

**PROPOSITION A PARCEL TAX FUND
(ELECTION OF 2012 AND 2016)**

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
PROPOSITION A PARCEL TAX FUND (ELECTION OF 2012 AND 2016)
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INDEPENDENT AUDITORS' 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 statement of the Proposition A Parcel Tax Fund (Election of 2012 and 2016) of San Francisco Community College District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statement, as listed in the table of contents.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the financial position of the Proposition A Parcel Tax Fund (Election of 2012 and 2016) of San Francisco Community College District, as of June 30, 2024, 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 statement presents only the Proposition A Parcel Tax Fund (Election of 2012 and 2016), and does not purport to, and does not, present fairly the financial position of the District as of June 30, 2024, 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 statement 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 the financial statement that is 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 February 13, 2025 on our consideration of the Proposition A Parcel Tax Fund (Election of 2012 and 2016) 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 Proposition A Parcel Tax Fund (Election of 2012 and 2016) 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 Proposition A Parcel Tax Fund (Election of 2012 and 2016) of the District's internal control over financial reporting and compliance.

San Diego, California
February 13, 2025

FINANCIAL SECTION

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
PROPOSITION A PARCEL TAX FUND (ELECTION OF 2012 AND 2016)
STATEMENTS OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024**

REVENUES

Parcel tax revenues	\$ 19,691,303
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EXPENDITURES

Academic salaries	4,611,120
Classified salaries	7,120,808
Benefits	3,913,754
Books and supplies	39,683
Services and other operating expenses	2,328,564
Capital outlay	<u>1,677,374</u>

Total Expenditures	<u>19,691,303</u>
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Net Change in Fund Balance	<u>-</u>
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Restricted Fund Balance, July 1, 2023	<u>-</u>
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Restricted Fund Balance, June 30, 2024	<u>\$ -</u>
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**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
PROPOSITION A PARCEL TAX FUND (ELECTION OF 2012 AND 2016)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of San Francisco Community College District (the District) and the Proposition A Parcel Tax Fund (Election of 2012 and 2016) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). San Francisco Community College District accounts for the financial transactions related to the Proposition A Parcel Tax in accordance with the policies and procedures of the California Community Colleges *Budget and Accounting Manual*.

Financial Reporting

The financial statement includes only the activities of the Proposition A Parcel Tax Fund (Election of 2012 and 2016). This Fund was established to account for the receipt of proceeds of the Proposition A Parcel Tax approved by the voters within the District boundaries in November 2012. In November 2016, the Proposition A Parcel Tax was extended for an additional 15 years through Proposition B. The financial statement is not intended to present fairly the financial position and the changes of financial position of the District in accordance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Proposition A Parcel Tax Fund (Election of 2012 and 2016) are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Proposition A Parcel Tax Fund is 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 generally 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.

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
PROPOSITION A PARCEL TAX FUND (ELECTION OF 2012 AND 2016)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 and liabilities and 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, 2024, the fund balance is classified as follows:

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

NOTE 2 – COMMITMENTS AND CONTINGENCIES

Litigation

The District is not currently a party to any legal proceedings related to the Proposition A Parcel Tax Fund (Election of 2012 and 2016).

OTHER REPORTS

INDEPENDENT AUDITORS' 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 (Government Auditing Standards), the financial statement of San Francisco Community College District's (the District) Proposition A Parcel Tax Fund (Election of 2012 and 2016), as of and for the year ended June 30, 2024, and the related notes to the financial statement, and have issued our report thereon dated February 13, 2025.

Emphasis of Matter

As discussed in Note 1, the financial statement presents only the Proposition A Parcel Tax Fund (Election of 2012 and 2016), and does not purport to, and does not, present fairly the financial position of the District as of June 30, 2024, 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 statement, 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 statement, 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 Proposition A Parcel Tax Fund (Election of 2012 and 2016) financial statement 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 Proposition A Parcel Tax Fund (Election of 2012 and 2016) financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and noncompliance with which could have a direct and material effect on the financial statement. 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 result 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.

San Diego, California
February 13, 2025

FINDINGS AND RESPONSES SECTION

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
PROPOSITION A PARCEL TAX FUND (ELECTION OF 2012 AND 2016)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2024**

This section identifies the deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no audit findings reported in fiscal year 2023-2024

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
PROPOSITION A PARCEL TAX FUND (ELECTION OF 2012 AND 2016)
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2024**

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

PERFORMANCE SECTION

INDEPENDENT AUDITORS' 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 the Proposition A Parcel Tax Fund (Election of 2012 and 2016) of San Francisco Community College District's (the District) for the year ended June 30, 2024.

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.

Audit Authority/Purpose

The Proposition A Parcel Tax was issued pursuant to the Constitution and laws of the State of California (the State), including California Constitution Article XIII A, Government Code section 50077, and other applicable provisions of law. It was authorized to be issued by a resolution adopted by the Board of Trustees of San Francisco Community College District on May 31, 2012 (the Resolution) and subsequently approved by the voters within the District boundaries as Ballot Proposition A on November 6, 2012. A 15-year extension to the Parcel Tax was authorized by a resolution adopted by the Board of Trustees of San Francisco Community College District on May 26, 2016, (the Resolution), and subsequently approved by the voters within the District boundaries on November 8, 2016.

Purpose

The Proposition A Parcel Tax was placed on the ballot for approval by voters within the boundaries of San Francisco Community College District to provide City College of San Francisco with funds that the State cannot take away; offset budget cuts; prevent layoffs; provide an affordable, quality education for students; maintain essential courses including, but not limited to, writing, math, science, and other workforce training including, but not limited to, nursing, engineering, technology, and business; and keep college libraries, student support services, and other instructional support open and up-to-date. The Proposition B Parcel Tax was placed on the ballot for approval by the voters within the boundaries of San Francisco Community College District to extend Proposition A Parcel Tax for an additional 15 years.

Authority

On November 6, 2012, San Francisco voters approved Proposition A, which allowed the District to levy an annual parcel tax to provide additional funding for the purposes listed in the "Purpose" section of this report. Proposition A requires an annual independent audit and citizen oversight.

Objectives of the Audit

Determine whether expenditures charged to the Proposition A Parcel Tax Fund have been made in accordance with the ballot language approved by the voters through the approval of Proposition A.

Scope of the Audit

The scope of our performance audit covered the period of July 1, 2023 through June 30, 2024. The population of expenditures tested included all account codes associated with the Proposition A Parcel Tax Fund. Expenditures incurred subsequent to June 30, 2024, were not reviewed or included within the scope of our audit or in this report.

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 A as approved by the voters in the Election of 2012 and 2016, 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.

Methodology

We obtained the general ledger and the expenditure reports prepared by the District for the fiscal year ended June 30, 2024, for the Proposition A Parcel Tax Fund (Election of 2012 and 2016). Within the fiscal year audited, we obtained the actual journal entries, invoices, payroll records, and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Proposition A Parcel Tax ballot language. We performed the following procedures:

1. We identified expenditures charged to the Proposition A Parcel Tax Fund proceeds by obtaining the general ledger.
2. We selected a sample of expenditures using the following criteria:
 - a. We considered all expenditures recorded in all object codes.
 - b. We considered all expenditures recorded in all projects that were funded from July 1, 2023 through June 30, 2024 from Proposition A Parcel Tax Fund proceeds.
 - c. We selected a sample of expenditures using professional judgement, based on risk assessment and consideration of coverage of all object codes for the period starting July 1, 2023 and ending June 30, 2024.
3. Our sample included payroll related transactions totaling \$3,596,464. This represents 23% of total payroll related expenditures of \$15,645,682. Additionally, we selected non-payroll related expenditures totaling \$1,516,489. This represents 37% of total non-payroll related expenditures of \$4,045,621.

4. We reviewed the actual invoices, payroll records, and other supporting documentation to determine that:
 - a. Expenditures were supported by invoices, payroll records, and other supporting documentation with evidence of proper approval, and documentation of receipting goods or services where applicable.
 - b. Expenditures were expended in accordance with voter-approved ballot measure.

The results of our tests indicated that the District expended Proposition A Parcel Tax Fund (Election of 2012 and 2016) funds in accordance with the voter approved ballot measure referred to as Proposition A in the Election of 2012 and 2016.

Audit Results

The results of our tests indicated that, in all significant respects, San Francisco Community College District has properly accounted for expenditures held in the Proposition A Parcel Tax Fund (Election of 2012 and 2016) and that such expenditures were made for the purposes and activities authorized by the voter approved Proposition A ballot measure.

This report is intended solely for the information and use of the Board of Trustees, Parcel Tax 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.

San Diego, California
February 13, 2025

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
PROPOSITION A PARCEL TAX FUND (ELECTION OF 2012 AND 2016)
FINDING, RECOMMENDATIONS AND VIEWS OF RESPONSIBLE OFFICIALS
FOR THE YEAR ENDED JUNE 30, 2024**

There were no findings for the year ended June 30, 2024.