
Center for Applied Technology	748,436	293,058	-	-	293,058
Distwide Cocurricular	1,829,679	38,856	18	-	38,874
Distwide Civic Center	1,428,058	403,858	-	-	403,858
Biotechnology Center Revenue	56,660	5,809	-	-	5,809
SDSU-FACCTS (Math Grant)	5,000	2,644	1,788	-	4,432
Smog Referee Station Program	31,127	12,000	-	-	12,000
AMGEN - SDWF Partnership	30,703	14,500	-	-	14,500
Solar ProEngineer Software	5,308	5,000	-	-	5,000
Pearson/Vue Computer Testing	310	-	-	-	-
Military Cash Flow Reserve	121,390	-	-	-	-
Indirect Cost Recovery	1,691,783	-	-	-	-
Cash Contingency Reserve	18,856,582	-	-	-	-
Military Education Support	438,111	3,013	-	-	3,013
Military Education - Auxiliary	613,874	-	-	-	-
Hourglass Park Miramar & Pool	1,210,663	342,669	-	-	342,669
Parking	1,899,700	1,856,650	(825)	-	1,855,825
Hazardous Materials	69,837	-	-	-	-
Library Fines	63,654	24,030	19	-	24,049
Wal-Mart Veteran's Grant	47,944	-	-	-	-
South Crest Air Quality Management	411,250	-	142,200	-	142,200
Carnegie Foundation	50,000	50,000	-	-	50,000
San Diego County Mental Health Career Pathways	169,000	82,580	39,644	-	122,224
Student Travel	1,225	1,225	-	-	1,225
ATTI Revenue	28,511	20,617	-	-	20,617
Wal-Mart Foundation Initiative	41,618	6,000	-	-	6,000
SCGS Natural Gas Vehicle ATTE	200,000	193,810	2,084	-	195,894
Price Scholarship Program	417,418	128,860	57,315	-	186,175
Radio Station KSDS	675,000	171,085	321,093	-	492,178
Jobs for the Future	24,000	8,000	11,355	-	19,355
Educational Broadband	1,400,007	291,193	-	-	291,193
Early Middle College HS	11,641	-	-	-	-
Rape Aggress.Defense Classes	563	-	-	-	-
Medical Billing Technology	10,000	-	-	-	-
Student Copy Charges	83,932	19,486	3	-	19,489
Cuyamaca College Consortium	3,000	3,000	-	-	3,000
Centre City Redevelopment	7,244,368	2,729,751	-	-	2,729,751
Hit The Books	18,535	2,591	-	-	2,591
Basic Skills Professional Development Grant	93,750	31,250	31,250	-	62,500
Administrative Computing	739,094	-	-	-	-
Child Care Center	182,110	32,474	-	-	32,474
Electronic Music Tutorial	1,081	-	-	-	-
Curricunet License Fees	39,735	-	-	-	-
City College Urban Farm	15,535	10,322	-	-	10,322
Center for Human & Community Services	10,718	5,523	-	-	5,523
California College for International Education	-	302	-	-	302
Total Local District Funding	\$ 44,232,090	\$ 8,914,869	\$ 698,643	\$ -	\$ 9,613,512

Program Expenditures					
Transfers In	Direct	Indirect	Total		Status
\$ -	\$ 209,000	\$ 6,487	\$ 215,487		Continuous
-	1,291,394	-	1,291,394		Continuous
6,487	20,175	-	20,175		Continuous
6,487	1,520,569	6,487	1,527,056		Continuous
-	395,631	-	395,631		Continuous
-	17,006	1,333	18,339		Continuous
-	52,858	4,037	56,895		Continuous
-	322,852	25,712	348,564		
-	9,833	-	9,833		Continuous
-	798,180	31,082	829,262		Continuous
-	22,574	-	22,574		Continuous
-	61,970	79	62,049		Continuous
-	84,544	79	84,623		
1,660,646	1,674,645	-	1,674,645		Continuous
-	223,670	-	223,670		Continuous
-	6,156	-	6,156		Open
-	4,262	170	4,432		Closed
-	20,752	830	21,582		Open
-	18,054	361	18,415		Open
-	4,858	-	4,858		Open
-	-	-	-		Open
734,847	(19,510)	453,628	434,118		Continuous
1,346,793		1,346,793	1,346,793		Continuous
42,101	-	-	-		Continuous
622,238	625,251	-	625,251		Open
613,872	613,872	-	613,872		Open
530,018	927,708	-	927,708		Continuous
-	1,855,826	-	1,855,826		Continuous
50,000	60,517	-	60,517		Continuous
-	22,537	-	22,537		Continuous
-	36,885	1,476	38,361		Open
-	135,000	7,200	142,200		Open
-	45,513	1,821	47,334		
-	109,109	4,546	113,655		
-	359	-	359		
-	10,630	-	10,630		Open
-	41,615	3	41,618		Open
-	181,383	14,511	195,894		
-	186,175	-	186,175		Open
205,000	697,177	-	697,177		Continuous
-	19,355	-	19,355		
-	514,607	-	514,607		Open
-	820	-	820		Open
-	-	-	-		Open
-	-	-	-		
-	23,709	-	23,709		Continuous
-	3,000	-	3,000		Closed
-	42,814	192,483	235,297		Open
-	91	-	91		Continuous
-	93,750	-	93,750		
-	-	-	-		Open
-	38,410	-	38,410		Open
-	-	-	-		Open
-	-	-	-		Open
-	14,857	-	14,857		Open
-	3,955	-	3,955		Open
-	-	-	-		Open
\$ 5,812,002	\$ 10,641,105	\$ 2,061,470	\$ 12,702,575		

San Diego Community College District
Schedule of Expenditures of Federal, State and Local Awards
For the period ended June 30, 2011

Budget Element	Allocation/ Entitlements Current Year	Program Revenues			Total
		Cash Received	Accounts Receivable	Deferred Revenue	
San Diego Community College Auxiliary Grants					
Allied Health	25,000	131,600	-	-	131,600
Allied Hit	25,000	110,409	-	(16,292)	94,117
Animal Health	2,500	2,500	-	-	2,500
Bank of America	232,433	752,433	-	(537,668)	214,765
Boston Reed	255,000	101,774	-	-	101,774
Career Step	60,000	24,038	-	-	24,038
Cisco Academy Training	10,000	27,900	-	(3,910)	23,990
CTC - Rock Church, SDSU, UCSD, SDCCD	5,000	7,900	-	-	7,900
EMT Certification	75,000	78,040	-	-	78,040
Fluoroscopy - Mesa	4,500	9,405	-	-	9,405
Joint Journeymen- JJATT	-	22,476	1,893	-	24,369
Military Education Program	260,000	167,539	51,303	-	218,842
On-Line Courses	2,500	3,155	792	(792)	3,155
Price Scholarship	3,000	3,000	-	-	3,000
Proctor Services	500	720	-	-	720
SDCSS - Mitchell International	-	15,200	-	-	15,200
San Diego County Regional Airport Authority	25,000	13,965	18,170	-	32,135
San Diego Unified - City Schools	125,000	144,688	16,627	-	161,315
Solar Turbines	5,000	5,650	-	-	5,650
USMC - Adv Access Training/Tolchin Web Development	5,000	30,519	-	-	30,519
Other Income	332	332	-	-	332
Total Local Auxiliary Funding	\$ 1,120,765	\$ 1,653,243	\$ 88,785	\$ (558,662)	\$ 1,183,367
Total Local Funding	\$ 45,352,855	\$ 10,568,112	\$ 787,428	\$ (558,662)	\$ 10,796,879

<u>Program Expenditures</u>				
<u>Transfers In</u>	<u>Direct</u>	<u>Indirect</u>	<u>Total</u>	<u>Status</u>
-	88,323	43,277	131,600	
-	64,387	29,730	94,117	
-	1,117	1,383	2,500	
-	259,282	-	259,282	
-	74,500	27,274	101,774	
-	20,636	3,402	24,038	
-	6,222	17,768	23,990	
-	3,288	4,612	7,900	
-	58,234	19,806	78,040	
-	6,371	3,034	9,405	
-	21,764	2,605	24,369	
-	198,993	19,849	218,842	
-	2,158	997	3,155	
-	-	-	-	
-	-	720	720	
-	13,697	1,504	15,200	
-	12,009	20,126	32,135	
-	141,903	19,412	161,315	
-	2,366	3,284	5,650	
-	27,033	3,486	30,519	
-	-	-	-	
<u>\$ -</u>	<u>\$ 1,002,284</u>	<u>\$ 222,267</u>	<u>\$ 1,224,552</u>	
<u>\$ 5,812,002</u>	<u>\$ 11,643,389</u>	<u>\$ 2,283,737</u>	<u>\$ 13,927,127</u>	

San Diego Community College District
Schedule of Workload Measures for State General Apportionment
Annual Actual Attendance
June 30, 2011

	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2010 only)			
1. Noncredit	1,101	-	1,101
2. Credit	4,204	-	4,204
B. Summer Intersession (Summer 2010 - Prior to July 1, 2010)			
1. Noncredit	14	-	14
2. Credit	14	-	14
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	23,123	(10)	23,113
(b) Daily Census Contact Hours	1,808	-	1,808
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	7,907	-	7,907
(b) Credit	1,678	-	1,678
3. Alternative Attendance Accounting Procedure			
(a) Weekly Census Procedure Courses	3,168	-	3,168
(b) Daily Census Procedure Courses	986	-	986
(c) Noncredit Independent Study/Distance Education Courses	85	-	85
D. Total FTES	44,088	(10)	44,079

Supplemental Information (subset of above information)

E. In-Service Training Courses (FTES)	992	-	992
H. Basic Skills courses and Immigrant Education			
(a) Noncredit	5,001	-	5,001
(b) Credit	3,445	-	3,445

CCFS-320 Addendum

CDCP Noncredit FTES	-	-	-
Centers FTES			
(a) Noncredit	-	-	-
(b) Credit	-	-	-

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San Diego Community College District
Reconciliation of Annual Financial and Budget Report (CCFS-311)
With District Accounting System
For the year ended June 30, 2011

These fund financial statement balances are prior to various eliminations and reclassifications necessary to convert to the presentation of the financial statements as identified in the accompanying table of contents.

	General Fund Unrestricted	General Fund Restricted	Bond Interest and Redemption Fund	Special Revenue Funds
Fund balance per the CCFS-311 at June 30, 2011	\$ 20,731,476	\$ 35,839,997	\$ 19,569,080	\$ 988,911
Miscellaneous adjustments and reclassifications	(3)	1	-	(2)
Net adjustments and reclassifications	(3)	1	-	(2)
Fund balance, June 30, 2011 per the audited fund financial statements	\$ 20,731,473	\$ 35,839,998	\$ 19,569,080	\$ 988,909

Capital Outlay Fund	Prop S & Prop N Capital Projects Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds
\$ 10,312,869	\$ 121,335,830	\$ 6,600,268	\$ 11,560,226	\$ 15,145,607
(1)	4	-	(1)	(8)
(1)	4	-	(1)	(8)
<u>\$ 10,312,868</u>	<u>\$ 121,335,834</u>	<u>\$ 6,600,268</u>	<u>\$ 11,560,225</u>	<u>\$ 15,145,599</u>

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San Diego Community College District
Notes to Supplementary Information
For the year ended June 30, 2011

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

Basis of Presentation

The accompanying Schedule of Expenditures of Federal, State and Local Awards (Schedule) summarizes the expenditures of the San Diego Community College District (District) under programs of the federal, state and local governments for the year ended June 30, 2011. 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 assets, or cash flows of the District.

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

Basis of Accounting

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

Relationship of Schedule of Expenditures of Federal, State and Local Awards to Basic Financial Statements

Consistent with management's policy, federal, state and local awards are recorded in various revenue categories. As a result, the amount of total awards expended on the Schedule does not agree to total grant and contract revenues on the Statement of Revenues, Expenditures and Changes in Net Assets.

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

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

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

We have audited the basic financial statements of the San Diego Community College District (District) for the year ended June 30, 2011 and have issued our report thereon dated November 30, 2011.

Our audit was made in accordance with auditing standards generally accepted in the United States of America and the standards for financial and compliance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following state laws and regulations in accordance with Section 400 of the Chancellor's Office's California Community College Contracted District Audit Manual (CDAM).

421 - Salaries of Classroom Instructors (Fifty Percent Law)

The District's salaries of classroom instructors equaled or exceeded fifty percent of the District's current expense of education (CEE) in accordance with §84362 of the Education Code.

423 - Apportionment for Instructional Service Agreements/Contracts

The District did not claim apportionment for classes given through instructional service agreements, except as allowed by the California Community Colleges Chancellor's Office and the California Department of Finance.

424 - State General Apportionment Required Data Elements

The District maintains a separate and complete tabulation for each course section reported on the Apportionment Attendance Report Form CCFS-320.

425 - Residency Determination for Credit Courses

The District claimed only the attendance of California residents for state support of credit courses.

426 - Students Actively Enrolled

The District claimed only the attendance of students actively enrolled in a course section as of the census date for apportionment.

427 - Concurrent Enrollment of K-12 Students in Community College Credit Courses

FINDING 2011-01:

Condition:

The District claimed ineligible K-12 (kindergarten through twelfth grade) full time equivalent students (FTES) for state apportionment funding. The ineligible FTES in question were claimed based on their participation in physical education classes. The classes in question were fully funded by the San Diego Unified School District and had enrollment in excess of ten percent K-12 students.

<u>Term</u>	<u>College</u>	<u>Subject</u>	<u>Course</u>	<u>CRN</u>	<u>Findings</u>
20104	1	PHYE	132	53664	32 of 36 enrolled were K-12 students
20104	1	PHYE	132	53670	34 of 35 enrolled were K-12 students
20111	1	PHYE	123	64636	31 of 32 enrolled were K-12 students

Criteria:

Per *Education Code* §76002(a), for purposes of receiving state apportionments, a community college district may include high school pupils who attend a physical education class at a community college within the district in the district’s report of full time equivalent students (FTES) only if no more than ten percent of the class’s enrollment is comprised of special part-time or full-time students.

Also, per *Education Code* §84752, no community college district shall receive FTES funding for activities that are fully funded through another source. If a contract between a community college district and a K-12 school district contains provisions that the K-12 school district will pay the community college for the full costs of offering a particular course, the community college district cannot claim apportionment for the course.

Cause:

The District’s existing operating procedures did not provide complete assurance that K-12 school district-funded physical education classes that contained more than ten percent K-12 student enrollment would be excluded from state apportionment claims.

Context and Effect:

The District's initial filing of the CCFS-320, *2010-2011 Apportionment and Attendance Report*, which was filed with the State Chancellor's Office on July 15, 2011, included apportionment claims for ineligible K-12 students totaling approximately ten FTES. In order to correct the error, the District filed an amended CCFS-320 with the State Chancellor's Office which removed the ineligible FTES.

Recommendation:

We recommend that the District establish procedures to identify courses that are fully funded by other sources or that contain more than ten percent K-12 student enrollment in order to prevent these courses from being claimed for state apportionment.

Management's Response/Corrective Action Plan:

The District has established operating policies and procedures in place to identify courses in which either funding for the course is received from other sources or more than ten percent K-12 students are enrolled in a course. Unfortunately, in the case of the three classes identified during the 2010-11 independent audit process, a human clerical error occurred which the existing procedures did not provide an opportunity for the District to catch before submitting the CCFS-320 Apportionment and Attendance Report. While human clerical error cannot be completely avoided in an organization, the District has amended its existing operating procedures to ensure compliance with state laws and regulation with regard to concurrent enrollment:

1. A report of all classes with high school students enrolled will be generated prior to submission of each quarterly and final annual 320 report.
2. The report will be reviewed for any potential irregularities with particular attention given to any classes with high numbers of high school students enrolled to ensure that all classes included in the state reports are eligible for state funding.

Additionally, in an attempt to minimize the possibility of clerical errors occurring, the Vice President Instruction at each college is required to approve the enrollment of more than 3 high school students in any physical education class. Also upon review of the report, the admissions' staff is required to follow up with college administration on any class where enrollment of 3 or more high school students occurs.

431 - GANN Limit Calculation

The District met the requirements of the GANN Amendment which establishes maximum appropriation limits for public agencies.

432 - Enrollment Fee

The District reported the total amount the students should have paid for enrollment fees for purposes of determining each district's share of apportionments annually.

433 - California Work Opportunity and Responsibility to Kids (CalWORKs)

The District expended CalWORKs Program funds to provide specialized student support services, curriculum development, or instruction to eligible CalWORKs students.

435 - Open Enrollment

The District complied with the Title 5 provisions of the California Code of Regulations related to open enrollment by the general public for all courses being submitted for state apportionment funding.

437 - Student Fee - Instructional Materials and Health Fees

The District charges mandatory fees based on express statutory authority in accordance with §70902, §76355, and §76365 of the Education Code. During the year 2010 - 2011, no non-mandatory fees were charged.

473 - Economic and Workforce Development (EWD)

The District expended Economic and Workforce Development funds to develop and deliver services to meet the needs identified in regional economic development plans.

474 - Extended Opportunity Programs and Services (EOPS)

The District expended Extended Opportunity Programs and Services (EOPS) funds to provide services that are specifically designed to supplement the college's existing support programs and to help EOPS eligible students complete their educational goals.

475 - Disabled Student Programs and Services (DSPS)

The District served eligible DSPS student and submitted accurate student-count data for fiscal year 2010-11 to document eligible DSPS students served.

477 - Cooperative Agencies Resources for Education (CARE)

The District used funds provided by the State to provide educational support services and activities to eligible academically under-prepared, welfare-dependent, single head-of-household student population.

To the Board of Trustees
of the San Diego Community College District
San Diego, California
Page 3

478 - Preference for Veterans and Qualified Spouses for Federally Funded Qualified Training Programs

The District provided eligible persons registration preference and information regarding benefits and services obtainable and ensured that eligible persons were informed of their rights and benefits.

479 - To Be Arranged Hours (TBA)

The District listed TBA hours in the schedule of classes and described them in the course outline and tracked TBA hour student participation carefully and did not claim apportionment for TBA hours for students that had documented zero hours as of the census point for the particular course.

Management is responsible for the District compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institution of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, with the exception of finding 2011-01, noted above, the District complied with the compliance requirements for the state programs listed and tested above, in all material respects with the aforementioned requirements for the year ended June 30, 2011.

This report is intended solely for the information and use of the District's management, the Board of Trustees and others within the District, the California Community Colleges Chancellor's Office, the California Department of Finance, the California Department of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Diego, California
November 30, 2011

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Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

INDEPENDENT AUDITORS' 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
of the San Diego Community College District
San Diego, California

We have audited the basic financial statements of the San Diego Community College District (District) as of and for the year ended June 30, 2011, and have issued our report thereon dated November 30, 2011. We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Board of Trustees
of the San Diego Community College District
San Diego, California
Page Two

Compliance and Other Matters

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

This report is intended solely for the information and use of the management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Diego, California
November 30, 2011



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

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

Compliance and Other Matters

We have audited the San Diego Community College District's (District) compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express our opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

To the Board of Trustee
of the San Diego Community College District
San Diego, California
Page Two

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

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

This report is intended for the information of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
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Certified Public Accountants
San Diego, California
November 30, 2011

**San Diego Community College District
Schedule of Findings and Questioned Costs
For the year ended June 30, 2011**

Section I - Summary of Audit Results

Financial Statements

Types of auditors' report issued: **Unqualified**

Internal control over financial reporting:

- Material weakness(es) identified? **No**
- Significant deficiency(ies) identified? **None Reported**

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? **No**
- Significant deficiency(ies) identified? **None Reported**

Type of auditor's report issued on compliance for major programs **Unqualified**

Any audit findings disclosed that are required to be reported in
Accordance with section 510(a) of OMB Circular A-133 **No**

San Diego Community College District
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2011

Section I - Summary of Audit Results, Continued

Identification of major programs:

Major Program	CFDA	Expenditures
Financial Aid Cluster:		
PELL	84.063	\$ 52,806,356
SEOG	84.007	845,683
Direct Loans	84.268	10,007,122
ACG	84.375	392,685
Federal Work Study	84.033	790,538
	Total Financial Aid Cluster	64,842,384
Military CIP Projects		
USN Force Protection Program 08	12.unk	1,022,077
CIP San Diego 10	12.unk	1,171,987
CIP - Personal Financial Mgmt 10	12.unk	198,377
Homeport Training Norfolk 10	12.unk	608,225
Army Military	12.unk	443,985
CIP Meridian 10	12.unk	335,828
Corry Station 10	12.unk	39,834
CIP - Personal Financial Mgmt 11	12.unk	655,502
Homeport Training Norfolk 11	12.unk	894,009
US Army PFM 11	12.unk	906,186
CIP Meridian 11	12.unk	941,337
CIP Corry Station 11	12.unk	59,718
CIP Great Lakes Engineering 11	12.unk	1,962,901
Combat Systems - Great Lakes 11	12.unk	3,631,674
Combat Systems - San Diego 11	12.unk	631,843
	Total Military CIP Projects	13,503,483
ARRA - HiTech Community College Consortium 11	93.721	272,769
	Total Major Program Expenditures	\$ 78,618,636
	Total Expenditures of Federal Awards	\$ 86,384,561
	Percent of Total Expenditures of Federal Awards	91.01%

Dollar threshold used to distinguish between type A and type B program **\$2,594,143**

Auditee qualified as low-risk auditee under section 530 of OMB Circular A-133? **Yes**

San Diego Community College District
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2011

Section II - Financial Statement Findings

No financial statements findings were noted.

Section III- Federal Awards Findings

A. Current Year Findings and Questioned Costs - Major Federal Award Program Audit

No findings or questioned costs were noted on the District's major programs for the year ended June 30, 2011.

B. Prior Year Findings and Questioned Costs - Major Federal Award Program Audit

No findings or questioned costs were noted on the District's major programs for the year ended June 30, 2010.

San Diego Community College District
Continuing Disclosures
For the year ended June 30, 2011

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

CONTENT OF ANNUAL REPORT

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

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

Information related to state grants, contracts and apportionments received by the District for the year ended June 30, 2011 may be derived from the Statement of Activities and Changes in Net Assets in the basic financial statements. Expenditures under various state grants and contracts may be found in the Schedule of Expenditures of Federal, State and Local Awards under State Funding.

Enrollment of the District for the year ended June 30, 2011 by full time equivalency and apprenticeship clock hours may be found in the Schedule of Workload Measures for State General Apportionment and the Schedule of Annual Apprenticeship Hours of Instruction.

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

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

San Diego Community College District Fund 4455-01

Secured			Unsecured
Locally Assessed	State Assessed	Total Secured	Total Unsecured
\$ 127,679,453,714	\$ 23,718,656	\$ 127,703,172,370	\$ 6,466,638,872

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

Tax Rate Area	Tax Rate		
	2008/2009	2009/2010	2010/2011
8001	1.08434	1.10195	1.10150
8254	1.08434	1.10195	1.10150
8988	1.08004	1.09765	1.09780
8999	1.08004	1.09765	1.09780

San Diego Community College District
Continuing Disclosures, Continued
For the year ended June 30, 2011

CONTENT OF ANNUAL REPORT, Continued

The ten largest taxpayers and their amounts of tax, assessed property values and percentage of the total assessed value (before exemptions) within the County of San Diego are as follows for the year 2010-2011:

Property Owner	Amount of Tax	Assessed Value
San Diego Gas & Electric Company	\$ 63,455,985	Not Available
Southern California Edison Co.	28,818,695	Not Available
Irvine Company	17,761,358	Not Available
San Diego Family Housing LLC	14,835,726	Not Available
Kilroy Realty LP	14,679,407	Not Available
Qualcomm Inc.	13,626,003	Not Available
Camp Pendleton and Quantico Housing LLC	11,654,352	Not Available
Pacific Bell Telephone Company *	9,708,652	Not Available
Arden Realty Ltd. Partnership	8,440,141	Not Available
O C/S Holdings LLC	6,584,929	Not Available

* Pacific Bell Telephone Company changed is now AT&T, however, County tax records still show property owners as Pacific Bell Telephone Company.

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San Diego Community College District
Continuing Disclosures - Combining Schedule of Revenues, Expenditures
and Changes in Fund Equity - Budget and Actual - General Funds
For the year ended June 30, 2011

	General Fund Unrestricted		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Federal	\$ -	\$ -	\$ -
State	119,344,935	117,584,923	(1,760,012)
Local	86,749,033	67,522,299	(19,226,734)
Tuition and fees	-	13,659,010	13,659,010
State taxes and other revenues	-	6,999,216	6,999,216
Total revenues	206,093,968	205,765,448	(328,520)
EXPENDITURES:			
Salaries	139,335,047	137,622,730	1,712,317
Employee benefits	41,739,796	41,480,778	259,018
Books, supplies and replacement equipment	26,115,740	20,153,341	5,962,399
Contingencies	13,219,482	-	13,219,482
Student grants and loans	-	-	-
Total expenditures	220,410,065	199,256,849	21,153,216
REVENUES OVER (UNDER) EXPENDITURES	(14,316,097)	6,508,599	20,824,696
OTHER FINANCING SOURCES (USES):			
Transfers in	70,500	-	(70,500)
Transfers out	(3,093,238)	(3,115,960)	(22,722)
Total other financing sources (uses)	(3,022,738)	(3,115,960)	(93,222)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (17,338,835)	3,392,639	\$ 20,731,474
FUND EQUITY:			
Beginning of year		17,338,834	
End of year		\$ 20,731,473	

San Diego Community College District
Continuing Disclosures - Combining Schedule of Revenues, Expenditures
and Changes in Fund Equity - Budget and Actual - General Funds
For the year ended June 30, 2011

	General Fund Restricted		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Federal	\$ 26,735,888	\$ 21,995,946	\$ (4,739,942)
State	19,541,889	15,887,341	(3,654,548)
Local	11,354,878	9,603,361	(1,751,517)
Tuition and fees	-	-	-
State taxes and other revenues	-	-	-
Total revenues	<u>57,632,655</u>	<u>47,486,648</u>	<u>(10,146,007)</u>
EXPENDITURES:			
Salaries	33,842,111	29,947,811	3,894,300
Employee benefits	8,723,877	6,656,775	2,067,102
Books, supplies and replacement equipment	24,762,372	9,212,778	15,549,594
Contingencies	20,403,133	-	20,403,133
Student grants and loans	-	852,437	(852,437)
Total expenditures	<u>87,731,493</u>	<u>46,669,801</u>	<u>41,061,692</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(30,098,838)</u>	<u>816,847</u>	<u>30,915,685</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	5,054,376	6,288,737	1,234,361
Transfers out	(3,309,533)	(4,297,457)	(987,924)
Total other financing sources (uses)	<u>1,744,843</u>	<u>1,991,280</u>	<u>246,437</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (28,353,995)</u>	<u>2,808,127</u>	<u>\$ 31,162,122</u>
FUND EQUITY:			
Beginning of year		<u>33,031,871</u>	
End of year		<u>\$ 35,839,998</u>	



Total		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 26,735,888	\$ 21,995,946	\$ (4,739,942)
138,886,824	133,472,264	(5,414,560)
98,103,911	77,125,660	(20,978,251)
-	13,659,010	13,659,010
-	6,999,216	6,999,216
<u>263,726,623</u>	<u>253,252,096</u>	<u>(10,474,527)</u>
173,177,158	167,570,541	5,606,617
50,463,673	48,137,553	2,326,120
50,878,112	29,366,119	21,511,993
33,622,615	-	33,622,615
-	852,437	(852,437)
<u>308,141,558</u>	<u>245,926,650</u>	<u>62,214,908</u>
<u>(44,414,935)</u>	<u>7,325,446</u>	<u>51,740,381</u>
5,124,876	6,288,737	1,163,861
<u>(6,402,771)</u>	<u>(7,413,417)</u>	<u>(1,010,646)</u>
<u>(1,277,895)</u>	<u>(1,124,680)</u>	<u>153,215</u>
<u>\$ (45,692,830)</u>	<u>6,200,766</u>	<u>\$ 51,893,596</u>

50,370,705
\$ 56,571,471