

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT**

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

**For the period from July 1, 2004 through June 30, 2005**



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

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### INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying schedule of proceeds and use of general obligation bonds (Election of 2001, Series A and B) of the San Francisco Community College District (the District) for the period from July 1, 2004 through June 30, 2005. This schedule is the responsibility of the District's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of proceeds and use of general obligation bonds is free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the schedule of proceeds and use of general obligation bonds. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule of proceeds and use of general obligation bonds. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, the schedule of proceeds and use of general obligation bonds has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the schedule of proceeds and use of general obligation bonds referred to in the first paragraph presents fairly, in all material respects, the proceeds and use of the District's General Obligation Bonds (Election of 2001, Series A and B) for the period from July 1, 2004 through June 30, 2005, on the basis of accounting described in Note 2.

*Macias Gini & Company LLP*

Certified Public Accountants

Los Angeles, California  
August 25, 2005

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BONDS (SERIES A AND B)  
SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS  
FOR THE PERIOD FROM JULY 1, 2004 THROUGH JUNE 30, 2005**

Beginning Balance, unspent bond proceeds, as of July 1, 2004		\$ 11,805,975
Bond Proceeds	\$ 110,000,000	
Original Issue Premium	7,609,255	
Total Proceeds	<u>117,609,255</u>	
Bond Issuance Costs		820,747
Net Bond Proceeds		<u>116,788,508</u>
Interest Income		1,656,019
Total Available		<u>130,250,502</u>
Project Expenditures:		
New Mission Campus	2,402,203	
New Chinatown/North Beach Campus	7,570,965	
Acquisition of Property and Seismic Retrofitting at Evans Campus	173,703	
Completion of Computer Network and Electrical Upgrades	4,129,349	
Renovation and Remodeling of Aging Facilities and Access for Disabled- Phase II	7,005,410	
Joint Use Academic Facility for Child Development Health Care Studies and Teacher Training	45,609	
Community Health and Wellness Center, Including Child Development and Student Health	3,241,727	
Balboa Reservoir-Infrastructure for Future College Use	2,765,437	
Acquisition and Improvements for Parcel Adjacent to Ocean Campus	3,103,160	
Community Performing, Cultural and Media Arts Center	170,491	
Total Project Expenditures	<u>30,608,054</u>	
Ending Balance, unspent bond proceeds, as of June 30, 2005		<u>\$ 99,642,448</u>

See accompanying notes to the schedule.

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BONDS (ELECTION OF 2001, SERIES A AND B)  
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS  
FOR THE PERIOD FROM JULY 1, 2004 THROUGH JUNE 30, 2005**

**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 and \$110 million from the Bonds Series A and B issuance, respectively, 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 Trustees 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 AND B)  
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL  
OBLIGATION BONDS (CONTINUED)  
FOR THE PERIOD FROM JULY 1, 2004 THROUGH JUNE 30, 2005**

**NOTE 3 – BONDED DEBT**

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

<b>Date of Issue</b>	<b>Interest Rate %</b>	<b>Maturity Date</b>	<b>Amount of Original Issue</b>	<b>Outstanding June 30, 2004</b>	<b>Redeemed Current Period</b>	<b>Outstanding June 30, 2005</b>
March 27, 2002	2.0-5.375%	June 15, 2026	\$38,000,000	\$ 36,600,000	\$930,000	\$35,670,000

The annual debt service requirements to amortize the Series A bonds payable, outstanding as of June 30, 2005, are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	1,125,000	1,605,756	2,730,756
2011 - 2015	6,405,000	7,257,325	13,662,325
2016 - 2020	8,260,000	5,397,400	13,657,400
2021 - 2025	12,605,000	2,858,463	15,463,463
2026	3,175,000	158,750	3,333,750
<b>Total</b>	<b>\$35,670,000</b>	<b>\$24,105,756</b>	<b>\$59,775,756</b>

On September 14, 2004, \$110,000,000 of the general obligation bonds (Series B) were sold as follows:

<b>Date of Issue</b>	<b>Interest Rate %</b>	<b>Maturity Date</b>	<b>Amount Of Original Issue</b>	<b>Redeemed Current Period</b>	<b>Outstanding June 30, 2005</b>
September 14, 2004	3.0-5.5%	June 15, 2024	\$110,000,000	\$5,150,000	\$104,850,000

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BONDS (ELECTION OF 2001, SERIES A AND B)  
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL  
OBLIGATION BONDS (CONTINUED)  
FOR THE PERIOD FROM JULY 1, 2004 THROUGH JUNE 30, 2005**

**NOTE 3 – BONDED DEBT (CONTINUED)**

The annual debt service requirements to amortize the Series B bonds payable, outstanding as of June 30, 2005, are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	\$ 4,070,000	\$ 5,028,375	\$ 9,098,375
2007	4,155,000	4,804,525	8,959,525
2008	4,235,000	4,679,875	8,914,875
2009	4,340,000	4,552,825	8,892,825
2010	4,460,000	4,335,825	8,795,825
2011 - 2015	24,785,000	18,114,699	42,899,699
2016 - 2020	29,990,000	11,397,780	41,387,780
2021 - 2025	28,815,000	3,389,393	32,204,393
Total	<u>\$104,850,000</u>	<u>\$56,303,297</u>	<u>\$161,153,297</u>

**NOTE 4 – 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, 2004 through June 30, 2005:

Expenditures:

Expenditures - Cash Basis	\$ 30,608,054
Change in Prepaid Expenses	82,150
Change in Accounts Payable	2,300,634
Change in Contract Retentions Payable	<u>(273,042)</u>
Expenditures - Accrual Basis	<u>\$ 32,717,796</u>
Bond Issuance Cost - Cash Basis	\$ 820,747
Prepaid Bond Issuance Cost	<u>(789,574)</u>
Bond Issuance Cost - Accrual Basis	<u>\$ 31,173</u>

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BONDS (ELECTION OF 2001, SERIES A AND B)  
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL  
OBLIGATION BONDS (CONTINUED)  
FOR THE PERIOD FROM JULY 1, 2004 THROUGH JUNE 30, 2005**

**NOTE 4 – RECONCILIATION BETWEEN CASH AND ACCRUAL BASIS (CONTINUED)**

Revenues:

Interest Income - Cash Basis	\$ 1,656,019
Change in Interest Receivable	361,465
Interest Income - Accrual Basis	<u>\$ 2,017,484</u>
Bond Premium Revenue - Cash Basis	\$ 7,609,255
Deferred Premium Revenue	<u>(7,320,250)</u>
Bond Premium Revenue - Accrual Basis	<u>\$ 289,005</u>

**NOTE 5 - COMMITMENTS AND CONTINGENCIES**

A. Bond Fund Compliance

The General Obligation Bonds (Election of 2001, Series A and B) are subject to financial and compliance audits annually. Refer to the 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, which is included in this report.

B. Construction Contracts

The District has outstanding construction commitments of \$20,246,038 at June 30, 2005.





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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 AND B)**

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 (Election of 2001, Series A and B) for the period from July 1, 2004 through June 30, 2005. The compliance requirements are as follows:

- The Board of Trustees 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 Article XIII A relating to the proceeds and use of general obligation bonds for the period from July 1, 2004 through June 30, 2005.

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.

*Maurer Dini & Company LLP*

Certified Public Accountants

Los Angeles, California

August 25, 2005