



ACCREDITING COMMISSION FOR
COMMUNITY AND JUNIOR COLLEGES
WESTERN ASSOCIATION OF SCHOOLS AND COLLEGES

Annual Fiscal Report

Reporting Year: 2013-2014

Final Submission

3/30/2015

City College of San Francisco
50 Frida Kahlo Way
San Francisco, CA 94112

General Information

Q#	Question Text	Answer
1	Confirm the correct institution's report	Confirmed
2	Confirm or enter the name of the District/System or Corporate/Parent Organization:	San Francisco Community College District
3a	Name of College Chief Business Officer (CBO)	Ronald P. Gerhard
3b	Title of College CBO	Vice Chancellor, Finance and Administration
3c	Phone number of College CBO	415-241-2229
3d	E-mail of College CBO	rgerhard@ccsf.edu
3e	Name of District/System/Parent Company CBO	Ronald P. Gerhard
3f	Title of District/System/Parent Company CBO	Vice Chancellor, Finance and Administration
3g	Phone number of District/System/Parent Company CBO	415-241-2229
3h	E-mail of District/System/Parent Company CBO	rgerhard@ccsf.edu

District/System Data (including single college organizations)

Stability of Revenue

Q#	Question Text	FY 13/14	F 12/13	FY 11/12
4a	Annual unrestricted general fund revenues from all sources (Operating Revenues)	\$180,556,156	\$181,262,135	\$188,040,975
4b	Revenue from other sources (non-general fund)	\$129,578,080	\$115,803,088	\$137,649,803
5	Net Beginning Balance (General Fund)	\$16,387,481	\$17,874,618	\$18,136,226

Expenditures/Transfer

Q#	Question Text	FY 13/14	FY 12/13	FY 11/12
6a	Total annual unrestricted expenditures (Operating Expenditures)	\$168,062,949	\$180,994,884	\$194,560,678
6b	Salaries and benefits	\$152,128,723	\$166,182,084	\$181,806,998
6c	Other expenditures/outgo	\$8,801,777	\$3,056,208	\$3,119,356

Liabilities

Q#	Question Text	FY 13/14	FY 12/13	FY 11/12
7	Did the institution borrow funds for cash flow purposes?	Yes	Yes	Yes

Total Local Borrowing

Q#	Question Text	FY 13/14	FY 12/13	FY 11/12
8a	Short-Term Borrowing (TRANS, etc)	\$0	\$49,610,000	\$34,500,000
8b	Long Term Borrowing (COPs, Capital Leases, other long-term borrowing):	\$0	\$0	\$0
9a	Did the institution issue long-term debt instruments during the fiscal year noted?	No	No	No
9b	What type(s)			
9c	Total amount	\$0	\$0	\$0
10	Debt Service Payments (General Fund/Operations)	\$0	\$553,152	\$600,000

Other Post Employment

Q#	Question Text	FY 13/14	FY 12/13	FY 11/12
11a	Actuarial Accrued Liability (AAL) for OPEB:	\$189,190,224	\$189,190,224	\$189,190,224
11b	Unfunded Actuarial Accrued Liability (UAAL) for OPEB:	\$186,190,224	\$188,690,224	\$189,190,224
11c	Funded Ratio (Actuarial Value of plan Assets/AAL)	2%	0%	0%
11d	UAAL as Percentage of Covered Payroll	198%	165%	165%
11e	Annual Required Contribution (ARC)	\$16,451,333	\$16,451,333	\$16,451,333
11f	Amount of annual contribution to ARC	\$7,681,238	\$6,941,777	\$7,243,730
12	Date of most recent OPEB Actuarial Report (mm/dd/yyyy):	11/17/2014	--	--
13a	Has an irrevocable trust been established for OPEB liabilities?	Yes	--	--
13b	Deposit into OPEB Reserve/Trust	\$500,000	\$0	\$0
13c	Deposit into non-irrevocable Reserve specifically for OPEB	\$4,000,000	\$500,000	\$0

Cash Position

Q#	Question Text	FY 13/14	FY 12/13	FY 11/12
14	Cash Balance: Unrestricted General Fund:	-\$3,814,438	-\$19,108,135	-\$29,144,098
15	Does the institution prepare cash flow projections during the year?	Yes	Yes	Yes

Annual Audit Information

Q#	Question Text	FY 13/14	FY 12/13	FY 11/12
16	Date annual audit report for fiscal year was electronically submitted to accjc.org, along with the institution's response to any audit exceptions:	12/31/2014	12/31/2013	1/25/2013

Q#17. Summarize Material Weaknesses and Significant Deficiencies from the annual audit report:

FY Summary

FY 13/14

2014-001 Finding iV Year End Closing Material Weakness Criteria or Specific Requirement Accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board, require entities to establish and maintain effective internal control over financial reporting to prepare timely, accurate financial reports. Condition The year end closing process was not comprehensive and did not ensure that account balances were reconciled and correct. The Annual Financial and Budget Report (CCFS-311) financial statements were prepared from data that was not complete. The trial balance and CCFS-311 were incomplete and / or contained the following errors: As of October 2014, county cash accounts were not reconciled past March 2014. Interfund transactions did not balance. The schedule of federal and state awards, capital asset analysis, and compensated absence information was not available until December 2014. Self insurance workers compensation claims liability amount was overstated by \$1.1 million. The schedule of state awards included an understatement of receivables of approximately \$200,000, unearned revenue of approximately \$200,000, and omitted \$25,000 payable to grantor. Questioned Costs None.

2014-002 Finding iV Capital Assets Material Weakness Criteria or Specific Requirement Accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board, require entities to calculate depreciation of capital assets. Condition Depreciation expense was estimated based on prior year calculations due to the fact the current year schedules were not available in a timely manner. Questioned Costs None.

2014-003 Finding Preparation of Schedule of Federal Awards Material Weakness iV Internal Control Over Compliance Criteria or Specific Requirement OMB Circular A-133, Section 310 (b) requires recipients of federal funds to prepare an accurate schedule of expenditures of federal awards for the period covered by the financial statements being audited. The schedule of expenditures of federal awards should include: 1) A list of federal programs, identified by federal agency.

2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity. 3) Total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. 4) Include notes that describe the accounting policies used in preparing the schedule. 5) Pass-through entities should identify in the schedule. 6) The value of the Federal awards expended in the form on non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end Condition Federal awards accounts receivables appeared to be overstated by approximately \$1 million, unearned revenue by approximately \$100,000, and a misclassification of unearned revenue that should be reported as receivables due to debit balances of \$54,000. Questioned Costs None. 2014-004 Finding - GANN Limit Calculation Significant Deficiency

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iv State Compliance Criteria or Specific Requirement Article XIII-B of the California Constitution and Chapter 1205, Statutes of 1980, requires each community college to compute its annual appropriation limit. Condition The District included in the population factor P2 FTES for non-resident students. This results in the 2014-15 Gann limit, adjusted by inflation and population factors, being understated by \$814,064. The population factor excluding non-resident students would be .7885 rather than the .7850 used in the calculation reported in the CCFS-311 report submitted to the State of California. Questioned Costs None, due to the fact that the District is still within its appropriation limits. 2014-005 Finding

iv 50% Law Calculation Significant Deficiency

iv State Compliance Criteria or Specific Requirement Education Code 84362 requires that a minimum of 50 percent of the District's Current Expense of Education (CEE) be expended during each year for

iv Salaries of Classroom Instructors. Condition The CCFS-311 form was completed prior to the District finalizing its year end closing numbers. Therefore, the 50% law calculation included in the CCFS-311 was not accurate. Questioned Costs None, the District remains in compliance.

2014-006 Finding

iv Health Fees Significant Deficiency

iv State Compliance Criteria or Specific Requirement Education Code Section 76355 also requires boards to adopt rules and regulations that exempt certain

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students from the payment of health fees. Under subsection (c), districts must exempt students who depend on prayer for healing, and students attending community college under an approved apprenticeship program. Districts should also ensure that the existence of the two statutory exemptions is communicated effectively to the students so that they will be aware of potential applicable exemptions. Condition The procedures to apply for health fee exemptions are not clearly defined in the course catalog. Questioned Costs None

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2013-1 Finding iV Year End Closing Significant Deficiency Criteria or Specific Requirement Accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board, require entities to establish and maintain effective internal control over financial reporting. Condition The Annual Financial and Budget Report (CCFS-311) financial statements and the GASB 35 Conversion entries presented to begin the audit contained the following errors: A receivable from the Department of Human Services dated from the 2007-08 year was still maintained on the District's general ledger. The District has written to the Department of Human Services to inquire about the status of the receivable, however, no response has been received to date. The balance of the receivable totaled \$169,087 at June 30, 2013. The land reported on the Statement of Net Assets through conversion entries was understated by approximately \$1.4 million as a result of a prior year transaction related to the Chinatown property transactions. Questioned Costs None.

2013-2 Finding iV Self Insurance Fund Balance Significant Deficiency Criteria or Specific Requirement The District should maintain adequate financial resources, both at an entity-wide level and at the specific fund level. Reporting standards require disclose of funds with negative fund balances. Condition The District maintains a Self-Insurance Fund for employee workers' compensation benefits. The District increased its assessment to the funds to recover funding for the prior years and has posted a liability within the self-insurance fund in the amount of \$5.2 million. The self-insurance fund does not have sufficient assets to cover this liability which has resulted in a negative fund balance of \$2.2 million. This liability would ultimately become the responsibility of the various funds which record payroll expense-specifically the District's Unrestricted General Fund. This has the possibility of negatively impacting the financial activity of the District.

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Questioned Costs None. 2013-3 Finding - Daily Attendance Accounting and Reporting Significant Deficiency iV State Compliance Criteria or Specific Requirement Title 5, section 58003.1 (c) defines a Daily Census course as a course that is scheduled to meet five or more days and scheduled regularly with respect to the number of hours during each scheduled day. The Student Attendance Accounting Manual (SAAM) indicates that Daily Census contact hours reported must be computed based on the regularly scheduled hours for each class as published in the official schedule of classes, and not on the total number of contact hours listed on the course outline of record or college catalog. Condition 3 of 40 courses reviewed did not meet the definition of a Daily Census course as indicated above. Two courses were not scheduled to meet for more than 5 days and one course met for a different number of hours at each meeting. 20 of 40 courses contact hours reported did not appear to be computed based on the regularly scheduled hours for each class as published in the official schedule of classes. Questioned Costs None for the three Daily courses not meeting the definition of a daily course, totaling 19.96 FTES, as they were transferred to Positive Attendance Accounting Method in the Recalculation 320 report. The amount of FTES reported in the Recalculation 320 report was 14.48 Positive Attendance FTES. None for the 20 courses not scheduled based on hours in the official schedule as the Recalculation 320 report corrected for 4.69 FTES overstatement noted. Extrapolating the error rate of 13% would have resulted in an overstatement of 105 FTES for daily census courses, and an understatement of 75 FTES for Positive Attendance FTES. 2013-4 Finding - To Be Arranged Hours (TBA) Significant Deficiency iV State Compliance Criteria or Specific Requirement Title 5 Section 55002(a)(3), 55002(b)(3), 58050(a)(5), 58051(a)(1) indicates that specific instructional activities, including those conducted during TBA hours, expected of all students enrolled in the course be included in the official course outline.

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In order to inform students, instructors should indicate in the syllabus or in another required assignment document both the objective and purpose of the TBA hours and the requirement that all enrolled students in the course must adhere to the designated TBA schedule. The syllabus or other document should be distributed in class so that all students have the information needed regarding TBA. (i±i± 58003.1(b), 58003.1(c); Student Attendance Accounting Manual, page 3.3.). If a credit census-based course includes required instructional hours for enrolled students that are listed as i\$TBAi` or i\$Hours to be Arrangedi` in the official schedule or addenda thereto, documentation is required to demonstrate that each student has completed the TBA requirement as appropriate for either the Weekly or Daily Census attendance accounting procedures. (i±i± 58003.1(b),

58003.1(c); Student Attendance Accounting Manual, page 3.3.). Legal Advisory 08-02 and Legal Memorandum dated January 26, 2009 indicate that there must be some type of instruction provided and/or activity that is not an activity that should be done independently outside of class time. In this regard, the District should not include within TBA hours unsupervised activities. Condition The outlines of all the courses reviewed did not describe the specific instructional activities for the TBA hours or did not indicate that the lab was by-arrangement. Six of 15 course syllabi did not inform enrolled students of the TBA instructional activities and expectations for completion of the TBA requirement. Attendance was provided for 8 of the 15 courses requested. However, for those 8 courses in which attendance that was provided, the documentation did not indicate that all students claimed for apportionment completed the minimum required TBA hours by census date. Four of 15 courses indicated in the course syllabus that the TBA activities included a component of unsupervised work. Questioned Costs No questioned costs are applicable to the lack of disclosures in the course syllabus or course outlines of record. Questioned costs related for which attendance was not available or included unsupervised activities totaled 19.47 FTES for weekly courses and 5.19 FTES for daily courses. The District adjusted FTES for these courses by a reduction of 8.13 FTES for weekly courses through submission of the Recalculation 320 report, leaving a net of 11.34 FTES for weekly courses and 5.19 FTES for daily course that had not been adjusted in the Recalculation 320 report. Extrapolating the error rate to all TBA courses would result in an overstatement of 123.46 FTES for weekly courses and 92.16 for daily courses. 2013-5 Finding - GANN Limit Calculation Significant Deficiency iV State Compliance Criteria or Specific Requirement Article XIII-B of the California Constitution and Chapter 1205, Statutes of 1980, requires each community college to compute its annual appropriation limit.

Condition The District included in the population factor P2 FTES for non-resident and apprenticeship students. This results in the 2012-13 Gann limit, adjusted by inflation and population factors, being overstated by \$1,541,282. The population factor excluding non-resident and apprenticeship students would be 1.0224 rather than the 1.0292 used in the calculation reported CCFS-311 report submitted to the State of California. Questioned Costs None, due to the fact that the District is still within its appropriation limits. 2013-6 Finding - Open Enrollment Significant Deficiency iV State Compliance Criteria Section 58051.5 indicates that no community college district may claim for purposes of state apportionment if such classes are not located in facilities clearly identified in such a manner, and established by appropriate procedures, to ensure that attendance in such classes is open to the general public. Condition Five non-credit, off campus, courses were held at facilities that were not clearly identified, or established by appropriate procedures, as open to the general public. The courses in question were all non-credit courses. Questioned Costs 15.82 FTES reported on the Annual Form 320 were associated with courses held at facilities not clearly indicated as open to the general public. Extrapolating the error rate to all off campus courses would result in an overstatement of 54.75 FTES for positive attendance non-credit courses.

2012-01 MATERIAL WEAKNESS - OTHER POSTEMPLOYMENT BENEFITS LIABILITY Criteria GASB Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, requires governmental employers who provide other postemployment benefits (OPEB) to employees to recognize expense and related liabilities (assets) in the entity-wide full accrual financial statements. Condition The District has not implemented procedures or policy to adequately provide for the funding of the liability under GASB Statement No. 45, which is continuing to increase. The Annual OPEB cost for year ended June 30, 2012 was \$16,693,040; however, the amount contributed was \$7,243,730, increasing the liability by \$9,449,310. The OPEB liability of \$45,152,375 as of June 30, 2012 contributed significantly to the negative unrestricted net asset balance of (\$45,302,556) as of June 30, 2012.

FY 11/12 2012-2 SIGNIFICANT DEFICIENCY - FINANCIAL CLOSE AND REPORTING Criteria Accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board, require entities to establish and maintain effective internal control over financial reporting. Condition The Annual Financial and Budget Report (CCFS-311) financial statements and the GASB 35 Conversion entries presented to begin the audit contained the following errors: The District prepaid payroll expenditures for employees who elected are paid out over 12 months during July 2012. The District did not record the \$762,121 paid as a prepaid expense at June 30, 2012. The Health Service Premium of \$850,182 for the 2012-13 fiscal year was paid in 2011-12 fiscal year was incorrectly recorded as reduction to payables and not as a prepaid expense.

The District evaluated but did not post a provision to the allowance for doubtful student accounts. It was determined the allowance for doubtful accounts balance related to student accounts owed to the District should have been increased by an additional \$467,069. A receivable from the Department of Human Services dated from the 2001-08 year was still maintained on the District's general ledger without consideration of actual collectability. The balance of the receivable totaled \$169,087 at June 30, 2012. One invoice selected for testing of the Internal Service Fund was not paid in a timely manner and was improperly accrued at June 30, 2012. The amount accrued as of June 30, 2012 was \$49,405.

2012-3 SIGNIFICANT DEFICIENCY -DEFICIT ENDING FUND BALANCE - SELF INSURANCE FUND Criteria The District should maintain adequate financial resources, both at an entity-wide level and at the specific fund level. Reporting standards require disclosure of funds with negative fund balances. Condition The District maintains a Self-Insurance Fund for employee workers' compensation benefits. The District increased its assessment to the funds to recover funding for the prior years and has posted a liability within the self-insurance fund in the amount of \$6.1 million. The self-insurance fund does not have sufficient assets to cover this liability which has resulted in a negative fund balance of \$4.0 million. This liability would ultimately become the responsibility of the various funds which record payroll expense-specifically the District's Unrestricted General Fund. This has the possibility of negatively impacting the financial activity of the District.

2012-4 DEFICIENCY - CASH RECONCILIATIONS Criteria Internal Control - Safeguarding of Assets Condition The Wells Fargo account reconciliations are not being reviewed in a timely manner. The October 2011 reconciliation was not reviewed until April 2012; the April 2012 reconciliation was not reviewed until June 2012.

2012-5 DEFICIENCY -ASSOCIATED STUDENT BODY GOVERNMENT Criteria Internal Control - Safeguarding of Assets. Condition Sub-receipt books are not used by clubs to record revenues earned. 2012-6 - PREPARATION OF SCHEDULE OF FEDERAL AWARDS Criteria OMB Circular A-133, Section 310 (b) requires recipients of federal funds to prepare a schedule of expenditures of federal awards for the period covered by the financial statements being audited. At a maximum, the schedule of expenditures of federal awards should include: 1. A list of federal programs, indentified by federal agency. 2. For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity. 3 Total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. 4. Include notes that describe the accounting policies used in preparing the schedule. 5 Pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program. 6. The value of the Federal awards expended in the form on non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. 2012-07 DEFICIENCY - INVENTORY OF CAPITAL ASSETS Criteria The A-102 Common Rule and OMB Circular A-110 require that equipment be used in the program that acquired it or, when appropriate, other Federal programs. Equipment records shall be maintained; a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records. Condition The last physical inventory report was completed for the period ending June 30, 2009 (report dated January 6, 2010). The District did not complete a physical inventory of capital assets for the period ending June 30, 2012, thus not complying with the bi-annual requirement.

2012-08 - STATE COMPLIANCE - DEFICIENCY - ATTENDANCE Criteria 2011-12 Contracted District Audit Manual, Item No. 424, State General Apportionment Funding System - Updated. Condition The District's contract hour calculation for one daily census course included an extra meeting time resulting in the overstated of 0.22 actual FTES and an extrapolated overstatement of 16.7 FTES. The District's determination of census dated for daily census courses did not apply rounding rules. As a result, 85 daily census courses had late census dates of which 22 courses had student drops resulting in an understatement of 2.99 FTES. The District classified six weekly census courses as daily census resulting in an understatement of 0.21 FTES. In general, the District calculates contact hours based on actual meeting times in accordance with attendance guidance but actual meeting times for partial hour, short-term classes are not accurately published in the schedule of classes.

2012-09 - STATE COMPLIANCE - DEFICIENCY -STUDENT FEES - HEALTH FEES AND USED OF HEALTH FEE FUNDS Criteria CCR, Title 5, Section 54706(b) -Expenses Not Funded Condition Per CCR, Title 5, Section 54706 - Expenses Not Funded, the District cannot expend health fee funds on Administrative salaries (Assistant Dean Level or its equivalent and above). The District used health fee funds for the salary of the Associate Dean, Clinic Director.

2012-10 - STATE COMPLIANCE - DEFICIENCY - CalWORKS Criteria Education Code Sections 79200-79203 & 84759 Condition The District transferred in funds from the unrestricted General fund to meet the time and effort reporting ratio for the Dean of Student Financial Aid. While this meets the tests for an objective allocation method, it is inconsistent with the California State Chancellor's Office's California Community College District Audit Manual requirements for restricted fund program transfers, and the District's standard treatment of restricted fund transfers.

2012-11 - STATE COMPLIANCE - DEFICIENCY - EXTENDED OPPORTUNITY PROGRAMS (EOPS) AND COOPERATIVE AGENCIES RESOURCES FOR EDUCATION (CARE) Criteria Per guidelines set forth by the California Community College's Chancellor's Office, each CARE program shall have an advisory committee and/or interagency group. The CARE advisory committee and/or interagency group shall meet at least twice during each academic year. Condition The District did not hold on second CARE advisory committee meeting during the academic year.

2012-12 - STATE COMPLIANCE - DEFICIENCY - DISABILITY STUDENT PROGRAM AND SERVICES (DSPS) Criteria CCR, Title 5 Section 56022: "An up-to-date SEC (Student Education Contract) for the current year, signed by the student and the DSPS professional staff person, should be available in the file of the student receiving services paid through the DSPS office." Condition The District did not obtain up-to-date SEC contracts for all students served by DSPS.

Other Information

Q#	Question Text	FY 13/14	FY 12/13	FY 11/12
18a	Budgeted Full Time Equivalent Students (FTES) (Annual Target):	32,621	32,632	34,223
18b	Actual Full Time Equivalent Students (FTES):	26,264	32,621	32,632

18c	Funded FTES:	32,621	32,621	32,632
19	Report the % of total tuition/fees received from federal financial aid programs (Title IV, HEA), if applicable:	0%	0%	0%
20a	During the reporting period, did the institution settle any contracts with employee bargaining units?	Yes		
20b	Did any negotiations remain open?	Yes		
20c	Did any contract settlements exceed the institutional COLA for the year?	No		

Describe significant fiscal impacts:

- 20d
- 1) Employee bargaining units agreed to employee contributions for OPEB funding.
 - 2) 1% restoration of 5% cuts made during previous fiscal year.
 - 3) Suspended subscription drug copayment reimbursement program.
 - 4) Maintained employee and employer % split contributions for medical benefit premium payments.

21a	Federal Financial Aid programs in which the College participates (check all that apply):	Pell, FSEOG, FWS, DIRECT, Perkins Loans
21b	Changes in Federal Financial Aid Program Participation:	
21b.1	Programs that have been DELETED:	NA
21b.2	Programs that have been ADDED:	NA

Q#	Question Text	Cohort Year 10/11	Cohort Year 09/10	Cohort Year 08/09
22	College Data: USDE official cohort Student Loan Default Rate (FSLD) (3 year rate)	21%	22%	20%

Q#23(a). Were there any executive or senior administration leadership changes at the institution during the fiscal year? Yes

Q#23(b). Please describe the leadership change(s): Hired new Chancellor Dr. Arthur Q. Tyler. Hired new Vice Chancellor of Finance and Administration Ronald P. Gerhard. Hired new Vice Chancellor of Academic Affairs Susan Lamb.