Financial and Performance Audits
General Obligation Bond Funds
(Election of 2005 and Election of 2020)
June 30, 2022

# San Francisco Community College District

San Francisco Community College District
General Obligation Bond Funds (Election of 2005 and Election of 2020)
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June 30, 2022

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Financial Audit
General Obligation Bond Funds
(Election of 2005 and Election of 2020)
June 30, 2022

# San Francisco Community College District

EideBailly

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**Independent Auditor's 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 the San Francisco Community College District (the District), as of and for the year ended June 30, 2022, 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 the District, as of June 30, 2022, 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, 2022, 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 January 26, 2023 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.

Eide Bailly LLP

Rancho Cucamonga, California
January 26, 2023

San Francisco Community College District
General Obligation Bond Funds (Election of 2005 and Election of 2020)
Balance Sheets
June 30, 2022

| | 2005 Election | 2020 Election | Total |
|---|---|---|---|
| Assets | | | |
| Cash and investments | $ 2,224,594 | $ 262,157,176 | $ 264,381,770 |
| Accounts receivable | 2,830 | 244,895 | 247,725 |
| Total assets | $ 2,227,424 | $ 262,402,071 | $ 264,629,495 |
| Liabilities and Fund Balance | | | |
| Liabilities | | | |
| Accounts payable | $ 557,093 | $ 3,782,514 | $ 4,339,607 |
| Fund Balance | | | |
| Restricted for capital projects | 1,670,331 | 258,619,557 | 260,289,888 |
| Total liabilities and fund balance | $ 2,227,424 | $ 262,402,071 | $ 264,629,495 |

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, 2022

| | 2005 Election | 2020 Election | Total |
|---|---|---|---|
| Revenues | | | |
| Interest income | $ 17,436 | $ 1,395,520 | $ 1,412,956 |
| Change in fair value of investments | (63,604) | (7,790,814) | (7,854,418) |
| Total revenues | (46,168) | (6,395,294) | (6,441,462) |
| Expenditures | | | |
| Salaries and benefits | - | 1,056,623 | 1,056,623 |
| Services and other expenditures | 44,456 | 296,775 | 341,231 |
| Capital outlay | 5,237,558 | 18,812,542 | 24,050,100 |
| Total expenditures | 5,282,014 | 20,165,940 | 25,447,954 |
| Excess of Expenditures over Revenues | (5,328,182) | (26,561,234) | (31,889,416) |
| Other Financing Sources (Uses) | | | |
| Operating transfers in | 142,104 | - | 142,104 |
| Operating transfers out | (30,000) | - | (30,000) |
| Total other financing sources (uses) | 112,104 | - | 112,104 |
| Net Change in Fund Balance | (5,216,078) | (26,561,234) | (31,777,312) |
| Fund Balances - Beginning of year | 6,886,409 | 285,180,791 | 292,067,200 |
| Fund Balances - End of year | $ 1,670,331 | $ 258,619,557 | $ 260,289,888 |

## 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.

**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, 2022, 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 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 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, 2022, consist of the following:

| | |
|---|---|
| Cash with fiscal agent | $ 79,939 |
| City and County of San Francisco Investment Pool | 264,301,831 |
| Total deposits and investments | $ 264,381,770 |

**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 $264,301,831 with the City and County of San Francisco Investment Pool with a weighted maturity of 569 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, 2022.

## Note 3 - Accounts Receivable

Accounts receivable at June 30, 2022, consisted of accrued interest for a total of $247,725.

## Note 4 - Commitments and Contingencies

**Construction Commitments**

As of June 30, 2022, the District was committed under various capital expenditure purchase agreements for bond projects totaling approximately $31.4 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
General Obligation Bond Funds
(Election of 2005 and Election of 2020)
June 30, 2022

# San Francisco Community College District

EideBailly

CPAs & BUSINESS ADVISORS

**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 the General Obligation Bond Funds (Election of 2005 and Election of 2020) of the San Francisco Community College District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated January 26, 2023.

**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, 2022, 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. 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 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.

Eide Bailly LLP

Rancho Cucamonga, California
January 26, 2023

None reported.

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, 2022

# San Francisco Community College District

EideBailly

CPAs & BUSINESS ADVISORS

**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, 2022.

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 XIIIA, 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 XIIIA, 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.

The results of our tests indicated that the District expended General Obligation Bond Funds (Election of 2005 and Election of 2020) funds only for the specific projects approved by the voters in accordance with Proposition 39 and outlined in Article XIIIA, Section 1(b)(3)(C) of the California Constitution.

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 these specified parties.

Eide Bailly LLP

Rancho Cucamonga, California
January 26, 2023

**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 were 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 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.

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 XIIIA, 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.

**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, 2021 to June 30, 2022. 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, 2022, 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, 2022, 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 XIIIA, 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, including transfers.
    b. We considered all expenditures recorded in all projects that were funded from July 1, 2021 through June 30, 2022 from Election of 2005 and Election of 2020 bond proceeds.
    c. We selected all expenditures that were individually significant expenditures. Individually significant expenditures were identified based on our assessment of materiality.
    d. For all items below the individually significant threshold identified in item 2c, we judgmentally selected expenditures based on risk assessment and consideration of coverage of all object codes and projects for the period starting July 1, 2021 and ending June 30, 2022.

3. Our sample included nonpayroll transactions totaling $17,629,988. This represents 72% of the total nonpayroll expenditures of $24,421,331. Our sample included payroll transactions totaling $745,990. This represents 71% of the total payroll-related expenditures of $1,056,623.

| | Dollar Value of Transactions Tested | Total Project Nonpayroll Expenditures | Percentage of Total Expenditures |
|---|---|---|---|
| Election of 2005 | $ 4,573,955 | $ 5,312,014 | 86% |
| Election of 2020 | 13,056,033 | 19,109,317 | 68% |
| Total | $ 17,629,988 | $ 24,421,331 | 72% |

| | Dollar Value of Transactions Tested | Total Project Payroll Expenditures | Percentage of Total Expenditures |
|---|---|---|---|
| Election of 2020 | $ 745,990 | $ 1,056,623 | 71% |

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.

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:
    e. Supporting documents for expenditures were aligned with the voter-approved bond projects list.
    f. 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 2021-2022 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.

| Project | Contractor | In Compliance |
|---|---|---|
| Chinatown/ North Beach – Fashion Department Relocation | Angotti & Reilly, Inc. | Yes |
| Industrial Hygienist Services for Creative Arts Theater | SCA Environmental, Inc., | Yes |
| Diego Rivera Theater Project Design Services | TEF Design | Yes |

**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 2021-2022 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/ Encumbrance Amount | Change Order (CO)/Contract Modification (CM) Amount | Purchase Order Ratification Board Approval Date | Board Approved Prior to Contract Execution |
|---|---|---|---|---|
| Alfa Tech Consulting Engineers Inc. | $ 2,386,669 | $ 202,923 | 11/16/2021 | Yes |
| Angotti & Reilly, Inc. | 453,969 | 10,257 | 8/26/2021 | Yes |
| Build Group Inc | 2,338,235 | 313,543 | 11/16/2021 | Yes |
| Kitchell Corporation | 10,582,603 | 3,022,339 | 12/9/2021 | Yes |
| Rudolph And Sletten, Inc. | 14,426,055 | 13,449,159 | 8/25/2022 | Yes |
| XL Construction Corp. | 8,056,254 | 258,260 | 8/25/2022 | 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 2021-2022 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, 2022, with an analysis of funds overspent or available for future expenditure.

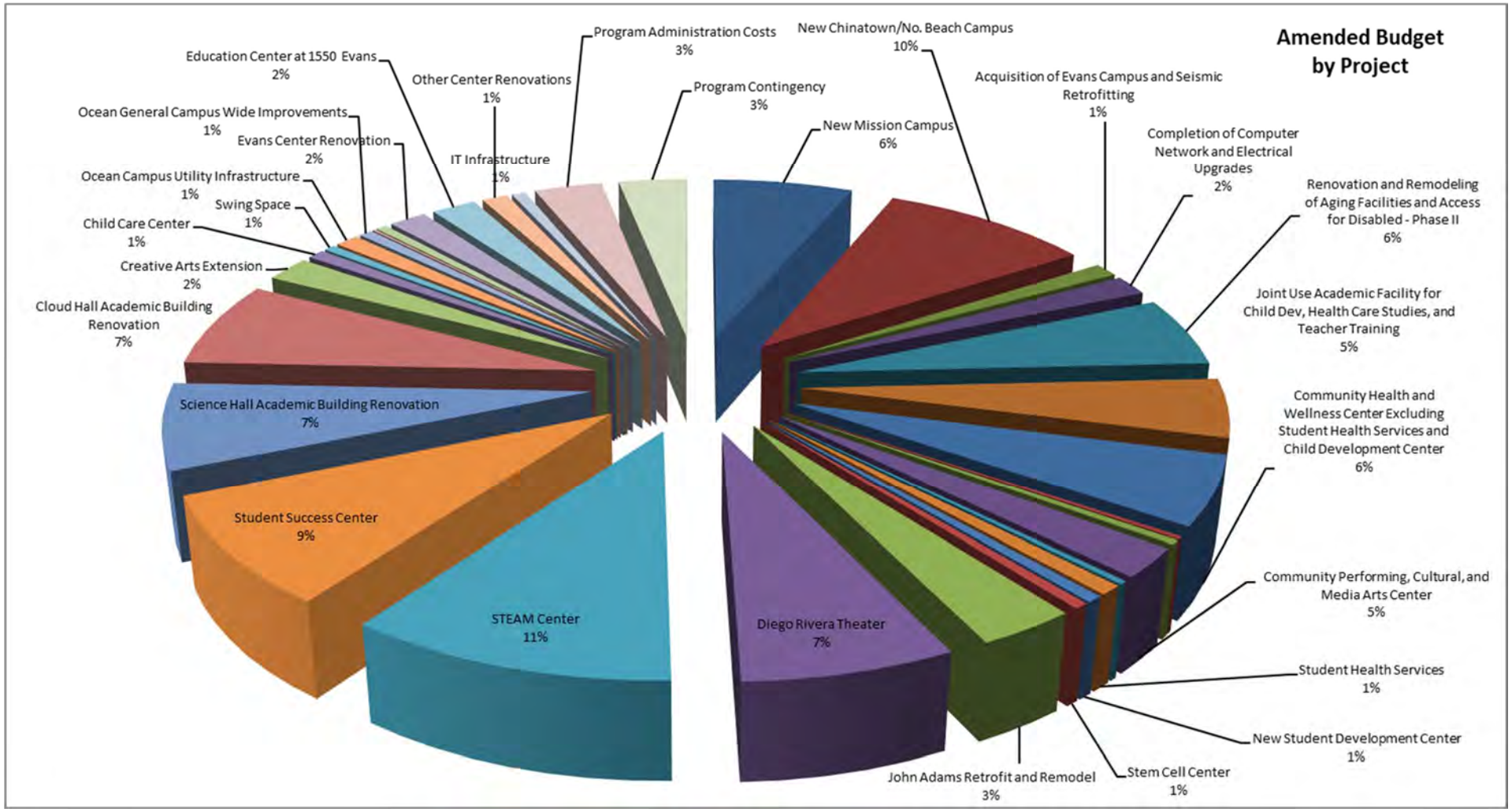
**Results**

**FINAL BUDGET BY PROJECT**

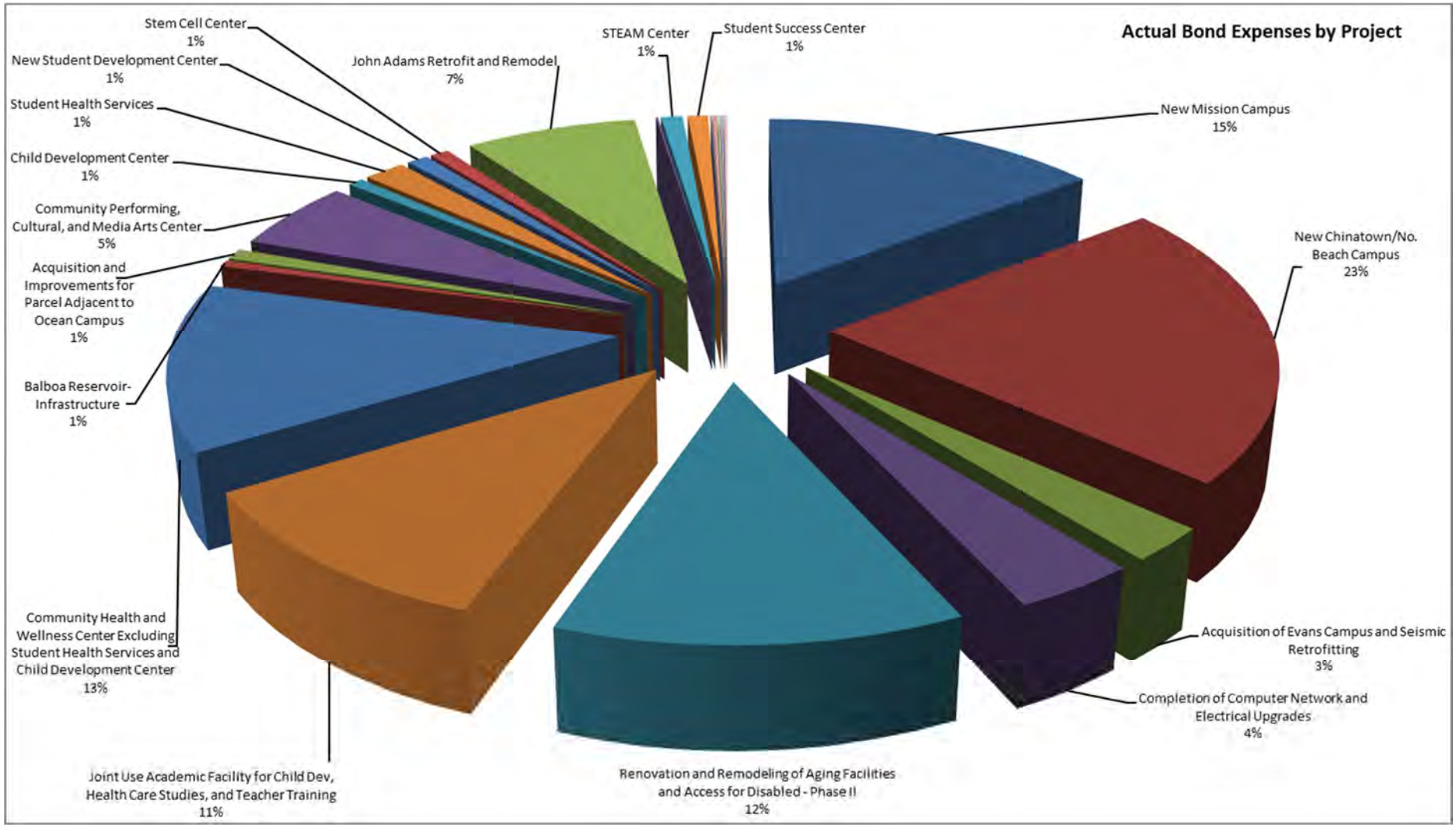
The following schedule represents the final amended budget by project for the Bond Funds:

| Project | Original Project Budget | Amended Project Budget | Actual Expenses | Variance | Expected Future Expenses |
|---|---|---|---|---|---|
| New Mission Campus | $ 34,587,000 | $ 93,663,755 | $ 93,663,755 | $ - | $ - |
| Chinatown | 59,544,000 | 140,792,814 | 140,784,203 | 8,611 | 3,189 |
| Acquisition of Evans Campus and Seismic Retrofitting | 9,161,046 | 17,264,089 | 16,921,393 | 342,696 | 504,868 |
| Computer Network | 25,883,145 | 24,589,800 | 24,566,582 | 23,218 | 19,976 |
| Renovations/ADA | 50,841,584 | 81,597,571 | 83,690,178 | (2,092,607) | 1,183,742 |
| Joint Use Academic Facility | 39,900,990 | 69,530,747 | 69,530,747 | - | - |
| Community Health and Wellness Center Excluding Student Health Services and Child Development Center | 16,752,475 | 82,155,907 | 82,155,907 | - | - |
| Balboa Reservoir-Infrastructure | 12,871,287 | 3,208,517 | 3,208,517 | - | - |
| Acquisition and Improvements for Parcel Adjacent to Ocean Campus | 5,500,716 | 5,437,332 | 5,437,332 | - | - |
| Performing Arts Center | 94,747,525 | 34,992,468 | 34,769,340 | 223,128 | 1,234 |
| Child Development Center | 3,000,000 | 4,160,805 | 4,160,805 | - | - |
| Student Health Services | 5,000,000 | 11,323,198 | 11,323,198 | - | - |
| New Student Development Center | 33,000,000 | 7,300,122 | 5,859,035 | 1,441,087 | - |
| Stem Cell Center | 38,000,000 | 7,036,520 | 5,287,079 | 1,749,441 | - |
| John Adams Retrofit and Remodel | 10,000,000 | 47,444,380 | 47,429,880 | 14,500 | 14,500 |
| Diego Rivera Theater | 101,000,000 | 101,000,000 | 1,449,661 | 99,550,339 | 99,550,339 |
| STEAM Center | 155,250,000 | 155,250,000 | 16,045,266 | 139,204,734 | 139,204,734 |
| Student Success Center | 128,100,000 | 128,100,000 | 9,249,677 | 118,850,323 | 118,850,323 |
| Science Hall Academic Building Renovation | 102,000,000 | 102,000,000 | - | 102,000,000 | 102,000,000 |
| Cloud Hall Academic Building Renovation | 102,000,000 | 102,000,000 | 421,464 | 101,578,536 | 101,578,536 |
| Creative Arts Extension | 30,300,000 | 30,300,000 | - | 30,300,000 | 30,300,000 |
| Child Care Center | 11,500,000 | 11,500,000 | 20,182 | 11,479,818 | 11,479,818 |
| Swing Space | 7,500,000 | 7,500,000 | - | 7,500,000 | 7,500,000 |
| Ocean Campus Utility Infrastructure Replacement | 15,865,000 | 15,865,000 | 172,114 | 15,692,886 | 15,692,886 |
| Ocean General Campus Wide Improvements | 8,900,000 | 8,900,000 | 125,261 | 8,774,739 | 8,774,739 |
| Rush Stadium Turf Field Replacement | 2,000,000 | 2,000,000 | 1,763,988 | 236,012 | 236,012 |
| 750 Eddy Street Seismic and Code Upgrade | 7,369,000 | 7,369,000 | 891,342 | 6,477,658 | 6,477,658 |
| Evans Center Renovation | 25,000,000 | 25,000,000 | 2,195,526 | 22,804,474 | 22,804,474 |
| Education Center at 1550 Evans | 30,000,000 | 30,000,000 | - | 30,000,000 | 30,000,000 |
| Other Center Renovations | 17,400,000 | 17,400,000 | - | 17,400,000 | 17,400,000 |
| IT Infrastructure | 9,200,000 | 9,200,000 | 445,452 | 8,754,548 | 8,754,548 |
| Program Administration Costs | 45,500,000 | 45,500,000 | 3,355,332 | 42,144,668 | 42,144,668 |
| Program Contingency | 46,116,000 | 46,116,000 | - | 46,116,000 | 46,116,000 |
| Total | $ 1,283,789,768 | $ 1,475,498,025 | $ 664,923,216 | $ 810,574,809 | $ 810,592,244 |

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



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



| Project | Final Budget by Project |
|---|---|
| New Mission Campus | $ 93,663,755 |
| New Chinatown/No. Beach Campus | 140,792,814 |
| Acquisition of Evans Campus and Seismic Retrofitting | 17,264,089 |
| Completion of Computer Network and Electrical Upgrades | 24,589,800 |
| Renovation and Remodeling of Aging Facilities and Access for Disabled - Phase II | 81,597,571 |
| 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 | 34,992,468 |
| Child Development Center | 4,160,805 |
| Student Health Services | 11,323,198 |
| New Student Development Center | 7,300,122 |
| Stem Cell Center | 7,036,520 |
| John Adams Retrofit and Remodel | 47,444,380 |
| 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 | $ 1,475,498,025 |

| Project | Actual Expenses |
|---|---|
| New Mission Campus | $ 93,663,755 |
| New Chinatown/No. Beach Campus | 140,784,203 |
| Acquisition of Evans Campus and Seismic Retrofitting | 16,921,393 |
| Completion of Computer Network and Electrical Upgrades | 24,566,582 |
| Renovation and Remodeling of Aging Facilities and Access for Disabled - Phase II | 83,690,178 |
| 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 | 34,769,340 |
| Child Development Center | 4,160,805 |
| Student Health Services | 11,323,198 |
| New Student Development Center | 5,859,035 |
| Stem Cell Center | 5,287,079 |
| John Adams Retrofit and Remodel | 47,429,880 |
| Diego Rivera Theater | 1,449,661 |
| STEAM Center | 16,045,266 |
| Student Success Center | 9,249,677 |
| Cloud Hall Academic Building Renovation | 421,464 |
| Child Care Center | 20,182 |
| Ocean Campus Utility Infrastructure | 172,114 |
| Ocean General Campus Wide Improvements | 125,261 |
| Rush Stadium Turf Field Replacement | 1,763,988 |
| 750 Eddy Street Seismic and Code Upgrade | 891,342 |
| Evans Center Renovation | 2,195,526 |
| IT Infrastructure | 445,452 |
| Program Administration Costs | 3,355,332 |
| Total | $ 664,923,216 |

None reported.

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