

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF PROCEEDS AND USE OF
GENERAL OBLIGATION BONDS
(ELECTION OF 2001, SERIES A)**

For the Period from March 27, 2002 through June 30, 2003

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

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MACIAS GINI & COMPANY^{LLP}

515 S. Figueroa Street, Ste. 325
Los Angeles, California 90071

213.612.0200 PHONE
213.286.6426 FAX

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) of the San Francisco Community College District (the District) for the period from March 27, 2002 through June 30, 2003. 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 the 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) for the period from March 27, 2002 through June 30, 2003, on the basis of accounting described in Note 2.

Macias, Gini & Company LLP

Certified Public Accountants

Los Angeles, California
May 17, 2004

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS
(ELECTION OF 2001, SERIES A)
SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS
FOR THE PERIOD FROM MARCH 27, 2002 THROUGH JUNE 30, 2003

Bond Proceeds		\$ 38,000,000
Original Issue Premium		516,082
Total Proceeds		<u>38,516,082</u>
Bond Issuance Costs		(516,082)
Net Bond Proceeds		<u>38,000,000</u>
Bond Interest Income		310,428
Net Bond Proceeds and Interest Income		<u>38,310,428</u>
Project Expenditures:		
New Mission Campus	\$ 47,158	
New Chinatown/North Beach Campus	206,579	
Acquisition of Property and Seismic Retrofitting at Evans Campus	8,655,701	
Completion of Computer Network and Electrical Upgrades	3,340,667	
Renovation and Remodeling of Aging Facilities and Access for Disabled- Phase II	301,953	
Joint Use Academic Facility for Child Development Health Care Studies and Teacher Training	212,498	
Community Health and Wellness Center, Including Child Development and Student Health	458,430	
Balboa Reservoir-Infrastructure for Future College Use	95,638	
Acquisition and Improvements for Parcel Adjacent to Ocean Campus	15,321	
Community Performing, Cultural and Media Arts Center	239,576	
Total Project Expenditures		<u>13,573,521</u>
Ending Balance, as of June 30, 2003		<u><u>\$ 24,736,907</u></u>

See accompanying notes to the schedule.

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS (ELECTION OF 2001, SERIES A)
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS
FOR THE PERIOD FROM MARCH 27, 2002 THROUGH JUNE 30, 2003**

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 from the Bond 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
- 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 expenses 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)
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION
BONDS (CONTINUED)
FOR THE PERIOD FROM MARCH 27, 2002 THROUGH JUNE 30, 2003**

NOTE 3 – BONDED DEBT

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

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding March 27, 2002</u>	<u>Redeemed Current Period</u>	<u>Outstanding June 30, 2003</u>
March 27, 2002	2.0-5.375%	June 15, 2026	\$38,000,000	\$ 38,000,000	\$495,000	\$ 37,505,000

The annual debt service requirements to amortize the bonds payable, outstanding as of June 30, 2003, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 905,000	\$ 1,827,825	\$ 2,732,825
2005	930,000	1,800,675	2,730,675
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
2009-2013	5,870,000	7,793,256	13,663,256
2014-2018	7,440,000	6,218,700	13,658,700
2019-2023	10,270,000	3,992,644	14,262,644
2024-2026	9,075,000	922,250	9,997,250
Totals	<u>\$ 37,505,000</u>	<u>\$ 27,734,256</u>	<u>\$ 65,239,256</u>

NOTE 4 – REPAYMENT OF CERTIFICATES OF PARTICIPATION

The District used \$7,039,779 of the net bond proceeds to repay Certificates of Participation that were used to fund the acquisition of real property on the Evans Campus project.

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS (ELECTION OF 2001, SERIES A)
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION
BONDS (CONTINUED)
FOR THE PERIOD FROM MARCH 27, 2002 THROUGH JUNE 30, 2003**

NOTE 5 – RECONCILIATION BETWEEN CASH AND ACCRUAL BASIS

The following is a reconciliation of project expenditures and revenues between the cash and accrual basis as of June 30, 2003:

Expenditures:

Expenditures - Cash Basis	\$ 13,573,521
Prepaid Expenses	(335,216)
Accounts Payable	1,414,115
Contract Retentions Payable	144,069
Expenditures - Accrual Basis	<u>\$ 14,796,489</u>

Revenues:

Interest Income - Cash Basis	\$ 310,428
Interest Receivable	661,740
Interest Income - Accrual Basis	<u>\$ 972,168</u>

NOTE 6 - COMMITMENTS AND CONTINGENCIES

A. Bond Fund Compliance

The General Obligation Bonds (Election of 2001, 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 \$8,007,332 at June 30, 2003.



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213.612.0200 PHONE
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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)**

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 for the period from March 27, 2002 through June 30, 2003. 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 Trustees' 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 the aforementioned requirements for the period from March 27, 2002 through June 30, 2003.

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.

MacFar, Fine & Company LLP

Certified Public Accountants

Los Angeles, California
May 17, 2004