

Southwestern Community College District

Chula Vista, California

Basic Financial Statements

For the year ended June 30, 2010

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

Southwestern Community College District

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Southwestern Community College District

Introductory Section

Southwestern Community College District is located in Chula Vista, San Diego County. The District presently operates one primary campus in Chula Vista with extension sites in San Ysidro and National City. There have been no changes in the District's boundaries during the current year.

The Governing Board for the fiscal year ended June 30, 2010 was composed of the following members:

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Yolanda Salcido	President	December 2010
Terri Valladolid	Vice President	December 2010
Nick Aguilar	Board Member	December 2012
Jorge Dominguez, Ph.D.	Board Member	December 2010
Jean Roesch, Ed.D.	Board Member	December 2012
Manuel Lopez, Jr.	Student Board Member	May 2010

The Executive and Senior Administration for the fiscal year ended June 30, 2010 was composed of the following members:

<u>Member</u>	<u>Office</u>
Raj K. Chopra, Ph.D.	Superintendent/President
Nicholas C. A. Alioto	Vice-President for Business & Financial Affairs
Michael Kerns	Vice-President for Human Resources
Mark E. Meadows, Ph.D.	Vice-President for Academic Affairs
Angelica Suarez, Ph.D.	Vice-President for Student Affairs

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
of the Southwestern Community College District
Chula Vista, California

We have audited the accompanying financial statements of the business-type and fiduciary funds of the Southwestern Community College District (District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Southwestern Community College District Foundation (Foundation), a discretely presented component unit of the District. Those financial statements were audited by other auditors whose report dated January 12, 2011 has been furnished to us, and our opinion on the basic financial statements of the District, insofar as it relates to the Foundation, is based solely on the report of the other auditors.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2010, the changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Board of Trustees
of the Southwestern Community College District
Chula Vista, California

The accompanying Management's Discussion and Analysis and Schedule of Funding Progress are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on the Required Supplementary Information.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Not-for-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole.

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

The accompanying Combining Balance Sheet, Reconciliation of Combining Balance Sheet to Government-Wide Statement of Net Assets, Combining Schedule of Revenues, Expenditures (Expenses), and Changes in Fund Equity (Net Assets), Reconciliation of Combining Schedule of Revenue, Expenditures (Expenses), and Change in Fund Equity (Net Assets) to Government-Wide Statement of Revenues, Expenses and Changes in Net Assets, Reconciliation of Annual Financial and Budget Report (CCFS-311) with District Accounting System, and Notes to Supplemental Information are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole.



Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Diego, California
February 24, 2011

Southwestern Community College District

Management's Discussion and Analysis

For the year ended June 30, 2010

This section of the Southwestern Community College District's (District) financial statements presents the analysis of the District's financial performance during the fiscal year that ended on June 30, 2010. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Net assets of the District as a whole increased by \$7.0 million due primarily to increases in both operating and non-operating revenue over the prior year.
- Total assets of the District as a whole increased by \$107.3 million primarily due to the 2009 Series issuance of the Proposition R Bond funds occurring in November 2009.
- Capital assets increased by \$1 million due primarily to the construction-in-progress occurring throughout the District.
- The General Fund revenues exceeded expenses by \$666,148 compared to a budgeted deficit of \$5,334,271 primarily due to unexpected additional State funding that was previously reduced.
- Ending General Fund balance at June 30, 2010 was \$13,977,864 or 14.8% of General Fund expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Basic Financial Statements consist of the following four components:

- Management's Discussion and Analysis;
- Financial statements including a Statement of Net Assets, Statement of Activities and Changes in Net Assets, Statement of Cash Flows for the District as a whole, Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Assets ;
- Notes to the financial statements; and
- Supplementary information which includes the reconciliation of Annual Financial and Budget Report (CCFS-311) with the District accounting system and the Schedule of Workload Measures for State General Apportionment.

The *Statement of Net Assets* presents the assets, liabilities, and net assets of the District as of the end of the fiscal year using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector institutions. Net assets, the difference between assets and liabilities, are one way to measure the financial health of the District. The data allows its readers to determine the assets available to continue the operations of the District. The net assets of the District are its assets minus its liabilities and consist of three major categories. The invested in capital assets category represents the District's equity in property, plant, and equipment. Restricted net assets are restricted by use constraints placed on them by outside parties such as agreements, laws, regulations of creditors, other governments or as imposed by laws through constitutional provisions or enabling legislation. Unrestricted net assets are the final category. The District can use unrestricted net assets for any lawful purpose. Although unrestricted, the District's Governing Board may place internal restrictions on these net assets, but it retains the power to change, remove or modify such restrictions.

**Southwestern Community College District
Management's Discussion and Analysis, Continued
For the year ended June 30, 2010**

The *Statement of Activities and Changes in Net Assets* presents the operating results of the District. The purpose of the statement is to present the revenues received by the District, both operating and non-operating, and the expenses paid by the District, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the District.

Changes in total net assets on the Statement of Net Assets are based on the activity presented in the Statement of Activities and Changes in Net Assets. Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the District. Non-operating revenues are revenues received for which goods and services are not provided. For example, state appropriations are non-operating revenue because they are provided by the legislature to the institution without the legislature directly receiving commensurate goods and services for those revenues.

The *Statement of Cash Flows* provides additional information about the District's financial results by reporting the major sources and uses of cash. This information assists readers in assessing the District's ability to generate revenue, meet its obligations as they come due and evaluate its need for external financing. The statement is divided into several parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the District. The second section reflects cash flows from non-capital financing activities and shows the sources and uses of those funds. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section deals with cash flows from investing activities. This section reflects the cash received and spent for short-term investments and any interest paid or received on those investments.

CAPITAL ASSETS

The following table summarizes the District's capital assets, net of accumulated depreciation, and changes therein, for the year ended June 30, 2010. These changes are presented in detail in Note 4 to the financial statements.

	June 30, 2010	June 30, 2009	\$ Change	% Change
Land	\$ 9,703,148	\$ 9,839,823	\$ (136,675)	-1.4%
Improvements	22,576,940	21,304,302	1,272,638	6.0%
Buildings	82,134,464	84,204,600	(2,070,136)	-2.5%
Equipment	1,633,355	1,418,783	214,572	15.1%
Construction in progress	1,913,165	211,160	1,702,005	806.0%
Totals	<u>\$ 117,961,072</u>	<u>\$ 116,978,668</u>	<u>\$ 982,404</u>	<u>0.8%</u>

**Southwestern Community College District
Management's Discussion and Analysis, Continued
For the year ended June 30, 2010**

LONG TERM DEBT

The following table summarizes the District's long term debt and changes therein, for the year ended June 30, 2010. During the year, the District issued \$100,000,000 in 2008 Series A and B General Obligation Bonds. Changes in long term debt are presented in detail in Note 6 to the financial statements.

	Balance at June 30, 2010	Balance at July 1, 2009	\$ Change	% Change
Bonds payable:				
Lease Revenue Bonds	\$ 1,625,000	\$ 1,700,000	\$ (75,000)	-4.4%
GO Bond 2004	12,993,974	12,993,974	-	0.0%
GO Bond 2005	37,310,000	38,165,000	(855,000)	-2.2%
GO Bond 2005, Refunding Series B	31,654,683	33,095,989	(1,441,306)	-4.4%
GO Bond 2008, Series A	10,225,000	-	10,225,000	100.0%
GO Bond 2008, Series B	89,775,000	-	89,775,000	100.0%
Unamortized premium	7,766,446	3,006,344	4,760,102	158.3%
Total bonds payable	\$ 191,350,103	\$ 88,961,307	\$ 102,388,796	115.1%

ECONOMIC FACTORS AND 2010-11 BUDGET

The major economic factors that have an effect on the District's financial condition are directly related to the overall economy of the State of California and any future legislation that may impact the funding of community colleges.

The District's 2010-11 Adopted Budget includes revenue and expense projections based on the best information available to date. To address the current budget reductions requirements, and in the face of potential mid-year cuts, the budget planning groups continue to evaluate the impact of the changes and modify the strategic budget plans accordingly. The Adopted Budget also includes sufficient reserves for the District's stability and security, including a Governing Board reserve of 7%, as well as reserve funds to meet insurance and long-term liability needs.

The District's 2010-2011 General Fund Unrestricted Budget of \$83.4 million decreased \$1.4 million from prior year. Proposition AA and R Bond funds that are separate from the General Fund were included in the budget this year and totaled \$55.3 million. The total District-wide budget for 2010-2011 is \$155.7 million.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report was designed to provide a general overview of the District's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Vice President of Business and Financial Affairs, Southwestern Community College District, 900 Otay Lakes Road, Chula Vista CA 92108.

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BASIC FINANCIAL STATEMENTS

Southwestern Community College District
Statement of Net Assets
June 30, 2010

ASSETS	District	Foundation
Current assets:		
Cash and investments	\$ 17,348,211	\$ 688,551
Accounts receivable	14,293,467	42,844
Inventories	1,368,593	-
Prepaid items	61,317	-
Total current assets	<u>33,071,588</u>	<u>731,395</u>
Noncurrent assets:		
Restricted cash and investments	124,271,830	-
Capital assets, net	117,961,072	-
Unamortized deferred charges	2,199,711	-
Total noncurrent assets	<u>244,432,613</u>	<u>-</u>
Total assets	<u>277,504,201</u>	<u>731,395</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	4,127,050	2,358
Payroll and related liabilities	3,944,015	-
Unearned revenue	4,413,852	-
Due to fiduciary funds	47,704	-
Compensated absences - due within one year	400,000	-
Retirement plan payable - due within than one year	155,000	-
Long-term liabilities - due within one year	3,999,683	-
Total current liabilities	<u>17,087,304</u>	<u>2,358</u>
Noncurrent liabilities:		
Insurance claims payable	88,932	-
Compensated absences - due in more than one year	2,301,617	-
Retirement plan payable - due in more than one year	590,086	-
Net OPEB liability	71,733	-
Long-term liabilities - due in more than one year	187,350,420	-
Total noncurrent liabilities	<u>190,402,788</u>	<u>-</u>
Total liabilities	<u>207,490,092</u>	<u>2,358</u>
Net Assets:		
Invested in capital assets, net of related debt	<u>37,945,552</u>	<u>-</u>
Restricted for:		
Special projects	-	545,179
Capital projects	-	-
Debt service	12,937,247	-
Total restricted	<u>12,937,247</u>	<u>545,179</u>
Unrestricted	<u>19,131,310</u>	<u>183,858</u>
Total net assets	<u>\$ 70,014,109</u>	<u>\$ 729,037</u>

See accompanying notes to basic financial statements.

Southwestern Community College District
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2010

	District	Foundation
OPERATING REVENUES:		
Tuition and fees	\$ 6,946,419	\$ -
Grants and contracts, non-capital:		
Federal	22,625,579	-
State	7,806,237	-
Local	2,240,994	-
Total grants and contracts, non-capital	32,672,810	-
Auxiliary enterprise sales and charges, net	5,390,517	-
Other operating revenues	88,433	286,692
Total operating revenues	45,098,179	286,692
OPERATING EXPENSES:		
Salaries	65,005,708	-
Employee benefits	14,705,253	-
Payments to students	19,476,281	57,850
Supplies, materials, and other expenses	18,175,690	147,571
Utilities	2,371,702	-
Depreciation	3,836,838	-
Total operating expenses	123,571,472	205,421
Operating income (loss)	(78,473,293)	81,271
NONOPERATING REVENUE (EXPENSES):		
State apportionments, non-capital	56,517,049	-
Local property taxes, non-capital	32,585,178	-
Investment income, non-capital	620,524	60,535
Interest expense	(5,195,538)	-
Grants and gifts	8,150	-
Other nonoperating revenues (expenses)	946,298	572
Total nonoperating revenues (expenses), net	85,481,661	61,107
Net change in net assets	7,008,368	142,378
NET ASSETS:		
Beginning of year, as restated (Note 12)	63,005,741	586,659
End of year	\$ 70,014,109	\$ 729,037

See accompanying notes to basic financial statements.

Southwestern Community College District
Statement of Cash Flows
For the year ended June 30, 2010

	District	Foundation
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$ 2,249,042	\$ -
Grants and contracts	32,672,810	-
Payments for supplies and services	(15,652,814)	(195,585)
Payments for utilities	(2,371,702)	-
Payments to/on behalf of employees	(79,017,331)	-
Payments to students	(19,476,281)	(57,850)
Auxiliary enterprise sales and charges	5,390,517	-
Other operating revenues and expenses	131,878	286,692
Net cash provided (used) by operating activities	(76,073,881)	33,257
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
State apportionments	56,517,049	-
Local property taxes	24,396,394	-
Other	1,133,848	572
Net cash provided (used) by noncapital financing activities	82,047,291	572
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Acquisition of capital assets	(4,249,230)	-
Disposition of capital assets	67,580	-
Proceeds from bond issuance	101,212,387	-
Costs of bond issuance	(1,152,221)	-
Principal paid on long-term debt	(75,000)	-
Net cash provided (used) by capital financing activities	95,803,516	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and investment proceeds	620,524	60,535
Cash provided by investing activities	620,524	60,535
Net increase (decrease) in cash and investments	102,397,450	94,364
CASH AND CASH EQUIVALENTS		
Beginning of year	39,222,591	594,187
End of year	\$ 141,620,041	\$ 688,551
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET ASSETS:		
Cash and investments	\$ 17,348,211	\$ 688,551
Restricted cash and investments	124,271,830	-
Total cash and investments	\$ 141,620,041	\$ 688,551

See accompanying notes to basic financial statements.

Southwestern Community College District
Statement of Cash Flows, Continued
For the year ended June 30, 2010

	<u>District</u>	<u>Foundation</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES)		
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (78,473,293)	\$ 81,271
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation	3,836,838	-
Change in assets and liabilities:		
Receivables	(1,750,533)	(33,259)
Inventories	95,588	-
Prepaid items	(56,341)	-
Accounts payable and accrued liabilities	2,483,629	(14,755)
Payroll and related liabilities	213,638	-
Unearned revenue	(2,946,844)	-
Due to fiduciary funds	47,704	-
Insurance claims payable	(4,259)	-
Retirement plan payable	(44,711)	-
Net OPEB obligations	71,733	-
Compensated absences	452,970	-
Net cash provided (used) by operating activities	<u><u>\$ (76,073,881)</u></u>	<u><u>\$ 33,257</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Local Property Taxes	\$ 8,188,784	\$ -
Principal payment of Long-Term Debt	(2,296,306)	-
Interest payment of Long-Term Debt	(5,892,478)	-
Total noncash capital and related financing activities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes to basic financial statements.

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FIDUCIARY FUND FINANCIAL STATEMENTS

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Southwestern Community College District
Statement of Fiduciary Net Assets
June 30, 2010

	Associated Student Trusts	Academic Affairs	Total
ASSETS			
Current assets:			
Cash and investments	\$ 655,221	\$ 445,530	\$ 1,100,751
Accounts receivable	11,885	-	11,885
Due from District	59,183	-	59,183
Other assets	43,983	-	43,983
Total assets	770,272	445,530	1,215,802
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable and accrued liabilities	1,434	440,262	441,696
Due to District	11,372	107	11,479
Deferred revenue	12,792	-	12,792
Deposits payable	6,169	-	6,169
Total liabilities	31,767	440,369	472,136
Net Assets:			
Unrestricted	738,505	5,161	743,666
Total net assets	\$ 738,505	\$ 5,161	\$ 743,666

See accompanying notes to basic financial statements.

Southwestern Community College District
Statement of Changes in Fiduciary Net Assets
For the year ended June 30, 2010

	Associated Student Trusts	Academic Affairs	Total
OPERATING REVENUES:			
Student fees	\$ 295,228	\$ -	\$ 295,228
Other revenues	48,419	9,266	57,685
Total operating revenues	343,647	9,266	352,913
OPERATING EXPENSES:			
Salaries and benefits	109,643	1,113	110,756
Payments to students	-	-	-
Supplies, materials, and other expenses	174,250	11,675	185,925
Depreciation	-	-	-
Total operating expenses	283,893	12,788	296,681
Operating income (loss)	59,754	(3,522)	56,232
TRANSFERS:			
Transfers from District	-	-	-
Total transfers	-	-	-
Net Change in Net Assets	59,754	(3,522)	56,232
NET ASSETS:			
Beginning of year	678,751	8,683	687,434
End of year	\$ 738,505	\$ 5,161	\$ 743,666

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

Southwestern Community College District
Notes to Basic Financial Statements
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Southwestern Community College District (the "District") is a political subdivision of the State of California and provides higher educational services in the County of San Diego, State of California. The District is classified as a state instrumentality under Internal Revenue Code Section 115 and is also classified as a charitable organization under Internal Revenue Code 501(c)(3) and is, therefore, exempt from federal and state income taxes.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, *The Reporting Entity*. The District evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the District to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete.

The financial reporting entity, as defined by GASB, consists of the District, organizations for which the District is financially accountable, and any other organization for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The following criteria regarding financial accountability were considered by the District in its evaluation of District organizations and activities for the year ended June 30, 2010:

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

The District determined that the following organization is a discretely presented component unit:

The Southwestern College Foundation

The Southwestern College Foundation (Foundation) is a California not-for-profit public benefit corporation organized and incorporated in 1982. The Foundation was established for the purpose of receiving and distributing contributed funds to promote the general welfare of the Southwestern Community College District.

B. Basis of Accounting and Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Southwestern Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Basic Financial Statements

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. The basic financial statements include a Statement of Net Assets, Statement of Activities and Change in Net Assets, and Statement of Cash Flows. Fiduciary activities are reported separately but are also included in the District statements.

The basic financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned while expenses are recognized when the liability is incurred. Property taxes are recognized in the year in which they are levied.

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

The District applies all applicable GASB pronouncements (including all National Council on Governmental Accounting (NCGA) Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure. The District applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

C. Cash, Cash Equivalents, and Investments

The District pools its available cash for investment purposes. The District considers pooled cash and investment amounts with original maturities of three months or less to be cash equivalents.

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

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*, the District adheres to certain disclosure requirements, if applicable for deposit and investment risks, that are specified for the following areas:

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

Southwestern Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Restricted Cash, Cash Equivalents and Investments

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

E. Accounts Receivable

Accounts receivable consist of amounts due from the Federal, State and local governments or private resources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. There were no significant receivables, which are not scheduled for collection within one year of year-end.

F. Inventories

Inventories are stated at the lower of cost or market using the first-in, first-out method. The cost is expensed at the time individual inventory items are withdrawn from the stores inventory for consumption.

G. Bond Discounts, Premiums, Issuance Costs and Refunding Losses

In governmental fund types, bond discounts, premiums, issuance costs, and refunding losses are recognized in the period of bond issuance as other financing sources or uses. In the government-wide financial statements, they are amortized over the life of the bond.

H. Compensated Absences

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

I. Capital Assets

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

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

Southwestern Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Capital Assets, Continued

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

<u>Asset</u>	<u>Years</u>
Site improvements	35-60
Buildings	50
Equipment/Vehicles	5-6
Technology equipment	3

Interest accrued during capital assets construction, if any, is capitalized as part of the asset cost.

J. Net Assets

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

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

Unrestricted - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted" net assets.

K. Unearned Revenue

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

L. Property Taxes

The County of San Diego (County) bills and collects property taxes on behalf of numerous special districts and incorporated cities, including the District. The District's collections of current year's taxes are received through periodic apportionments from the County. The County's tax calendar is from July 1 to June 30. Property taxes attach as a lien on property on March 1. Taxes are levied on July 1 and are payable in two equal installments on November 15 and March 15, and become delinquent after December 10 and April 10, respectively.

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

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

Southwestern Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Property Taxes, Continued

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

Property tax revenue is recognized in the fiscal year for which the taxes have been levied based on actual and estimated receipts. Adjustments to estimates are made at the time of final apportionment for the applicable fiscal year. Property taxes received after this date are not considered available as a resource that can be used to finance the current year operations of the District and, therefore, are not recorded as revenue until collected.

M. On-Behalf Payments

GASB Statement No. 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government.

The State of California makes direct on-behalf payments for retirement benefits to the State Teachers Retirement System on behalf of all community college districts in California; however, a fiscal advisory was issued by the California Department of Education instructing districts not to record revenue and expenditures for these on-behalf payments.

N. Classification of Revenues

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

Revenues are classified according to the following criteria:

Operating Revenues

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

Non-operating Revenues

Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources as described in GASB Statement No. 34, such as state appropriations, state and local property taxes and investment income.

Southwestern Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Scholarship Discounts and Allowances

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the District and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell Grants, and other federal, state or non-governmental programs are recorded as operating revenues in the District's financial statements.

P. Use of Estimates

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

2. CASH AND INVESTMENTS

The following is a summary of cash and investments at June 30, 2010:

	Business-Type Activities	Fiduciary Fund Financial Statements	Foundation	Total
Cash and investments	\$ 17,348,211	\$ 1,100,751	\$ 688,551	\$ 19,137,513
Restricted cash and investments	124,271,830	-	-	124,271,830
	<u>\$ 141,620,041</u>	<u>\$ 1,100,751</u>	<u>\$ 688,551</u>	<u>\$ 143,409,343</u>

Cash, cash equivalents, and investments consisted of the following at June 30, 2010:

	District	Foundation	Total
Demand Deposits:			
Cash on hand	\$ 50,000	\$ -	\$ 50,000
Cash in bank accounts	3,249,195	111,594	3,360,789
Total demand deposits	<u>3,299,195</u>	<u>111,594</u>	<u>3,410,789</u>
Investments:			
San Diego County investment pool	40,825,318	-	40,825,318
Certificates of deposit	295,844	-	295,844
US Treasury securities	300,435	-	300,435
Money market funds	-	149,243	149,243
Mutual funds	-	427,714	427,714
Investment contract	98,000,000	-	98,000,000
Total investments	<u>139,421,597</u>	<u>576,957</u>	<u>139,998,554</u>
Total cash and investments	<u>\$ 142,720,792</u>	<u>\$ 688,551</u>	<u>\$ 143,409,343</u>

Southwestern Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

2. CASH AND INVESTMENTS, Continued

San Diego County Investment Pool

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

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

The District is a participant in the County Treasury Pool (County Pool) which is regulated under the oversight of the Treasurer of the County of San Diego. The fair value of the District's investment in the County Pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by the County Pool for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the Pool. Included in the County Pool's investment portfolio are collateralized and negotiable certificates of deposit, floating rate securities issued by federal agencies and corporations, money market funds, repurchase agreements and commercial paper. At June 30, 2010, the Pool's weighted average days to maturity was 425 days.

At June 30, 2010, the District had \$40,825,318 invested in the San Diego County Investment Pool.

Restricted Cash and Investments

As of June 30, 2010, the District had restricted cash and investments totaling \$124,271,830. This amount is restricted to be used for acquisition, construction, renovation, repair and modernization of certain District property and facilities and to refund or advance refund certain obligations of the District.

Credit Risk

The District's investments are not rated by the nationally recognized statistical rating organizations.

Southwestern Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

2. CASH AND INVESTMENTS, Continued

Concentration of Credit Risk

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

Custodial Credit Risk

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

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

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

3. ACCOUNTS RECEIVABLE

The following is a summary of receivables at June 30, 2010:

	<u>District</u>	<u>Foundation</u>
Grants:		
Federal	\$ 1,164,658	\$ -
State	407,754	-
Local	249,969	-
Total grants	<u>1,822,381</u>	-
State Apportionments	10,840,945	-
Lottery Apportionments	1,000,633	-
Other	629,508	42,844
Total	<u><u>\$ 14,293,467</u></u>	<u><u>\$ 42,844</u></u>

Southwestern Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

4. CAPITAL ASSETS

The following summarizes the changes in the various capital asset categories for the year ended June 30, 2010:

	Balance June 30, 2009	Prior Period Adjustments	Additions	Deletions	Transfers	Balance June 30, 2010
Nondepreciable Assets:						
Land	\$ 9,839,823	\$ -	\$ -	\$ -	\$ (136,675)	\$ 9,703,148
Construction in progress	211,160	-	1,913,165	-	(211,160)	1,913,165
Total nondepreciable assets	10,050,983	-	1,913,165	-	(347,835)	11,616,313
Depreciable Assets:						
Site improvements	26,417,377	648,365	1,541,969	-	347,835	28,955,546
Buildings	102,942,338	9	-	(21,891)	-	102,920,456
Equipment	5,246,724	(41,371)	794,096	(927,364)	-	5,072,085
Total depreciable assets, at costs	134,606,439	607,003	2,336,065	(949,255)	347,835	136,948,087
Less accumulated depreciation:						
Site improvements	(5,113,075)	-	(1,265,531)	-	-	(6,378,606)
Buildings	(18,737,738)	-	(2,067,746)	19,492	-	(20,785,992)
Equipment	(3,827,941)	30,589	(503,561)	862,183	-	(3,438,730)
Total accumulated depreciation	(27,678,754)	30,589	(3,836,838)	881,675	-	(30,603,328)
Total depreciable assets, net	106,927,685	637,592	(1,500,773)	(67,580)	347,835	106,344,759
Total capital assets, net	\$ 116,978,668	\$ 637,592	\$ 412,392	\$ (67,580)	\$ -	\$ 117,961,072

Depreciation expense for capital assets for the year ended June 30, 2010 was \$3,836,838.

5. UNEARNED REVENUE

Unearned revenue consists of grant monies, student fees, and other revenues that have been received as of June 30, 2010 for the subsequent 2009-2010 year. As of June 30, 2010, the District's unearned revenue balance consists of the following:

Federal sources	\$ 267,390
State sources	2,549,059
Enrollment fees	1,514,164
Other local sources	83,239
	<u>\$ 4,413,852</u>

Southwestern Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

6. LONG-TERM DEBT

The following is a summary of the changes in long-term debt for the year ended June 30, 2010:

	Balance at July 1, 2009	Prior Period Adjustments	Additions	Deletions	Balance at June 30, 2010	Due within One Year	Due in More Than One Year
Bonds payable:							
Lease Revenue Bonds	\$ 1,700,000	\$ -	\$ -	\$ (75,000)	\$ 1,625,000	\$ 80,000	\$ 1,545,000
GO Bond 2004	12,993,974	-	-	-	12,993,974	-	12,993,974
GO Bond 2005	38,165,000	-	-	(855,000)	37,310,000	965,000	36,345,000
GO Bond 2005, Refunding Series B	33,095,989	-	-	(1,441,306)	31,654,683	1,419,683	30,235,000
GO Bond 2008, Series A	-	-	10,225,000	-	10,225,000	1,535,000	8,690,000
GO Bond 2008, Series B	-	-	89,775,000	-	89,775,000	-	89,775,000
Unamortized premium	3,006,344	4,244,655	1,212,387	(696,940)	7,766,446	-	7,766,446
Total bonds payable	88,961,307	4,244,655	101,212,387	(3,068,246)	191,350,103	3,999,683	187,350,420
Retirement plans payable:							
CalSTRS Retirement Plan	789,797	-	-	(44,711)	745,086	155,000	590,086
Compensated Absences	2,248,647	-	452,970	-	2,701,617	400,000	2,301,617
Total	\$ 91,999,751	\$ 4,244,655	\$ 101,665,357	\$ (3,112,957)	\$ 194,796,806	\$ 4,554,683	\$ 190,242,123

Lease Revenue Bonds

In January 1999, the District entered into a trust indenture with the California Community College Financing Authority to issue lease revenue bonds in order to provide funds for public capital improvements. The bonds consist of Series 1999A bonds of which the District's portion of the issuance was \$4,460,000. Interest is payable April 1 and October 1, commencing on April 1, 1999, at rates ranging from 3.5% to 5.0%. Principal is payable October 1, commencing October 1, 2000 and through the maturity date October 1, 2024.

The District pledged all lease revenue to repay the outstanding principal and interest of the Lease Revenue Bonds. Total principal and interest remaining on the bonds at June 30, 2010 is \$2,261,796. Subsequent to the end of the fiscal year, this amount was refinanced via the issuance of the Lease Revenue Refunding Bonds, Series 2010B. For further information please see Note 13 to the Basic Financial Statements.

The annual requirement for the lease revenue bonds outstanding at June 30, 2010 is as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 80,000	\$ 73,860	\$ 153,860
2012	80,000	70,460	150,460
2013	85,000	66,870	151,870
2014	90,000	62,750	152,750
2015	95,000	58,303	153,303
2016-2020	525,000	222,141	747,141
2021-2025	670,000	82,412	752,412
Total	\$ 1,625,000	\$ 636,796	\$ 2,261,796

Southwestern Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

6. LONG-TERM DEBT, Continued

General Obligation Bonds - 2004

In September 2004, the District authorized the sale and issuance of the 2004 General Obligation Bonds in the amount of \$49,353,974. Proceeds from the sale of the bonds are to be used to finance the renovation of classrooms and other college facilities throughout the District. These bonds were partially refunded in August 2005. Interest on the remaining amount is payable August 1, commencing August 1, 2024 at rates ranging from 2.5% to 5.0%. Principal is payable August 1, commencing August 1, 2024 and through the maturity date August 1, 2029.

The bonds are solely payable from *ad valorem* property taxes levied. The District pledged all *ad valorem* property tax levied and collected to repay the outstanding principal and interest of the General Obligation Bonds - 2004. Total principal and interest remaining on the bonds is \$42,435,000, payable through 2030.

The annual requirements for debt service outstanding at June 30, 2010 are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ -	\$ -	\$ -
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016-2020	-	-	-
2021-2025	1,434,188	3,847,153	5,281,341
2026-2030	11,559,786	25,593,873	37,153,659
Total	\$ 12,993,974	\$ 29,441,026	\$ 42,435,000

General Obligation Bonds - 2005

In January 2005, the District authorized the sale and issuance of 2005 General Obligation Bonds, Refunding of Election 2000, Series 2001 in the amount of \$40,575,000. Proceeds from the sale of the bonds were used to advance refund the entire outstanding principle amount of the District's General Obligation Bonds, Series 2001 and to fund additional capital projects authorized by the initial measure. Interest is payable February 1 and August 1, commencing August 1, 2005 at rates ranging from 3.0% to 5.2%. Principal is payable August 1, commencing August 1, 2005 and through the maturity date August 1, 2025.

The bonds are solely payable from *ad valorem* property taxes levied. The District pledged all *ad valorem* property tax levied and collected to repay the outstanding principal and interest of the General Obligation Bonds - 2005. Total principal and interest remaining on the bonds is \$55,453,513, payable through fiscal year 2026.

Southwestern Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

6. LONG-TERM DEBT, Continued

General Obligation Bonds – 2005, Continued

The annual requirement for debt service payments outstanding at June 30, 2010 is as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 965,000	\$ 1,756,000	\$ 2,721,000
2012	1,085,000	1,719,825	2,804,825
2013	1,220,000	1,673,725	2,893,725
2014	1,370,000	1,621,925	2,991,925
2015	1,520,000	1,564,125	3,084,125
2016-2020	10,440,000	6,465,788	16,905,788
2021-2025	16,490,000	3,236,625	19,726,625
2026	4,220,000	105,500	4,325,500
Total	\$ 37,310,000	\$ 18,143,513	\$ 55,453,513

General Obligation Bonds – 2005 Refunding Series B

In August 2005, the District authorized the sale and issuance of 2005 General Obligation Refunding Bonds, Series B, in the amount of \$37,456,116. Proceeds from the sale of the bonds were used to advance refund a portion of the District's 2004 General Obligation Bonds, Election of 2000, Series 2004. Interest is payable February 1 and August 1, commencing February 1, 2006 at 5.25%. Principal is payable August 1, commencing August 1, 2006 and through the maturity date August 1, 2018. The bonds were issued at a premium of \$5,786,135. In addition, there were \$649,857 of bond issuance costs and a \$947,394 refunding adjustment associated with the partial refunding of the 2004 General Obligation Bonds that are amortized over the life of the bond.

The bonds are solely payable from *ad valorem* property taxes levied. The District pledged all *ad valorem* property tax levied and collected to repay the outstanding principal and interest of the General Obligation Bonds – 2005 Refunding Series B. Total principal, interest, and accretion remaining on the bonds is \$40,221,485, payable through fiscal year 2019.

The annual requirements for debt service and accretion outstanding at June 30, 2010 are as follows:

Year Ending June 30,	Principal	Interest	Accretion	Total
2011	\$ 1,419,683	\$ 1,587,338	\$ 560,159	\$ 3,567,180
2012	2,795,000	1,513,969	-	4,308,969
2013	3,215,000	1,356,206	-	4,571,206
2014	3,670,000	1,175,475	-	4,845,475
2015	4,165,000	969,806	-	5,134,806
2016-2019	16,390,000	1,403,849	-	17,793,849
Total	\$ 31,654,683	\$ 8,006,643	\$ 560,159	\$ 40,221,485

Southwestern Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

6. LONG-TERM DEBT, Continued

General Obligation Bonds – 2008, Series A and B

On October 22, 2009, as authorized by the registered voters of the Southwestern Community College District in the election of November 4, 2008, the District issued \$10,225,000 of Election of 2008 General Obligation Bonds, Series A, and \$89,775,000 of Election of 2008 General Obligation Bonds, Series B bonds. The Series A bonds are tax exempt. The Series B bonds were issued as “Build America Bonds” for purposes of the American Recovery and Reinvestment Act of 2009 (“Recovery Act”). Pursuant to the Recovery Act, the District expects to receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the Series B bonds on or about each interest payment date. The cash payment does not constitute the full faith and credit of the United States, but is required to be paid by the Treasury under the Recovery Act. Interest is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2010 at 5.5%. The bonds are being issued to finance the repair, construction, acquisition and equipping of certain District sites and facilities and to pay costs of issuance with the bonds. The bonds were issued at a premium of \$1,212,387. In addition, there was \$1,152,221 of bond issuance costs which is being amortized over the life of the bond.

The bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of San Diego County is empowered and is obligated to levy *ad valorem* taxes for the payment of interest on and principal of the bonds when due. The District has pledged all *ad valorem* property tax levied and collected to pay repay the outstanding principal and interest of the bonds. Total principal and interest remaining on the bonds as of June 30, 2010 is \$252,669,571.

The annual requirements for debt service outstanding at June 30, 2010 are as follows:

Year Ending June 30,	SERIES A			SERIES B		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 1,535,000	\$ 446,742	\$ 1,981,742	\$ -	\$ 5,565,946	\$ 5,565,946
2012	115,000	474,788	589,788	-	6,401,727	6,401,727
2013	125,000	468,188	593,188	-	6,401,727	6,401,727
2014	255,000	457,738	712,738	-	6,401,727	6,401,727
2015	400,000	439,725	839,725	-	6,401,727	6,401,727
2016-2020	4,535,000	1,621,813	6,156,813	-	32,008,635	32,008,635
2021-2025	3,260,000	185,900	3,445,900	6,735,000	31,403,678	38,138,678
2026-2030	-	-	-	17,035,000	27,085,556	44,120,556
2031-2035	-	-	-	26,610,000	19,360,354	45,970,354
2036-2040	-	-	-	39,395,000	7,543,600	46,938,600
Total	\$ 10,225,000	\$ 4,094,894	\$ 14,319,894	\$ 89,775,000	\$ 148,574,677	\$ 238,349,677

Southwestern Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

6. LONG-TERM DEBT, Continued

California State Teachers' Retirement System (CalSTRS) Retirement Plan

In November 2004, the District provided a retirement incentive under AB1207, The Golden Handshake Additional Service Credit for State Teachers Retirement System Members, as designated by the CalSTRS Retirement Incentive Program. The Program's main feature is the purchase by the District of two years of service credit plus two years of age credit towards retirement for academic employees who meet the qualifications. A total of sixteen retirees qualified for the program, which resulted in an obligation to the District in the amount of \$1,653,201. At June 30, 2010, the outstanding balance of CalSTRS was \$745,086.

Compensated Absences

The District's liability for vested and unpaid compensated absences (accrued vacation) has been accrued and amounts to \$2,701,617.

7. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The District provides post employment health care benefits for eligible retirees. The retiree must have worked for at least ten years (administrators) to fifteen years (classified/academic). The following is a summary description of the current retiree benefit plan:

	Faculty	Classified	Management*
Benefit types provided	Medical and Dental	Medical only	Medical, Dental, and Medicare Part B
Duration of Benefits	Lifetime	Lifetime	Lifetime
Required Service	15 Years	15 Years	10 Years
Minimum Age	55	50	55
Dependent Coverage	No	No	No
College Contribution %	50% (not less than \$1,000 per year)	100%	100%
College Cap	None	\$550 per year after age 65	\$500 per year after age 65**

* Educational administrators hired after 12/31/2003 are not entitled to any District-paid benefits.

** Employees hired prior to 1/1/2004 are not subject to this cap.

Funding Policy

In fiscal year 2008, the District contributed \$1,000,000 to the Community College League of California - Joint Powers Authority (CCLC-JPA) and has adopted a goal of fully funding the plan on a fully projected basis by allowing the \$1,000,000 to grow with interest until it is sufficient to pay all future retiree benefits. The District contributed an additional \$500,000 during fiscal year 2010. At June 30, 2010, the market value of the irrevocable trust was \$2,068,406.

Southwestern Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

7. OTHER POST EMPLOYMENT BENEFITS, Continued

Annual OPEB Cost

For the year ended June 30, 2010, the District's Annual Required Contribution ("ARC") for OPEB was \$766,468. The District's annual OPEB cost, the percentage of annual OPEB cost to be contributed to the plan, and the Net OPEB Obligation are as follows:

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Change in OPEB Assets/ (Liabilities)	Net OPEB Assets/ (Liabilities)
6/30/2008	\$ 824,684	\$ 1,000,000	121%	\$ 175,316	\$ 175,316
6/30/2009	766,468	785,887	103%	19,419	194,735
6/30/2010	766,468	500,000	65%	(266,468)	(71,733)

Most Recent Actuarial Study – Status of Funding Progress

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liabilities	Overfunded (Unfunded) Actuarial Accrued Liabilities	Funded Ratio	Covered Payroll	Overfunded (Unfunded) Actuarial Liabilities as Percentage of Covered Payroll
8/1/2009	\$ 1,389,717	\$ 9,672,114	\$ (8,282,397)	14.37%	\$ 3,872,045	213.90%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

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

Southwestern Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

7. OTHER POST EMPLOYMENT BENEFITS, Continued

The plan's most recent actuarial valuation was performed as of August 1, 2009. In that valuation, the Entry Aged Normal Cost Method was used. The actuarial assumptions included a 7 percent investment rate of return (net of administrative expenses), an annual healthcare cost trend rate of 4 percent, and a 3 percent payroll increase per year. All assumptions reflect an implicit 3 percent general inflation assumption. The District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a rolling basis. The remaining amortization period as of June 30, 2010 was 30 years.

8. EMPLOYEE RETIREMENT SYSTEMS

California State Teachers' Retirement System (CalSTRS)

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

Under State Teachers' Retirement Law, certain early retirement incentives require the employer to pay the present value of the additional benefit, which may be paid on either a current or deferred basis. The District has no obligations to CalSTRS for early retirement incentives granted to terminate employees as of June 30, 2010.

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer rate for fiscal year 2009-2010 was 8.25% of annual payroll. The contribution requirements on the plan members are established by state statute. The District's contributions to CalSTRS for the fiscal year ended June 30, 2010, 2009 and 2008 were \$3,074,710, \$3,072,636, and \$3,078,655, respectively, and equal to 100% of the Annual Required Contributions.

Most Recent Actuarial Study – Status of Funding Progress

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

Southwestern Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

8. EMPLOYEE RETIREMENT SYSTEMS, Continued

California Public Employees' Retirement System (CalPERS)

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

Funding Policy

Active plan members are required to contribute 7.0% of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2009-2010 was 9.428% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$1,966,399, \$2,050,090, and \$2,080,883, respectively, and equal 100% of the annual required contributions.

Most Recent Actuarial Study – Status of Funding Progress

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

On-behalf Payments Made by the State of California

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

Southwestern Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

9. RISK MANAGEMENT

The District's risks management activities include employee dental, property and liability, and worker's compensation insurance programs.

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Claims Liabilities

The increase in Incurred But Not Paid (IBNP) claims is calculated by subtracting an estimate of outstanding claims at June 30, 2009 from an estimate of claims still outstanding at June 30, 2010. The estimate of claims outstanding at June 30, 2010 is based on an actuarial method known as the Bornhuetter-Ferguson Method. The proportion of claims expected to be outstanding is based on completion factors derived from actual District claim lag data. Using this method, the IBNP claims are estimated as the sum, for all prior months, of: expected incurred claims for the months times the proportion of claims expected to be still outstanding.

The following is a summary of the changes in Incurred But Not Paid (IBNP) for the year ended June 30, 2010:

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010	Due within One Year	Due in More Than One Year
Incedured but not paid (IBNP)	\$ 93,191	\$ -	\$ (4,259)	\$ 88,932	\$ -	\$ 88,932

10. JOINT VENTURES (JOINT POWERS AGREEMENT)

The District participates in a joint powers agreement (JPA) entity called the Statewide Association of Community Colleges (SWACC). The relationship between the District and the JPA is such that the JPA is not a component unit of the District. The JPA is governed by a board consisting of a representative from each member district.

SWACC provides liability and property insurance for approximately nineteen community colleges. SWACC is governed by a board comprised of a member of each of the participating districts. The board controls the operation of SWACC, including the selection of management and approval of board members beyond their representation on the board. Each member shares in the surpluses and deficits proportionally to its participation in SWACC.

Southwestern Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

10. JOINT VENTURES (JOINT POWERS AGREEMENT), Continued

This entity has budgeting and financial reporting requirements independent of member units and the financial statements are not presented in these financial statements; however, fund transactions between the entity and the District are included in these statements. The District's share of year-end assets, liabilities or fund equity has not been calculated. The most recently available audited financial statements are as follows:

	June 30, 2009
Assets	\$ 43,932,016
Liabilities	\$ 17,901,413
Net Assets	\$ 26,030,603
Operating revenues	\$ 8,863,186
Operating expenses	\$ 4,645,357
Nonoperating revenues	\$ 1,953,803
Change in net assets	\$ 6,171,632

11. COMMITMENTS AND CONTINGENCIES

Litigation

The District is periodically involved in various litigations. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the District's financial statements.

Sick Leave

Sick leave accumulated without limit for each employee at the rate of one day for each month worked. 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, therefore, 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 recorded in the accompanying financial statements.

The District has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

Construction

In addition to construction amounts in accounts payable and accrued liabilities, the District has construction commitments of approximately \$12,580,000 as of June 30, 2010.

Southwestern Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

12. PRIOR PERIOD ADJUSTMENTS

On July 1, 2009, the District recorded the following prior period adjustments:

District-Wide Financial Statements

The District implemented a capital assets module to its financial software in fiscal year 2009-2010. A detailed inventory was performed and \$637,592 of previously non-capitalized items was found and capitalized as of June 30, 2010.

Unamortized premiums on long term debt had been netted against unamortized deferred charges in prior years. An adjustment was created to separate them and correct the unamortized balances as of June 30, 2010.

Description	Amount
To adjust capital assets	\$ 637,592
To adjust unamortized premium on long term debt	(4,244,655)
To adjust unamortized deferred charges	1,226,890
Total prior period adjustment	\$ (2,380,173)

Accordingly, the net assets as of July 1, 2009, have been restated as follows:

	Net Assets as Previously Reported	Prior Period Adjustments	Net Assets as Restated
Net assets	\$ 65,385,914	\$ (2,380,173)	\$ 63,005,741

13. SUBSEQUENT EVENTS

Issuance of Lease Revenue Refunding Bonds

In January 1999, the District entered into a trust indenture with the California Community College Financing Authority to issue lease revenue bonds in order to provide funds for public capital improvements. The bonds consist of Series 1999A bonds of which the District's portion of the issuance was \$4,460,000. Interest is payable April 1 and October 1, commencing on April 1, 1999, at rates ranging from 3.5% to 5.0%. Principal is payable October 1, commencing October 1, 2000 and through the maturity date October 1, 2024.

The District had pledged all lease revenue to repay the outstanding principal and interest of the Lease Revenue Bonds. Total principal and interest remaining on the bonds as of June 30, 2010 was \$2,261,796, payable through fiscal year 2025.

Southwestern Community College District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

13. SUBSEQUENT EVENTS, Continued

On October 1, 2010 the District, along with two other local California Community College Districts via the California Community College Financing Authority, refinanced these bonds via issuance of the Lease Revenue Bonds, Series 2010B in order to achieve a savings in debt service. The new bonds have a principal amount due of \$1,410,000 with the first payment of \$80,000 due on October 1, 2011 and the final payment due on October 1, 2023. The bonds have coupon rates ranging from 3.0% to 4.0%. As part of the refinancing, additional principal was paid from the existing reserve account in the amount of \$215,000.

**REQUIRED
SUPPLEMENTARY INFORMATION**

Southwestern Community College District
Required Supplementary Information
For the year ended June 30, 2010

1. SCHEDULE OF FUNDING PROGRESS FOR DEFINED BENEFITS PLANS

California State Teachers' Retirement System (CalSTRS)

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

California Public Employees' Retirement System (CalPERS)

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

Other Post Employment Benefits (OPEB)

A schedule of funding progress for the year ended June 30, 2010 including the actuarial valuations is presented below.

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liabilities	Overfunded (Unfunded) Actuarial Accrued Liabilities	Funded Ratio	Covered Payroll	Overfunded (Unfunded) Actuarial Liabilities as Percentage of Covered Payroll
12/1/2005	\$ -	\$ 10,778,362	\$ (10,778,362)	0.00%	\$ 3,434,028	-313.87%
8/1/2009	1,389,717	9,672,114	(8,282,397)	14.37%	3,872,045	-213.90%

SUPPLEMENTAL INFORMATION

Southwestern Community College District
Combining Balance Sheet
June 30, 2010

	General Fund	Prop AA Bond Fund	Prop R Bond Fund	Student Center	Capital Outlay	Bookstore
ASSETS						
Current assets:						
Cash and investments	\$ 13,078,561	\$ -	\$ -	\$ 252,613	\$ 2,475,846	\$ 1,040,523
Accounts receivable	13,906,961	18,922	-	515	4,537	286,073
Student loans receivable	-	-	-	-	-	-
Inventories	130,149	-	-	-	-	1,210,568
Prepaid items	61,317	-	-	-	-	-
Due from other funds	118,504	29	1,587,263	-	-	203,262
Restricted cash and investments	-	13,334,583	98,000,000	-	-	-
Total current assets	27,295,492	13,353,534	99,587,263	253,128	2,480,383	2,740,426
Noncurrent assets:						
Capital assets, net	-	-	-	-	-	179,889
Total noncurrent assets	-	-	-	-	-	179,889
Total assets	\$ 27,295,492	\$ 13,353,534	\$ 99,587,263	\$ 253,128	\$ 2,480,383	\$ 2,920,315
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 2,024,573	\$ 950,698	\$ 481,154	\$ -	\$ 477,168	\$ 176,537
Payroll and related liabilities	3,944,015	-	-	-	-	-
Compensated absences	2,701,617	-	-	-	-	-
Deferred revenue	4,412,819	-	-	-	-	514
Due to other funds	234,604	1,587,263	8,969	14,362	-	83,693
Deposits payable	-	-	-	-	-	-
Total liabilities	13,317,628	2,537,961	490,123	14,362	477,168	260,744
Fund Balances	13,977,864	10,815,573	99,097,140	238,766	2,003,215	2,659,571
Total liabilities and fund balances	\$ 27,295,492	\$ 13,353,534	\$ 99,587,263	\$ 253,128	\$ 2,480,383	\$ 2,920,315

See accompanying Independent Auditor's Report

Cafeteria	ASO Student Clubs	Federal Financial Aid	Student Service Trust Funds	Bond Interest and Redemption Fund	Self Insurance	Total
\$ 62,184	\$ 655,221	\$ 56,402	\$ 445,530	\$ -	\$ 382,082	\$ 18,448,962
74,074	11,885	1,604	-	-	781	14,305,352
-	-	-	-	-	-	-
27,876	-	-	-	-	-	1,368,593
-	-	-	-	-	-	61,317
2,129	59,183	-	-	-	-	1,970,370
-	-	-	-	12,937,247	-	124,271,830
166,263	726,289	58,006	445,530	12,937,247	382,863	160,426,424
93,154	43,983	-	-	-	-	317,026
93,154	43,983	-	-	-	-	317,026
<u>\$ 259,417</u>	<u>\$ 770,272</u>	<u>\$ 58,006</u>	<u>\$ 445,530</u>	<u>\$ 12,937,247</u>	<u>\$ 382,863</u>	<u>\$ 160,743,450</u>

\$ 16,880	\$ 1,434	\$ 40	\$ 440,262	\$ -	\$ -	\$ 4,568,746
-	-	-	-	-	-	3,944,015
-	-	-	-	-	-	2,701,617
519	12,792	-	-	-	-	4,426,644
30,000	11,372	-	107	-	-	1,970,370
-	6,169	-	-	-	-	6,169
47,399	31,767	40	440,369	-	-	17,617,561
212,018	738,505	57,966	5,161	12,937,247	382,863	143,125,889
<u>\$ 259,417</u>	<u>\$ 770,272</u>	<u>\$ 58,006</u>	<u>\$ 445,530</u>	<u>\$ 12,937,247</u>	<u>\$ 382,863</u>	<u>\$ 160,743,450</u>

Southwestern Community College District
Reconciliation of Combining Balance Sheet to Government-Wide Statement of Net Assets
June 30, 2010

Total Fund Balances reported in the Combining Balance Sheet \$ 143,125,889

Amounts reported in the Statement of Net Assets are differently because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.

Government-Wide capital assets	117,961,072
Less enterprise funds capital assets	<u>(273,043)</u>
Total capital assets not reported in the funds	<u>117,688,029</u>

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Insurance claims payable	(88,932)
Retirement plans payable - due within one year	(155,000)
Retirement plans payable - due in more than one year	(590,086)
Net OPEB liability	(71,733)
Long-term liabilities - due within one year	(3,999,683)
Long-term liabilities - due in more than one year	<u>(187,350,420)</u>
Total long-term liabilities not reported in the funds	<u>(192,255,854)</u>

Student activities are fiduciary activities and therefore are not reported in the Government-Wide Statement of Net Assets.

Associated Student Trust	(738,505)
Academic Affairs	<u>(5,161)</u>
Total fiduciary activities	<u>(743,666)</u>

Deferred charges, such as bond issuance costs, net of accumulated amortization, were not a current financial resource and therefore were not reported in the governmental funds.

2,199,711

Net assets \$ 70,014,109

See accompanying Independent Auditor's Report

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Southwestern Community College District
Combining Schedule of Revenues, Expenditures (Expenses) and Changes in Fund Equity (Net Assets)
For the year ended June 30, 2010

	General Fund	Prop AA Bond Fund	Prop R Bond Fund	Student Center	Capital Outlay	Bookstore
OPERATING REVENUES:						
Tuition and fees	\$ 6,769,788	\$ -	\$ -	\$ 176,631	\$ -	\$ -
Federal grant, non-capital	4,757,026	-	-	-	-	-
State grant, non-capital	7,025,519	-	-	-	63,771	-
Local grant, non-capital	2,240,994	-	-	-	-	-
Auxiliary enterprise sales and charges	-	-	-	-	-	3,976,324
Other operating revenues	-	-	-	-	-	-
Total operating revenues	20,793,327	-	-	176,631	63,771	3,976,324
OPERATING EXPENDITURES/EXPENSES:						
Salaries	63,591,348	57,218	6,150	-	-	656,712
Employee benefits	14,298,632	10,804	702	-	-	159,712
Payments to students	719,468	-	-	-	-	-
Supplies, materials, and other expenses	13,340,890	-	-	78,765	-	3,199,748
Utilities	2,371,702	-	-	-	-	-
Depreciation	-	-	-	-	-	54,261
Total operating expenditures/expenses	94,322,040	68,022	6,852	78,765	-	4,070,433
OPERATING REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	(73,528,713)	(68,022)	(6,852)	97,866	63,771	(94,109)
NONOPERATING REVENUE/(EXPENSES):						
State apportionments, non-capital	56,517,049	-	-	-	-	-
Local property taxes, non-capital	18,126,773	-	-	-	-	-
State taxes and other revenues	-	-	-	-	-	-
Investment income	208,314	236,883	25,478	2,420	21,788	60,126
Other non-operating revenue/(expense)	148,579	-	-	-	528,338	-
Grants and gifts	8,150	-	-	-	-	-
Debt service:						
Proceeds from bond issuance	-	-	100,000,000	-	-	-
Premium on bond issuance	-	-	1,212,387	-	-	-
Costs of bond issuance	-	-	(1,152,221)	-	-	-
Principal payment	-	-	-	(75,000)	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlay	-	(3,163,883)	(981,652)	-	(716,099)	-
Total non-operating expenditures/expenses	75,008,865	(2,927,000)	99,103,992	(72,580)	(165,973)	60,126
NET INCOME/LOSS BEFORE TRANSFERS	1,480,152	(2,995,022)	99,097,140	25,286	(102,202)	(33,983)
TRANSFERS:						
Transfers in	10,000	-	-	-	-	-
Transfers out	(824,004)	-	-	-	-	-
Transfers	(814,004)	-	-	-	-	-
Net changes in fund balance/net assets	666,148	(2,995,022)	99,097,140	25,286	(102,202)	(33,983)
FUND EQUITY/NET ASSETS:						
Beginning of year	13,311,716	13,810,595	-	213,480	2,105,417	2,693,554
End of year	\$ 13,977,864	\$ 10,815,573	\$ 99,097,140	\$ 238,766	\$ 2,003,215	\$ 2,659,571

See accompanying Independent Auditor's Report

Cafeteria	ASO Student Clubs	Federal Financial Aid	Student Service Trust Funds	Bond Interest and Redemption Fund	Self Insurance	Total
\$ -	\$ 295,228	\$ -	\$ -	\$ -	\$ -	\$ 7,241,647
-	-	17,868,553	-	-	-	22,625,579
-	-	716,947	-	-	-	7,806,237
-	-	-	-	-	-	2,240,994
1,414,193	-	-	-	-	-	5,390,517
88,433	48,419	-	-	-	-	136,852
<u>1,502,626</u>	<u>343,647</u>	<u>18,585,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,441,826</u>
694,280	107,664	-	-	-	-	65,113,372
212,640	1,979	-	1,113	-	-	14,685,582
-	-	18,756,813	-	-	-	19,476,281
943,435	174,250	-	11,675	-	451	17,749,214
-	-	-	-	-	-	2,371,702
10,709	-	-	-	-	-	64,970
<u>1,861,064</u>	<u>283,893</u>	<u>18,756,813</u>	<u>12,788</u>	<u>-</u>	<u>451</u>	<u>119,461,121</u>
<u>(358,438)</u>	<u>59,754</u>	<u>(171,313)</u>	<u>(12,788)</u>	<u>-</u>	<u>(451)</u>	<u>(74,019,295)</u>
-	-	-	-	-	-	56,517,049
-	-	-	-	14,458,405	-	32,585,178
-	-	-	-	-	-	-
-	-	-	-	61,995	3,520	620,524
(20,000)	-	1,105	9,266	535,256	-	1,202,544
-	-	-	-	-	-	8,150
-	-	-	-	-	-	100,000,000
-	-	-	-	-	-	1,212,387
-	-	-	-	-	-	(1,152,221)
-	-	-	-	(2,296,306)	-	(2,371,306)
-	-	-	-	(5,892,478)	-	(5,892,478)
-	-	-	-	-	-	(4,861,634)
<u>(20,000)</u>	<u>-</u>	<u>1,105</u>	<u>9,266</u>	<u>6,866,872</u>	<u>3,520</u>	<u>177,868,193</u>
<u>(378,438)</u>	<u>59,754</u>	<u>(170,208)</u>	<u>(3,522)</u>	<u>6,866,872</u>	<u>3,069</u>	<u>103,848,898</u>
824,004	-	-	-	-	-	834,004
(10,000)	-	-	-	-	-	(834,004)
<u>814,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>435,566</u>	<u>59,754</u>	<u>(170,208)</u>	<u>(3,522)</u>	<u>6,866,872</u>	<u>3,069</u>	<u>103,848,898</u>
<u>(223,548)</u>	<u>678,751</u>	<u>228,174</u>	<u>8,683</u>	<u>6,070,375</u>	<u>379,794</u>	<u>39,276,991</u>
<u>\$ 212,018</u>	<u>\$ 738,505</u>	<u>\$ 57,966</u>	<u>\$ 5,161</u>	<u>\$ 12,937,247</u>	<u>\$ 382,863</u>	<u>\$ 143,125,889</u>

See accompanying Independent Auditor's Report

Southwestern Community College District
Reconciliation of Combining Schedule of Revenues, Expenditures (Expenses) and Changes in
Fund Equity to Government-Wide Statement of Revenues, Expenses and Changes in Net Assets
For the year ended June 30, 2010

Revenues and other financing sources over (under) expenditures/expenses and other financing uses	\$ 103,848,898
<hr/>	
Amounts reported in the Statement of Activities were different because:	
Governmental funds reported capital outlay as expenditures. Capital outlay expenditures were included in the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	4,861,634
Capital outlay expenditures reported in the governmental funds that were not capitalized on the Government-Wide Statement of Net Assets were reclassified as Supplies, Materials, and Other Expenses.	(677,377)
Disposal of capital assets provided current financial resources to governmental funds, but disposal of capital assets decreased capital assets in the Government-Wide Statement of Net Assets.	(2,604)
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, depreciation was not reported as an expenditure in governmental funds.	(3,771,868)
Repayment of long-term liabilities was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets:	
Retirement plan payable	44,711
Insurance claims payable	4,259
Lease revenue bonds	75,000
General Obligation bonds	2,296,306
Total repayment of long-term liabilities	2,420,276
Amortization expense on unamortized bond premiums is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but does not require the use of current financial resources. Therefore, amortization is not reported as an expenditure in governmental funds.	(696,940)
The issuance of long-term liabilities provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Assets.	(100,000,000)
Governmental funds reported bond premium as a revenue. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the bond premium was allocated over the life of the bond.	(1,212,387)
Governmental funds reported bond issuance costs as an expenditure. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the bond issuance costs were allocated over the lives of the bonds.	1,152,221
Net OPEB liability is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. Therefore, the change in the OPEB liability is not reported as an expenditure in governmental funds.	(71,733)
Amortization expense on unamortized deferred charges is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but does not require the use of current financial resources. Therefore, amortization is not reported as an expenditure in governmental funds.	(179,400)
Student activities are fiduciary activities and therefore are not reported in the government-wide statement of activities.	
Associated Student Trust	(59,754)
Academic Affairs	3,522
Total fiduciary activities	(56,232)
Change in Net Assets	\$ 7,008,368

See accompanying Independent Auditor's Report

SINGLE AUDIT

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Caporicci & Larson, Inc.
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Certified Public Accountants

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

To the Board of Trustees
of the Southwestern Community College District
Chula Vista, California

We have audited the basic financial statements of the Southwestern Community College District (District) as of and for the year ended June 30, 2010, and have issued our report thereon dated February 24, 2011. We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and are reported in a separate letter dated February 24, 2011. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Board of Trustees
of the Southwestern Community College District
Chula Vista, California

Compliance and Other Matters

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

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

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Diego, California
February 24, 2011



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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER MATTERS WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, INTERNAL CONTROL OVER
COMPLIANCE AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees
of the Southwestern Community College District
Chula Vista, California

Compliance and Other Matters

We have audited the compliance of the Southwestern Community College District (District) with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express our opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

To the Board of Trustees
of the Southwestern Community College District
Chula Vista, California

Internal Control Over Compliance

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

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

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

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the District as of and for the year ended June 30, 2010, and have issued our report thereon dated February 24, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as whole.

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

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Diego, California
February 24, 2011

Southwestern Community College District
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2010

Federal Agency	Grant Name/Program Name	CFDA No.	Agency or Pass-Through No.	Expenditure
<u>U.S. Department of Education:</u>				
Direct Programs:				
Financial Aid Cluster:				
	PELL	84.063		\$ 17,127,863
	SEOG	84.007		265,230
	Federal Work Study	84.033		388,570
		Sub-total		17,781,663
	Business & International Education Program	84.153		1,041,370
Passed through the State of California:				
	VTEA	84.048		1,521,260
Passed through San Diego County:				
	VTEA	84.048		45,194
Passed through Sweetwater Union High School District:				
	Gear-Up	84.334		314,600
Direct program:				
	State Fiscal Stabilization Fund - Education State Grant(ARRA)	84.349		466,980
Passed through San Diego Workforce Partnership:				
	State Fiscal Stabilization Fund - Education State Grant(ARRA)	84.349		158,603
		Sub-total		625,583
		Total U.S. Department of Education		21,329,670
<u>U.S. Department of Defense:</u>				
Direct Programs:				
	Procurement Technical Assistance	12.002		304,799
	National Guard Military Operations & Maintenance Proj.	12.401		1,650
		Total U.S. Department of Defense		306,449
<u>U.S. Department of Housing and Urban Development:</u>				
Direct Programs:				
	Hispanic-Servicing Institutions Assisting Communities	14.514		201,053
		Total U.S. Department of Housing and Urban Development		201,053
<u>National Science Foundation:</u>				
Direct Programs:				
	Mathematical & Physical Sciences	47.049		93,278
Passed through the Respiratory Technology Corp:				
	Mathematical & Physical Sciences	47.049		49,256
		Sub-total		142,534
Direct Programs:				
	Geosciences	47.050	0802408	67,588
Passed through Del Mar College:				
	Geosciences	47.050	0801893	36,661
		Sub-total		104,249
Direct programs:				
	Biological Sciences	47.074	0702980	188,891
		National Science Foundation		435,674
<u>U.S. Department of Health & Human Services:</u>				
Direct Programs:				
	Community Services Block Grant	93.570		1,065
		Total U.S. Department of Health & Human Services		1,065
<u>Corporation for National & Community Services:</u>				
Direct Programs:				
	AmeriCorps	94.006		11,172
		Total Corporation for National & Community Services		11,172
		Total expenditures of federal awards		\$ 22,285,083

Southwestern Community College District
Notes to Schedule of Expenditures of Federal Awards
For the year ended June 30, 2010

1. REPORTING ENTITY

The financial reporting entity consists of the primary government, Southwestern Community College District (District), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

2. 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 the United States Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Southwestern Community College District
Schedule of Findings and Questioned Costs
For the year ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Southwestern Community College District (District).
2. Significant deficiencies in internal control disclosed by the audit of the financial statements are reported in a separate letter dated February 24, 2011.
3. No instances of noncompliance material to the financial statements of the District were disclosed during the audit.
4. No significant deficiencies in internal controls relating to the audit of the major federal award programs were identified.
5. The auditors' report on compliance for the major federal award programs for the District expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the District are reported in Part C of this Schedule.
7. The programs tested as major programs:

<u>Major Program</u>	<u>CFDA No.</u>	<u>Expenditures</u>
Geosciences	47.050	\$ 104,249
Biological Sciences	47.074	188,891
Financial Aid Cluster	84.063/84.007/84.033	17,781,663
Total Major Program Expenditures		\$ 18,074,803
Total Federal Award Expenditures		\$ 22,285,083
Percent of Total Federal Award Expenditures		81.11%

8. The threshold for distinguishing Types A and B programs was \$668,552.
9. The Southwestern Community College District was determined to be a high risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Certain deficiencies in internal control over financial reporting that are considered to be significant deficiencies were noted and are reported in a separate letter dated February 24, 2011.

C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

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

Southwestern Community College District
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2010

**D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM
AUDIT**

No findings or questioned costs were noted on the District's major programs for the year ended June 30, 2009.

STATE COMPLIANCE

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

To the Board of Trustees
of the Southwestern Community College District
Chula Vista, California

We have audited the basic financial statements of the Southwestern Community College District (District) for the year ended June 30, 2010 and have issued our report thereon dated February 24, 2011.

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

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

GENERAL DIRECTIVES

State General Apportionment

The District maintains a separate and complete tabulation for each course section reported for state attendance support.

ADMINISTRATION

Salaries of Classroom Instructors (Fifty Percent Law)

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

GANN Limit Calculation

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

To the Board of Trustees
of the Southwestern Community College District
Chula Vista, California

Residency Determination for Credit Courses

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

Students Actively Enrolled

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

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

The District did not claim FTES for the attendance of K-12 pupils who took courses offered by the District, except as allowed under applicable provisions of the California Education Code and Title 5 of the California Code of Regulations.

Apportionment for Instructional Service Agreements/Contracts

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

Enrollment Fee

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

Open Enrollment

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

Student Fees

The District charges mandatory fees based on express statutory authority in accordance with §70902, §76355, and §76365 of the Education Code. During the year 2008-2009, no non-mandatory fees were charged.

STUDENT SERVICES

Uses of Matriculation Funds

The District's expenditures for Matriculation were made in accordance with the Matriculation Plan. Additionally, the District met state matching requirements and has augmented services in existence during the 1986-87 base years.

To the Board of Trustees
of the Southwestern Community College District
Chula Vista, California

California Work Opportunity and Responsibility to Kids (CalWORKs)

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

EDUCATIONAL SERVICES FACILITIES

Scheduled Maintenance Program

The District used funds provided by the State to supplement, not supplant, district deferred maintenance funds, defined as the amount spent in fiscal year 1995-96 for Operation and Maintenance of Plant increased by an amount equal to the State's contribution and the District's match for the Scheduled Maintenance Program for fiscal year 2009-10.

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

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

In our opinion, the District complied with the compliance requirements for the state programs listed and tested above, in all material respects with the aforementioned requirements for the year ended June 30, 2010.

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

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum, LLP
Certified Public Accountants
San Diego, California
February 24, 2011

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**OTHER
SUPPLEMENTARY INFORMATION**

Southwestern Community College District
Other Supplementary Information
Purpose of Schedules
For the year ended June 30, 2010

PURPOSE OF SCHEDULES

Schedule of Workload Measures for Program-Based Funding

Full-time Equivalent Students (FTES) is a measurement of the number of pupils attending classes of the District on a full-time basis. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students throughout the District.

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 audited financial statements.

Southwestern Community College District
Schedule of Workload Measures for State General Apportionment
Annual Actual Attendance
June 30, 2010

	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2009 only)			
1. Noncredit	56	-	56
2. Credit	569	-	569
B. Summer Intersession (Summer 2010 - Prior to July 1, 2010)			
1. Noncredit	8	-	8
2. Credit	962	-	962
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	10,854	-	10,854
(b) Daily Census Contact Hours	1,302	-	1,302
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	562	-	562
(b) Credit	732	-	732
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	425	-	425
(b) Daily Census Contact Hours	637	-	637
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	16,107	-	16,107

Supplemental Information (subset of above information)

E. In-Service Training Courses (FTES)	62	-	62
H. Basic Skills courses and Immigrant Education			
(a) Noncredit	28	-	28
(b) Credit	1,685	-	1,685

CCFS-320 Addendum

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

Southwestern Community College District
Reconciliation of Annual Financial and Budget Report (CCFS-311)
with Audited Financial Statements
For the year ended June 30, 2010

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

	General Fund	Prop AA Fund	Prop R Fund	Student Center	Capital Outlay
Fund balance per the CCFS-311 at June 30, 2010	\$ 13,977,863	\$ 10,815,574	\$ 100,249,360	\$ 238,766	\$ 2,003,214
Audit adjustments	-	-	(1,152,221)	-	-
Miscellaneous adjustments and reclassifications	1	(1)	1	-	1
Net adjustments and reclassifications	1	(1)	(1,152,220)	-	1
Fund balance per the audited fund financial statements at June 30, 2010	\$ 13,977,864	\$ 10,815,573	\$ 99,097,140	\$ 238,766	\$ 2,003,215

Bookstore	Cafeteria	ASO Student Clubs	Federal Financial Aid	Student Service Trust Funds	Bond Interest and Redemption Fund	Self Insurance
\$ 2,659,568	\$ 212,021	\$ 744,673	\$ 57,500	\$ 5,158	\$ 12,937,247	\$ 382,863
-	-	-	-	-	-	-
3	(3)	(6,168)	466	3	-	-
3	(3)	(6,168)	466	3	-	-
\$ 2,659,571	\$ 212,018	\$ 738,505	\$ 57,966	\$ 5,161	\$ 12,937,247	\$ 382,863

Southwestern Community College District
Budget Comparison Schedule - General Fund
For the year ended June 30, 2010

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Federal	\$ 6,664,991	\$ 4,757,026	\$ (1,907,965)
State	60,332,809	63,542,568	3,209,759
Local	31,255,193	27,502,598	(3,752,595)
Total revenues	98,252,993	95,802,192	(2,450,801)
EXPENDITURES:			
Salaries	68,699,846	63,591,348	5,108,498
Employee benefits	15,337,958	14,298,632	1,039,326
Payments to students	856,410	719,468	136,942
Supplies, materials, and other expenses	15,266,376	13,340,890	1,925,486
Utilities	3,106,674	2,371,702	734,972
Total expenditures	103,267,264	94,322,040	8,945,224
REVENUES OVER (UNDER) EXPENDITURES	(5,014,271)	1,480,152	6,494,423
OTHER FINANCING SOURCES (USES):			
Transfers in	175,000	10,000	(165,000)
Transfers out	(495,000)	(824,004)	(329,004)
Total other financing sources (uses)	(320,000)	(814,004)	(494,004)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (5,334,271)	666,148	\$ 6,000,419
FUND EQUITY:			
Beginning of year, as restated		13,311,716	
End of year		\$ 13,977,864	