CITY COLLEGE OF SAN FRANCISCO

SCHEDULE OF OF FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

2011-02 MATERIAL WEAKNESS - FINANCIAL CLOSE AND REPORTING

Criteria

Accounting principles generally accepted in the United States of America, as prescribed by the
Governmental Accounting Standards Board, require entities to establish and maintain effective
internal control over financial reporting.

Condition

The Annual Financial and Budget Report (CCFS-311) financial statements and the GASB 35
Conversion entries presented to the auditors to begin the audit omitted several significant
transactions, and contained numerous errors:

- Reconciling items for payroll disbursements, interest income on escrow accounts, employee
  payroll benefits, financial aid receipts, and other general receipts included in the District’s
  reconciliation of the payroll, general bank account and Cash in County Treasury accounts, represented
  items that were not included/excluded on a timely basis from the District’s book balances at June 30, 2011.
- The District incorrectly recognized $3,125,000 related to an agreement for a
  construction agreement. The agreement stipulated the funds are not owed to the
  District until the completion of the project. At June 30, 2011 the project was not yet
  completed.
- The District recorded a receivable totaling $2,715,714 for a construction project that was
  completed under budget. The balance did not represent a valid receivable as the
  District was not entitled to any reimbursements or balances due as a result of the
  project’s performance. The District overstated the fund balance in the 2005 Bond Fund
  at June 30, 2011.
- The District did not calculate a liability related to Banked Overload at June 30, 2011.
- The unrealized gain/loss on funds held with the San Francisco County Treasury was not
  properly recorded at June 30, 2011.
- A settlement between the San Francisco Police Department and the District required the
  District to repay a total of $393,025 over the next four years for services previously
  rendered. For the year ended June 30, 2011, the District accrued the first payment due
  on August 1, 2011, but did not accrue for the remaining amount owed in future years
  related to this settlement as a long-term liability.
- The Schedule of Expenditures of Federal Awards was not prepared in a timely manner.
- Receivable and deferred revenue balances provided were overstated by the same
  balance for fees not yet collected for fiscal year 2012 classes.
- The District does not use historical loss rates in calculating the allowance for doubtful
  accounts for receivables and notes receivable. As a result, the ending receivable
  balance was overstated.