

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF PROCEEDS AND USE OF  
GENERAL OBLIGATION BONDS  
(ELECTION OF 2005, SERIES A)  
WITH INDEPENDENT AUDITOR'S REPORT**

**For the period from June 20, 2006 through June 30, 2006**

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS  
(ELECTION OF 2005, SERIES A)  
FOR THE PERIOD FROM JUNE 20, 2006 THROUGH JUNE 30, 2006**

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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 2005, Series A) of the San Francisco Community College District (the District) for the period from June 20, 2006 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 2005, Series A) for the period from June 20, 2006 through June 30, 2006, on the basis of accounting described in Note 2.

*Macias Gini & O'Connell LLP*

Certified Public Accountants

Los Angeles, California  
September 8, 2006



**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BONDS (ELECTION OF 2005, SERIES A)  
SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS  
FOR THE PERIOD FROM JUNE 20, 2006 THROUGH JUNE 30, 2006**

Bond Proceeds	\$ 90,000,000	
Original Issue Premium	2,847,830	
Total Proceeds		92,847,830
Bond Issuance Costs		863,768
Net Bond Proceeds		91,984,062
Project Expenditures:		
New Mission Campus		-
New Chinatown/North Beach Campus		-
Completion of Computer Network and Electrical Upgrades		-
Renovation and Remodeling of Aging Facilities and Access for Disabled- Phase II	1,190,483	
Joint Use Academic Facility for Child Development Health Care Studies and Teacher Training		-
Community Performing, Cultural and Media Arts Center		-
New Student Development Center		-
Stem Cell Center		-
John Adams Retrofit and Remodel	271,489	
Total Project Expenditures		1,461,972
Ending Balance, unspent bond proceeds, as of June 30, 2006		\$ 90,522,090

See accompanying notes to the schedule.

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BONDS (ELECTION OF 2005, SERIES A)  
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF  
GENERAL OBLIGATION BONDS  
FOR THE PERIOD FROM JUNE 20, 2006 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 \$246,300,000 General Obligation Bond (Bonds) issue for the San Francisco Community College District (District) on November 8, 2005 under the provisions of Article XIII A of the Constitution of the State of California and Title I, Division 1, Part 10, Chapter 15 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 \$90 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 Trustees to be funded by the bond proceeds include:

- New Mission Campus
- New Chinatown/North Beach 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 Performing, Cultural and Media Arts Center
- New Student Development Center
- Stem Cell Center
- John Adams Retrofit and Remodel

**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 2005, SERIES A)  
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL  
OBLIGATION BONDS (CONTINUED)  
FOR THE PERIOD FROM JUNE 20, 2006 THROUGH JUNE 30, 2006**

**NOTE 3 – BONDED DEBT**

On June 20, 2006, \$90,000,000 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>Redeemed Current Period</b>	<b>Outstanding June 30, 2006</b>
June 20, 2006	4.0-5.0%	June 15, 2031	\$90,000,000	\$ -	\$90,000,000

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

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2007	\$ 1,940,000	\$ 4,142,304	\$ 6,082,304
2008	2,040,000	4,123,046	6,163,046
2009	2,125,000	4,041,446	6,166,446
2010	2,210,000	3,956,446	6,166,446
2011	2,310,000	3,868,046	6,178,046
2012 – 2016	13,330,000	17,826,375	31,156,375
2017 – 2021	17,015,000	14,433,795	31,448,795
2022 – 2026	21,670,000	9,938,375	31,608,375
2027 – 2031	27,360,000	4,154,525	31,514,525
Total	<u>\$ 90,000,000</u>	<u>\$ 66,484,358</u>	<u>\$ 156,484,358</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 June 20, 2006 through June 30, 2006:

Expenditures:

Expenditures – Cash Basis	\$ 1,461,972
Change in Accounts Payable	382,394
Expenditures – Accrual Basis	<u>\$ 1,844,366</u>

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BONDS (ELECTION OF 2005, SERIES A)  
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL  
OBLIGATION BONDS (CONTINUED)  
FOR THE PERIOD FROM JUNE 20, 2006 THROUGH JUNE 30, 2006**

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

Revenues:

Interest Income – Cash Basis	\$ -
Change in Interest Receivable	110,200
Interest Income – Accrual Basis	<u>\$ 110,200</u>

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

A. Bond Fund Compliance

The General Obligation Bonds (Election of 2005, Series A) 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 \$1,512,557 at June 30, 2006.



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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 2005, 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 (Election of 2005, Series A) for the period from June 20, 2006 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 June 20, 2006 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 Fini & O'Connell LLP*

Certified Public Accountants

Los Angeles, California  
September 8, 2006