



Financial and Performance Audits  
General Obligation Bond Funds  
(Election of 2005 and Election of 2020)  
June 30, 2021

San Francisco  
Community College District

San Francisco Community College District  
General Obligation Bond Funds (Election of 2005 and Election of 2020)

Table of Contents  
June 30, 2021

---

**FINANCIAL AUDIT**

Independent Auditor’s Report .....	1
Financial Statements	
Balance Sheets .....	3
Statements of Revenues, Expenditures, and Changes in Fund Balances .....	4
Notes to Financial Statements .....	5
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 <i>Government Auditing Standards</i> .....	9
Schedule of Findings and Questioned Costs	
Financial Statement Findings .....	11
Summary Schedule of Prior Audit Findings.....	12

**PERFORMANCE AUDIT**

Independent Auditor’s Report on Performance .....	13
Authority for Issuance and Purpose.....	14
Authority for the Audit .....	15
Objectives of the Audit .....	15
Scope of the Audit.....	16
Methodology.....	16
Procedures Performed and Results .....	16
Schedule of Findings and Questioned Costs	
Schedule of Findings and Questioned Costs .....	24
Summary Schedule of Prior Audit Findings.....	25



Financial Audit  
General Obligation Bond Funds  
(Election of 2005 and Election of 2020)  
June 30, 2021

**San Francisco**  
**Community College District**



## 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 2005 and Election of 2020), as of and for the year ended June 30, 2021, 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 statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Obligation Bond Funds (Election of 2005 and Election of 2020) of the District as of June 30, 2021, and the results of its operations 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 of the Bond Funds specific to General Obligation Bonds, Election of 2005 and Election of 2020, are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2021, and the changes in financial position for the year then ended 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 April 20, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
April 20, 2022

San Francisco Community College District  
 General Obligation Bond Funds (Election of 2005 and Election of 2020)

Balance Sheets  
 June 30, 2021

	<u>2005 Election</u>	<u>2020 Election</u>	<u>Total</u>
<b>Assets</b>			
Cash and investments	\$ 7,837,372	\$ 290,400,383	\$ 298,237,755
Accounts receivable	8,557	133,724	142,281
Total assets	<u>\$ 7,845,929</u>	<u>\$ 290,534,107</u>	<u>\$ 298,380,036</u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts payable	<u>\$ 959,520</u>	<u>\$ 5,353,316</u>	<u>\$ 6,312,836</u>
<b>Fund Balance</b>			
Restricted for capital projects	<u>6,886,409</u>	<u>285,180,791</u>	<u>292,067,200</u>
Total liabilities and fund balance	<u>\$ 7,845,929</u>	<u>\$ 290,534,107</u>	<u>\$ 298,380,036</u>

San Francisco Community College District  
 General Obligation Bond Funds (Election of 2005 and Election of 2020)  
 Statements of Revenues, Expenditures, and Changes in Fund Balances  
 Year Ended June 30, 2021

	2005 Election	2020 Election	Total
Revenues			
Local revenues	\$ 177,066	\$ 1,149,933	\$ 1,326,999
Expenditures			
Salaries and benefits	875,460	-	875,460
Services and other expenditures	959,072	1,400,226	2,359,298
Capital outlay	10,691,649	14,568,916	25,260,565
Total expenditures	12,526,181	15,969,142	28,495,323
Excess of Expenditures over Revenues	(12,349,115)	(14,819,209)	(27,168,324)
Other Financing Sources			
Proceeds from issuance of bonds	-	300,000,000	300,000,000
Net Change in Fund Balance	(12,349,115)	285,180,791	272,831,676
Fund Balances - Beginning	19,235,524	-	19,235,524
Fund Balances - Ending	\$ 6,886,409	\$ 285,180,791	\$ 292,067,200

San Francisco Community College District  
General Obligation Bond Funds (Election of 2005 and Election of 2020)

Notes to Financial Statements  
June 30, 2021

---

**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of San Francisco Community College District (the District) General Obligation Bond Funds (Election of 2005 and Election of 2020) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The General Obligation Bond Funds (Election of 2005 and Election of 2020) accounts for financial transactions in accordance with the policies and procedures of the California Community Colleges *Budget and Accounting Manual*.

**Financial Reporting**

The financial statements include only the General Obligation Bond Funds (Election of 2005 and Election of 2020) 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 2005 and 2020. 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 General Obligation Bond Funds (Election of 2005 and Election of 2020) 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**

The General Obligation Bond Funds (Election of 2005 and Election of 2020) 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 financing sources) and uses (expenditures and other financing uses) of current financial resources.

**Budgets and Budgetary Accounting**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year, as needed, to give consideration to unanticipated revenues and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by major object. Expenditures cannot legally exceed appropriations by major object account.



San Francisco Community College District  
General Obligation Bond Funds (Election of 2005 and Election of 2020)

Notes to Financial Statements

June 30, 2021

---

### **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.

### **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, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates, and those differences could be material.

### **Fund Balance**

As of June 30, 2021, the fund balance is 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.

## **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**

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

San Francisco Community College District  
General Obligation Bond Funds (Election of 2005 and Election of 2020)

Notes to Financial Statements  
June 30, 2021

**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, 2021, consist of the following:

Cash with fiscal agent	\$ 94,879
San Francisco County Treasury Investment Fund	<u>298,142,876</u>
Total deposits and investments	<u><u>\$ 298,237,755</u></u>

San Francisco Community College District  
General Obligation Bond Funds (Election of 2005 and Election of 2020)

Notes to Financial Statements  
June 30, 2021

---

**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. The District maintains a General Obligation Bond Funds (Election of 2005 and Election of 2020) investment of \$298,142,876 with the San Francisco County Treasury Investment Fund with a weighted maturity of 407 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 Treasury Investment Fund is not required to be rated, nor has it been rated as of June 30, 2021.

**Note 3 - Accounts Receivable**

Accounts receivable at June 30, 2021, consisted of accrued interest for a total of \$142,281.

**Note 4 - Commitments and Contingencies**

**Construction Commitments**

As of June 30, 2021, the District was committed under various capital expenditure purchase agreements for bond projects totaling approximately \$24.3 million.

**Litigation**

The District is not currently a party to any legal proceedings related to the General Obligation Bond Funds (Election of 2005 and Election of 2020).



Independent Auditor's Report  
June 30, 2021

**San Francisco  
Community College District**



**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 2005 and Election of 2020), as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated April 20, 2022.

**Emphasis of Matter**

As discussed in Note 1, the financial statements present only the General Obligation Bond Funds specific to Election of 2005 and Election of 2020 are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2021, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District’s General Obligation Bond Funds (Election of 2005 and Election of 2020) financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's General Obligation Bond Funds (Election of 2005 and Election of 2020) 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 financial statements. 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.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
April 20, 2022

San Francisco Community College District  
General Obligation Bond Funds (Election of 2005 and Election of 2020)  
Financial Statement Findings  
June 30, 2021

---

None reported.

San Francisco Community College District  
General Obligation Bond Funds (Election of 2005 and Election of 2020)  
Summary Schedule of Prior Audit Findings  
June 30, 2021

---

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.





Performance Audit  
General Obligation Bond Funds  
(Election of 2005 and Election of 2020)  
June 30, 2021

**San Francisco**  
**Community College District**



## 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 2005 and Election of 2020) for the year ended June 30, 2021.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and 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, 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. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Trustees, Citizens' Oversight Committee, and management of the District, and is not intended to be and should not be used by anyone other than this specified party.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Rancho Cucamonga, California  
April 20, 2022

### **Authority for Issuance and Purpose**

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 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% 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.

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.

The 2020 Bonds are authorized to be issued by a resolution adopted by the City and County Board of Supervisors adopted on April 17, 2020, pursuant to resolutions of the Board of Trustees of the District adopted on September 26, 2019 (the Series A Resolution). The District received authorization at an election held on March 3, 2020, to issue Bonds of the District in an aggregate principal amount not to exceed \$845,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55% of the votes cast by eligible voters within the District (the 2020 Authorization). The District received net proceeds of \$300 million from the Bond Series A under the 2020 Authorization.

The net proceeds of the Bonds issued under the 2020 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.

### **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% of the electorate. In addition to reducing the approval threshold from two-thirds to 55%, 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 XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other district operating expenses.
2. The 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 and information technology needs in developing the project list.
3. Requires the district to appoint a citizens’ oversight committee.
4. Requires the 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 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 General Obligation Bond Funds (Election of 2005 and Election of 2020) 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 General Obligation Bond Funds (Election of 2005 and Election of 2020) were in support of Bond projects and not for District general administration or operations.
3. Determine whether bids related to General Obligation Bond Funds (Election of 2005 and Election of 2020) projects were provided within State code sections related to community colleges and Board approved policies.
4. Determine whether change orders to previously approved contracts related to General Obligation Bond Funds (Election of 2005 and Election of 2020) projects were approved by the Board of Trustees.

## Scope of the Audit

The scope of our performance audit covered the period of July 1, 2020 to June 30, 2021. 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, 2021, were not reviewed or included within the scope of our audit or in this report.

## Methodology

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2021, for the General Obligation Bond Funds (Election of 2005 and Election of 2020). 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:

## Procedures Performed and Results

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

#### Procedures

1. We identified expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
2. We selected a sample of expenditures using the following criteria:
  - a. We considered all expenditures recorded in all object codes.
  - b. We considered all expenditures recorded in all projects that were funded from July 1, 2020 through June 30, 2021 from Election of 2005 and Election of 2020 bond proceeds.
  - c. We selected a sample of expenditures using professional judgement, based on risk assessment and consideration of coverage of all object codes and projects for the period starting July 1, 2020 and ending June 30, 2021.
3. Our sample included nonpayroll transactions totaling \$19,481,291. This represents 71% of the total nonpayroll expenditures of \$27,619,863. Our sample included payroll transactions totaling \$875,460. This represents 100% of the total payroll-related expenditures of \$875,460.
4. We reviewed the actual invoices and other supporting documentation to determine that:
  - a. Expenditures were supported by invoices with evidence of proper approval and documentation of receipting goods or services.
  - b. Expenditures were supported by proper bid documentation, as applicable.
  - c. Expenditures were expended in accordance with voter-approved bond project list.
  - d. Bond proceeds were not used for salaries of administrators or other operating expenses of the District.

San Francisco Community College District  
General Obligation Bond Funds (Election of 2005 and Election of 2020)

June 30, 2021

---

5. We determined that the District has met the compliance requirements of Election of 2005 and Election of 2020 if the following conditions were met:
  - a. Supporting documents for expenditures were aligned with the voter-approved bond projects list.
  - b. Expenditures were not used for salaries of administrators or other operating expenses of the District.

**Results**

The results of our tests indicated that, in all significant respects, San Francisco Community College District has properly accounted for the expenditures held in the General Obligation Bond Funds (Election of 2005 and Election of 2020) and that such expenditures were made for authorized Bond projects.

**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 2020-2021 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.

<u>Project</u>	<u>Contractor</u>	<u>In Compliance</u>
Ocean Campus Fit Out for the Fort Mason Relocation	Tiber Corporation	Yes
Fire Academy Training Tower & Apparatus Shed at John Adams Center	Build Group	Yes

San Francisco Community College District  
 General Obligation Bond Funds (Election of 2005 and Election of 2020)

June 30, 2021

**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 2020-2021 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	Change Order (CO)/Contract Modification (CM) Amount	Board Approval Date	Board Approved Prior to Contract Execution
EJ Weber Electric Corp	\$ 288,300	\$ 12,298	6/24/2021	Yes
Kitchell Corporation	8,111,250	790,992	12/10/2020	Yes
LPAS, Inc.	681,750	68,175	8/26/2021	Yes
Impact Sciences	731,570	200,438	4/29/2021	Yes
Stok LLC	34,533	663,034	2/25/2021	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 2020-2021 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, 2021, with an analysis of funds overspent or available for future expenditure.

San Francisco Community College District  
General Obligation Bond Funds (Election of 2005 and Election of 2020)

June 30, 2021

**Results**

**FINAL BUDGET BY PROJECT**

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

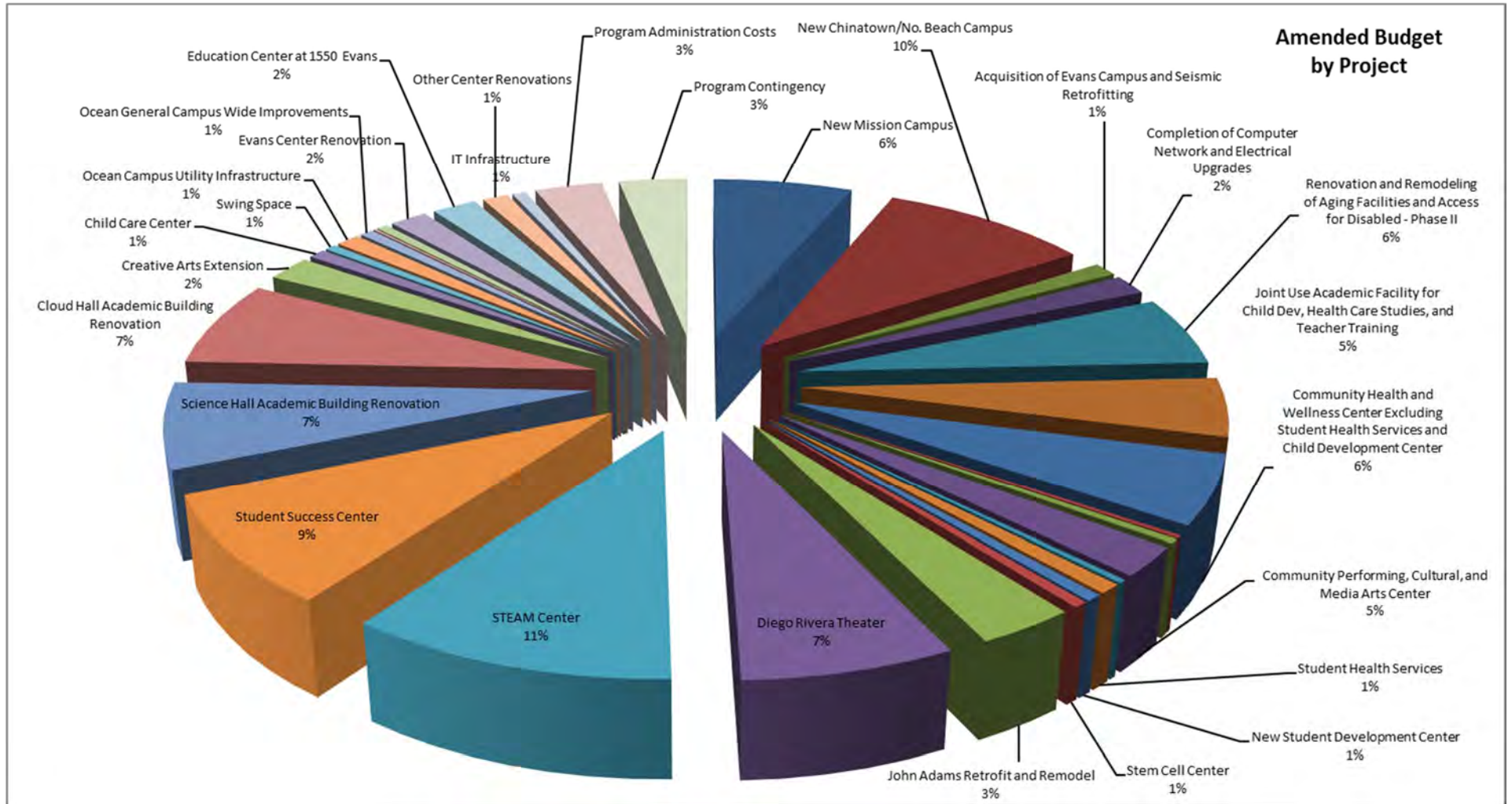
Project	Original Project Budget	Amended Project Budget	Actual Expenses	Variance	Expected Future Expenses
New Mission Campus	\$ 34,587,000	\$ 93,664,321	\$ 93,663,755	\$ 566	\$ -
Chinatown	59,544,000	140,926,606	140,777,814	148,792	15,000
Acquisition of Evans Campus and Seismic Retrofitting	9,161,046	16,333,881	16,435,947	(102,066)	828,142
Computer Network	25,883,145	24,098,826	24,374,919	(276,093)	214,881
Renovations/ADA	50,841,584	82,713,437	79,337,068	3,376,369	2,260,503
Joint Use Academic Facility Community Health and Wellness Center Excluding Student Health Services and Child Development Center	39,900,990	69,530,747	69,530,747	-	-
Balboa Reservoir-Infrastructure	16,752,475	82,155,907	82,155,907	-	-
Acquisition and Improvements for Parcel Adjacent to Ocean Campus	12,871,287	3,208,517	3,208,517	-	-
Performing Arts Center	5,500,716	5,437,332	5,437,332	-	-
Child Development Center	94,747,525	34,308,658	34,748,141	(439,483)	244,327
Student Health Services	3,000,000	4,160,805	4,160,805	-	-
New Student Development Center	5,000,000	11,323,198	11,323,198	-	-
Stem Cell Center	33,000,000	7,886,643	5,859,035	2,027,608	1,441,087
John Adams Retrofit and Remodel	38,000,000	7,124,040	5,175,159	1,948,881	1,861,361
Diego Rivera Theater	10,000,000	47,453,019	47,429,880	23,139	14,500
STEAM Center	101,000,000	101,000,000	589,753	100,410,247	100,410,247
Student Success Center	155,250,000	155,250,000	5,938,671	149,311,329	149,311,329
Science Hall Academic Building Renovation	128,100,000	128,100,000	5,614,772	122,485,228	122,485,228
Cloud Hall Academic Building Renovation	102,000,000	102,000,000	-	102,000,000	102,000,000
Creative Arts Extension	102,000,000	102,000,000	117,713	101,882,287	101,882,287
Child Care Center	30,300,000	30,300,000	-	30,300,000	30,300,000
Swing Space	11,500,000	11,500,000	20,182	11,479,818	11,479,818
Ocean Campus Utility Infrastructure Replacement	7,500,000	7,500,000	-	7,500,000	7,500,000
Ocean General Campus Wide Improvements	15,865,000	15,865,000	41,717	15,823,283	15,823,283
Rush Stadium Turf Field Replacement	8,900,000	8,900,000	122,692	8,777,308	8,777,308
750 Eddy Street Seismic and Code Upgrade	2,000,000	2,000,000	1,213,720	786,280	786,280
Evans Center Renovation	7,369,000	7,369,000	563,004	6,805,996	6,805,996
Education Center at 1550 Evans	25,000,000	25,000,000	738,095	24,261,905	24,261,905
Other Center Renovations	30,000,000	30,000,000	-	30,000,000	30,000,000
IT Infrastructure	17,400,000	17,400,000	-	17,400,000	17,400,000
Program Administration Costs	9,200,000	9,200,000	-	9,200,000	9,200,000
Program Contingency	45,500,000	45,500,000	1,008,823	44,491,177	44,491,177
	46,116,000	46,116,000	-	46,116,000	46,116,000
Total	<u>\$ 1,283,789,768</u>	<u>\$ 1,475,325,937</u>	<u>\$ 639,587,366</u>	<u>\$ 835,738,571</u>	<u>\$ 835,910,659</u>



San Francisco Community College District  
 General Obligation Bond Funds (Election of 2005 and Election of 2020)

June 30, 2021

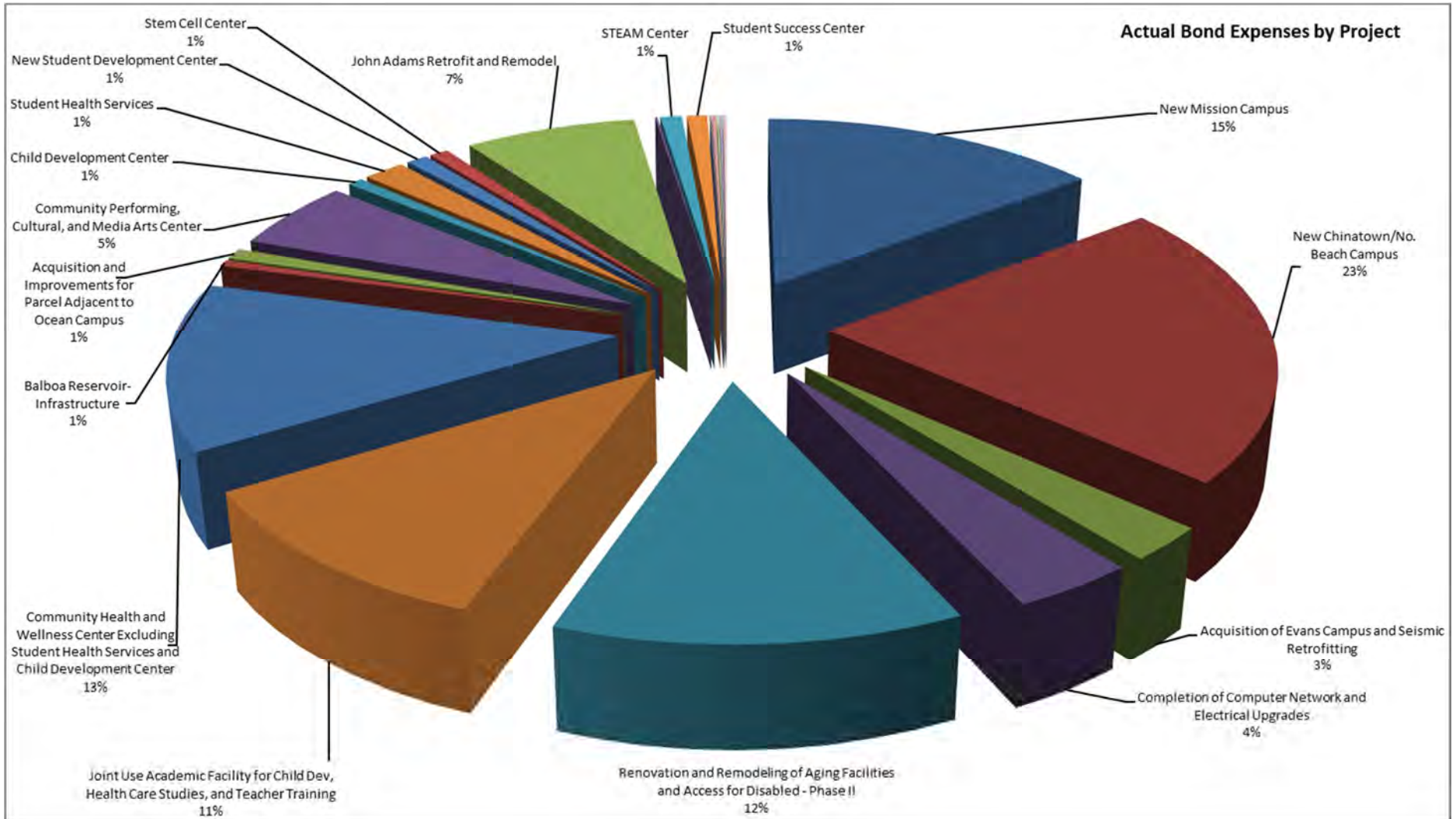
The following graph represents the final amended budget by project for the Bond Funds:



San Francisco Community College District  
 General Obligation Bond Funds (Election of 2005 and Election of 2020)

June 30, 2021

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



San Francisco Community College District  
General Obligation Bond Funds (Election of 2005 and Election of 2020)

June 30, 2021

Project	Final Budget by Project
New Mission Campus	\$ 93,664,321
New Chinatown/No. Beach Campus	140,926,606
Acquisition of Evans Campus and Seismic Retrofitting	16,333,881
Completion of Computer Network and Electrical Upgrades	24,098,826
Renovation and Remodeling of Aging Facilities and Access for Disabled - Phase II	82,713,437
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	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	34,308,658
Child Development Center	4,160,805
Student Health Services	11,323,198
New Student Development Center	7,886,643
Stem Cell Center	7,124,040
John Adams Retrofit and Remodel	47,453,019
Diego Rivera Theater	101,000,000
STEAM Center	155,250,000
Student Success Center	128,100,000
Science Hall Academic Building Renovation	102,000,000
Cloud Hall Academic Building Renovation	102,000,000
Creative Arts Extension	30,300,000
Child Care Center	11,500,000
Swing Space	7,500,000
Ocean Campus Utility Infrastructure	15,865,000
Ocean General Campus Wide Improvements	8,900,000
Rush Stadium Turf Field Replacement	2,000,000
750 Eddy Street Seismic and Code Upgrade	7,369,000
Evans Center Renovation	25,000,000
Education Center at 1550 Evans	30,000,000
Other Center Renovations	17,400,000
IT Infrastructure	9,200,000
Program Administration Costs	45,500,000
Program Contingency	46,116,000
Total	<u><u>\$ 1,475,325,937</u></u>

San Francisco Community College District  
 General Obligation Bond Funds (Election of 2005 and Election of 2020)

June 30, 2021

Project	Actual Expenses
New Mission Campus	\$ 93,663,755
New Chinatown/No. Beach Campus	140,777,814
Acquisition of Evans Campus and Seismic Retrofitting	16,435,947
Completion of Computer Network and Electrical Upgrades	24,374,919
Renovation and Remodeling of Aging Facilities and Access for Disabled - Phase II	79,337,068
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	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	34,748,141
Child Development Center	4,160,805
Student Health Services	11,323,198
New Student Development Center	5,859,035
Stem Cell Center	5,175,159
John Adams Retrofit and Remodel	47,429,880
Diego Rivera Theater	589,753
STEAM Center	5,938,671
Student Success Center	5,614,772
Science Hall Academic Building Renovation	-
Cloud Hall Academic Building Renovation	117,713
Creative Arts Extension	-
Child Care Center	20,182
Swing Space	-
Ocean Campus Utility Infrastructure	41,717
Ocean General Campus Wide Improvements	122,692
Rush Stadium Turf Field Replacement	1,213,720
750 Eddy Street Seismic and Code Upgrade	563,004
Evans Center Renovation	738,095
Education Center at 1550 Evans	-
Other Center Renovations	-
IT Infrastructure	-
Program Administration Costs	1,008,823
Total	<u>\$ 639,587,366</u>

San Francisco Community College District  
General Obligation Bond Funds (Election of 2005 and Election of 2020)  
Schedule of Findings and Questioned Costs  
June 30, 2021

---

None reported.

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

**2020-001      Salaries Expended from General Obligation Bond Proceeds**

**Criteria or Specific Requirement**

Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other district operating expenses.

**Condition**

The results of our testing indicated that expenditures were used for salaries of administrators. Our sample included payroll transactions totaling \$1,052,530. Of this amount, \$142,104 represents salaries of administrators and other individuals whose positions were not substantially supporting voter-approved bond projects.

**Questioned Costs**

Questioned costs include \$142,104, which represents salaries of administrators and other individuals whose positions were not substantially supporting voter-approved bond projects.

**Context**

Total salaries expended from bond proceeds were \$1,054,427. Total expenditures expended from bond proceeds were \$25,202,149.

**Effect**

The District is not in compliance with Proposition 39 and the enacting legislation.

**Cause**

The District did not have appropriate internal controls in place to ensure review of salaries expended from bond proceeds were appropriate and in compliance with Proposition 39 and the enacting legislation.

**Recommendation**

The District should implement a review and approval process for all salaries expended from bond proceeds to ensure the duties of the individuals substantially support voter-approved bond projects, and no administrator salaries are expended from bond proceeds.

**Current Status**

Implemented.