

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

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

For the period from July 1, 2005 through June 30, 2006

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

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Schedule of Proceeds and Use of General Obligation Bonds (Election of 2001, Series A, B, and C).....	2
Notes to the Schedule of Proceeds and Use of General Obligation Bonds (Election of 2001, Series A, B, and C).....	3
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, B, and C).....	8



MACIAS GINI & O'CONNELL LLP
CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

3000 S Street, Suite 300
Sacramento, CA 95816
916.928.4600

2175 N. California Boulevard, Suite 645
Walnut Creek, CA 94596
925.274.0190

515 S. Figueroa Street, Suite 325
Los Angeles, CA 90071
213.286.6400

402 West Broadway, Suite 400
San Diego, CA 92101
619.573.1112

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, B, and C) of the San Francisco Community College District (the District) for the period from July 1, 2005 through June 30, 2006. 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, B, and C) for the period from July 1, 2005 through June 30, 2006, on the basis of accounting described in Note 2.

Macias Gini & O'Connell LLP

Certified Public Accountants

Los Angeles, California
August 17, 2006



**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS
(ELECTION OF 2001, SERIES A, B C)
SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS
FOR THE PERIOD FROM JULY 1, 2005 THROUGH JUNE 30, 2006**

Beginning Balance, unspent bond proceeds, as of July 1, 2005		\$ 99,642,448
Bond Proceeds	47,000,000	
Original Issue Premium	1,737,303	
Total Proceeds	<u>48,737,303</u>	
Bond Issuance Costs		340,342
Net Bond Proceeds		<u>48,396,961</u>
Interest Income		3,180,429
Proceeds from City & County of San Francisco		300,000
Project Expenditures:		
New Mission Campus	\$ 13,603,718	
New Chinatown/North Beach Campus	2,738,887	
Acquisition of Property and Seismic Retrofitting at Evans Campus	77,246	
Completion of Computer Network and Electrical Upgrades	2,633,796	
Renovation and Remodeling of Aging Facilities and Access for Disabled- Phase II	5,485,907	
Joint Use Academic Facility for Child Development Health Care Studies and Teacher Training	18,250	
Community Health and Wellness Center, Including Child Development and Student Health	22,567,167	
Balboa Reservoir-Infrastructure for Future College Use	70,398	
Acquisition and Improvements for Parcel Adjacent to Ocean Campus	2,329,511	
Community Performing, Cultural and Media Arts Center	682,066	
Total Project Expenditures		<u>50,206,946</u>
Ending Balance, unspent bond proceeds, as of June 30, 2006		<u><u>\$ 101,312,892</u></u>

See accompanying notes to the schedule.

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS (ELECTION OF 2001, SERIES A, B, AND C)
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS
FOR THE PERIOD FROM JULY 1, 2005 THROUGH JUNE 30, 2006**

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, \$110 million, and \$47 million from the Bonds Series A, B, and C 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 at face value with bond premiums and issuance costs shown as separate items.

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, B, AND C)
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL
OBLIGATION BONDS (CONTINUED)
FOR THE PERIOD FROM JULY 1, 2005 THROUGH JUNE 30, 2006**

NOTE 3 – BONDED DEBT

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

Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding June 30, 2005	Redeemed Current Period	Outstanding June 30, 2006
March 27, 2002	2.0-5.375%	June 15, 2026	\$38,000,000	\$ 35,670,000	\$970,000	\$34,700,000

The annual debt service requirements to amortize the Series A bonds payable, outstanding as of June 30, 2006, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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	1,170,000	1,560,756	2,730,756
2012 - 2016	6,720,000	6,944,394	13,664,394
2017 - 2021	8,705,000	4,953,425	13,658,425
2022 - 2026	13,850,000	2,213,363	16,063,363
Total	\$34,700,000	\$22,342,281	\$57,042,281

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

Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding June 30, 2005	Redeemed Current Period	Outstanding June 30, 2006
Sept. 14, 2004	3.0-5.5%	June 15, 2024	\$110,000,000	\$ 104,850,000	\$4,070,000	\$100,780,000

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS (ELECTION OF 2001, SERIES A, B, AND C)
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL
OBLIGATION BONDS (CONTINUED)
FOR THE PERIOD FROM JULY 1, 2005 THROUGH JUNE 30, 2006**

NOTE 3 – BONDED DEBT (CONTINUED)

The annual debt service requirements to amortize the Series B bonds payable, outstanding as of June 30, 2006, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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	4,615,000	4,112,825	8,727,825
2012 - 2016	25,705,000	16,857,730	42,562,730
2017 - 2021	31,190,000	9,898,280	41,088,280
2022 - 2024	22,080,000	2,033,037	24,113,037
Total	<u>\$100,780,000</u>	<u>\$51,274,922</u>	<u>\$152,054,922</u>

On June 20, 2006, \$47,000,000 of the general obligation bonds (Series C) were sold as follows:

Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Redeemed Current Period	Outstanding June 30, 2006
June 20, 2006	4.0-5.0%	June 15, 2031	\$47,000,000	\$ -	\$47,000,000

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS (ELECTION OF 2001, SERIES A, B, AND C)
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL
OBLIGATION BONDS (CONTINUED)
FOR THE PERIOD FROM JULY 1, 2005 THROUGH JUNE 30, 2006**

NOTE 3 – BONDED DEBT (CONTINUED)

The annual debt service requirements to amortize the Series C bonds payable, outstanding as of June 30, 2006, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2007	\$ 1,010,000	\$ 2,187,971	\$ 3,197,971
2008	1,065,000	2,178,388	3,243,388
2009	1,110,000	2,135,788	3,245,788
2010	1,155,000	2,091,388	3,246,388
2011	1,205,000	2,045,188	3,250,188
2012 - 2016	6,965,000	9,372,588	16,337,588
2017 - 2021	8,885,000	7,649,338	16,534,338
2022 - 2026	11,315,000	5,323,500	16,638,500
2027 - 2031	14,290,000	2,210,000	16,500,000
Total	<u>\$ 47,000,000</u>	<u>\$ 35,194,149</u>	<u>\$ 82,194,149</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, 2005 through June 30, 2006:

Expenditures:

Expenditures - Cash Basis	\$ 50,206,946
Change in Prepaid Expenses	35,494
Change in Accounts Payable	4,969,603
Change in Contract Retentions Payable	3,451,483
Expenditures - Accrual Basis	<u>\$ 58,592,538</u>

Revenues:

Interest Income - Cash Basis	\$ 3,180,429
Change in Interest Receivable	89,792
Interest Income - Accrual Basis	<u>\$ 3,270,221</u>

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS (ELECTION OF 2001, SERIES A, B, AND C)
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL
OBLIGATION BONDS (CONTINUED)
FOR THE PERIOD FROM JULY 1, 2005 THROUGH JUNE 30, 2006**

NOTE 5 - COMMITMENTS AND CONTINGENCIES

A. Bond Fund Compliance

The General Obligation Bonds (Election of 2001, Series A, B, and C) 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 \$65,587,337 at June 30, 2006.



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Sacramento, CA 95816
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925.274.0190

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Los Angeles, CA 90071
213.286.6400

402 West Broadway, Suite 400
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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, B, AND C)**

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, B, and C) for the period from July 1, 2005 through June 30, 2006. 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, 2005 through June 30, 2006.



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.

Macias Jini & O'Connell LLP

Certified Public Accountants

Los Angeles, California
August 17, 2006