

SAN FRANCISCO
COMMUNITY COLLEGE DISTRICT

GENERAL OBLIGATION BOND FUNDS

SAN FRANCISCO
COMMUNITO



FINANCIAL SECTION

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bond Funds (Election of 2001, Series A, B, and C and Election of 2005, Series A, B, C, and D) of the District at June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Bond Funds specific to General Obligation Bonds, Election of 2001, Series A, B, and C and Election of 2005, Series A, B, C, and D, and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2014, on our consideration of the District's General Obligation Bond Funds (Election of 2001, Series A, B, and C and Election of 2005, Series A, B, C, and D) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 in considering the District's General Obligation Bond Funds (Election of 2001, Series A, B, and C and Election of 2005, Series A, B, C, and D) internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.


Rancho Cucamonga, California
December 8, 2014

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUNDS
(ELECTION OF 2001, SERIES A, B, AND C AND
ELECTION OF 2005, SERIES A, B, C, AND D)

BALANCE SHEET
JUNE 30, 2014

	2001 Election	2005 Election	Total
ASSETS			
Cash and investments	\$ 143,074	\$ 56,073,412	\$ 56,216,486
Accounts receivable	21,794	65,213	87,007
Due from other funds	1,262,510	-	1,262,510
Total Assets:	<u>\$ 1,427,378</u>	<u>\$ 56,138,625</u>	<u>\$ 57,566,003</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 4,613	\$ 110,502	\$ 115,115
Due to other funds	-	1,262,510	1,262,510
Total Liabilities	<u>4,613</u>	<u>1,373,012</u>	<u>1,377,625</u>
FUND BALANCE			
Restricted	<u>1,422,765</u>	<u>54,765,613</u>	<u>56,188,378</u>
Total Liabilities and Fund Balance	<u>\$ 1,427,378</u>	<u>\$ 56,138,625</u>	<u>\$ 57,566,003</u>

See the accompanying notes to financial statements.

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUNDS
(ELECTION OF 2001, SERIES A, B, AND C AND
ELECTION OF 2005, SERIES A, B, C, AND D)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of San Francisco Community College District (the District) Bond Funds (the Bond Funds) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The Bond Funds account for the financial transactions in accordance with the policies and procedures of the California Community Colleges Budget and Accounting Manual.

Financial Reporting Entity

The financial statements include only the Bond Funds of the District used to account for Proposition 39 Bond projects. These funds were established to account for the expenditures of general obligation bonds issued under the General Obligation Bond Elections of 2001 and 2005. These financial statements are not intended to present

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Investment in County Treasury

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GENERAL OBLIGATION BOND FUNDS
(ELECTION OF 2001, SERIES A, B, AND C AND
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Summary of Deposits and Investments

Deposits and investments as of June 30, 2014, consist of the following:

	<u>Reported Value</u>
Investment with county treasury - San Francisco County	\$ 56,128,99
Investment with fiscal agent	
Total Deposits and Investments	<u><u>\$ \$</u></u>

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUNDS
(ELECTION OF 2001, SERIES A, B, AND C AND
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2014, consist of the following:

Interest	<u>\$ 87,007</u>
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INDEPENDENT AUDITOR'S REPORT



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

Special Trustee and
Citizens' Oversight Committee
San Francisco Community College District
San Francisco, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of San Francisco Community College District (the District) General Obligation Bond Funds (Election of 2001, Series A, B, and C and Election of 2005, Series A, B, C, and D) (the Bond Funds) as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2014.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUNDS
(ELECTION OF 2001, SERIES A, B, AND C AND
ELECTION OF 2005, SERIES A, B, C, AND D)

FINANCIAL STATEMENT FINDINGS
JUNE 30, 2014

The following finding represents a significant deficiency over the Bond funds.

2014-001 Short-Term Borrowing

Criteria

Due to and due from loans are considered short-term borrowings, and current resources should be used to pay these funds back.

Condition

The Election of 2001 Bond funds loaned money to the Election of 2005 Bond funds in the amount of \$1,262,510. This loan has been outstanding for several years.

Questioned Costs

No questioned costs.

Recommendation

For short-term borrowing, ensure that funds get returned within the one year to prevent cash flow restrictions on the fund that lent the money. These funds should be paid from available resources from the Election 2005 Bond funds.

Corrective Action Plan

The District will implement practices and procedures to ensure that inter-fund cash borrowing is periodically evaluated and funds are returned to the appropriate fund(s) within one year to prevent cash flow restrictions on the fund that lent the money.

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GENERAL OBLIGATION BOND FUNDS
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014

There were no audit findings reported in the prior year's Financial Statement Findings.

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COMMUNITY COLLEGE

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
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PERFORMANCE AUDIT
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INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Special Trustee and
Citizens' Oversight Committee
San Francisco Community College District
San Francisco, California


We were engaged to conduct a performance audit of San Francisco Community College District (the District) General Obligation Bond Funds (Election of 2001, Series A, B, and C and Election of 2005, Series A, B, C, and D) for the year ended June 30, 2014.

We conducted our performance audit in accordance with the standards applicable to performance 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 sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended the Bond Funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution.


Rancho Cucamonga, California
December 8, 2014

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUNDS
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AUTHORITY FOR ISSUANCE

The General Obligation Bonds were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code and other applicable provisions of law.

The 2001 Bonds are authorized to be issued by a resolution adopted by the City and County Board of Supervisors adopted on February 25, 2002, pursuant to resolutions of the Board of Trustees of the District adopted on March 27, 2002 (the Series A Resolution), September 30, 2004 (the Series B Resolution), and March 23, 2006 (the Series C Resolution). The District received authorization at an election held on November 6, 2001, to issue Bonds of the District in an aggregate principal amount not to exceed \$195,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2001 Authorization). The District received net proceeds of \$38 million, \$110 million, and \$47 million, respectively, from the Bond Series A, B, and C issuance under the 2001 Authorization.

The 2005 Bonds are authorized to be issued by a resolution adopted by the City and County Board of Supervisors adopted on April 4, 2006, pursuant to resolutions of the Board of Trustees of the District adopted on March 23, 2006 (the Series A Resolution), September 27, 2007 (the Series B Resolution), and February 25, 2010 (the Series C Resolution) and (the Series D Resolution). The District received authorization at an election held on

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JUNE 30, 2014

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2013 to June 30, 2014. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2014, were not reviewed or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2014, for the Bond Funds. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and the Bond Funds as to the approved Bond projects list. We performed the following procedures:

Procedure A - Compliance With the Terms of the Voter Approved General Obligation Bonds and the District's Approved Policies and Procedures

Procedures

1. We will review and evaluate the original bond initiatives placed before the voters for both the 2001 and 2005 bond elections to determine the scope of projects that are approved through the bond. We will review and evaluate the District's approved policies and procedures related to the bond activity. We will select a representative sample of the actual expenditures incurred through the Bond Funds to determine compliances with the bond initiatives and the approved policies and procedures. In the event any questionable expenditures are identified, we will recommend that the District obtain the opinion of legal counsel as to the legality of the expenditure to the Bond Funds.
2. Verify that the expenditures of funds were accounted for separately in the accounting records to allow for accountability.
3. Select all salary transactions and determine, based on personnel or payroll records and time sheet, amounts expended were in support of the 2001 and 2005 bond elections and not for District general administration or operations.

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2. The expenditures of the Bond Funds are accounted for in separate funds in the District's general ledger to allow for accountability.
3. All salaries expended in the Bond Funds were in support of the 2001 and 2005 bond elections and not for District general administration or operations.

Procedure B - Compliance With Regulations Related to Bid Procedures as Provided Within State Code Sections Related to Community Colleges and Board Approved Policies

Procedure

We will review the District's policies related to contract bid requirements and select a representative sample of project contracts during the 2013-2014 fiscal year that are subject to the bid requirements. We will assess the compliance with the California Public Contract Code Section 20651(b) and relevant District policies and procedures and prepare a schedule of the results of our procedures.

Results

The California Public Contract Code Section 20651(b) requires all bid contracts shall be let to the lowest bidder who shall give security as the special trustee requires, or else reject all bids. The District policies require maintenance of bid documents including: evidence of advertising, bid tally sheets, bids received, and all other information used in awarding a bid. The District had four contracts go out to formal bid in the current year.

<u>Project</u>	<u>Contractor</u>	<u>In Compliance</u>
DSA projects close-out	Mark/Wallace Architects	Yes
DSA projects close-out	PLUM Architects	Yes
DSA projects close-out	John Sergio Fisher and Associates, Inc.	Yes
DSA projects close-out	Studio Perez	Yes

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JUNE 30, 2014

Procedure C - Review of Process to Approve Change Orders to Previously Approved Contracts

Procedure

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(ELECTION OF 2001, SERIES A, B, AND C AND
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Procedure D - Review of Project Budgets and Compliance With Board Approvals for Projects Through the Bond Funds

Procedure

We will obtain the approved budgets for each project in place during the 2013-2014 fiscal year and assess the District's compliance with budget monitoring and communication to the special trustee when project costs have exceeded approved budgets. We will prepare a schedule of projects, the approved budget, and costs incurred through June 30, 2014, with an analysis of funds overspent or available for future expenditure.

Results

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GENERAL OBLIGATION BOND FUNDS
(ELECTION OF 2001, SERIES A, B, AND C AND
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JUNE 30, 2014

CONCLUSION

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures held in the,

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
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ELECTION OF 2005, SERIES A, B, C, AND D)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014

The following finding represents a significant deficiency over compliance for the Bond Funds.

2014-001 Citizens' Oversight Committee

Criteria

Assembly Bill 1908 (AB 1908) Education Code Section 15278, require the Citizens' Oversight Committee to be formed to actively review and report on activities related to Proposition 39 General Obligation Bond expenditures. The Committee is to consist of at least seven members and include the following:

- a) a member active in the business community of the District,
- b) a member active in a Senior Citizen's organization,
- c) a member active in a bona fide taxpayer association,
- d) a parent or guardian of a student in the District, and
- e) a parent or guardian of a student in the District who is also a member of a Parent-Teacher organization.

Comment

During the 2013-2014 fiscal year, the District did not hold a Citizens' Oversight Committee meeting. Also, the Committee does not have the 1.7 (i)-12.3 (ncOs)-1.8 (i)(h)-2.5 (a)3 (m)7.4 (i)9.9 (t)-1.1 (h)-2.5

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014
