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**FINANCIAL SECTION**

Independent Auditor's Report	2
Proposition A Parcel Tax Fund (Election of 2012)	
Balance Sheet - Modified Accrual Basis	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Modified Accrual Basis	5
Notes to Financial Statements	6

**INDEPENDENT AUDITOR'S REPORT**

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* 0 Tã66 @ <Q C 4\$ i Ë\*1K • nã \* 66 Đ

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***FINANCIAL SECTION***

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Board of Trustees and  
Proposition A Parcel Tax Oversight Committee  
San Francisco Community College District  
San Francisco, California

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\* AGEGBE

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Proposition A Parcel Tax Fund (Election of 2012) of the District at June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OKAFHGL"BP" + HDD@C

As discussed in Note 1, the financial statements present only the Parcel Tax Fund specific to the Proposition A Parcel Tax (Election of 2012) and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles in financial position for the year ended June 30, 2017 and 2016.

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Cash and investments

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\$ 5,564,853

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Restricted for Parcel Tax approved expenditures

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The accompanying notes are an integral part of these financial statements.

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**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) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). 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.

**&GEHEIGHJ" ' @ABCDGEM"0EDGDO**

These audited financial statements include only the activities of the Proposition A Parcel Tax Fund (Election of 2012). 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 and extended for an additional 15 years in November 2016. These financial statements are not intended to present fairly the financial position and the changes in financial position of the District in compliance with accounting principles generally accepted in the United States of America.

**&QER"\$ IIBQEDGEM**

The activities of the Proposition A Parcel Tax Fund (Election of 2012) 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.

**>HLGL"BP"\$ IIBQEDGEM**

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. These fund financial statements do not include the adoption of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as the District was not required to adopt GASB Statement No. 54 under the reporting requirements of GASB Statement No. 35.

**>QRM@DL"HER">QRM@DHCO"\$ IIBQEDGEM**

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 Board of Trustees adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Trustees satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

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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 are liquidated at June 30 since they do not constitute expenditures or liabilities.

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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/expenses during the reporting period. Actual results could differ from those estimates.

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As of June 30, 2017, the fund balance of the Proposition A Parcel Tax Fund (Election of 2012) was classified as follows:

' @LDCGID@R - 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 - INVESTMENTS**

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The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

)EX@LDK@ED"GE" ( BQEDO - C@HLQCO"

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

#QKKHCO"BP")EX@LDK@EDL

Investments as of June 30, 2017, consist of the following:

City and County of San Francisco Investment Pool	\$ 5,564,853
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***INDEPENDENT AUDITOR'S REPORT***

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As part of obtaining reasonable assurance about whether the District's Proposition A Parcel Tax Fund (Election of 2012) financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

3QCABL@"BP"DFGL" ' @ABCD

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 Proposition A Parcel Tax Fund (Election of 2012) internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pleasanton, California  
January 18, 2018

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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None reported.

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Board of Trustees and  
Proposition A Parcel Tax Oversight Committee  
San Francisco Community College District  
San Francisco, California

We were engaged to conduct a performance audit of San Francisco Community College District's (the District) Proposition A Parcel Tax Fund (Election of 2012) for the year ended June 30, 2017.

We conducted this performance audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements of the voter approved ballot measure referred to as Proposition A in the Election of 2012. Management is responsible for the District's compliance with those requirements.

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 Proposition A as approved by the voters in the Election of 2012. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended the 2017 Proposition A Parcel Tax Fund (Election of 2012) proceeds in accordance with the voter approved ballot measure referred to as Proposition A in the Election of 2012.

Pleasanton, California  
January 18, 2018

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### ***AUTHORITY FOR ISSUANCE***

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.

### ***PURPOSE OF ISSUANCE***

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.

### ***OBJECTIVES OF THE AUDIT***

Determine whether expenditures allocated to the 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, 2016 through June 30, 2017. The population of expenditures tested included all account codes associated with the Parcel Tax. Expenditures incurred subsequent to June 30, 2017, were not reviewed or included within the scope of our audit or in this report.

### ***PROCEDURES PERFORMED***

We obtained the general ledger and the expenditure reports prepared by the District for the fiscal year ended June 30, 2017, for the Proposition A Parcel Tax Fund (Election of 2012). Within the fiscal year audited, we obtained the actual journal entries,

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For 2016-2017, our sample included payroll related transactions totaling \$2,773,893. This represents 22.7 percent of the payroll related expenditures. Additionally, we selected non-payroll related expenditures



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None reported.