Financial Statements
June 30, 2019

Santa Barbara Community College District

SANTA BARBARA CITY COLLEGE

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SANTA BARBARA COMMUNITY COLLEGE DISTRICT

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Financial Section

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Santa Barbara Community College District
Santa Barbara, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Santa Barbara Community College District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 2018-2019 *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 19, and other required supplementary information on pages 69 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 6, 2019

SANTA BARBARA CITY COLLEGE

INTRODUCTION

This introduction to the District-wide financial statements provides background information regarding the financial position and activities of the Santa Barbara Community College District (the District) for the years ended June 30, 2019 and 2018. We encourage readers to consider the information presented in this Management's Discussion and Analysis in conjunction with the financial statements and accompanying notes to the financial statements.

Overview of the District-Wide Basic Financial Statements

The focus of the Statement of Net Position is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities, which are supported primarily by local property taxes and State apportionment revenues. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District. The Notes to the Financial Statements provide additional information that is essential to the full understanding of the data provided in the District-wide financial statements.

This Annual Report

This annual report consists of the following sections:

- Management's Discussion and Analysis (MD&A) utilizing a current year/prior year format;
- District-Wide Basic Financial Statements, including required Notes to the Financial Statements; and
- Supplementary Information.

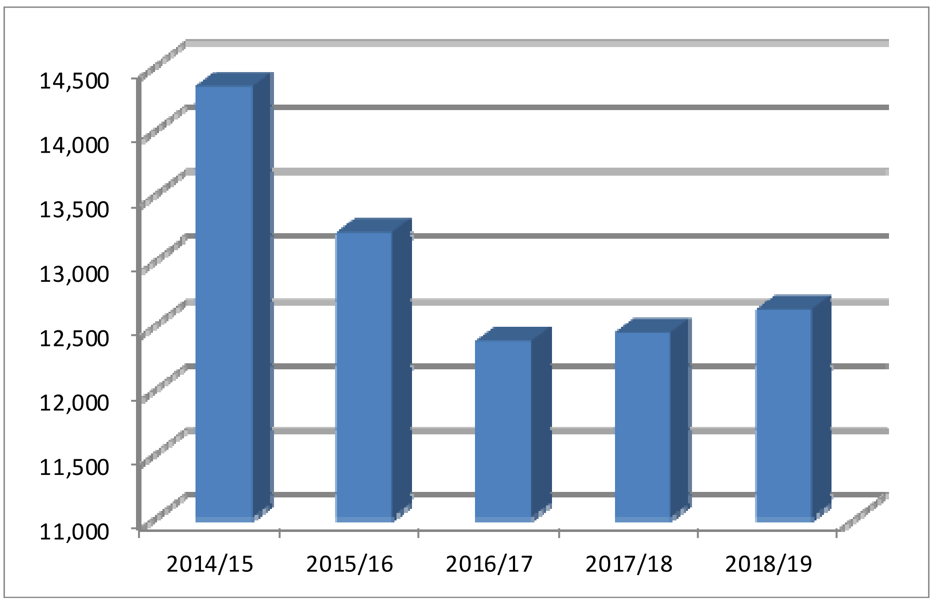
FINANCIAL HIGHLIGHTS

This section provides condensed information for each of the three basic financial statements, as well as illustrative charts, graphs, and tables.

- The District's primary funding is based upon an apportionment allocation made by the State of California, Community Colleges Chancellor's Office (Chancellor's Office). In 2018-19, a new funding formula was implemented by the Chancellor's Office which modified the funding formula from relying solely on Full-Time Equivalent Students (FTES) to determine funding for a district. The new funding formula, now called the Student-Centered Funding Formula (SCFF), includes three factors: the Base Funding Allocation (70 percent), a Supplemental Allocation (20 percent), and a Student Success Allocation (10 percent). Additional details are included below:
    - o The Base Funding factor (70 percent) continues to be based on the FTES generated by the District.
    - o The Supplemental Allocation (20 percent) is calculated based on a count of the District's Pell Grant recipients, California College Promise Grant Recipients, and AB 540 Students.

- The Student Success Allocation (10 percent) is based on the number outcomes a district achieves in the following measures:
  - Associate degrees granted
  - Associate degrees for transfer granted
  - Baccalaureate degrees granted
  - Credit certificates (16 units or more)
  - Completion of transfer-level mathematics and English courses within first academic year of enrollment
  - Successful transfer to four-year university
  - Completion of nine or more CTE units
  - Attainment of a regional living wage

As noted above, the District's reported FTES remain the District's primary source of funding (70 percent) 'under the SCFF. During fiscal years 2018-19 and 2017-18, the District's total resident FTES were 12,625 and 12,446, respectively. The growth in FTES is due to growth in the District's Noncredit FTES, which has offset the continued declines in Credit FTES. The graph below depicts the District's five-year trend for FTES:



After the Chancellor's Office calculates the District's base apportionment, it reduces the net amount to be distributed by the amount of property taxes, Education Protection Act funds, and enrollment fees expected to be paid directly to the District. The matrix below lists the four components and illustrates the net effect of the actual receipts for fiscal year 2018-19 as compared to fiscal year 2017-18:

	2019	2018	Difference
Property tax	$ 31,603,413	$ 31,530,969	$ 72,444
Enrollment fees	8,311,511	7,136,370	1,175,141
Apportionment	26,394,877	24,769,464	1,625,413
Education Protection Act	11,781,712	9,597,230	2,184,482
Total	$ 78,091,513	$ 73,034,033	$ 5,057,480

CONDENSED DISTRICT-WIDE FINANCIAL INFORMATION IS AS FOLLOWS:

Condensed Statement of Net Position
as of June 30, 2019 and 2018

	2019	2018	Change
ASSETS			
Current Assets			
Cash and investments	$ 78,066,771	$ 76,260,644	$ 1,806,127
Accounts receivable (net)	15,012,714	11,866,175	3,146,539
Other current assets	5,252,276	3,858,041	1,394,235
Total Current Assets	98,331,761	91,984,860	6,346,901
Capital Assets (net)	148,797,246	153,485,964	(4,688,718)
Total Assets	247,129,007	245,470,824	1,658,183
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	3,293,527	3,527,387	(233,860)
Deferred outflows related to pensions and OPEB	29,335,672	31,605,697	(2,270,025)
Total Deferred Outflows of Resources	32,629,199	35,133,084	(2,503,885)
Total Assets and Deferred Outflows	$ 279,758,206	$ 280,603,908	$ (845,702)
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	$ 16,294,869	$ 15,026,029	$ 1,268,840
Unearned revenues	28,164,105	16,797,589	11,366,516
Current portion of long-term debt	4,669,499	4,806,875	(137,376)
Total Current Liabilities	49,128,473	36,630,493	12,497,980
Long-Term Obligations	182,315,245	187,568,306	(5,253,061)
Total Liabilities	231,443,718	224,198,799	7,244,919
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	15,116,439	13,354,347	1,762,092
NET POSITION			
Net investment in capital assets	82,746,611	84,698,923	(1,952,312)
Restricted	21,913,970	25,780,631	(3,866,661)
Unrestricted deficit	(71,462,532)	(67,428,792)	(4,033,740)
Total Net Position	33,198,049	43,050,762	(9,852,713)
Total Liabilities, Deferred Inflows, and Net Position	$ 279,758,206	$ 280,603,908	$ (845,702)

The preceding schedule has been prepared from the District's Statement of Net Position (page 20) which is presented on the accrual basis of accounting whereby assets are capitalized and depreciated. Cash and investments (above) consist primarily of funds held in the Santa Barbara County Treasury.

Current assets increased by $6.3M while net capital assets decreased by $4.7M. The increase in cash and investments is due primarily to the timing of disbursements between fiscal years. The increase in short-term receivables is primarily due to outstanding receivables from the State's "I Can Afford College" initiative to promote awareness for financial aid. Current liabilities increased by $12.5M mainly due to deferred revenue for funds received for a K-12 Strong Workforce multi-year grant that will commence in 2019-20. The increase in payroll liabilities is related to the timing of payments made for employee health and welfare benefits. Noncurrent liabilities decreased by $5.25M due to the decrease in the net pension liability calculated as part of the GASB Statement No. 68 actuarial report and District's implementation of GASB Statement No. 75 for the recognition of the District's net OPEB liability.

The deferred charge on refunding is related to the District refunding the majority of the Measure V Series A Bond during the year. As part of the refunding, there was initially a $4.1M difference between the amount of cash transferred into the escrow account and the bonds that were being refunded. This amount will be amortized as interest expense over the remaining life of the bonds. Amortization expense for this fiscal year was $233,860. The changes in the deferred inflows and outflows related to pensions are calculated as part of the GASB Statement No. 68 implementation, and will continue to fluctuate from year to year based on the changes in actuarial valuations for the CalPERS and CalSTRS systems.

Condensed Statement of Revenues, Expenses, and Changes in Net Position for the Years Ended June 30, 2019 and 2018

	2019	2018	Change
Operating Revenues			
Tuition and fees	$ 23,809,000	$ 24,032,565	$ (223,565)
Federal, State, and local grants and contracts, noncapital	35,700,988	38,918,327	(3,217,339)
Auxiliary sales and other operating revenues	5,792,222	6,229,282	(437,060)
Total Operating Revenues	65,302,210	69,180,174	(3,877,964)
Operating Expenses			
Salaries and benefits	111,314,234	103,612,590	7,701,644
Supplies, maintenance, and student aid	63,568,819	63,066,795	502,024
Depreciation	6,090,350	6,053,471	36,879
Total Operating Expenses	180,973,403	172,732,856	8,240,547
Loss on Operations	(115,671,193)	(103,552,682)	(12,118,511)
Nonoperating Revenues (Expenses)			
State apportionments	38,176,589	24,769,464	13,407,125
Property taxes	35,757,803	35,503,670	254,133
Other state revenues	3,856,070	3,876,526	(20,456)
Federal and State financial aid grants, noncapital	24,442,769	28,568,136	(4,125,367)
Net interest expense	(1,175,743)	(1,456,829)	281,086
Other net nonoperating revenues	4,619,205	4,669,729	(50,524)
Total Nonoperating Revenue (Expenses)	105,676,693	95,930,696	9,745,997
Other Revenues and (Losses)			
State and local capital income	414,825	1,224,508	(809,683)
Loss on disposal of capital assets	(273,038)	-	(273,038)
Total Other Revenues and (Losses)	141,787	1,224,508	(1,082,721)
Net Change in Net Position	$ (9,852,713)	$ (6,397,478)	$ (3,455,235)

The schedule presented above has been prepared from the Statement of Revenues, Expenses, and Changes in Net Position. State general apportionment, while budgeted for operations, is considered nonoperating revenue according to the Governmental Accounting Standards Board's (GASB) prescribed reporting format. Grant and contracts revenue includes student financial aid, as well as specific Federal and State grants received for programs serving the students of the District.

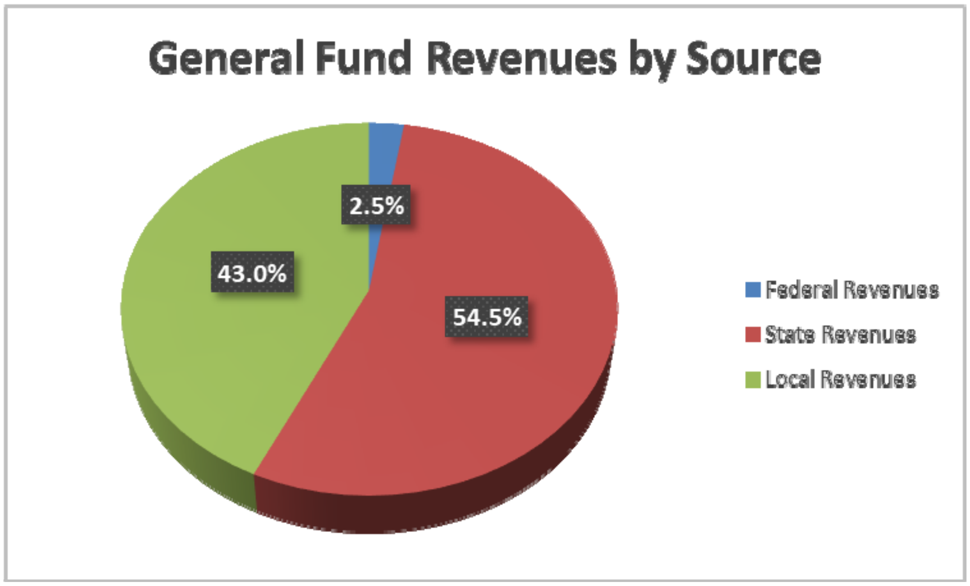
In total, operating expenses increased during 2018-19 primarily due to a seven percent increase to District salary tables. The District also filled a number of positions that had remained vacant. Notably, benefits have been increasing at a higher rate (10.9 percent) than salaries (8.4 percent) due to continuing increases to CalPERS and CalSTRS contributions. The fluctuations in Salaries and Benefits also include changes in pension expenses as calculated under GASB Statement No. 68. While the District experienced a decline in Federal, State, and Local Grants, the District saw growth in State Apportionment revenue due to the implementation of the Student-Centered Funding Formula.

General Fund

While this Management's Discussion and Analysis and the District-wide financial statements report the financial position and results of operations for the District as a whole, the following pie charts are intended to give the reader information specific to the General Fund.

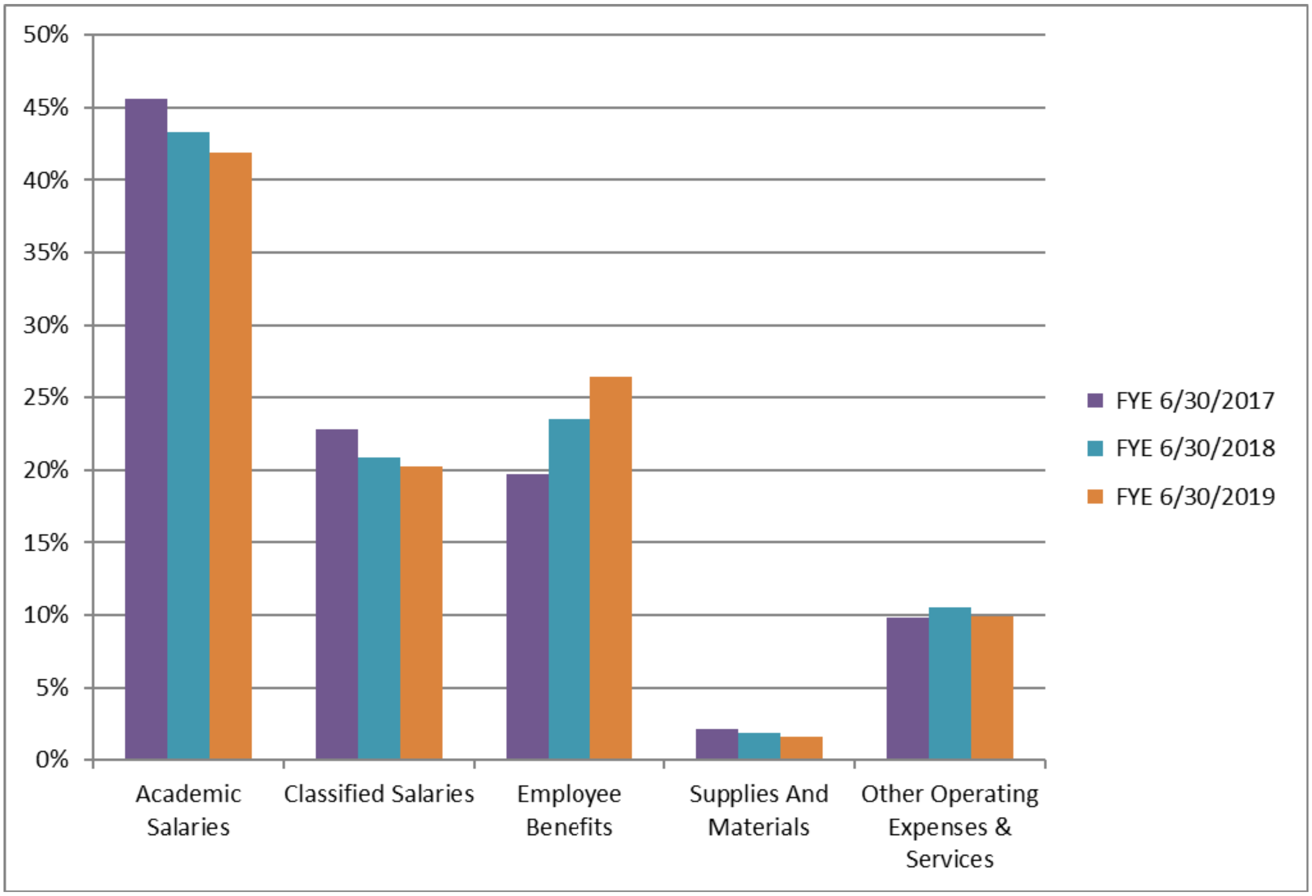
General Fund Revenues by Source

The chart below depicts the District's General Fund total revenues by source:



General Fund Expenditures by Type

The chart below depicts a three year review of the District's General Fund expenditures by type as a percentage of total expenditures before transfers:



As noted above, employee benefits have continued to increase at a higher rate than salaries due primarily to significant increases in required CalPERS and CalSTRS contributions.

The District's expenditures on employee salaries and benefits made up 87.3 percent of the total Unrestricted General Fund expenditures before transfers. This is consistent with 87.2 percent in 2017-18, and slightly lower than the 87.8 percent in 2016-17. While expenditure types as a percentage of total expenditures have remained relatively static. Looking at Salaries and Benefits as a percentage of Revenues before transfers shows that the District has increased salaries and benefits from 85.3 percent in 2016-17 to 88.7 percent in 2018-19.

Expenditures by Activity

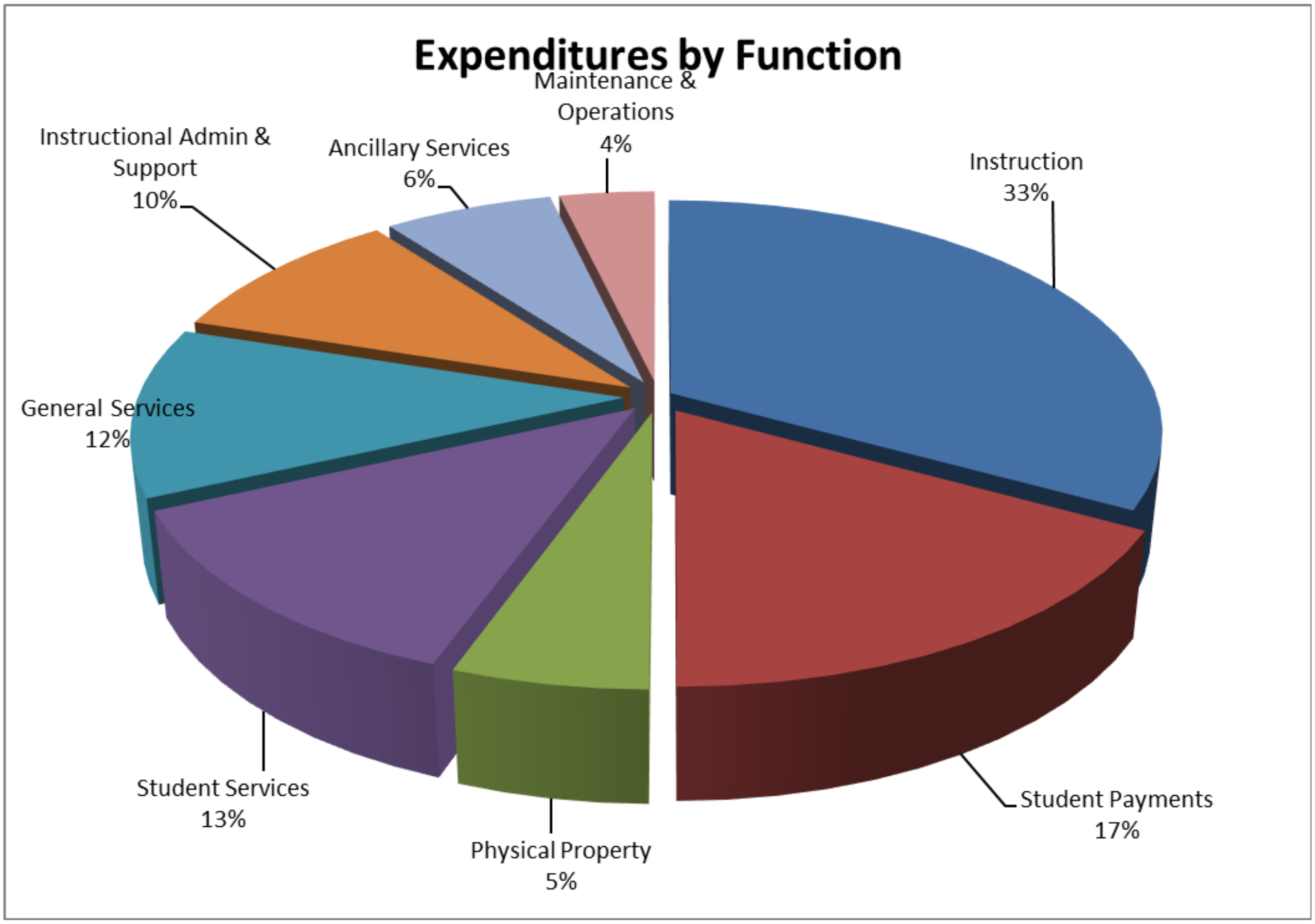
The following table summarizes the District's expenditures by activity for the year ended June 30, 2019:

	Salaries and Employee Benefits	Supplies, Material, and Other Expenses and Services	Equipment, Maintenance, and Repairs	Student Aid	Depreciation	Total
Instruction	$ 59,165,006	$ 2,178,590	$ 400,808	$ -	$ -	$ 61,744,404
Instructional Administration	9,076,102	8,130,001	792,540	-	-	17,998,643
Instructional Support Services	2,403,758	120,085	159,598	-	-	2,683,441
Admissions and Records	1,286,344	15,376	-	-	-	1,301,720
Counseling and Guidance	8,438,328	521,140	7,250	-	-	8,966,718
Other Student Services	7,063,904	6,001,702	49,936	-	-	13,115,542
Operations and Maintenance	4,179,167	2,378,535	80,719	-	-	6,638,421
Planning and Policy Making	1,384,553	268,163	19,932	-	-	1,672,648
General Institutional Services	11,359,333	6,684,470	93,011	-	-	18,136,814
Community Services	1,483,565	228,239	820	-	-	1,712,624
Ancillary Services	5,474,174	6,106,528	27,752	-	-	11,608,454
Student Aid	-	-	-	25,655,107	-	25,655,107
Physical Property and Related Acquisitions	-	67,642	3,580,875	-	-	3,648,517
Depreciation	-	-	-	-	6,090,350	6,090,350
Total	$ 111,314,234	$ 32,700,471	$ 5,213,241	$ 25,655,107	$ 6,090,350	$ 180,973,403

The following pie chart groups the District's expenditures by activity into major functional areas. The chart definitions below identify which activities are included in each major functional area.

Chart Definitions:

- Instruction: Consists of direct instructional expenses.
- Student Payments: Primarily consists of financial aid payments to students.
- Physical Property: Depreciation, Non-capitalized construction and purchases of small equipment.
- Student Services: Includes admissions and records, counseling, and other student service related expenses.
- General Services: Includes planning and policy making, general institutional services, and community services.
- Instructional Admin & Support: Includes administrative expenses related to instruction, the library, and the learning resource center.
- Ancillary Services: Includes expenses related to the child development center, food service, parking, and co-curricular related expenses.
- Maintenance & Operations: Includes building maintenance, grounds maintenance, and custodial services.



Condensed Statement of Cash Flows
for the Years Ended June 30, 2019 and 2018

	2019	2018	Change
Cash Provided by (Used in)			
Operating activities	$ (98,508,255)	$ (89,961,758)	$ (8,546,497)
Noncapital financing activities	101,485,972	99,478,954	2,007,018
Capital financing activities	(2,491,438)	(11,565,964)	9,074,526
Investing activities	1,319,848	700,580	619,268
Net Change in Cash	1,806,127	(1,348,188)	3,154,315
Cash, Beginning of Year	76,260,644	77,608,832	(1,348,188)
Cash, End of Year	$ 78,066,771	$ 76,260,644	$ 1,806,127

The previous schedule has been prepared from the Statement of Cash Flows presented on pages 22 and 23. This statement provides information about cash receipts and cash payments during the fiscal year. It also helps users assess the District's ability to generate positive net cash flows and its ability to meet its obligations as they come due.

The primary operating activities contributing to cash flow are student tuition and fees and Federal, State, and local grants and contracts, while the primary operating activity using cash flow throughout the year is the payment of salaries and benefits.

Even though State apportionment and property taxes are the primary source of District revenue (and cash flow), GASB accounting standards require that these sources of revenue be shown as nonoperating revenue since they come from the general resources of the State and not from the primary users of the District's programs and services (students). Nevertheless, the District depends upon this funding as the primary source of funds to continue operations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District had $234,985,424 in a range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2019, the District's net capital assets were $148,797,246. Capital improvement projects are ongoing throughout the District. These projects are primarily funded through State Construction Act revenues and Deferred Maintenance Funding. Projects are accounted for within the construction in progress account until the project is completed at which time the cost of the buildings and/or improvements will be recorded to the depreciable buildings and improvement category.

Note 6 in the financial statements provides additional information on capital assets. A summary of capital assets is presented below.

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	$ 5,825,507	$ 65,601	$ (466,403)	$ 5,424,705
Buildings and improvements	212,648,071	251,593	-	212,899,664
Equipment	15,110,214	1,550,841	-	16,661,055
Subtotal	233,583,792	1,868,035	(466,403)	234,985,424
Accumulated depreciation	(80,097,828)	(6,090,350)	-	(86,188,178)
	$ 153,485,964	$ (4,222,315)	$ (466,403)	$ 148,797,246

Obligations

At the end of the 2018-2019 fiscal year, the District had $69,344,162 in General Obligation Bonds and loans payable outstanding. The bonds are repaid in annual installments, in accordance with the obligation requirements for each debt issuance, by way of property tax assessments on property within the District's boundaries.

The District is also obligated to employees of the District for vacation, load banking benefits, supplemental employee retirement plan, retiree health payments, and pension obligations.

Note 10 in the financial statements provides additional information on long-term obligations. A summary of long-term obligations is presented below.

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds and loans payable	$ 72,314,428	$ -	$ (2,970,266)	$ 69,344,162
Aggregate net pension liability	105,915,804	-	(2,202,089)	103,713,715
Other long-term obligations	14,144,949	1,089,017	(1,307,099)	13,926,867
Total Long-Term Obligations	$ 192,375,181	$ 1,089,017	$ (6,479,454)	$ 186,984,744
Amount due within one year				$ 4,669,499

Net Pension Liability (NPL)

At year-end, the District has a net pension liability of $103,713,715 versus $105,915,804 last year, a decrease of $2,202,089, or 2.1 percent.

Fund Balances

Fund balance is the difference between fund assets and fund liabilities in the District's funds.

Fund Type	Ending Fund Balance 6/30/18	Ending Fund Balance 6/30/19	Change in Fund Balance
General Fund	32,070,241	29,836,713	(2,233,528)
Bond Interest & Redemption Fund	4,155,519	3,569,307	(586,212)
Capital Projects Funds	20,646,527	17,395,270	(3,251,257)
Enterprise Funds	6,829,911	6,974,555	144,644
Special Revenue Funds	149,566	120,766	(28,800)
Internal Service & Fiduciary Funds	2,900,809	2,323,960	(576,849)
Total	66,752,573	60,220,571	(6,532,002)

Total ending fund balances decreased $6.5M (9.8 percent) from $66.7M to $60.2M. The majority of changes is due to fixed operating expenditures in the General Fund that exceeded revenues by $2.2M, and costs for deferred maintenance projects ($3.25M).

In accordance with Board Policy 6305, the District's board of directors has designated a portion of the Unrestricted General Fund balance as reserves. A reserve fund is an established prudent fiscal management tool, which buffers cash flow fluctuations and provides a resource for contingencies and reasonable yet unforeseen operational needs. The reserve includes 5 percent of annual projected Unrestricted General Fund expenditures, plus funds to cover all banked TLU obligations, plus funds equivalent to any deferrals of the college's State apportionment or 15 percent of annual projected Unrestricted General Fund expenditures, whichever is greater. The Unrestricted General Fund reserve is $21.8M or approximately 21.3 percent of the annual projected Unrestricted General Fund expenditures.

FACTORS THAT MAY AFFECT THE FUTURE

Accreditation

- The District is accredited every six years by the Accrediting Commission of Community and Junior Colleges (ACCJC), a branch of the Western Association of Schools and Colleges. Being an accredited college is of critical importance. This status allows the District to provide Federal financial aid to students, receive Federal funding, grant degrees to students as coming from an accredited institution and articulate courses with other colleges and universities. In January 2016, the ACCJC reaffirmed the District's accreditation status.

- In March 2017, the District filed a follow up report with the ACCJC. On June 23, 2017, the ACCJC issued a letter stating that the District resolved deficiencies and meets the ACCJC Standards. The next report due to ACCJC is the Midterm Report and is due in Fall 2018.

- In October 2018, the District filed the Midterm Report with the ACCJC. On January 25, 2019 the ACCJC issued a letter stating that the District's progress was appropriate and the report was accepted. The next report due to ACCJC is the Institutional Self Evaluation Report and is due February 1, 2021.

State Economy

- The economic position of the District is closely tied to that of the State of California. The District receives over half of its general unrestricted funding through State apportionments, local property taxes, and student enrollment fees. These three sources comprise the District's general apportionment, the main funding support for California community colleges.

- On June 27, 2019 the Governor signed the 2019-20 Budget, which included revisions to the Student-Centered Funding Formula (SCFF) for all California Community Colleges. Initially, the SCFF was to be phased in over three years with the Base Funding Allocation going from 70 percent in fiscal year 2018-19 to 60 percent in fiscal year 2020-21, and the Success Allocation going from 10 percent in 2018-19 to 20 percent in 2020-21. The revised SCFF holds the allocation percentages at 70 percent for Base Funding, 20 percent Supplemental Allocation, and 10 percent Success Allocation. The Success Allocation will be calculated using a three-year average of the number of Success outcomes listed below. Districts will only receive funding for one award per student per fiscal year.

    - Associate degrees granted
    - Associate degrees for transfer granted
    - Baccalaureate degrees granted
    - Credit certificates (16 units or more)
    - Completion of transfer-level mathematics and English courses within first academic year of enrollment
    - Successful transfer to four-year university
    - Completion of nine or more CTE units
    - Attainment of a regional living wage

- The changes to the Student-Centered Funding Formula will result in a reduction of the total outcomes counted at all districts throughout the system. This change will require the Chancellor's Office to recalculate funding rates for these outcomes. These updated rates are not yet available for Districts to use in calculating revenues. The lack of available funding rates is leading to significant uncertainty in the District's revenue budgets.

- The District participates in the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS). The District and the employee each pay a percentage of the employee's salary into one of these systems. The State of California has contributed to these systems as well. The rates that are paid are set by the CalPERS Board for CalPERS and by the State legislature for CalSTRS. Over the years, the employee rates for both systems have not changed, but the CalPERS Board has decreased or increased the employer rate as deemed necessary. At this time, both systems are underfunded in terms of their total liability. The CalPERS Board projected (subject to change) and the State legislature set (in law) rates that are projected to increase to just over 18 percent for CalSTRS and just over 26 percent for CalPERS by fiscal year 2024-25. The 2019-20 State Budget included a significant one-time contribution to both CalSTRS and CalPERS. These contributions resulted in reduced future contribution rates, however the anticipated rate increases still represent a significant future obligation for schools and colleges.

Employer Rates	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
CalSTRS	12.58%	14.43%	16.28%	17.10%	18.10%	18.10%	18.10%	18.10%	18.10%
CalPERS	13.89%	15.80%	18.06%	19.72%	22.70%	24.60%	25.40%	26.10%	26.30%

District Budget

- Based on a simulator provided by the Chancellor's Office in August 2018, the District expected to significantly benefit from the new Student-Centered Funding Formula (SCFF), with an anticipated increase to its Total Computational Revenue of $9.1M for 2018-19. Subsequently, the State determined that there were not sufficient funds to fully fund the SCFF. To respond to this shortfall the Chancellor's Office constrained districts that benefited from the SCFF to a maximum increase in total computational revenue of 8.13 percent. This constraint resulted in the District receiving $1.5M less than what was calculated under the provisions of the SCFF.

- Lower than anticipated revenues from the SCFF, and continued declining enrollment have led the District to have lower than previously projected revenues, and a 2019-20 budgeted deficit of $3.25M in the Unrestricted General Fund. The District has sufficient reserves to fund this budgeted deficit.

- The enacted 2019-20 State budget provided funding for a 3.26 percent COLA. The District has not negotiated salary increases with bargaining units for fiscal year 2019-20.

- In October of 2019, the District's Board of Trustees approved a Supplementary Retirement Plan (SRP) offering for fiscal year 2019-20. The proposed plan offers qualified employees an annuity of 70 percent of their annual salary. Initial estimates indicated that offering an SRP would generate approximately $7M in savings for the District over five years (assuming a 50 percent replacement rate). The District is still in the early stages of this offering and actual savings cannot be determined until after enrollment windows close and the District is able to analyze the employees who accepted the offering.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Santa Barbara Community College District, 721 Cliff Drive, Santa Barbara, California 93109.

SANTA BARBARA COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2019

ASSETS	
Current Assets	
Cash and cash equivalents	$ 7,192,857
Investments	70,873,914
Accounts receivable	12,123,498
Student accounts receivable, net	2,856,623
Due from fiduciary funds	32,593
Prepaid expenses	3,876,343
Inventories	1,375,933
Total Current Assets	98,331,761
Noncurrent Assets	
Nondepreciable capital assets	5,424,705
Depreciable capital assets, net of depreciation	143,372,541
Total Noncurrent Assets	148,797,246
TOTAL ASSETS	247,129,007
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	3,293,527
Deferred outflows of resources related to pensions	29,172,027
Deferred outflows of resources related to OPEB	163,645
TOTAL DEFERRED OUTFLOWS OF RESOURCES	32,629,199
LIABILITIES	
Current Liabilities	
Accounts payable	13,904,186
Accrued interest payable	1,126,104
Due to fiduciary funds	1,264,579
Unearned revenue	28,164,105
Current portion of long-term obligations other than pensions	4,669,499
Total Current Liabilities	49,128,473
Noncurrent Liabilities	
Noncurrent portion of long-term obligations other than pensions	78,601,530
Aggregate net pension obligation	103,713,715
Total Noncurrent Liabilities	182,315,245
TOTAL LIABILITIES	231,443,718
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	15,116,439
NET POSITION	
Net investment in capital assets	82,746,611
Restricted for:	
Debt service	2,443,203
Capital projects	17,395,270
Educational programs	2,075,497
Unrestricted deficit	(71,462,532)
TOTAL NET POSITION	$ 33,198,049

The accompanying notes are an integral part of these financial statements.

SANTA BARBARA COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2019

OPERATING REVENUES	
Student Tuition and Fees	$ 31,141,183
Less: Scholarship discount and allowance	(7,332,183)
Net tuition and fees	23,809,000
Grants and Contracts, Noncapital	
Federal	3,387,813
State	30,802,167
Local	1,511,008
Total grants and contracts, noncapital	35,700,988
Auxiliary Enterprise Sales and Charges	
Campus Store	4,966,680
Center for Lifelong Learning	583,097
Other Operating Revenues	242,445
TOTAL OPERATING REVENUES	65,302,210
OPERATING EXPENSES	
Salaries	79,179,053
Employee benefits	32,135,181
Supplies, materials, and other operating expenses and services	32,700,471
Equipment, maintenance, and repairs	5,213,241
Student financial aid	25,655,107
Depreciation	6,090,350
TOTAL OPERATING EXPENSES	180,973,403
OPERATING LOSS	(115,671,193)
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	38,176,589
Local property taxes, levied for general purposes	31,603,413
Taxes levied for other specific purposes	4,154,390
Federal financial aid grants, noncapital	21,883,002
State financial aid grants, noncapital	2,559,767
State taxes and other revenues	3,856,070
Investment income	1,102,516
Interest expense on capital related debt	(2,319,411)
Investment income on capital asset-related debt	41,152
Transfer from fiduciary funds	484,451
Other nonoperating revenue	4,134,754
TOTAL NONOPERATING REVENUES (EXPENSES)	105,676,693
LOSS BEFORE OTHER REVENUES AND (LOSSES)	(9,994,500)
OTHER REVENUES AND (LOSSES)	
State revenues, capital	364,529
Local revenues, capital	50,296
Loss on disposal of capital assets	(273,038)
TOTAL OTHER REVENUES AND (LOSSES)	141,787
CHANGE IN NET POSITION	(9,852,713)
NET POSITION, BEGINNING OF YEAR	43,050,762
NET POSITION, END OF YEAR	$ 33,198,049

The accompanying notes are an integral part of these financial statements.

SANTA BARBARA COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 22,969,768
Grants and contracts, noncapital	45,778,463
Payments to vendors for supplies and services	(38,239,116)
Payments to or on behalf of employees	(109,144,070)
Payments to students for scholarships and grants	(25,655,107)
Auxiliary enterprise sales and charges	5,781,807
Net Cash Flows From Operating Activities	(98,508,255)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State apportionments	37,141,278
Federal and State financial aid grants	24,442,769
Property taxes	31,603,413
State taxes and other apportionments	3,659,422
Other nonoperating	4,639,090
Net Cash Flows From Noncapital Financing Activities	101,485,972
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(2,006,894)
State revenue, capital projects	364,529
Local revenue, capital projects	50,296
Deferred charges on refunding	233,860
Property taxes - related to capital debt	4,154,390
Principal paid on capital debt	(2,970,266)
Interest paid on capital debt	(2,358,505)
Interest received on capital asset-related debt	41,152
Net Cash Flows From Capital Financing Activities	(2,491,438)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	1,319,848
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,806,127
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	76,260,644
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 78,066,771

The accompanying notes are an integral part of these financial statements.

SANTA BARBARA COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT, Continued
FOR THE YEAR ENDED JUNE 30, 2019

RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	$ (115,671,193)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities	
Depreciation expense	6,090,350
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows	
Receivables, net	(2,138,688)
Inventories	(111,917)
Prepaid expenses	(1,282,318)
Deferred outflows of resources related to pensions and OPEB	2,270,025
Accounts payable and accrued liabilities	1,627,049
Unearned revenue	11,366,516
Compensated absences and teacher load units	(37,127)
Supplemental early retirement program	(840,426)
Aggregate net OPEB liability	659,471
Aggregate net pension obligation	(2,202,089)
Deferred inflows of resources related to pensions	1,762,092
Total Adjustments	17,162,938
Net Cash Flows From Operating Activities	$ (98,508,255)

CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:	
Cash on hand and in banks	$ 7,192,857
Cash with local agency investment fund	27,061
Cash with county treasury	70,846,853
Total Cash and Cash Equivalents	$ 78,066,771

NONCASH TRANSACTIONS	
California College Promise Grant	$ 7,332,183
On behalf payments for benefits	6,939,845
	$ 14,272,028

The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Trust Funds
ASSETS	
Cash and cash equivalents	$ 2,800
Investments	489,905
Accounts receivable	15,643
Due from primary government	1,264,579
Total Assets	1,772,927
LIABILITIES	
Accounts payable	39,013
Due to primary government	32,593
Unearned revenue	17,804
Total Liabilities	89,410
NET POSITION	
Unrestricted	$ 1,683,517

The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Trust Funds
ADDITIONS	
Local revenues	$ 2,989,056
DEDUCTIONS	
Classified salaries	73,774
Books and supplies	807,502
Services and operating expenditures	565,955
Capital outlay	8,433
Total Deductions	1,455,664
OTHER FINANCING USES	
Transfers to primary government	(484,451)
Other uses	(1,425,922)
Total Other Financing Uses	(1,910,373)
Change in Net Position	(376,981)
Net Position - Beginning of Year	2,060,498
Net Position - End of Year	$ 1,683,517

The accompanying notes are an integral part of these financial statements.

NOTE 1 - ORGANIZATION

Santa Barbara Community College District (the District) was established in 1964 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected seven-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one college and two campuses/centers located within Santa Barbara County. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

Financial Reporting Entity

The District has adopted GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units.* This statement amends GASB Statement No. 14, *The Financial Reporting Entity,* to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the District.

The District has analyzed the financial and accountability relationship with the Foundation for Santa Barbara City College (the Foundation) in conjunction with the GASB Statement No. 61 criteria. The Foundation is a separate, not for profit organization, and the District does provide and receive direct benefits to and from the Foundation. However, it has been determined that all criteria under GASB Statement No. 61 have not been met to require inclusion of the Foundation's financial statements in the District's annual report. Information on the Foundation may be requested through the Foundation for the Santa Barbara City College office.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees, noncapital grants and contracts, and auxiliary activities through the Campus Store and Center for Lifelong Learning.

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

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

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

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

Cash and Cash Equivalents

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

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2019, are stated at fair value. Fair value is estimated based on quoted market prices at year end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair value of investments in County and State investment pools are determined by the program sponsor.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $1,301,740 for the year ended June 30, 2019.

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30.

Inventories

Inventories consist primarily of Campus Store merchandise and cafeteria food and supplies held for resale to the students and faculty of the colleges. Inventories are stated at cost, utilizing the lower of cost or market or first-in, first-out (FIFO) method. The cost is recorded as an expense as the inventory is consumed.

Capital Assets and Depreciation

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

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and improvements, 50 years; portable buildings and building equipment, 15 years; land improvements, 10 years; equipment and vehicles, 8 years; technology equipment, 3 years.

Accrued Liabilities and Long-Term Obligations

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

Debt Premiums

Debt premiums are amortized over the life of the bonds using the straight-line method.

Deferred Charges on Bond Refunding

Deferred charges on refunding is amortized using the straight-line method over the remaining life of the new or old debt, whichever is shorter.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt and for pension and OPEB related items.

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Compensated Absences

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

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

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned revenue includes (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

Noncurrent Liabilities

Noncurrent liabilities include bonds and loans payable, compensated absences, teacher load units, supplemental early retirement plan, aggregate net OPEB liability, and the aggregate net pension obligation with maturities greater than one year.

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represent the difference between assets and liabilities. The net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component invested in capital assets.

Restricted: Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The government-wide financial statements report $21,913,970 of restricted net position.

Operating Revenues and Expenses

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

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

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

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

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

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

State Apportionments

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

Property Taxes

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

The voters of the District passed a General Obligation Bond in 2008 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

Scholarships, Discounts, and Allowances

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

Federal Financial Assistance Programs

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

Estimates

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

Interfund Activity

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

Change in Accounting Principles

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The District has implemented the provisions of this Statement as of June 30, 2019.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The District has implemented the provisions of this Statement as of June 30, 2019.

New Accounting Pronouncements

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

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

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018. Early implementation is encouraged.

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

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

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

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

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

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

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

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

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

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

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

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

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

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

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020. Early implementation is encouraged.

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

Investment in Santa Barbara County Treasury

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

Investment in the State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in LAIF is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

General Authorizations

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

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

Authorized Under Debt Agreements

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

Summary of Deposits and Investments

Deposits and investments of the District as of June 30, 2019, consist of the following:

Primary Government	$ 78,066,771
Fiduciary Funds	492,705
Total Deposits and Investments	$ 78,559,476
Cash on hand and in banks	$ 7,173,906
Cash in revolving	21,751
Investments	71,363,819
Total Deposits and Investments	$ 78,559,476

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Santa Barbara County Investment Pool and LAIF.

Specific Identification

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

Investment Type	Book Value	Fair Value	Weighted Average Days to Maturity
Santa Barbara County Investment Pool	$ 71,336,758	$ 71,595,393	289
LAIF	27,061	27,061	173
Total	$ 71,363,819	$ 71,622,454	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Santa Barbara County Investment Pool and LAIF are not required to be rated, nor have they been rated as of June 30, 2019.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, the District's bank balance of $6,289,296 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 4 - FAIR VALUE MEASUREMENTS

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

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

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

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

Uncategorized - Investments in the Santa Barbara County Investment Pool and Local Agency Investment Funds are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2019:

Investment Type	Fair Value	Uncategorized
Santa Barbara County Investment Pool	$ 71,595,393	$ 71,595,393
LAIF	27,061	27,061
Total	$ 71,622,454	$ 71,622,454

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

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The accounts receivable are as follows:

	Primary Government
Federal Government	
Categorical aid	$ 1,848,014
State Government	
Apportionment	1,035,311
Categorical aid	4,600,863
Lottery	813,952
Local Sources	
Interest	15,580
Other local sources	3,809,778
Total	$ 12,123,498
Student receivables	$ 4,158,363
Less allowance for bad debt	(1,301,740)
Student receivables, net	$ 2,856,623

	Fiduciary Funds
Local Sources	
Other local sources	$ 15,643

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Capital Assets Not Being Depreciated				
Land	$ 5,336,616	$ -	$ -	$ 5,336,616
Construction in progress	488,891	65,601	466,403	88,089
Total Capital Assets Not Being Depreciated	5,825,507	65,601	466,403	5,424,705
Capital Assets Being Depreciated				
Buildings	211,990,668	251,593	-	212,242,261
Leasehold improvements	657,403	-	-	657,403
Equipment	15,110,214	1,550,841	-	16,661,055
Total Capital Assets Being Depreciated	227,758,285	1,802,434	-	229,560,719
Total Capital Assets	233,583,792	1,868,035	466,403	234,985,424
Less Accumulated Depreciation				
Buildings	67,077,959	5,251,614	-	72,329,573
Leasehold improvements	542,355	32,870	-	575,225
Equipment	12,477,514	805,866	-	13,283,380
Total Accumulated Depreciation	80,097,828	6,090,350	-	86,188,178
Net Capital Assets	$ 153,485,964	$ (4,222,315)	$ 466,403	$ 148,797,246

Depreciation expense for the year was $6,090,350.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2019, consisted of the following:

	Primary Government
Accrued payroll	$ 7,470,872
Construction payables	257,873
Other vendor payables	6,175,441
Total	$ 13,904,186

	Fiduciary Funds
Other vendor payables	$ 39,013

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2019, consisted of the following:

	Primary Government
Federal financial assistance	$ 14,836
State categorical aid	20,145,069
Other State sources	744,911
Enrollment fees	6,402,498
Other local	856,791
Total	$ 28,164,105

	Fiduciary Funds
Other local	$ 17,804

NOTE 9 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2019, the amounts owed between the primary government and the fiduciary funds were $32,593 and $1,264,579, respectively.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2019 fiscal year, the amount transferred to the primary government from the fiduciary fund amounted to $484,451. No amounts were transferred to the fiduciary funds from the primary government.

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2019 fiscal year consisted of the following:

	Balance July 1, 2018	Additions	Adjustments/ Deductions	Balance June 30, 2019	Due in One Year
Bonds and Loans Payable					
General obligation bonds, 2008 Series A	$ 1,080,000	$ -	$ 1,080,000	$ -	$ -
General obligation bonds, 2008 Series B	11,570,000	-	380,000	11,190,000	380,000
General obligation bonds, 2008 Series C	12,200,000	-	585,000	11,615,000	450,000
General obligation bonds, 2016 Refunding Bonds	36,080,000	-	-	36,080,000	1,070,000
Unamortized bond premium	9,999,192	-	627,092	9,372,100	-
Loans payable	1,385,236	-	298,174	1,087,062	249,216
Total Bonds and Loans Payable	72,314,428	-	2,970,266	69,344,162	2,149,216
Other Liabilities					
Compensated absences	1,981,712	80,469	-	2,062,181	1,337,825
Teacher load units	1,406,832	-	117,596	1,289,236	342,032
Supplemental early retirement plan (SERP)	3,286,303	-	840,426	2,445,877	840,426
Aggregate net other postemployment benefits (OPEB) liability	7,470,102	1,008,548	349,077	8,129,573	-
Aggregate net pension obligation	105,915,804	-	2,202,089	103,713,715	-
Total Other Liabilities	120,060,753	1,089,017	3,509,188	117,640,582	2,520,283
Total Long-Term Obligations	$ 192,375,181	$ 1,089,017	$ 6,479,454	$ 186,984,744	$ 4,669,499

Description of Long-Term Obligations

Payments on the loans payable are paid by the Construction Fund. Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The accrued compensated absences, teacher load units, and the supplemental early retirement plan will be paid by the fund for which the employee worked. Pension expense related to the aggregate net pension obligation will be paid by the fund for which the employee worked. OPEB payments related to the aggregate net OPEB liability are paid by the General Fund.

General obligation bonds were approved by a local election in June 2008. The total amount approved by the voters was $77,242,012. At June 30, 2019, $77,240,000 had been issued, and $58,885,000 was outstanding. Interest rates on the bonds are 1.25 to 5.75 percent.

Bonded Debt

2008 General Obligation Bonds, Series A

During November 2008, the District issued the 2008 General Obligation Bonds, Series 2008A in the amount of $47,000,000. The bonds mature beginning on August 1, 2015 through August 1, 2018, with interest yields ranging from 3.50 to 5.75 percent. At June 30, 2019, the principal outstanding was paid in full.

The bonds are being used for the purposes of financing the costs of renovating, acquiring, construction, repairing, and equipping District buildings and to pay all legal, financial, and contingent costs in connection with the issuance of the bonds. The bonds are general obligations of the District payable solely from the proceeds of ad valorem property taxes. Interest with respect of the bonds accrues from the date of their delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2009.

2008 General Obligation Bonds, Series B

During April 2013, the District issued the 2008 General Obligation Bonds, Series 2008B in the amount of $15,000,000. The bonds mature beginning on August 1, 2009 through August 1, 2038, with interest yields ranging from 1.25 to 5.00 percent. At June 30, 2019, the principal outstanding was $11,190,000 and unamortized premium cost of $969,598. Premium costs are amortized over the life of the bonds as a component of interest expense on the bonds.

The bonds are being used for the purposes of financing the costs of renovating, acquiring, construction, repairing, and equipping District buildings and to pay all legal, financial, and contingent costs in connection with the issuance of the bonds. The bonds are general obligations of the District payable solely from the proceeds of ad valorem property taxes. Interest with respect of the bonds accrues from the date of their delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2014.

2008 General Obligation Bonds, Series C

During January 2016, the District issued the 2008 General Obligation Bonds, Series 2008C in the amount of $15,240,000. The bonds mature beginning on August 1, 2017 through August 1, 2040, with interest yields ranging from 3.15 to 5.00 percent. At June 30, 2019, the principal outstanding was $11,615,000 and unamortized premium cost of $1,465,919. Premium costs are amortized over the life of the bonds as a component of interest expense on the bonds.

The bonds are being used for the purposes of financing the costs of renovating, acquiring, construction, repairing, and equipping District buildings and to pay all legal, financial, and contingent costs in connection with the issuance of the bonds. The bonds are general obligations of the District payable solely from the proceeds of ad valorem property taxes. Interest with respect of the bonds accrues from the date of their delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2016.

2016 General Obligation Refunding Bonds

During January 2016, the District issued the 2016 General Obligation Refunding Bonds in the amount of $36,275,000. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. The refunding resulted in an economic gain of $7,145,343 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.197 percent.

The bonds have a final maturity to occur on August 1, 2033, with interest rates from 3.00 to 5.00 percent. The net proceeds of $44,935,468 (representing the principal amount of $36,275,000 plus premium on issuance of $8,660,468) from the issuance were used to advance refund a portion of the District's outstanding 2008 General Obligation Bonds, Series 2008A and pay the costs associated with the issuance of the refunding bonds. At June 30, 2019, the principal balance outstanding was $36,080,000. Unamortized premium received on issuance of the bonds amounted to $6,936,583 as of June 30, 2019. The issuance resulted in the recognition of deferred charges on refunding of $4,112,037, with a remaining unamortized balance of $3,293,527 as of June 30, 2019.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2018	Redeemed	Bonds Outstanding June 30, 2019
11/18/2008	8/1/2018	3.50%-5.75%	$ 47,000,000	$ 1,080,000	$ 1,080,000	$ -
4/18/2013	8/1/2038	1.25%-5.00%	15,000,000	11,570,000	380,000	11,190,000
1/12/2016	8/1/2040	3.15%-5.00%	15,240,000	12,200,000	585,000	11,615,000
1/12/2016	8/1/2033	3.00%-5.00%	36,275,000	36,080,000	-	36,080,000
				$ 60,930,000	$ 2,045,000	$ 58,885,000

Debt Maturity

The General Obligation Bonds, Series 2008B mature through 2039 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2020	$ 380,000	$ 451,900	$ 831,900
2021	395,000	436,400	831,400
2022	410,000	420,300	830,300
2023	430,000	403,500	833,500
2024	445,000	386,000	831,000
2025-2029	2,500,000	1,653,175	4,153,175
2030-2034	2,990,000	1,168,475	4,158,475
2035-2039	3,640,000	472,750	4,112,750
Total	$ 11,190,000	$ 5,392,500	$ 16,582,500

The General Obligation Bonds, Series 2008C mature through 2041 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2020	$ 450,000	$ 493,950	$ 943,950
2021	-	484,950	484,950
2022	-	484,950	484,950
2023	-	484,950	484,950
2024	-	484,950	484,950
2025-2029	-	2,424,750	2,424,750
2030-2034	-	2,424,750	2,424,750
2035-2039	7,010,000	1,641,125	8,651,125
2040-2041	4,155,000	169,100	4,324,100
Total	$ 11,615,000	$ 9,093,475	$ 20,708,475

The 2016 Refunding General Obligation Bonds mature through 2034 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2020	$ 1,070,000	$ 1,718,800	$ 2,788,800
2021	1,265,000	1,665,775	2,930,775
2022	1,480,000	1,597,150	3,077,150
2023	1,650,000	1,527,150	3,177,150
2024	1,815,000	1,448,775	3,263,775
2025-2029	12,240,000	5,589,500	17,829,500
2030-2034	16,560,000	1,988,050	18,548,050
Total	$ 36,080,000	$ 15,535,200	$ 51,615,200

Loans Payable

On June 21, 2007, the District signed a Promissory Note and Loan Agreement for $1,950,000 with the State of California, Energy Resources Conservation and Development Commission (the Commission), in order to finance energy efficiency projects. The principal and interest at 3.95 percent per annum on the unpaid principal is due and payable in semiannual installments beginning on December 22, 2012. Loan funds are disbursed to the District on a reimbursement basis based on invoices submitted by the District which totaled $1,950,000. At June 30, 2019, the outstanding principal balance on the loan payable was $860,560.

At June 30, 2019, future minimum payments were as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2020	$ 159,323	$ 32,523	$ 191,846
2021	172,376	26,083	198,459
2022	165,763	19,471	185,234
2023	179,252	12,595	191,847
2024	183,846	5,454	189,300
Total	$ 860,560	$ 96,126	$ 956,686

In February 2013, the District signed a Promissory Note and Loan Agreement for $750,000 with the Commission in order to finance energy efficiency projects. The District received the loan disbursement in October 2013. The principal and interest at 1.00 percent per annum on the unpaid principal is due and payable in semiannual installments beginning on December 22, 2013. At June 30, 2019, the outstanding principal balance on the loan payable was $226,502.

At June 30, 2019, future minimum payments were as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2020	$ 89,893	$ 2,046	$ 91,939
2021	90,799	1,140	91,939
2022	45,810	231	46,041
Total	$ 226,502	$ 3,417	$ 229,919

In December 2013, the District signed a Promissory Note and Loan Agreement for $333,114 with Southern California Edison in order to finance energy efficiency projects. The District received the loan disbursement in March 2014. Payments on the unpaid principal are due and payable in monthly installments beginning on April 29, 2014. There is no interest charged on this loan. At June 30, 2019, the outstanding principal balance on the loan payable was paid in full.

Compensated Absences

At June 30, 2019, the liability for compensated absences was $2,062,181.

Teacher Load Units

At June 30, 2019, the liability for teacher load units was $1,289,236.

Supplemental Employee Retirement Plan (SERP)

The District entered into two agreements with Keenan & Associates to provide early retirement incentives for qualifying employees. Each SERP is payable by the District over a five-year period. As of June 30, 2019, the outstanding balance was $2,445,877.

Year Ending June 30,		
2020	$	840,426
2021		840,426
2022		765,025
Total	$	2,445,877

Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2019, the District reported an aggregate net OPEB liability, deferred outflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	OPEB Expense
District Plan	$ 7,683,542	$ 163,645	$ 567,412
Medicare Premium Payment (MPP) Program	446,031	-	(71,586)
Total	$ 8,129,573	$ 163,645	$ 495,826

The details of each plan are as follows:

District Plan

Plan Administration

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

Management of the Plan is vested in the District management.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	23
Active employees	482
	505

Benefits Provided

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

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District's governing board. For fiscal year 2018-2019, the District contributed $277,491 to the Plan, all of which was used for current premiums.

Total OPEB Liability of the District

The District's total OPEB liability of $7,683,542 was measured as of June 30, 2019, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions

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

Inflation	2.75 percent
Salary increases	2.75 percent
Investment rate of return	3.50 percent
Healthcare cost trend rates	4.00 percent

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actual experience study as of July 2018.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	$ 6,952,485
Service cost	582,246
Interest	248,670
Changes of assumptions or other inputs	177,632
Benefit payments	(277,491)
Net change in total OPEB liability	731,057
Balance at June 30, 2019	$ 7,683,542

There were no changes in benefit terms since the previous valuation.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.80 percent to 3.50 percent since the previous valuation.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.50%)	$ 8,270,227
Current discount rate (3.50%)	7,683,542
1% increase (4.50%)	7,164,320

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.00%)	$ 7,133,503
Current healthcare cost trend rate (4.00%)	7,683,542
1% increase (5.00%)	8,210,903

Deferred Outflows of Resources Related to OPEB

At June 30, 2019, the District reported deferred outflows of resources related to OPEB for the following:

	Deferred Outflows of Resources
Changes of assumptions	$ 163,645

Amounts reported as deferred outflows of resources related to the changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 12.7 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2020	$ 13,987
2021	13,987
2022	13,987
2023	13,987
2024	13,987
Thereafter	93,710
	$ 163,645

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

Contributions

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

Net OPEB Liability and OPEB Expense

At June 30, 2019, the District reported a liability of $446,031 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 30, 2017. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities actuarially determined. The District's proportionate share for the measurement periods of June 30, 2018 and June 30, 2017, was 0.1165 percent and 0.1230, respectively, resulting in a net decrease in the proportionate share of 0.0065 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of $(71,586).

Actuarial Methods and Assumptions

The June 30, 2017 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018, using the assumptions listed in the following table:

Measurement Date	June 30, 2018	June 30, 2017
Valuation Date	June 30, 2017	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.87%	3.58%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2017, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 459 or an average of 0.27 percent of the potentially eligible population (171,593).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2017 and 2016, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2018, is 3.87 percent. The MPP Program is funded on a pay-as-you-go basis as described in Note 2, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.87 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2018, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.29 percent from 3.58 percent as of June 30, 2017.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.87%)	$ 493,333
Current discount rate (3.87%)	446,031
1% increase (4.87%)	403,322

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 406,736
Current Medicare costs trend rates (3.7% Part A and 4.1% Part B)	446,031
1% increase (4.7% Part A and 5.1% Part B)	488,293

Aggregate Net Pension Obligation

At June 30, 2019, the liability for the aggregate net pension obligation amounted to $103,713,715. See Note 11 for additional information.

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2019, the District reported the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 59,667,530	$ 17,196,415	$ 11,675,189	$ 6,108,527
CalPERS	44,046,185	11,975,612	3,441,250	6,731,396
Total	$ 103,713,715	$ 29,172,027	$ 15,116,439	$ 12,839,923

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2019, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.28%	16.28%
Required State contribution rate	9.828%	9.828%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above, and the District's total contributions were $6,517,239.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 59,667,530
State's proportionate share of net pension liability associated with the District	34,162,451
Total	$ 93,829,981

The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2018 and June 30, 2017, was 0.0649 percent and 0.0680 percent, respectively, resulting in a net decrease in the proportionate share of 0.0031 percent.

For the year ended June 30, 2019, the District recognized pension expense of $6,108,527. In addition, the District recognized pension expense and revenue of $4,013,318 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 6,517,239	$ -
Net change in proportionate share of net pension liability	1,224,638	8,510,908
Differences between projected and actual earnings on the pension plan investments	-	2,297,577
Differences between expected and actual experience in the measurement of the total pension liability	185,027	866,704
Changes of assumptions	9,269,511	-
Total	$ 17,196,415	$ 11,675,189

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 498,869
2021	(361,993)
2022	(1,927,578)
2023	(506,875)
Total	$ (2,297,577)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 330,824
2021	330,824
2022	330,824
2023	44,664
2024	616,333
Thereafter	(351,905)
Total	$ 1,301,564

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 87,405,948
Current discount rate (7.10%)	59,667,530
1% increase (8.10%)	36,669,689

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2019, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	18.062%	18.062%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above, and the total District contributions were $4,329,011.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $44,046,185. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2018 and June 30, 2017, was 0.1652 percent and 0.1804 percent, respectively, resulting in a net decrease in the proportionate share of 0.0152 percent.

For the year ended June 30, 2019, the District recognized pension expense of $6,731,396. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,329,011	$ -
Net change in proportionate share of net pension liability	-	3,441,250
Differences between projected and actual earnings on the pension plan investments	361,277	-
Differences between expected and actual experience in the measurement of the total pension liability	2,887,506	-
Changes of assumptions	4,397,818	-
Total	$ 11,975,612	$ 3,441,250

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 1,314,045
2021	314,242
2022	(1,007,032)
2023	(259,978)
Total	$ 361,277

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, changes of assumptions be amortized over the EARSL of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.0 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 1,835,520
2021	1,779,363
2022	229,191
Total	$ 3,844,074

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and services

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 64,129,139
Current discount rate (7.15%)	44,046,185
1% increase (8.15%)	27,384,500

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2019, which amounted to $2,855,188 (7.132 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2019. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of operating revenue and employee benefit expense.

Senate Bill 90 (Chapter 33, Statues of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2018-19 contribution on behalf of school employers of $2.246 billion for CalSTRS and $904 million for CalPERS. A proportionate share of these contributions has been recorded in these financial statements.

NOTE 12 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District participates in a joint powers agreement (JPA) with the Alliance of Schools for Cooperative Insurance Programs (ASCIP). ASCIP was established to provide services necessary and appropriate for the development, operation, and maintenance of a self-insurance system for primary general and automobile liability coverage protection for claims against the public educational agencies in California who make up the ASCIP membership.

The general and automobile liability coverage provides up to $5,000,000 in limits less the District's self-insured retention (SIR) of $25,000 per occurrence. Each member district is entitled to cast one vote to elect governing board representative(s) to represent the member district on ASCIP's governing board. The governing board is responsible for establishing premium rates and making budget and operational decisions for ASCIP independent of any influence by the District beyond their board member representation. Each member district shares surpluses and deficits proportionate to their participation in ASCIP.

The relationship between the District and ASCIP is such that ASCIP is not a component unit of the District for financial reporting purposes under the criteria of GASB Statement No. 14, amended by GASB Statements No. 39 and No. 61.

Southern California Community College Districts Joint Powers Authority (SCCCD)

The District participates in an additional banking JPA for workers' compensation self-insurance coverage through the Southern California Community College Districts Joint Powers Authority (SCCCD). SCCCD provides workers' compensation coverage and a reserve to be used toward funding long-term retiree health insurance liabilities for its six member districts. Payments transferred to funds maintained under the JPA are expensed when made. Based upon an actuarial study, District administrators are of the opinion that the procedures for accumulating and maintaining reserves are sufficient to cover future contingencies under potential workers' compensation claims; however, the reserve for retiree health insurance is not yet sufficient to cover future potential payments.

The JPA participates in the Protected Insurance Programs for Schools (PIPS), a pooled risk JPA. The purpose of the program is to provide workers' compensation insurance coverage at competitive group rates.

The relationship between the District and the SCCCD is such that the SCCCD is not a component unit of the District for financial reporting purposes under the criteria of GASB Statement No. 14, amended by GASB Statements No. 39 and No. 61.

Schools Excess Liability Fund (SELF)

The District participates in a joint venture under a JPA with the Schools Excess Liability Fund (SELF). SELF was established to provide excess general and automobile liability coverage. The excess liability limits are designed to follow the primary liability limits provided by ASCIP. Coverage under the current program provides for the payment of covered claims incurred by the District up to $20,000,000 per occurrence. The District absorbs the first $5,000,000 of liability (which is comprised of the District's SIR, ASCIP, and SELF limits). Each member district is assessed a premium in accordance with the joint powers agreement.

The relationship between the District and SELF is such that SELF is not a component unit of the District for financial reporting purposes under the criteria of GASB Statement No. 14, amended by GASB Statements No. 39 and No. 61.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2019.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
Total OPEB Liability		
Service cost	$ 582,246	$ 566,663
Interest	248,670	248,749
Changes of assumptions or other inputs	177,632	-
Benefit payments	(277,491)	(266,818)
Net changes in total OPEB liability	731,057	548,594
Total OPEB Liability - beginning	6,952,485	6,403,891
Total OPEB Liability - ending	$ 7,683,542	$ 6,952,485
Covered payroll	N/A[1]	N/A[1]
District's total OPEB liability as a percentage of covered payroll	N/A[1]	N/A[1]

[1] In The District's OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

See accompanying note to required supplementary information.

SANTA BARBARA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2019

Year ended June 30,	2019	2018
District's proportion of the net OPEB liability	0.1165%	0.1230%
District's proportionate share of the net OPEB liability	$ 446,031	$ 517,617
District's covered-employee payroll	N/A[1]	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.40%	0.01%

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

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

See accompanying note to required supplementary information.

SANTA BARBARA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
CalSTRS		
District's proportion of the net pension liability	0.0649%	0.0680%
District's proportionate share of the net pension liability	$ 59,667,530	$ 62,848,497
State's proportionate share of the net pension liability associated with the District	34,162,451	37,180,640
Total	$ 93,829,981	$ 100,029,137
District's covered-employee payroll	$ 37,347,256	$ 38,566,280
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	159.76%	162.96%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%
CalPERS		
District's proportion of the net pension liability	0.1652%	0.1804%
District's proportionate share of the net pension liability	$ 44,046,185	$ 43,067,307
District's covered-employee payroll	$ 21,791,147	$ 22,024,726
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	202.13%	195.54%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%

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

See accompanying note to required supplementary information.

2017	2016	2015
0.0764%	0.0808%	0.0798%
$ 61,801,366	$ 54,372,346	$ 46,749,600
35,182,415	28,756,977	28,161,175
$ 96,983,781	$ 83,129,323	$ 74,910,775
$ 39,287,661	$ 37,716,059	$ 35,546,073
157.30%	144.16%	131.52%
70%	74%	77%
0.1949%	0.1976%	0.2053%
$ 38,489,418	$ 29,127,988	$ 23,306,549
$ 23,383,017	$ 21,319,599	$ 21,497,297
164.60%	136.63%	108.42%
74%	79%	83%

SANTA BARBARA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
CalSTRS		
Contractually required contribution	$ 6,517,239	$ 5,389,209
Contributions in relation to the contractually required contribution	6,517,239	5,389,209
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 40,032,181	$ 37,347,256
Contributions as a percentage of covered-employee payroll	16.28%	14.43%
CalPERS		
Contractually required contribution	$ 4,329,011	$ 3,384,383
Contributions in relation to the contractually required contribution	4,329,011	3,384,383
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 23,967,506	$ 21,791,147
Contributions as a percentage of covered-employee payroll	18.062%	15.531%

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

See accompanying note to required supplementary information.

2017	2016	2015
$ 4,851,638	$ 4,215,566	$ 3,349,186
4,851,638	4,215,566	3,349,186
$ -	$ -	$ -
$ 38,566,280	$ 39,287,661	$ 37,716,059
12.58%	10.73%	8.88%
$ 3,058,794	$ 2,770,186	$ 2,509,530
3,058,794	2,770,186	2,509,530
$ -	$ -	$ -
$ 22,024,726	$ 23,383,017	$ 21,319,599
13.888%	11.847%	11.771%

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

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

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the Plan's fiduciary net position, and the total OPEB liability. As of June 30, 2019, the District had no assets accumulated in a trust that meets the criteria outlined in paragraph 4 of GASB Statement No. 75 to related OPEB benefits. In the future, as data becomes available, ten years of information will be presented.

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

Changes of Assumptions - Changes of assumptions and other inputs reflect a change in the discount rate from 3.80 percent to 3.50 percent since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net OPEB liability - MPP program and the Plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

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

Changes of Assumptions - The plan rate of investment return assumption was changed from 3.58 percent to 3.87 percent since the previous valuation.

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

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

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions - There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions for Pensions

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

SUPPLEMENTARY INFORMATION

DISTRICT ORGANIZATION
JUNE 30, 2019

Santa Barbara Community College District was established in 1964. There were no changes in the boundaries of the District during the current year. The District's college is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Mr. Robert K. Miller	President	2020
Dr. Peter O. Haslund	Vice-President	2022
Mr. Craig Nielsen	Member	2020
Ms. Kate Parker	Member	2022
Ms. Marsha S. Croninger	Member	2022
Mr. Jonathan Abboud	Member	2022
Ms. Veronica Gallardo	Member	2020

ADMINISTRATION

Dr. Helen Benjamin	Interim, Superintendent/President
Dr. Pamela Ralston	Executive Vice President, Educational Programs
Ms. Lyndsay Maas	Vice President, Business Services
Ms. Marcia Wade	Interim, Vice President, Human Resources
Dr. Paul Bishop	Vice President, Information Technology
Ms. Melissa Moreno	Vice President, School of Extended Learning

See accompanying note to supplementary information.

SANTA BARBARA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed to Subrecipients
U.S. DEPARTMENT OF EDUCATION				
Student Financial Assistance Cluster				
Federal Pell Grant Program	84.063		$ 13,817,161	$ -
Federal Supplemental Educational Opportunity Grants	84.007		294,840	
Federal Direct Student Loans	84.268		7,742,416	-
Federal Work-Study Program	84.033		326,348	-
Total Student Financial Assistance Cluster			22,180,765	-
Title III - STEM	84.031C		902,664	-
Title V - Hispanic Serving Institutions	84.031S		754,897	142,442
Passed through from California Department of Education (CDE)				
Adult Basic Education and ELA	84.002A	14508	162,390	-
Adult Secondary Education	84.002	13978	3,300	-
English Literacy and Civics Education	84.002A	14109	130,207	-
Passed through from California Community Colleges Chancellor's Office (CCCCO)				
CTE Transitions	84.048A	18-C01-053	41,377	-
Career and Technical Education Act, Perkins Title I, Part C	84.048A	18-C01-053	641,055	-
Perkins Title I, Part B Regional Consortium	84.048	13-156	220,000	-
Total U.S. Department of Education			25,036,655	142,442
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through from California Community Colleges Chancellor's Office (CCCCO)				
Temporary Assistance for Needy Families (TANF) Cluster				
Temporary Assistance for Needy Families (TANF)	93.558	[1]	36,238	-
Total TANF Cluster			36,238	-
Foster and Kinship Care Education Program	93.658	[1]	57,163	-
Total U.S. Department of Health and Human Services			93,401	-
U.S. DEPARTMENT OF AGRICULTURE				
Passed through from California Department of Education (CDE)				
Child and Adult Care Food Program	10.558	04381-CACFP-42-CC-IC	19,851	-
NATIONAL SCIENCE FOUNDATION				
Research and Development Cluster				
Passed through The Regents of the University of California, Santa Barbara				
ESTEEM Enhancing Success in Transfer Education for Engineering Majors	47.076	KK1729	92,315	-
Total Research and Development Cluster			92,315	-
U.S. DEPARTMENT OF VETERANS AFFAIRS				
Post-9/11 Veterans Educational Assistance	64.028		8	-
Total Expenditures of Federal Awards			$ 25,242,230	$ 142,442

[1] Pass-Through Entity Identifying Number not available.

See accompanying note to supplementary information.

SANTA BARBARA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Program	Program Revenues: Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Adult Basic ED ESL Grant	$ 633,619	$ -	$ 447,855	$ 548,666	$ 548,666
Veterans Resource Center	31,035	-	52,121	6,454	6,454
California College Promise AB19	583,918	-	504,565	79,353	79,353
Guided Pathways	411,180	-	445,219	269,238	269,238
Student Success Equity	1,231,023	-	280,927	1,446,847	1,446,847
BFAP Board Financial Assistance	498,726	-	-	498,726	498,726
Basic Skills and Student Outcomes	686,568	127,924	-	814,491	814,491
AEBG Data and Accountability	-	-	-	107,201	107,201
Strong Workforce- Local SBCC Yr 2	-	-	425,054	673,041	673,041
K-12 Strong Workforce	10,944,429	-	10,944,429	-	-
Hunger Free Campus Support	-	-	-	29,114	29,114
Hunger Free Campus Support Yr 2	110,594	-	87,186	23,408	23,408
Textbook Affordability Program	12,750	-	33,813	10,326	10,326
Cal Works	181,797	-	-	181,797	181,797
CARE	124,394	-	-	124,394	124,394
Child Development Training	4,225	-	-	4,225	4,225
Regional Data Unlock Sub Award	-	-	6,025	3,732	3,732
CTE Data Unlock Sub Award	-		50,000	-	-
DSN Global Trade and Logistics Augmentation	80,000	-	8,257	71,743	71,743
Disabled Students Programs	1,619,088	-	-	1,619,088	1,619,088
CSEC Foster and Kinship Care Program	70,566	-	-	70,566	70,566
Umoja Community Ed Foundation	32,000	-	31,775	225	225
Extended Opportunity Program and Services	1,331,400	-	-	1,331,400	1,330,966
Financial Aid Media Campaign (even year)	-	4,424,147	-	4,424,147	4,424,147
Financial Aid Media Campaign (odd year)	1,692,616	-	-	1,692,616	1,660,146
Financial Aid Technology	207,456	-	207,456	-	-
Foster and Kinship Care Education Program	-	-	-	70,566	70,566
DSN - Global Trade and Logistics	35,090	-	-	35,090	35,090
AEBG Adult Education Block Grant	-	-	273,515	426,449	426,449
AB 86 Adult Ed Consortium Planning	-	-	-	275,430	275,430
Strong Workforce - Local SBCC	-	-	-	329,063	329,063
Strong Workforce - Local SBCC Yr 3	1,151,682	-	1,151,682	-	-
Strong Workforce - SBCC Regional	-	-	-	298,423	298,423
Strong Workforce - SBCC Regional Year 2	649,153	-	387,440	261,713	261,713
Strong Workforce Regional Consortium Year 2	-	-	-	4,363,620	4,363,620
Strong Workforce Regional Consortium Year 3	5,259,094	-	3,943,092	1,316,002	1,316,002
AEBG - Adult Ed Block Grant	806,350	-	710,282	96,068	96,068
MESA Program (odd year)	-	24,330	-	24,330	24,330
MESA Program (even year)	-	24,462	-	54,268	54,268
Credit Student Success (odd year)	-	-	-	368,598	368,598
Credit Student Success (even year)	2,310,298	-	-	2,310,298	2,310,298
Non-Credit Matriculation SSSP	116,359	-	-	116,359	116,359
Staff Diversity	50,000	-	61,108	21,019	21,019
Child Development Program	127,266	-	-	127,266	127,266
Child and Adult Care Food Program	1,005	-	-	1,005	1,005
California State Preschool Program	95,903	-	-	95,903	95,903
CAL GRANT	1,355,840	-	-	1,355,840	1,339,785
Mental Health Support Allocation	110,103	-	93,268	16,835	16,835
CC Completion Grant	1,203,927	-	-	1,203,927	1,203,927
Total State Program Expenditures	$ 33,759,454	$ 4,600,863	$ 20,145,069	$ 27,198,870	$ 27,149,911

See accompanying note to supplementary information.

SANTA BARBARA COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2019

CATEGORIES	*Revised Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2018 only)			
1. Noncredit	82.12	-	82.12
2. Credit	650.29	-	650.29
B. Summer Intersession (Summer 2019 - Prior to July 1, 2019)			
1. Noncredit	-	-	-
2. Credit	15.89	-	15.89
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	6,666.67	-	6,666.67
(b) Daily Census Contact Hours	535.52	-	535.52
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	1,101.82	-	1,101.82
(b) Credit	1,004.84	-	1,004.84
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	1,738.08	-	1,738.08
(b) Daily Census Procedure Courses	829.81	-	829.81
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	12,625.04	-	12,625.04
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
H. Basic Skills Courses and Immigrant Education			
1. Noncredit	324.93	-	324.93
2. Credit	461.24	-	461.24
CCFS-320 Addendum			
CDCP Noncredit FTES	492.74	-	492.74
Centers FTES			
1. Noncredit**	1,175.14	-	1,175.14
2. Credit	801.31	-	801.31

* Annual report revised as of November 1, 2019.
** Including Career Development and College Preparation (CDCP) FTES.

See accompanying note to supplementary information.

SANTA BARBARA COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2019

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 19,121,313	$ -	$ 19,121,313	$ 19,262,146	$ -	$ 19,262,146
Other	1300	18,555,820	-	18,555,820	18,556,741	-	18,556,741
Total Instructional Salaries		37,677,133	-	37,677,133	37,818,887	-	37,818,887
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	4,894,674	-	4,894,674
Other	1400	-	-	-	1,527,503	-	1,527,503
Total Noninstructional Salaries		-	-	-	6,422,177	-	6,422,177
Total Academic Salaries		37,677,133	-	37,677,133	44,241,064	-	44,241,064
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	16,207,189	-	16,207,189
Other	2300	-	-	-	996,533	-	996,533
Total Noninstructional Salaries		-	-	-	17,203,722	-	17,203,722
Instructional Aides							
Regular Status	2200	2,158,981	-	2,158,981	2,158,981	-	2,158,981
Other	2400	1,091,654	-	1,091,654	1,092,358	-	1,092,358
Total Instructional Aides		3,250,635	-	3,250,635	3,251,339	-	3,251,339
Total Classified Salaries		3,250,635	-	3,250,635	20,455,061	-	20,455,061
Employee Benefits	3000	11,370,446	-	11,370,446	20,706,246	-	20,706,246
Supplies and Material	4000	-	-	-	1,409,095	-	1,409,095
Other Operating Expenses	5000	614,488	-	614,488	10,506,455	-	10,506,455
Equipment Replacement	6420	-	-	-	134,993	-	134,993
Total Expenditures Prior to Exclusions		52,912,702	-	52,912,702	97,452,914	-	97,452,914

See accompanying note to supplementary information.

SANTA BARBARA COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued
FOR THE YEAR ENDED JUNE 30, 2019

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ 334,310	$ -	$ 334,310	$ 334,310	$ -	$ 334,310
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	128,543	-	128,543
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	-	-	-
Objects to Exclude							
Rents and Leases	5060	-	-	-	344,051	-	344,051
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	530,401	-	530,401
Noninstructional Supplies and Materials	4400	-	-	-	4,179	-	4,179
Total Supplies and Materials		-	-	-	534,580	-	534,580

See accompanying note to supplementary information.

SANTA BARBARA COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued
FOR THE YEAR ENDED JUNE 30, 2019

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 58,058	$ -	$ 58,058
Capital Outlay	6000						
Library Books	6300	-	-	-	183,972	-	183,972
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	20,670	-	20,670
Equipment - Replacement	6420	-	-	-	184,278	-	184,278
Total Equipment		-	-	-	204,948	-	204,948
Total Capital Outlay					388,920		388,920
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		334,310	-	334,310	1,788,462	-	1,788,462
Total for ECS 84362, 50 Percent Law		$ 52,578,392	$ -	$ 52,578,392	$ 95,664,452	$ -	$ 95,664,452
Percent of CEE (Instructional Salary Cost/Total CEE)		54.96%		54.96%	100.00%		100.00%
50% of Current Expense of Education					$ 47,832,226		$ 47,832,226

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

There were no adjustments to the Annual Financial and Budget Report (CCFS-311), which required reconciliation to the audited financial statements at June 30, 2019.

See accompanying note to supplementary information.

SANTA BARBARA COMMUNITY COLLEGE DISTRICT

PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT FOR THE YEAR ENDED JUNE 30, 2019

Activity Classification	**Object Code**				**Unrestricted**
EPA Revenue:	8630				$ 11,781,712
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 11,781,712	$ -	$ -	$ 11,781,712
Total Expenditures for EPA		$ 11,781,712	$ -	$ -	$ 11,781,712
Revenues Less Expenditures					$ -

See accompanying note to supplementary information.

SANTA BARBARA COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Total Fund Balance:		
General Funds:		
General Fund - Unrestricted	$ 27,761,216	
General Fund - Restricted	2,075,497	
Debt Service Funds:		
Bond Interest and Redemption	3,569,307	
Special Revenue Funds:		
Food Services	76,559	
Child Development	44,207	
Capital Project Funds:		
Equipment and Construction	17,395,270	
Enterprise Funds:		
Campus Store	6,830,366	
Center for Lifelong Learning	144,189	
Internal Service Funds:		
Self Insurance	319,046	
Other Internal Service	26,248	
Fiduciary Funds:		
Associated Student Body	67,108	
Student Representation Fee Trust	126,903	
Student Financial Aid	295,149	
Scholarship and Loan Trust	197,784	
Other Trust	1,291,722	
Total Fund Balance - All District Funds		**$ 60,220,571**
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	234,985,424	
Accumulated depreciation is	(86,188,178)	
Less fixed assets already recorded in the enterprise funds	(4,625,225)	144,172,021
Amounts held in trust on behalf of others (Trust Funds)		(1,683,517)
In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred.		(1,126,104)

See accompanying note to supplementary information.

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION, Continued
JUNE 30, 2019

Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:		
Pension contributions subsequent to measurement date	$ 10,846,250	
Net change in proportionate share of the net pension liability	1,224,638	
Differences between projected and actual earnings on pension plan investments	361,277	
Differences between expected and actual experience in the measurement of the total pension liability	3,072,533	
Changes of assumptions	13,667,329	
Total Deferred Outflows of Resources Related to Pensions		$ 29,172,027
Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:		
Net change in proportionate share of net pension liability	(11,952,158)	
Differences between projected and actual earnings on pension plan investments	(2,297,577)	
Differences between expected and actual experience in the measurement of the total pension liability	(866,704)	
Total Deferred Inflows of Resources Related to Pensions		(15,116,439)
Deferred outflows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of changes of assumptions and other inputs.		163,645
Deferred charges on refunding (the difference between the reacquisition price and net carrying amount of refunded debt) are capitalized and amortized over the remaining life of the new or old debt (whichever is shorter) and are included with governmental activities.		3,293,527
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds payable, includes premium	68,257,100	
Compensated absences	2,062,181	
Teacher load units	1,289,236	
Supplemental employee retirement plan	2,445,877	
Aggregate net OPEB liability	8,129,573	
Aggregate net pension obligation	103,713,715	(185,897,682)
Total Net Position		**$ 33,198,049**

See accompanying note to supplementary information.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

This schedule provides information about the District's governing board members and administration members as of June 30, 2019.

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (Part 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

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

Description	CFDA Number	Amount
Total Federal Revenues per Statement of Revenues, Expenses, and Changes in Net Position:		$ 25,270,815
Federal Pell Grant Program	84.063	(18,565)
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	(160)
Federal Direct Student Loans	84.268	(9,860)
Total Expenditures of Federal Awards		$ 25,242,230

Schedule of Expenditures of State Awards

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

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

FTES is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019

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

ECS 84362 requires the District to expend a minimum of 50 percent of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

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

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

Reconciliation of Governmental Funds to the Statement of Net Position

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

INDEPENDENT AUDITOR'S REPORTS

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

Board of Trustees
Santa Barbara Community College District
Santa Barbara, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of Santa Barbara Community College District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of This Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 6, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Santa Barbara Community College District
Santa Barbara, California

Report on Compliance for Each Major Federal Program

We have audited Santa Barbara Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2019. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2019.

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Report on Internal Control Over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 6, 2019

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Santa Barbara Community College District
Santa Barbara, California

Report on State Compliance

We have audited Santa Barbara Community College District's (the District) compliance with the types of compliance requirements as identified in the 2018-2019 California Community Colleges Chancellor's Office *District Audit Manual* that could have a direct and material effect on each of the District's State programs as noted below for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with State laws and regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the 2018-2019 California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of the District's compliance with those requirements.

Unmodified Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the State programs noted below that were audited for the year ended June 30, 2019.

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

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

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

The District reports no Apprenticeship Related and Supplemental Instruction (RSI) Funds; therefore, the compliance tests within this section were not applicable.

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

The District does not have any Proposition 1D and 51 State Bond Funded Projects funding; therefore, the compliance tests within this section were not applicable.

Eide Bailly LLP

Rancho Cucamonga, California
December 6, 2019

Schedule of Findings and Questioned Costs

SANTA BARBARA COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	No

Identification of major Federal programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 757,267
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

None reported.

Federal Awards Findings

None reported.

State Awards Findings

None reported.