

**FINANCIAL AND PERFORMANCE AUDITS  
GENERAL OBLIGATION BOND FUNDS  
(ELECTION OF 2005 AND ELECTION OF 2020)**

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2024**

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BOND FUNDS (ELECTION OF 2005 AND ELECTION OF 2020)  
TABLE OF CONTENTS  
JUNE 30, 2024**

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**FINANCIAL AUDIT**

**Page**

Independent Auditors' Report..... 1

**FINANCIAL SECTION**

Balance Sheet..... 4

Statement of Revenues, Expenditures and Changes in Fund Balance..... 5

Notes to Financial Statements..... 6

**OTHER REPORTS**

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*..... 10

**FINDINGS AND RESPONSES SECTION**

Schedule of Findings and Responses ..... 12

Summary Schedule of Prior Audit Findings ..... 13

**PERFORMANCE AUDIT**

Independent Auditors' Report on Performance..... 14

Authority of Issuance ..... 15

Authority for the Audit ..... 15

Objectives..... 16

Scope..... 16

Methodology..... 16

Conclusion..... 17

Schedule of Findings and Questioned costs..... 18

## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the General Obligation Bond Funds (Election of 2005 and Election of 2020) of San Francisco Community College District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying 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 San Francisco Community College District, as of June 30, 2024, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the General Obligation Bond Funds (Election of 2005 and Election of 2020), and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2024, and the changes in its 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.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2025 on our consideration of the General Obligation Bond Funds (Election of 2005 and Election of 2020) of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the General Obligation Bond Funds (Election of 2005 and Election of 2020) 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 General Obligation Bond Funds (Election of 2005 and Election of 2020) of the District's internal control over financial reporting and compliance.

San Diego, California  
February 13, 2025

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## **FINANCIAL SECTION**

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**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BOND FUNDS (ELECTION OF 2005 AND ELECTION OF 2020)  
BALANCE SHEETS  
JUNE 30, 2024**

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	2005 Election	2020 Election	Total
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 381,898,030	\$ 381,898,030
Accounts receivable	-	1,839,887	1,839,887
<b>Total Assets</b>	-	383,737,917	383,737,917
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	-	37,561,767	37,561,767
<b>Fund Balance</b>			
Restricted for capital projects	-	346,176,150	346,176,150
<b>Total Liabilities and Fund Balance</b>	\$ -	\$ 383,737,917	\$ 383,737,917

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BOND FUNDS (ELECTION OF 2005 AND ELECTION OF 2020)  
STATEMENTS OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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	2005 Election	2020 Election	Total
<b>REVENUES</b>			
Interest and investment income/(loss)	\$ 37,317	\$ 7,804,869	\$ 7,842,186
Change in fair value of investments	24,929	707,969	732,898
<b>Total Revenues</b>	<b>62,246</b>	<b>8,512,838</b>	<b>8,575,084</b>
<b>EXPENDITURES</b>			
Salaries and benefits	-	87	87
Supplies	-	37,479	37,479
Services and other operating expenses	3,500	321,926	325,426
Capital outlay	153,421	130,592,975	130,746,396
<b>Total Expenditures</b>	<b>156,921</b>	<b>130,952,467</b>	<b>131,109,388</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(94,675)</b>	<b>(122,439,629)</b>	<b>(122,534,304)</b>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from debt issuance	-	270,000,000	270,000,000
Other financing uses	-	(1,562,737)	(1,562,737)
<b>Total Other Financing Sources</b>	<b>-</b>	<b>268,437,263</b>	<b>268,437,263</b>
<b>Net Change in Fund Balance</b>	<b>(94,675)</b>	<b>145,997,634</b>	<b>145,902,959</b>
<b>Restricted Fund Balance, July 1, 2023</b>	<b>94,675</b>	<b>200,178,516</b>	<b>200,273,191</b>
<b>Restricted Fund Balance, June 30, 2024</b>	<b>\$ -</b>	<b>\$ 346,176,150</b>	<b>\$ 346,176,150</b>



**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BOND FUNDS (ELECTION OF 2005 AND ELECTION OF 2020)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

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**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 changes in financial position of the District in accordance 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, 2024**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**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, 2024, 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 – CASH, CASH EQUIVALENTS, 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.

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BOND FUNDS (ELECTION OF 2005 AND ELECTION OF 2020)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

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**NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS, continued**

**Investment in County Treasury Investment Pool**

In accordance with the California Community Colleges *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. The District’s investment in the County Treasury is measured at fair value on a recurring basis which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in the investment pool are not required to be categorized within the fair value hierarchy.

**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 Fund	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BOND FUNDS (ELECTION OF 2005 AND ELECTION OF 2020)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

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**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2024, consist of the following:

City and County of San Francisco Investment Pool	\$ 376,885,787
Cash with fiscal agent	<u>5,012,243</u>
Total deposits and investments	<u>\$ 381,898,030</u>

**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 City and County of San Francisco Investment Pool. The District maintains a General Obligation Bond Funds (Election of 2005 and Election of 2020) investment of \$376,885,787 with the City and County of San Francisco Investment Pool with a weighted maturity of 457 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 City and County of San Francisco Investment Pool is not required to be rated, nor has it been rated as of June 30, 2024.

**NOTE 3 – COMMITMENTS AND CONTINGENCIES**

**Construction Commitments**

As of June 30, 2024, the District was committed under various capital expenditure purchase agreements for bond projects totaling approximately \$28.1 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).

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## **OTHER REPORTS**

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

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 (*Government Auditing Standards*), the financial statements of the General Obligation Bond Funds (Election of 2005 and Election of 2020) of San Francisco Community College District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated February 13, 2025.

**Emphasis of Matter**

As discussed in Note 1, the financial statements present only the General Obligation Bond Funds (Election of 2005 and Election of 2020), and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2024, and the changes in its 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.

**Report on 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

### **Report on 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.

San Diego, California  
February 13, 2025

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## **FINDINGS AND RESPONSES SECTION**

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**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BOND FUNDS (ELECTION OF 2005 AND ELECTION OF 2020)  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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This section identifies the deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

**There were no audit findings reported in fiscal year 2023-2024**

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BOND FUNDS (ELECTION OF 2005 AND ELECTION OF 2020)  
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**FINDING # 2023-001 - FINANCIAL CLOSE AND REPORTING MATERIAL WEAKNESS IN INTERNAL CONTROL  
OVER FINANCIAL REPORTING**

**Criteria or Specific Requirements**

The accounting system used to record the financial affairs of any community college district shall be in accordance with the definitions, instructions, and procedures published in the California Community Colleges *Budget and Accounting Manual* (BAM). Colleges are also required to present their financial statements in accordance with generally accepted accounting principles (GAAP).

**Condition**

Several year-end adjustments were identified during the audit that resulted in audit adjustments to the original General Obligation Bond Fund (Election of 2020) trial balance. There were material audit adjustments proposed and posted to cash, accounts payable, and expense accounts.

**Questioned Costs**

There were no questioned costs associated with the condition identified.

**Context**

Several adjustments and reclassification entries were posted to ensure accuracy and correct classification of account balances.

**Effect**

Material adjustments to the general ledger were proposed as a result of audit procedures. These adjustments were accepted by management to ensure the financial statements were presented fairly.

**Cause**

The internal controls in place during the closing process, including preparation and review of account reconciliations, journal entries, and accruals, were not performed, or were not performed in a timely manner to ensure accurate reporting of balances for reporting.

**Recommendation**

We recommend that all account balances are reconciled and reviewed by appropriate personnel prior to closing the fiscal year ledgers to ensure proper financial reporting. All journal entries posted to the ledger should be reviewed and approved by appropriate personnel. Additionally, policies and procedures should be implemented to ensure that these accounts are reconciled and reviewed throughout the year on a regular basis in order to facilitate timely and accurate reporting at year-end.

**Views of Responsible Officials and Corrective Action Plan**

The district has gone through a number of personnel changes in the fiscal office, and just recently hired an Associate Vice Chancellor for Budget and Accounting to monitor and oversee accounting activity and the year end close. This person is responsible to see that account reconciliations, journal entries, and accruals are performed timely and that these are done routinely. Monthly monitoring will be implemented to ensure that these activities are done in a timely manner.

**Current Status**

Implemented in 2023-24.

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## **PERFORMANCE SECTION**

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## INDEPENDENT AUDITORS' 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 the San Francisco Community College District (the District) General Obligation Bond Funds (Election of 2005 and Election of 2020) for the year ended June 30, 2024.

We conducted this performance audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

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

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

The results of our tests indicated that the District's General Obligation Bond Funds (Election of 2005 and Election of 2020) is in compliance with Proposition 39 as outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

San Diego, California  
February 13, 2025

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# **BACKGROUND**

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**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BOND FUNDS (ELECTION OF 2005 AND ELECTION OF 2020)  
BACKGROUND INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**AUTHORITY FOR ISSUANCE**

The 2020 Bonds were 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.

**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 the District for the following: "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 reduction of 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 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.

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# **PERFORMANCE AUDIT**

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**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BOND FUNDS (ELECTION OF 2005 AND ELECTION OF 2020)  
PERFORMANCE AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**OBJECTIVE OF THE AUDIT**

Our audit was limited to the objectives listed below which includes determining the 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 compliance with those requirements.

1. Determine whether expenditures charged to the District's 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 the District's 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 the District's 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 the District's 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, 2023 to June 30, 2024. 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, 2024, 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, 2024, for the District's 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 District's General Obligation Bonds Funds as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2023 and ending June 30, 2024, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included transactions totaling \$77,492,087. This represents 60.3 percent of the total expenditures and other outgo of \$132,672,125.
3. Based on our testing, we verified that funds from the District's General Obligation Bond Funds (Election of 2005 and Election of 2020) were expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects.



**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BOND FUNDS (ELECTION OF 2005 AND ELECTION OF 2020)  
PERFORMANCE AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**CONCLUSION**

The results of our tests indicated that, in all significant respects, the San Francisco Community College District has properly accounted for the expenditures held in the District's General Obligation Bond Funds (Election of 2005 and Election of 2020) and that such expenditures were made for authorized Bond projects. There were no salaries of administrators charged to the District's Obligation Bond Funds for District general administration or operations.

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BOND FUNDS (ELECTION OF 2005 AND ELECTION OF 2020)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**There were no audit findings noted during the 2023-24 year.**

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BOND FUNDS (ELECTION OF 2005 AND ELECTION OF 2020)  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**There were no audit findings noted during the prior year 2022-23.**