NEW ISSUE — FULL BOOK-ENTRY **RATINGS: Standard & Poor's: "A"; Moody's: "Aa3"**
See "RATINGS"

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" with respect to tax consequences relating to the Bonds.

$241,290,000
SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
(City and County of San Francisco, California)
2015 General Obligation Refunding Bonds

Dated: Date of Delivery **Due: June 15, as shown on the inside cover**

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision. Capitalized terms used in this cover page and not otherwise defined shall have the meanings set forth herein.

The San Francisco Community College District (City and County of San Francisco, California) 2015 General Obligation Refunding Bonds (the "Bonds"), in the aggregate principal amount of $241,290,000, are being issued by the San Francisco Community College District (the "District") to refund portions of the District's Prior Bonds (as defined herein), and to pay the costs of issuing the Bonds.

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the City and County of San Francisco is empowered and obligated to annually levy *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates).

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the date of initial delivery thereof, and be payable semiannually on June 15 and December 15 of each year, commencing June 15, 2015. The Bonds are issuable as fully registered Bonds in denominations of $5,000 principal amount and any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by the designated paying agent, bond registrar, transfer agent and authentication agent (collectively, the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners of the Bonds. See "THE BONDS — Book-Entry Only System." The Office of the Treasurer and Tax Collector of the City and County of San Francisco has been appointed to act as Paying Agent for the Bonds.

The District has applied for municipal bond insurance for the scheduled payment of principal of and interest on the Bonds when due which, if purchased, would be issued concurrently with the delivery of the Bonds.

The Bonds are subject to optional redemption prior to maturity as further described herein.

MATURITY SCHEDULE
(See inside front cover)

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel to the District. Certain matters will be passed on for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about April 9, 2015.

Morgan Stanley **Jefferies**

Backstrom McCarley Berry & Co., LLC **Ramirez & Co., Inc.**

Dated: March 24, 2015

MATURITY SCHEDULE

$241,290,000
SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
(City and County of San Francisco, California)
2015 General Obligation Refunding Bonds

Base CUSIP†: 797683

$241,290,000 Serial Bonds

Maturity June 15	Principal Amount	Interest Rate	Yield	CUSIP† Suffix
2015	$3,845,000	2.00%	0.11%	GB9
2016	9,575,000	3.00	0.32	GC7
2017	1,250,000	2.00	0.67	GD5
2017	12,750,000	3.00	0.67	GR4
2018	1,775,000	4.00	0.96	GS2
2018	12,605,000	5.00	0.96	GE3
2019	545,000	3.00	1.23	GF0
2019	14,475,000	5.00	1.23	GT0
2020	15,735,000	5.00	1.46	GU7
2021	470,000	3.00	1.65	GG8
2021	16,075,000	5.00	1.65	GV5
2022	17,325,000	5.00	1.89	GW3
2023	400,000	3.00	2.05	GH6
2023	18,410,000	5.00	2.05	GX1
2024	19,775,000	5.00	2.19	GY9
2025	13,790,000	5.00	2.33	GJ2
2026	14,490,000	5.00	2.48(1)	GK9
2027	12,345,000	5.00	2.61(1)	GL7
2028	12,945,000	5.00	2.73(1)	GM5
2029	13,580,000	5.00	2.80(1)	GN3
2030	14,225,000	5.00	2.87(1)	GP8
2031	6,000,000	3.25	3.33	GQ6
2031	8,905,000	5.00	2.93(1)	GZ6

(1) Yield to call at par on June 15, 2025.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, operated on behalf of the American Bankers Association by S&P Capital IQ, a Division of McGraw Hill Financial , Inc. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Services. The District, its financial advisor nor the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth herein.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Section 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities. The Bonds are not registered under the securities laws of any state. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth herein, other than that provided by the District, has been obtained from sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Certain statements included in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "intend" "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

The Underwriters have provided the following sentence for inclusion in this Official Statement: "The Underwriters have reviewed the information in this official statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY UNDERWRITERS.

The District maintains a website. However, the information presented on such website is not part of this Official Statement, is not incorporated herein by any reference, and should not be relied upon in making an investment decision with respect to the Bonds.

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel
Stradling Yocca Carlson & Rauth
A Professional Corporation
San Francisco, California

Financial Advisor
KNN Public Finance, a Division of Zions First National Bank
Oakland, California

Paying Agent
Office of the Treasurer and Tax Collector
City and County of San Francisco
San Francisco, California

Escrow Agent
U.S. Bank National Association
San Francisco, California

Verification Agent
Causey Demgen & Moore P.C.
Denver, Colorado

(1) The Board of Trustees currently has one vacant position, expected to be filled by an appointment made by the Mayor of the City and County of San Francisco.

TABLE OF CONTENTS

TABLE OF CONTENTS (cont'd)

$241,290,000
SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
(City and County of San Francisco, California)
2015 General Obligation Refunding Bonds

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of San Francisco Community College District (City and County of San Francisco, California) 2015 General Obligation Refunding Bonds (the "Bonds").

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

The District

The San Francisco Community College District (the "District") was formed in 1970. The District covers an area of approximately 47 square miles, and its boundaries are co-terminus with those of the City and County of San Francisco (the "City and County"). The District operates City College of San Francisco (the "College"), which has its main campus in the Balboa Park neighborhood, as well as 10 additional educational centers across the City and County.

By resolution dated July 8, 2013, the Board of Governors of the California Community College (the "Board of Governors"), authorized the California Community Colleges Chancellor's Office (the "State Chancellor") to intervene in the administration of the District in order achieve fiscal stability and integrity, and to preserve the accredited status of the College. In so doing, the State Chancellor was authorized to appoint a special State trustee (the "State Trustee") and suspend the authority of the elected members of the District's Board of Trustees (the "District Board"). Since July of 2013, a State Trustee has exercised all powers and responsibilities with respect to the management of the District, including the District's assets, contracts, expenditures, facilities, funds, personnel and other property. Currently, Dr. Guy F. Lease serves as the State Trustee. The day-to-day management and policies of the District are administered by a Chancellor, who reports to the State Trustee. Currently, Dr. Arthur Q. Tyler serves as the Chancellor of the District. For fiscal year 2014-15, the District has an actual full time-equivalent student ("FTES") count of 23,545, and taxable property within the District has an assessed valuation of $179,769,557,215.

The College is fully accredited by the Accrediting Commission for Community and Junior Colleges ("ACCJC"). However, the College's accreditation is under review, and the College has been granted "restoration" status by the ACCJC through January of 2017, at the end of which the College's accredited status may be terminated if it fails to meet ACCJC eligibility and accreditation standards. **Regardless of whether the College remains accredited, the District is a duly organized and constituted public agency, with the power to levy *ad valorem* property taxes for the payment of the Bonds.** See also "SAN FRANCISCO COMMUNITY COLLEGE DISTRICT — Accreditation" and "— Management Statement."

For more information regarding the current administration of the District, the fiscal condition of the District, and the accredited status of the College, see "DISTRICT FINANCIAL INFORMATION,"

"SAN FRANCISCO COMMUNITY COLLEGE DISTRICT — State Intervention," "— Administration," "— Accreditation," and "— District Management Statement." For information regarding the District's assessed valuation and the levy of *ad valorem* property taxes for the repayment of the Bonds, see "TAX BASE FOR REPAYMENT OF BONDS."

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Government Code and other applicable law, and pursuant to a resolution adopted by the State Trustee on January 22, 2015 (the "Resolution"). See "THE BONDS — Authority for Issuance."

Security and Sources of Payment for the Bonds

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the City and County is empowered and obligated to annually levy such *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property within the District subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates). See "THE BONDS — Security and Sources of Payment."

Purpose of Issue

The proceeds of the Bonds will be used to refund all or a portion of the following outstanding general obligation bonds of the District, as well as to pay the costs of issuing the Bonds: (i) 2002 General Obligation Bonds (Election of 2001, Series A), (ii) 2004 General Obligation Bonds (Election of 2001, Series B), (iii) 2006 General Obligation Bonds (Election of 2001, Series C), (iv) 2006 General Obligation Bonds (Election of 2005, Series A), and (v) 2007 General Obligation Bonds (Election of 2005, Series B) (collectively, the "Prior Bonds"). The portions of the Prior Bonds to be refunded with proceeds of the Bonds, as further described herein, are referred to collectively as the "Refunded Bonds." See "REFUNDING PLAN."

Description of the Bonds

Form, Registration and Denomination. The Bonds will be issued in fully registered form only (without coupons), initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of interests in the Bonds (the "Beneficial Owners") through the book-entry only system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (defined herein). Beneficial Owners will not be entitled to receive physical delivery of the Bonds. In event that the book-entry only system described herein is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution (defined herein). See "THE BONDS — Transfer and Exchange of Bonds."

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners," or "Holders" of the Bonds (other than under the caption "TAX MATTERS," and in APPENDIX B) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in denominations of $5,000 principal amount and any integral multiple thereof.

Redemption. The Bonds maturing on or after June 15, 2026 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of funds, on June 15, 2025 or on any date thereafter, as a whole or in part. See "THE BONDS — Redemption."

Payments. The Bonds will be issued as current interest bonds, such that interest thereon will accrued from the date of initial delivery thereof, and be payable semiannually on each June 15 and December 15 (each a "Bond Payment Date"), commencing June 15, 2015. Principal on the Bonds is payable on June 15 in the amounts and years as set forth on the inside cover page hereof. Payments of the principal of, premium, if any, and interest on the Bonds will be made by the designated paying agent, bond registrar, authenticating agent and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants to the Beneficial Owners of the Bonds. See "THE BONDS — Book-Entry Only System." The Office of the Treasurer and Tax Collector of the City and County of San Francisco (the "Treasurer") has been appointed as Paying Agent for the Bonds.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), based on existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" with respect to tax consequences relating to the Bonds.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their validity by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about April 9, 2015.

Continuing Disclosure

The District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). See "LEGAL MATTERS — Continuing Disclosure." The specific nature of the information to be made available and the notices of listed events required to be provided are described in APPENDIX C.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. KNN Public Finance, a Division of Zions First National Bank, Oakland, California, is acting as Financial Advisor to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth and KNN Public Finance will receive compensation from the District contingent upon the sale and delivery of the Bonds. U.S. Bank National Association will act as Escrow Agent (as defined herein) for the Refunded Bonds. Causey Demgen & Moore P.C., Denver, Colorado, is acting as verification agent for the Refunded Bonds. Certain matters will be passed on for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California.

Forward Looking Statements

Certain statements included in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "intend" "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

This Official Statement speaks only as of its date and the information contained herein is subject to change. Unless otherwise indicated, the financial, statistical and demographic data set forth herein has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent financial reports of the District may be obtained by contacting: San Francisco Community College District, Attention: Vice Chancellor, Finance & Administration, 33 Gough Street, San Francisco, California 94103; (415) 239-3000. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations not so authorized should not be relied upon as having been given or authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each of such documents, statutes and constitutional provisions.

Certain information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolution.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, commencing with Section 53550 *et seq.*, and other applicable law, and pursuant to the Resolution.

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the City and County is empowered and obligated to annually levy such *ad valorem* property taxes for the payment of the principal of and interest on the Bonds upon all property subject to taxation by the District without limitation as to rate or amount (except for certain personal property which is taxable at limited rates). The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. While the City and County has historically levied *ad valorem* property taxes in amount sufficient to establish such a reserve, the City and County is not obligated to establish or maintain such a reserve, and the District can make no representations that the City and County will do so in future years.

Such *ad valorem* taxes, when collected, will be deposited by the City and County into the "San Francisco Community College District 2015 General Obligation Refunding Bonds Debt Service Fund" (the "Debt Service Fund"), which is segregated and maintained by the City and County, and funds therein shall be used to pay for the payment of principal of and interest on the Bonds when due, and for no other purpose. Pursuant to the Resolution, the District has pledged amounts on deposit in the Debt Service Fund to the payment of the Bonds. Although the City and County is obligated to levy an *ad valorem* property tax for the payment of the Bonds, and the City and County will maintain the Debt Service Fund for the Bonds, the Bonds are not a debt of the City and County. See "TAX BASE FOR REPAYMENT OF BONDS." Moneys in the Debt Service Fund are expected to be invested through the City and County of San Francisco Investment Pool. See "APPENDIX E — CITY AND COUNTY OF SAN FRANCISCO TREASURY POOL."

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds, as the same become due and payable, will be transferred by the Treasurer, acting as Paying Agent, to DTC to pay the principal of, premium, if any, and interest on the Bonds. DTC will thereupon make payment of such principal, premium and interest to DTC Participants who will thereupon make payments of principal and interest to their Indirect Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds.

The rate of the annual *ad valorem* property taxes levied by the City and County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "TAX BASE FOR REPAYMENT OF BONDS" and "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Article XIIIA of the California Constitution."

Description of the Bonds

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See "THE BONDS — Book Entry Only System."

Interest on the Bonds accrues from their initial date of delivery, and is payable semiannually on each Bond Payment Date, commencing June 15, 2015. Interest on the Bonds will be computed on the basis of a 360-day year of twelve, 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 2nd day of the month immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before June 1, 2015, in which event it shall bear interest from its date of delivery. The Bonds are issuable in denominations of $5,000 principal amount and any integral multiple thereof and mature on June 15 in the years and amounts set forth on the inside cover hereof.

The principal of the Bonds will be payable in lawful money of the United States of America to the registered Owner thereof, upon the surrender thereof at the office of the Paying Agent. The interest on the Bonds will be payable in lawful money of the United States of America to the person whose name appears on the bond registration books of the Paying Agent as the registered Owner thereof as of the close of business on the 1st day of the month next preceding any Bond Payment Date (a "Record Date"), whether or not such day is a business day, such interest to be paid by check or draft mailed on such Bond Payment Date to such registered Owner at such registered Owner's address as it appears on such registration books or at such address as the registered Owner may have filed with the Paying Agent for that purpose. The interest payments on the Bonds will be made in immediately available funds (e.g., by wire transfer) to any registered Owner of at least $1,000,000 of outstanding Bonds who have requested in writing such method of payment of interest on the Bonds prior to the close of business on the Record Date immediately preceding any Bond Payment Date.

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest on, principal of, or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "MMI Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated "AA+" by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds of the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Redemption

Optional Redemption. The Bonds maturing on or before June 15, 2025 are not subject to redemption prior to their stated maturity dates. The Bonds maturing on or after June 15, 2026 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after June 15, 2025 at a redemption price equal to the principal amount of the Bonds selected for redemption, together with interest accrued thereon to the date of redemption, without premium.

Selection of Bonds for Redemption. Whenever provision is made for the redemption of Bonds and less than all Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, will select the Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent will select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent will determine; *provided, however*, that the portion of any Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

Redemption Notice. When redemption is authorized or required pursuant to the Resolution, upon written instruction from the District, will give notice (a "Redemption Notice") of the redemption of the Bonds. Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services; and (d) such Redemption Notes will be given to such persons may be required by the Continuing Disclosure Certificate.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 1 Cragwood Road, 2nd Floor, South Plainfield, New Jersey 07080, Attention: Editor; Mergent Inc., 585 Kingsley Park Drive, Fort Mill, South Carolina 29715, Attention: Called Bond Department; and Standard and Poor's J.J. Kenny Information Services' "Called Bond Record," 55 Water Street, 45th Floor, New York, New York 10041.

"Securities Depository" shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Payment of Redeemed Bonds. When Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is set aside for that purpose as described in "—Defeasance," as described below, the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice with the form of assignment endorsed thereon executed in blank, said Bonds will be redeemed and paid at the redemption price thereof. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent will execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in principal amount to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the District will be released and discharged thereupon from all liability to the extent of such payment.

Effect of Redemption Notice. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest to such redemption date, is held by an independent escrow agent selected by the District, so as to be available therefor on such redemption date, and if Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable.

Rescission of Redemption Notice. With respect to any Redemption Notice in connection with the redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased as described in "—Defeasance," such Redemption Notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal, premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said Redemption Notice will be of no force and effect, no portion of the Bonds will be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, in the case of Bonds, accrued interest with respect thereto to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Transfer and Exchange of Bonds

Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount (which with respect to any outstanding Bonds means the principal amount thereof) upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 2nd calendar of the month next preceding any Bond Payment Date, the stated maturity of any of the Bonds or any date of selection of Bonds to be redeemed and ending with the close of business on the applicable Bond Payment Date, the close of business on the applicable stated maturity date or any day on which the applicable Redemption Notice is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

> (a) Cash: by irrevocably depositing an independent escrow agent selected by the District an amount of cash which, together with amounts transferred from the Debt Service Fund, if any, is sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, interest thereon and redemption premiums, if any), at or before their maturity date; or
>
> (b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations together with cash and amounts transferred from the Debt Service Fund, if required, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of such Bonds not so surrendered and paid all sums due with respect thereto.

"Government Obligations" means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or "prerefunded" municipal obligations rated in the highest rating category by Moody's Investors Service ("Moody's") or Standard & Poor's Ratings Service, a Standard & Poor's Financial Services LLC business ("S&P"). In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct Ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by Moody's or S&P.

REFUNDING PLAN

The proceeds from the sale of the Bonds will be used to refund the Refunded Bonds, and to pay certain costs of issuing the Bonds. The following tables show information regarding specific maturities of the Refunded Bonds.

REFUNDED BONDS
San Francisco Community College District
2002 General Obligation Bonds
(Election of 2001, Series A)

Maturity Date	CUSIP	Principal Amount	Redemption Date	Redemption Price (% of Principal Amount)
6/15/2016	797683-AP4	1,485,000	4/24/2015	100
6/15/2017	797683-AQ2	1,565,000	4/24/2015	100
6/15/2018	797683-AR0	1,645,000	4/24/2015	100
6/15/2019	797683-AS8	1,735,000	4/24/2015	100
6/15/2020	797683-AT6	1,830,000	4/24/2015	100
6/15/2021	797683-AU3	1,930,000	4/24/2015	100
6/15/2022	797683-AV1	2,030,000	4/24/2015	100
6/15/2026	797683-AW9	11,820,000	4/24/2015	100

San Francisco Community College District
2004 General Obligation Bonds
(Election of 2001, Series B)

Maturity Date	CUSIP	Principal Amount	Redemption Date	Redemption Price (% of Principal Amount)
6/15/2016	797683-BJ7	5,535,000	4/24/2015	100
6/15/2017	797683-BK4	5,760,000	4/24/2015	100
6/15/2018	797683-BL2	5,990,000	4/24/2015	100
6/15/2019	797683-BM0	6,230,000	4/24/2015	100
6/15/2020	797683-BN8	6,475,000	4/24/2015	100
6/15/2021	797683-BP3	6,735,000	4/24/2015	100
6/15/2022	797683-BQ1	7,040,000	4/24/2015	100
6/15/2023	797683-BR9	7,355,000	4/24/2015	100
6/15/2024	797683-BS7	7,685,000	4/24/2015	100

REFUNDED BONDS (CONTINUED)
San Francisco Community College District
2006 General Obligation Bonds
(Election of 2001, Series C)

Maturity Date	CUSIP	Principal Amount	Redemption Date	Redemption Price (% of Principal Amount)
6/15/2017	797683-DB2	$1,610,000	6/15/2016	100
6/15/2018	797683-DC0	1,690,000	6/15/2016	100
6/15/2019	797683-DD8	1,770,000	6/15/2016	100
6/15/2020	797683-DE6	1,860,000	6/15/2016	100
6/15/2021	797683-DF3	1,955,000	6/15/2016	100
6/15/2022	797683-DG1	2,050,000	6/15/2016	100
6/15/2023	797683-DH9	2,155,000	6/15/2016	100
6/15/2024	797683-DJ5	2,260,000	6/15/2016	100
6/15/2025	797683-DK2	2,370,000	6/15/2016	100
6/15/2026	797683-DL0	2,480,000	6/15/2016	100
6/15/2029	797683-DM8	8,170,000	6/15/2016	100
6/15/2031	797683-DN6	6,120,000	6/15/2016	100

San Francisco Community College District
2006 General Obligation Bonds
(Election of 2005, Series A)

Maturity Date	CUSIP	Principal Amount	Redemption Date	Redemption Price (% of Principal Amount)
6/15/2017	797683-CD9	$3,080,000	6/15/2016	100
6/15/2018	797683-CE7	3,235,000	6/15/2016	100
6/15/2019	797683-CF4	3,395,000	6/15/2016	100
6/15/2020	797683-CG2	3,565,000	6/15/2016	100
6/15/2021	797683-CH0	3,740,000	6/15/2016	100
6/15/2022	797683-CJ6	3,930,000	6/15/2016	100
6/15/2023	797683-CK3	4,125,000	6/15/2016	100
6/15/2024	797683-CL1	4,330,000	6/15/2016	100
6/15/2025	797683-CM9	4,535,000	6/15/2016	100
6/15/2026	797683-CN7	4,750,000	6/15/2016	100
6/15/2028	797683-CP2	10,185,000	6/15/2016	100
6/15/2031	797683-CQ0	17,175,000	6/15/2016	100

San Francisco Community College District
2007 General Obligation Bonds
(Election of 2005, Series B)

Maturity Date	CUSIP	Principal Amount	Redemption Date	Redemption Price (% of Principal Amount)
6/15/2016	797683-DY2	3,745,000	4/24/2015	100
6/15/2017	797683-DZ9	3,930,000	4/24/2015	100
6/15/2018	797683-EA3	4,125,000	4/24/2015	100
6/15/2019	797683-EB1	4,335,000	4/24/2015	100
6/15/2020	797683-EC9	4,550,000	4/24/2015	100
6/15/2021	797683-ED7	4,780,000	4/24/2015	100
6/15/2022	797683-EE5	5,015,000	4/24/2015	100
6/15/2023	797683-EF2	5,270,000	4/24/2015	100
6/15/2024	797683-EG0	5,530,000	4/24/2015	100
6/15/2025	797683-EH8	5,810,000	4/24/2015	100
6/15/2026	797683-EJ4	6,100,000	4/24/2015	100
6/15/2028	797683-EK1	13,110,000	4/24/2015	100
6/15/2031	797683-EL9	22,095,000	4/24/2015	100

A portion of the proceeds from the sale of the Bonds shall be deposited with U.S. Bank National Association, acting as escrow agent (the "Escrow Agent"), to the credit of the "San Francisco Community College District 2015 General Obligation Refunding Bonds Escrow Fund" (the "Escrow Fund") held pursuant to an escrow agreement (the "Escrow Agreement") by and between the District and the Escrow Agent. A portion of the amount deposited in the Escrow Fund will be used to purchase certain direct, non-callable general obligations of the United States of America, or obligations the payment of which are is unconditionally guaranteed by the United States of America (collectively, "Federal Securities"), the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay the principal of the Refunded Bonds and redemption premium (if any) on the first optional redemption dates described above, such dates being the first optional redemption dates available therefor, as well as interest due on such Refunded Bonds on and before such dates.

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to pay the interest due on the Refunded Bonds, and the redemption price of thereof on the above-referenced dates, will be verified by Causey Demgen & Moore P.C. (the "Verification Agent"). As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the Underwriters' and Verification Agent's computations, the Refunded Bonds will be defeased and the obligation of the City and County to levy *ad valorem* property taxes for payment of the Refunded Bonds will terminate.

Any surplus moneys in the Escrow Fund following the redemption of the Refunded Bonds shall transferred to the Debt Service Fund and used by the District only for payment of principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds in the Debt Service Fund, any such excess amounts shall be transferred to the general fund of the District.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

Sources of Funds	
Principal Amount of the Bonds	$241,290,000.00
Net Original Issue Premium	41,924,607.55
Total Sources	$283,214,607.55
Uses of Funds	
Escrow Fund	$281,590,038.41
Costs of Issuance[1]	1,624,569.14
Total Uses	$283,214,607.55

(1) Reflects all costs of issuance, including but not limited to the underwriting discount, demographics fees, filing fees, legal and financial advisory fees, rating fees, and the costs and fees of the Paying Agent, the Verification Agent and the Escrow Agent.

DEBT SERVICE SCHEDULE

The following table shows the debt service schedule for the Bonds (assuming no optional redemptions are made):

Year Ending (June 15)	Annual Principal Payment	Annual Interest Payment[1]	Total Annual Debt Service
2015	$3,845,000.00	$2,074,251.67	$5,919,251.67
2016	9,575,000.00	11,237,200.00	20,812,200.00
2017	14,000,000.00	10,949,950.00	24,949,950.00
2018	14,380,000.00	10,542,450.00	24,922,450.00
2019	15,020,000.00	9,841,200.00	24,861,200.00
2020	15,735,000.00	9,101,100.00	24,836,100.00
2021	16,545,000.00	8,314,350.00	24,859,350.00
2022	17,325,000.00	7,496,500.00	24,821,500.00
2023	18,810,000.00	6,630,250.00	25,440,250.00
2024	19,775,000.00	5,697,750.00	25,472,750.00
2025	13,790,000.00	4,709,000.00	18,499,000.00
2026	14,490,000.00	4,019,500.00	18,509,500.00
2027	12,345,000.00	3,295,000.00	15,640,000.00
2028	12,945,000.00	2,677,750.00	15,622,750.00
2029	13,580,000.00	2,030,500.00	15,610,500.00
2030	14,225,000.00	1,351,500.00	15,576,500.00
2031	14,905,000.00	640,250.00	15,545,250.00
Total	$241,290,000.00	$100,608,501.67	$341,898,501.67

[1] Interest payments on the Bonds will be made semiannually on June 15 and December 15 of each year, commencing June 15, 2015.

See "SAN FRANCISCO COMMUNITY COLLEGE DISTRICT — District Debt Structure — General Obligation Bonds" for a schedule of the debt service requirements for all of the District's outstanding general obligation bonds.

TAX BASE FOR REPAYMENT OF BONDS

The information in this section describes ad valorem *property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from* ad valorem *property taxes levied and collected by the City and County on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.*

Ad Valorem Property Taxation

District property taxes are assessed and collected by the City and County at the same time and on the same rolls as the special district property taxes. Assessed valuations are the same for District and City and County taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes are payable in two installments, due November 1 and February 1 respectively and become delinquent on December 10 and April 10 respectively. A 10% penalty attaches to any delinquent installment plus a $45 cost on the second installment. Property on the secured roll with delinquent taxes is sold to the State on or about June 30 of the calendar year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a $55 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if they are not paid by August 31. In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien may be recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the Clerk of the City and County specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the City and County Recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Future assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including community college districts, will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuations

Shown in the following table are the assessed valuations for the District for fiscal years 2005-06 through 2014-15.

ASSESSED VALUATIONS
Fiscal Years 2005-06 through 2014-15
San Francisco Community College District

	Local Secured	Utility	Unsecured	Total	% Change
2005-06	$102,890,058,219	$82,869,066	$7,084,700,846	$110,057,628,131	--
2006-07	110,979,784,808	124,473,509	7,477,880,437	118,582,138,754	7.75%
2007-08	120,790,890,780	145,235,265	7,721,465,207	128,657,591,252	8.50
2008-09	130,824,730,768	79,163,963	9,061,373,546	139,965,268,277	8.79
2009-10	139,453,860,923	50,879,439	10,405,985,652	149,910,726,014	7.11
2010-11	146,680,168,492	43,565,042	9,446,789,960	156,170,523,494	4.18
2011-12	147,612,367,616	41,527,475	9,249,419,572	156,903,314,663	0.47
2012-13	153,348,031,902	46,515,990	9,764,668,943	163,159,216,835	3.99
2013-14	160,650,767,471	35,943,747	9,867,122,786	170,553,834,004	4.53
2014-15	169,001,854,462	32,843,747	10,734,859,006	179,769,557,215	5.40

Source: California Municipal Statistics, Inc.

Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the City and County to pay the debt service with respect to the Bonds. See "THE BONDS — Security and Sources of Payment."

Appeals and Adjustments of Assessed Valuations. Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization (the "SBE"), with the appropriate county board of equalization or assessment appeals board. The Assessor may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, drought, fire, or toxic contamination pursuant to relevant provisions of the State Constitution.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Article XIIIA of the California Constitution."

No assurance can be given that property tax appeals currently pending or in the future will not significantly reduce the assessed valuation of property within the District.

Assessed Valuation and Parcels by Land Use

The following table shows a per-parcel analysis of the distribution of taxable property within the District by principal use, and the fiscal year 2014-15 assessed valuation of such parcels.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2014-15
San Francisco Community College District

	2014-15 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial	$13,578,625,339	8.03%	8,901	4.34%
Office	26,239,049,981	15.53	1,659	0.81
Industrial	5,628,017,759	3.33	4,132	2.02
Hotel/Motel	6,033,227,445	3.57	743	0.36
Recreational	439,935,618	0.26	366	0.18
Government/Social/Institutional	469,646,932	0.28	1,509	0.74
Miscellaneous	664,226,547	0.39	797	0.39
Subtotal Non-Residential	$53,052,729,621	31.39%	18,107	8.83%
Residential:				
Single Family Residence	$52,680,810,113	31.17%	96,298	46.98%
Condominium/Townhouse	28,606,453,228	16.93	42,036	20.51
2+ Residential Units/Apartments	33,073,058,350	19.57	35,398	17.27
Timeshare Properties	256,472,406	0.15	7,425	3.62
Subtotal Residential	$114,616,794,097	67.82%	181,157	88.37%
Vacant Parcels	$1,332,330,744	0.79%	5,725	2.79%
Total	$169,001,854,462	100.00%	204,989	100.00%

[1] Local secured assessed valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Per Parcel Assessed Valuation of Single Family Homes

The following table shows a per-parcel analysis of single family homes within the District, in terms of their 2014-15 assessed valuation.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2014-15
San Francisco Community College District

	No. of Parcels	2014-15 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	96,298	$52,680,810,113	$547,060	$377,927

2014-15 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	18,098	18.794%	18.794%	$1,141,592,776	2.167%	2.167%
100,000 - 199,999	10,641	11.050	29.844	1,553,882,842	2.950	5.117
200,000 - 299,999	10,913	11.333	41.176	2,736,483,528	5.194	10.311
300,000 - 399,999	10,878	11.296	52.473	3,806,569,156	7.226	17.537
400,000 - 499,999	8,902	9.244	61.717	3,978,818,030	7.553	25.089
500,000 - 599,999	7,293	7.573	69.290	3,993,230,990	7.580	32.670
600,000 - 699,999	6,146	6.382	75.672	3,985,128,202	7.565	40.234
700,000 - 799,999	5,392	5.599	81.272	4,032,885,427	7.655	47.890
800,000 - 899,999	4,250	4.413	85.685	3,594,865,321	6.824	54.713
900,000 - 999,999	3,028	3.144	88.829	2,859,041,116	5.427	60.140
1,000,000 - 1,099,999	1,850	1.921	90.751	1,932,229,827	3.668	63.808
1,100,000 - 1,199,999	1,330	1.381	92.132	1,523,231,410	2.891	66.700
1,200,000 - 1,299,999	1,093	1.135	93.267	1,361,375,327	2.584	69.284
1,300,000 - 1,399,999	943	0.979	94.246	1,269,871,354	2.411	71.694
1,400,000 - 1,499,999	737	0.765	95.011	1,066,594,788	2.025	73.719
1,500,000 - 1,599,999	615	0.639	95.650	950,908,693	1.805	75.524
1,600,000 - 1,699,999	511	0.531	96.181	842,465,198	1.599	77.123
1,700,000 - 1,799,999	397	0.412	96.593	691,955,652	1.313	78.437
1,800,000 - 1,899,999	343	0.356	96.949	633,340,272	1.202	79.639
1,900,000 - 1,999,999	287	0.298	97.247	559,230,906	1.062	80.701
2,000,000 and greater	2,651	2.753	100.000	10,167,109,298	19.299	100.000
Total	96,298	100.000%		$52,680,810,113	100.000%	

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Tax Delinquencies

The following table shows secured *ad valorem* property tax levies within the District's boundaries, and amounts delinquent as of June 30, for the fiscal years 2009-10 through 2013-14.

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2009-10 through 2013-14
San Francisco Community College District

	Secured Tax Charge[1]	Amount Delinquent (as of June 30)	Percent Delinquent (as of June 30)
2009-10	$1,691,156,025	$38,793,839	2.29%
2010-11	1,768,368,141	29,102,564	1.65
2011-12	1,810,103,262	25,476,315	1.41
2012-13	1,878,868,414	20,668,235	1.10
2013-14	2,018,013,991	19,020,178	0.94

(1) Reflects all taxes collected by the City and County, including *ad valorem* tax levies for bonded indebtedness of the District.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - "Teeter Plan"

Under the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq*. of the State Revenue and Taxation Code, participating local agencies levying property taxes, including community college districts, may receive from their respective county the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the county receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency. The Teeter Plan, once adopted by a county, remains in effect unless the county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. A board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the county when delinquencies for taxes levied by that agency exceed 3%.

The Teeter Plan applies to the 1% general purpose property tax levy. Whether or not the Teeter Plan also is applied to other tax levies for local agencies, such as the tax levy for general obligation bonds of a local agency, varies by county. As adopted by the City and County, the Teeter Plan currently includes tax levies for general obligation bonded indebtedness of the District, though no representation can be made that this will be case in the future.

Pursuant to the Teeter Plan, as adopted by the City and County, each entity levying property taxes may draw on the amount of uncollected taxes and assessments credited to its fund, in the same manner as if the amount credited had been collected. Under the Teeter Plan, the City and County establishes a tax losses reserve fund and a tax resources account.

The City and County will be responsible for determining the amount of the *ad valorem* tax levy on each parcel in the District, which levy will be entered onto the secured real property tax roll. Upon completion of the secured real property tax roll, the City and County Controller determines the total amount of taxes and assessments actually extended on the roll for each fund for which a tax levy has been included and apportions 100% of the tax and assessment levies to that fund's credit. Pursuant to a City and County determination, moneys in the City and County Treasury (including those credited to the tax losses reserve fund) are available to be drawn to the extent of the amount of uncollected taxes credited to each fund for which a levy has been included. When amounts are received on the secured tax roll for the current year, or for redemption of tax-defaulted property, Teeter Plan moneys are distributed to the apportioned tax resources accounts.

The tax losses reserve fund is used exclusively to cover losses occurring in the amount of tax liens as a result of sales of tax-defaulted property. Moneys in this fund are derived from several sources. While amounts collected as costs are distributed to the City and County's general fund, delinquent penalty collections are distributed to the tax losses reserve fund.

When tax-defaulted property is sold, the taxes and assessments that constitute the amount required to redeem the property are prorated between apportioned (Teeter) levies and unapportioned (or non-Teeter) levies. When the tax-defaulted property is sold, the taxes and assessments that constitute the amounts required to redeem the property are prorated between apportioned (Teeter) levies and unapportioned (or non-Teeter) levies. The pro rata share for apportioned levies is prorated between tax levies and assessment levies and then distributed to the applicable funds.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the City and County orders its discontinuance or unless, prior to the commencement of any Fiscal Year of the City and County (which commences July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by two-thirds of the participating revenue districts in the City and County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent Fiscal Year.

The Board of Supervisors of the City and County may, by resolution adopted not later than July 15 of the Fiscal Year for which it is to apply after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in the City and County if the rate of secure tax delinquency in that agency in any year exceeds 2% of the total of all taxes and assessments levied on the secured rolls for that agency.

In the event that the Teeter Plan were to be terminated, the amount of the *ad valorem* property tax levy in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

Principal Taxpayers

The following table shows the 20 largest local secured taxpayers in the District for fiscal year 2014-15.

20 LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2014-15
San Francisco Community College District

	Property Owner	Primary Land Use	2014-15 Assessed Valuation	% of Total[1]
1.	HWA 555 Owners LLC	Office Building	$1,164,456,169	0.69%
2.	PPF Paramount One Market Plaza	Office Building	774,392,253	0.46
3.	Parkmerced Investors Properties LLC	Apartments	735,806,690	0.44
4.	Kilroy Realty LP / Kilroy Realty 303 LLC	Office Building	726,713,670	0.43
5.	Emporium Mall LLC	Shopping Center	574,263,326	0.34
6.	SHR St. Francis LLC	Hotel	476,444,280	0.28
7.	Union Investment Real Estate	Office Building	457,497,651	0.27
8.	Post-Montgomery Associates	Office Building	443,483,764	0.26
9.	Teachers Insurance & Annuity Association	Office Building	412,405,348	0.24
10.	SHC Embarcadero LLC	Office Building	400,692,199	0.24
11.	Wells REIT II — 333 Market St.	Office Building	397,044,434	0.23
12.	SF Hilton Inc.	Hotel	391,507,749	0.23
13.	PPF OFF One Maritime Plaza LP	Office Building	382,091,008	0.23
14.	50 Fremont Tower LLC	Office Building	367,401,484	0.22
15.	Stonestown Shopping Center LP	Shopping Center	346,812,489	0.21
16.	Block 230 Associates	Office Building	345,739,851	0.20
17.	Three Embarcadero Center Venture	Office Building	325,207,973	0.19
18.	Embarcadero Center Associates	Office Building	323,816,475	0.19
19.	Elm Property Venture LLC	Office Building	320,637,449	0.19
20.	Macy's Primary Real Estate Inc.	Shopping Center	319,048,208	0.19
			$9,685,462,470	5.73%

[1] 2014-15 local secured assessed valuation: $169,001,854,462.
Source: California Municipal Statistics, Inc.

Tax Rates

The table below shows the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in the City and County for fiscal years 2010-11 through 2014-15.

AD VALOREM PROPERTY TAX RATES
(CITY AND COUNTY OF SAN FRANCISCO)
Fiscal Years 2010-11 through 2014-15
San Francisco Community College District

	2010-11	2011-12	2012-13	2013-14	2014-15
General	1.00000000%	1.00000000%	1.00000000%	1.00000000%	1.00000000%
City and County of San Francisco	.11210000	.11470000	.10830000	.11947956	.11945760
San Francisco Unified School District	.03020000	.03340000	.03750000	.04288739	.03326497
San Francisco Community College District	.01860000	.01960000	.01900000	.01813305	.01707743
Bay Area Rapid Transit District	.00310000	.00410000	.00430000	.00750000	.00450000
Total	1.16400000%	1.17180000%	1.16910000%	1.18800000%	1.17430000%

Source: City and County of San Francisco, Comprehensive Annual Financial Report for Fiscal Year 203-14 (for fiscal years 2010-11 through 2013-14); California Municipal Statistics, Inc. (for fiscal year 2014-15).

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and effective as of February 12, 2015 for debt issued as of February 1, 2015 The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
San Francisco Community College District

2014-15 Assessed Valuation: $182,457,833,666 (includes unitary utility valuation)

GENERAL OBLIGATION BONDED DEBT:	**Debt 2/1/15**
San Francisco City and County General and School Purposes	$2,093,703,783
San Francisco Unified School District Bonds	818,130,000
San Francisco Community College District	328,550,000[1]
TOTAL GENERAL OBLIGATION BONDED DEBT	$3,240,383,783
LEASE OBLIGATION BONDS:	
San Francisco City and County	$1,004,285,000
TOTAL LEASE OBLIGATION BONDED DEBT	$1,004,285,000
TOTAL COMBINED DIRECT DEBT	$4,244,668,783
OVERLAPPING TAX AND ASSESSMENT DEBT:	
Bay Area Rapid Transit District General Obligation Bonds (32.061%)	$202,239,185
San Francisco Community Facilities District No. 4	23,440,000
San Francisco Community Facilities District No. 6	137,980,195
San Francisco Community Facilities District No. 7	36,445,000
City of San Francisco Assessment District No. 95-1	660,000
ABAG Community Facilities District No. 2004-1 Seismic Safety Improvements	10,290,000
ABAG Community Facilities District No. 2006-1 San Francisco Rincon Hill	5,580,000
ABAG Community Facilities District No. 2006-2 San Francisco Mint Plaza	3,135,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	$419,769,380
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	$849,707,852
TOTAL DIRECT AND OVERLAPPING BONDED DEBT	$5,514,146,015[2]

Ratios to 2014-15 Assessed Valuation ($182,457,833,666):
Direct General Obligation Bonded Debt ($3,240,383,783) .. 1.78%
Combined Direct Debt ($4,244,668,783) 2.33%
Total Direct and Overlapping Bonded Debt 3.02%

Ratio to 2014-15 Redevelopment Incremental Valuation ($18,258,554,703):
Total Overlapping Tax Increment Debt……………………..4.65%

(1) Excludes the Bonds described herein, but includes the Refunded Bonds in an outstanding principal amount of $271,775,000.
(2) Excludes tax and revenue anticipation notes, enterprise revenue bonds and airport improvement corporation bonds.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an ad valorem *property tax levied by the City and County for the payment thereof. See "THE BONDS — Security and Sources of Payment." Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the City and County to levy taxes on behalf of the District and the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the City and County to levy taxes on behalf of the District for payment of the Bonds.*

Article XIIIA of the California Constitution

Article XIIIA ("Article XIIIA") of the State Constitution limits the amount of *ad valorem* property taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the adjusted base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the City and County to pay debt service on the Bonds. See "THE BONDS — Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS — Assessed Valuations."

Article XIIIA requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem* property, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by fifty-five percent or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for the payment of the Bonds falls within the exception described in (c) above. In addition, Article XIIIA requires the approval of two-thirds of all members of the State legislature to change any State taxes for the purpose of increasing tax revenues.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the relevant county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the SBE as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the District is not a basic aid district (as described herein), taxes lost through any reduction in assessed valuation of utility property will be compensated by the State as equalization aid under the State's financing formula for community college districts. See "DISTRICT FINANCIAL INFORMATION — Major Revenues."

Article XIIIB of the California Constitution

Article XIIIB ("Article XIIIB") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, community college district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIIIB defines

(a) "change in the cost of living" with respect to school districts and community college districts to mean the percentage change in California per capita income from the preceding year, and

(b) "change in population" with respect to a school district and community college districts to mean the percentage change in the average daily attendance from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the State Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that fifty percent of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "−Propositions 98 and 111" below.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including community college districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as community college districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic one percent *ad valorem* property tax levied and collected by the City and County pursuant to Article XIIIA of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amended Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Propositions 98 and 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's State budget.

On June 5, 1990, State voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limitations Act of 1990" ("Proposition 111") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and education funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the districts' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the such districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the State Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

d. Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

e. School Funding Guarantee. There is a complex adjustment in the formula enacted by Proposition 98 to guarantee K-14 school districts a certain amount of State general fund revenues (the "Minimum Funding Guarantee") Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues ("Test 1") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capital personal income. Under Test 3, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" to K-14 school districts which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as "Proposition 39") to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by fifty-five percent (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current one percent limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are school districts, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to one percent of the value of property, and property taxes could exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to buy or improve real property that receive two-thirds voter approval after July 1, 1978.

The fifty-five percent vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the governing board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the governing board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on school facilities bonds approved by fifty-five percent of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary or high school district), or $25 (for a community college district), per $100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIIIA of the Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State can not (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. The State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools and community colleges or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the LAO (as defined herein) on July 15, 2010, the long-term effect of Proposition 22 will be an increase in the State's general fund costs by approximately $1 billion annually for several decades. See also "DISTRICT FINANCIAL INFORMATION — State Dissolution of Redevelopment Agencies."

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 30

On November 6, 2012, voters of the State approved the "Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment" (also known as "Proposition 30"), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes an additional tax on all retailers, at the rate of

0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax will be levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $340,000 but less than $408,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $408,000 but less than $608,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $608,000 for joint filers).

The revenues generated from the temporary tax increases will be included in the calculation of the Minimum Funding Guarantee for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Proposition 98 and 111." From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 2

On November 4, 2014, voters approved the "Rainy Day Budget Stabilization Fund Act" (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15 year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a "budget emergency," defined as a an emergency within the meaning of Article XIIIB of the Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 school districts as part of the Minimum Funding Guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the Minimum Funding Guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the Minimum Funding Guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated Minimum Funding Guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated Minimum Funding Guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

See also "DISTRICT FINANCIAL INFORMATION – State Assistance – Governor's Proposed Budget for Fiscal Year 2015-16" for information regarding proposed deposits into the BSA as part of the proposed State budget for fiscal year 2015-16.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 39, 22, 26 and 30 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

DISTRICT FINANCIAL INFORMATION

The information in this section concerning State funding of community colleges generally, as well as information concerning the District's operating revenues and comparative financial statements, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from State revenues. The Bonds are payable from the proceeds of an ad valorem *property tax required to be levied by the City and County on behalf of the District in an amount sufficient for the payment thereof.*

Major Revenues

General. California community college districts (other than Basic Aid Districts, as described below) receive a majority of their funding from the State, and the balance from local and federal sources. State funds include general apportionment, categorical funds, capital construction, the lottery (which generally is less than 3 percent), and other minor sources. Local funds include property taxes, student fees, and miscellaneous sources.

Senate Bill 361 ("SB 361"), established the present system of funding for community college districts. This system includes allocation of state general apportionment revenues to community college districts based on criteria developed by the Board of Governors in accordance with prescribed statewide minimum requirements. In establishing these minimum requirements, the Board of Governors was required to acknowledge community college districts' need to receive an annual allocation based on the number of colleges and comprehensive centers in each respective district, plus funding received based on the number of credit and noncredit FTES in each district.

SB 361 also specified that, commencing with the 2006-07 fiscal year the minimum funding per FTES would be: (a) not less than $4,367 per credit FTES; (b) at a uniform rate of $2,626 per noncredit FTES; and (c) set at $3,092 per FTES for a new instructional category of "career development and college preparation" ("CDCP") enhanced non-credit rate. Each such minimum funding rate is subject to cost of living adjustments (a "COLA"), if any, funded through the State budgeting legislation in each fiscal year. Pursuant to SB 361, the State Chancellor developed criteria for one-time grants for districts that would have received more funding under the prior system or a then-proposed rural college access grant, than under the current system.

The table on the following page shows the District's FTES figures for the last six fiscal years, along with projected FTES for the current fiscal year. For certain of these years, the District has received "stability" funding based on the funded FTES shown, rather than its actual FTES counts. See "—Stability Funding" herein.

FULL TIME EQUIVALENT STUDENTS[1]
Fiscal Years 2008-09 through 2014-15
San Francisco Community College District

Fiscal Year	Funded FTES	Unfunded FTES[2]	Actual FTES	Change
2008-09	37,635	384	38,019	--
2009-10	36,224[3]	--	34,741	(3,278)
2010-11	37,056	334	37,391	2,650
2011-12	34,223[3]	--	32,632	(4,759)
2012-13	32,621	--	32,621	(11)
2013-14	32,621[3]	--	26,264	(6,357)
2014-15	32,621[3]	--	23,545[4]	(2,719)

(1) One FTES is equivalent to 525 student contract hours, which is determined based on a State formula of one student multiplied by 15 weekly contact hours multiplied by 35 weeks. Accordingly, the number of FTES in the District may not equal the number of students enrolled in the District. Reflects resident FTES counts only. Non-resident FTES are generally excluded from State funding formula calculations.
(2) In each fiscal year, the State budget will establish an enrollment cap on the maximum number of FTES, known as the "funded" FTES, for which a community college district will receive a revenue allocation, as determined by the program-based model. A district's enrollment cap is based on the previous fiscal year's reported FTES, plus the growth allowance provide for by the State budget, if any. All student hours in excess of the enrollment cap are considered "unfunded" FTES.
(3) Reflects FTES in excess of the District's actual FTES count, and for which it received or expects to receive stability funding. See "—Stability Funding" herein.
(4) Projected.
Source: San Francisco Community College District.

Local revenues are first used to satisfy District expenditures. The major local revenue source is local property taxes that are collected within District boundaries. Student enrollment fees from the local community college district generally account for the remainder of local revenues for the District. The sum of the property taxes, student enrollment fees, and State aid generally comprise the District's State apportionment. State aid is subject to the appropriation of funds in the State's annual budget. Thus, decreases in State revenues may affect appropriations made by the State Legislature to the District.

"Basic Aid" community college districts are those districts whose local property tax and student enrollment fee collections exceed the revenue allocation determined by the program-based model. Basic Aid districts do not receive any funds from the State. The current law in California allows these districts to keep the excess funds without penalty. The implication for Basic Aid districts is that the legislatively determined annual cost of living adjustment and other politically determined factors are less significant in determining such districts' primary funding sources. Rather, property tax growth and the local economy become the determinant factors. The District is not a Basic Aid district.

A small part of a community college district's budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations and sales of property. Every community college district receives the same amount of lottery funds per pupil from the State, however, these are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery requires these funds to be used for instructional purposes, and prohibits their use for capital purposes.

Stability Funding. Under California Code Regulations Section 58776, during the initial year of a decline in FTES, community college districts are eligible to receive "stability" funding, in an amount equal to the revenue loss associated with a decline in FTES for that year. Stability funding is available for a one year period. If FTES are not restored to the pre-decline level within a period of two years following the initial decline, a community college district that has received stability funding is subject to a permanent reduction of its funded FTES and an attendant decline in operating revenue.

The District received stability funding in fiscal years 2009-10, 2011-12 and 2013-14. Senate Bill 860 ("SB 860"), extended the District's eligibility for stability funding through fiscal year 2016-17. Absent the passage of SB 860, the District was projected to experience a revenue decline of approximately $18 million in fiscal year 2014-15 because of continued enrollment declines. Under SB 860, the District will receive funding in fiscal year 2014-15 in an amount equal to 100% of its funded FTES level for fiscal year 2012-13. In fiscal years 2015-16 and 2016-17, the District will receive funding in an amount equal to 95% and 90%, respectively, of its funded FTES level for fiscal year 2012-13. The District currently projects that, if FTES levels are not restored by the end of fiscal year 2016-17, it will experience a revenue loss of approximately $15 million. The District expects any such revenue loss, however, to be largely mitigated by (i) increases to the career development and college preparation FTES enhanced non-credit rate approved by the State budget for fiscal year 2014-15, which with respect to the District would represent a revenue increase of approximately $9 million during fiscal year 2015-16, and (ii) the District's efforts to increase its FTES counts. See also "—State Assistance," and "SAN FRANCISCO COMMUNITY COLLEGE DISTRICT – District Management Statement."

In order to receive funding under SB 860, the District must submit to the State Chancellor, to the appropriate policy and fiscal committees of the State Legislature, the Governor, the Legislative Analyst's Office ("LAO") and the Department of Finance ("DOF"), on or before April 15, 2015, a report that includes (1) an overview of the College's current accreditation status, (2) total and projected District student enrollment for fiscal years 2013-14 through 2016-17, (3) the number of course sections offered in fiscal years 2013-14 and 2014-15, (4) a thorough explanation of the District's level of budgetary reserves and sources of revenue, and (5) a thorough multiyear budget plan. The District currently anticipates submitting a timely and complete report meeting these requirements. The District must also file updates to this report on April 15 and October 15 of each year through April 15, 2017.

In addition, the receipt of stability funding in fiscal year 2016-17 is subject to the additional requirement that the Fiscal Crisis Management and Assistance Team ("FCMAT") make a finding, no sooner than April 1, 2016, that the District is meeting or exceeding all of the following benchmarks: (1) effective fiscal controls and systems are in place, (2) the District has, and is adhering to, prudent fiscal policies and practices, as corroborated by an analysis of multiyear projections of no less than three fiscal years, (3) the District is applying resources in accordance with the budget plan approved by the State Trustee, (4) the District is maintaining appropriate fiscal reserves, (5) the District has, and is adhering to, a viable plan to address long-term liabilities, including post-employment benefits. See also "SAN FRANCISCO COMMUNITY COLLEGE DISTRICT – District Management Statement."

Parcel Tax. Parcel taxes are "special taxes" for purposes of the State Constitution, as and such must be approved by at least two-thirds of the voters voting on the relevant proposition. On November 6, 2012, the voters of the District approved Measure A, an eight-year tax of $79 per parcel tax to be levied on taxable assessor's parcels located wholly or partly within the District beginning in fiscal year 2013-14. Measure A does not provide for exemption for seniors or low-income individuals. Proceeds from the collection of Measure A parcel taxes will be used to enhance and maintain District services, including core academics, workforce training, university preparation, libraries and technology infrastructure. The District currently expects to annually receive approximately $15.2 million from Measure A until the expiration thereof.

Sales Tax. At a special election held on June 15, 1993, voters of the City and County approved the permanent extension ("Proposition A") of an existing 0.25% sales tax collected within the City and County to supplement operating revenues for the District and the San Francisco Unified School District ("SFUSD"). Proposition A also authorized an increase to the appropriations limits for each of the District and SFUSD equal to the respective allocable amount of revenues generated by the sales tax. Proposition

A revenues are accounted for within the District's general fund, and the District expects to receive approximately $16 million of such revenues in fiscal year 2014-15.

Tax Shifts and Triple Flip

Assembly Bill No. 1755 ("AB 1755"), introduced March 10, 2003 and substantially amended June 23, 2003, requires the shifting of property taxes between redevelopment agencies, school districts and community college districts. See also "—State Dissolution of Redevelopment Agencies" herein. On July 29, 2003, the Assembly amended Senate Bill No. 1045 to incorporate all of the provisions of AB 1755, except that the Assembly reduced the amount of the required Education Revenue Augmentation Fund ("ERAF") shift to $135 million. Legislation commonly referred to as the "Triple Flip" was approved by the voters on March 2, 2004, as part of a bond initiative formally known as the "California Economic Recovery Act." This act authorized the issuance of $15 billion in bonds to finance the 2002-03 and 2003-04 State budget deficits, which are payable from a fund established by the redirection of tax revenues through the "Triple Flip." Under the "Triple Flip," one-quarter of local governments' one percent share of the sales tax imposed on taxable transactions within their jurisdiction is redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, the legislation redirects property taxes in the ERAF to local government. Because the ERAF monies were previously earmarked for community colleges, the legislation provides for community colleges to receive other state general fund revenues.

Budget Procedure

On or before September 15, the District Board is required under California Code of Regulations Section 58305, to adopt a balanced budget. Each September, every State agency, including the State Chancellor, submits to the DOF proposals for changes in the State budget. These proposals are submitted in the form of Budget Change Proposals ("BCPs"), involving analyses of needs, proposed solutions and expected outcomes. Thereafter, the DOF makes recommendations to the Governor, and by January 10 a proposed State budget is presented by the Governor to the State Legislature. The Governor's Budget is then analyzed and discussed in committees and hearings begin in the State Assembly and Senate. In May of each year, based on the debate, analysis and changes in the economic forecasts, the Governor issues a revised budget. The law requires the State Legislature to submit its approved budget by June 15, and by June 30 the Governor should announce his or her line item reductions and sign the State budget.

In response to growing concern for accountability and with enabling legislation (Assembly Bill 2910, Chapter 1486, Statutes of 1986), the Board of Governors and the State Chancellor's Office have established expectations for sound district fiscal management and a process for monitoring and evaluating the financial condition to ensure the financial health of California's community college districts. In accordance with statutory and regulatory provisions, the State Chancellor has been given the responsibility to identify community college districts at risk and, when necessary, the authority to intervene in the management of a community college district to bring about improvement in such district's financial condition. To stabilize such a district's financial condition, the State Chancellor may, as a last resort, seek an appropriation from the State for an emergency apportionment.

The monitoring and evaluation process is designed to provide early detection and amelioration that will stabilize the financial condition of a district before an emergency apportionment is necessary. This is accomplished by (1) assessing the financial condition of districts through the use of various information sources and (2) taking appropriate and timely follow-up action to bring about improvement in a district's financial condition, as needed. A variety of instruments and sources of information are used to provide a composite of each district's financial condition, including quarterly financial status reports, annual financial and budget reports, attendance reports, annual district audit reports, district input and other financial records. In assessing each district's financial condition, the State Chancellor will pay special attention to each district's general fund balance, spending pattern, and FTES patterns. Those districts with greater financial difficulty will receive follow-up visits from the State Chancellor's Office where financial solutions to the district's problems will be addressed and implemented.

District Budgeting

Current Operating Budget. On August 28, 2014, the State Trustee approved the District's final operating budget for fiscal year 2014-15 (the "2014-15 District Budget"). The 2014-15 District Budget is balanced, and provides for a general fund contingency reserve of $3 million, per the directive of the State Trustee. Significant revenue assumptions include (1) a general apportionment deficit factor of 2% for fiscal year 2014-15, (2) a 0.85% COLA, as provided in the 2014-15 State Budget, and (3) the continued receipt of stability funding pursuant to SB 860. See also "—Major Revenues – Stability Funding" herein. The 2014-15 District Budget does not assume any enrollment growth for the current fiscal year.

Significant expenditure provisions in the 2014-15 District Budget include (1) projected salary schedule increases equal to $2.5 million, (2) a projected contribution to STRS of 8.88% of certificated salaries, reflecting an increase of 0.63% and consistent with increased employer requirements required by AB 1469 (see also "SAN FRANCISCO COMMUNITY COLLEGE DISTRICT – Retirement Programs"), (3) a PERS contribution equal to 22.937%, reflecting an increase of 1.35%, (4) average increase in MediCal premiums of 3%, and (5) a post-employment benefit contribution of $2 million, an increase of $500,000 from the prior year.

Budgeting Trends. The table on the following page shows the District's general fund budgets for fiscal years 2011-12 through 2014-15, and ending results for fiscal years 2011-12 through 2013-14. See also "SAN FRANCISCO COMMUNITY COLLEGE DISTRICT — District Management Statement," and "—Comparative Financial Statements."

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GENERAL FUND BUDGETING[1]
San Francisco Community College District
Fiscal Years 2011-12 through 2014-15

	Fiscal Year 2011-12		Fiscal Year 2012-13		Fiscal Year 2013-14		Fiscal Year 2014-15
REVENUES:	**Budgeted**	**Ending**	**Budgeted**	**Ending**	**Budgeted**	**Ending**	**Budgeted**
Federal	$10,397,071	$14,049,323	$10,153,403	$12,270,641	$11,338,597	$8,182,359	$9,327,892
State	163,911,590[2]	114,340,853[2]	113,799,414	107,373,898	169,115,106[2]	111,891,546[2]	115,029,673
Local	36,862,784[2]	91,928,326[2]	90,669,329	93,523,993	46,703,305[2]	91,354,483[2]	83,656,326
TOTAL REVENUES	211,171,445	220,318,502	214,622,146	213,168,532	227,157,008	211,428,388	208,013,891
EXPENDITURES:							
Academic Salaries	101,103,860	105,184,818	95,367,395	95,150,088	97,222,619	87,167,968	90,932,168
Classified Salaries	38,794,070	46,537,911	40,905,932	42,359,183	44,518,031	36,859,375	37,747,666
Employee Benefits	43,458,976	50,806,779	48,147,398	47,853,911	49,316,091	44,753,816	47,629,812
Supplies and Materials	2,379,672	2,248,334	1,871,978	2,190,629	3,357,672	2,244,785	3,527,551
Other Operating Expenses and Services	13,422,163	17,513,265	19,849,092	18,968,251	17,927,462	17,757,452	22,289,928
Capital Outlay	1,113,145	769,905	1,219,724	1,113,553	3,161,730	2,314,160	1,763,214
TOTAL EXPENDITURES	200,271,886	223,061,012	207,361,519	207,635,615	215,503,605	191,097,553	203,890,339
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	10,899,559	(2,742,510)	7,260,627	5,532,917	11,653,403	20,330,835	4,123,552
OTHER FINANCING SOURCES (USES)	4,600,000	4,961,580	--	3,127,534	6,704,659	2,133,014	5,373,143
OTHER OUTGO	(8,433,414)	(8,312,475)	(7,260,627)	(8,922,059)	(11,951,085)	(13,650,048)	(9,368,209)
NET INCREASE (DECREASE) IN FUND BALANCES	7,066,145	(6,093,405)	--	(261,608)	6,406,977	8,813,801	128,486
BEGINNING FUND BALANCE:							
Net Beginning Balance, July 1	27,961,435	27,961,435	21,689,733	21,689,733	21,428,125	21,428,125	28,754,797
Prior Year Adjustments	--	(178,297)[3]	--	--	--	(1,487,129)[3]	--
Adjusted Beginning Balance	27,961,435	27,783,138	--	--	--	19,940,996	--
ENDING FUND BALANCE, JUNE 30	$35,027,580	$21,689,733	$21,689,733	$21,428,125	$27,835,102	$28,754,797	$28,883,283

(1) General fund revenues not include proceeds derived from the District's Measure A parcel tax, which are required to be accounted for in separate special revenue fund. See also "—Parcel Tax."
(2) For fiscal years 2011-12 and 2013-14, the variance between budgeted and ending State Revenues and Local Revenues resulted from a reclassification of revenue. Certain revenues in each of these fiscal years were initially budgeted as State Revenues. Following the end of each such fiscal year, it was determined that such revenues were properly classified as Local Revenue.
(3) Restatements in each of fiscal year 2011-12 and 2013-14 relate to a reduction of the prior fiscal year's accounts receivable.

Source: CCFS-311 Reports of the District filed with the State Chancellor's Office. For audited results of the District's governmental funds in revised reporting format for fiscal years 2011-12 and 2012-13, and certain other prior years, see "SAN FRANCISCO COMMUNITY COLLEGE DISTRICT — Comparative Financial Statements."

Minimum Funding Guarantees for California Community College Districts Under Propositions 98 and 111

General. In 1988, California voters approved Proposition 98, an initiative that amended Article XVI of the State Constitution and provided specific procedures to determine the Minimum Funding Guarantee. The constitutional provision links the K-14 funding formulas to growth factors that are also used to compute the State appropriations limit. Proposition 111 (Senate Constitutional Amendment 1), adopted in May 1990, among other things, changed some earlier school funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added a third funding "test" to calculate the Minimum Funding Guarantee. This third calculation is operative in years in which general fund tax revenue growth is weak. The amendment also specified that under Test 2 (see below), the annual COLA for the Minimum Funding Guarantee would be the change in California's per-capita personal income, which is the same COLA used to make annual adjustments to the State appropriations limit (Article XIII B).

Calculating Minimum Funding Guarantee. There are currently three tests which determine the minimum level of K-14 funding. Under implementing legislation for Proposition 98 (AB 198 and SB 98 of 1989), each segment of public education (K-12 districts, community college districts, and direct elementary and secondary level instructional services provided by the State) has separately calculated amounts under the Proposition 98 tests. The base year for the separate calculations is 1989-90. Each year, each segment is entitled to the greater of the amounts separately computed for each under Test 1 or 2. Should the calculated amount under the Minimum Funding Guarantee (K-14 education aggregated) be less than the sum of the separate calculations, then the Minimum Funding Guarantee shall be prorated to the three segments in proportion to the amount calculated for each. This statutory split has been suspended in every year beginning with 1992-93. In those years, community colleges received less than was required from the statutory split.

Test 1 guarantees that K-14 education will receive at least the same funding share of the State general fund budget it received in 1986-87. Initially, that share was just over 40 percent. Because of the major shifts of property tax from local government to community colleges and K-12 which began in 1992-93 and increased in 1993-94, the percentage dropped to 33.0%.

Test 2 provides that K-14 education will receive as a minimum, its prior-year total funding (including State general fund and local revenues) adjusted for enrollment growth and per-capita personal income COLA.

A third formula, established pursuant to Proposition 111 as "Test 3," provides an alternative calculation of the funding base in years in which State per-capita general fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of one percent of the prior-year funding level as a funding supplement.

In order to make up for the lower funding level under Test 3, in subsequent years K-14 education receives a maintenance allowance equal to the difference between what should have been provided if the revenue conditions had not been weak and what was actually received under the Test 3 formula. This maintenance allowance is paid in subsequent years when the growth in per-capita State tax revenue outpaces the growth in per-capita personal income.

The enabling legislation to Proposition 111, Chapter 60, Statutes of 1990 (SB 98, Garamendi), further provides that K-14 education shall receive a supplemental appropriation in a Test 3 year if the annual growth rate in non-Proposition 98 per-capita appropriations exceeds the annual growth rate in per-pupil total spending.

State Dissolution of Redevelopment Agencies

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* ("*Matosantos*"), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all Redevelopment Agencies in California ceased to exist as a matter of law on February 1, 2012.

Abx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("AB 1484"), which, together with Abx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to Abx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller's cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund ("Trust Fund"), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any "enforceable obligations" of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, equal to at least $250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the DOF that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (AB 1290, Chapter 942, Statutes of 1993) ("AB 1290"), are restricted to educational facilities without offset against revenue limit apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the affected local taxing entity uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABX1 26 states that in the future, pass-throughs shall be made in the amount "which would have been received . . . had the redevelopment agency existed at that time," and that the county auditor-controller shall "determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved…using current assessed values . . . and pursuant to statutory formulas and contractual agreements with other taxing agencies."

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

The District can make no representations as to the extent to which its base apportionments from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies any other surplus property tax revenues pursuant to the Dissolution Act.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community College Budget and Accounting Manual. This manual, according to Section 84030 of the California Education Code, is to be followed by all California community college districts. The Governmental Accounting Standards Board ("GASB") has released Statement No. 34, which makes changes in the annual financial statements for all governmental agencies in the United States, especially in recording of fixed assets and their depreciation, and in the way the report itself is formatted. These requirements became effective on May 15, 2002 for the District, as well as for any other governmental agency with annual revenues of between $10 million and $100 million. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred. See also "—Comparative Financial Statements."

Comparative Financial Statements

The following table reflects the District's audited revenues, expenditures and changes in net position for its primary government funds, from fiscal years 2009-10 through 2013-14.

AUDITED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION — PRIMARY GOVERNMENT
Fiscal Years 2009-10 through 2013-14
San Francisco Community College District

OPERATING REVENUES	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14
Student tuition and fees	$27,029,768	$28,439,869	$35,679,963	$38,070,503	$35,764,439
Less: Scholarship discounts and allowances	(7,115,084)	(9,098,961)	(11,782,866)	(14,403,484)	(12,963,789)
Net tuition and fees	19,914,684	19,340,908	23,897,097	23,667,019	22,800,650
Grants and contracts[1]					
Federal	--	27,340,493	25,031,273	--	--
State	--	11,882,630	9,782,001	--	--
Local	--	4,377,039	3,300,668	--	--
Other Revenue	--	--	--	353,187	2,632,736
Auxiliary Enterprise sales and charges[2]	8,081,113	7,924,909	6,867,956	6,361,681	1,236,360
TOTAL OPERATING REVENUES	27,995,797	70,865,979	68,878,995	30,381,887	26,669,746
OPERATING EXPENSES					
Salaries	158,569,925	159,094,060	153,651,619	138,965,531	132,668,520
Employee benefits	61,334,576	64,328,232	66,938,907	63,981,124	62,375,333
Supplies, materials and other operating expenses and services	32,056,095	34,114,494	31,076,169	30,383,508	31,206,450
Student financial aid	41,947,935	50,175,635	48,822,385	42,634,277	34,284,621
Equipment, maintenance, and repairs	--	842,136	1,748,703	2,896,827	--
Depreciation	28,559,471	32,054,339	36,151,333	38,990,945	38,750,000
TOTAL OPERATING EXPENSES	322,468,002	340,608,896	338,389,116	317,852,212	299,284,924
OPERATING INCOME (LOSS)	(294,472,205)	(269,742,917)	(269,510,121)	(287,470,325)	(272,615,178)
NON-OPERATING REVENUES (EXPENSES)					
State apportionments, non-capital	113,134,142	113,256,549	100,683,565	91,365,291	91,984,970
Federal grants and contracts[1]	56,050,726	--	--	54,047,736	41,553,953
State grants and contracts[1]	12,743,619	--	--	17,481,659	17,461,770
Local property taxes, levied for general purposes	46,376,621	48,509,277	45,447,506	45,373,473	50,628,603
Local property taxes, levied for specific purpose[3]	32,753,566	--	--	31,073,110	15,030,694
Taxes levied for debt servie	--	--	--	--	31,919,416
Local sales tax	13,795,943	14,841,656	15,814,112	16,888,877	16,620,883
State taxes and other revenues	10,042,840	9,752,138	12,669,493	5,776,106	6,744,221
Pell Grants	--	35,813,388	36,890,315	--	--
Interest expense on capital related debt	(16,705,872)	(15,946,650)	(16,667,918)	(14,524,624)	(15,220,148)
Investment income (loss), capital/noncapital related debt, net	1,303,610	1,649,309	1,085,730	1,015,184	500,047
Transfer to fiduciary funds	(243,340)	(155,616)	--	(371,881)	(323,106)
Transfer from fiduciary funds	--	--	256,415	613,437	55,414
Other non-operating revenue	10,372,478	7,865,383	6,730,406	8,328,846	5,240,155
TOTAL NON-OPERATING REVENUES (EXPENSES)	279,624,333	215,585,434	202,909,624	257,067,214	262,196,872
LOSS BEFORE OTHER REVENUES (EXPENSES)	(14,847,872)	(54,157,483)	(66,600,497)	(30,403,111)	(10,418,306)
INCOME BEFORE OTHER REVENUES					
State revenues, capital	35,441,886	35,132,776	2,981,828	1,780,024	1,196,813
Local revenues, capital	616,203	--	--	3,754	205,129
Property taxes levied for a specific purpose[3]	--	29,518,207	32,007,882	--	--
TOTAL OTHER REVENUES (EXPENSES)	36,058,089	64,650,983	34,989,710	1,783,778	1,401,942
CHANGE IN NET ASSETS	21,210,217	10,493,500	(31,610,787)	(28,619,333)	(9,016,364)
NET ASSETS, BEGINNING OF YEAR	151,199,886	172,410,103	183,686,035	152,075,248	135,365,675
ADJUSTMENT FOR RESTATEMENT	--	782,432[4]	--	11,909,760[5]	(1,447,435)[6]
NET ASSETS, END OF YEAR	$172,410,103	$183,686,035	$152,075,248	$135,365,675	$124,901,876

(Footnotes follow on the next page)

(1) For fiscal years 2010-11 and 2011-12, the District's audited financial statements reported certain Federal and State grants and contracts as Operating Revenues.
(2) Includes bookstore and food service operating revenues.
(3) For fiscal years 2010-11 and 2011-12, the District's audited financial statements did not report property taxes levied for a specific purpose as Non-operating Revenues.
(4) Net restatement reflects (i) a positive adjustment of $3,688,489 to the District's capital assets because of overstated depreciation on a District-owned building prior to its completion, offset by (ii) a negative restatement of $2,906,057 to the District's net assets because of a failure to record a liability for certain vested leaves of absence (also referred to as "load banking").
(5) Restatement reflects (i) the implementation of GASB Statement No. 62, which required the District to capitalize interest as part of the historical cost of constructing certain business-type activity assets, and (ii) an underreporting of the value of certain land transactions of the District in connection with placing into service its Chinatown/North Beach education center.
(6) Restatement reflects the implementation of GASB Statement No. 65, which requires the District to expense the non-insurance portion of bond issuance costs. This implementation required a change in accounting principles and resulted in a restatement to the District's net beginning position by the amount shown above.
Source: San Francisco Community College District.

State Assistance

California community college districts' principal funding formulas and revenue sources are derived from the budget of the State of California. The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guaranty the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem *property tax required to be levied by the City and County in an amount sufficient for the payment thereof.*

2014-15 Budget. On June 20, 2014, the Governor signed into law the State budget for fiscal year 2014-15 (the "2014-15 Budget"). The following information is based on the DOF's summary of the 2014-15 Budget and the LAO report entitled "The 2014-15 Budget: California Spending Plan," and certain other sources relating to Proposition 44 (defined herein).

The 2014-15 Budget is based on revenue projections previously included in the Governor's May revision to the proposed budget for fiscal year 2014-15. For fiscal year 2013-14, the 2014-15 Budget projects total State general fund revenues of $102.2 billion, and total State general fund expenditures of $100.7 billion. The 2014-15 Budget projects that the State will end the 2013-14 fiscal year with a $2.9 billion general fund surplus. For fiscal year 2014-15, the 2014-15 Budget projects total State general fund revenues of $109.5 billion and total State general fund expenditures of $108 billion, leaving the State with a projected general fund surplus for fiscal year 2014-15 of approximately $2.1 billion. This projected reserve is a combination of $449 million in the State's general fund traditional reserve, and an authorized deposit of $1.6 billion into the Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

As part of implementing certain provisions of the 2014-15 Budget, a legislatively-referred constitutional amendment (Proposition 2) was placed on the ballot, and ultimately approved by the voters at the November 4, 2014 statewide election. Among other things, Proposition 2 creates a reserve account that is expected to smooth spikes in education funding. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2."

As a result of changes in State general fund revenues, local property tax collections and changes in student attendance, the 2014-15 Budget includes revised estimates to the Minimum Funding Guarantees for fiscal years 2012-13 and 2013-14. The 2012-13 Minimum Funding Guarantee is revised upward to $57.8 billion, an increase of $1.3 billion over the estimate included in the 2013-14 State budget. For fiscal year 2013-14, the 2014-15 Budget revises the Minimum Funding Guarantee at $58.3 billion, approximately $3 billion higher than that included in the 2013-14 State budget.

The 2014-15 Budget sets the Minimum Funding Guarantee for fiscal year 2014-15 at $60.9 billion, including $44.5 billion of support from the State general fund. This represents an increase of $2.6 billion over the estimates included in the Governor's May revision for fiscal year 2014-15. The 2014-15 Budget also authorizes certain payments to reduce the State's outstanding maintenance factor, including $5.2 billion allocable to fiscal year 2012-13 and $2.6 billion allocable to fiscal year 2014-15. The State is expected to end fiscal year 2014-15 with an outstanding maintenance factor of approximately $4 billion.

Significant features of the 2014-15 Budget related to the funding of community college districts include the following:

- *State Pensions.* The 2014-15 Budget includes a plan to reduce the $74.4 billion unfunded STRS liability in approximately 30 years by increasing contribution rates among the State, K-14 school districts, and participating employees. For fiscal year 2014-15, these increases are expected to result in $276 million of additional contributions from all three entities. The plan also provides the STRS Board (as defined herein) with limited authority to (i) increase State, school district and community college district contributions based on changing conditions, and (ii) reduce school district and community college district contributions if they are no longer necessary. For additional information, see "SAN FRANCISCO COMMUNITY COLLEGE DISTRICT – Retirement Programs."

- *Implementing Statewide Performance Strategies* – $1.1 million of non-Proposition 98 funding to add nine positions for the State Chancellor's Office to develop leading indicators of student success and to monitor community college districts' performance. The 2014-15 Budget also provides $2.5 million of Proposition 98 funding to provide local technical assistance to support the implementation of effective practices across all community college districts, with a focus on underperforming districts.

- *Student Success and Support Programs* – $170 million in Proposition 98 funding to improve and expand student success programs and to strengthen efforts to assist underrepresented students. This amount is allocated as follows: (i) $100 million to increase orientation, assessment, placement, counseling and other education planning services for all matriculated students, and (ii) $70 million to close gaps in access and achievement in underrepresented student groups, as identified in local Student Equity Plans.

- *Apportionments* – An increase of $140.4 million in Proposition 98 funding for growth in general-purpose apportionments, which represents a 2.75% increase in enrollment, and which, according to the LAO, equates to an additional 30,000 full-time equivalent students. The 2014-15 Budget directs the State Board of Governors to adopt a growth formula beginning in fiscal year 2015-16 that gives first priority to the community college districts identified as having the greatest unmet need in adequately serving their community's higher educational needs. The 2014-15 Budget also provides $47.3 million of Proposition 98 funding for a 0.85% COLA.

- *Career Technical Education* – A one-time increase of $50 million in Proposition 98 funding to improve career technical education. The $50 million will support the Economic and Workforce Development program at the Chancellor's Office. Additionally, beginning in fiscal year 2015-16, the State Budget increases the funding rate for career development and college preparation noncredit courses to equal the funding rate for credit courses.

- *Technology Infrastructure* – A $1.4 million one-time increase in Proposition 98 funding and a $4.6 million ongoing increase in Proposition 98 funding to upgrade bandwidth and replace technology equipment at community college districts.

- *Disabled Student Programs and Services* – $30 million in Proposition 98 funding to provide support services to students with disabilities.

- *Apportionment Deferrals* – The 2014-15 Budget provides $5.2 billion to reduce outstanding apportionment deferrals, including $498 billion for community college districts. Under the budget plan, $992 million in deferrals, including $94 million for community college districts, are expected to remain outstanding at the end of fiscal year 2014-15. The 2014-15 Budget also provides for a trigger mechanism whereby potentially all outstanding deferrals would be repaid if the Minimum Funding Guarantee increases as a result of additional funding sources. Effectively, the 2014-15 Budget earmarks the first $992 million of additional State spending allocable to fiscal years 2013-14 and 2014-15 to the paydown of deferrals.

- *Mandates* – $49.5 million in one-time Proposition 98 funding to reimburse community college districts for the cost of State-mandated programs to be distributed on a per-student basis. For community colleges, the 2014-15 Budget repeals one mandate related to certain information included in infrastructure plans and adds to the block grant one mandate related to public contracts. The LAO notes that, the 2014-15 Budget does not increase funding for the block grant as the added costs are expected to be minimal.

- *Financial Stability for Apportionments* – An increase of $40.5 million in fiscal year 2013-14 and $37.8 million in fiscal year 2014-15 in Proposition 98 funding by shifting a portion of the revenues from former redevelopment agencies that are scheduled to be received in the final months of the fiscal year to the following fiscal year. Proposition 98 funding will backfill the difference between estimated total fiscal year redevelopment agency revenues and the amount the community college districts receive through April 15.

- *Deferred Maintenance and Instructional Equipment* – A one-time increase of $148 million in Proposition 98 funding for deferred maintenance or instructional equipment purchases. This program funds facility maintenance projects as well as replacement of instructional equipment and library materials.

- *Proposition 39.* Passed by voters in November 2012, Proposition 39 increases State corporate tax revenues and requires a five-year period, starting in fiscal year 2013-14, that a portion of these revenues be used to improve energy efficiency and expand the use of alternative energy in public buildings. The 2014-15 Budget provides $38 million in Proposition 98 funding for community college grants and $28 million of Proposition 98 funding for a revolving loan program for K-14 school districts.

- *Quality Education Investment Act* – The 2014-15 Budget authorizes a final payment of $410 million to retire the State's obligation under the Quality Education Investment Act of 2006, which required the State to provide additional annual school district and community college district funding payments. Of this amount, $316 million is for continued funding of the QEIA program (including $48 million for community college districts) and $94 million is to pay down a separate State obligation related to school facility repairs.

- *Pay Down of Remainder of Economic Recovery Bonds*. The 2014-15 Budget transfers 3% of general fund revenues – or $3.2 billion – to the BSA. Under Proposition 98, one-half of those revenues must be used to accelerate the repayment of the State's Economic Recovery Bonds. The $1.6 billion payment is expected to pay off the remaining principal amount of the

Economic Recovery Bonds during fiscal year 2014-15. See "—Tax Shifts and Triple Flip" above.

- *Capital Outlay.* The 2014-15 Budget appropriates a total of $21 million in general obligation bond funding for one continuing community college project and seven new projects. The LAO notes that future State costs for these projects are expected to total an additional $102 million.

For additional information regarding the State's budgets and revenue projections and a more detailed description of the 2014-15 Budget, see the DOF website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated into this Official Statement by reference.

Governor's Proposed 2015-16 Budget. On January 9, 2015, the Governor released his proposed State budget for fiscal year 2015-16 (the "Proposed Budget"). The following information is based on the LAO's overview of the Proposed Budget, dated January 13, 2015.

The Proposed Budget assumes, for fiscal year 2014-15, total general fund revenues and transfers of $108 billion and authorizes total expenditures of $111.7 billion. The State is projected to end the 2014-15 fiscal year with a general fund surplus of $2.1 billion, composed of a balance of $452 million in the State's traditional budget reserve and balance of $1.6 billion in the BSA. For fiscal year 2015-16, the Proposed Budget assumes total general fund revenues of $113.4 billion and authorizes expenditures of $113.3 billion. The State is projected to end the 2015-16 fiscal year with a $3.4 billion general fund surplus, composed of a $534 million balance in the budget reserve and $2.8 billion in the BSA. The balance in the BSA includes a $1.2 billion deposit mandated by the provisions of Proposition 2. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2." This $1.2 billion deposit to the BSA reflects half of the total Annual BSA Transfer and Supplemental BSA Transfer required by Proposition 2, and the Proposed Budget allocates the other $1.2 billion towards paying down special fund loans and certain Proposition 98 "settle up" obligations created by previous budgetary legislation that understated the Minimum Funding Guarantee. Under the Proposed Budget, outstanding Proposition 98 settle up obligations at the end of fiscal year 2015-16 total $1.3 billion. The Proposed Budget provides no deposit into the PSSSA, and the Governor does not project that such a deposit will need to be made at any point during the current budgetary forecast period (running through fiscal year 2018-19).

As a result of projected increases to State general fund revenues, as well as certain revisions to student attendance, the Proposed Budget includes revised estimates of the Minimum Funding Guarantees for fiscal years 2013-14 and 2014-15. The 2013-14 Minimum Funding Guarantee is revised upward to $58.7 billion, an increase of $371 million from the estimate included in the 2014-15 Budget. For fiscal year 2014-15, the Minimum Funding Guarantee is revised at $63.2 billion, approximately $2.3 billion higher than that included in the 2014-15 Budget.

For fiscal year 2015-16, the Proposed Budget sets the Minimum Funding Guarantee at $65.7 billion, including $47 billion from the State general fund, and reflects an increase of $2.6 billion (or 4%) from the revised level for fiscal year 2014-15. Despite the increase in the Minimum Funding Guarantee, the State general fund share is $371 million. A projected growth in available local property tax collections accounts for the balance, and results primarily from the Governor's assumption that the "triple flip" legislation, which diverts local property tax revenues from school districts and community colleges to local governments, will sunset during fiscal year 2015-16. See also "DISTRICT FINANCIAL INFORMATION – Tax Shifts and Triple Flip." For purposes of Proposition 98, fiscal year 2015-16 is projected to be a "Test 2" year, with the Minimum Funding Guarantee driven primarily by an increase in per-capita personal income. Under the Proposed Budget, total per-student Proposition 98 funding increases to $9,571, an increase of $640 (or 7.2%) from the prior year.

Significant proposals or adjustments with respect to community college funding include the following:

- *Maintenance Factor* – The Proposed Budget authorizes a maintenance factor payment of $725 million owed to school districts and community college districts, leaving an outstanding maintenance factor of $1.9 billion.
- *Student Fees* – The Proposed Budget makes no change to resident student fee levels, which would remain at $46 per unit.
- *Cost of Living Adjustment* – the Proposed Budget provides $92.4 million to support a 1.58% COLA to general purpose apportionments.
- *Base Allocations* – $107 million to support a 2% growth in student enrollment. The Proposed Budget also provides $125 million to support a 2.1% increase to base allocations to account for increased operating expenses in the areas of facilities, retirement benefits, professional development, staffing and other general expenses.
- *Non-Credit FTES* – $49 million to reflect an increase in the funding rate for CDCP non-credit courses approved by the 2014-15 Budget, to equal the rate provided for similar credit courses. With respect to the District, this increase to the CDCP non-credit rate would result in a one-time revenue increase of approximately $9 million.
- *Apportionment Deferrals* – An increase of $95 million in one-time funding to eliminate all outstanding community college apportionment deferrals.
- *Student Success* - $200 million to improve and expand student success and support programs, including $100 million for orientation, assessment, placement, academic counseling and other education planning services. The balance is allocated to implement local student equity plans designed to improve access and outcomes, as well as to identify and address achievement disparities for disadvantaged groups.
- *Adult Education* – $500 million in ongoing funding for adult education. This proposal would build on prior budgetary legislation which mandated the establishment of regional adult education consortia composed of school districts, community college districts and certain other stakeholders for delivery of adult education services. Under the Governor's proposal, the ongoing funding would support programs in elementary and secondary basic skills, citizenship and English as a second language for immigrants, educational programs for disabled adults, short-term career technical education (CTE) and apprenticeship programs. For fiscal year 2015-16 only, these funds would replace, on a dollar-for-dollar basis, LCFF funds currently allocated to school district-run adult education programs in these five areas.
- *Career Technical Education* – $250 million in funding in each of the next three fiscal years to fund a competitive grant initiative that supports K-12 CTE programs that lead to industry-recognized credentials or postsecondary training. Participating school districts, county offices of education and charter schools would be required to match grant contributions dollar-for-dollar, collect accountability data and commit to providing ongoing support to CTE programs after the expiration of grant funding. Applicants would also be expected to partner with local postsecondary institutions, labor organizations and businesses in applying for the grant funds. The Proposed Budget also includes $48 million to extend the Career Technical Education Pathways Grant Program, created as part of the 2013-14 State budgetary

legislation. The primary purpose of the program is to improve linkages between CTE programs and schools and community colleges, as well as between K-14 education and local businesses. The California Department of Education and the California Community Colleges Chancellor's Office jointly administer the program and allocate funding through an interagency agreement.

- *Apprenticeship Programs* – $29 million to support the expansion of apprenticeship programs. This includes $14 million to grow such existing programs and $15 million to create innovative apprenticeship projects the focus on new and emerging industries with unmet labor demands.
- *Mandates* - $379 million to reduce a backlog of unpaid reimbursement claims to community college districts for the cost of State-mandated programs.

For additional information regarding the Proposed Budget, see the DOF's website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such website is not incorporated into this Official Statement by reference.

Future Budgets and Actions. The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address the current State budget deficit, changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools. State budget shortfalls in future fiscal years could have an adverse financial impact on the State general fund budget. However, the obligation to pay *ad valorem* property taxes upon all taxable property within the District for the payment of principal and interest on the Bonds would not be impaired.

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

The information in this section concerning the operations of the District and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable only from the proceeds of an ad valorem *property tax levied by the City and County on behalf of the District for the payment thereof. See "THE BONDS — Security and Sources of Payment.*"

General

The San Francisco Community College District was formed in 1970. The District covers an area of approximately 47 square miles, and its boundaries are co-terminus with those of the City and County of San Francisco. The District operates City College of San Francisco, which has its main Ocean Campus in the Balboa Park neighborhood, as well as 10 additional educational centers across the City and County. The College is fully accredited by the ACCJC. However, the College's accreditation is under review, and the College has been granted "restoration" status by the ACCJC, at the end of which the College's accredited status may be terminated if it fails to meet ACCJC eligibility and accreditation standards. See also "—Accreditation." For fiscal year 2014-15, the District has an actual FTES count of 23,545, and taxable property within the District has an assessed valuation of $179,769,557,215.

State Intervention

On July 8, 2013, in light of the then-pending termination of the College's accreditation, and having found that the District was not then in compliance with principals of sound fiscal management delineated in the California Code of Regulations, the Board of Governors adopted Resolution No. 2013-04 which authorized the State Chancellor to suspend the authority of the District Board and appoint a State Trustee to manage the District. See also "—Accreditation" herein. The State Chancellor was further authorized to exercise any powers or responsibilities, or take any official action, with respect to the management of the District.

Resolution No. 2013-04 specifically authorized the State Trustee to take all actions necessary to achieve fiscal stability and integrity and maintain the College's accreditation, including but not limited to, (i) implementing substantial changes to District policies and practices, (ii) revising education programs to reflect realistic revenue projections, (iii) working with and respond to all ACCJC recommendations, (iv) consult with the District Board, bargaining units, students and community members, (v) entering into collective bargaining agreements, and (vi) taking any action authorized by California Code of Regulations Sections 58312 and 58314. These regulations authorize the State Chancellor, acting through the State Trustee, to approve or disapprove any District action which would affect or relate to the successful implementation of appropriate fiscal and educational plans, to withhold or reduce State apportionments in amounts deemed necessary to facilitate recovery, and to seek an emergency apportionment, if necessary. The District does not currently anticipate seeking an emergency apportionment.

On July 8, 2013, the State Chancellor appointed Dr. Robert Agrella as the State Trustee. Dr. Agrella previously served as State Trustee to the District during fiscal year 2012-13 in an advisory capacity to assist the College in addressing ACCJC accreditation recommendations. Dr. Agrella was succeeded as State Trustee by Dr. Guy F. Lease, effective February 23, 2015. See also "—Administration" and "—Accreditation." Resolution No. 2013-04 authorizes the State Chancellor to appoint the State Trustee and suspend the authority of the District Board for a period not exceeding one year. Under relevant provisions of the California Code of Regulations, this authority can be extended for additional one-year periods by action of the Board of Governors. On July 7, 2014, the Board of Governors adopted a resolution authorizing the State Chancellor to continue the appointment of the Special Trustee and the suspension of the District Board, for an additional one-year period ending July 8, 2015.

Administration

Board of Trustees. Pursuant to the directive of the State Chancellor, the District remains under the authority of the State Trustee. Members of the District Board currently serve in an advisory capacity, although the District expects to restore the authority of the District Board on July 1, 2015. See "—District Management Statement" herein. Currently, the District Board has one vacancy, which is expected to be filled by an appointment thereto made by the Mayor of the City and County. Current elected members of the District Board, together with their offices and the dates their terms expire, are listed below.

Board Member	Office	Term Expires
Rafael Mandelman	President	December 2016
Thea Selby	Vice President	December 2018
Amy Bacharach	Member	December 2016
Bridgette Davila	Member	December 2018
Steve Ngo	Member	December 2016
John Rizzo	Member	December 2018

Administrative Team. Biographical information on senior administrators of the District is included below.

Dr. Guy F. Lease, Special State Trustee. Dr. Lease was appointed as Special State Trustee to the District on February 23, 2014. Dr. Lease most recently served as an educational consultant specializing in community college districts. Dr. Lease has over 34 years of experience in education, including serving as the Superintendent/President of Lake Tahoe Community College District for 18 years. He has also held interim chief executive officer positions at State Center Community College District and Chabot-Las Positas Community College District. Dr. Lease has been an active member of a number of statewide community college boards and commissions, including serving as President of the Chief Executive Officers of the California Community Colleges and the Community College League of California. Dr. Lease received his Bachelor of Arts degree in political science from Rice University, his Master of Business Administration degree for the University of Utah, and his Doctorate degree in educational administration from the University of Southern California.

Dr. Arthur Q. Tyler, Chancellor. Dr. Tyler was appointed as Chancellor of the District in November of 2013. Previously, Dr. Tyler served as the Deputy Chancellor and Chief Operating Officer of the Houston Community College System from 2007 to 2013. Dr. Tyler's previous experience includes serving as Special State Trustee to Compton Community College District, the first State Trustee to assume the powers of a community college governing board. Dr. Tyler has also served as the President of Sacramento City College and Vice President of Administration for Los Angeles City College. Prior to his career in education, Dr. Tyler was a President, Chief Operating Officer and Chief Financial Officer for several electronic engineering and manufacturing companies. Dr. Tyler received his Associate of Arts degree in business from the Community College of the Air Force in Montgomery, Alabama, a Bachelor of Arts degree in business from the University of Maryland, a Master of Arts degree in national security affairs from the U.S. Naval Postgraduate School, and a Doctorate degree in organizational management and leadership from the University of Phoenix.

Ronald Gerhard, Vice Chancellor, Finance and Administration. Mr. Gerhard was selected as Vice Chancellor, Finance and Administration in October, 2013. Previously, Mr. Gerhard served as the Vice Chancellor, Finance and Administration of the Peralta Community College District. Mr. Gerhard has also previously served as the Chief Business Officer for Compton Community College District and as Business Manager for the San Bernardino Community College District. He has spent over 15 years in education. Prior to entering the education field, Mr. Gerhard spent three years in public accounting. Mr. Gerhard received his Bachelor of Arts degree in accounting from the University of Redlands and his Master of Business Administration degree in finance and accounting from the University of California, Riverside.

Virginia Parras, President, City College Campus and Centers. Ms. Parras was appointed as President, City College Campus and Centers on July 24, 2014. Previously, Ms. Parras served as the Chief Operations Officer of the Houston Community College District for three years, as Director, Financial and Budgetary Control for two years, and Director, Building Operations for one year. Ms. Parras received her Bachelor of Science degree from Regis University in Denver, Colorado, and a Master of Business Administration degree from the University of St. Thomas in Houston, Texas.

The ability of the District to continue to reform past deficiencies and implement corrective actions will require both the ongoing commitment of the current State Trustee, as well as the ability of District officials to execute such corrective actions. No assurances can be given that any corrective actions described herein will be extended by any subsequent State Trustee. Nor can any assurances be given that the District's current administrators will remain in their positions for any certain period of time. To the extent turnover occurs in senior level positions, no assurance can be given that any progress made in the District's recovery can be sustained.

Accreditation

General. The ACCJC is authorized by the federal Department of Education as one of the seven regional associations that accredit public and private schools, colleges and universities in the United States. The ACCJC is the recognized accrediting association for the western region, which includes the States of California and Hawaii, as well as the territories of Guam, American Samoa and Northern Marianas Islands. The ACCJC reviews community colleges on rolling, six year cycles.

Accreditation by the ACCJC is voluntary and designed to evaluate and enforce standards of educational quality and institutional effectiveness. Accreditation is also a form of peer review. ACCJC standards and criteria are developed and implemented by representatives from the member institutions. Although the ACCJC is not a governmental agency, and has no direct authority over the operations of the District, it is responsible for determining whether the College receives or retains accreditation. For public colleges, the loss of accreditation would result in the loss of federal funding and most state funding, including student financial aid.

To obtain accreditation, institutions must first satisfy minimum ACCJC eligibility requirements (the "Eligibility Requirements"), of which there are 21 covering a wide range of areas. Accredited institutions must continually meet these Eligibility Requirements. As part of the institutional self-study prepared during each accreditation cycle, compliance with certain of the Eligibility Requirements must be specifically demonstrated, while the balance may be addressed as part of the institution's response to related Accreditation Standards (defined herein).

As part of each accrediting cycle, the ACCJC requires member institutions to demonstrate compliance with its accreditation standards (the "Accreditation Standards"). There are four main standards: (i) Mission, Academic Quality and Institutional Effectiveness, and Integrity, (ii) Student Learning Programs and Support Services, (iii) Institutional Resources, and (iv) Leadership and Governance. Each Accreditation Standard is subdivided in several components, for a total of 127 separate standards.

If the ACCJC determines that a community college is out of compliance with Accreditation Standards or Eligibility Requirements, it may issue several levels of sanctions, including a warning, indicating the ACCJC's concern regarding identified deficiencies. If a college significantly deviates from Accreditation Standards or Eligibility Requirements, it may also be placed on "probation" status. Finally, if a college continues to be significantly out of compliance with Accreditation Standards or Eligibility Requirements, or fails to properly respond to ACCJC recommendations with respect to identified deficiencies, the ACCJC may place the affected college on a "show cause" status, requiring the affected institution to show cause why its accreditation should not be withdrawn at the end of the stated period. For a community college district issued such show cause status, ACCJC policies require the development of a closure plan for the affected college, to become operative in the event such district is unable to remedy the identified deficiencies. The requirement to develop a closure plan ensures that all those affected by the potential loss of accreditation are informed as early as possible, and that the affected district has a contingency plan for the completion of programs by students, the securing of confidential student and employee records, and the disposition of assets of the affected college. The ACCJC's policy, however, does not address State or federal laws that could bear on the ability of a community college district to close a college. Therefore, the development of a closure plan, as required by the ACCJC, should not be seen as an affirmative election to close an affected college.

Recent Accreditation History of the College. The College currently is fully accredited by the ACCJC. The College's most recent full evaluation occurred in 2012, in advance of which the College submitted an institutional self-evaluation. An evaluation team visited the College on March 11-15, 2012, followed by a report which detailed the evaluation team's findings regarding whether the College met ACCJC Accreditation Standards and Eligibility Requirements. The ACCJC considered this report, along with the College's self-evaluation, testimony and additional materials, at its June 2012 meeting. By letter dated July 2, 2012, the ACCJC notified the College that its accreditation was being placed on "show cause." The basis for the decision was a failure by the College to demonstrate, to the satisfaction of the ACCJC, that the College met a significant number of Eligibility Requirements and Accreditation Standards, as well as the College's failure to implement eight additional recommendations issued by the ACCJC in 2006 following the College's prior full evaluation.

The 2012 evaluation report set out 14 separate recommendations to assist the College in fully meeting Accreditation Standards and Eligibility Requirements, covering the areas of planning processes, mission statement, institutional effectiveness, student learning outcomes, student support services, human resources, physical/technology resources, financial planning, stability and reporting, and leadership/governance. The College was ordered to submit a special report by October 15, 2012 detailing how it would address the issues identified by the evaluation team. As required by the ACCJC, the College submitted a Show Cause and Closure Report, which was followed by another visit by an evaluation team on April 4-5, 2013. The ACCJC noted that the accredited status of the College would continue through the show cause period.

By letter dated July 3, 2013, the ACCJC notified the College that its accreditation would be terminated as of July 31, 2014. However, the ACCJC reserved the right to extend the effective date of termination if, in its sole discretion, additional time was warranted. The ACCJC's decision was based on, among other things, the Show Cause and Closure Report submitted by the College, the report submitted by the evaluation team, testimony and other materials. The ACCJC concluded that the College was still significantly out of compliance with a number of Eligibility Requirements and Accreditation Standards. The ACCJC noted that the College had only fully addressed two of the recommendations made by the 2012 evaluation team, and partially addressed an additional recommendation. The ACCJC highlighted continuing deficiencies in the College's governance structure, institutional leadership and financial management.

Under then-effective ACCJC policies, the College was afforded a series of administrative processes before the termination of the College's accreditation could become final. The first was a right to request a review by the ACCJC of the decision to terminate accreditation, which was undertaken at the College's request and completed in January of 2014. The ACCJC did not reverse its decision to terminate the College's accreditation at that time. The College then exercised its right to appeal by filing a request with the ACCJC. The appeal was heard by an independent hearing panel on June 12, 2014, and the panel found no grounds for overturning the termination decision.

In response to appeals by the District and other stakeholders to provide the College additional time to address the identified deficiencies, the ACCJC, on June 11, 2014, adopted a new policy that created "restoration" status. Under this new policy, an institution that has been notified of the pending termination of its accreditation may submit a request to the ACCJC for restoration of its accredited status, which request must be accompanied by an eligibility report demonstrating compliance with ACCJC Eligibility Requirements. The request, if granted, is followed by a comprehensive evaluation to determine eligibility and an institutional self-evaluation. If the Eligibility Requirements are met, and the institution demonstrates an ability to meet all ACCJC Accreditation Standards within a two year period, the restoration status will be granted. During the restoration period, the accredited status of the institution continues. If either (i) restoration status is not granted or (ii) Accreditation Standards or Eligibility

Requirements are not met at the conclusion of the two year period, the termination decision is reactivated, with an immediate effective date. In either such instance, the right to request further review or appeal is not available.

On July 8, 2014, the College requested restoration status. By letter dated July 30, 2014, the ACCJC acknowledged this request, which was followed by a site visit and the submission by the District of a comprehensive self-evaluation. By granting the District's request, the termination date of the College's accreditation was suspended and the College remained fully accredited pending a determination of eligibility for restoration. By letter dated January 14, 2015, the ACCJC notified the College that its request for restoration status had been granted. **The ACCJC indicated that the College's request was granted because the College met all Eligibility Requirements. The ACCJC also found that while the College was noncompliant with respect to 32 separate Accreditation Standards, the College had demonstrated the ability to fully meet them within the two year restoration period.**

To avoid termination of its accreditation, the College must submit a comprehensive institutional self-evaluation by October 15, 2016. This will be followed by another site visit by an evaluating team, which will produce an evaluation report. Both these documents, together with testimony from District officials, are expected to be considered by the ACCJC at meeting thereof to be held in January of 2017. At the time the ACCJC meets, the College must demonstrate full compliance with Accreditation Standards and continued compliance with all Eligibility Requirements in order for the termination decision to be vacated.

The District can make no representations regarding whether it will be able to meet any or all these requirements to the satisfaction of the ACCJC.

Further, the market value of the Bonds may be affected by a variety of factors, including but not limited to the ability of the District to continue to reform past deficiencies and implement corrective actions, changes to ACCJC policies or practices, or the actual or threatened loss of the College's accreditation. If any of such events occur, the market value of the Bonds after their issuance may be affected, and the District and the Underwriters can make no representation regarding the existence of a secondary market for the Bonds. However, regardless of whether the College remains accredited, the District is a duly organized and constituted public agency, with the power to levy *ad valorem* property taxes for the payment of the Bonds.

Additional information regarding the College's accredited status can be found at www.ccsf.edu, and at the District's dedicated accreditation web page, www.ccsfforward.com. The information presented on such websites, however, is not incorporated into this Official Statement by any reference.

Litigation Regarding the District's Accreditation. On August 22, 2013, the San Francisco City Attorney (the "City Attorney") filed a complaint for injunctive relief and civil penalties against the ACCJC stemming from the decision to terminate the accreditation of the College. See *People of the State of California vs. Accrediting Commission for Community and Junior Colleges and Does 1-50, inclusive* (Case No. CGC-13-533693) ("*People v. ACCJC*"). The District was not a party to the complaint, and the City Attorney did not file the complaint at the request of either the College or the District. The City Attorney alleged that the ACCJC evaluated the accredited status of the College while being simultaneously embroiled in a larger political fight over the proper mission, vision and focus of community colleges in California. Specifically, the City Attorney alleged that the College has historically embraced an "open access" mission to higher education, irrespective of income, ability or education/vocational goals, while the ACCJC, through legislative and political means, has supported "student success" initiatives focused on students who will earn a degree or certificate. The City Attorney alleged that this created a conflict of interest that violated the ACCJC's own internal policies, as well as

California and federal law. The City Attorney also alleged flaws in the ACCJC's decision making process, in that members of the team that evaluated the District were individuals affiliated with community college districts or organizations that supported or shared ACCJC's vision of the role of community colleges. Finally, the City Attorney alleged the ACCJC violated federal regulations requiring it to ensure that sufficient academic personnel were reasonably represented on the evaluation teams.

The City Attorney alleged violations of California Business and Professions Code Section 17200, which prohibits unlawful, unfair or fraudulent business practices. The City Attorney sought an order to vacate the ACCJC's show cause and termination decisions against the District, an injunction prohibiting the ACCJC from engaging in accreditation evaluations that violate applicable federal or state law, and an order that ACCJC pay civil penalties to the District. On January 2, 2014, the Court granted the City Attorney's motion for a temporary injunction, barring the ACCJC from terminating the accredited status of the college during the pendency of the suit.

A bench trial was held during the week of October 27, 2014, and the Court issued its final decision on February 17, 2015. The Court found that there was no evidence to support a finding of unfair business practices by the ACCJC. However, the Court did find that, in connection with the 2013 decision to terminate the College's accreditation, the ACCJC had engaged in unlawful business practices by failing to follow federal guidelines governing accrediting agencies, including (1) failing to maintain adequate controls against the appearance of conflicts of interest in the selection of members to serve on accreditation teams, (2) failing to include sufficient academics on the team that evaluated the College, (3) failing to provide a detailed written report that clearly identified deficiencies in the College's compliance with Accreditation Standards, and (4) failing to provide the College with sufficient opportunity to provide a written response to these deficiencies.

As a remedy, the Court issued an injunction and order under which the ACCJC will be required to provide a written report that clearly identifies the College's deficiencies in meeting Accreditation Standards as of June of 2013. The College will be provided an opportunity to respond to each identified deficiency in writing and to appear before the ACCJC. Notwithstanding the granting of restoration status to the College, the ACCJC must thereafter decide whether to modify or affirm its 2013 decision to terminate the College's accreditation. Pursuant to the injunction, the ACCJC will be prohibited from finalizing its 2013 termination decision, or removing the District from restoration status or taking any other adverse action, during the pendency of the process established by the Court. On February 27, 2015, the College formally notified the ACCJC that it will opt in to the procedures provided in the Court's injunction.

Irrespective of the outcome of the procedures afforded by the Court's injunction, the District intends to continue working towards meeting all eligibility and Accreditation Standards as part of the restoration process. However, the District cannot make any representations regarding the possible outcome of any the procedures afforded the College as part of the Court's injunction, the effect, if any, of such outcome on the restoration procedure, or the substantive merit of the legal theories advanced in the Court's final decision.

FCMAT Review

Fiscal Review. Prior to the ACCJC's 2012 decision to place the accredited status of the College on "show cause" (see "—Accreditation"), the State Chancellor contracted FCMAT to conduct a fiscal health analysis of the District. FCMAT is a legislatively created agency tasked with providing local educational agencies with fiscal and management assistance. FCMAT's review of the District was not a financial audit. Rather, the purpose was to conduct a review and evaluate the District's approach to projecting and allocating fiscal resources, and to determine whether budgeting assumptions and methods were reasonable. FCMAT was also tasked with providing recommendations to maintain fiscal solvency. FCMAT visited the District between July 30, 2012 and August 3, 2012 to conduct interviews with District staff, collect data and review documents and processes. A report (the "Fiscal Review") was released on September 14, 2012.

FCMAT provided a total of 53 recommendations to the District covering the areas of fiscal health, multiyear budgeting, staffing and operational expenditures, enrollment management, and administration. These recommendations are independent of any recommendations and requirements of the ACCJC. See "—Accreditation." The full Fiscal Review is available at www.fcmat.org. However, the information presented on such website is not incorporated into this Official Statement by any reference.

Organization and Staffing Review. Subsequent to its delivery of the Fiscal Review, the State Chancellor contracted with FCMAT to conduct a second evaluation of the District, focusing on the organization and staffing of the District's finance and administrative offices. FCMAT evaluated the then-current work flow and distribution of functions between the District's business and administrative divisions, and was tasked with providing recommendations to improve efficiency. FCMAT also conducted a review of the District's internal fiscal controls.

The Organization and Staffing Review included over 140 separate recommendations, and covered all classified and management employees who perform business-related functions, including but not limited to budgeting, accounting, payroll, accounts payable, procurement, bursar's office, capital outlay, financial aid, information technology, maintenance, grounds, and facilities planning and construction. These recommendations are independent of any recommendations and requirements of the ACCJC. See "—Accreditation." The full Organization and Staffing Review is available at www.fcmat.org. However, the information presented on such website is not incorporated into this Official Statement by any reference.

The District has reviewed and considered all recommendations made by FCMAT as part of revising its internal governance and financial practices. See "—District Management Statement."

District Management Statement

The Chancellor and the senior administrators of the District agree with the determination of the ACCJC that the College has demonstrated the ability to meet all Accreditation Standards and Eligibility Requirements within the two year restoration period. Further, the Chancellor and the senior administrators of the District are confident that the remedial actions being taken thereby, some of which are described below, will result in the College maintaining its accreditation when the ACCJC, in January of 2017, reviews the College's self-evaluation, due to be submitted to the ACCJC by October 15, 2016. **However, regardless of whether the College remains accredited, the District is a duly organized and constituted public agency, with the power to levy *ad valorem* property taxes for the payment of the Bonds.**

As part of the District's efforts to maintain the accredited status of the College, the District has and continues to institute administrative reorganizations designed to address deficiencies in its financial and operating practices. The primary reorganization started with the appointment of the current Chancellor and Vice Chancellor, Finance and Administration. The Chancellor has also prioritized the stabilization of the District's internal leadership and the clarification of the relationship between the District Board and administrative staff. This reorganization was accompanied by a significant modification of District Board policies by the State Trustee, which are designed to improve financial planning and academic performance and refocus the District Board on policy setting and away from day-to-day involvement in District management. The District retained an experienced consultant to assist in the revising of these Board policies, as well as the administrative procedures tied to those policies. Although members of the District Board currently do not exercise any voting authority, they continue to participate in the governance of the District and currently receive professional development training focused on orientation, board conduct, and self-evaluation. The District expects to hire experienced consultants to assist with future District Board development activities.

The ability of the District to continue to reform past deficiencies and implement corrective actions will require both the ongoing commitment of the current State Trustee, as well as the ability of the senior District officials to execute such corrective actions. No assurances can be given that any corrective actions described herein will be extended by any subsequent State Trustee. Nor can any assurances be given that the District's current administrators will remain in their positions for any certain period of time. To the extent turnover occurs in senior level positions, no assurance can be given that any progress made in the District's recovery can be sustained.

The impact of the District's administrative reorganization has been evidenced by the development of an Accreditation Roadmap (the "Roadmap"). The Roadmap is an internal action plan that addresses each Eligibility Requirement and Accreditation Standard for which the ACCJC identified a material deficiency. The Roadmap also identifies, for each such requirement or standard, the District officials responsible for its implementation, as well as expected status updates and due dates for satisfaction of such requirement or standard. The Roadmap is an internal governance document that is expected to be updated on a weekly basis. The Roadmap is also expected to be presented to the State Trustee and the District Board on a monthly basis.

The District's recovery efforts have also focused on restoring declines in FTES, which is the primary source of the District's operational funding. A short term solution was achieved through the passage of SB 860, which extended the District's eligibility for stability funding. See "DISTRICT FINANCIAL INFORMATION – General – Stability Funding." Due to the temporary nature of this funding, the District has also implemented a series of measures designed to increase enrollment. These measures include a revision of the District's Educational Master Plan, adopted on December 18, 2014, which includes plans with respect to restoring enrollment and prioritizes enrollment strategies such as marketing, community outreach, and collaborative initiatives with the local stakeholders with the goal of retaining and attracting students. Other actions currently underway to achieve this strategic goal include improved marketing to targeted groups such as recent high school graduates and underserved communities, implementation of English as a Second Language and basic skills partnerships with other educational agencies, and implementation of a Student Success and Support Program for students in credit and non-credit programs. The District has also begun developing and promoting the District's educational centers, which historically have offered primarily non-credit courses, as local pathways for credit courses and degree programs.

To assist with these efforts, the District has employed a consultant to produce a comprehensive marketing campaign aimed at stemming FTES declines and rebuilding enrollment. This current marketing campaign is divided into two phases. The first phase focuses on a general marketing campaign (including billboards, television, radio, transit ads, and web-based advertising) designed to reinforce the brand name of the College, elevate its profile in the community and reassure stakeholders of the continued existence of the College as an accredited institution. The second phase of the campaign is aimed at targeted sub-groups. In addition to this marketing effort, the College has mobilized its student services staff for a series of one-on-one direct outreach initiatives to these targeted sub-groups, through which prospective students are offered counseling, financial aid services, assessment and administrative support. The District has also launched a new partnership with SFUSD to offer a week-long summer "bootcamp" to enroll local high school students at the College for the fall semester.

The District, in conjunction with the State Trustee, has also developed a plan for long-term financial stability that was approved by the District Board in February 2013. This plan set out an eight-year projection of revenues and expenditures whereby the District allocates resources necessary to support the College's institutional mission and goals, as well as placing a high priority on rebuilding reserves and funding long-term obligations. The eight year plan is expected to be annually updated as part of developing the District's final operating budget for each fiscal year. The District has also revised its budgeting and financial planning process, placing an emphasis on core instructional programs and requiring that expenditure cuts or cost increases to any instructional program funded with restricted funds must be borne by such program. The District's most recent operating budget is available on the District's website: www.ccsf.edu. However, the information presented on such website is not incorporated into this Official Statement by any reference.

As a result of these efforts, the District has realized the following improvements:

- The District has stabilized much of the administrative leadership. Many of the permanent positions that were vacant or filled by interim appointments at the time the State Trustee assumed control of the District have been filled, including the Vice Chancellor of Finance and Administration, the President, City College Campus and Centers, and the Chief Information Technology Officer.

- The District currently anticipates implementing a plan which would return full authority to the District Board on July 1, 2015. Any such plan would require the approval of the State Chancellor and the State Trustee. The District expects that, if this plan is implemented, the State Trustee would remain in an advisory capacity, with authority to stay and rescind any action by the District Board that the State Trustee deems inconsistent with the District's recovery.

- The District eliminated deficit spending beginning in fiscal year 2013-14. The District's current operating budget projects that the District will end the 2014-15 fiscal year with a contingency reserve of $3 million and an unrestricted ending general fund balance equal to 12.8% of actual expenditures. See "DISTRICT FINANCIAL INFORMATION – District Budgeting – Budgeting Trends."

- The District has improved its cashflow position, thereby reducing the need for short-term borrowings or temporary transfers of funds from the City and County. For fiscal year 2014-15, although the District is authorized to receive up to $15 million of such transfers from the City and County's treasury pool, the District has not drawn on this authorization.

- The District has implemented a plan to begin funding its accrued liability for post-employment benefits. The District has established an irrevocable trust through the City and County, which trust, as of February 1, 2015, had value of approximately $4 million. The District has also reached an agreement with its bargaining units whereby employees will begin making contributions to assist the District prefund the accrued liability. See also "—Other Post-Employment Benefits" herein.

Labor Relations

District employees, except certain management employees and some part-time employees, are represented by the five bargaining units as noted below. The District is currently in negotiations with the Department Chairperson Council, which represents supervisory employees, for a new labor contract. Members of this bargaining unit continue to work under the terms of their expired contract. The District has also begun the reopening of negotiations with the American Federation of Teachers, Local 2121 for a new labor contract.

BARGAINING UNITS
San Francisco Community College District

Bargaining Unit	Expiration Date of Current Labor Agreement
American Federation of Teachers, Local 2121	June 30, 2015
Service Employees International Union, Local 790	June 30, 2016
San Francisco Building and Construction Trades Council	June 30, 2016
International Union of Operating Engineers Local 39	June 30, 2016
Department Chairperson Council	June 30, 2013

Source: San Francisco Community College District.

Retirement Programs

The information set forth below regarding the STRS, PERS and SFERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, neither the employee, employer or State contribution rate to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State recently passed legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") in to law as a part of the 2014-15 State Budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing on July 1, 2014, the employee contribution rates will increase over a three year phase in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to AB 1469, K-14 school districts' contribution rate will increase over a seven year phase in period in accordance with the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	K-14 school districts
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter, the STRS Teachers' Retirement Board (the "STRS Board") is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

The District's contributions to STRS were $8,048,943 for fiscal year 2010-11, $7,894,296 for fiscal year 2011-12, $7,096,471 for fiscal year 2012-13 and $7,019,085 for fiscal year 2013-14. The District has budgeted its contribution to STRS to be $7,502,063 in fiscal year 2014-15.

The State also contributes to STRS, currently in an amount equal to 3.454% of teacher payroll for fiscal year 2014-15. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Pursuant to AB 1469, the State contribution rate will increase over the next three years to a total of 6.328% in fiscal year 2016-17. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2013 included 1,580 public agencies and schools (representing more than 2,500 entities). PERS acts as the common investment and administrative agent for the member agencies. The State and school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for school districts throughout the State (the "Schools Pool").

Contributions by employers to the PERS Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 11.771% of eligible salary expenditures for fiscal year 2014-15. Participants enrolled in PERS prior to January 1, 2013 contribute 7% of their respective salaries, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 6% of their respective salaries for fiscal year 2013-14. See "—California Public Employees' Pension Reform Act of 2013."

The District's contributions to PERS were $433,597 for fiscal year 2010-11, $558,375 for fiscal year 2011-12, $425,461 for fiscal year 2012-13 and $1,981,879 for fiscal year 2013-14. The District has budgeted its contribution to PERS to be $480,531 in fiscal year 2014-15. Most of the District's classified employees, however, participate in an alternate retirement plan run by the City and County. See "—SFERS" herein.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table shows information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

The following table shows information regarding the actuarially-determined accrued liabilities of both STRS and PERS.

FUNDED STATUS
STRS (Defined Benefit Program) and PERS
(Dollar Amounts in Millions) (1)
Fiscal Years 2010-11 through 2012-13

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)(2)	Unfunded Liability (MVA)(2)(3)	Value of Trust Assets (AVA)(3)(4)	Unfunded Liability (AVA)(4)
2010-11	$208,405	$147,140	$68,365	$143,930	$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)(2)	Unfunded Liability (MVA)(2)	Value of Trust Assets (AVA)(4)	Unfunded Liability (AVA)(4)
2010-11	$58,358	$45,901	$12,457	$51,547	$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,481	12,005	56,250	5,237

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets.
(3) Excludes SBPA reserve.
(4) Reflects actuarial value of assets.
Source: PERS State & Schools Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

Over the past two years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. As one consequence of such decrease, the annual contribution amounts paid by PERS member public agencies, including the District, have been increased by 1 to 2% for miscellaneous plans and by 2 to 3% for safety plans beginning in fiscal year 2013-14. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The PERS Board has delayed the implementation of the new actuarial policies until fiscal year 2015-16 for the State, K-14 school districts and all other public agencies.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The cost of the revised assumptions shall be amortized over a 20-year period and related increases in public agency contribution rates shall be affected over a three year period, beginning in fiscal year 2014-15. The new demographic assumptions affect each of: the State, K-14 school districts and all other public agencies.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that its required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employee's Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

SFERS. The San Francisco Employees Retirement System ("SFERS") is a separate department of the City and County that operates a defined-benefit pension plan covering substantially all employees of the City and County, as well as certain eligible employees of the District, SFUSD, and the Superior Court of San Francisco. Currently, most of the District's classified employees participate in the plan, which provides retirement, disability, and survivor benefits based on the eligible employee's years of service, age and final compensation. Employees vest after five years of service and may receive retirement benefits beginning at age 50. SFERS produces publicly available annual financial reports which may be obtained at http://sfers.org/. The information presented on such website, however, is not incorporated into this Official Statement by any reference.

SFERS commissions and receives, on an annual basis, an actuarial valuation of the accrued liability under the pension plan. Further information may be obtained from the full actuarial valuation, which can be found at http://sfers.org/. The information presented on such website, however, is not incorporated into this Official Statement by any reference.

The following table shows information on the actuarially-determined accrued liability of SFERS.

FUNDED STATUS
SFERS Defined Benefit Program
(Dollar Amounts in Millions)
Fiscal Years 2010-11 through 2012-13

Fiscal Year	Accrued Liability[(1)]	Actuarial Value of Assets	Unfunded Liability[(1)]	Market Value of Assets	Unfunded Liability[(2)]
2010-11	$18,599	$16,313	$2,286	$15,599	$3,000
2011-12	19,394	16,028	3,366	15,294	4,100
2012-13	20,225	16,303	3,921	17,012	3,213

(1) Reflects actuarial value of assets.
(2) Reflects market value of assets.
Source: City and County of San Francisco Employees' Retirement System Actuarial Valuations.

The most recent actuarial valuation of SFERS, dated as of March 3, 2014, calculated the unfunded liability, as of a July 1, 2013 valuation date, to be approximately $3.9 million. Significant actuarial assumptions include (i) an assumed return rate of 7.58% net of investment expenses, (ii) wage inflation of 3.83% and consumer price inflation of 3.33% compounded annually, and (iii) the entry-age actuarial cost method for active employees. The unfunded liability due to net actuarial gains and losses, and assumption changes, were amortized as a level percentage of payroll over a rolling 15-year period. Changes in the actuarial liability due to amendments to the City and County's charter or Board of Supervisor-approved changes in the credited interest rate on member contributions were amortized as a level percentage of payroll over a 20-year period.

The District makes required employee contributions to SFERS on behalf of such employees for their account. The funding policy for SFERS provides for actuarially-determined periodic contributions by the District rates sufficient to ensure that assets will be available for SFERS to pay benefits when due. Contribution rates are determined using the entry age normal actuarial cost method. The District's contributions to SFERS were $5,587,651 in fiscal year 2010-11, $7,821,808 for fiscal year 2011-12, $7,508,696 for fiscal year 2012-13 and $8,411,936 for fiscal year 2013-14. The District has budgeted its contribution to SFERS to be $7,376,810 in fiscal year 2014-15.

Other Post-Employment Benefits

Benefits Plan. The District operates a single-employer defined benefit plan (the "Plan") that provides post-employment medical benefits (the "Benefits") to eligible retirees and their spouses. Plan Benefits are provided on a lifetime basis to eligible employees and their dependents, with minimum age and years of service requirements varying by employee class. Membership in the Plan currently consists of 1,036 retirees and beneficiaries currently receiving benefits, and 1,536 active Plan members.

Funding Policy. The contribution requirements of Plan members and the District are established and amended by the District and its bargaining units every 3 years. Historically, the District funded the Benefits on a "pay-as-you-go" basis sufficient to cover the cost of current premiums. The District's contributions towards the Benefits, net of any amounts to prefund the District's accrued liability (discussed herein), were $6,340,581 in fiscal year 2010-11, $7,243,730 in fiscal year 2011-12, $6,941,777 in fiscal year 2012-13 and $7,681,238 in fiscal year 2013-14. For fiscal year 2014-15, the District has budgeted $7,741,178 towards the Benefits.

Beginning in fiscal year 2012-13, the District has set aside surplus funds to begin prefunding its accrued liability for the Benefits. These surplus funds, during the fiscal year, are accounted for within a special revenue fund of the District. Following the close of each fiscal year, these funds are transferred to an irrevocable trust (the "OPEB Trust"). The District made deposits into the OPEB Trust following fiscal years 2012-13 and 2013-14 in the amounts of $500,000 and $1,500,000, respectively. The District has budgeted to transfer an additional $2 million following fiscal year 2014-15. The District has also reached an agreement with its bargaining units whereby employees will begin making contributions to assist the District prefund the accrued liability.

Accrued Liability. The District has implemented *Governmental Accounting Standards Board Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 45"), pursuant to which the District has commissioned and received several actuarial studies of its liability with respect to the Benefits. The most recent of these studies, dated as of November 17, 2014 (the "Study") concluded that the actuarial accrued liability ("AAL") for the Other Post-Employment Benefits, as of a July 1, 2014 valuation date, was $175,975,011. The Study also concluded that the annual required contribution ("ARC") for the year beginning July 1, 2014 was $15,900,008. In calculating the ARC, the actuarial study factored in $500,000 of funds on deposit in the District's OPEB Trust as of the valuation date. The ARC is the amount that would be necessary to fund value of future benefits earned by current employees (the "Normal Cost") and amortize the AAL in accordance with GASB 45.

As of June 30, 2014, the District recognized a net long-term balance sheet liability (the "Net OPEB Obligation") of $66,082,607 with respect to the Benefits, based on its contributions towards the ARC for fiscal year 2013-14, as adjusted for interest on the prior year's Net OPEB Obligation and any adjustments to the ARC. See also "APPENDIX A — 2013-14 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT — Note 11."

Risk Management

The District is exposed to various risks of loss related to property, general liability, and employee benefits. These risks are addressed through a combination of commercial insurance, self-insurance and participation in certain public entity risk pools, as described below. The District is fully self-insured for workers' compensation coverage.

The District participates in the Alliance of Schools for Cooperative Insurance Programs ("ASCIP") and the Schools Excess Liability Fund ("SELF," and together with ASCIP, the "JPAs") for excess property and general liability insurance coverage. Each JPA operates a risk pool responsible for claims beyond a minimum deductible, and provide high level umbrella coverage above certain limits. Each JPA is independently operated and accountable for fiscal matters. The JPAs are not considered component units of the District for financial reporting purposes.

There are a number of claims pending against the District. In the opinion of the District, the related liability, if any, stemming from these claims will not materially affect the financial condition of the District. Settled claims have not exceeded available insurance coverages in the past three fiscal years. See also "APPENDIX A — 2013-14 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT — Note 12."

District Debt Structure

Long-Term Debt. A schedule of changes of the District in long-term debt for the year ended June 30, 2014, is shown below:

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Bonds and Notes Payable				
General obligation bonds, Series 2001				
Series A	$26,785,000	--	$1,335,000	$25,450,000
Series B	69,250,000	--	5,120,000	64,130,000
Series C	38,870,000	--	1,390,000	37,480,000
General obligation bonds, Series 2005				
Series A	74,430,000	--	2,660,000	71,770,000
Series B	95,355,000	--	3,395,000	91,960,000
Series C	8,380,000	--	1,280,000	7,100,000
Series D	30,660,000	--	--	30,660,000
Unamortized bond premium	11,702,250	--	1,362,111	10,340,139
Total Bonds and Notes Payable	355,432,250	--	16,542,111	338,890,139
Other Liabilities				
Compensated absences	10,115,709	--	2,694,654	7,421,055
Load banking	1,300,918	1,722,137	--	3,023,055
Capital leases	798,721	--	184,468	614,253
Settlement Agreement	193,025	--	93,025	100,000
Claims liability	5,256,823	--	1,134,609	4,122,214
Net OPEB obligation[(1)]	55,107,896	18,655,949	7,681,238	66,082,607
Total Other Liabilities	72,773,092	20,378,086	11,787,994	81,363,184
Total Long-Term Obligations	$428,205,342	$20,378,086	$28,330,105	$420,253,323

(1) Reflects the change in the District's net OPEB obligation, based on its contributions towards the ARC for fiscal year 2013-14. See "—Other Post-Employment Benefits."

Settlement Agreement. The District has entered into a settlement agreement with the San Francisco Police Department, pursuant to which the District agreed to pay $393,025, in installments running through fiscal year 2014-15. The final installment due during fiscal year 2014-15 is in the amount of $100,000.

Capital Leases. The District currently leases certain equipment under capital lease agreements, secured by the certain assets of the District. The District is afforded an option to purchase the equipment outright. Future minimum lease payments are as follows:

Year Ending June 30	Lease Payment
2015	$162,666
2016	156,534
2017	148,845
2018	146,208
Total	$614,253

General Obligation Bonds. The District has issued general obligation bonds, including the Prior Bonds, pursuant to two voter-approved authorizations. The proceeds of such bonds have been used to renovate, construct and equipment District sites and facilities. The following table shows the outstanding general obligation bond issuances by the District (not including the Bonds).

OUTSTANDING GENERAL OBLIGATION BONDS[1]
San Francisco Community College District

Issuance	Initial Principal Amount	Principal Outstanding[2]	Date of Delivery
Election of 2001			
2002 General Obligation Bonds, Series A	$38,000,000	$25,450,000	March 27, 2002
2004 General Obligation Bonds, Series B	110,000,000	64,130,000	September 30, 2004
2006 General Obligation Bonds, Series C	47,000,000	37,480,000	June 20, 2006
Election of 2005			
2006 General Obligation Bonds, Series A	90,000,000	71,770,000	June 20, 2006
2007 General Obligation Bonds, Series B	110,000,000	91,960,000	December 18, 2007
2010 General Obligation Bonds, Series C	15,640,000	7,100,000	April 7, 2010
2010 General Obligation Bonds, Series D	30,660,000	30,660,000	April 27, 2010

(1) Reflects principal outstanding prior to the issuance of the Bonds. Following the deposit and application of proceeds of the Bonds as described in "THE REFUNDING PLAN," the Refunded Bonds will be defeased and the obligation of the City and County to levy *ad valorem* property taxes for payment thereof will terminate.
(2) As of March 1, 2015.

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The following table shows the annual debt service requirements of the District for all of its outstanding general obligation bonds, including the Bonds, and assuming no further optional redemptions.

OUTSTANDING GENERAL OBLIGATION BONDED DEBT SERVICE
San Francisco Community College District

Year Ending June 15	Election 2001 2002 Series A[1]	Election 2001 2004 Series B[1]	Election 2001 2006 Series C[1]	Election 2005 2007 Series A[1]	Election 2005 2010 Series B[1]	Election 2005 2010 Series C	Election 2005 2010 Series D	The Bonds	Total Debt Service
2015	$1,447,893.75	$5,458,125.00	$1,527,100.00	$2,938,125.00	$3,654,125.00	$1,441,106.25	$748,650.00	$5,919,251.67	$23,134,376.67
2016	--	--	1,591,200.00	3,076,500.00	--	1,569,612.50	1,497,300.00	20,812,200.00	28,546,812.50
2017	--	--	--	--	--	1,569,812.50	1,497,300.00	24,949,950.00	28,017,062.50
2018	--	--	--	--	--	1,567,062.50	1,497,300.00	24,922,450.00	27,986,812.50
2019	--	--	--	--	--	1,568,462.50	1,497,300.00	24,861,200.00	27,926,962.50
2020	--	--	--	--	--	--	2,937,300.00	24,836,100.00	27,773,400.00
2021	--	--	--	--	--	--	2,935,300.00	24,859,350.00	27,794,650.00
2022	--	--	--	--	--	--	2,939,800.00	24,821,500.00	27,761,300.00
2023	--	--	--	--	--	--	2,935,300.00	25,440,250.00	28,375,550.00
2024	--	--	--	--	--	--	2,937,050.00	25,472,750.00	28,409,800.00
2025	--	--	--	--	--	--	2,937,050.00	18,499,000.00	21,436,050.00
2026	--	--	--	--	--	--	2,939,250.00	18,509,500.00	21,448,750.00
2027	--	--	--	--	--	--	2,939,500.00	15,640,000.00	18,579,500.00
2028	--	--	--	--	--	--	2,940,000.00	15,622,750.00	18,562,750.00
2029	--	--	--	--	--	--	2,935,500.00	15,610,500.00	18,546,000.00
2030	--	--	--	--	--	--	2,936,000.00	15,576,500.00	18,512,500.00
2031	--	--	--	--	--	--	2,936,000.00	15,545,250.00	18,481,250.00
2032	--	--	--	--	--	--	2,940,250.00	--	2,940,250.00
2033	--	--	--	--	--	--	2,938,250.00	--	2,938,250.00
2034	--	--	--	--	--	--	2,940,000.00	--	2,940,000.00
Total	$1,447,893.75	$5,458,125.00	$3,118,300.00	$6,014,625.00	$3,654,125.00	$7,716,056.25	$50,804,400.00	$341,898,501.67	$420,112,026.67

[1] Does not include debt service on the Refunded Bonds expected to be refinanced with proceeds of the Bonds.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. Bond Counsel notes that, with respect to corporations, interest on the Bonds may be included as an adjustment in the calculation of alternative minimum taxable income which may affect the alternative minimum tax liability of corporations.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS, THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE INTEREST ON THE BONDS OR THE MARKET VALUE OF THE BONDS. LEGISLATIVE CHANGES HAVE BEEN PROPOSED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME TAX BEING IMPOSED ON CERTAIN OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS SUCH AS THE BONDS. THE INTRODUCTION OR ENACTMENT OF ANY SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS, AND NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE ISSUANCE OF THE BONDS, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

A copy of the proposed form of opinion of Bond Counsel for the Bonds is attached hereto as APPENDIX B.

LEGAL MATTERS

Continuing Disclosure

Current Undertaking. The District has covenanted for the benefit of Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (the District's fiscal year ends on June 30), commencing with the report for the 2014-15 fiscal year, and to provide notices of the occurrence of certain listed events. The Annual Report and the notices of listed events will be filed in accordance with the requirements of the Rule. The specific nature of the information to be made available and to be contained in the notices of material events is described in the form of Continuing Disclosure Certificate attached hereto as APPENDIX C. These covenants have been made in order to assist the Underwriters in complying with the Rule.

Prior Undertakings. Within the past five years, the District failed to file portions of the annual reports for fiscal years 2008-09 through 2012-13, as required by continuing disclosure undertakings entered into in connection with its prior general obligation bond issuances. Specifically, the District failed to file updated information regarding its assessed valuation, as presented in the official statements for such prior bond issuances. The District filed this information prior to the execution of the purchase contract for the sale of the Bonds. In addition, the District has, within the past five years, failed to file notices of certain material events, as required by its prior continuing disclosure undertakings.

Legality for Investment in California

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and under provisions of the California Government Code, are eligible for security for deposits of public moneys in the State.

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes to collect other revenues or contesting the District's ability to issue and retire the Bonds.

Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). Under Section 6049 of the Code, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Bond Counsel. A copy of the proposed form of such legal opinion is attached to this Official Statement as APPENDIX B.

Verification

Upon delivery of the Bonds, Causey Demgen & Moore P.C. will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it relating to the adequacy of the amounts in the Escrow Fund to pay the redemption price of and accrued interest on the Refunded Bonds.

Financial Statements

The audited financial statements with supplemental information for the year ended June 30, 2014, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, dated as of December 31, 2014, and the report dated Vavrinek, Trine, Day & Co., LLP (the "Auditor"), are included in this Official Statement as APPENDIX A. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX A to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

RATINGS

Standard & Poor's and Moody's have assigned ratings of "A" (with a stable outlook) and "Aa3," respectively, to the Bonds. Such ratings reflect only the views of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, 7 World Trade Center at 250 Greenwich, New York, New York 10007 and Standard & Poor's, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the respective rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price for the Bonds.

UNDERWRITING

Purchase of Bonds. Morgan Stanley & Co. LLC, on behalf of itself, Jefferies LLC, Backstrom McCarley Berry & Co. LLC, and Samuel A. Ramirez & Company, Inc. (collectively, the "Underwriters") has agreed, pursuant to a contract of purchase by and between the District and the Underwriters, to purchase all of the Bonds for a purchase price of $282,170,826.44 (equal to the principal amount of the Bonds of $241,290,000.00, plus net original issue premium of $41,924,607.55, and less an underwriting discount of $1,043,781.11).

The purchase contract related to the Bonds provides that the Underwriters will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the purchase contract, the approval of certain legal matters by Bond Counsel and certain other conditions. The initial offering prices stated on the cover of this Official Statement may be changed from time to time by the Underwriters. The Underwriters may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

Underwriter Disclosures. The Underwriters have provided the following information for inclusion in this Official Statement.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

Backstrom McCarley Berry & Co., LLC ("BMcB"), BMcB has entered into separate non-exclusive Distribution Agreements with Mesirow Financial, Wedbush, Inc, City National and D.A. Davidson & Co (the "Firms") that enables each distributor to distribute certain new issue municipal securities underwritten by or allocated to BMcB, which could include the Bonds. Under those distribution agreements, BMcB may share with the Firms a portion of the fee or commission paid to BMcB.

ADDITIONAL INFORMATION

Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

Some of the data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners, beneficial or otherwise, of any of the Bonds.

This Official Statement and the delivery thereof have been duly approved and authorized by the District.

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

By /s/ Dr. Arthur Q. Tyler
Chancellor

APPENDIX A

2013-14 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2014

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS
JUNE 30, 2014

FINANCIAL SECTION

VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
San Francisco Community College District
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of San Francisco Community College District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of June 30, 2014, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Change in Accounting Principles

As discussed in the Notes to the basic financial statements, the accompanying financial statement reflect certain changes required as a result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65 for the year ended June 30, 2014. These changes require a restatement of the beginning net position of the District as discussed in Note 15. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 14 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information, including the Schedule of Expenditures of Federal Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
December 31, 2014

The following section, Management's Discussion and Analysis (MD&A) of the San Francisco Community College District's (the District) Annual Financial Report, is management's narrative overview and analysis of the financial condition and activities of the District for the fiscal year ended June 30, 2014. The District's financial statements are presented based on the Government Accounting Standards Board (GASB) Codification Section (Cod. Sec.) 2200-101 and Code Sec 5 business-type activities model.

DISTRICT OVERVIEW

San Francisco Community College District's financial statements are presented in accordance with GASB Cod. Sec. 2200-101 and Cod. Sec. Co5. These statements allow for the presentation of financial activity and results of operations focusing on the District as a whole. The entity-wide financial statements present the overall results of operations whereby all of the District's activities are consolidated into one total versus the historic presentation by fund type. The focus of the Statement of Net Position is on assets, liabilities, and the difference between these two measurement groups and is reported as of June 30, 2014. This statement combines and consolidates current financial resources with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Change in Net Position focuses on the costs of the District's operational activities with revenues and expense categorized as operating and no-operating, and expenses reported by natural classification for fiscal period July 1, 2013 and through June 30, 2014. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District for the fiscal period July 1, 2013 through June 30, 2014.

During Fiscal year 2014, the District earned $92.0 million in State Apportionment. The apportionment includes $22.8 million in Education Protection Act Funds. Sales tax revenue decreased by $0.3 million, or 1.5 percent. Non-resident tuition decreased by $0.4 million dollars, or 5.0 percent, over the prior year. Unrestricted lottery income increased by $0.8 million, or 22.4 percent, over the prior year. Non-capital grants and contracts decreased by $12.5 million or 17.5 percent and local property taxes for general purposes increased by $5.3 million or 12 percent.

Salaries and fringe benefit expenses decreased over the prior year in the amount of $7.9 million or 3.9 percent. Of this amount, $6.3 million represented salaries decrease and the remainder in the amount of represents decreases in employee benefit expenses. The combined salaries and fringe benefit expense decrease includes the accrued and unfunded expenditure for the District's Other Postemployment Benefits (OPEB) and the effects of the District negotiated salary and benefits reductions, attrition and specific wage reductions.

The District's Unrestricted Net Position increased by $7.9 million, or 17.5 percent, over the prior year. Unrestricted Net Position went from a deficit $45.3 million at the end of the fiscal year 2013 to $37.4 million at the end of fiscal year 2014.

Total Net Position, which combines Restricted, Invested, and Unrestricted categories, experienced a net decrease of $10.5 million over the prior year.

ANALYSIS OF NET POSITION - FISCAL 2014

The Statement of Net Position (which follows below) can serve as a useful indicator of a government agency's financial position. The District's total assets exceeded liabilities by $124.9 million at the end of fiscal year 2014. Of this amount, a deficit of ($37.4) million is unrestricted. The following comparative Statement of Net Position schedule compares the past two years and is based on the business-type activities model.

THE DISTRICT AS A WHOLE

Net Position

Table 1

(Amounts in thousands)	2014	2013	Dollar Increase (Decrease)	Percent Change
ASSETS				
Current Assets				
Cash, and short term receivables	$ 49,199	$ 54,659	$ (5,460)	-10.0%
Prepaid expenses and other assets	2,807	1,426	1,381	96.8%
Total Current Assets	52,006	56,085	(4,079)	-7.3%
Non-Current Assets				
Restricted cash and investments	63,557	64,116	(559)	-0.9%
Other non-current assets	10,677	12,240	(1,563)	-12.8%
Capital assets, net of depreciation	431,266	469,059	(37,793)	-8.1%
Total non-current assets	505,500	545,415	(39,915)	-7.3%
Total Assets	557,506	601,500	(43,994)	-7.3%
LIABILITIES				
Current Liabilities				
Deficit cash and investments	-	24,328	(24,328)	-100.0%
Accounts payable and accrued liablities	9,208	9,867	(659)	-6.7%
Unearned revenue	3,142	3,735	(593)	-15.9%
Long-term liabilities - current portion	17,648	22,441	(4,793)	-21.4%
Total Current Liabilities	29,998	60,371	(30,373)	-50.3%
Non-Current liabilities				
Long-term liabilities	402,606	405,764	(3,158)	-0.8%
Total non-current liabilities	402,606	405,764	(3,158)	-0.8%
Total Liabilities	432,604	466,135	(33,531)	-7.2%
NET POSITION				
Net investment in capital assets	149,087	171,567	(22,480)	-13.1%
Restricted	13,185	9,073	4,112	45.3%
Unrestricted	(37,370)	(45,275)	7,905	-17.5%
Total Net Position	$ 124,902	$ 135,365	$ (10,463)	-7.7%

For the year ended June 30, 2014, Total Net Position decreased by $10.5 million or 7.7 percent. All of this is the result of current year fiscal activities.

Total Current Asset decreased $4.1 million over the prior year. Cash and short-term receivables decreased over the prior year by $5.5 million, or 10 percent. Individual component changes are as follows: Cash and investments increased over the prior year by $8.2 million while state and local accounts receivables decreased by $9.5 million due to improved cash flow from state apportionment. The student receivables decreased by $2.8 million. Inventories and prepaid assets remained virtually unchanged. Finally, other assets - current portion of approximately $950 thousand represents the District’s negative banked overload.

Non-current Assets decreased $40.0 million or 7.3 percent over the prior year. The main items comprising the net change are a decrease in restricted cash and investments in the amount of $0.6 million or 0.9 percent over the prior year. Capital assets, non-depreciable and depreciable, arising out of the activities in the District Capital improvement program, experienced a combined decrease in the amount of $37.8 million or 8.1 percent over prior year. These reductions are the result of the depreciation expense.

Total current liabilities decreased by $6.0 million or 43.9 percent. Accounts payable, accrued liabilities, and unearned revenue remained relatively stable. The remaining current portion of long-term liabilities, which are amounts due within the current fiscal year decreased $4.8 million or 21.4 percent. Components that comprise the change are: a decrease in compensated absences for classified, faculty and administrative personnel, a decrease in bonds premiums, a decreased in scheduled Bond payments, and a decrease in capital leases.

Non-current liabilities decreased $3.2 million, or 0.8 percent. General Obligation Bonds payable decreased $15.2 million dollars as a result of scheduled coupon payments funded through property taxes. Unamortized bond premium in the amount of $1.2 million decreased over prior year. Compensated absences for classified and administrator decreased $2.7 million or 27 percent while banked overload for faculty increased $0.4 million or 32 percent. Claims payable (mainly workers compensation) decreased $1.1 million or 22 percent. Capital leases decreased $0.2 million or 23 percent. OPEB obligations increased by $10.1 million. This increase is almost entirely due to the accrued unfunded portion of the OPEB obligation. Of this amount $18.7 million represents the annual required contribution. The District contributed $7.7 million towards the District's annual required contribution through payment of retiree benefits.

Within the net position of the District are certain amounts restricted for specific purposes. Educational programs restricted balances were virtually unchanged and amounted to $3.6 million at the end of the fiscal year. Examples of Educational Program fund balances reported in this category are Federal programs, like the National Science Foundation grants, and any balance remaining in a state categorical and other legally restricted amounts dedicated for educational programs and purposes.

Capital projects restricted balances increased $4.1 million or 45.3 percent over the prior year balance. The source of the increase is due to the collection of state and local capital grant receivables during the fiscal year. These funds are only available for Capital Projects.

ANALYSIS OF STATEMENT OR REVENUES, EXPENSES, AND CHANGE IN NET POSITION

The following comparative Statement of Revenues, Expenses, and Change in Net Position presents the operating results of the District, as well as the non-operating revenues and expenses. Annual State appropriations (apportionments), while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles.

Operating Results for the Year

The results of this year's operations for the District as a whole are reported in the *Statement of Revenues, Expenses, and Changes in Net Position* on page 16.

Table 2

(Amounts in thousands)	2014	2013	Dollar Increase (Decrease)	Percent Change
Operating Revenues				
Tuition and fees	$ 22,801	$ 23,667	$ (866)	-3.7%
Auxiliary services and other	3,869	6,715	(2,846)	-42.4%
Total Operating Revenues	26,670	30,382	(3,712)	-12.2%
Operating Expenses				
Salaries and benefits	195,044	202,947	(7,903)	-3.9%
Supplies and maintenance	31,206	33,280	(2,074)	-6.2%
Student financial aid	34,285	42,634	(8,349)	-19.6%
Depreciation	38,750	38,991	(241)	-0.6%
Total Operating Expenses	299,285	317,852	(18,567)	-5.8%
OPERATING LOSS	(272,615)	(287,470)	14,855	-5.2%
NON-OPERATING REVENUES AND (EXPENSES)				
State apportionments	91,985	91,365	620	0.7%
Grants and contracts	59,016	71,532	(12,516)	-17.5%
Local property taxes	50,629	45,373	5,256	11.6%
Taxes levied for debt service	31,919	31,073	846	2.7%
Taxes levied for other specific purposes	15,031	-	15,031	100.0%
Local taxes and other revenues	16,621	16,889	(268)	-1.6%
Other state revenue	6,744	5,776	968	16.8%
Investment income (net)	500	1,015	(515)	-50.7%
Interest expense on capital asset - related debt	(15,220)	(14,525)	(695)	4.8%
Transfer from fiduciary fund	55	613	(558)	100.0%
Transfer to fiduciary fund	(323)	(372)	49	-13.2%
Other nonoperating revenues	5,240	8,327	(3,087)	-37.1%
Total nonoperating revenues	262,197	257,066	5,131	2.0%
Loss before capital revenues	(10,418)	(30,404)	19,986	-65.7%
CAPITAL REVENUES				
State grant and contracts	1,197	1,780	(583)	-32.8%
Local property taxes and revenues	205	4	201	5025.0%
Total other revenues	1,402	1,784	(382)	-21.4%
Increase (Decrease) in Net Position	(9,016)	(28,620)	19,604	-68.5%
Net Position, Beginning of Year	135,365	152,075	(16,710)	-11.0%
Restatement	(1,447)	11,910	(13,357)	100.0%
NET POSITION, END OF YEAR, RESTATED	$ 124,902	$ 135,365	$ (10,463)	-7.7%

Tuition and fees net of scholarships and allowances decreased $0.9 million or 3.7 percent over the prior year. Auxiliary revenue is comprised of the bookstore and cafeteria net revenues. The Board of Trustees approved a modification to the Bookstore Master agreement and approved actions by the Bookstore Auxiliary Board of Trustees to enter into a 5 year contract with Follett Higher Education Group to run all of the Colleges bookstores operations. The Contract began April 1, 2013.

Consolidated operating expenses decreased by $18.6 million over the prior year. Salaries and benefits decreased $7.9 million or 3.9 percent over the prior year and the reduction was primarily achieved due to attrition and enrollment management as a result of changes in course offerings.

Supplies, maintenance, utilities, and other operating expenses and services decreased by $2.1 million or 6.2 percent. Depreciation, a non-cash expenditure, decreased $0.2 million or 0.6 percent. Asset retirements and their associated adjustment for depreciation are included in this category.

Total non-operating revenues increased by $5.1 million or 2.0 percent over the prior year. Federal and state grants, including Pell Grants, a direct pass-thru to students, and other grants decreased $12.5 million or 17.5 percent over the prior year. State apportionment increased by $0.6 million or 0.7 percent over the prior year. Local property tax revenues increased $5.3 million or 11.6 percent. Taxes levied for debt service increased $0.8 million or 2.7 percent. Tax levied for other specific purposes, a new category in the current year was $15.0 million in the current year for a local parcel tax, measure A. Other changes include an increase of other state revenue of $1.0 million, an increase in interest costs and decrease in interest earnings of $1.2 million and decrease of non-operating revenue of $3.6 million from prior year.

Capital revenues decreased $0.4 million or 21.4 percent over the prior year. State grant have a decrease of $0.6 million or 32 percent, this is due to completion of the Chinatown State funded projects. All capital revenues are restricted in nature for specific capital programs and projects.

Functional Expenses

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

2014

	Salaries and Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional activities	$ 75,408,975	$ 4,302,137	$ -	$ -	$ 79,711,112
Academic support	36,158,045	1,293,718	-	-	37,451,763
Student services	8,722,778	318,474	-	-	9,041,252
Plant operations and maintenanc	27,367,073	1,436,871	-	-	28,803,944
Instructional support services	9,345,684	8,491,442	-	-	17,837,126
General Institutional Support services	31,840,873	12,767,604	-	-	44,608,477
Community services and economic development	1,883,549	787,289	-	-	2,670,838
Auxiliary Services & Auxiliary Operations	4,316,876	1,808,915	-	-	6,125,791
Student aid	-	-	34,284,621	-	34,284,621
Depreciation expense	-	-	-	38,750,000	38,750,000
Total expenses	$ 195,043,853	$ 31,206,450	$ 34,284,621	$ 38,750,000	$ 299,284,924

2013

	Salaries and Benefits	Supplies, Material, and Other Expenses and Services	Student Financial Aid	Equipment, Maintenance, and Repairs	Depreciation	Total
Instructional activities	$ 84,796,094	$ 5,049,000	$ -	$ 290,194	$ -	$ 90,135,288
Academic support	38,582,173	370,078	-	36,716	-	38,988,967
Student services	8,828,813	234,666	-	86,983	-	9,150,462
Plant operations and maintenanc	26,400,625	1,037,151	-	128,327	-	27,566,103
Instructional support services	8,599,856	2,689,776	-	976,927	-	12,266,559
General Institutional Support services	28,681,846	7,409,653	-	1,239,342	-	37,330,841
Community services and economic development	1,320,718	642,522	-	7,620	-	1,970,860
Ancillary services and auxiliary operations	5,736,529	5,783,828	-	130,718	-	11,651,075
Student aid	-	-	42,634,277	-	-	42,634,277
Physical property and related acquisitions	-	7,166,834	-	-	-	7,166,834
Unallocated depreciation	-	-	-	-	38,990,945	38,990,945
	$ 202,946,655	$ 30,383,508	$ 42,634,277	$ 2,896,827	$ 38,990,945	$ 317,852,212

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the District as of June 30, 2014, amounted to a total of $431 million. (See Note 6 - Capital Assets in the financial statements for a listing of asset class). Of this amount, the non-depreciable portion, composed of land and construction in progress, was $57 million or 8 percent. Depreciable capital assets, totaled $664 million or 92 percent. Total accumulated depreciation was $290 million, resulting in net depreciable capital assets of $431 million.

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	$ 56,210	$ 957	$ -	$ 57,167
Buildings and improvements	633,201	-	-	633,201
Equipment and vehicles	30,737	-	-	30,737
Subtotal	720,148	957	-	721,105
Accumulated depreciation	(251,089)	(38,750)	-	(289,839)
	$ 469,059	$ (37,793)	$ -	$ 431,266

The District calculates depreciation using the straight-line method and the mid-year convention. The District participates in a physical asset count every three years. Depreciation expense amounted to $38.7 million for the year. There were no significant outstanding construction commitments as of June 30, 2014.

Obligations

The major changes for the District's long-term obligations are the increase of the Other Post-Employment Benefits of $11 million, 22 percent compared to prior year, offset by the decrease in compensated absences and other obligations.

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	$ 355,432	$ -	$ 16,542	$ 338,890
Other liabilities	72,773	8,590	-	81,363
Total Long-Term Debt	$ 428,205	$ 8,590	$ 16,542	$ 420,253
Amount due within one year				$ 17,648

DEBT FINANCING

The District participates in external financing activities to cover both long-term and short-term cash flows needs. As a governmental unit, the District's financing activities and choices are bounded by Federal and State restrictions.

A Citizens' Oversight Committee consisting of members from key constituencies of the community services as an advisory committee to the District's Board of Trustees. These constituencies include the San Francisco Taxpayers Association, the San Francisco Chamber of Commerce, senior citizens groups, City College students, and the Foundation. The Citizens' Oversight Committee is responsible for monitoring the spending of the 2001 and 2005 Proposition A Bond funds. The District successfully qualified for matching funds available from Statewide School Facilities Bonds for several Proposition A projects.

San Francisco taxpayer's approved in November 2001 of $195.0 million in Proposition A Education Facilities Improvement Bonds. In November 2005, San Francisco taxpayer's approved in an additional $246.3 million authorization in Proposition A Bonds. As of June 30, 2014, the entire $195.0 million of the 2001 authorization and $246.3 million of the 2005 authorization had been sold and the proceeds are being used to fund over approved projects.

In November 2004, San Francisco voters approved for the District an additional $246.3 million authorization to issue Proposition A General Obligation Bonds for Educational Facilities improvements. This award combined with the November 2001 approval, brought the District's Proposition A authorization up to $441.3 million. The first sale of Proposition A Bonds (Series A) occurred on March 13, 2002, and netted proceeds of $38.0 million. For this first sale, Moody's Investor Services assigned an underlying rating for these bonds of Aa3 and Fitch assigned an AA-rating. The insured ratings assigned for these same bonds by Moody's Investor Services and Fitch are Aaa and AAA, respectively.

On September 14, 2004, the District sold an additional $110.0 million. For the second sale that occurred on September 14, 2004, Moody's Investor Services assigned an underlying rating for these bonds of Aa3 and Standard & Poor's assigned an AA rating. The insured ratings assigned for these same bonds by Moody's Investor Services and Standard & Poor's are Aaa and AAA, respectively. The underlying rating is an improvement over the previous rating.

On June 20, 2006, the District sold $137.0 million of General Obligation Bonds; the remaining authorization of 2001 (Series C) in the amount of $47.0 million and the first part of its 2005 authorization (Series A) in the amount of $90.0 million. Ratings assigned by Moody's Investor Services and Standard & Poor's reaming the same as those assigned to the September 14, 2004, sale referred to in the previous paragraph.

On December 5, 2007, the District sold $110.0 million of General Obligation Bonds. This was the second sale of the November 2005 authorization (2005 authorization, Series B). The insured ratings assigned for this bond by Moody's Investor Services and Standard & Poor's are Aaa and AAA, respectively.

On April 2010, the District sold the remaining $46.3 million General Obligation bonds. This was the third and final sale of the November 2005 authorization (2005 authorization, Series C and Series D). The insured ratings assigned for both bonds by Moody's Investor Services and Standard & Poor's were Aa3 and AA, respectively.

Subsequent to fiscal year end on September 10, 2012 Moody's Investor Service downgraded the District's General Obligation bond rating from A1 to A1- and assigned the rating a negative outlook. Then on November 15, 2012 Fitch Ratings issued a revised rating which took into account the successful passage statewide of proposition 30 and locally in San Francisco the parcel tax. Fitch modified its rating for the District's General Obligation debt from A to A- an moved the District from its "negative watch" category to a "negative outlook" category. Fitch noted that the District local parcel tax would relieve fiscal pressure by providing $16.0 million in new funding per year for eight consecutive years. On March 27, 2013, Fitch Ratings downgraded the District's General Obligation Bonds of the $28.1 million 2002 GO bonds (election of 2001, series A) from A- to BBB+. The downgrade to 'BBB+' reflects the District's accreditation status. Through June 30, 2014 the District has maintained these respective ratings.

ECONOMIC FACTORS AFFECTING THE FUTURE OF SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

- The economic position of San Francisco Community College District is closely tied to that of the State of California as State apportionments and property taxes allocated to the District's Unrestricted General fund represent approximately 77 percent of the total unrestricted revenues received by the District. Accordingly, the State economy plays a major factor in State appropriations for both higher education in general and to the District in particular. The balance of District Unrestricted revenues comes from local sales taxes, 9 percent; lottery, 3 percent; non-resident tuition, 6 percent; and other revenues, 5 percent.

- The District has planned a relatively flat budget and made conservative revenue assumptions for all major sources of funding for fiscal year 2014-2015 to work within the projected level of State and local revenue. The District actively monitors both revenues and expenditures to ensure that prompt actions are taken in response to developments as they occur.

- In November 2012 voters passed the State Proposition 30 ballot initiative. Additionally, in San Francisco voters passed a local parcel tax, measure A. The value of proposition 30 funds in the 2014-15 budget year are $23.9 million. The value of Measure A funding is estimated by the City Controller to generate approximately $15.2 million annually in each of eight consecutive years. Both Proposition 30 and Measure A funding will make it possible for the District to rebuild its Board designated reserves and address its employer share of post-employee benefits liabilities during the currently Board approved 8 year budget plan.

- Included in the State's fiscal year 2014-15 adopted budget was Senate Bill 860. This legislation provides the District with three years of extended stability funding despite the reduction in enrollments. More specifically, the three years of extended stability funding calls for funding levels as follows:

  - For fiscal year 2014-15, a funding level not less than was received in fiscal year 2012-13
  - For fiscal year 2015-16, an amount not less than 95% of what was received in fiscal year 2012-13 or revenue derived from actual enrollment
  - For fiscal year 2016-17, an amount not less than 90% of what was received in fiscal year 2012-13 or revenue derived from actual enrollment

  The District has incorporated these funding levels into its long range budget and planning models.

- In July 2012, the ACCJC issued a Show Cause sanction to CCSF. In October 2012, CCSF submitted the first of two required reports (the "Special Report") to the ACCJC to demonstrate progress toward resolving the issues raised by the ACCJC contained within four of the Eligibility Requirements and within 14 Recommendations regarding the Standards. An Institutional Self Evaluation Report, along with its enclosed Closure Report, collectively constituted the "Show Cause Report," the second of the two required reports, which the College submitted in March 2013. The ACCJC conducted a Show Cause visit in April 2013 and took action to terminate CCSF's accreditation effective July 2014. CCSF appealed the termination action pursuant to the ACCJC Bylaws and the ACCJC Appeals Manual. On June 13, 2014, the Hearing Panel of the Accrediting Commission of Community and Junior Colleges issued its decision remanding the case back to the Commission for further evaluation. On July 21, 2014, the Commission confirmed that it would uphold its prior decision.

  In June 2014, the Accrediting Commission for Community and Junior Colleges announced a proposed new accreditation policy for institutions that have been notified of termination for failure to meet ACCJC standards. Under this new policy, an institution can apply for restoration of its accreditation prior to the effective date of termination. After careful consideration, City College of San Francisco submitted an application for Restoration Status to the Accrediting Commission for Community and Junior Colleges on July 28, 2014. This decision was reached after a thorough review of all possible avenues forward. On July 30, 2014, ACCJC accepted the application. Based upon this application, the District prepared and presented an institutional self-evaluation report that was submitted to the ACCJC in October 2014. A visiting team representing the ACCJC conducted a site evaluation in November 2014. The visiting team's report summarizing the site visit and the District's institutional self-evaluation will be discussed at the ACCJC's next regularly scheduled meeting in January 2015.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact San Francisco Community College District, Vice Chancellor of Finance and Administration, 33 Gough Street, San Francisco CA 94103.

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2014

ASSETS	
Current Assets	
Cash and cash equivalents	$ 13,782,509
Accounts receivable, net	33,147,499
Student loans receivable, net	2,268,477
Prepaid expenses - current portion	1,782,326
Prepaid expenses - bond insurance current portion	46,558
Inventories	35,275
Other assets - current portion	943,203
Total Current Assets	52,005,847
Noncurrent Assets	
Restricted cash and cash equivalents	63,557,238
Prepaid expenses - noncurrent portion	9,800,000
Prepaid expenses - bond insurance	562,130
Other assets	314,401
Nondepreciable capital assets	57,166,906
Depreciable capital assets, net of depreciation	374,099,370
Total Noncurrent Assets	505,500,045
TOTAL ASSETS	557,505,892
LIABILITIES	
Current Liabilities	
Accounts payable	9,208,392
Due to other funds	200
Unearned revenue	3,142,101
Claims liability - current portion	730,000
Bonds payable - current portion	16,655,128
Lease obligations - current portion	162,666
Other long-term obligations - current portion	100,000
Total Current Liabilities	29,998,487
Noncurrent Liabilities	
Compensated absences payable - noncurrent portion	7,421,055
Bank overload	3,023,055
Claims liability - noncurrent portion	3,392,214
Bonds payable - noncurrent portion	322,235,011
Lease obligations - noncurrent portion	451,587
Other postemployment benefits obligation	66,082,607
Total Noncurrent Liabilities	402,605,529
TOTAL LIABILITIES	432,604,016
NET POSITION	
Net investments in capital assets	149,087,417
Restricted for:	
Debt service	3,061,926
Capital projects	5,944,040
Educational programs	4,144,638
Other activities	33,964
Unrestricted	(37,370,109)
TOTAL NET POSITION	$ 124,901,876

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

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2014

OPERATING REVENUES	
Student Tuition and Fees	$ 35,764,439
Less: Scholarship discount and allowance	(12,963,789)
Net tuition and fees	22,800,650
Auxiliary Enterprise Sales and Charges	
Bookstore	489,918
Cafeteria	746,442
Other revenue	2,632,736
TOTAL OPERATING REVENUES	26,669,746
OPERATING EXPENSES	
Salaries	132,668,520
Employee benefits	62,375,333
Supplies, materials, and other operating expenses and services	31,206,450
Student financial aid	34,284,621
Depreciation	38,750,000
TOTAL OPERATING EXPENSES	299,284,924
OPERATING LOSS	(272,615,178)
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	91,984,970
Local property taxes, levied for general purposes	50,628,603
Taxes levied for debt service	31,919,416
Taxes levied for other specific purposes	15,030,694
Local sales tax	16,620,883
Federal grants	41,553,953
State grants	17,461,770
State taxes and other revenues	6,744,221
Investment income	500,047
Interest expense on capital related debt	(15,220,148)
Transfer from fiduciary funds	55,414
Transfer to fiduciary funds	(323,106)
Other nonoperating revenue	5,240,155
TOTAL NONOPERATING REVENUES (EXPENSES)	262,196,872
LOSS BEFORE OTHER REVENUES	(10,418,306)
State revenues, capital	1,196,813
Local revenues, capital	205,129
TOTAL OTHER REVENUES	1,401,942
CHANGE IN NET POSITION	(9,016,364)
NET POSITION, BEGINNING OF YEAR, RESTATED	133,918,240
NET POSITION, END OF YEAR	$ 124,901,876

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

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 27,835,125
Payments to vendors for supplies and services	(34,144,516)
Payments to or on behalf of employees	(186,247,727)
Payments to students for scholarships and grants	(34,284,621)
Auxiliary enterprise sales and charges:	
Bookstore	489,918
Cafeteria	746,442
Other operating receipts (payments)	710,615
Net Cash Flows From Operating Activities	(224,894,764)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State apportionments	100,554,772
Local property taxes	50,628,603
Taxes levied for other specific purposes	15,030,694
Sales taxes	16,620,883
Federal grants	45,822,669
State grants	18,166,392
State taxes and other revenues	6,744,221
Agency fund receipts	(267,692)
Other nonoperating	3,273,701
Net Cash Flows From Noncapital Financing Activities	256,574,243
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(956,991)
State revenue, capital projects	1,196,813
Local revenue, capital projects	205,129
Property taxes - related to capital debt	31,919,416
Principal paid on capital debt	(15,364,468)
Interest paid on capital debt	(15,220,148)
Net Cash Flows From Capital Financing Activities	1,779,751
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	500,047
Net Cash Flows From Investing Activities	500,047
NET CHANGE IN CASH AND CASH EQUIVALENTS	33,959,277
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	43,380,470
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 77,339,747

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

RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	$ (272,615,178)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:	
Depreciation and amortization expense	38,750,000
Changes in Assets and Liabilities:	
Student receivables	2,765,998
Inventories	12,618
Prepaid expenses	(1,012,998)
Accounts payable and accrued liabilities	7,204,796
Total Adjustments	47,720,414
Net Cash Flows From Operating Activities	$ (224,894,764)
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:	
Cash in banks	$ 13,782,509
Cash in county treasury	63,557,238
Total Cash and Cash Equivalents	$ 77,339,747
NONCASH TRANSACTIONS	
On behalf payments for benefits	$ 5,302,096

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

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

ASSETS	
Cash and cash equivalents	$ 8,496,789
Accounts receivable, net	195,675
Student loan receivable, net	29,590
Due from primary government	200
Prepaid expenses	1,900
Capital assets	1,775
Total Assets	8,725,929
LIABILITIES	
Accounts payable	178,038
Unearned revenue	117,106
Total Liabilities	295,144
NET POSITION	
Unreserved	8,430,785
Total Net Position	$ 8,430,785

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

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

ADDITIONS	
Federal revenues	$ 10,296
Tuition and fees	162,156
Foundation sources	
Interest income	3,810
Transfer from District, net local revenue	2,028,749
Total Additions	2,205,011
DEDUCTIONS	
Classified salaries	188,066
Employee benefits	1,693
Books and supplies	345,776
Services and operating expenditures	818,691
Student financial aid	1,619,633
Total Deductions	2,973,859
OTHER FINANCING SOURCES (USES)	
Operating transfers in	323,106
Operating transfers out	(55,414)
Total Other Financing Sources (Uses)	267,692
Change in Net Position	(501,156)
Net Position - Beginning	8,931,941
Net Position - Ending	$ 8,430,785

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

NOTE 1 - ORGANIZATION

San Francisco Community College District (the District) was established in 1935 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected seven-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates 11 campuses located within the City of San Francisco, California. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The District has adopted GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units.* This statement amends GASB Statement No. 14, *The Financial Reporting Entity,* to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, the District, and the following component units: The District has no component units.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees and auxiliary activities through the bookstore and cafeteria.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent student (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected to apply FASB pronouncements after that date.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* as amended by GASB Statements No. 37 and No. 38. The business-type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
    - Statements of Net Position - Primary Government
    - Statements of Revenues, Expenses, and Changes in Net Position - Primary Government
    - Statements of Cash Flows - Primary Government
    - Financial Statements for the Fiduciary Funds including:
        - Statements of Fiduciary Net Position
        - Statements of Changes in Fiduciary Net Position
- Notes to the Financial Statements

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the statement of cash flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2014, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets represent investments required by debt covenants to be set aside by the District for the purpose of satisfying certain requirements of the bonded debt issuance.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $1,500,317 for the year ended June 30, 2014.

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30.

Inventories

Inventories consist primarily of bookstore merchandise and cafeteria food and supplies held for resale to the students and faculty of the colleges. Inventories are stated at cost, utilizing the weighted average method. The cost is recorded as an expense as the inventory is consumed.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction-in-progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of $5,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at estimated fair market value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, 10 to 15 years; equipment, 5 to 10 years; vehicles, 3 years.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the entity-wide financial statements.

Debt Issuance Costs, Premiums, and Discounts

Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight line method.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned revenues include (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

Noncurrent Liabilities

Noncurrent liabilities include bonds and notes payable, compensated absences, claims payable, capital lease obligations and OPEB obligations with maturities greater than one year.

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represent the difference between assets and liabilities. Net assets are classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

Invested in Capital Assets, Net of Related Debt: Capital Assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component invested in capital assets – net of related debt.

Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

None of the District's restricted net position has resulted from enabling legislation adopted by the District.

Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The government wide financial statements report $124,901,876 of restricted net position, of which $13,184,568 is restricted by enabling legislation.

State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The City/County of San Francisco bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed General Obligation Bonds in 2001 and 2005 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are billed and collected as noted above and remitted to the District when collected.

The voters of the District passed a Parcel Tax in 2012 for the general revenues of the District. The Parcel tax levies $79 per parcel for 8 years to provide for core academic programs, training, and education of student attending the District and transferring to university. The taxes are assessed, billed, and collected as noted above, and remitted to the District when collected.

Board of Governors Grants (BOGG) and Fee Waivers

Student tuition and fee revenue is reported net of allowances and fee waivers approved by the Board of Governors through BOGG fee waivers in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf. To the extent that fee waivers have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, and Federal Work-Study programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the related *Compliance Supplement*.

On Behalf Payments

GASB Statement No. 24 requires direct on behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on behalf payments to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of all community colleges in California. The California Department of Education has issued a fiscal advisory instructing districts not to record the revenue and expenditures for the on behalf payments within the funds and accounts of a district. The amount of the on behalf payments made for the District for the year ended June 30, 2014, was $5,302,096 for CalSTRS. This amount is reflected in the District's audited financial statements.

Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

Change in Accounting Principles

As the result of implementing GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2013, by $1,447,135. The decrease results from no longer deferring and amortizing bond issuance costs.

New Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.

- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.

- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).

- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes, but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014. Early implementation is encouraged.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a State or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement No. 68 requires a State or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a State or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a State or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

Comparative Financial Information

Comparative financial information for the prior year has been presented for additional analysis; certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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.

Investment in County Treasury - 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 (ECS) 41001). The fair value of the District's investment in the pool is reported in the accompanying 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.

General Authorizations

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

Summary of Deposits and Investments

Deposits and investments of the Primary Government as of June 30, 2014, consist of the following:

Primary Government cash and cash equivalents	$ 77,339,747
Fiduciary cash and cash equivalents	8,496,789
Total Deposits and Investments	$ 85,836,536

Deposits and investments of the Fiduciary Funds as of June 30, 2014, consist of the following:

Cash on hand and in banks	$ 5,531,757
Investments	80,304,779
Total Deposits and Investments	$ 85,836,536

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by primarily investing in the County pool.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Fair Value	Days to Maturity
County Pool	$ 80,304,779	711

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County pool is not required to be rated, nor has it been rated as of June 30, 2014.

Investment Type	Fair Value	Minimum Legal Rating	Rating June 30, 2014
County Pool - San Francisco County	$ 80,304,779	Not required	Not rated

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2014, approximately $1,500,000 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The accounts receivable as of June 2014 are as follows:

Federal Government	
Categorical aid	$ 2,429,182
State Government	
Apportionment	17,489,590
Categorical aid	2,030,745
Local Sources	
Other local sources	11,197,982
Total	$ 33,147,499

Student receivables	$ 3,768,794
Less allowance for bad debt	(1,500,317)
Student receivables, net	$ 2,268,477

NOTE 5 - PREPAID EXPENSES AND OTHER ASSETS

In 2003, the District entered into a 75 year operating contract with San Francisco Unified School District to lease real property located at 106 Bartlett Street, San Francisco, California with a lump sum payment of $7,500,000. This amount was recorded as prepaid expenses and is being amortized as annual operating lease expense of $100,000 over the 75 year period. On June 9, 2006, the District entered into a second lease agreement with San Francisco Unified School District for additional property at 106 Bartlett Street with a lump sum payment of $4,000,000. This amount was recorded as prepaid expense and is being amortized as annual operating lease expense of $55,556 over the remaining life of the original lease. As of June 30, 2014, the remaining prepaid rent balance was $9,800,000.

Preapid rent	$ 9,800,000
Prepaid insurance	1,532,831
Prepaid other	249,495
Total	$ 11,582,326

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2014, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	$ 29,211,619	$ -	$ -	$ 29,211,619
Construction in progress	26,998,296	956,991	-	27,955,287
Total Capital Assets Not Being Depreciated	56,209,915	956,991	-	57,166,906
Capital Assets Being Depreciated				
Land improvements	148,797,838	-	-	148,797,838
Buildings and improvements	484,403,644	-	-	484,403,644
Furniture and equipment	29,434,391	-	-	29,434,391
Vehicles	1,302,168	-	-	1,302,168
Total Capital Assets Being Depreciated	663,938,041	-	-	663,938,041
Total Capital Assets	720,147,956	956,991	-	721,104,947
Less Accumulated Depreciation				
Land improvements	106,093,477	17,000,000	-	123,093,477
Buildings and improvements	121,432,465	20,000,000	-	141,432,465
Furniture and equipment	22,391,013	1,700,000	-	24,091,013
Vehicles	1,171,716	50,000	-	1,221,716
Total Accumulated Depreciation	251,088,671	38,750,000	-	289,838,671
Net Capital Assets	$ 469,059,285	$ (37,793,009)	$ -	$ 431,266,276

Depreciation expense for the year was $38,750,000.

Interest expense related to capital debt for the year ended June 30, 2014 was $15,220,148; no amount was capitalized as no significant amount of construction occurred in the fiscal year.

Construction in Progress includes approximately $24 million of expenditures related to the suspended Performing Arts Center project. The project expenditures will be reviewed to determine if the expenditures relate to portions of the project that have alternative uses or future useful lives or will be expensed.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable for the District as of June 30, 2014 consisted of the following:

Accrued payroll	$ 5,823,473
Other	3,384,919
Total	$ 9,208,392

NOTE 8 - UNEARNED REVENUE

Unearned revenue as of June 30, 2014 consisted of the following:

Federal financial assistance	$ 186,107
State categorical aid	2,360,665
Other local	595,329
Total	$ 3,142,101

NOTE 9 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2014, the primary government owed the fiduciary funds $200.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2014 fiscal year, the amount transferred to the primary government from the fiduciary fund amounted to $55,414. The amount transferred to the fiduciary funds from the primary government was $323,106.

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds, Series 2001					
Series A	$ 26,785,000	$ -	$ 1,335,000	$ 25,450,000	$ 1,410,000
Series B	69,250,000	-	5,120,000	64,130,000	5,325,000
Series C	38,870,000	-	1,390,000	37,480,000	1,460,000
General obligation bonds, Series 2005					
Series A	74,430,000	-	2,660,000	71,770,000	2,795,000
Series B	95,355,000	-	3,395,000	91,960,000	3,565,000
Series C	8,380,000	-	1,280,000	7,100,000	1,315,000
Series D	30,660,000	-	-	30,660,000	-
Unamortized bond premium	11,702,250	-	1,362,111	10,340,139	785,128
Total Bonds and Notes Payable	355,432,250	-	16,542,111	338,890,139	16,655,128
Other Liabilities					
Compensated absences	10,115,709	-	2,694,654	7,421,055	-
Load banking	1,300,918	1,722,137	-	3,023,055	-
Capital leases	798,721	-	184,468	614,253	162,666
Settlement Agreement	193,025	-	93,025	100,000	100,000
Claims liability	5,256,823	-	1,134,609	4,122,214	730,000
Net OPEB obligation	55,107,896	18,655,949	7,681,238	66,082,607	-
Total Other Liabilities	72,773,092	20,378,086	11,787,994	81,363,184	992,666
Total Long-Term Obligations	$ 428,205,342	$ 20,378,086	$ 28,330,105	$ 420,253,323	$ 17,647,794

Description of Debt

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The accrued vacation and load banking will be paid by the fund for which the employee worked. Capital lease payments are made out of the general unrestricted fund. Settlement agreement payments are made out of the unrestricted general fund. Payment of the OPEB obligation is made from the general unrestricted fund and the claims liability from the funds from which employee charges are accounted for.

Election of 2001, Series A, B, and C Bonds

On November 6, 2001, the voters of the District approved the issuance of $195,000,000 general obligation bonds to be used to finance the acquisition, construction, and modernization of certain property and District facilities. On March 15, 2002, $38,000,000 of San Francisco Community College District, Election of 2001, Series A Bonds were issued with a final maturity date of June 15, 2026, and interest rates of 2.5 percent to 5.375 percent, depending on the maturity of the related bonds. Interest is payable semiannually on June 15 and December 15 of each year commencing on June 15, 2002. On September 14, 2004, $110,000,000 of San Francisco Community College District, Election of 2001, Series B Bonds were issued with a final maturity date of June 15, 2024, and interest rates of 3.0 percent to 5.5 percent, depending on the maturity of the related bonds. Interest is payable semiannually on June 15 and December 15 of each year commencing on December 15, 2004. On June 20, 2006, $47,000,000 of San Francisco Community College District, Election of 2001, Series C Bonds were issued with a final maturity date of June 15, 2031, and interest rates of 4.0 percent to 5.0 percent, depending on the maturity of the related bonds. Interest is payable semiannually on June 15 and December 15 of each year commencing on December 15, 2006. The outstanding principal balances of the Series A, B, and C Bonds at June 30, 2014, were $25,450,000, $64,130,000, and $37,480,000, respectively.

Election of 2005, Series A, B, C, and D Bonds

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 Bonds issued for the San Francisco Community College District on November 8, 2005, under the provisions of Article XIIIA of the Constitution of the State of California and Title I, Division 1, Part 10, Chapter 1.5 of the Education Code of the State of California (commencing at Section 15100). The bonds were authorized 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 percent vote. The total net proceeds of $90,000,000 from the Bonds Series A issuance received by the District (net of premium and bond issuance costs) on June 20, 2006, are to be spent on construction, renovation, and land acquisition for various approved projects. These bonds have a final maturity date of June 15, 2031, and interest rates of 4.0 percent to 5.0 percent. Interest is payable semiannually on June 15 and December 15 of each year commencing on December 15, 2006. On December 5, 2007, $110,000,000 (net of premium and bond issuance costs) of San Francisco Community College District, Election of 2005, Series B Bonds were issued with a final maturity date of June 15, 2031, and interest rates of 4.0 percent to 5.0 percent, depending on the maturity of the related bonds. Interest is payable semiannually on June 15 and December 15 of each year commencing on December 15, 2008. On March 23, 2010, $15,640,000 (net of premium and bond issuance costs) of San Francisco Community College District, Election of 2005, Series C Bonds were issued with a final maturity date of June 15, 2019, and interest rates of .40 percent to 4.0 percent, depending on the maturity of the related bonds. Interest is payable semiannually on June 15 and December 15 of each year commencing on June 15, 2010. On April 13, 2010, $30,660,000 (net of premium and bond issuance costs) of San Francisco Community College District, Election of 2005, Series D Bonds were issued with a final maturity date of June 15, 2030, and interest rates of 4.0 percent to 5.0 percent, depending on the maturity of the related bonds. Interest is payable semiannually on June 15 and December 15 of each year commencing on June 15, 2010. The outstanding principal balances of the Series A, B, C, and D bonds at June 30, 2014, were $71,770,000, $91,960,000, $7,100,000, and $30,660,000, respectively.

Debt Maturity

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2013	Redeemed	Bonds Outstanding June 30, 2014
2002	06/15/26	2.5%-5.375%	$ 38,000,000	$ 26,785,000	$ 1,335,000	$ 25,450,000
2004	06/15/24	3.0%-5.5%	110,000,000	69,250,000	5,120,000	64,130,000
2006	06/15/31	4.0%-5.0%	47,000,000	38,870,000	1,390,000	37,480,000
2006	06/15/31	4.0%-5.0%	90,000,000	74,430,000	2,660,000	71,770,000
2007	06/15/31	4.0%-5.0%	110,000,000	95,355,000	3,395,000	91,960,000
2010	06/15/19	.40%-4.0%	15,640,000	8,380,000	1,280,000	7,100,000
2010	06/15/30	4.0%-5.0%	30,660,000	30,660,000	-	30,660,000
				$ 343,730,000	$ 15,180,000	$ 328,550,000

2001 Series A bonds mature through 2026 as follows:

Fiscal Year	Principal	Interest	Total
2015	$ 1,410,000	$ 1,323,612	$ 2,733,612
2016	1,485,000	1,247,825	2,732,825
2017	1,565,000	1,168,006	2,733,006
2018	1,645,000	1,083,888	2,728,888
2019	1,735,000	995,469	2,730,469
2020-2024	11,415,000	3,450,925	14,865,925
2025-2026	6,195,000	468,500	6,663,500
Total	$ 25,450,000	$ 9,738,225	$ 35,188,225

2001 Series B bonds mature through 2024 as follows:

Fiscal Year	Principal	Interest	Total
2015	$ 5,325,000	$ 3,122,106	$ 8,447,106
2016	5,535,000	2,855,856	8,390,856
2017	5,760,000	2,579,106	8,339,106
2018	5,990,000	2,291,106	8,281,106
2019	6,230,000	1,991,606	8,221,606
2020-2024	35,290,000	5,069,500	40,359,500
Total	$ 64,130,000	$ 17,909,280	$ 82,039,280

2001 Series C bonds mature through 2031 as follows:

Fiscal Year	Principal	Interest	Total
2015	$ 1,460,000	$ 1,810,837	$ 3,270,837
2016	1,530,000	1,737,838	3,267,838
2017	1,610,000	1,676,637	3,286,637
2018	1,690,000	1,612,237	3,302,237
2019	1,770,000	1,527,737	3,297,737
2020-2024	10,280,000	6,360,725	16,640,725
2025-2029	13,020,000	3,543,000	16,563,000
2030-2031	6,120,000	462,500	6,582,500
Total	$ 37,480,000	$ 18,731,511	$ 56,211,511

2005 Series A bonds mature through 2031 as follows:

Fiscal Year	Principal	Interest	Total
2015	$ 2,795,000	$ 3,468,277	$ 6,263,277
2016	2,930,000	3,328,528	6,258,528
2017	3,080,000	3,182,027	6,262,027
2018	3,235,000	3,043,427	6,278,427
2019	3,395,000	2,881,677	6,276,677
2020-2024	19,690,000	11,929,138	31,619,138
2025-2029	24,930,000	6,604,926	31,534,926
2030-2031	11,715,000	885,500	12,600,500
Total	$ 71,770,000	$ 35,323,500	$ 107,093,500

2005 Series B bonds mature through 2031 as follows:

Fiscal Year	Principal	Interest	Total
2015	$ 3,565,000	$ 4,396,106	$ 7,961,106
2016	3,745,000	4,217,857	7,962,857
2017	3,930,000	4,030,606	7,960,606
2018	4,125,000	3,834,106	7,959,106
2019	4,335,000	3,627,856	7,962,856
2020-2024	25,145,000	14,966,230	40,111,230
2025-2029	32,045,000	8,651,200	40,696,200
2030-2031	15,070,000	1,139,000	16,209,000
Total	$ 91,960,000	$ 44,862,961	$ 136,822,961

2005 Series C bonds mature through 2019 as follows:

Fiscal Year	Principal	Interest	Total
2015	$ 1,315,000	$ 252,211	$ 1,567,211
2016	1,370,000	199,612	1,569,612
2017	1,425,000	144,813	1,569,813
2018	1,465,000	102,063	1,567,063
2019	1,525,000	43,463	1,568,463
Total	$ 7,100,000	$ 742,162	$ 7,842,162

2005 Series D bonds mature through 2034 as follows:

Fiscal Year	Principal	Interest	Total
2015	$ -	$ 1,497,300	$ 1,497,300
2016	-	1,497,300	1,497,300
2017	-	1,497,300	1,497,300
2018	-	1,497,300	1,497,300
2019	-	1,497,300	1,497,300
2020-2024	7,955,000	6,729,750	14,684,750
2025-2029	9,985,000	4,706,300	14,691,300
2030-2034	12,720,000	1,970,500	14,690,500
Total	$ 30,660,000	$ 20,893,050	$ 51,553,050

Notes Payable

In July 2009 the District entered into a settlement agreement with the San Francisco Police Department (SFPD). Under the agreement, the District agreed to pay $393,025 in installments which started August 1, 2011.

Fiscal Year	Principal
2015	$ 100,000
Total	$ 100,000

Capital Leases

The District leases equipment under capital lease agreements, secured by capital assets with net book value $534,162. Future minimum lease payments are as follows:

The District's liability on lease agreements with option to purchase is summarized below:

Year Ending June 30,	Lease Payment
2015	$ 162,666
2016	156,534
2017	148,845
2018	146,208
Total	614,253
Less: Amount Representing Interest	(71,125)
Present Value of Minimum Lease Payments	$ 543,128

Other Postemployment Benefits Obligation

The District's annual required contribution for the year ended June 30, 2014, was $7,536,192, and contributions made by the District during the year were $7,681,238. Interest on the net OPEB obligation and adjustments to the annual required contribution were $2,204,316 and $8,915,441, respectively, which resulted in an increase to the net OPEB obligation of $10,974,711. As of June 30, 2014, the net OPEB obligation was $66,082,607. See Note 11 for additional information regarding the OPEB obligation and the postemployment benefits plan.

NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

Plan Description

The District's Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 1,036 retirees and beneficiaries currently receiving benefits, and 1,536 active Plan members.

Funding Policy

The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2013-2014, the District contributed $7,681,238 to the Plan, all of which was used for current premiums.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the payments of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding costs) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	$ 7,536,192
Interest on net OPEB obligation	2,204,316
Adjustment to annual required contribution	8,915,441
Annual OPEB cost (expense)	18,655,949
Contributions made	(7,681,238)
Increase in net OPEB obligation	10,974,711
Net OPEB obligation, July 1, 2013	55,107,896
Net OPEB obligation, June 30, 2014	$ 66,082,607

Trend Information

Trend information for the annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the past three years is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2012	$ 16,693,040	$ 7,243,730	43%	$ 45,152,375
2013	$ 16,897,298	$ 7,243,730	43%	$ 55,107,896
2014	$ 18,655,949	$ 7,681,238	41%	$ 66,082,607

Funding Status and Funding Progress

Actuarial Accrued Liability (AAL)	$ 189,190,224
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 189,190,224
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll	95,389,727
UAAL as Percentage of Covered Payroll	198.33%

The above noted actuarial accrued liability was based on the July 1, 2011, actuarial valuation. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011, actuarial valuation, the unprojected unit credit method was used. The actuarial assumptions included a 5 percent investment rate of return (net of administrative expenses), based on the Plan being funded in an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio. Healthcare cost trend rate of 4 percent. The UAAL is being amortized at a level dollar method.

NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to property, general liability, and employee benefits. These risks are addressed through a combination of participation in public entity risk pools, commercial insurance, and self-insurance. The District is fully self-insured for workers' compensation.

The District is a member of the Statewide Association of Community Colleges (SWACC) and Schools Excess Liability Fund (SELF). The District is subject to various deductible amounts in addition to payment of premiums assessed by the pools. The pools are responsible for claims beyond the deductible amount and provide high-level umbrella type coverage above certain limits.

The risk pools are operated separately and are independently accountable for their fiscal matters. The risk pools are not component units of the District for financial reporting purposes. A copy of the most recent audited financial statements for the pools can be obtained from the District.

During the fiscal year, the District finances its risk of loss for the following deductible portion of the general liability, automotive liability, property claims, and student professional liability as follows:

General Liability	$50,000
Automobile Liability	$50,000
Property	$25,000
Student Professional Liability	$ 5,000

Estimates of liabilities for open claims, both reported and unreported, are established by the District's external administrator for known claims and by periodic actuarial valuations.

A number of claims and suits are pending against the District. In the opinion of District administration, the related liability, if any, will not materially affect the financial position of the District. No settlements exceeded insurance coverage during the last three years.

As of February 1, 2005, the District became a charter member of the Community College Insurance Group (CCIG). The District's membership is limited to dental insurance. As a result, the District transitioned from a self-insured system to a premium system. Premiums are adjusted annually based upon the previous year's experience.

As of June 30, 2014, liability for claims amounted to $4,122,214.

Claims Liabilities

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2013 to June 30, 2014 (in thousands):

	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Ending Fiscal Year Liability
As of June 30, 2014				
Workers' Compensation	$ 5,256,823	$ 5,446	$ 1,140,055	$ 4,122,214

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

CalSTRS

Plan Description

The District contributes to the CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. As a result of the Public Employee Pension Reform Act of 2013 (PEPRA), changes have been made to the defined benefit pension plan effective January 1, 2013. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 100 Waterfront Place, West Sacramento, CA 95605.

Funding Policy

Due to the implementation of the Public Employee Pension Reform Act of 2013 (PEPRA), new members must pay at least 50 percent of the normal costs of the plan, which can fluctuate from year to year. For 2013-14, the required contribution rate for new members is 8.0 percent. "Classic" plan members are also required to contribute 8.0 percent of their salary. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-2014 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's total contributions to CalSTRS for the fiscal years ended June 30, 2014, 2013, and 2012, were $7,019,085, $7,096,471, and $7,894,296, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

The District contributes to the School Employer Pool under the CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. As a result of the Public Employee Pension Reform Act of 2013 (PEPRA), changes have been made to the defined benefit pension plan effective January 1, 2013. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95811.

Funding Policy

As a result of the implementation of the Public Employee Pension Reform Act of 2013 (PEPRA), new members must pay at least 50 percent of the normal costs of the plan, which can fluctuate from year to year. For 2013-2014, the normal cost is 11.85 percent, which rounds to a 6.0 percent contribution rate. "Classic" plan members continue to contribute 7.0 percent. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-2014 was 11.442 percent of covered payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for fiscal years ending June 30, 2014, 2013, and 2012, were $1,981,879, $425,461, and $558,375, respectively, and equaled 100 percent of the required contributions for each year.

San Francisco Employees Retirement System (SFERS)

Plan Description

SFERS is a separate County department, deriving its powers, functions, and responsibilities from the County charter and ordinances of the Board of Supervisors. SFERS is reported as a single-employer defined benefit pension plan even though it includes a limited number of employees from the District and the Unified School Districts. Certain classified permanent full-time employees and certain certified employees are eligible members for SFERS. SFERS provides retirement, disability, and survivor benefits based on the employee's years of service, age, and final compensation. Employees vest after five years of service and may receive retirement benefits at age 50. SFERS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to San Francisco City and County Employees' Retirement System, 30 Van Ness, Suite 3000, San Francisco, CA 94102, or by calling 415-487-7020.

Funding Policy

Contributions are made to the basic plan by the District employees. Employee contributions are mandatory. The employee contribution rate for the fiscal years 2014 was 7.5 percent (8.0 percent for members prior to November 1976) as a percentage of gross salary. The District makes the contributions required of District employees on their behalf for their account. The funding policy SFERS provides for actuarially determined periodic contributions by the District at rates such that sufficient assets will be available to SFERS to pay benefits when due. The contribution rate for normal cost is determined using the entry age normal actuarial cost method. Based on the actuarial report, and due to benefit increases authorized by City Voters and investment performance below projected levels from 2000 through 2003, the Retirement Board required employer contributions of 24.820 percent for fiscal year 2014. For the fiscal years ended June 30, 2014, 2013, and 2012, the District contributed $8,411,936, $7,508,696, and $7,821,808, respectively.

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the Social Security as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 6.20 percent of an employee's gross earnings. An employee is required to contribute 6.20 percent of his or her gross earnings to the pension plan.

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal years ended June 30, 2014, 2013, and 2012, which amounted to $5,302,096, $5,049,382, and $5,015,738, respectively, (5.541 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the years ended June 30, 2014, 2013, and 2012. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

Deferred Compensation

The District offers its employees a CalPERS administered 457 Deferred Compensation Program (the Program). The Program, available to all permanent employees, permits them to defer a portion of pre-tax salary into investment of an individual's own choosing until future years. The deferred compensation is not available to the employees or their beneficiaries until termination, retirement, death, or an unforeseeable emergency. The CalPERS Board controls the investment and administrative functions of the CalPERS 457 Deferred Compensation Program. The Board for the exclusive benefit of participating employees, which adds security, holds the assets in trust.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. The District is currently undergoing an audit by the Department of Education of the Student Financial Aid program Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2014.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2014.

Operating Leases

The District has entered into various operating leases for buildings and equipment with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date. Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	Lease Payment
2015	$ 1,091,126
2016	823,801
2017	100,000
Total	$ 2,014,927

Construction Commitments

As of June 30, 2014, the District was committed under various capital expenditure purchase agreements for $541,596.

NOTE 15 - RESTATEMENT OF BEGINNING NET ASSETS

The District's prior year beginning net position has been restated as of June 30, 2014.

Effective in fiscal year 2012-2013, the District was required to expense the non- insurance portion of bond issuance costs. The implementation of this standard required a change in accounting principle and restatement of the beginning net position of the District by $1,447,135.

Net Position - Beginning	$ 135,365,675
Restatement of deferred issuance costs for implementation of GASB Statement No. 65	(1,447,435)
Net Position - Beginning, as Restated	$ 133,918,240

NOTE 16 - FISCAL RESPONSIBILITY AND SUBSEQUENT EVENTS

Operations

In July 2012, the ACCJC issued a Show Cause sanction to CCSF. In October 2012, CCSF submitted the first of two required reports (the "Special Report") to the ACCJC to demonstrate progress toward resolving the issues raised by the ACCJC contained within four of the Eligibility Requirements and within 14 Recommendations regarding the Standards. An Institutional Self Evaluation Report, along with its enclosed Closure Report, collectively constituted the "Show Cause Report," the second of the two required reports, which the College submitted in March 2013. The ACCJC conducted a Show Cause visit in April 2013 and took action to terminate CCSF's accreditation effective July 2014. CCSF appealed the termination action pursuant to the ACCJC Bylaws and the ACCJC Appeals Manual. On June 13, 2014, the Hearing Panel of the Accrediting Commission of Community and Junior Colleges issued its decision remanding the case back to the Commission for further evaluation. On July 21, 2014, the Commission confirmed that it would uphold its prior decision.

In June 2014, the Accrediting Commission for Community and Junior Colleges announced a proposed new accreditation policy for institutions that have been notified of termination for failure to meet ACCJC standards. Under this new policy, an institution can apply for restoration of its accreditation prior to the effective date of termination. After careful consideration, City College of San Francisco submitted an application for Restoration Status to the Accrediting Commission for Community and Junior Colleges on July 28, 2014. This decision was reached after a thorough review of all possible avenues forward. On July 30, 2014, ACCJC accepted the application.

Fiscal Responsibility

Although the District has $124,901,876 in net position as of June 30, 2014, the unrestricted net position is a deficit for the fifth consecutive year, with a negative balance of ($37,370,109), as of June 30, 2014. The balance of the offsetting positive net position of $162,271,985 is largely centered in capital assets and related capital project activities totaling $149,087,417 as of June 30, 2014. The deficit in unrestricted net position is significantly impacted by the cumulative unfunded Other Post Employment Benefits (OPEB) liability of $66,082,607 as of June 30, 2014, which increased by $10,974,711 for the year ended June 30, 2014.

The District experienced a decrease in net position of $9,016,364 for the year ended June 30, 2014. The loss before capital revenues for the year ended June 30, 2014 was $10,418,306. Depreciation expense included in the above decreases was $38,750,000, for 2014.

The District monitors revenues, expenditures, and related cash position on a weekly or biweekly basis throughout fiscal year 2013/2014. District revenue forecasts are positive as the District is in stability.

REQUIRED SUPPLEMENTARY INFORMATION

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Method Used (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
October 1, 2009	$ -	$ 156,918,436	$ 156,918,436	0%	$ 119,914,051	131%
July 1, 2011	-	189,190,224	189,190,224	0%	118,787,767	159%

Supplementary Information

DISTRICT ORGANIZATION
JUNE 30, 2014

San Francisco Community College District was established in 1935 and is located in San Francisco County. There were no changes in the boundaries of the District during the current year. The District's college is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
John Rizzo	President	2014
Anita Grier	Vice President	2014
Natalie Berg	Member	2016
Chris Jackson	Member	2016
Rafael Mandelman	Member	2016
Steve Ngo	Member	2016
Lawrence Wong	Member	2014
William Walker	Student Trustee	2014
Robert Agrella	Special Trustee	Not applicable

ADMINISTRATION

Dr. Arthur Q. Taylor	Chancellor
Mr. Ronald P. Gerhard	Vice Chancellor of Finance and Administration
Mr. John Bilmont	Associate Vice Chancellor / Chief Financial Officer

See accompanying note to supplementary information.

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Program Name	CFDA Number	Pass-Through or Direct Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Pell Grant	84.063	[1]	$ 27,577,164
Federal Pell Grant Administrative	84.063	[1]	42,520
Federal Work-Study Program	84.033	[1]	804,816
Federal Direct Loan	84.268	[1]	4,628,906
Federal Supplemental Educational Opportunity Grants	84.007	[1]	849,682
Total Student Financial Assistance Cluster			33,903,088
TRIO Student Support Services	84.042	[1]	350,533
Asian Pacific American Leaders	84.031L	[1]	89,151
Passed through San Francisco State University			
Fund for the Improvement of Postsecondary Education	84.116B	P116B100122	11,903
Passed through California Department of Education (CDE)			
Vocational English as a Second Language	84.002A	14508	1,035,948
Adult Secondary Education	84.002A	13978	143,213
Civics Education	84.002A	14109	54,369
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act - Title I, Part C -			
Basic Grants to States	84.048	C01-048	1,158,513
Title IC Career Tech Ed Transitions	84.048	112-360	44,025
TOTAL U.S. DEPARTMENT OF EDUCATION			36,790,743

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
FOR THE YEAR ENDED JUNE 30, 2014

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)			
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families	93.558	[2]	$ 578,781
Child Care Development Fund Cluster			
Passed through California Department of Education (CDE)			
Early Childhood Mentoring Program	93.575	CN120046	377,145
Child Care Development Block Grant - Centers Based	93.575	321-13609-7353	23,526
Child Care Development Block Grant - Centers Based	93.575	324-15136-7353	11,221
Child Care Development Block Grant - State Preschool	93.575	321-13609-7353	73,907
Child Care Development Block Grant - State Preschool	93.575	324-15136-7353	35,247
Total Child Care Development Fund Cluster			521,046
Passed through California Department of Health Services			
Medical Administrative Activities	93.778	[2]	233,712
Passed through San Francisco Department of Health and Human Services			
Transitions Clinic Network	93.610	1C1CMS331071-01-00	324,671
Transitions Clinic Network	93.610	TC-003-13	418,521
Passed through Public Health Foundation Enterprises			
Linkages Initiative	93.531	[2]	86,647
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			2,163,378
U.S. DEPARTMENT OF LABOR			
Workforce Investment Act			
Workforce Investment Act Cluster			
Passed through the City and County of San Francisco			
SFMOEWD- JVS Youth Sector Bridges	17.259	[2]	14,040
Passed through Employment Training Administration			
Consortium for Bioscience Credentials	17.282	FTCC-CCSF	450,802
Total Workforce Investment Act Cluster			464,842
Passed through the City and County of San Francisco			
SFMOEWD -Tech SF Initiative	17.268	DPBE1300018601	79,994
SFMOEWD- Tech SF WIF	17.283	DPBE1300018601	58,502
TOTAL U.S. DEPARTMENT OF LABOR			603,338

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
FOR THE YEAR ENDED JUNE 30, 2014

U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education			
Child and Adult Food Program	10.558	04390-CACFP-38-CC-CS	$ 60,837
U.S. DEPARTMENT OF EDUCATIONAL AND CULTURAL AFFAIRS			
Passed through Northern Virginia Community College			
Academic Exchange Programs - Undergraduate Studies	19.009	S-ECAAS-12-CA-050-CB	165,687
NATIONAL SCIENCE FOUNDATION			
Education and Human Resource - National Tech Center for Biolink*	47.076	[1]	818,983
Education and Human Resource - University of Massachusetts Projects*	47.076	[1]	78,941
Education and Human Resources - PIPED*	47.076	[1]	88,456
Education and Human Resources - MESA/STEM*	47.076	[1]	12,863
Education and Human Resources - TechSpot 2.0*	47.076	[1]	140,298
Education and Human Resources - Stem Cell Pipeline*	47.076	[1]	147,914
Education and Human Resource - Mid-Pacific Information and Communications Technology Regional Center*	47.076	[1]	749,990
TOTAL NATIONAL SCIENCE FOUNDATION			2,037,445
U. S. DEPARTMENT OF VETERANS AFFAIRS			
Veterans Education	64.120	[1]	3,756
U. S. DEPARTMENT OF COMMERCE			
FCCC-CA Connets-MESA	11.557	[1]	103
Broadband Technology Opportunities Program-BEMA	11.557	[1]	134,837
Broadband Technology Opportunities Program-CNIT	11.557	[1]	103,567
TOTAL U.S. DEPARTMENT OF COMMERCE			238,507
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 42,063,691

[1] Pass through number not applicable, direct funded
[2] Pass through number not available.

See accompanying note to supplementary information.

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30,

	Program Entitlements			Program Revenues				
Program	Current Year	Prior Year	Total Entitlement	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
GENERAL FUND								
AB 1725 - Staff Development and Diversity Programs	$ 13,476	$ 42,851	$ 56,327	$ 56,327	$ -	$ 38,332	$ 17,995	$ 17,995
AB 86 Adult Ed Consortium	382,950	-	382,950	191,475	-	191,475	-	-
Basic Skills-One Time & On-going	857,152	-	857,152	857,152	-	91,502	765,650	765,650
Board of Financial Aid Program	1,028,213	-	1,028,213	1,028,213	-	3,686	1,024,527	1,024,527
Calworks	406,885	-	406,885	406,885	-	3,927	402,958	402,958
California Nursing Support	164,000	-	164,000	137,760	26,240	-	164,000	164,000
Carreer Technical Education - Collaborative, Hub & Teacher	250,000	635,973	885,973	839,100	46,873	203,810	682,163	682,163
California Institute for Regenerative Medicine	-	270,162	270,162	270,162	-	15,000	255,162	255,162
Cal Grant	1,189,544	-	1,189,544	1,154,360	16,080	-	1,170,440	1,170,440
CIRM-Bridges Stem Cell	444,305	-	444,305	444,305	-	274,619	169,686	169,686
Childcare Taxbailout	77,151	-	77,151	77,151	-	-	77,151	77,151
Center Based Child Development	137,322	30,065	167,387	151,877	-	14,554	137,323	137,323
Childcare Food Program - State Share	130,000	155	130,155	50,182	56,609	-	106,791	106,791
CCCCO FSS MESA	50,500	-	50,500	30,300	19,633	-	49,933	49,933
Disable Students Programs & Services	1,632,465	-	1,632,465	1,632,465	-	215,882	1,416,583	1,416,583
DSPS Recalculation FY08-07	-	18,204	18,204	18,204	-	18,204	-	-
Economic Development (EWD)	784,750	583,308	1,368,058	552,431	328,530	-	880,961	880,961
Extended Opportunity Programs & Services (EOPS & CARE)	1,301,707	8,833	1,310,540	1,310,540	-	29,722	1,280,818	1,280,818
Foster Parenting	79,451	-	79,451	39,368	40,083	-	79,451	79,451
Family Pact Medicaid	2,350,164	-	2,350,164	794,622	944,093	399,334	1,339,381	1,339,381
Instructional Equipment and Replacement Block Grant	433,196	-	433,196	433,196	-	155,376	277,820	277,820
Matriculation Credit & Non-Credit	2,708,812	-	2,708,812	2,708,812	-	672,980	2,035,832	2,035,832

See accompanying note to supplementary information.

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30,

	Program Entitlements			Program Revenues				
Program	Current Year	Prior Year	Total Entitlement	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
SFDPH/MHSA MHCHW	$ 326,709	$ 27,465	$ 354,174	$ 104,254	$ 155,890	$ -	$ 260,144	$ 260,144
SFDPH Medicinal Drumming Pra	-	19,541	19,541	-	-	-	-	-
Scheduled Deferred Maintenance and Repairs AB1290	-	237,235	237,235	-	-	-	-	-
Special Trustee	289,000	-	289,000	289,000	-	26,145	262,855	262,855
State Department of Real Estate	75,000	-	75,000	33,433	41,567	-	75,000	75,000
State Preschool	747,821	275,348	1,023,169	601,360	355,147	-	956,507	956,507
San Francisco First Five-Preschool to all	116,938	-	116,938	101,635	-	-	101,635	101,635
San Francisco Community College District - New Chinatown	-	344,232	344,232	-	-	-	-	-
San Francisco College - Joint Use Facility	-	221,952	221,952	-	-	-	-	-
Transfer and Articulation	-	6,918	6,918	-	-	5,677	1,241	1,241
Total				$ 14,314,569	$ 2,030,745	$ 2,360,225	$ 13,992,007	$ 13,992,007

See accompanying note to supplementary information.

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE AS OF JUNE 30, 2014

CATEGORIES	Reported Data *	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2013 only)			
1. Noncredit**	325	-	325
2. Credit	-	-	-
B. Summer Intersession (Summer 2014 - Prior to July 1, 2014)			
1. Noncredit**	5	-	5
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	11,606	-	11,606
(b) Daily Census Contact Hours	693	-	693
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit**	8,015	-	8,015
(b) Credit	591	-	591
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	4,854	-	4,854
(b) Daily Census Contact Hours	-	-	-
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	26,090	-	26,090
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)			
H. Basic Skills Courses and Immigrant Education			
1. Noncredit**	6,480	-	6,480
2. Credit	1,028	-	1,028

‘* Annual report revised as of September 30, 2014.

** Including Career Development and College Preparation (CDCP) FTES.

See accompanying note to supplementary information.

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2014

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 42,347,973	$ 2,560,383	$ 44,908,356	$ 42,966,046	$ 2,560,383	$ 45,526,429
Other	1300	21,383,836	-	21,383,836	21,736,277	-	21,736,277
Total Instructional Salaries		63,731,809	2,560,383	66,292,192	64,702,323	2,560,383	67,262,706
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	7,679,127	1,318,985	8,998,112
Other	1400	-	-	-	2,541,211	-	2,541,211
Total Noninstructional Salaries		-	-	-	10,220,338	1,318,985	11,539,323
Total Academic Salaries		63,731,809	2,560,383	66,292,192	74,922,661	3,879,368	78,802,029
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	30,216,165	(4,749,272)	25,466,893
Other	2300	-	-	-	3,341,077	-	3,341,077
Total Noninstructional Salaries		-	-	-	33,557,242	(4,749,272)	28,807,970
Instructional Aides							
Regular Status	2200	1,519,891	-	1,519,891	2,095,823	-	2,095,823
Other	2400	412,692	-	412,692	438,960	-	438,960
Total Instructional Aides		1,932,583	-	1,932,583	2,534,783	-	2,534,783
Total Classified Salaries		1,932,583	-	1,932,583	36,092,025	(4,749,272)	31,342,753
Employee Benefits	3000	18,000,683	-	18,000,683	40,978,869	1,192,312	42,171,181
Supplies and Material	4000	-	-	-	1,382,728	3	1,382,731
Other Operating Expenses	5000	218,509	-	218,509	14,364,280	2,023	14,366,303
Equipment Replacement	6420	-	-	-	153,755	-	153,755
Total Expenditures Prior to Exclusions		83,883,584	2,560,383	86,443,967	167,894,318	324,434	168,218,752

See accompanying note to supplementary information.

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2014

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ -	$ 4,585,390	$ 4,585,390	$ -	$ 4,585,390	$ 4,585,390
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	-	2,985,513	2,985,513
Objects to Exclude							
Rents and Leases	5060	-	-	-	1,533,771	-	1,533,771
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	-	535,107	535,107
Classified Salaries	2000	-	-	-	-	3,000,000	3,000,000
Employee Benefits	3000	-	-	-	-	1,020,740	1,020,740
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

See accompanying note to supplementary information.

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2014

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ -	$ -	$ -
Capital Outlay							
Library Books	6000	-	-	-	-	-	-
Equipment	6300	-	-	-	-	-	-
Equipment - Additional	6400	-	-	-	-	-	-
Equipment - Replacement	6410	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	4,585,390	4,585,390	1,533,771	12,126,750	13,660,521
Total for ECS 84362, 50 Percent Law		$ 83,883,584	$ (2,025,007)	$ 81,858,577	$ 166,360,547	$ (11,802,316)	$ 154,558,231
Percent of CEE (Instructional Salary Cost/Total CEE)		50.42%		52.96%	100.00%		100.00%
50% of Current Expense of Education					$ 83,180,274		$ 77,279,116

See accompanying note to supplementary information.

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

PROPOSITION 30 EDCUATION PROTECTION ACT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2014

Activity Classification	**Object Code**				**Unrestricted**
EPA Proceeds:	8630				$ 22,822,944
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 22,822,944			$ 22,822,944
Total Expenditures for EPA		$ 22,822,944	-	-	$ 22,822,944
Revenues Less Expenditures					$ -

See accompanying note to supplementary information.

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH FUND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Summarized below are the fund balance reconciliations between the Annual Financial and Budget Report (CCFS-311) and the fund financial statements.

	Unrestricted General	Restricted General	Bond Interest and Redemption	Child Development
FUND BALANCE				
Balance, June 30, 2014, (CCFS-311)	$ 21,772,154	$ 6,982,644	$ 3,035,820	$ 4,397
Post closing adjustments	3,838,942	(2,838,006)	26,106	29,567
Balance, June 30, 2014, Audited	$ 25,611,096	$ 4,144,638	$ 3,061,926	$ 33,964

	Other Special Revenue	Capital Outlay Projects	Self Insurance
FUND BALANCE			
Balance, June 30, 2014, (CCFS-311)	$ 1,337,613	$ 2,482,242	$ 8,116,855
Post closing adjustments	(165,142)	237,235	1,134,609
Balance, June 30, 2014, Audited	$ 1,172,471	$ 2,719,477	$ 9,251,464

See accompanying note to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

This schedule provides information about the District's governing board members and administration members.

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides position between revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position - Primary Government and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period. In addition, funds have been recorded in the current period as revenues that have not been expended as of June 30, 2014. These unspent balances are reported as legally restricted ending balances within the Statement of Net Position - Primary Government.

Description	CFDA Number	Amount
Total Federal Revenues per Statement of Revenues, Expenditures, and Changes in Net Position		$ 41,553,953
Veterans Education	64.120	3,756
Medical Administrative Allowance	93.778	233,712
Federal Pell Grant Administrative	84.063	42,520
Asian Pacific American Leaders	84.031L	89,151
Child Development Cluster	84.575-84.596	143,901
		(3,302)
Total Expenditures of Federal Awards		$ 42,063,691

Subrecipients

Of the Federal expenditures presented in the schedule, the District provided Federal awards to subrecipients as follows:

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Amount Provided to Subrecipients
Education and Human Resource - National Tech Center for Biolink	47.076	$ 391,607
Education and Human Resources - Stem Cell Pipeline	47.076	54,126
Education and Human Resource - Mid-Pacific Information and Communications Technology Regional Center	47.076	60,000
Child Care Development Block Grant - Early Childhood Mentoring Program	93.575	146,771
		$ 652,504

Schedule of Expenditures of State Awards

The accompanying Schedule of Expenditures of State Awards includes the State grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The information in this schedule is presented to comply with reporting requirements of the California State Chancellor's Office.

Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance

Full-Time Equivalent Students (FTES) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation

ECS 84362 requires the District to expend a minimum of 50 percent of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

Proposition 30 Education Protection Act (EPA) Expenditure Report

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

Reconciliation of Annual Financial and Budget Report (CCFS-311) With Fund Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's internal fund financial statements.

INDEPENDENT AUDITOR'S REPORTS

VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITOR'S 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*

Board of Trustees
San Francisco Community College District
San Francisco, California

We have audited, in accordance with 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, the basic financial statements of the business-type activities of San Francisco Community College District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 31, 2014.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 15 to the financial statements, the District has elected to change its method of accounting for cost of debt issuance as prescribed by GASB No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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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 financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 through 2014-002 to be material weaknesses.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to management of the District in a separate letter dated December 31, 2014.

San Francisco Community College District's Responses to the Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
December 31, 2014

VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Trustees
San Francisco Community College District
San Francisco, California

Report on Compliance for Each Major Federal Program

We have audited San Francisco Community College District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2014. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

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Unmodified Opinion on Major Federal Programs

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003 that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003 to be a material weakness.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
December 31, 2014

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
San Francisco Community College District
San Francisco, California

Report on State Compliance

We have audited San Francisco Community College District's (the District) compliance with the types of compliance requirements as identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in December 2013 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2014.

Management's Responsibility

Management is responsible for compliance with the requirements identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in December 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Basis for Qualified Opinion

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding Section 431 Gann Limit Calculation as noted in Finding 2014-004; Section 421 Salaries of Classroom Instructors (50 Percent Law) as noted in Finding 2014-005; and Section 438 Student Fees – Health Fees and Use of Health Fee Funds as noted in Finding 2014-0056. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to those programs.

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Qualified Opinion

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2014.

Unmodified Opinion for Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2014, except as described in the State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.

Other Matters

We noted certain matters that we reported to management of the District in a separate letter dated December 31, 2014.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Concurrent Enrollment of K-12 Students in Community College Credit Courses
Section 430	Schedule Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 438	Student Fees – Health Fees and Use of Health Fee Funds
Section 439	Proposition 39 Clean Energy
Section 474	Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged (TBA) Hours
Section 490	Proposition 1D State Bond Funded Projects
Section 491	Proposition 30 Education Protection Account Funds

The District reports no Instructional Service Agreements /Contracts for Apportionment Funding or Proposition 1D State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
December 31, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2014

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	No

Identification of major Federal progı

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.063	Student Financial Aid Cluster
84.002	Title II
84.042	Trio Student Support Services
14.227	Child Care Development Block Grant
93.558	TANF
17.282	Forsyth Tech - Consortium for Bioscience Credentials
47.076	National Science Foundation

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	No

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	Qualified

Unmodified for all State programs except for the following State programs which were qualified:

Name of State Program
431 Gann Limit Calculation
421 Salaries of Classroom Instructors (50% Law)
438 Student Fees - Health Fees and use of Health Fee Funds

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2014

The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

2014-001 Finding – Year End Closing
Material Weakness

Criteria or Specific Requirement
Accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board, require entities to establish and maintain effective internal control over financial reporting to prepare timely, accurate financial reports.

Condition
The year end closing process was not comprehensive and did not ensure that account balances were reconciled and correct. The Annual Financial and Budget Report (CCFS-311) financial statements were prepared from data that was not complete. The trial balance and CCFS-311 were incomplete and / or contained the following errors:

- As of October 2014, county cash accounts were not reconciled past March 2014.
- Interfund transactions did not balance.
- The schedule of federal and state awards, capital asset analysis, and compensated absence information was not available until December 2014.
- Self insurance workers compensation claims liability amount was overstated by $1.1 million.
- The schedule of state awards included an understatement of receivables of approximately $200,000, unearned revenue of approximately $200,000, and omitted $25,000 payable to grantor.

Questioned Costs
None.

Context
County cash approximates $77 million at June 2014, and state grants account for approximately $12 million of annual expenditures.

Effect
Reconciliations and adjustments to year end balances occurring after the preparation of fiscal year end reports decrease the relevance and usefulness of the reports and delay the reporting process.

Cause
The District's did not operating effectively to ensure that all transactions were recorded timely and accurately

Recommendation
The District should ensure adequate time is spent in reviewing and reconciling all accounts during year end close, and before preparation of the CCFS-311 to ensure that accurate, timely information is reported to users of the financial information.

Management's Response and Corrective Action Plan
As of December 2014 the District has filled a significant number of previously vacant positions

within the Finance Office. With the filling of these positions the District will be equipped and sufficiently staffed to ensure adequate time is spent in reviewing and reconciling all accounts during year end close, and before preparation of the CCFS-311 to ensure that accurate, timely information is reported to users of the financial information. Additionally, the District will ensure staff and responsible management are properly trained on fiscal year end closing procedures.

2014-002 Finding – Capital Assets
Material Weakness

Criteria or Specific Requirement
Accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board, require entities to calculate depreciation of capital assets.

Condition
Depreciation expense was estimated based on prior year calculations due to the fact the current year schedules were not available in a timely manner.

Questioned Costs
None.

Context
Depreciable capital assets for buildings and equipment were approximately $650 million. No significant additions were added in 2013/2014. Depreciation in the prior year was calculated as approximately $38.5 million.

Effect
Accumulated depreciation on the Statement Net Position has been estimated by assuming one year of depreciation based on prior year calculations instead of current year calculations.

Cause
The District's did update depreciation schedules in a timely effective manner.

Recommendation
The District should complete capital asset and depreciation schedules during year end close processes to ensure that accurate, timely information is reported to users of the financial information.

Management's Response and Corrective Action Plan
As of December 2014 the District has filled a significant number of previously vacant positions within the Finance Office. With the filling of these positions the District will be equipped and sufficiently staffed to ensure adequate time is spent in reviewing and reconciling capital asset accounts, including the calculation of depreciation. Additionally, the District will ensure staff and responsible management are properly trained on fiscal year end closing procedures.

2014-003 Finding Preparation of Schedule of Federal Awards
Material Weakness – Internal Control Over Compliance

Criteria or Specific Requirement
OMB Circular A-133, Section 310 (b) requires recipients of federal funds to prepare an accurate schedule of expenditures of federal awards for the period covered by the financial statements being audited. The schedule of expenditures of federal awards should include:
1) A list of federal programs, indentified by federal agency.
2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity.
3) Total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
4) Include notes that describe the accounting policies used in preparing the schedule.
5) Pass-through entities should identify in the schedule.
6) The value of the Federal awards expended in the form on non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end

Condition
Federal awards accounts receivables appeared to be overstated by approximately $1 million, unearned revenue by approximately $100,000, and a misclassification of unearned revenue that should be reported as receivables due to debit balances of $54,000.

Questioned Costs
None.

Context
The District federal grant expenditures are approximately $40 million per year.

Effect
The District did not accurately report its federal grant activity.

Cause
Lack of training and oversight of federal grant activity.

Recommendation
The District should develop and implement procedures to ensure that the Schedule of Federal Awards is properly and accurately completed and reviewed by District staff prior to the start of the audit.

Management's Response and Corrective Action Plan
The District has begun to review and evaluate all processes and practices within its Business Office, including the development and compilation of its Schedule of Federal Awards. Even at the beginning of this evaluation it was evident that staff and management training was critically necessary. In response, all managers and staff are required to attend weekly training sessions covering targeted areas of responsibility. For example, on December 3, 2014 an outside Certified Public Accountant conducted a training focused on grant accounting, related fiscal year end closing procedures, and the preparation of the District's Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards. These trainings will continue through fiscal year 2014-15 covering other focused topics.

The following findings represent instances of noncompliance and/or questioned costs relating to State program laws and regulations.

2014-004 Finding - GANN Limit Calculation
Significant Deficiency – State Compliance

Criteria or Specific Requirement

Article XIII-B of the California Constitution and Chapter 1205, Statutes of 1980, requires each community college to compute its annual appropriation limit.

Condition

The District included in the population factor P2 FTES for non-resident students. This results in the 2014-15 Gann limit, adjusted by inflation and population factors, being understated by $814,064. The population factor excluding non-resident students would be .7885 rather than the .7850 used in the calculation reported in the CCFS-311 report submitted to the State of California.

Questioned Costs

None, due to the fact that the District is still within its appropriation limits.

Context

Article XIIIB of the State Constitution stipulates that each community college calculate the annual appropriation limit.

Effect

The District GANN Appropriation Limit was incorrectly calculated on the CCFS 311.

Cause

The cause was due to the inclusion of nonresident FTES.

Recommendation

We recommend the District ensure that the form instructions are followed and nonresident FTES are excluded from the calculations.

Management's Response and Corrective Action Plan

The District will conduct in-service training covering preparation of the GANN limit calculation for staff and management responsible for preparing and reviewing the GANN limit calculation. The District revised the 2014 GANN limit computation and noticed it to the Board in December 2014.

2014-005 Finding – 50% Law Calculation
Significant Deficiency – State Compliance

Criteria or Specific Requirement
Education Code 84362 requires that a minimum of 50 percent of the District's Current Expense of Education (CEE) be expended during each year for "Salaries of Classroom Instructors".

Condition
The CCFS-311 form was completed prior to the District finalizing its year end closing numbers. Therefore, the 50% law calculation included in the CCFS-311 was not accurate.

Questioned Costs
None, the District remains in compliance

Context
The original CCFS-311 form reported instructional costs as $83,883,584 and CEE $166,360,547. The revised amounts were $81,858,577 and $154,558,231.

Effect
The 50% law calculation was not accurate, however the District continued to meet the minimum requirements after accounting for the revisions.

Cause
The CCFS-311 form was completed prior to the District finalizing its year end closing numbers.

Recommendation
The District should ensure adequate time is spent in reviewing and reconciling all accounts during year end close, and before preparation of the CCFS-311 to ensure that accurate, timely information is reported to users of the financial information.

Management's Response and Corrective Action Plan
As of December 2014 the District has filled a significant number of previously vacant positions within the Finance Office. With the filling of these positions the District will be equipped and sufficiently staffed to ensure adequate time is spent in reviewing and reconciling all accounts during year end close, and before preparation of the CCFS-311 to ensure that accurate, timely information is reported to users of the financial information. Additionally, the District will ensure staff and responsible management are properly trained on fiscal year end closing procedures.

2014-006 Finding – Health Fees
Significant Deficiency – State Compliance

Criteria or Specific Requirement
Education Code Section 76355 also requires boards to adopt rules and regulations that exempt certain students from the payment of health fees. Under subsection (c), districts **must** exempt students who depend on prayer for healing, and students attending community college under an approved apprenticeship program. Districts should also ensure that the existence of the two statutory exemptions is communicated effectively to the students so that they will be aware of potential applicable exemptions.

Condition
The procedures to apply for health fee exemptions are not clearly defined in the course catalog.

Questioned Costs
None

Context
Procedures to apply for health fee exemptions were included online and in course schedules, however they were not also included in the course catalog.

Effect
The District did not comply with the recommendation to publish procedures for health fee exemptions in the course catalog.

Cause
Procedures to apply for health fee exemptions were not clearly stated in the catalog.

Recommendation
We recommend that procedures notifying students of processes to request exclusion from health fees be included in the course catalog.

Management's Response and Corrective Action Plan
The District is in the process of developing and implementing Board Policies and Administrative Procedures for the entire operations of the District. This includes student fees and exemptions. In addition to creating and implementing an administrative procedures that includes providing students with a health fee exemption, the District will revise existing language contained within its course catalog referencing this administrative procedure and health fee exemptions available to students.

2013-1 Finding – Year End Closing
Significant Deficiency

Criteria or Specific Requirement
Accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board, require entities to establish and maintain effective internal control over financial reporting.

Condition
The Annual Financial and Budget Report (CCFS-311) financial statements and the GASB 35 Conversion entries presented to begin the audit contained the following errors:

- A receivable from the Department of Human Services dated from the 2007-08 year was still maintained on the District's general ledger. The District has written to the Department of Human Services to inquire about the status of the receivable, however, no response has been received to date. The balance of the receivable totaled $169,087 at June 30, 2013.
- The land reported on the Statement of Net Assets through conversion entries was understated by approximately $1.4 million as a result of a prior year transaction related to the Chinatown property transactions.

Questioned Costs
None.

Context
Accounts receivables and fund balance includes an amount of $169,087 that may not be collectible. In addition, one conversion entry related to land transactions in a prior year was not reported appropriately.

Effect
Reconciliations and adjustments to year end balances occurring after the preparation of fiscal year end reports decrease the relevance and usefulness of the reports.

Cause
The District's internal controls were not operating effectively to ensure that all transactions are recorded properly and that receivables other than student receivables were assessed for collectibility.

Recommendation
The District should:

- Continue to evaluate all receivables for collectability and consider the need to write off this amount if unlikely to collect the funds.
- Reconcile capital asset records to supporting information prior to or during the year end closing process.

Management's Response and Corrective Action Plan
The District is reviewing and documenting all of its business processes. The results will be used to ensure that coverage over program management and account reconciliations are comprehensive. Additionally, the documentation will be used to ensure that accountability matches assigned responsibilities.

Status
Not implemented, See Finding 2014-001.

2013-2 Finding – Self Insurance Fund Balance
Significant Deficiency

Criteria or Specific Requirement
The District should maintain adequate financial resources, both at an entity-wide level and at the specific fund level. Reporting standards require disclose of funds with negative fund balances.

Condition
The District maintains a Self-Insurance Fund for employee workers' compensation benefits. The District increased its assessment to the funds to recover funding for the prior years and has posted a liability within the self-insurance fund in the amount of $5.2 million. The self-insurance fund does not have sufficient assets to cover this liability which has resulted in a negative fund balance of $2.2 million. This liability would ultimately become the responsibility of the various funds which record payroll expense-specifically the District's Unrestricted General Fund. This has the possibility of negatively impacting the financial activity of the District.

Questioned Costs
None.

Context
Workers compensation benefits liabilities are estimated based on actuarial studies using past history and future projections and resulted in a $5.2 million liability.

Effect
There were not sufficient assets in the self insurance fund to cover the liability for self-insurance.

Cause
The District has not provided the financial resources to adequately fund the liability balance.

Recommendation
The District should determine the funding level to provide sufficient reserves for this fund to target a date to return the fund to a balanced position.

Management's Response and Corrective Action Plan
The District is obtaining a new actuarial analysis for its Workers Compensation liability funding plan. This study will be used to establish the new rates required to balance the funding for the plan.

Status
Implemented.

2013-3 Finding - Daily Attendance Accounting and Reporting
Significant Deficiency – State Compliance

Criteria or Specific Requirement
Title 5, section 58003.1 (c) defines a Daily Census course as a course that is scheduled to meet five or more days and scheduled regularly with respect to the number of hours during each scheduled day. The Student Attendance Accounting Manual (SAAM) indicates that Daily Census contact hours reported must be computed based on the regularly scheduled hours for each class as published in the official schedule of classes, and not on the total number of contact hours listed on the course outline of record or college catalog.

Condition

- 3 of 40 courses reviewed did not meet the definition of a Daily Census course as indicated above. Two courses were not scheduled to meet for more than 5 days and one course met for a different number of hours at each meeting.
- 20 of 40 courses contact hours reported did not appear to be computed based on the regularly scheduled hours for each class as published in the official schedule of classes.

Questioned Costs

- None for the three Daily courses not meeting the definition of a daily course, totaling 19.96 FTES, as they were transferred to Positive Attendance Accounting Method in the Recalculation 320 report. The amount of FTES reported in the Recalculation 320 report was 14.48 Positive Attendance FTES.
- None for the 20 courses not scheduled based on hours in the official schedule as the Recalculation 320 report corrected for 4.69 FTES overstatement noted.
- Extrapolating the error rate of 13% would have resulted in an overstatement of 105 FTES for daily census courses, and an understatement of 75 FTES for Positive Attendance FTES.

Context
The above items were noted during review of 40 Daily Census courses held during the 2012-13 academic year that were claimed for apportionment

Effect
The District was not in compliance with the Daily Census attendance accounting requirements.

Cause
It appears there were errors in scheduling Daily Census type courses. In addition, it appears the contact hours being claimed were based on the total contact hours listed on the course outline of record or college catalog.

Recommendation
The District should reconcile contact hours per the class schedule with the contact hours that are being claimed for apportionment to ensure that Daily classes being claimed for apportionment are in line with the appropriate Education Code and Student Attendance Accounting Manual procedure.

Management's Response and Corrective Action Plan
The District schedules over 4,000 course sections each primary term, and has not had adequate quality assurance processes in place to ensure that the voluminous manual data entry done for each semester is done correctly.

The District is developing automated error checking procedures to verify that all course sections have accounting methods established that are in accordance with the Student Attendance Accounting Manual for the ways that the course is scheduled. These error-checking procedures will be in place in order to ensure that all classes in the 2013/14 academic year have appropriate accounting methods established.

Status
Implemented.

2013-4 Finding - To Be Arranged Hours (TBA)
Significant Deficiency – State Compliance

Criteria or Specific Requirement
Title 5 Section 55002(a)(3), 55002(b)(3), 58050(a)(5), 58051(a)(1) indicates that specific instructional activities, including those conducted during TBA hours, expected of all students enrolled in the course be included in the official course outline. In order to inform students, instructors should indicate in the syllabus or in another required assignment document both the objective and purpose of the TBA hours and the requirement that all enrolled students in the course must adhere to the designated TBA schedule. The syllabus or other document should be distributed in class so that all students have the information needed regarding TBA. (§§ 58003.1(b), 58003.1(c); Student Attendance Accounting Manual, page 3.3.). If a credit census-based course includes required instructional hours for enrolled students that are listed as “TBA” or “Hours to be Arranged” in the official schedule or addenda thereto, documentation is required to demonstrate that each student has completed the TBA requirement as appropriate for either the Weekly or Daily Census attendance accounting procedures. (§§ 58003.1(b), 58003.1(c); Student Attendance Accounting Manual, page 3.3.). Legal Advisory 08-02 and Legal Memorandum dated January 26, 2009 indicate that there must be some type of instruction provided and/or activity that is not an activity that should be done independently outside of class time. In this regard, the District should not include within TBA hours unsupervised activities.

Condition
- The outlines of all the courses reviewed did not describe the specific instructional activities for the TBA hours or did not indicate that the lab was by-arrangement.
- Six of 15 course syllabi did not inform enrolled students of the TBA instructional activities and expectations for completion of the TBA requirement.
- Attendance was provided for 8 of the 15 courses requested. However, for those 8 courses in which attendance that was provided, the documentation did not indicate that all students claimed for apportionment completed the minimum required TBA hours by census date.
- Four of 15 courses indicated in the course syllabus that the TBA activities included a component of unsupervised work.

Questioned Costs

- No questioned costs are applicable to the lack of disclosures in the course syllabus or course outlines of record.
- Questioned costs related for which attendance was not available or included unsupervised activities totaled 19.47 FTES for weekly courses and 5.19 FTES for daily courses.
- The District adjusted FTES for these courses by a reduction of 8.13 FTES for weekly courses through submission of the Recalculation 320 report, leaving a net of 11.34 FTES for weekly courses and 5.19 FTES for daily course that had not been adjusted in the Recalculation 320 report.
- Extrapolating the error rate to all TBA courses would result in an overstatement of 123.46 FTES for weekly courses and 92.16 for daily courses.

Context
We tested 15 out of 69 (21%) of courses that included TBA contact hours.

Effect
The District reported FTES for TBA courses that didn't meet the State's requirements for claiming TBA courses for apportionment.

Cause
Outlines and syllabi were not updated to incorporate the required disclosures for TBA courses. Attendance documentation was not consistently maintained to support the TBA hours being claimed. The District does not appear to have a standardized process to centralize attendance records associated with TBA course contact hours.

Recommendation
We recommend that the District establish a policy to centralize records associated with TBA attendance. A process to perform an internal review of all TBA courses claimed for apportionment prior to submission of the Annual 320 report should be implemented and should occur at least once a year. The internal review should include a review of course outlines and syllabi for proper disclosures, as well as a review of TBA attendance documents, to ensure no unsupported TBA hours are claimed for apportionment.

Management's Response and Corrective Action Plan
The District is developing a policy so that appropriate records for TBA attendance, including course syllabi and records of individual daily student attendance, will be maintained in division offices.

In addition, the District will implement an internal audit process to ensure that these records are appropriately maintained. This audit process will be conducted after each primary term and the summer session.

Status
Implemented

2013-5 Finding - GANN Limit Calculation
Significant Deficiency – State Compliance

Criteria or Specific Requirement
Article XIII-B of the California Constitution and Chapter 1205, Statutes of 1980, requires each community college to compute its annual appropriation limit.

Condition
The District included in the population factor P2 FTES for non-resident and apprenticeship students. This results in the 2012-13 Gann limit, adjusted by inflation and population factors, being overstated by $1,541,282. The population factor excluding non-resident and apprenticeship students would be 1.0224 rather than the 1.0292 used in the calculation reported CCFS-311 report submitted to the State of California.

Questioned Costs
None, due to the fact that the District is still within its appropriation limits.

Context
Article XIIIB of the State Constitution stipulates that each community college calculate the annual appropriation limit.

Effect
The District GANN Appropriation Limit was incorrectly calculated on the CCFS 311.

Cause
The cause was due to the inclusion of nonresident and apprenticeship FTES.

Recommendation
We recommend the District ensure that the form instructions are followed and nonresident and apprenticeship FTES are excluded from the calculations.

Management's Response and Corrective Action Plan
The District will conduct in-service training for preparation of the GANN limit calculation for those staff responsible for preparing the GANN limit calculation.

Status
Not Implemented – See Finding 2014-003.

2013-6 Finding - Open Enrollment
Significant Deficiency – State Compliance

Criteria
Section 58051.5 indicates that no community college district may claim for purposes of state apportionment if such classes are not located in facilities clearly identified in such a manner, and established by appropriate procedures, to ensure that attendance in such classes is open to the general public.

Condition
Five non-credit, off campus, courses were held at facilities that were not clearly identified, or established by appropriate procedures, as open to the general public. The courses in question were all non-credit courses.

Questioned Costs
- 15.82 FTES reported on the Annual Form 320 were associated with courses held at facilities not clearly indicated as open to the general public.
- Extrapolating the error rate to all off campus courses would result in an overstatement of 54.75 FTES for positive attendance non-credit courses.

Context
25 of 108 (23%) of off campus courses were reviewed.

Effect
The District reported apportionment for courses located in facilities that were not clearly identified as being open to the general public.

Cause
Lack of monitoring off campus sites to ensure that policies over open access of sites are adhered to.

Recommendation
The District should review policies of facilities where off campus courses are held to ensure that access by the general public is open, unfettered, and publically disclosed.

Management Response
In the 2013/14 academic year the District will conduct an audit of the non-District locations where classes are held. This audit will verify that those locations have clear policies regarding open access for District classes. In addition, the District will establish internal controls to ensure that this open access is ensured and documented for any new proposed non-CCSF locations.

Status
Implemented.

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APPENDIX B

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds in substantially the following form:

April 9, 2015

Board of Trustees
San Francisco Community College District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $241,290,000 San Francisco Community College District (City and County of San Francisco, California) 2015 General Obligation Refunding Bonds (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution (the "Resolution") of the Special State Trustee of the San Francisco Community College District (the "District").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond Owner will increase the Bond Owner's basis in the applicable Bond. Original issue discount that accrues to the Bond Owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for

purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

6. The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Bond Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bond Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of bond counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and by the limitation on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the San Francisco Community College District (the "District") in connection with the issuance of $241,290,000 of the District's 2015 General Obligation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the District adopted on January 22, 2015 (the "Resolution"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially Digital Assurance Corporation, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Holders" shall mean registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

"Official Statement" shall mean the Official Statement, dated as of March 24, 2015, relating to the offer and sale of the Bonds.

"Participating Underwriter" shall mean the original purchaser(s) of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2014-15 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 business days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided.

SECTION 4. Content and Form of Annual Reports.

(a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(A) State funding received by the District for the last completed fiscal year and budgeted for the then-current fiscal year;

(B) Full time equivalent student counts of the District for the last completed fiscal year;

(C) Outstanding District indebtedness;

(D) Information regarding the current fiscal year assessed valuation of taxable property within the District, including (i) the assessed valuation of the top 20 taxpayers within the District, (ii) a per-parcel analysis of the assessed valuation of single family homes within the District, and (iii) a per-parcel analysis of the assessed valuation of the District by principal land use.

(E) Secured tax levy collections and delinquencies, unless the Teeter Plan, as adopted by City and County of San Francisco, applies to both the 1% general purpose property tax levy and to the tax levy for general obligation bonds of the District;

(F) Summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the then-current fiscal year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format accompanied by identifying information prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other

proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Bond Holders.

3. optional, contingent or unscheduled Bond calls.

4. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

7. Appointment of a successor or additional paying agent with respect to the Bonds or the change of name of such paying agent.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon 15 days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure

Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: April 9, 2015

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

By ____

Vice Chancellor, Finance and Administration

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

Name of Bond Issue: 2015 General Obligation Refunding Bonds

Date of Issuance: April 9, 2015

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:_______________________

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

By ______[form only; no signature required]_________

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APPENDIX D

GENERAL ECONOMIC AND DEMOGRAPHIC PROFILE OF THE CITY AND COUNTY OF SAN FRANCISCO

The Bonds are not obligations of the City and County of San Francisco (the "City and County"), and do not represent a lien or charge against any funds or property thereof. The following information is provided only to give prospective investors an overview of the general economic condition of the City and County, as well as the State of California (the "State").

General

The City and County of San Francisco is the only consolidated city and county in the State of California (the "State"). Located at the northern top of the San Francisco Peninsula, the City and County has just under 50 square miles of land area bordered by the Pacific Ocean and the San Francisco Bay to the west and east, respectively, with San Mateo County its neighbor to the south. Since its incorporation in 1850, it has been an important commercial and government hub in the State and for the West Coast of the United States. The City and County is the cultural and financial center of the San Francisco Bay Area, a region of over seven-and-a-half million people, and boasts strong banking, high-tech, retail, entertainment and tourism sectors, and is the headquarters for such companies as Salesforce, Wells Fargo, Gap Inc., Industrial Light & Magic, and William-Sonoma.

Population

The following table shows population estimates for the City and County and the State for years 2005 through 2014.

POPULATION ESTIMATES
City and County of San Francisco and the State of California
2005-2014

	City and County of San Francisco		State of California	
Year[1]	Population	% Change	Population	% Change
2005	780,187	--	35,869,173	--
2006	781,295	0.1%	36,116,202	0.7%
2007	787,127	0.7	36,399,676	0.8
2008	795,002	1.0	36,704,375	0.8
2009	800,239	0.7	36,966,713	0.7
2010[2]	805,235	0.6	37,253,956	0.8
2011	808,768	0.4	37,427,946	0.5
2012	816,310	0.9	37,668,804	0.6
2013	826,003	1.2	37,984,138	0.8
2014	836,620	1.3	38,340,074	0.9

(1) As of January 1.
(2) As of April 1.
Source: 2010: U.S. Department of Commerce, Bureau of the Census, for April 1.
2002-09, 2011-14 (2000 and 2010 DRU Benchmark): California Department of Finance for January 1.

Personal Income

The following table shows the per capita personal income for the City and County, the State, and the United States from 2005 through 2013. As of 2013, the City and County has the second-highest per capital personal income amount in the State.

PER CAPITA PERSONAL INCOME
City and County of San Francisco, State of California, and United States
2005-2013

Year	City and County of San Francisco	California	United States
2005	$63,216	$38,969	$35,888
2006	69,001	41,627	38,127
2007	70,840	43,157	39,804
2008	71,760	43,609	40,873
2009	66,894	41,569	39,357
2010	68,555	42,297	40,163
2011	74,425	44,666	42,298
2012	80,014	46,477	43,735
2013	84,356	47,401	44,543

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Retail Trade

The following table shows taxable sales in the City and County from 2005 through 2012.

TAXABLE SALES
City and County of San Francisco
2005-2012
(Dollars in Thousands)

Year	Retail and Food Permits	Retail and Food Taxable Transactions	Total Permits	Total Taxable Transactions
2005	15,949	$9,049,788	29,674	$13,025,974
2006	15,999	9,588,520	28,968	13,892,188
2007	15,625	10,006,572	27,906	14,614,736
2008	15,539	9,804,636	27,882	14,837,689
2009	17,024	8,511,146	26,459	12,633,575
2010	17,387	8,971,759	26,896	13,443,121
2011	17,609	9,939,895	26,936	14,890,527
2012	18,279	10,883,271	27,499	15,953,605

Note: In 2009, retail permits expanded to include permits for food services.
Source: "Taxable Sales in California (Sales & Use Tax)" - California State Board of Equalization.

Construction Activity

The following table shows new building permits and valuations in the City and County for calendar years 2011 through 2013.

BUILDING PERMITS AND VALUATIONS
City and County of San Francisco
2011-2013
(Dollars in Thousands)

Valuation ($000)	**2011**	**2012**	**2013**
Residential	$524,745	$1,295,164	$1,477,729
Non-Residential	1,137,387	759,521	1,892,794
TOTAL[1]	$1,664,143	$2,056,697	$3,372,536
New Dwelling Units			
Single Family	30	30	69
Multiple Family	1,972	3,145	5,208
TOTAL[1]	2,002	3,175	5,377

[1] Columns may not add to totals due to rounding.
Source: Construction Industry Research Board.

Employment

The following table shows civilian labor force, employment and unemployment statistics for The City and County and the State from 2007 through 2013.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
City and County of San Francisco, and State of California
2007-2013[1]

Year	**Area**	**Labor Force**	**Employment**	**Unemployment**	**Unemployment Rate**
2007	City & County of San Francisco	433,200	414,800	18,400	4.2%
	State of California	17,921,000	16,960,700	960,300	5.4
2008	City & County of San Francisco	457,800	433,900	23,900	5.2%
	State of California	18,203,100	16,890,000	1,313,100	7.2
2009	City & County of San Francisco	459,600	418,800	40,800	8.9%
	State of California	18,220,100	16,155,000	2,065,100	11.3
2010	City & County of San Francisco	460,100	416,300	43,700	9.5%
	State of California	18,336,300	16,068,400	2,267,900	12.4
2011	City & County of San Francisco	467,100	427,400	39,700	8.5%
	State of California	18,417,900	16,249,600	2,168,300	11.8
2012	City & County of San Francisco	481,000	446,400	34,700	7.2%
	State of California	18,519,000	16,589,700	1,929,300	10.4
2013	City & County of San Francisco	487,200	459,300	27,900	5.7%
	State of California	18,596,800	16,933,300	1,663,500	8.9

[1] Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.
Source: California Employment Development Department. March 2014 Benchmark.

Industry

The following table shows the annual average industry employment for the City and County from 2009 through 2013.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
City and County of San Francisco
2009-2013

	2009	2010	2011	2012	2013
Farm	300	300	200	100	200
Mining, Logging and Construction	15,300	13,900	13,600	14,900	15,700
Manufacturing	9,400	8,700	8,900	9,600	9,200
Wholesale Trade	10,900	10,400	11,100	11,900	13,500
Retail Trade	41,300	40,500	40,500	42,600	44,200
Transportation, Warehousing and Utilities	11,300	10,900	10,800	10,900	11,700
Information	19,500	19,500	22,700	25,500	25,300
Financial Activities	50,200	48,400	46,900	47,700	48,900
Professional and Business Services	121,200	121,900	131,500	143,600	154,700
Education and Health Services	73,200	75,900	75,100	78,400	85,000
Leisure and Hospitality	76,000	76,800	79,400	84,600	87,700
Other Services	21,800	21,600	21,800	22,900	23,900
Government	89,400	90,000	89,800	89,200	88,600
Total All Industries	540,000	538,500	552,200	581,800	608,600

Note: Items may not add to total due to independent rounding.
Source: California Employment Development Department, Labor Market Information Division. March 2013 Benchmark.

Largest Employers

The following table shows the largest employers in the City and County as of June 30, 2013.

LARGEST EMPLOYERS
City and County of California
June 30, 2013

Employer	Description	Number of Employees
1. City and County of San Francisco	Local Government	25,458
2. University of California, San Francisco	Post-graduate education, research and healthcare	20,100
3. Wells Fargo & Co.	Banking	8,200
4. San Francisco Unified School District	Public primary and secondary education	8,189
5. Gap, Inc.	Closing retailer	6,000
6. California Pacific Medical Center	Medical care provider	5,934
7. PG&E Corporation	Utility provider	4,394
8. State of California	State government	4,108
9. San Francisco State University	Public higher education	3,707
10. Kaiser Permanente	Health maintenance organization	3,492

Source: City and County of San Francisco 'Comprehensive Annual Financial Report' for the year ending June 30, 2014. Reflects employer data as of the end of calendar year 2013.

APPENDIX E

CITY AND COUNTY OF SAN FRANCISCO TREASURY POOL

The following information concerning the City and County of San Francisco Treasury Pool (the "Treasury Pool") has been provided by the Treasurer, and has not been confirmed or verified by the District, the Underwriters or the Financial Advisor. None of the District, the Financial Advisor or the Underwriters have made an independent investigation of the investments in the Treasury Pool nor any assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer may change the investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, none of the District, the Financial Advisor or the Underwriters make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained is correct as of any time subsequent to its date. Further information may be obtained from the Treasurer at the following website: http://sftreasurer.org/reports-plans. However, the information presented on such website is not incorporated into this Official Statement by any reference.

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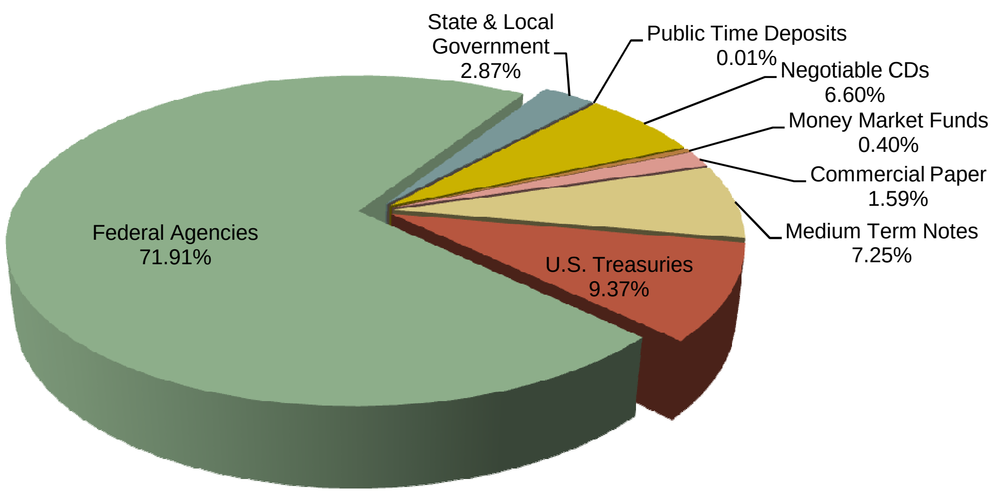
City and County of San Francisco
Pooled Fund Portfolio Statistics

For the month ended January 31, 2015

Average Daily Balance	$6,392,244,239
Net Earnings	$3,923,887
Earned Income Yield	0.72%
Weighted Average Maturity	716 days

Investment Type	($ million)	Par Value	Book Value	Market Value
U.S. Treasuries		$ 585.0	$ 585.1	$ 589.5
Federal Agencies		4,507.9	4,511.9	4,523.9
State & Local Government Agency Obligations		179.1	181.2	180.3
Public Time Deposits		0.5	0.5	0.5
Negotiable CDs		415.5	415.5	415.4
Commercial Paper		100.0	100.0	100.0
Medium Term Notes		455.1	457.7	456.2
Money Market Funds		25.1	25.1	25.1
Total		**$ 6,268.2**	**$ 6,276.9**	**$ 6,290.8**



Asset Allocation by Market Value

As of: January 31, 2015 | Totals may not add due to rounding. | Posted on: 02/15/2015