General Obligation Bond Funds
(Election of 2001, Series A, B, and C and
Election of 2005, Series A, B, C and D)

AUDIT REPORT
June 30, 2019

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 AUDIT
June 30, 2019

San Francisco Community College District

EideBailly

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)

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees and
Citizens' Oversight Committee
San Francisco Community College District
San Francisco, California

Report on the Financial Statements

We have audited 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, 2019, and the related notes to the financial statements, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bond Funds of the District at June 30, 2019, 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. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2020, 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.

San Ramon, California
May 11, 2020

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, 2019

	2001 Election	2005 Election	Total
ASSETS			
Cash and investments	$ 2,185,582	$ 45,959,497	$ 48,145,079
Accounts receivable	73,894	186,843	260,737
Total Assets	$ 2,259,476	$ 46,146,340	$ 48,405,816
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	$ -	$ 4,273,129	$ 4,273,129
Total Liabilities	-	4,273,129	4,273,129
FUND BALANCE			
Restricted for capital projects	2,259,476	41,873,211	44,132,687
Total Fund Equity	2,259,476	41,873,211	44,132,687
Total Liabilities and Fund Balance	$ 2,259,476	$ 46,146,340	$ 48,405,816

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)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019

	2001 Election	2005 Election	Total
REVENUES			
Local revenues	$ 418,741	$ 1,358,333	$ 1,777,074
Total Revenues	418,741	1,358,333	1,777,074
EXPENDITURES			
Salaries and benefits	-	496,594	496,594
Legal services	-	418,992	418,992
Other operating expenses	-	94,182	94,182
Capital outlay	-	9,892,520	9,892,520
Total Expenditures	-	10,902,288	10,902,288
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	418,741	(9,543,955)	(9,125,214)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	418,741	(9,543,955)	(9,125,214)
FUND BALANCE, BEGINNING OF YEAR	1,840,735	51,417,166	53,257,901
FUND BALANCE, END OF YEAR	$ 2,259,476	$ 41,873,211	$ 44,132,687

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, 2019

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 proceeds and expenditures of general obligation bonds issued under the General Obligation Bond Elections of 2001 and 2005. These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Bond Funds are accounted for in a separate set of self-balancing accounts that comprise the assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The Bond Funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financial sources) and uses (expenditures and other financing uses) of current financial resources. These fund financial statements do not include the adoption of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as the District was not required to adopt GASB Statement No. 54 under the reporting requirements of GASB Statement No. 35.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The District's Board and Special Trustee adopt an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's Board and Special Trustee satisfied these requirements. The Board and Special Trustee revise this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances lapse at June 30.

Fund Balance – Governmental Funds

As of June 30, 2019, the fund balance of the General Obligation Bond funds was classified as follows:

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

Investment in County Treasury Investment Pool

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the county treasury investment pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

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

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

Summary of Deposits and Investments

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

	Reported Value
San Francisco County Pooled Treasury Investment Fund	$ 48,045,653
Investment with fiscal agent	99,426
Total Deposits and Investments	$ 48,145,079

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the San Francisco County Pooled Treasury Investment Fund and money market funds. The District maintains an investment of $48,045,653 with the San Francisco County Pooled Treasury Investment Fund with a weighted maturity of 466 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the San Francisco County Pooled Treasury Investment Fund and funds held with the Fiscal Agent are not required to be rated, nor have they been rated, as of June 30, 2019.

NOTE 3 - FAIR VALUE MEASUREMENTS

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

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

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

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

Uncategorized - Investments in the San Francisco County Pooled Treasury Investment Fund are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

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

Investment Type	Fair Value	Fair Value Measurements Using Level 1 Inputs	Uncategorized
San Francisco County Pooled Treasury Investment Fund	$ 48,231,294	$ -	$ 48,231,294
U.S. Treasuries	99,426	99,426	-
	$ 48,330,720	$ 99,426	$ 48,231,294

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019, consist of the following:

Interest	$ 260,737

NOTE 5 - ACCOUNTS PAYABLE

The accounts payable at June 30, 2019, in the amount of $4,273,129 represents amounts owed to vendors for both ongoing and completed construction projects.

NOTE 6 - FUND BALANCE

Fund balance is composed of the following element:

Restricted for capital projects	$ 44,132,687

NOTE 7 - COMMITMENTS AND CONTINGENCIES

As of June 30, 2019, the District was committed under various capital expenditure purchase agreements for bond projects totaling approximately $5,441,715.

INDEPENDENT AUDITOR'S REPORT

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CPAs & BUSINESS ADVISORS

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*

The Board of Trustees 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, 2019, and the related notes to the financial statements, and have issued our report thereon dated May 11, 2020.

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.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

San Ramon, California
May 11, 2020

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, 2019

None noted.

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)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2019

None noted.

General Obligation Bond Funds
(Election of 2001, Series A, B, and C and
Election of 2005, Series A, B, C and D)

PERFORMANCE AUDIT
June 30, 2019

San Francisco Community College District

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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)

PERFORMANCE AUDIT
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JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

The Board of Trustees 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, 2019.

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 XIIIA, 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 XIIIA, Section 1 (b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. 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 XIIIA, Section 1 (b)(3)(C) of the California Constitution.

Eide Bailly LLP

Pleasanton, California
May 11, 2020

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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)

JUNE 30, 2019

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 November 8, 2005, to issue Bonds of the District in an aggregate principal amount not to exceed $246,300,000 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 2005 Authorization). The District received net proceeds of $90 million, $110 million, $15.6 million, and $30.7 million, respectively, from the Bond Series A, B, C, and D issuance under the 2005 Authorization.

PURPOSE OF ISSUANCE

The net proceeds of the Bonds issued under the 2001 Authorization will be used for the purposes specified in the District bond proposition submitted at the Election, which include new facility construction, renovations, technology infrastructure, and seismic upgrades for approved projects.

The net proceeds of the Bonds issued under the 2005 Authorization will be used for the purposes specified in the District bond proposition submitted at the Election, which include construction, renovation, and land acquisition for approved projects.

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)

JUNE 30, 2019

AUTHORITY FOR THE AUDIT

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools, and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIIIA, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

2. The community college district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction, and information technology needs in developing the project list.

3. Requires the community college district to appoint a citizens' oversight committee.

4. Requires the community college district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.

5. Requires the community college district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the Bond Funds have been made in accordance with the Bond project list approved by the voters through the approval of the General Obligation Bonds.

2. Determine whether salary transactions charged to the Bond Funds were in support of Bond projects and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2018 to June 30, 2019. 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, 2019, 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, 2019, 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 XIIIA, 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 reviewed and evaluated 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 reviewed and evaluated the District's approved policies and procedures related to the bond activity. We selected 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. Verified that the expenditures of funds were accounted for separately in the accounting records to allow for accountability.

3. Select 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.

Results

1. We included 69 percent of expenditures charged to the Bond Funds for the 2018-2019 fiscal year in our examination. Based upon our examination of actual invoices and purchase orders, there were no exceptions noted in the District's procedures related to the disbursement of the Bond Funds. The District used formal bid procedures for those contracts over the construction bid level requirements and informal bid procedures for those contracts below the construction bid level to select contractors for the various projects in accordance with Education Code requirements and District policy.

2. The expenditures of the Bond Funds are accounted for in separate funds in the District's general ledger to allow for accountability.

3. We included 57 percent of salaries and benefits charged to Bond Funds for the 2018-2019 fiscal year in our examination. Based upon our examination, salaries and benefits 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 reviewed the District's policies related to contract bid requirements and select a representative sample of project contracts during the 2018-2019 fiscal year that are subject to the bid requirements. We assessed 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 Board and Special Trustee require, 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 one contract go out to bid in the current year.

Project	Contractor	In Compliance
Environmental Testing	Impact Sciences	Yes
Temporary Structures	Sprung Instant Structures Inc.	Yes

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

Procedure

Review a representative sample of change orders that have been processed during the 2018-2019 fiscal year to determine whether the change orders have been approved by the Board of San Francisco Community College District and prepare a schedule of the original approved contract and the change orders affecting the contract along with the dates the change order was approved by the Board.

Results

Name of Contractor	Original Contract Amount/ Modified Amount	Change Order (CO)/Contract Modification (CM) Amount	Board Approval Date	Board Approved Prior to Contract Execution
LMN/Tom Eliot Fisch Architects	$ 11,370,039	$ 4,930,138	8/30/2018	Yes
Fehr & Peers	58,170	16,055	8/30/2018	Yes
Meyers Nave	915,763	200,000	2/28/2019	Yes
Kitchell	3,113,496	4,789,000	4/25/2019	Yes

Procedure D - Review of Project Budgets and Compliance with Board Approvals for Projects

Procedure

Obtain the approved budgets for each project in place during the 2018-2019 fiscal year and assess the District's compliance with budget monitoring and communication to the Board when project costs have exceeded approved budgets. Prepare a schedule of projects, the approved budget, and costs incurred through June 30, 2019, with an analysis of funds overspent or available for future expenditure.

Results

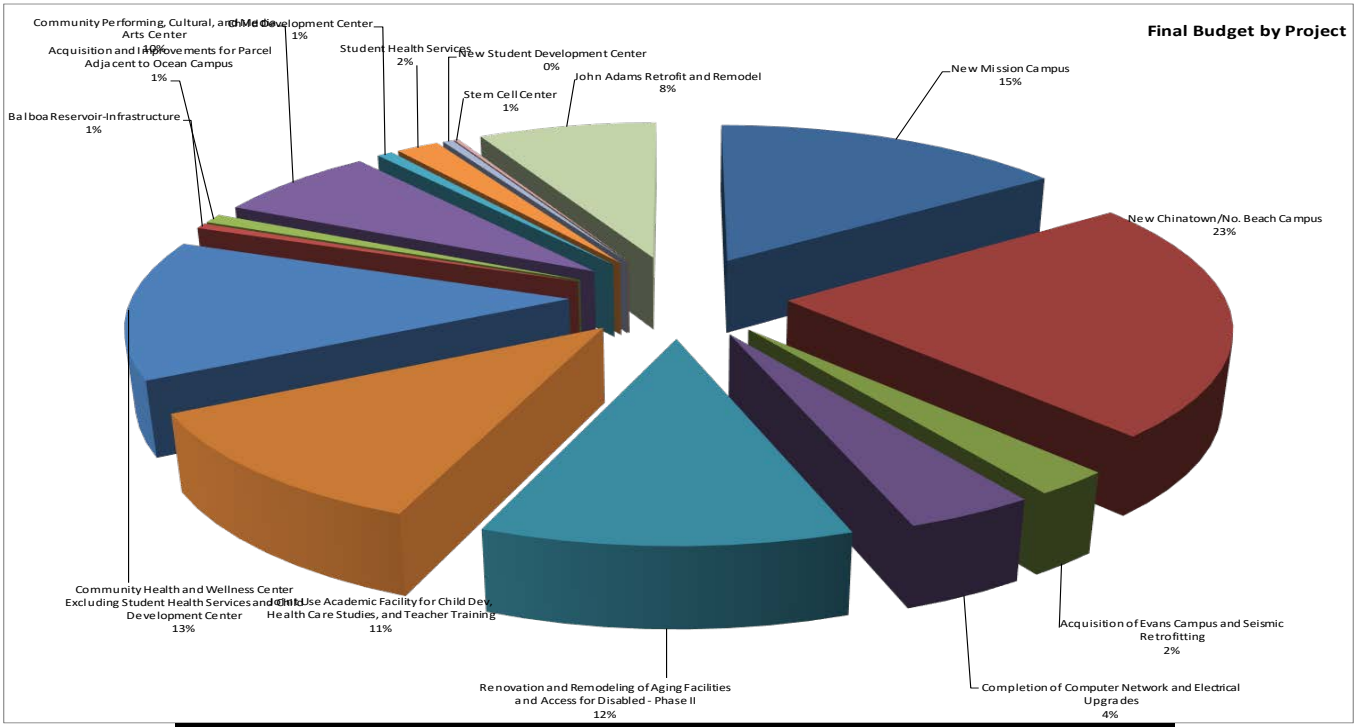
FINAL BUDGET BY PROJECT

The following schedule represents the final amended budget by project for the Bond Funds:

Project	Original Project Budget	Amended Project Budget	Actual Expenses	Variance	Expected Future Expenses
New Mission Campus	$ 34,587,000	$ 93,664,321	$ 93,664,321	$ -	$ -
Chinatown	59,544,000	140,925,716	140,565,009	360,707	360,707
Acquisition of Evans Campus and Seismic Retrofitting	9,161,046	14,747,541	10,339,668	4,407,873	6,400,000
Computer Network	25,883,145	24,801,863	23,662,863	1,139,000	1,139,000
Renovations/ADA	50,841,584	70,628,412	61,480,810	9,147,602	22,981,108
Joint Use Academic Facility	39,900,990	69,530,747	69,530,747	-	-
Community Health and Wellness Center Excluding Student Health Services and Child Development Center	16,752,475	82,155,907	82,155,907	-	-
Balboa Reservoir-Infrastructure	12,871,287	3,208,517	3,208,517	-	-
Acquisition and Improvements for Parcel Adjacent to Ocean Campus	5,500,716	5,437,332	5,437,332	-	-
Performing Arts Center	94,747,525	43,431,068	30,458,797	12,972,271	3,309,964
Child Development Center	3,000,000	4,160,805	4,160,805	-	-
Student Health Services	5,000,000	11,323,198	11,323,198	-	-
New Student Development Center	33,000,000	2,597,565	277,417	2,320,148	5,067,628
Stem Cell Center	38,000,000	1,213,447	1,149,537	63,910	4,051,105
John Adams Retrofit and Remodel	10,000,000	47,420,539	47,420,539	-	-
Total	$ 438,789,768	$ 615,246,978	$ 584,835,467	$ 30,411,511	$ 43,309,512

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)

JUNE 30, 2019



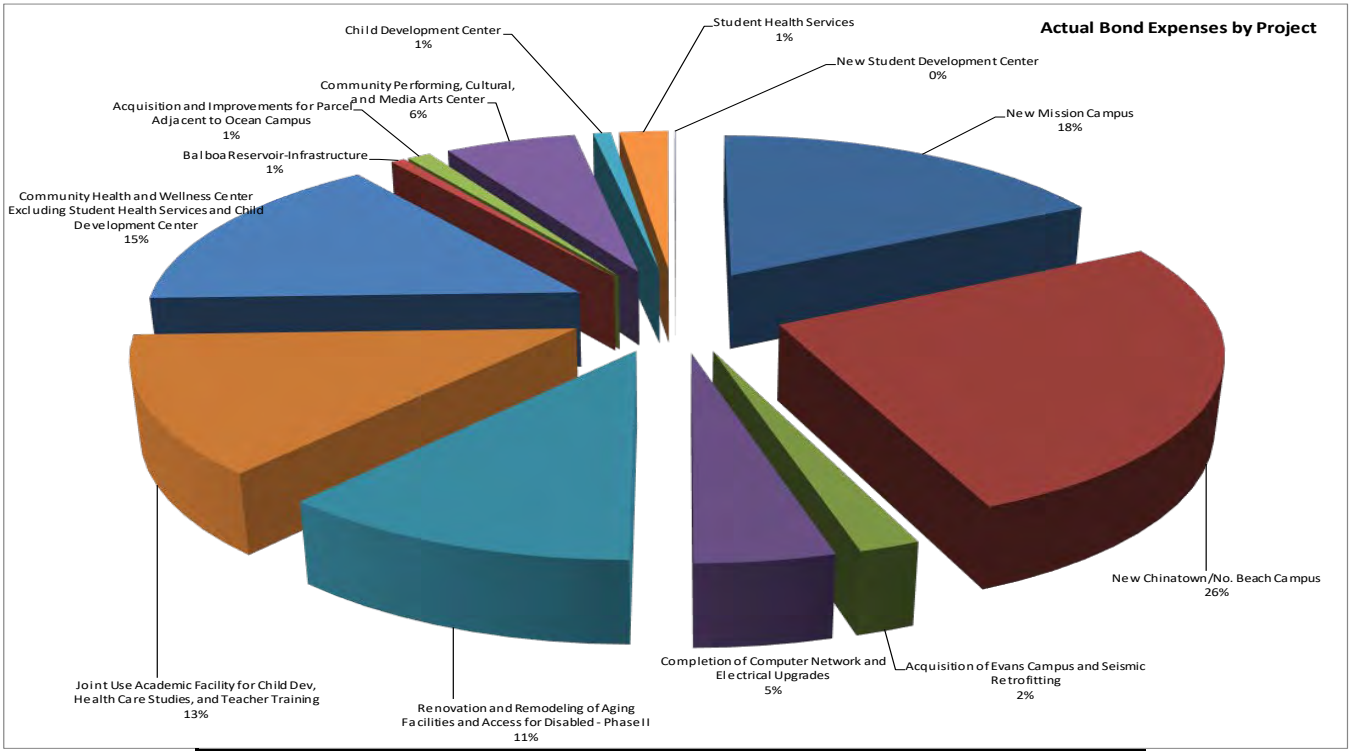
Project	Final Budget by Project
New Mission Campus	$ 93,664,321
New Chinatown/No. Beach Campus	140,925,716
Acquisition of Evans Campus and Seismic Retrofitting	14,747,541
Completion of Computer Network and Electrical Upgrades	24,801,863
Renovation and Remodeling of Aging Facilities and Access for Disabled - Phase II	70,628,412
Joint Use Academic Facility for Child Dev, Health Care Studies, and Teacher Training	69,530,747
Community Health and Wellness Center Excluding Student Health Services and Child Development Center	82,155,907
Balboa Reservoir-Infrastructure	3,208,517
Acquisition and Improvements for Parcel Adjacent to Ocean Campus	5,437,332
Community Performing, Cultural, and Media Arts Center	43,431,067
Child Development Center	4,160,805
Student Health Services	11,323,198
New Student Development Center	2,597,565
Stem Cell Center	1,213,447
John Adams Retrofit and Remodel	47,420,539
Total	$ 615,246,977

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)

JUNE 30, 2019

ACTUAL EXPENSES BY PROJECT

The following schedule represents the actual expenses to date by project for the Bond Funds:



Project	Actual Expenses
New Mission Campus	$ 93,664,321
New Chinatown/No. Beach Campus	140,565,009
Acquisition of Evans Campus and Seismic Retrofitting	10,339,668
Completion of Computer Network and Electrical Upgrades	23,662,863
Renovation and Remodeling of Aging Facilities and Access for Disabled - Phase II	61,480,810
Joint Use Academic Facility for Child Dev, Health Care Studies, and Teacher Training	69,530,747
Community Health and Wellness Center Excluding Student Health Services and Child Development Center	82,155,907
Balboa Reservoir-Infrastructure	3,208,517
Acquisition and Improvements for Parcel Adjacent to Ocean Campus	5,437,332
Community Performing, Cultural, and Media Arts Center	30,458,797
Child Development Center	4,160,805
Student Health Services	11,323,198
New Student Development Center	277,417
Stem Cell Center	1,149,537
John Adams Retrofit and Remodel	47,420,539
Total	$ 584,835,467

CONCLUSION

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures held in the Bond Funds and that such expenditures were made for authorized Bond projects. Further, salaries of administrators were charged to the Bond Fund only to the extent they performed administrative oversight for construction projects as allowed by opinion 04-110 issued on November 9, 2004, by the State of California Attorney General. District procedures for disbursement of funds were applied in accordance with laws and regulations, as well as policies approved by the Board of Trustees.

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)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

None reported.

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)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2019

None reported.