

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF PROCEEDS AND USE OF
GENERAL OBLIGATION BONDS
(ELECTION OF 2001, SERIES A)
WITH INDEPENDENT AUDITOR'S REPORT**

For the period from July 1, 2003 through June 30, 2004

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS
(ELECTION OF 2001, SERIES A)

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SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS
(ELECTION OF 2001, SERIES A)
SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS
FOR THE PERIOD FROM JULY 1, 2003 THROUGH JUNE 30, 2004

Beginning Balance, unspent bond proceeds, as of July 1, 2003		\$24,736,907
Interest Income		731,320
Project Expenditures:		
New Mission Campus	\$ 3,427,919	
New Chinatown/North Beach Campus	525,421	
Acquisition of Property and Seismic Retrofitting at Evans Campus	1,045,901	
Completion of Computer Network and Electrical Upgrades	2,204,971	
Renovation and Remodeling of Aging Facilities and Access for Disabled- Phase II	3,614,719	
Joint Use Academic Facility for Child Development Health Care Studies and Teacher Training	94,533	
Community Health and Wellness Center, Including Child Development and Student Health	2,431,255	
Balboa Reservoir-Infrastructure for Future College Use	97,651	
Acquisition and Improvements for Parcel Adjacent to Ocean Campus	1,623	
Community Performing, Cultural and Media Arts Center	218,259	
Total Project Expenditures	13,662,252	
Ending Balance, unspent bond proceeds, as of June 30, 2004		\$11,805,975

See accompanying notes to the schedule.

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS (ELECTION OF 2001, SERIES A)
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS
FOR THE PERIOD FROM JULY 1, 2003 THROUGH JUNE 30, 2004**

NOTE 1 – BACKGROUND

To increase educational opportunities, raise student achievement, and improve conditions in its neighborhood campuses throughout San Francisco, the voters of the City and County of San Francisco approved a \$195 million General Obligation Bond (Bonds) issue for the San Francisco Community College District (District) on November 6, 2001 under the provisions of Article XIII A of the Constitution of the State of California and Title I, Division 1, Part 10, Chapter 1 of the Education Code of the State of California (commencing at Section 15100). The Bonds were issued pursuant to provisions of the Constitution of the State of California affected by Proposition 39, the Constitutional initiative passed by voters on November 7, 2000, permitting approval of certain general obligation bonds of school and community college districts by a 55% vote. The total net proceeds of \$38 million from the Bonds Series A issuance received by the District (net of premium and bond issuance costs) are to be spent on construction, renovation and land acquisition for various approved projects.

The specific projects approved by the District Board of Trustee's to be funded by the bond proceeds include:

- New Mission Campus
- New Chinatown/North Beach Campus
- Acquisition of Property and Seismic Retrofitting at Evans Campus
- Completion of Computer Network and Electrical Upgrades
- Renovation and Remodeling of Aging Facilities and Access for Disabled-Phase II
- Joint Use Academic Facility for Child Development Health Care Studies and Teacher Training
- Community Health and Wellness Center, including Child Development and Student Health
- Balboa Reservoir-Infrastructure for Future College Use
- Acquisition and Improvements for Parcel Adjacent to Ocean Campus
- Community Performing, Cultural and Media Arts Center

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The schedule of proceeds and use of general obligation bonds has been prepared on the cash basis of accounting, where the receipts of bond proceeds are reported when received and the disbursements of expenditures from bond funds are reported when paid.

B. Bond Proceeds

Bond proceeds are recorded net of bond premium and issuance costs.

C. Project Expenditures

Expenditures are recognized when payments for approved projects are made.

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
 GENERAL OBLIGATION BONDS (ELECTION OF 2001, SERIES A)
 NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION
 BONDS (CONTINUED)
 FOR THE PERIOD FROM JULY 1, 2003 THROUGH JUNE 30, 2004

NOTE 3 – BONDED DEBT

On March 27, 2002, \$38,000,000 of the general obligation bonds were sold as follows:

Date of Issue	Interest Rate %	Maturity Date	Amount	Outstanding June 30, 2003	Redeemed	Outstanding June 30, 2004
			of Original Issue		Current Period	
March 27, 2002,	2.0-5.375%	June 15, 2026	\$38,000,000	\$ 37,505,000	\$905,000	\$ 36,600,000

The annual debt service requirements to amortize the bonds payable, outstanding as of June 30, 2004, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2005	\$ 930,000	\$ 1,800,675	\$ 2,730,675
2006	970,000	1,763,475	2,733,475
2007	1,005,000	1,724,675	2,729,675
2008	1,040,000	1,690,756	2,730,756
2009	1,085,000	1,649,156	2,734,156
2010 – 2014	6,120,000	7,539,469	13,659,469
2015 – 2019	7,840,000	5,818,800	13,658,800
2020 – 2024	11,415,000	3,450,925	14,865,925
2025 – 2026	6,195,000	468,500	6,663,500
Total	\$ 36,600,000	\$ 25,906,431	\$ 62,506,431

NOTE 5 – RECONCILIATION BETWEEN CASH AND ACCRUAL BASIS

The following is a reconciliation of project expenditures and revenues between the cash and accrual basis of accounting for the period from July 1, 2003 through June 30, 2004:

Expenditures:

Expenditures - Cash Basis	\$ 13,662,252
Change in Prepaid Expenses	245,216
Change in Accounts Payable	(1,365,890)
Change in Contract Retentions Payable	390,277
Expenditures - Accrual Basis	<u>\$ 12,931,855</u>



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH ARTICLE XIII A
OF THE CONSTITUTION OF THE STATE OF CALIFORNIA ON THE
PROCEEDS AND USE OF GENERAL OBLIGATION BONDS
(ELECTION OF 2001, SERIES A)**

The Board of Trustees
San Francisco Community College District
San Francisco, California

We have examined the San Francisco Community College District's compliance with Article XIII A of the Constitution of the State of California on the proceeds and use of general obligation bonds for the period from July 1, 2003 through June 30, 2004. The compliance requirements are as follows:

- The Board of Trustee's evaluated the list of specific projects to address the District's needs for safety, and information technology.
- Funds were properly expended for the specific projects on the Board of Trustee's published list.
- Funds were used for financing the acquisition, construction and modernization of certain property and District facilities, and no funds were used for teacher and administrator salaries and other school operating expenses.

Management is responsible for San Francisco Community College District's compliance with those requirements. Our responsibility is to express an opinion on San Francisco Community College District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about San Francisco Community College District's compliance with those requirements and by performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on San Francisco Community College District's compliance with specified requirements.

In our opinion, San Francisco Community College District complied, in all material respects, with the aforementioned requirements for the period from July 1, 2003 through June 30, 2004.

This report is intended solely for the information and use of District's management, the Board of Trustees, Bond Oversight Committee, and state regulatory officials and is not intended to be and should not be used by anyone other than these specified parties.

MacFarlane Fine & Company LLP

Certified Public Accountants

Los Angeles, California
December 10, 2004