

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT BOARD AGENDA
REGULAR MEETING
December 18, 2006
District Board Room
3401 CSM Drive, San Mateo

NOTICE ABOUT PUBLIC PARTICIPATION AT BOARD MEETINGS

The Board welcomes public discussion.

- * *The public's comments on agenda items will be taken at the time the item is discussed by the Board.*
- * *To comment on items not on the agenda, a member of the public may address the Board under "Statements from the Public on Non-Agenda Items"; at this time, there can be discussion on any matter related to the Colleges or the District, except for personnel items. No more than 20 minutes will be allocated for this section of the agenda. No Board response will be made nor is Board action permitted on matters presented under this agenda topic.*
- * *If a member of the public wishes to present a proposal to be included on a future Board agenda, arrangements need to be made through the Chancellor's Office at least seven days in advance of the meeting. These matters will be heard under the agenda item "Presentations to the Board by Persons or Delegations." A member of the public may also write to the Board regarding District business; letters can be addressed to 3401 CSM Drive, San Mateo CA 94402.*
- * *Persons with disabilities who require auxiliary aids or services will be provided such aids with a three-day notice. For further information, contact the Executive Assistant to the Board at (650) 574-6550.*
- * *Regular Board meetings are taped; tapes are kept for one month.*

6:00 p.m. ROLL CALL

Pledge of Allegiance

ORGANIZATION OF BOARD OF TRUSTEES

1. Election of President
2. Election of Vice President-Clerk
3. Election of Representative of the Board to elect members to the County Committee on School District Organization
4. Appointment of Secretary for the Board

DISCUSSION OF THE ORDER OF THE AGENDA

In order to accommodate Auditor Terri Montgomery, there is a request that Board Report No. 06-12-100B, Receipt and Acceptance of the 2005-06 District Audit Report, and Board Report No. 06-12-101B, District Capital Outlay - Bond Fund Financial and Performance Reports, be placed on the agenda as the first item after the Organization of the Board of Trustees.

NEW BUSINESS

- | | |
|------------|---|
| 06-12-100B | Receipt and Acceptance of the 2005-06 District Audit Report |
| 06-12-101B | Receipt and Acceptance of the 2005-06 District Capital Outlay - Bond Fund Financial and Performance Reports |

MINUTES

- | | |
|---------|---|
| 06-12-1 | Minutes of the Regular Meeting of the Board of Trustees of November 8, 2006 |
| 06-12-2 | Minutes of the Closed Session Special Meeting of the Board of Trustees of November 21, 2006 |

PRESENTATIONS TO THE BOARD BY PERSONS OR DELEGATIONS

STATEMENTS FROM EXECUTIVES AND STUDENT REPRESENTATIVES

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

NEW BUSINESS, continued

- 06-12-1A Approval of personnel actions: changes in assignment, compensation, placement, leaves, staff allocations and classification of academic and classified personnel

Approval of Consent Agenda

All items on the consent agenda may, by unanimous vote of the Board members present, be approved by one motion after allowing for Board member questions about a particular item. Prior to a motion for approval of the consent agenda, any Board member, interested student or citizen or member of the staff may request that an item be removed to be discussed in the order listed, after approval of remaining items on the consent agenda.

- 06-12-1CA Approval of Trustees' Fund for Program Improvement Projects for Cañada College and Skyline College
- 06-12-2CA Declaration of Surplus Property
- 06-12-3CA Approval of Renewal of Contract with Action Vending
- 06-12-4CA Acceptance of External Grant Funds

Other Recommendations

- 06-12-1B Approval of Community Services Classes, Winter/Spring 2007
Cañada College, College of San Mateo, and Skyline College
- 06-12-2B Adoption of Resolution 06-20 of the San Mateo County Community College District Board of Trustees in Support of the DREAM Act
- 06-12-102B Approval of Amendment of District Rules and Regulations Sections 7.28, Student Records, and 2.35, Use of District Communications Systems; and Addition of Section 2.36, Policy on Use of Student Email Addresses

INFORMATION REPORTS

- 06-12-1C Acceptance of Gifts by the District
- 06-12-2C First Quarter Report of Auxiliary Operations, 2006-07
- 06-12-3C Report on Campus Utility Shut Downs

STATEMENTS FROM BOARD MEMBERS

COMMUNICATIONS

**MEETING OF THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
FINANCING CORPORATION**

1. Call to Order
 2. Roll Call
 3. Approval of minutes of December 14, 2005 meeting
 4. Naming of officers for 2007
 5. Information Report on defeasance of Certificates of Participation
 6. Adjournment
-

RECESS TO CLOSED SESSION

1. Closed Session Personnel Items
 - A. Public Employment
 1. Employment: **Cañada College** – Instructor, Science/Technology, Science and Technology Division; English/Reading Instructor, Humanities & Social Sciences Division; Office Assistant II, University Center/Academic Support Services; **College of San Mateo** – Laboratory Technician, Math & Science Division; Psychologist, VP Student Services; Program Services Coordinator, Articulation & Research; **District** – Project Coordinator II, Construction Planning; Accounting Technician, Administrative Services; Project Manager II, Construction Planning; Project Manager II, Construction Planning; **Skyline College** – Supervisor of College Security, Security/VPSS
 - B. Public Employee Discipline, Dismissal, Release

CLOSED SESSION ACTIONS TAKEN

ADJOURNMENT

San Mateo County Community College District

December 18, 2006

BOARD REPORT NO. 06-12-100B

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor-Superintendent
PREPARED BY: James W. Keller, Executive Vice Chancellor, 358-6790

**RECEIPT AND ACCEPTANCE OF THE 2005-06
DISTRICT AUDIT REPORT**

Attached is a copy of the audit of the San Mateo County Community College District funds, prepared by the Board-approved firm of Vavrinek, Trine, Day & Company. The audit was based upon the fiscal year ending June 30, 2006. A representative of the auditing firm will be present at this meeting to respond to questions about the audit in general and about the firm's findings and recommendations for the District.

RECOMMENDATION

It is recommended that the Board of Trustees receive and accept the 2005-06 audit report for the District, which was filed by Vavrinek, Trine, Day & Company with the State Department of Education, the State Controller, and the State Chancellor's Office prior to the December 31, 2006 due date.

**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2006**

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
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FINANCIAL SECTION



Vavrinek, Trine, Day & Co., LLP
 Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

Board of Trustees
 San Mateo County Community College District
 San Mateo, California

We have audited the accompanying basic financial statements of the San Mateo County Community College District (the District) as of and for the years ended June 30, 2006 and 2005, and its discretely presented component unit the Educational Housing Corporation as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the San Mateo County Community College District and its discretely presented component unit as of June 30, 2006 and 2005, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, as listed in the Table of Contents, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. This supplementary information is the responsibility of the District's management. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2006, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of or 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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The unaudited supplementary information listed in the table of contents, including the Combining Statements - Governmental Funds, Proprietary Funds and Fiduciary Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Vavinek, Trine, Day & Co LLP
Pleasanton, California
October 6, 2006

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2006

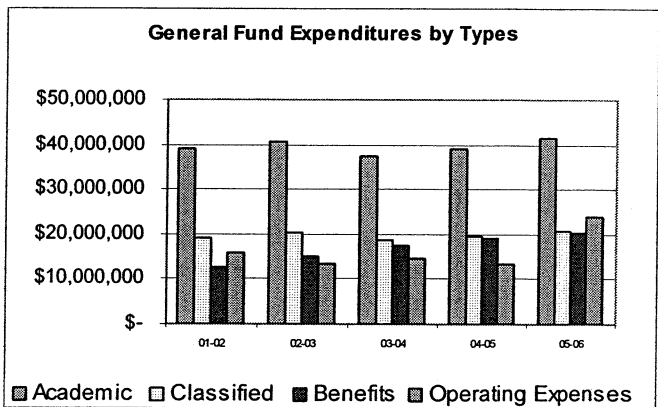
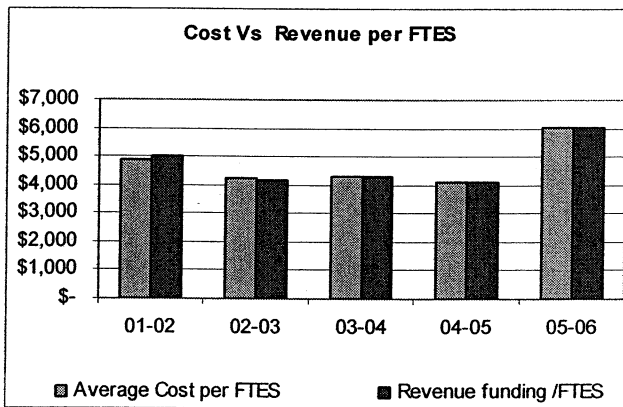
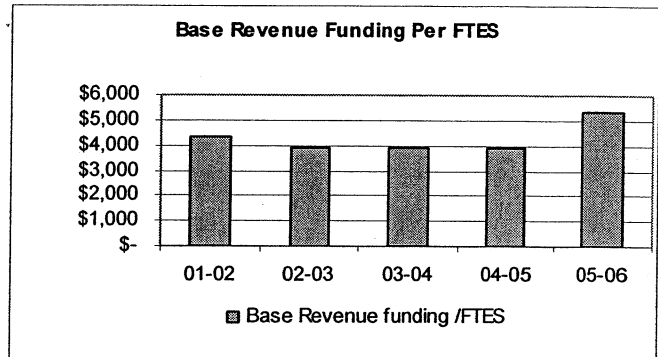
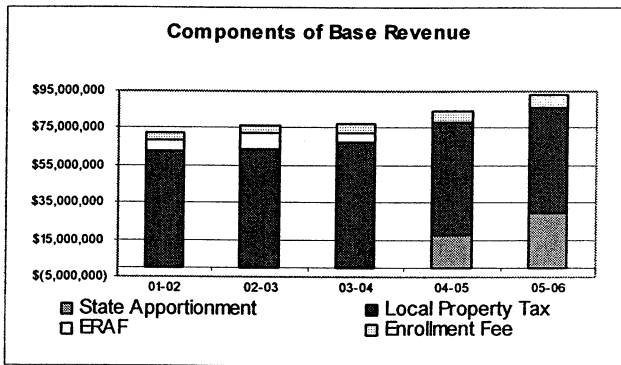
Introduction

The San Mateo County Community College District's (the District) Annual Financial Report presents management's discussion and analysis of the District's financial activities during the fiscal years ended June 30, 2006, June 30, 2005 and June 30, 2004. The discussion has been prepared by management and is best read in conjunction with the financial statements and the notes following this section.

There are three basic financial statements that provide information on the District's financial activities as a whole. These statements are:

- Statement of Net Assets
- Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Cash Flows

Financial Highlights of 2005-06



Financial Overview

- Assets exceeded liabilities for the fiscal year ended June 30, 2006 by \$168 million, and net assets increased \$22 million over last year.
- Net noncurrent capital assets increased \$75 million.
- Operating revenues increased by \$786 thousand over June 30, 2005.
- Operating expenses decreased by \$2 million over the same period in fiscal year 2005.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2006

Reporting for the District as a Whole

- *Economic position of the District with the State*

Because districts across the state were not growing, which resulted in available resources, the state requested districts to take advantage of a provision to report Summer 2005 FTES as part of the 2004-05 fiscal year. SMCCCD responded by reporting all of Summer 2005 (2200 FTES) in 2004-05. Since the District could not report those FTES in 2005-06, this resulted in the District's declining enrollment status during 2005-06. However, the District's revenue base was held harmless, that is, the District received the same amount of FTES funding in 2005-06 as was received in 2004-05. In addition to a 4.23% state revenue COLA, these revenues kept the District in a stable financial situation.

- *Salaries and Benefits*

In 2005-06, the San Mateo County Community College District approved multi-year collective bargaining agreements for employees including for 2005-06 a 4.23% compensation improvement (3.23% salary and 1% medical cap) for all groups. The contracts will expire in June, 2009. Health care premiums increased by an average of 22% in January, 2003, 18% in January, 2004, 18% in January, 2005, and 9.4% in January, 2006. These increases have substantially increased District expenditures. The collective bargaining agreements approved for 2005-06 include increases in the employee medical caps on a tiered basis. The employer contribution rate for STRS has not changed in several years. The PERS employer contribution rate increased slightly from 9.116% in 2005-06 to 9.124% in 2006-07. Dental insurance premiums increased by 2% in January, 2006 and again by 14% in October, 2006. In addition, unemployment insurance decreased from 0.45% in 2005-06 to 0.05% in 2006-07, and Workers' Compensation remains at 2.257% in 2005-06 and 2006-07.

Collective bargaining agreements in subsequent years for employees includes for 2006-07 a 5.92% compensation improvement (4.92% on salary and 1% on medical cap), and for 2007-08 and 2008-09 a 4.0% compensation improvement (3% on salary and 1% on medical cap) for all employee groups except AFT (faculty). The compensation improvement for AFT will be based on the state cost of living adjustment.

- *Bond construction*

The District passed a second general obligation bond authorization in the amount of \$468 million in November 2005. As of June 30, 2006 a total of \$175 million of the \$207 million November 2001 general obligation bond had been spent or encumbered by contract. The 2001 bond authorization projects are scheduled to be completed in 2007. A program definition identifying projects, sequence of construction, and cost estimates are being developed for the 2005 general obligation authorization. The District completed a facilities master plan update in August 2006 and has engaged bridging architects to develop RFP for the Districts major design-build projects that are estimated to exceed \$180 million.

The District is the first community college district in the state to complete a design-build project as authorized under AB 1000 passed by the California Legislature in 2004. The District will complete its second bond related design-build project in the Spring of 2007. In addition, the District completed a major upgrade of its athletic facilities funded by community redevelopment funds under the design-build construction delivery system. Also, the District is the first community college district in the state to have built faculty-staff housing so as to offer income eligible faculty and staff below market rate rental housing. This project was also built using the design-build delivery method.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

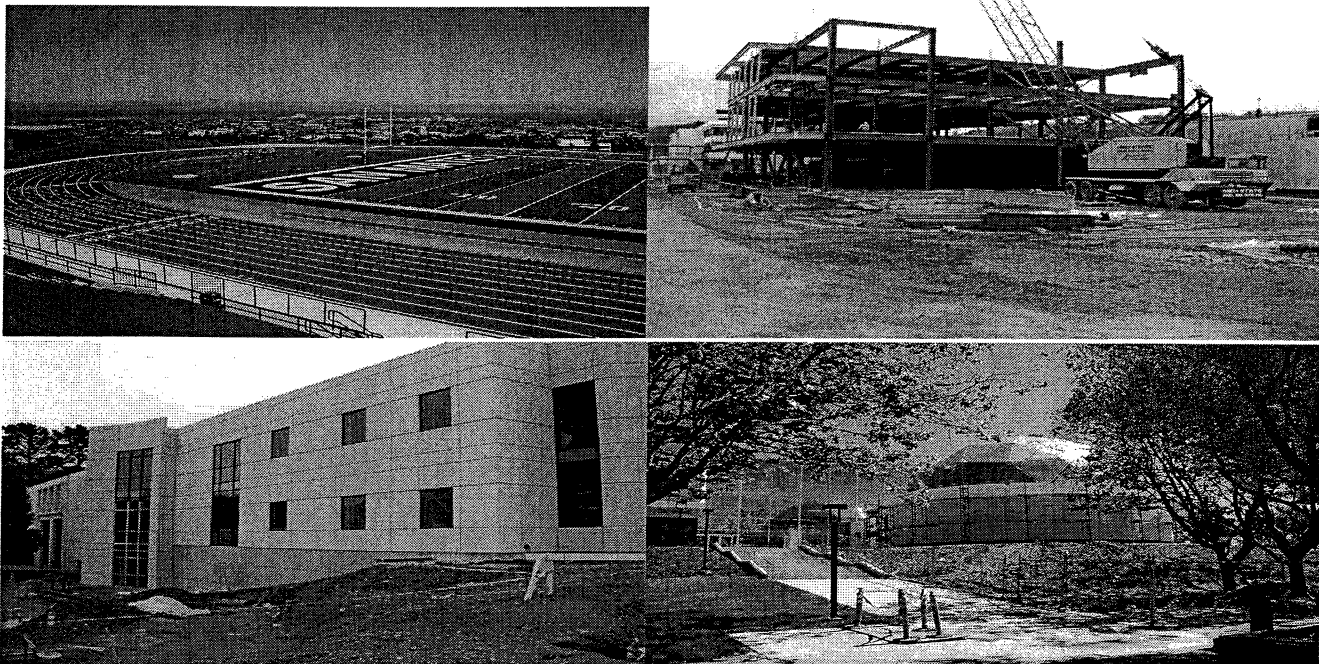
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2006

The District spent much of its first bond authorization funds to repair and upgrade the District's utility and mechanical systems. In addition, it constructed new science buildings at CSM and Skyline College, a student center at Skyline, and supplemented the state funds to construct a new learning resource center at Cañada College. The funds of the 2005 general obligation will be used to refurbish most of the three colleges' classroom spaces and to construct additional instructional and student services facilities as well as faculty offices. The 2005 general obligation bond construction projects are scheduled to be completed in 2012.

- At the College of San Mateo, the main portion of the new Science Building (Building 36) was dedicated on September 8, 2006 and is in full occupancy beginning the Fall 2006 Semester. This project is the first community college project delivered utilizing the design-build delivery method authorized under Education Code §81700. The Planetarium portion of this project is still under construction and will be ready in time for Spring 2007 classes. Another new building at CSM, the Walter H. Moore Regional Public Safety Center (Building 35) was also dedicated on June 14, 2006. This new facility provides a home for law enforcement training in San Mateo County.
- Skyline College's Student Support and Community Services Center & Science Annex Buildings (Buildings 6/7A) are scheduled for occupancy in Spring 2007.
- Cañada College's Library & Student Resources Center (Building 9) is scheduled for occupancy in Summer 2007.

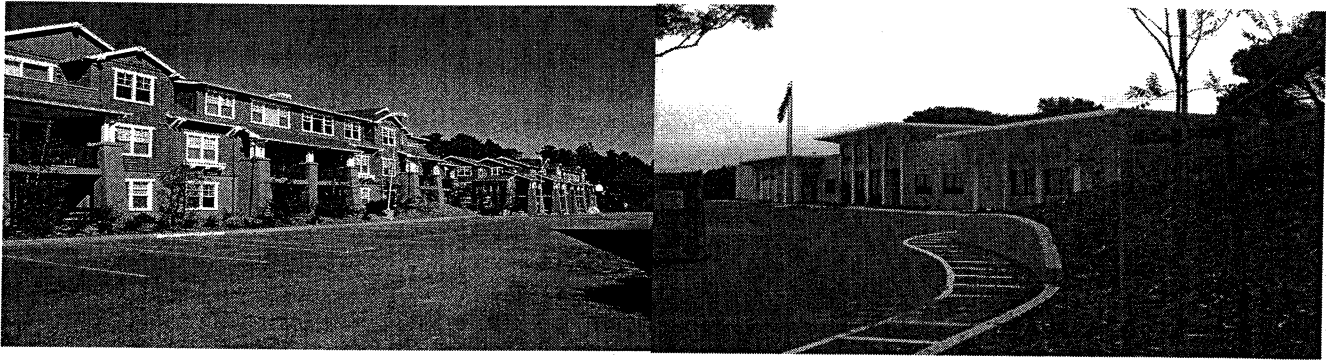
The entire Measure C 2001 Bond program is scheduled for completion in August 2008.



SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

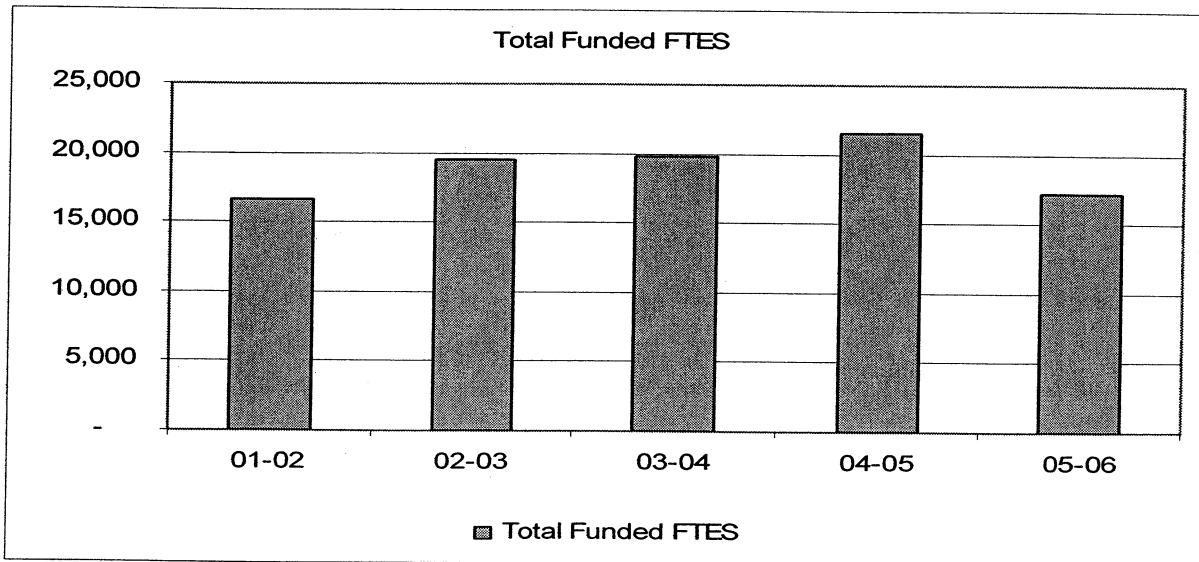
JUNE 30, 2006



- College of San Mateo, Athletic Field (Top Left)
- Canada College, Building 9 under construction (Top Right)
- Skyline College, Student Support and Community Services Center (Middle Left)
- College of San Mateo, Science Building (Middle Right)
- Staff and Faculty Housing (Bottom Left)
- College of San Mateo, Walter H. Moore Regional Public Safety Center (Bottom Right)

- *Enrollments*

In 2004-05, districts across the state were not growing which resulted in available resources. The state requested districts to take advantage of a provision to report Summer 2005 FTES as part of the 2004-05 fiscal year. SMCCCD responded by reporting all of Summer 2005 (2200 FTES) in 2004-05. Since the District could not report those FTES in 2005-06, this resulted in the District's declining enrollment status during 2005-06. However, the District's revenue base was held harmless, that is, the District received the same amount of FTES funding in 2005-06 as was received in 2004-05. In addition to a 4.23% state revenue COLA, these revenues kept the District in a stable financial situation. The following chart shows comparative funded FTES data for the past five fiscal years.



SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

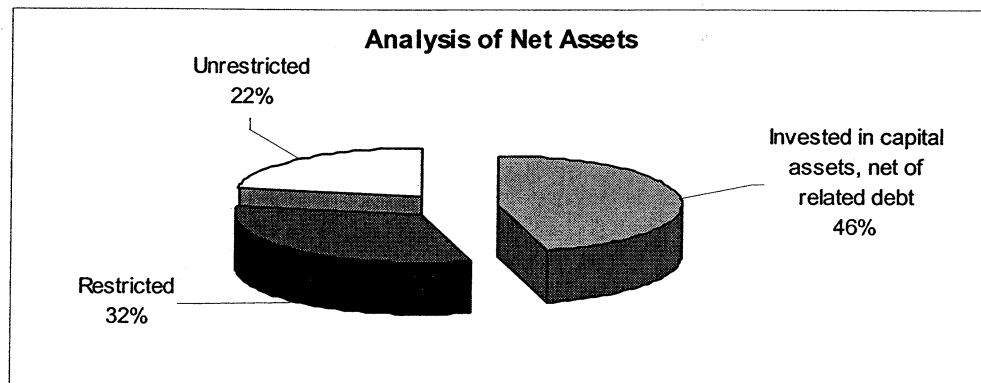
JUNE 30, 2006

Net Assets

The Statement of Net Assets below includes all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting basis used by private companies. Net Assets, the difference between total assets and total liabilities, is one way to measure the financial condition of the District. Following are explanatory remarks for the statement:

- *Cash and cash equivalents* consist of cash in the Treasury, Local Agency Investment Fund (LAIF) of the State Treasurer's Office, San Mateo County Pool Investment, Special Deposit Bond with Lehman Brothers and with Wells Fargo Bank, proceeds from the District's general obligation construction bond and certificates of deposit with various banks.
- *Accounts receivable* primarily consists of revenues from local, state, and federal sources from which the District had earnings but which were not received as of the fiscal year's closing date.
- *Inventories and other assets* include prepaid expenses and bookstore inventories.
- *Capital assets, net of depreciation*, are the net historical value of land, buildings, construction in progress and equipment less accumulated depreciation.
- Accounts payable and accrued liabilities consist of payables to the state, federal grants, benefits, salaries and local vendors which the District incurred but for which payments were not issued as of the end of the fiscal year.
- *Deferred revenues* represent cash received during the fiscal year from state, federal grants, general tax apportionment and student fees; however, the funds were not earned as the end of the fiscal year.
- Long-term liabilities include obligations to be paid over a period longer than 1 year. The current portion represents payments due within the next 12 months. The District has compensated absences payable, and construction bond. Certificates of Participation 2004 (COPs) were defeased as of June 30, 2006.
- According to GASB Statements, equity is reported as "Net Assets" rather than "Fund Balance." The District's net assets are classified as follows:
 - Invested in capital assets, net of related debt, represents the District's total investment in capital assets and net of outstanding debt obligations related to those capital assets.
 - Restricted net assets consist of expendable and nonexpendable portions. Restricted expendable net assets include resources which the District is contractually obligated to expend in accordance with restrictions imposed by external third parties.
 - Unrestricted net assets represent resources used for transactions relating to the educational and general operations of the District.

Analysis of Net Assets – June 30, 2006



SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2006

STATEMENT OF NET ASSETS JUNE 30, 2006, 2005 AND 2004

	2006	2005	2004
	in thousands	in thousands	in thousands
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 272,466	\$ 205,680	\$ 194,199
Accounts receivable	21,693	12,498	12,499
Inventories and other assets	5,278	4,353	4,214
Total Current Assets	299,437	222,531	210,912
Noncurrent Assets:			
Restricted cash	5,621	9,468	0,000
Capital assets, net of depreciation	246,477	167,717	130,349
Total Noncurrent Assets	252,099	177,185	130,349
TOTAL ASSETS	551,535	399,716	341,261
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	25,636	33,725	50,771
Deferred revenue	8,457	10,075	8,788
Amount held in trust on behalf of others	1,452	8,541	1,079
Current portion of long-term liabilities	4,555	7,046	5,279
Total Current Liabilities	40,100	59,386	65,916
Noncurrent Liabilities			
Long-term liabilities - noncurrent portion	343,010	194,449	125,070
Total Noncurrent Liabilities	343,010	194,449	125,070
TOTAL LIABILITIES	383,110	253,836	190,986
NET ASSETS			
Invested in capital assets, net of related debt	76,865	14,292	73,309
Restricted	54,221	51,674	40,418
Unrestricted	37,339	79,914	36,549
TOTAL NET ASSETS	\$ 168,425	\$ 145,880	\$ 150,275

Total net assets at June 30, 2006, increased \$22 million over the prior fiscal year. The increase was primarily due to the following:

- The increase of net capital assets from Bond and C.O.P. construction in the District.
- The COPs were defeased as of June 30, 2006.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2006

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets shown below consists of operating and non-operating results of the District. Operating revenues represent all revenues from programmatic sources. Non-operating revenues include State apportionments, Local property tax revenues, investment earnings and gifts.

Operating revenues include activities characterized by exchange transactions, such as student fees, sales and services of Bookstore and Cafeteria operations, services provided and contracted to grants agencies, and interest from institutional student loans. Non-operating revenue, on the other hand, is characterized by non-exchange transactions, such as donations, gifts, State appropriations and regular investment income.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2006, 2005 AND 2004

	2006	2005	2004
	in thousands	in thousands	in thousands
OPERATING REVENUES			
Tuition and Fees	\$10,672	\$10,580	\$9,165
Grants and Contracts, noncapital	28,894	27,229	25,305
Auxiliary Enterprise Sales and Charges	7,307	8,279	7,484
TOTAL OPERATING REVENUES	46,873	46,087	41,954
OPERATING EXPENSES	147,366	149,410	107,931
OPERATING LOSS	(100,494)	(103,323)	(65,977)
NON-OPERATING REVENUES (EXPENSES)			
State apportionments, noncapital	36,086	16,970	5,110
Local property taxes	56,824	66,570	76,963
State taxes	60	1	1
Investment income/(expense), net	2,099	2,095	2,605
Interest income/(expense) on capital related debt, net	(10,896)	(6,482)	(5,551)
Other non-operating revenues	20,127	13,763	23,208
TOTAL NON-OPERATING REVENUES (EXPENSES)	104,300	92,917	102,336
INCOME BEFORE OTHER REVENUES AND EXPENSES	3,807	(10,406)	36,359
OTHER REVENUES AND EXPENSES	18,738	6,010	8,145
NET INCREASE IN NET ASSETS	22,544	(4,396)	44,503
NET ASSETS, BEGINNING OF YEAR	145,880	150,275	105,771
NET ASSETS, END OF YEAR	\$168,425	\$145,879	\$150,274

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

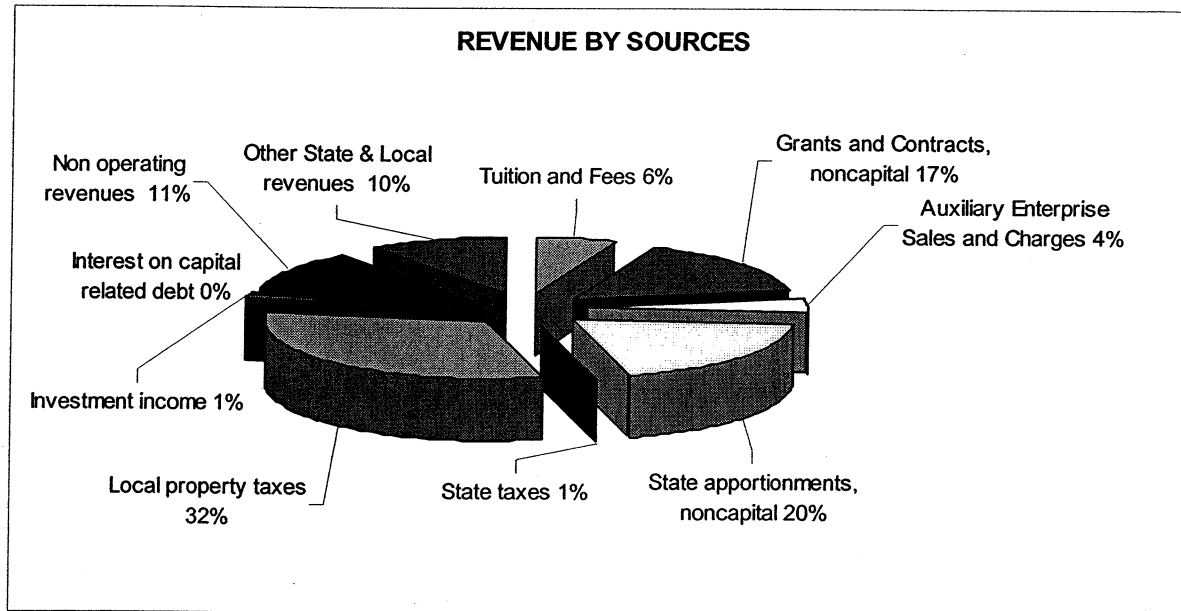
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2006

Explanatory information for the statement is as follows:

- *Tuition and Fees* are net of enrollment, health, non-resident tuition, other student fees and less scholarship discount and allowance as defined by GASB statement No. 35.
- *Federal, and state grants and contract services* are "exchange" transactions for which the District files applications, complies with individual spending restrictions, files expenditure reports, and/or signs contracts.
- *Auxiliary Enterprise Sales and Charges* consist of bookstore and cafeteria sales less discount allowances.
- *State apportionments, non-capital* includes state apportionment, apprenticeship, Partnership for Excellence and child care development apportionment.
- *Local property taxes and other non-operating revenues* consist primarily of secured and unsecured taxes which are payable to the District in December and March of each year. The County of San Mateo collects the taxes on behalf of the District. Other non-operating revenues are State Lottery revenue and miscellaneous local income.
- *Net investment income* includes interest from the San Mateo County Investment Pool managed by the County Treasurer, certificates of deposit, bond proceeds, and Local Agency Investment Fund (LAIF), less interest expense on capital related debt.
- *State and Local Revenues, capital* includes State scheduled maintenances funding and issuance of the General Bond. These revenues relate mainly to construction activities.

Below is an illustration of District revenues by source:



Revenues and expenses changed mainly due to the following:

- Operating Revenues show a slight decrease in sales from Bookstores and Café operations.
- Non-Operating Revenues increased mainly due to an increase in the State apportionment revenue.
- Operating Expenses decreased primarily due to savings from supplies and general operating expenses.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2006

Operating Expenses

The District's operating expenses are shown below (with explanatory remarks) by account and by activity. Following are explanatory comments for the Statement of Operating Expenses by Account:

- Salaries and benefits expenses, which represent the largest percentage of the District's operating expense, increased due to salary and health care benefit improvements in addition to price increases.
- Supplies, materials, other operating expenses, services and utilities are the normal cost of operating expenses for "exchange" transactions.
- Depreciation of capital assets is computed and recorded by the straight-line method. The District maintains a capitalization threshold of \$5,000 for equipment and \$100,000 for building improvements. Useful lives of the assets are estimated as follows:
 - 5 to 10 years for equipment
 - 25 to 50 years for improvements
 - 25 to 50 years for buildings

Statement of Operating Expenses by Account

	<u>2006</u>	<u>2005</u>	<u>2004</u>
	in thousands	in thousands	in thousands
Salaries	\$75,071	\$71,407	\$66,743
Employee benefits	25,229	23,873	20,980
Supplies, materials, and other operating expenses	43,471	51,865	18,307
Depreciation expense	3,596	2,265	1,901
TOTAL OPERATING EXPENSES	<u>\$147,366</u>	<u>\$149,410</u>	<u>\$107,931</u>

Statement of Operating Expenses by Activity

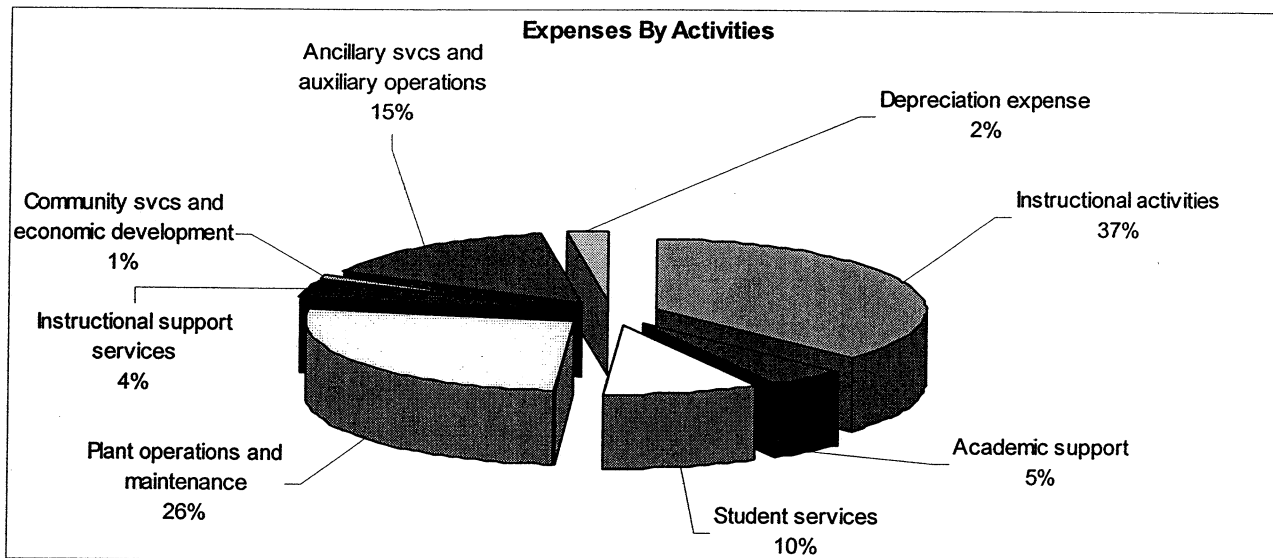
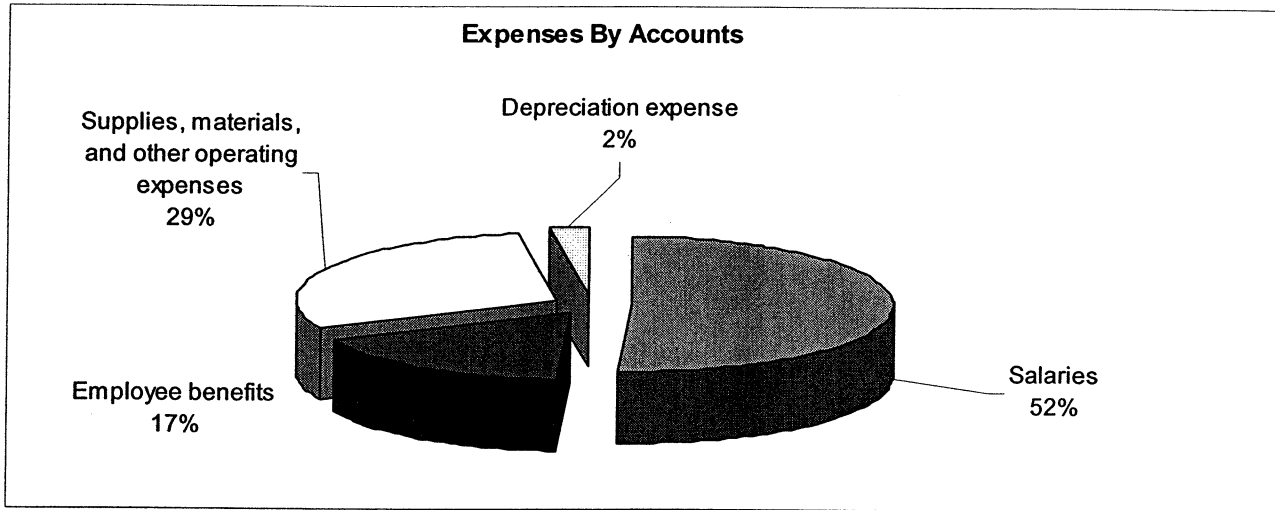
	<u>2006</u>	<u>2005</u>	<u>2004</u>
	in thousands	in thousands	in thousands
Instructional activities	\$54,369	\$53,618	\$52,922
Academic support	6,832	6,130	5,901
Student services	14,254	13,334	17,658
Plant operations and maintenance	38,691	45,716	11,669
Instructional support services	6,203	16,368	2,933
Community svcs and economic development	1,036	959	1,151
Ancillary svcs and auxiliary operations	22,385	11,019	13,995
Depreciation expense	3,596	2,266	1,702
TOTAL OPERATING EXPENSES	<u>\$147,366</u>	<u>\$149,410</u>	<u>\$107,931</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2006

Below are illustrations of District expenditures by accounts and by activities.



Cash Flows

The Statement of Cash Flows shown below provides information about cash receipts and cash payments during the fiscal year. The statement also assists readers in understanding the District's ability to generate net cash flows, and its ability to meet obligations as they come due, or the District's need for assistance via external financing. The District has adopted the direct method, and under this method, data for cash flow present operating activities by major categories of gross receipts and gross payments as well as the resulting net amount. Additional explanatory information for the statement is as follows:

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2006

- The main cash receipts from operating activities consist of tuition, student fees, auxiliary enterprise sales, Federal and State grants and contracts. Cash outlays include payment of salaries, benefits, supplies and operating expenses.
- State apportionments and property taxes are the primary source of non-capital financing.
- For capital financing activities, the main sources are from special State Apportionments and General Obligation Bond and C.O.P. proceeds.
- Cash from investing activities consists of Interest from County Investment Pool, Certifications of Deposits, Bond and Local Agency Investment Fund (LAIF).

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2006, 2005 AND 2004

	2006	2005	2004
CASH FLOWS PROVIDED BY (USED IN):			
Operating Activities	in thousands (\$121,990)	in thousands (\$106,644)	in thousands (\$54,828)
Noncapital financing activities	109,964	99,142	98,271
Capital financing activities	73,544	26,893	(3,416)
Investing activities	1,422	1,558	1,669
NET INCREASE IN CASH AND CASH EQUIVALENTS	62,939	20,949	41,696
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	215,148	194,199	152,503
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$278,087</u>	<u>\$215,148</u>	<u>\$194,199</u>

New State Funding Method

During the last several years, the state community college leadership has been working on a new funding formula for allocating funds to community college districts. This effort culminated in SB361, which was passed by the legislature, signed by the governor and took effect July 1, 2006. This is the first major change to community college funding since Program-Based Funding (PBF) was implemented 18 years ago (1988).—SB361 eliminates the five measures in PBF (credit FTES, non-credit FTES, new students, continuing students and square footage) and replaces them with a foundation grant, an amount per credit FTES, and a smaller amount per non-credit FTES. The amounts per FTES are the same across the state, and equalize funding at the 90th percentile of current funding for community colleges. This puts greater emphasis on growth in FTES for a district to increase funding, and it reduces the effect of adding new buildings.

Economic Factors and the 2006-07 Budget

Counting the funding contained in SB361, community colleges will be funded at 10.7% of the Proposition 98 total for K-14. This is the highest level in 15 years and brings community colleges considerably closer to the statutory requirement of 11%. In addition, because state revenues outpaced budgets in 2005-06, there are considerable one-time funds allocated in 2006-07. Many of the additional one-time funds have restrictions and require new expenditures, but nonetheless, they will help soften the potential for declining revenues.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2006

The economic outlook for the state continues to improve, although inflation increases along with state revenues. School Services is anticipating the increase in the cost of living for 2007-08 to be over 4%. The Chancellor's Office has submitted a budget change proposals amounting to \$711 million in ongoing funds and \$100 million in one-time funds for 2007-08, however it is unlikely that all of the proposals will be funded

The biggest challenges facing the community colleges in California and for San Mateo County Community College District is the continued constraint on funding per student which falls short of the funding provided for all other sectors of public education in California.

Bond & C.O.P. Construction 2006-07 and Beyond

Voter approval of Measure A in November 2005 brought an additional \$468 million dollars in capital improvement funding to the District. District Staff and the Board of Trustees have explored various strategies for planning and implementation of work with these funds. In August 2006, the Board approved the 2006 Facilities Master Plan which will be the basis of capital construction projects for the next phase of the Capital Improvement Program. An electronic copy can be downloaded from <http://www.smccd.edu/accounts/facilities/planconstruct/masterplan.html>.

In addition to the above-referenced projects, the modernization of building 17 at Cañada College is currently underway with an estimated completion date of Summer 2007. The following projects, to name a few that are in the 2006 Facilities Master Plan, are currently in the design and planning stage and will be completed within the next seven years. Renovation and modernization of instructional spaces in buildings districtwide that were not addressed during the first phase of the Capital Improvement Program; construction of new buildings to support Faculty, Students, and Administration and Workforce/Wellness Centers at College of San Mateo and Skyline College; construction of new Facilities Maintenance Centers at Cañada College and Skyline College; campuswide infrastructure improvements to include parking, roadways, pedestrian walkways and ADA improvements at all three colleges; as well as additional athletic field renovations and upgrades at all three colleges.

Contacting the District's Financial Management Office

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for funding received. Questions or concerns about this report or requests for additional financial information should be addressed to James W. Keller, Executive Vice Chancellor, by phone at 650-574-6500 or by e-mail at kellerj@smccd.net.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF NET ASSETS
JUNE 30, 2006 AND 2005

	2006	2005
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,286,987	\$ 2,354,503
Investments	271,179,198	203,325,428
Accounts receivable, net	21,105,769	12,113,989
Student loans receivable	586,741	384,190
Prepaid expenses	93,963	108,072
Deferred charges	3,480,307	2,476,744
Stores inventories	1,678,001	1,395,011
Other current assets	25,565	372,725
Total Current Assets	<u>299,436,531</u>	<u>222,530,662</u>
Noncurrent Assets		
Restricted cash and cash equivalents	5,621,269	9,468,025
Nondepreciable capital assets	108,375,276	93,388,551
Depreciable capital assets, net of depreciation	138,102,083	74,328,686
Total Noncurrent Assets	<u>252,098,628</u>	<u>177,185,262</u>
TOTAL ASSETS	<u>551,535,159</u>	<u>399,715,924</u>
LIABILITIES		
Current Liabilities		
Accounts payable	23,061,711	19,159,460
Interest payable, restricted	2,574,201	2,565,549
Current loans	-	12,000,000
Deferred revenue	8,456,809	10,074,575
Amounts held in trust on behalf of others	1,452,285	8,540,831
Compensated absences payable - current portion	1,924,219	1,830,686
Bonds and notes payable - current portion	2,435,000	4,945,000
Lease obligations - current portion	-	156,242
Other long-term liabilities - current portion	195,957	114,078
Total Current Liabilities	<u>40,100,182</u>	<u>59,386,421</u>
Noncurrent Liabilities		
Compensated absences payable - noncurrent portion	828,618	720,342
Lease obligations - noncurrent portion	-	156,242
Other long-term liabilities - noncurrent portion	342,181,694	193,572,581
Total Noncurrent Liabilities	<u>343,010,312</u>	<u>194,449,165</u>
TOTAL LIABILITIES	<u>383,110,494</u>	<u>253,835,586</u>
NET ASSETS		
Invested in capital assets, net of related debt	76,864,540	14,291,712
Restricted for:		
Debt service	5,669,093	10,019,898
Capital projects	45,146,987	41,404,204
Educational programs	3,132,518	-
Other activities	272,564	250,125
Unrestricted	37,338,963	79,914,399
TOTAL NET ASSETS	<u>\$ 168,424,665</u>	<u>\$ 145,880,338</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
OPERATING REVENUES		
Student Tuition and Fees	\$ 14,552,548	\$ 14,286,344
Less: Fee waivers and allowance	(3,880,732)	(3,706,428)
Net tuition and fees	10,671,816	10,579,916
Grants and Contracts, noncapital:		
Federal	9,525,670	9,031,725
State	16,361,652	15,148,082
Local	3,006,382	3,049,068
Auxiliary Enterprise Sales and Charges		
Bookstore	7,164,687	8,125,966
Cafeteria	142,543	152,620
TOTAL OPERATING REVENUES	46,872,750	46,087,377
OPERATING EXPENSES		
Salaries	75,070,580	71,407,153
Employee benefits	25,228,934	23,872,691
Supplies, materials, and other operating expenses and services	42,949,003	51,865,121
Equipment, maintenance, and repairs	521,949	-
Depreciation	3,595,888	2,265,503
TOTAL OPERATING EXPENSES	147,366,354	149,410,468
OPERATING LOSS	(100,493,604)	(103,323,091)
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	36,086,461	16,970,129
Local property taxes	56,824,309	66,570,360
State taxes and other revenues	59,813	1,008
Investment income, net	2,098,731	2,094,713
Interest expense on capital related debt	(10,959,993)	(9,574,949)
Interest income on capital asset-related debt, net	63,894	3,093,327
Other nonoperating revenue	20,126,973	13,763,099
TOTAL NONOPERATING REVENUES (EXPENSES)	104,300,188	92,917,687
INCOME/(LOSS) BEFORE OTHER REVENUES AND EXPENSES	3,806,584	(10,405,404)
State revenues, capital	16,224,616	4,602,094
Local revenues, capital	2,513,127	1,408,159
TOTAL OTHER REVENUES AND EXPENSES	18,737,743	6,010,253
INCREASE/(DECREASE) IN NET ASSETS	22,544,327	(4,395,151)
NET ASSETS, BEGINNING OF YEAR	145,880,338	150,275,489
NET ASSETS, END OF YEAR	\$ 168,424,665	\$ 145,880,338

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 11,486,873	\$ 12,043,697
Non capital grants and contracts	27,589,027	28,341,998
Payments to vendors for supplies and services	(59,350,541)	(61,360,687)
Payments to or on behalf of employees	(98,859,144)	(93,699,114)
Payments to students for scholarships and grants	(586,741)	(397,810)
Auxiliary sales	7,395,772	8,379,238
Amounts held for others	(7,088,546)	-
Other operating receipts (payments)	(2,576,877)	48,356
Net Cash Flows From Operating Activities	<u>(121,990,177)</u>	<u>(106,644,322)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	33,040,699	9,330,910
Property taxes	56,824,309	66,570,360
State taxes and other apportionments	59,813	(722,530)
Other receipts (payments)	20,039,227	23,963,229
Net Cash Flows From Noncapital Financing Activities	<u>109,964,048</u>	<u>99,141,969</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(81,257,542)	(41,668,325)
Proceeds from sale of general obligation bond	180,802,508	69,995,132
Proceeds from sale of capital assets	79,173	-
State revenue, capital projects	16,224,616	4,602,094
Local revenue, capital projects	2,513,127	1,408,159
Deferred cost on issuance	1,003,563	746,014
Principal paid on capital debt	(34,934,000)	(3,455,000)
Interest paid on capital debt	(10,951,341)	(6,911,898)
Interest received on capital asset-related debt	63,894	2,177,261
Net Cash Flows From Capital Financing Activities	<u>73,543,998</u>	<u>26,893,437</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	1,421,629	1,557,759
NET INCREASE IN CASH AND CASH EQUIVALENTS	62,939,498	20,948,843
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>215,147,956</u>	<u>194,199,113</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 278,087,454</u>	<u>\$ 215,147,956</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS, Continued FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	<u>\$(100,493,604)</u>	<u>\$(103,323,091)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense	3,595,888	2,265,503
Changes in Assets and Liabilities:		
Receivables, net	(5,944,819)	515
Inventories	(282,990)	302,760
Prepaid items	361,269	(441,015)
Accounts payable and accrued liabilities	(10,519,608)	(6,853,650)
Deferred revenue	(1,617,767)	1,286,680
Funds held for others	<u>(7,088,546)</u>	<u>117,976</u>
Total Adjustments	<u>(21,496,573)</u>	<u>(3,321,231)</u>
Net Cash Flows From Operating Activities	<u><u>\$(121,990,177)</u></u>	<u><u>\$(106,644,322)</u></u>
 CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash in banks	\$ 1,286,987	\$ 2,354,503
Cash equivalents, restricted	5,621,269	9,468,025
Cash equivalents	<u>271,179,198</u>	<u>203,325,428</u>
Total Cash and Cash Equivalents	<u><u>\$ 278,087,454</u></u>	<u><u>\$ 215,147,956</u></u>
 NON CASH TRANSACTIONS		
On behalf payments for benefits	<u><u>\$ 1,765,554</u></u>	<u><u>\$ 1,734,177</u></u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT
EDUCATIONAL HOUSING CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2006**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 81,136
Accounts receivable	1,069
Prepaid expenses	5,241
Total Current Assets	<u>87,446</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	1,734
Deferred rent	32,727
Rent security deposits	48,825
Total Current Liabilities	<u>83,286</u>

NET ASSETS

Unrestricted	<u>4,160</u>
Total Liabilities and Net Assets	<u>\$ 87,446</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT
EDUCATIONAL HOUSING CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>2006</u>
REVENUES	
Rental income	\$ 261,075
Interest and dividends	1,069
Commision	3,714
Donation	17,000
Total Revenues	<u>282,858</u>
EXPENSES	
Operating expenses	48,698
Total Expenses	<u>48,698</u>
OTHER SOURCES AND USES	
Transfer out to SMCCCD	(230,000)
Total Other Uses	<u>(230,000)</u>
CHANGE IN NET ASSETS	4,160
NET ASSETS, BEGINNING OF YEAR	-
NET ASSETS, END OF YEAR	<u>\$ 4,160</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
**DISCRETELY PRESENTED COMPONENT UNIT
 EDUCATIONAL HOUSING CORPORATION
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2006**

	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 4,160
Changes in Assets and Liabilities	
Increase in accounts receivable	(1,069)
Increase in prepaid	(5,241)
Increase in accounts payable	1,734
Increase in deferred revenues	32,727
Increase in deposits	48,825
Net Cash Flows From Operating Activities	<u>81,136</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	81,136
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 81,136</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The San Mateo County Community College District (the District) was established in 1922 as a political subdivision of the State of California and provides post secondary educational services to residents of San Mateo County and surrounding areas. The District operates under a locally elected five-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 three college campuses located in the cities of San Mateo, San Bruno, and Redwood City, California. While the District is a political subdivision of the State of California, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

Financial Reporting Entity

The District follows GASB Statement No. 39, *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 District has determined that the San Mateo College Community Foundation does not meet the criteria for inclusion under GASB 39.

As defined by generally accepted accounting principals established by the GASB, the financial reporting entity consist of the primary government (the District), as well as the following component units San Mateo County Community College District.

San Mateo County Community College District Financing Corporation
San Mateo County Community Colleges Educational Housing Corporation

The San Mateo County Community College District Financing Corporation (the Corporation) is a legally separate organization component unit of the District. The Corporation was formed to issue debt specifically for the acquisition and construction of capital assets for the District. The Board of Trustees of the Corporation is the same as the Board of Trustees of the District. The financial activity has been "blended" or consolidated within the financial statements as the District as if the activity was the District's. The activity is included as the COP Payment Fund and COP Construction Fund in the District's governmental funds. Certificates of participation issued by the Corporation are included as long-term liabilities in the governmental -wide financial statements. Individually-prepared financial statements are not prepared for the Corporation.

The San Mateo County Community Colleges Educational Housing Corporation (the Corporation) is a legally separate organization component unit of the District. The Corporation was formed to operate staff and faculty housing. The Board of Trustees of the Corporation is the same as the Board of Trustees of the District. The financial activity of the Corporation is reported separately in the financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

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. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency and intra-fund transactions have been eliminated.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is 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, available means expected to be received within 60 days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain grants, entitlements, and donations. Revenue from State apportionments is generally recognized in the fiscal year in which it is apportioned from the State. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements.

The accounting policies of the District conform to accounting principles generally accepted in the United State of America (US GAAP) as applicable to colleges and universities, as well as those prescribed by the California Community Colleges Chancellor's Office. The District reports are based on all applicable GASB pronouncements, as well as applicable FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. When applicable, certain prior year amounts have been reclassified to conform to current year presentation.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussions and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussions and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37 and 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:
 - Statement of Net Assets
 - Statement of Revenues, Expenses and Changes in Net Assets
 - Statement of Cash Flows
- Notes to the Financial Statements

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2006**

The following is a summary of the more significant policies:

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of one year or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*, investments are stated at fair value. Fair value is estimated based on published market prices at year-end. Investments for which there are no quoted market prices are not material.

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 a five-year average ratio over actual revenues. The allowance was estimated at \$1,090,775 and \$846,706 for the years ended June 30, 2006 and 2005, respectively.

Prepaid Expenditures

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

Inventory

Inventory consists primarily of bookstore merchandise and cafeteria food and supplies held for resale to the students and faculty of the colleges. Inventories are stated at lower of cost or market, utilizing the first in, first out 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 for equipment and \$100,000 for land, buildings and improvements. The auxiliary funds (Cafeterias, Bookstores, and Associated Student Body) maintain a capitalization threshold of \$500. 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 are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2006**

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

Accrued Liabilities and Long-term Obligations

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

Deferred Issuance Costs, Premiums, and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and 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. 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, 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.

The District also participates in "load banking" with eligible academic employees whereby the employees may teach extra courses in one period in exchange for time off in another period. The full liability for this benefit is reported on the entity-wide financial statements.

Deferred Revenue

Deferred 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 deferred revenue is removed from the combined balance sheet and revenue is recognized. Deferred 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 are recorded as deferred revenue.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Net Assets

GASB Statements No. 34 and No. 35 report equity as "Net Assets." Net assets are classified according to external donor 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.

Restricted – Expendable: Net assets whose use by the District is subject to externally imposed constraints that can be fulfilled by actions of the District pursuant to those constraints or by the passage of time.

Unrestricted: Net assets that are not subject to externally imposed constraints. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for educational and general operations of the District.

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.

Operating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or nonoperating according to the following criteria:

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions, such as, (1) student tuition and fees, net of fee waivers and allowances, (2) sales and services of auxiliary enterprises, net of fee waivers and allowances, (3) most Federal, State, and local grants and contracts, and (4) interest on institutional student loans.

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources described in GASB Statement No. 34.

Classification of Expenses - Nearly all the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

Operating expenses - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

Nonoperating expenses - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2006**

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 and are recorded in the District's financial records when received.

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.

Property Tax

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 County of San Mateo bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

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 fee waivers, 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. Fee waivers and 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*.

Component Unit

The San Mateo County Community Colleges Educational Housing Corporation's accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities of attaining certain objectives in accordance with special regulations, restriction, or limitations. The San Mateo Community Colleges Educational Housing Corporation is accounted for as a proprietary fund. Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net assets. The statement of changes in fund net assets presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private corporation. Accordingly, no provision for income taxes has been provided in the financial statements. The Corporation annually files information returns, Forms 990, 199, and RRF-1, with the appropriate agencies.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Changes in Accounting Principles

- **GASB Statement No. 46:** In December 2004, GASB issued Statement No. 46, *Net Assets Restricted by Enabling Legislation*, an amendment of GASB No. 34. This statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government can compel a government to honor. Accordingly, it clarifies the determination of restricted net assets within the statement of net assets. The District has implemented this statement.
- **GASB Statement No. 47:** In June 2005, GASB issued Statement No. 47, *Accounting for Termination Benefits*. This statement establishes accounting standards for termination benefits. The District has implemented this statement.

New Accounting Pronouncements

- **GASB Statement No. 43:** In April 2004, GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefits Other than Pension Plans*. The standards in this statement apply for trust funds included in the financial reports of plan sponsors or employers, as well as for the stand-alone financial reports of OPEB plans or the public employee retirements systems, or other third parties that administer them. The provisions of this statement are effective for periods beginning after December 15, 2005. The San Mateo County Community College District is not a plan sponsor of an OPEB Plan.
- **GASB Statement No. 45:** In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This statement establishes standards for the measurement, recognition and display of OPEB expense, expenditures and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports of State and local governmental employers. This statement generally provides for prospective implementation - that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The District is in the process of determining the impact the implementation of this statement will have on the government-wide statements of net assets and activities. This statement is effective for periods beginning after December 15, 2006, depending upon the size of the governmental entities' financial activity. The San Mateo County Community College District will be implementing the requirements of this standard in the 2007-2008 fiscal year. The District expects that it will record the liability for postemployment benefits at this time. Since fiscal year 1992-93, the District has been setting aside funds for this liability and has currently designated \$24 million set aside for this purpose.

Comparative Financial Information

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2006**

NOTE 2 - CASH 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; 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 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Investment in the State Investment Pool - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the pool is reported in the accompanying financial statement at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

General Authorizations

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

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
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	180 days	30%	10%
Negotiable Certificates of Deposit	5 years	30%	FDIC
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	\$20 million

Summary of Deposits and Investments

Deposits and investments as of June 30, 2006, are classified in the accompanying financial statements as follows:

	<u>2006</u>	<u>2005</u>
Business-type activities	\$ 278,087,454	\$ 215,147,956
Component Unit	81,136	-
Total Deposits and Investments	<u>\$ 278,168,590</u>	<u>\$ 215,147,956</u>

Deposits and investments as of June 30, 2006, consist of the following:

	<u>2006</u>	<u>2005</u>
Cash on hand and in banks	\$ 1,356,509	\$ 2,342,889
Cash in revolving	11,614	11,614
Investments	276,800,467	212,793,453
Total Deposits and Investments	<u>\$ 278,168,590</u>	<u>\$ 215,147,956</u>

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 County and State investment pools.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

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	Weighted Average Maturity In Years
Commercial paper	\$ 2,376,397	0.25 years
County Pool	257,310,108	1.4 years
State Investment Pool	17,113,962	0.422 years
Total	<u>\$ 276,800,467</u>	

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 investments in the County pool and LAIF are not required to be rated, nor have they been rated as of June 30, 2006. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Investment Type	Fair Value	Minimum Legal Rating	Rating 6/30/2006
Commercial paper	\$ 2,376,397	AAA	AAA
County Pool	257,310,108	n/a	n/a
State Investment Pool	17,113,962	n/a	n/a
Total	<u>\$ 276,800,467</u>		

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 agencies. 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, 2006, the District's bank balance of approximately \$2,795,000 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.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The California government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

NOTE 3 - ACCOUNTS RECEIVABLE

Receivables for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. The District computes the allowance for doubtful accounts based on the age of the receivables.

The accounts receivable are as follows:

	<u>2006</u>	<u>2005</u>
Federal Government		
Categorical aid	\$ 1,144,027	\$ 1,334,871
State Government		
Apportionment	2,621,661	442,860
Categorical aid	842,597	918,760
Lottery	248,333	1,791,843
Other state sources	6,883,840	1,152,891
Local Government		
Interest	2,326,696	1,649,594
Other local sources	3,500,721	835,160
Subtotal	<u>17,567,875</u>	<u>8,125,979</u>
Student receivables	4,628,669	4,834,716
Less allowance for bad debt	(1,090,775)	(846,706)
Accounts receivables, net of allowance for bad debts	<u>\$ 21,105,769</u>	<u>\$ 12,113,989</u>
Student loans	<u>\$ 586,741</u>	<u>\$ 384,190</u>

Allowance for bad debt was calculated based on a five-year weighted average on uncollectible accounts receivable to total revenues ratio.

Receivables at June 30, 2006 and 2005 include \$250,000 for loans made to five District employees to purchase houses. All full time employees who purchase a home and contribute at least 15 percent of the purchase price are eligible to receive loans of up to \$50,000 per employee. Repayment terms and interest rates are: no payments due in years 1 through 5, payments of principal and interest in years 6-29, with final payment of any remaining balance in year 30. Selling the property, withdrawing cash from the equity, or leaving the District's employment accelerates the due date of the loan. Interest is charged at 4 percent per year.

Discretely Presented Component Unit

The Educational Housing Corporation's accounts receivable are interest receivable.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the District for the fiscal year ended June 30, 2006, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 20,628,292	\$ -	\$ -	\$ 20,628,292
Construction in progress	72,760,259	74,695,023	59,708,298	87,746,984
Total Capital Assets Not Being Depreciated	<u>93,388,551</u>	<u>74,695,023</u>	<u>59,708,298</u>	<u>108,375,276</u>
Capital Assets Being Depreciated				
Land improvements	9,834,246	1,138,828	-	10,973,074
Buildings and improvements	101,073,771	61,850,550	-	162,924,321
Furniture, equipment, and vehicles	13,551,682	4,672,266	574,015	17,649,933
Total Capital Assets Being Depreciated	<u>124,459,699</u>	<u>67,661,644</u>	<u>574,015</u>	<u>191,547,328</u>
Less Accumulated Depreciation				
Land improvements	7,287,486	120,141	-	7,407,627
Buildings and improvements	36,536,379	2,467,464	-	39,003,843
Furniture, equipment, and vehicles	6,307,148	1,008,283	281,656	7,033,775
Total Accumulated Depreciation	<u>50,131,013</u>	<u>3,595,888</u>	<u>281,656</u>	<u>53,445,245</u>
Net Capital Assets Being Depreciated	<u>74,328,686</u>	<u>64,065,756</u>	<u>292,359</u>	<u>138,102,083</u>
Net Capital Assets	<u>\$ 167,717,237</u>	<u>\$ 138,760,779</u>	<u>\$ 60,000,657</u>	<u>\$ 246,477,359</u>

Depreciation expense for the year was \$3,595,888.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Capital asset activity for the District for the fiscal year ended June 30, 2005, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 20,628,292	\$ -	\$ -	\$ 20,628,292
Construction in progress	55,345,210	37,688,287	20,273,238	72,760,259
Total Capital Assets Not Being Depreciated	75,973,502	37,688,287	20,273,238	93,388,551
Capital Assets Being Depreciated				
Land improvements	9,834,246	-	-	9,834,246
Buildings and improvements	80,439,071	20,634,700	-	101,073,771
Furniture, equipment, and vehicles	12,564,905	1,641,198	654,421	13,551,682
Total Capital Assets Being Depreciated	102,838,222	22,275,898	654,421	124,459,699
Less Accumulated Depreciation				
Land improvements	7,167,345	120,141	-	7,287,486
Buildings and improvements	34,852,811	1,683,568	-	36,536,379
Furniture, equipment, and vehicles	6,442,449	383,788	519,089	6,307,148
Total Accumulated Depreciation	48,462,605	2,187,497	519,089	50,131,013
Net Capital Assets Being Depreciated	54,375,617	20,088,401	135,332	74,328,686
Net Capital Assets	\$ 130,349,119	\$ 57,776,688	\$ 20,408,570	\$ 167,717,237

Depreciation expense for the year was \$2,265,503.

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances consist of amounts owed between funds as a result of the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions recorded in the accounting system and (3) payments between funds occur. These interfund transactions have been eliminated through consolidation within the entity-wide financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

Operating Transfers

Operating transfers between District governmental funds 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 unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. These operating transfers have been eliminated through consolidation within the entity-wide financial statements.

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	<u>2006</u>	<u>2005</u>
Accrued payroll	\$ 2,126,555	\$ 3,047,369
Construction	12,932,887	9,590,980
Other	8,002,269	6,521,111
Total	<u>\$ 23,061,711</u>	<u>\$ 19,159,460</u>

Discretely Presented Component Unit

The accounts payable of the Educational Housing Corporation consist primarily of unearned rent income and security deposits.

NOTE 7 - DEFERRED REVENUE

Deferred revenue at consisted of the following:

	<u>2006</u>	<u>2005</u>
Federal financial assistance	\$ 93,007	\$ -
State categorical aid	1,162,570	1,641,005
Enrollment fees	4,240,570	3,875,629
Other local	2,960,662	4,557,941
Total	<u>\$ 8,456,809</u>	<u>\$ 10,074,575</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE 8 - LONG-TERM OBLIGATIONS

Long-term Obligations Summary

The changes in the District's long-term obligations during the 2006 fiscal year consisted of the following:

	Balance Beginning of Year	Additions/ Accretions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds	\$ 165,113,823	\$ 178,990,454	\$ 3,905,000	\$ 340,199,277	\$ 2,435,000
Certificates of participation	30,885,000	-	30,885,000	-	-
Capital leases	312,484	-	312,484	-	-
Total Bonds and Notes Payable	<u>196,311,307</u>	<u>178,990,454</u>	<u>35,102,484</u>	<u>340,199,277</u>	<u>2,435,000</u>
Other Liabilities					
Compensated absences	720,342	2,032,495	-	2,752,837	-
Total Other Liabilities	<u>197,031,649</u>	<u>181,022,949</u>	<u>35,102,484</u>	<u>342,952,114</u>	<u>2,435,000</u>
Premiums, net of amortization	2,632,836	1,812,054	(168,484)	4,613,374	195,957
Total Long-term Liabilities	<u>\$ 199,664,485</u>	<u>\$ 182,835,003</u>	<u>\$ 34,934,000</u>	<u>\$ 347,565,488</u>	<u>\$ 2,630,957</u>

The changes in the District's long-term obligations during the 2005 fiscal year consisted of the following:

	Balance Beginning of Year	Additions/ Accretions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds	\$ 96,298,613	\$ 72,270,210	\$ 3,455,000	\$ 165,113,823	\$ 4,945,000
Certificates of participation	30,885,000	-	-	30,885,000	-
Capital leases	-	467,842	155,358	312,484	156,242
Total Bonds and Notes Payable	<u>127,183,613</u>	<u>72,738,052</u>	<u>3,610,358</u>	<u>196,311,307</u>	<u>5,101,242</u>
Other Liabilities					
Compensated absences	595,430	124,912	-	720,342	-
Total Other Liabilities	<u>127,779,043</u>	<u>72,862,964</u>	<u>3,610,358</u>	<u>197,031,649</u>	<u>10,202,484</u>
Premium, net of amortization	784,163	1,887,261	38,588	2,632,836	114,078
Total Long-term Liabilities	<u>\$ 128,563,206</u>	<u>\$ 74,750,225</u>	<u>\$ 3,648,946</u>	<u>\$ 199,664,485</u>	<u>\$ 5,215,320</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Description of Debt

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments on the Certificates of Participation (COP's) are made by the Bookstores, Redevelopment Project Funds, and the COP Reserve Funds using bond proceeds. Capital leases payments are made by the fund for which the vehicles were used. The accrued vacation will be paid by the fund for which the employee worked.

General obligation bonds were approved by local elections in 2001 and 2005. The total amount approved by the voters in 2001 was \$207,000,000 and in 2005 was \$468,000,000. At June 30, 2006, all \$207,000,000 of the 2001 election bonds had been issued and \$204,134,593 was outstanding. Interest rates on the bonds are from 3.00 percent – 5.74 percent. At June 30, 2006, the first issue of 2005 election had been issued in the amount of \$135,429,395 and \$136,064,684 was outstanding. Interest rates on the bonds are from 3.75 percent – 5.00 percent.

The certificates of participation (COPs) were issued in 2004 in the amount of \$30,885,000 to finance and construct athletic facility improvements, faculty and staff housing units, college bookstores and other facilities for the District. The COPs were defeased as of June 30, 2006.

The District has utilized capital leases purchase agreements to purchase primarily equipment. The current lease purchase agreement in the amount of \$312,484 was paid of as of June 30, 2006.

Debt Maturity

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds		Interest Accretions	Bonds	
				Outstanding July 1, 2005	Issued		Redeemed	Outstanding June 30, 2006
6/4/2002	9/1/2026	5.2-5.74%	\$96,875,613	\$ 94,536,763	\$ -	\$ 1,208,175	\$ 3,905,000	\$ 91,839,938
2/9/2005	9/1/2029	3.00-5.00%	69,995,132	70,577,060	-	1,155,122	-	71,732,182
4/11/2006	3/1/2031	3.50-5.00%	40,124,660	-	40,124,660	437,813	-	40,562,473
4/11/2006	9/1/2030	3.75-5.00%	135,429,395	-	135,429,395	635,289	-	136,064,684
				<u>\$165,113,823</u>	<u>\$ 175,554,055</u>	<u>\$ 3,436,399</u>	<u>\$ 3,905,000</u>	<u>\$340,199,277</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

The bonds mature through 2031 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2007	\$ 2,435,000	\$ 6,180,953	\$ 8,615,953
2008	12,245,000	9,380,222	21,625,222
2009	16,065,000	7,986,410	24,051,410
2010	9,575,000	7,351,103	16,926,103
2011	10,730,000	6,956,476	17,686,476
2012-2016	64,963,855	32,094,154	97,058,009
2017-2021	68,281,779	55,383,360	123,665,139
2022-2026	71,096,508	59,263,695	130,360,203
2027-2031	84,807,135	58,224,096	143,031,231
Total	<u>\$ 340,199,277</u>	<u>\$ 242,820,469</u>	<u>\$ 583,019,746</u>

NOTE 9 – DEFEASED DEBT

In 2006, the District defeased \$30,885,000 certificates of participation issued in 2004 by creating an irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore, removed as a liability from the District's Long-Term Obligations. As of June 30, 2006, the amount of defeased debt outstanding but removed from the Long-Term Obligations amounted to \$30,885,000. As a result of the advance refunding, the District reduced its total debt service requirements by \$30,885,000 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$6,209,220.

NOTE 10 - POSTEMPLOYMENT BENEFITS

The District provides medical, dental, and vision insurance coverage, as prescribed in the various employee union contracts, to retirees meeting plan eligibility requirements. Eligible employees retiring from the District may become eligible for these benefits when the requirements are met. The eligibility requirement for employees participating in Public Employees' Retirement System (PERS) is a minimum age of 55 and a minimum ten years of continuous service with the District. Additional age and service criteria may be required. The eligibility requirement for employees participating in State Teachers' Retirement System (STRS) is a minimum age of 60 with five years of service, or age 50 with 30 years of service. In addition, the District also has minimum continuous service requirements for retirement that range from three years to ten years and varies by employee class. The District recognizes expenditures for these post employment health benefits on a pay-as-you-go-basis. During the 2006 fiscal year, the District provided insurance premium benefits to 670 retired employees with total expenditures of \$6,658,738.

The District had an actual study of the postemployment health benefits completed in December 2001. The accumulated future liability as of July 2001 amounted to \$86,174,000 as determined by the actuarial study.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 11 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ending June 30, 2006, the District contracted with the Bay Area Community Colleges Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2005-2006, the District participated in the Protected Insurance Program for Schools Joint Powers Authority (PIPS), an insurance purchasing pool. The intent of the PIPS is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the PIPS. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the PIPS. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the PIPS. Participation in the PIPS is limited to districts that can meet the PIPS selection criteria.

Employee Medical Benefits

The District has contracted with the Cal PERS to provide employee medical and surgical benefits. Cal PERS is a shared risk pool comprised of nearly 2,500 employers and covers five regions (Bay Area, Other Northern California, Southern California, Other Southern California, and Out of State). Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating Districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool. CalPERS requires the District to have a post retirement medical benefit plan for PERS members.

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

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

STRS

Plan Description

All certificated employees and those employees meeting minimum standards adopted by the Board of Governors of the California Community Colleges and employed 50 percent or more of a full-time equivalent position

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

participate in the Defined Benefit Plan (DB Plan). Part-time educators hired under a contract of less than 50 percent or on an hourly or daily basis without contract may elect membership in the Cash Balance Benefit Program (CB Benefit Program). Since January 1, 1999, both of these plans have been part of the State Teachers' Retirement Plan (STRS), a cost-sharing, multiple-employer contributory public employee retirement system. The State Teachers' Retirement Law (Part 13 of the *California Education Code*, Section 22000 et seq.) established benefit provisions for STRS. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 7667 Folsom Boulevard, Sacramento, California 95851.

The STRS, a defined benefit pension plan, provides retirement, disability, and death benefits, and depending on which component of the STRS the employee is in, post-retirement cost-of-living adjustments may also be offered. Employees in the DB Plan attaining the age of 60 with five years of credited California service (service) are eligible for "normal" retirement and are entitled to a monthly benefit of two percent of their final compensation for each year of service. Final compensation is generally defined as the average salary earnable for the highest three consecutive years of service. The plan permits early retirement options at age 55 or as early as age 50 with at least 30 years of service. While early retirement can reduce the two percent age factor used at age 60, service of 30 or more years will increase the percentage age factor to be applied. Disability benefits are generally the maximum of 50 percent of final compensation for most applicants. Eligible dependent children can increase this benefit up to a maximum of 90 percent of final compensation. After five years of credited service, members become 100 percent vested in retirement benefits earned to date. If a member's employment is terminated, the accumulated member contributions are refundable. The features of the CB Benefit Program include immediate vesting, variable contribution rates that can be bargained, guaranteed interest rates, and flexible retirement options. Participation in the CB Benefit Program is optional; however, if the employee selects the CB Benefit Program and their basis of employment changes to half time or more, the member will automatically become a member of the DB Plan.

Funding Policy

Active members of the DB Plan are required to contribute eight percent of their salary while 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 STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2005-2006 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The CB Benefit Program is an alternative STRS contribution plan for instructors. Instructors who choose not to sign up for the DB Plan or FICA may participate in the CB Benefit Program. The District contribution rate for the CB Benefit Program is always a minimum of four percent with the sum of the District and employee contribution always being equal or greater than eight percent.

Annual Pension Cost

The District's total contributions to STRS for the fiscal years ended June 30, 2006, 2005, and 2004, were \$3,010,591, \$2,986,039, and \$3,189,148, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

All full-time classified employees participate in the CalPERS, an agent multiple-employer contributory public employee retirement system that act as a common investment and administrative agent for participating public

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

entities within the State of California. The San Mateo County Community College District is part of a "cost-sharing" pool with CalPERS. Employees are eligible for retirement as early as age 50 with five years of service. At age 55, the employee is entitled to a monthly benefit of 2.0 percent of final compensation for each year of service credit. Retirement compensation is reduced if the plan is coordinated with Social Security. Retirement after age 55 will increase the percentage rate to a maximum of 2.5 percent at age 63 with an increased rate. The plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service. Upon separation from the Fund, members' accumulated contributions are refundable with interest credited through the date of separation.

The Public Employees' Retirement Law (Part 3 of the *California Government Code*, Section 20000 et seq.) establishes benefit provisions for CalPERS. 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 95814.

Funding Policy

Active plan members are required to contribute seven percent of their salary (seven percent of monthly salary over \$133.33 if the member participates in Social Security), and 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 District's contribution rate to CalPERS for fiscal year 2005-2006 was 9.952 percent of annual payroll.

Annual Pension Cost

The District's contributions to CalPERS for fiscal years ending June 30, 2006, 2005, and 2004, were \$2,462,338, \$2,511,809, and \$2,489,436, respectively, and equaled 100 percent of the required contributions for each year.

On Behalf Payments

The State of California makes contributions to STRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to STRS which amounted to \$1,765,554 (4.517 percent) of salaries subject to STRS. A contribution to CalPERS was not required for the year ended June 30, 2006. 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 Hartford 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 District oversees the investment and administrative functions of the Hartford 457 Deferred Compensation Program. There were 45 members participating in the 457 plan at June 30, 2006.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

The District also contributes to the San Mateo County Community College District 403(b) Tax Deferred Annuity Plan (TDA), which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account.

NOTE 13 - 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. 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, 2006.

The California State Controller's Office audited the District's mandated costs claims in the prior year. As the result of the audit, the District has set aside a reserve for the liability. However, the District is in the process of disputing this liability with the State.

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, 2006.

Construction Commitments

As of June 30, 2006, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECT	Remaining Construction Commitment	Expected Date of Completion
District funded facility improvement projects	\$ 75,896	within 5 years
State funded capital outlay projects	8,181,130	within 3 years
State funded scheduled maintenance projects	3,255	within 1 year
General obligation bond construction projects	22,501,689	within 5 years
Faculty/Staff housing (College Vista)	249,517	within 1 year
Districtwide athletic facilities	350,010	within 2 years
	<u>\$ 31,361,497</u>	

The projects are funded through a combination of general obligation bonds and capital project apportionments from the State Chancellor's Office.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Bay Area Community College (BACC) Joint Powers Authority JPA and Protective Insurance Program for Schools (PIPS) risk pool, and the South Bay Regional Public Safety Training Consortium Joint Powers Authority (JPAs). The District pays an annual premium to the applicable entity for its property and liability insurance and workers' compensation coverage. Payments for the property and liability insurance are paid to the BACC JPA and workers' compensation are paid to the administrator Keenan & Associates then remitted to the JPA's. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

During the year ended June 30, 2006, the District made payment of \$573,540, \$1,857,386, and \$253,885 to BACC Joint Powers Authority JPA, PIPS risk pools, and South Bay Regional Public Safety Training Consortium JPA, respectively.

NOTE 15 - TAX AND REVENUE ANTICIPATION NOTES

On July 6, 2004, the District issued \$12,000,000 Tax and Revenue Anticipation Notes bearing interest at 3.00 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on July 6, 2005. By June 30, 2005, the District had placed 100 percent of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes.

On July 6, 2005, the District issued \$15,000,000 Tax and Revenue Anticipation Notes bearing interest at 4.00 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on July 6, 2006. By May 2006, the District had placed 100 percent of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes. As the District has in substance defeased the debt, the tax anticipation notes of \$15,000,000 and related accrued interest and cash held in trust are not included in these financial statements.

	Outstanding Beginning of Year	Additions	Deletions	Outstanding End of Year
2004 3.00% TRANS	\$ 12,000,000	\$ -	\$ 12,000,000	\$ -
2005 4.00% TRANS	-	15,000,000	15,000,000	-
Total	<u>\$ 12,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ 27,000,000</u>	<u>\$ -</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 16 - SUBSEQUENT EVENTS

The District issued \$10,000,000 of Tax and Revenue Anticipation Notes dated July 6, 2006. The notes mature on July 6, 2007, and yield 3.5 percent interest. The notes were sold to supplement cash flow. Repayment requirements are that a percentage of principal and interest be deposited with the Fiscal Agent each month beginning February 2007, until 100 percent of principal and interest due is on account in May 2007.

Effective July 1, 2006, the District will withdraw from the Bay Area Community College Districts Joint Power Agency and from Protected Insurance Program for Schools Joint Powers Authority. Beginning July 1, 2006, the District will self-insure for both workers' compensation benefits and for general liability.

SUPPLEMENTARY INFORMATION

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION

JUNE 30, 2006

The San Mateo County Community College District was established in 1922, and includes three college campuses located in San Mateo County. There were no changes in the boundaries of the District during the current year.

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Dave Mandelkern	President	2007
Helen Hausman	Vice President- Clerk	2009
Richard Holober	Member	2009
Patricia Miljanich	Member	2007
Karen Schwarz	Member	2007
Patrick Burns	Student Trustee	2006

ADMINISTRATION

Ron Galatolo	Chancellor - Superintendent
James W. Keller	Executive Vice Chancellor
Shirley Kelly	President – College of San Mateo
Tom Mohr	Interim President – Canada College
Victoria Morrow	President – Skyline College

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2006

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Programs			
Federal Work Study Program ^[1]	84.033	none	\$ 444,816
Pell Grant ^[1]	84.063	none	5,464,926
Supplemental Educational Opportunity Grant (SEOG) ^[1]	84.007	none	458,547
Postsecondary Education			
Business and International Education	84.153A	none	16,728
TRIO: Student Support Services	84.042A	none	594,002
TRIO: Upward Bound	84.047A	none	291,492
Higher Education - Institutional Aid			
Title V - Hispanic Serving Institutions ^[1]	84.031S	none	410,246
Vacational Education			
Passed through CDE:			
VTEA I-B State Leadership - Bay Area Regional Consortium	84.048A	02-0342	340,744
VTEA I-C Basic Grants to States	84.048A	02-C01	443,570
VTEA II Tech Prep Education	84.243	02-0139	225,750
Special Education and Rehabilitation Services			
Passed through California Department of Rehabilitation:			
Vocational Rehabilitation-Workability	84.126A	23405	120,916
Total U.S. Department of Education			<u>8,811,737</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Administration for Children and Families			
Passed through CDE:			
Temporary Assistance for Needy Families (TANF)	93.558	none	40,171
Child Care and Development Block Grant	93.575	5036	32,846
Passed through County of San Mateo:			
Foster Care Title IV-E - Training for Community Based Organizations	93.658	none	157,218
Total U.S. Department of Health and Human Services			<u>230,235</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through City of Daly City:			
Community Development Block Grant	14.218	none	6,000
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child and Adult Care Food Program	10.558	5320	31,496
U.S. DEPARTMENT OF LABOR			
Passed through County of San Mateo/California EDD:			
WIA Dislocated Workers	17.260	73200-03-D012	240,962
NATIONAL SCIENCE FOUNDATION			
Passed through University of California CSEMS:			
Education and Human Resources	47.076	0324218	3,125
Total Expenditures of Federal Awards			<u>\$ 9,323,555</u>

[1] Tested as a Major Program.

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2006

Program	Program Revenues			Total Revenue	Total Program Expenditures
	Cash Received	Accounts Receivable	Deferred Income		
GENERAL FUND					
AB 77/Disabled Students Program	\$ 1,580,549	\$ -	\$ -	\$ 1,580,549	\$ 1,580,549
Extended Opportunity Programs	1,585,258	-	-	1,585,258	1,585,258
Care/EOP	123,337	-	-	123,337	123,337
Matriculation	1,006,720	-	-	1,006,720	1,006,720
Foster Parent Training	47,877	47,876	-	95,753	95,753
AB 602 FA Administrative Allowance	767,156	-	-	767,156	767,156
Block Grant	1,150,136	-	340,028	810,108	810,108
T-Com and Technology (TTIP)	366,278	-	219,025	147,253	147,253
CalWorks	169,411	-	5,957	163,454	163,454
Middle College High School	385,265	107,950	-	493,215	493,215
CITD Economic Development	150,300	28,575	-	178,875	178,875
Economic Development Applied Bio Technology	-	6,470	-	6,470	6,470
Staff Diversity	51,245	-	32,339	18,906	18,906
Staff Development	7,394	-	3,310	4,084	4,084
Statewide Leadership Multimedia	128,133	24,367	-	152,500	152,500
MESA/CCCP Funds for Student Success	132,677	38,298	-	170,975	170,975
RCSD CBET Program	58,022	44,148	-	102,170	102,170
Lottery-Prop 20-Instructional Materials	934,173	242,704	525,860	651,017	651,017
SFSU Project	74,132	-	3,789	70,343	70,343
Nursing -Enrollment Growth	63,937	-	-	63,937	63,937
SUHSD CBET Program	36,129	7,179	-	43,308	43,308
Economic Development IDRC Manufacturing	266,024	50,620	-	316,644	316,644
Economic Development IDRC Biotechnology	342,280	65,342	-	407,622	407,622
Economic Development IDRC Rio Hondo CCD	71,822	42,728	-	114,550	114,550
CCC Live Caption	46,685	-	7,575	39,110	39,110
State Library	18,892	-	18,892	-	-
CDE Child Development	451,502	68,011	5,795	513,718	513,718
Cal Grant	476,693	68,328	-	545,021	545,021
Subtotal	<u>\$10,492,027</u>	<u>\$ 842,596</u>	<u>\$1,162,570</u>	<u>10,172,053</u>	<u>\$10,172,053</u>

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE
GENERAL APPORTIONMENT
FOR THE YEAR ENDED JUNE 30, 2006**

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. <u>Credit Full-Time Equivalent Student (FTES)</u>			
1. Summer	40	-	40
2. Weekly census	14,008	-	14,008
3. Daily census	1,588	-	1,588
4. Actual hours of attendance	1,091	-	1,091
5. Independent study/work experience	669	-	669
Subtotal	17,396	-	17,396
B. <u>Noncredit FTES</u>			
1. Summer	-	-	-
2. Actual hours of attendance	44	-	44
3. Independent study/work experience	-	-	-
Subtotal	44	-	44
Total FTES	17,440	-	17,440
C. <u>Basic Skills Courses</u>			
1. Credit			1,921
2. Noncredit			-
Total Basic Skills FTES			1,921
D. <u>FTES Generated in Leased Space</u>			
			-
E. <u>Gross Square Footage</u>			
1. Existing facilities			1,220,892
2. New facilities			37,608
Total Gross Square Footage			1,258,500

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF ANNUAL APPRENTICESHIP HOURS OF INSTRUCTION FOR THE YEAR ENDED JUNE 30, 2006

	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
July 1 - December 31, 2005	36,806	-	36,806
January 1 - April 15, 2006	1,412	-	1,412
April 16 - June 30, 2006	40,419	-	40,419
Total	<u>78,637</u>	<u>-</u>	<u>78,637</u>

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH FUND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

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

	<u>General Unrestricted</u>	<u>General Restricted</u>
FUND BALANCE		
Balance, June 30, 2006, (CCFS-311)	\$ 9,879,704	\$ 2,016,773
Increase in:		
Cash	50,000	-
Increase/(Decrease) in:		
Prepaid assets	350,000	-
Accounts payable	(350,000)	-
Deferred revenue	-	1,115,745
Balance, June 30, 2006, Fund Financial Statement	<u>\$ 9,929,704</u>	<u>\$ 3,132,518</u>

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEETS TO THE STATEMENT OF NET ASSETS JUNE 30, 2006

Amounts Reported in the Statement of Net Assets are

Different Because:

Total Fund Balance - All District Funds	\$	257,163,945
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 298,723,946	
Accumulated depreciation is	<u>(52,815,225)</u>	245,908,721
A fiduciary fund is used by the District's management to account for the activities of the student financial aid services. The assets and liabilities of the financial aid fund are included with governmental activities.		436,966
Expenditures relating to issuance of debt were recognized on the modified accrual basis, but should not be recognized in accrual basis.		3,480,307
In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred.		(2,574,201)
An internal service fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		9,650,196
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Bonds payable	340,199,277	
Premiums, net of amortization	4,613,374	
Compensated absences (vacations)	828,618	(345,641,269)
Total Net Assets		<u><u>\$ 168,424,665</u></u>

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2006**

NOTE 1 - PURPOSE OF SCHEDULES**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.

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.

Schedule of Workload Measures for State General Apportionment and Schedule of Annual Apprenticeship Hours of Instruction

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 are made to community college districts. These schedules provide information regarding the attendance of students throughout the District.

Reconciliation of Annual Financial and Budget Report 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 fund financial statements.

Reconciliation of the Governmental Fund Balance Sheets to the Statement of Net Assets

This schedule provides a reconciliation of the adjustments necessary to bring the District's fund financial statements, prepared on a modified accrual basis, to the accrual basis required under GASB Statement No. 35.

INDEPENDENT AUDITORS' REPORTS



Vavrinek, Trine, Day & Co., LLP
 Certified Public Accountants

VALUE THE DIFFERENCE

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
 FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
 BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
 ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
 San Mateo County Community College District
 San Mateo, California

We have audited the basic financial statements of San Mateo County Community College District (the District) as of and for the years ended June 30, 2006 and 2005, and have issued our report thereon dated October 6, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered San Mateo County Community College District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of San Mateo County Community College District in a separate letter dated October 6, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Mateo County Community College District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Trustees, District Management, the California Community Colleges Chancellor's Office, and the District's Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vavinek, Tine, Day & Co LLP

Pleasanton, California

October 6, 2006



Vavrinek, Trine, Day & Co., LLP
 Certified Public Accountants

VALUE THE DIFFERENCE

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
 APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
 COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
 San Mateo County Community College District
 San Mateo, California

Compliance

We have audited the compliance of San Mateo County Community College District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2006. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 of America, and OMB Circular A-133, *Audits of States, 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 considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, San Mateo County Community College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of San Mateo County Community College District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered San Mateo County Community College District's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Trustees, District Management, the California Community Colleges Chancellor's Office, and the District's Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vavine K, Trine, Day & Co LLP

Pleasanton, California
October 6, 2006



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
 San Mateo County Community College District
 San Mateo, California

We have audited the basic financial statements of the San Mateo County Community College District (the District) for the years ended June 30, 2006 and 2005, and have issued our report thereon dated October 6, 2006.

Our audit was made in accordance with auditing standards generally accepted in the United States of America and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following State laws and regulations in accordance with Section 400 of the Chancellor's Office's *California Community Colleges Contracted Audit Manual (CDAM)*.

General Directive

- MIS Implementation - Required Data Elements

Administration

- Open Enrollment
- Minimum Conditions - Standards of Scholarship
- Student Fee - Instructional Materials and Health Fees
- Apportionment of Instructional Service Agreements/Contracts
- Residency Determination for Credit Courses
- Concurrent Enrollment of K-12 Students in Community College Credit Courses
- Enrollment Fee
- Students Actively Enrolled
- Salaries of Classroom Instructors (50% Law)
- Use of Matriculation Funds
- Allocation of Costs (DSPS and EOPS)
- Non Credit Courses

Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, except as described in the Schedule of State Award Findings and Questioned Costs, the San Mateo County Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2006.

This report is intended solely for the information of the Board of Trustees, District Management, the California Community Colleges Chancellor's Office, the California Department of Finance, and the California Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
October 6, 2006

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITORS' RESULTS FOR THE YEAR ENDED JUNE 30, 2006

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Reporting conditions identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Reporting conditions identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	
Identification of major programs:	<u>No</u>

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.033, 84.063, 84.007</u>	<u>Student Financial Aid Cluster</u>
<u>84.031S</u>	<u>Higher Education-Institutional Aid Title V - Hispanic Serving Institutions</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Reporting conditions identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for State programs:	<u>Qualified</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATION
FOR THE YEAR ENDED JUNE 30, 2006**

None reported.

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

None reported.

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

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

2006-1 STUDENTS ACTIVELY ENROLLMENT

Criteria or Specific Requirements

Under the California Code of Regulations, Title V, section 58003.1, 58004, 58005, and 58051, for attendance accounting purposes, districts are required to clear the rolls of all inactive students as of each course section's drop date. The drop date shall be no later than the end of business of the date immediately preceding the beginning of the census week in weekly census procedure courses, or the day immediately preceding census day in daily census procedure courses, and is the date used to clear the rolls of the inactive enrollment for attendance accounting purposes. For noncredit distance learning courses, the drop date to clear the rolls of inactive students shall be the day prior to each of the two census dates.

Condition

Each district shall claim for apportionment purposes only the attendance of students actively enrolled in a course section as of the census date. District instructors are the individuals who possess the most accurate knowledge of which students are actively enrolled at any time, and therefore, serve as the most effective way to verify the enrollment information is accurate through reviewing and certifying their enrollment rosters after each census date.

Questioned Costs

Unknown.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARD FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2006

Context

Instructors certify and submit the certified census rosters in order to assist the District in assuring that enrollment is accurately compiled and reported. The District provides instructors the tools to complete and submit the certification either on line or manually on paper.

Effect

Failure to submit certified census rosters, results in difficulties in determining if students were dropped at the appropriate point in time to ensure that FTES are properly reported and that state funding is correctly determined. This may result in the District receiving too much or too little state funding.

Cause

During our testing of Student Active Enrollment, we noted that not all instructors are turning in the census rosters following the census date.

Recommendation

We recommend the District remind instructors that certified census rosters (certified either on line or on paper) are required to be submitted shortly after each census date.

District Response

The District will remind its faculty that they are responsible for ensuring that class rosters are accurate.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2006

Except as specified in previous sections of this report, summarized below is the status of all audit findings reported in the prior year's schedule of financial statement findings.

State Award Findings

2005-1 STANDARDS OF SCHOLARSHIP-COURSE REPETITION

Finding

Certain classes allow students to repeat the course several times, however, there is a maximum number of times for which the course repeat may be claimed for apportionment. During our audit of the State Compliance requirements, we noted that the District is not reducing apportionment for the FTES associated with repeated classes exceeding the maximum of three repeats that are allowable for apportionment purposes.

Recommendation

Maintaining a system to track and evaluate FTES generated from repeatable course work is important in ensuring the correct reporting for the number of FTES and therefore the calculation of state apportionment revenues. In order to comply with the State regulations, the District should implement a method of identifying and deducting repeats unallowable for apportionment purposes.

Current Status

Implemented.

2005-2 PETITION OF REPETITION OF COURSES

Finding

During our review of these procedures, we noted that a student at College of San Mateo, who had petitioned and been denied permission to repeat Psychology 100 by the Counseling department based on the fact that the student had previously failed the course repeatedly and it was not a required course for the student's major program, was nevertheless enrolled in the course for Spring 2005.

Recommendation

We recommend the College adhere to all board adopted policies and parameters set forth in the registration policies. In certain circumstances, a student may be approved to repeat a course, however, proper documentation of such approval should be completed and maintained by the College.

Current Status

Implemented.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006**

2005-3 STANDARDS OF SCHOLARSHIP – REMEDIAL COURSES

Finding

During our review of the State Compliance of the Standards of Scholarship, we noted that the District has not implemented a written policy limiting the amount of remedial courses a student may take, nor has it implemented a process for monitoring of the allowable limit of remedial course work.

Recommendation

We recommend the District investigate the requirements and parameters of CCR 55756.5 and adopt a written policy statement on the allowable limits of remedial coursework. With the adopted policy, the District should include a monitoring control that will allow testing of compliance with the State requirements.

Current Status

Implemented.

ADDITIONAL SUPPLEMENTARY INFORMATION

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEETS - (UNAUDITED)
JUNE 30, 2006

	General Unrestricted	General Restricted	Child Development	Bond Interest and Redemption
ASSETS				
Cash and cash equivalents	\$ 774,965	\$ -	\$ -	\$ -
Investments	22,742,581	5,273,328	200,818	5,543,835
Accounts receivable, net of allowance	7,724,738	3,132,771	116,840	47,824
Due from other funds	-	-	-	-
Prepaid expenses	45,061	4,087	-	-
Other current assets	11,944	-	-	-
Total Assets	\$ 31,299,289	\$ 8,410,186	\$ 317,658	\$ 5,591,659
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ 9,489,757	\$ 980,977	\$ 34,676	\$ -
Due to other funds	8,200,000	-	-	-
Deferred revenue	3,679,828	4,296,691	10,418	-
Total Liabilities	21,369,585	5,277,668	45,094	-
FUND EQUITY				
Fund Balances				
Reserved	406,561	-	-	-
Unreserved				
Designated	9,473,143	2,016,772	-	-
Undesignated	50,000	1,115,746	272,564	5,591,659
Total Fund Equity	9,929,704	3,132,518	272,564	5,591,659
Total Liabilities and Fund Equity	\$ 31,299,289	\$ 8,410,186	\$ 317,658	\$ 5,591,659

See accompanying note to additional supplementary information - unaudited.

COP Payment	Capital Outlay Projects	Bond Construction	COP Construction	Retiree Benefits	Total Governmental Funds (Memorandum Only)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 774,965
77,434	36,506,627	170,396,335	5,693,664	23,969,354	270,403,976
-	7,293,002	1,541,014	20,116	250,000	20,126,305
-	5,500,000	-	-	-	5,500,000
-	885	39,355	1,500	-	90,888
-	-	-	-	-	11,944
<u>\$ 77,434</u>	<u>\$ 49,300,514</u>	<u>\$ 171,976,704</u>	<u>\$ 5,715,280</u>	<u>\$ 24,219,354</u>	<u>\$ 296,908,078</u>
\$ -	\$ 4,034,631	\$ 8,783,792	\$ 114,467	\$ -	\$ 23,438,300
-	-	-	-	-	8,200,000
-	118,896	-	-	-	8,105,833
-	<u>4,153,527</u>	<u>8,783,792</u>	<u>114,467</u>	-	<u>39,744,133</u>
-	-	-	-	-	406,561
-	-	-	-	-	11,489,915
77,434	45,146,987	163,192,912	5,600,813	24,219,354	245,267,469
<u>77,434</u>	<u>45,146,987</u>	<u>163,192,912</u>	<u>5,600,813</u>	<u>24,219,354</u>	<u>257,163,945</u>
<u>\$ 77,434</u>	<u>\$ 49,300,514</u>	<u>\$ 171,976,704</u>	<u>\$ 5,715,280</u>	<u>\$ 24,219,354</u>	<u>\$ 296,908,078</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - (UNAUDITED)

FOR THE YEAR ENDED JUNE 30, 2006

	General Unrestricted	General Restricted	Child Development	Bond Interest and Redemption
REVENUES				
Federal revenues	\$ 455	\$ 3,559,164	\$ 41,015	\$ -
State revenues	41,614,557	9,775,265	509,025	64,058
Local revenues	66,352,342	8,043,777	140,861	7,651,925
Total Revenues	<u>107,967,354</u>	<u>21,378,206</u>	<u>690,901</u>	<u>7,715,983</u>
EXPENDITURES				
Current Expenditures				
Academic salaries	41,341,361	3,673,767	156,176	-
Classified salaries	20,782,987	7,035,400	400,331	-
Employee benefits	22,013,930	2,637,563	185,448	-
Books and supplies	1,420,461	2,249,785	68,645	-
Services and operating expenditures	8,593,920	4,386,963	98,802	-
Capital outlay	179,910	154,984	10,503	-
Debt service - principal	84,874	227,610	-	3,905,000
Debt service - interest and other	-	-	-	5,437,057
Total Expenditures	<u>94,417,443</u>	<u>20,366,072</u>	<u>919,905</u>	<u>9,342,057</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>13,549,911</u>	<u>1,012,134</u>	<u>(229,004)</u>	<u>(1,626,074)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	8,646	3,370,524	251,443	-
Operating transfers out	(13,621,873)	(391,803)	-	-
Other sources	69,756	-	-	-
Other uses	(4,122)	(825,944)	-	-
Total Other Financing Sources (Uses)	<u>(13,547,593)</u>	<u>2,152,777</u>	<u>251,443</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2,318	3,164,911	22,439	(1,626,074)
FUND BALANCE, BEGINNING OF YEAR	9,927,386	(32,393)	250,125	7,217,733
FUND BALANCE, END OF YEAR	<u>\$ 9,929,704</u>	<u>\$ 3,132,518</u>	<u>\$ 272,564</u>	<u>\$ 5,591,659</u>

See accompanying note to additional supplementary information - unaudited.

COP Payment	Capital Outlay Projects	Bond Construction	COP Construction	Retiree Benefits	Total Governmental Fund (Memorandum Only)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,600,634
-	16,224,616	-	-	-	68,187,521
240,239	2,513,127	272,970	217,081	758,347	86,190,669
<u>240,239</u>	<u>18,737,743</u>	<u>272,970</u>	<u>217,081</u>	<u>758,347</u>	<u>157,978,824</u>
-	-	-	-	-	45,171,304
-	14,338	-	-	-	28,233,056
-	1,455	-	-	-	24,838,396
-	252,122	3,481,062	148,901	-	7,620,976
-	518,655	6,340,292	31,901	-	19,970,533
-	17,622,236	53,081,111	11,183,324	-	82,232,068
30,885,000	-	-	-	-	35,102,484
1,909,401	-	-	-	-	7,346,458
<u>32,794,401</u>	<u>18,408,806</u>	<u>62,902,465</u>	<u>11,364,126</u>	<u>-</u>	<u>250,515,275</u>
<u>(32,554,162)</u>	<u>328,937</u>	<u>(62,629,495)</u>	<u>(11,147,045)</u>	<u>758,347</u>	<u>(92,536,451)</u>
32,047,839	6,461,562	-	9,497,550	1,500,000	53,137,564
(2,430,189)	(7,826,901)	(32,252,507)	-	-	(56,523,273)
211,781	4,779,185	177,366,712	-	-	182,427,434
-	-	-	-	-	(830,066)
<u>29,829,431</u>	<u>3,413,846</u>	<u>145,114,205</u>	<u>9,497,550</u>	<u>1,500,000</u>	<u>178,211,659</u>
(2,724,731)	3,742,783	82,484,710	(1,649,495)	2,258,347	85,675,208
2,802,165	41,404,204	80,708,202	7,250,308	21,961,007	171,488,737
<u>\$ 77,434</u>	<u>\$45,146,987</u>	<u>\$163,192,912</u>	<u>\$ 5,600,813</u>	<u>\$ 24,219,354</u>	<u>\$ 257,163,945</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUNDS BALANCE SHEETS - (UNAUDITED) JUNE 30, 2006

	Enterprise Funds			Internal Service Fund
	Bookstore	Cafeteria	Total	
ASSETS				
Cash and cash equivalents	\$ 61,370	\$ 21,790	\$ 83,160	\$ 5,000
Investments	4,064,517	623,663	4,688,180	660,537
Accounts receivable	329,362	3,595	332,957	-
Due from other funds	-	-	-	2,700,000
Prepaid expenses	3,075	-	3,075	-
Stores inventories	1,678,001	-	1,678,001	-
Furniture and equipment (net)	511,491	40,710	552,201	-
Total Assets	\$ 6,647,816	\$ 689,758	\$ 7,337,574	\$ 3,365,537
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ 937,944	\$ 58,899	\$ 996,843	\$ 43,611
Other current liabilities	12,461	-	12,461	-
Total Liabilities	950,405	58,899	1,009,304	43,611
FUND EQUITY				
Retained earnings	5,697,411	630,859	6,328,270	3,321,926
Total Liabilities and Fund Equity	\$ 6,647,816	\$ 689,758	\$ 7,337,574	\$ 3,365,537

See accompanying note to additional supplementary information - unaudited.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUNDS

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2006**

	Enterprise Funds			Internal Service Fund
	Bookstore	Cafeteria	Total	
OPERATING REVENUES				
Sales revenues	\$ 7,164,687	\$ 142,543	\$ 7,307,230	\$ -
OPERATING EXPENSES				
Classified salaries	1,412,037	145,907	1,557,944	-
Employee benefits	390,389	149	390,538	-
Books and supplies	5,214,310	-	5,214,310	-
Services and other operating expenditures	358,841	80,142	438,983	(21,210)
Total Operating Expenses	7,375,577	226,198	7,601,775	(21,210)
Operating Income (Loss)	(210,890)	(83,655)	(294,545)	21,210
NONOPERATING REVENUES (EXPENSES)				
Interest income	138,673	21,707	160,380	11,825
Transfers in	471,161	-	471,161	2,760,000
Total Nonoperating Revenues (Expenses)	609,834	21,707	631,541	2,771,825
NET INCOME (LOSS)	398,944	(61,948)	336,996	2,793,035
RETAINED EARNINGS, BEGINNING OF YEAR	5,298,467	692,807	5,991,274	528,891
RETAINED EARNINGS, END OF YEAR	\$ 5,697,411	\$ 630,859	\$ 6,328,270	\$3,321,926

See accompanying note to additional supplementary information - unaudited.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

PROPRIETARY FUNDS STATEMENTS OF CASH FLOWS - (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2006

	Enterprise Funds			Internal Service Fund
	Bookstore	Cafeteria	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from user charges	\$7,345,656	\$ 149,265	\$7,494,921	\$ 5,284
Cash payments to employees for services	(1,882,469)	(146,056)	(2,028,525)	-
Cash reimbursements from insurance claims	-	-	-	21,210
Cash payments to suppliers for goods and services	(5,825,262)	(116,369)	(5,941,631)	(23,389)
Net Cash Provided (Used) for Operating Activities	(362,075)	(113,160)	(475,235)	3,105
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	471,161	-	471,161	(421,338)
Acquisition of capital assets	(451,866)	(5,629)	(457,495)	-
Net Cash Provided (Used) for Capital and Related Financing Activities	19,295	(5,629)	13,666	(421,338)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	138,673	21,707	160,380	11,825
Net decrease in cash and cash equivalents	(204,107)	(97,082)	(301,189)	(406,408)
Cash and cash equivalents - Beginning	4,329,994	742,535	5,072,529	1,071,945
Cash and cash equivalents - Ending	\$4,125,887	\$ 645,453	\$4,771,340	\$ 665,537
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	(210,890)	(83,655)	(294,545)	21,210
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	40,697	26,665	67,362	-
Changes in assets and liabilities:				
Receivables	81,820	6,722	88,542	5,284
Due from other fund	99,149	-	99,149	-
Prepaid expenses	14,250	-	14,250	-
Inventories	(282,990)	-	(282,990)	-
Accrued liabilities	10,889	(62,892)	(52,003)	(23,389)
Due to other fund	(115,000)	-	(115,000)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (362,075)</u>	<u>\$ (113,160)</u>	<u>\$ (475,235)</u>	<u>\$ 3,105</u>

See accompanying note to additional supplementary information - unaudited.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**FIDUCIARY FUNDS
BALANCE SHEETS - (UNAUDITED)
JUNE 30, 2006**

	Associated Students Trust	Student Representation Fee	Student Financial Aid	BACC JPA	Total
ASSETS					
Cash and cash equivalents	\$ 320,882	\$ 102,766	\$ 214	\$ -	\$ 423,862
Investments	771,212	-	206,345	70,217	1,047,774
Accounts receivable	582,718	-	586,741	63,789	1,233,248
Fixed assets	16,437	-	-	-	16,437
Other current assets	-	-	13,621	-	13,621
Total Assets	\$ 1,691,249	\$ 102,766	\$ 806,921	\$ 134,006	\$ 2,734,942
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ 62,705	\$ -	\$ 432,010	\$ -	\$ 494,715
Deferred revenue	-	102,766	248,210	-	350,976
Due to student groups	1,628,544	-	-	134,006	1,762,550
Total Liabilities	1,691,249	102,766	680,220	134,006	2,608,241
FUND EQUITY					
Fund Balances					
Unreserved					
Undesignated	-	-	126,701	-	126,701
Total Fund Equity	-	-	126,701	-	126,701
Total Liabilities and Fund Equity	\$ 1,691,249	\$ 102,766	\$ 806,921	\$ 134,006	\$ 2,734,942

See accompanying note to additional supplementary information - unaudited.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2006

	Associated Students Trust	Student Financial Aid	Total
REVENUES			
Federal revenues	\$ -	\$ 5,925,036	\$ 5,925,036
State revenues	-	545,021	545,021
Local revenues	683,610	301	683,911
Total Revenues	<u>683,610</u>	<u>6,470,358</u>	<u>7,153,968</u>
EXPENDITURES			
Current Expenditures			
Classified salaries	66,412	-	66,412
Books and supplies	12,589	-	12,589
Services and operating expenditures	336,120	-	336,120
Total Expenditures	<u>415,121</u>	<u>-</u>	<u>415,121</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>268,489</u>	<u>6,470,358</u>	<u>6,738,847</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	154,703	154,703
Operating transfers out	-	(155)	(155)
Other uses	-	(6,626,166)	(6,626,166)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(6,471,618)</u>	<u>(6,471,618)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>268,489</u>	<u>(1,260)</u>	<u>267,229</u>
FUND BALANCE/DUE TO STUDENT GROUPS, BEGINNING OF YEAR	<u>1,360,055</u>	<u>127,961</u>	<u>1,488,016</u>
FUND BALANCE/DUE TO STUDENT GROUPS, END OF YEAR	<u>\$1,628,544</u>	<u>\$ 126,701</u>	<u>\$ 1,755,245</u>

See accompanying note to additional supplementary information - unaudited.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION
JUNE 30, 2006**

NOTE 1 - PURPOSE OF SCHEDULES

Fund Financial Statements

The accompanying financial statements report the governmental, proprietary, and fiduciary fund activities of San Mateo County Community College District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these financial statements may differ from amounts presented in, or used in, the preparation of the basic financial statements. The information is unaudited and is presented at the request of the District management.

**SAN MATEO COUNTY
COMMUNITY
COLLEGE DISTRICT**

**CAPITAL OUTLAY –
BOND FUND
FINANCIAL REPORT**

JUNE 30, 2006

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY – BOND FUND

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JUNE 30, 2006

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Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

Measure C Citizens' Oversight Committee
San Mateo County Community College District
San Mateo, California

We have audited the accompanying financial statements of the capital outlay - bond fund of the San Mateo County Community College District, as of and for the year ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the District's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the capital outlay - bond fund and are not intended to present fairly the financial position and results of operations of the San Mateo County Community College District in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the capital outlay - bond fund of the San Mateo County Community College District at June 30, 2006, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Pleasanton, California
October 6, 2006

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY - BOND FUND

BALANCE SHEET

JUNE 30, 2006

ASSETS

Investments	\$ 170,396,335
Accounts receivable	1,541,014
Prepaid Expenses	39,355
Total Assets	<u>\$ 171,976,704</u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	<u>\$ 8,783,793</u>
------------------	---------------------

FUND EQUITY

Fund balances	
Unreserved	
Undesignated	<u>163,192,911</u>
Total Liabilities and Fund Equity	<u>\$ 171,976,704</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2006**

REVENUES

Interest and investment earnings	<u>\$ 272,970</u>
----------------------------------	-------------------

EXPENDITURES

Current

Books and supplies	3,481,062
--------------------	-----------

Services and operating expenditures	6,340,291
-------------------------------------	-----------

Capital outlay	<u>53,081,114</u>
----------------	-------------------

Total Expenditures	<u>62,902,467</u>
--------------------	-------------------

EXCESS OF REVENUES OVER/

(UNDER) EXPENDITURES	<u>(62,629,497)</u>
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OTHER FINANCING SOURCES/(USES)

Other sources	177,366,712
---------------	-------------

Other uses	<u>(32,252,507)</u>
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Total Other Financing Sources (Uses)	<u>145,114,205</u>
--------------------------------------	--------------------

EXCESS OF REVENUES AND OTHER

FINANCING SOURCES OVER/(UNDER)	
EXPENDITURES AND OTHER USES	82,484,708

FUND BALANCE, BEGINNING OF YEAR	<u>80,708,203</u>
---------------------------------	-------------------

FUND BALANCE, END OF YEAR	<u><u>\$ 163,192,911</u></u>
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The accompanying notes are an integral part of these financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**CAPITAL OUTLAY – BOND FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the San Mateo County Community College District capital outlay - bond fund conforms to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The San Mateo County Community College District capital outlay - bond fund accounts for financial transactions in accordance with the policies and procedures of the California College Budget and Accounting Manual.

Financial Reporting Entity

These financial statements were prepared to comply with the requirements of proposition 39 related to the 55% voter approval requirements for bond issues and include only the capital outlay - bond fund established to account for the expenditures of the general obligation bonds approved in November 2001 and 2005. These financial statements are not intended to present fairly the complete financial position and results of operations of the San Mateo County Community College District in conformity with generally accepted accounting principles.

Fund Accounting

The District accounts for the capital outlay – bond fund in a fund, which is considered to be a separate accounting entity from all other funds of the District. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance (or retained earnings), revenues, and expenditures (or expenses), as appropriate. District resources are allocated to and accounted for in individual governmental funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

Governmental funds are generally accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered), except for unmatured interest on general long-term debt, which is recognized when due.

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances are liquidated at June 30 since they do not constitute expenditures or liabilities.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY – BOND FUND NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not available for appropriation or amounts legally segregated for a specific future use. Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. 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 County of San Mateo bills and collects the taxes for the District. The District recognizes tax revenues when received.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE #2 – INVESTMENTS

Investments Authorized Under Debt Agreements - The debt agreement limits investments to the San Mateo County Investment Pool. The 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
County Pooled Investment Funds	N/A	None	None

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY – BOND FUND NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

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 Capital Outlay Bond Fund and the District manages exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The fair value of deposits at the County Treasury at June 30, 2006 was \$170,396,335 and the weighted average maturity of the pool is 1.4 years.

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 measure by the assignment of a rating by a nationally recognized statistical rating organization. The Capital Outlay Bond Fund only invests in County Pooled Investment Funds which are not required to be rated.

Custodial Credit Risk – Deposits - This is the risk that in the event of a bank failure, the Capital Outlay Bond Fund or District's deposits may not be returned to it. The Capital Outlay Bond Fund does not have any deposits subject to custodial credit risk.

NOTE #3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2006, consists of the following:

Interest	<u>\$ 1,541,014</u>
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NOTE #4 – INTERFUND TRANSACTIONS

Operating transfers

At June 30, 2006, operating transfers out to the COP Payment Fund was \$31,296,945 to pay off the COP balance and \$955,562 for CSM Regional Public Safety Center as allowed by the bond measure.

NOTE #5 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2006, consists of the following:

Vendor payables	<u>\$ 8,783,792</u>
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SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY – BOND FUND NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #6 – FUND BALANCES

Fund balances are composed of the following elements:

Unreserved		
Undesignated		\$ 163,192,911

NOTE #7 – LONG-TERM DEBT

A. Long-Term Debt Summary

Under the modified accrual basis of accounting, liabilities for long-term debt are not reported in the individual funds of the District. However, they are reported as liabilities on the Statement of Net Assets in the Entity Wide financial statements of the District. A schedule of changes in long-term debt for the year ended June 30, 2006, is shown below:

	Balance Beginning of Year	Additions/ Accretion	Deductions	Balance End of Year
General obligation bonds	\$ 165,113,823	\$ 178,990,454	\$ 3,905,000	\$ 340,199,277

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Beginning of Year	Issued	Accretion	Redeemed	Bonds End of Year
6/4/2002	9/1/2026	5.20-5.74%	\$ 96,875,613	\$ 94,536,763	\$ -	\$ 1,208,175	\$ 3,905,000	\$ 91,839,938
2/9/2005	9/1/2029	3.00-5.00%	69,995,132	70,577,060	-	1,155,122	-	71,732,182
4/11/2006	3/1/2031	3.50-5.00%	40,124,660	-	40,124,660	437,813	-	40,562,473
4/11/2006	9/1/2030	3.75-5.00%	135,429,395	-	135,429,395	635,289	-	136,064,684
				\$ 165,113,823	\$ 175,554,055	\$ 3,436,399	\$ 3,905,000	\$ 340,199,277

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY – BOND FUND NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

The general obligation bonds mature through 2031 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2007	\$ 2,435,000	\$ 6,180,953	\$ 8,615,953
2008	12,245,000	9,380,222	21,625,222
2009	16,065,000	7,986,410	24,051,410
2010	9,575,000	7,351,103	16,926,103
2011	10,730,000	6,956,476	17,686,476
2012-2016	64,963,855	32,094,154	97,058,009
2017-2021	68,281,779	55,383,360	123,665,139
2022-2026	71,096,508	59,263,695	130,360,203
2027-2031	84,807,135	58,224,096	143,031,231
Total	340,199,277	\$ 242,820,469	\$ 583,019,746
	Accretions to date (144,277,878)		
	\$195,921,399		

NOTE #8 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2006, the building fund had the following commitments with respect to unfinished capital projects:

Description	Amount
District wide energy efficiency projects	\$ 685,356
District wide other projects	2,878,256
Skyline buildings	7,084,340
Skyline other projects	3,425,568
Canada buildings	4,431,904
Canada other projects	1,154,515
College of San Mateo integrated science center	1,709,408
Collge of San Mateo other projects	1,132,342
	\$ 22,501,689

MINUTES
November 8, 2006
San Mateo, California

The meeting was called to order at 6:10 p.m.

Board Members Present: President Mandelkern, Vice President-Clerk Hausman, Trustees Holober, Miljanich and Schwarz, and Student Trustee Young

Others Present: Chancellor Galatolo, Executive Vice Chancellor Keller, Skyline President Morrow, Cañada Interim President Mohr, CSM President Kelly, and District Academic Senate President Kapp

Pledge of Allegiance

DISCUSSION OF THE ORDER OF THE AGENDA

None

MINUTES

It was moved by Trustee Miljanich and seconded by Trustee Schwarz to approve the minutes of the Regular Meeting of the Board of October 25, 2006. The motion carried, all members voting "Aye."

PRESENTATIONS TO THE BOARD BY PERSONS OR DELEGATIONS

None

STATEMENTS FROM EXECUTIVES AND STUDENT REPRESENTATIVES

Executive Reports were presented by Chancellor Galatolo, Skyline President Morrow, CSM President Kelly, Cañada President Mohr, and District Academic Senate President Kapp. President Morrow said that Skyline Associated Students President Luis Padilla was not in attendance because of a flat tire; he will present his report at a future meeting.

Chancellor Galatolo spoke about the passage of Proposition 1D in the November 7 election. With the passage of the proposition, community colleges will receive \$10.4 billion; SMCCCD will receive approximately \$50 million for the construction of two Facilities Maintenance Centers, demolition of buildings and other projects. Chancellor Galatolo said that Proposition 1D also provides for the extension of design-build method through 2011 for specified districts, including SMCCCD. Finally, Proposition 1D authorizes community colleges to build facilities to either Field Act standards or to the California Uniform Building Code. There is still some confusion about how this provision will be implemented, and whether projects will still need approval by the State Architect. County Counsel's Office is researching these questions for the District.

President Morrow thanked Board members who attended the ribbon cutting ceremony earlier today for the new Gymnasium. She commented that the women's basketball team played their first game today and that Skyline College now has four women's and four men's athletic teams. President Morrow also reported that Interim Dean of Language Arts Connie Beringer has been selected as permanent Dean, and the appointment will be brought to the Board for approval.

President Kelly distributed the following handouts to Board members: CSM Strategic Plan 2006-2008; ACCESS (Assistance Technology Center); CSM for Service; and CSM Currents. Chancellor Galatolo complimented President Kelly and her staff on the Strategic Plan.

President Mohr introduced Rick Voorhees of Voorhees Group, LLC which was awarded the contract for educational planning professional services at Cañada College. President Mohr described a meeting held earlier today with Mr. Voorhees which included information on student life, clubs and courses, and feedback on how the community views the College. President Mohr encouraged interested parties to go to the "Inside Cañada" section of the website to view detailed data. There will be a town hall meeting on December 5 to look closely at the vision and mission statement. President Mohr said that there has been an ongoing study following 905 students who began attending Cañada in the fall of 2005, to track whether they have been able to fulfill their goals. President Mohr will report the results of the study to the Board.

Executive Vice Chancellor Keller reported that Tom Bauer, Director of Bookstore Operations, is making a presentation this evening on the District's textbook rental program. Director Bauer has made several presentations at conferences on this program and also on what it takes for college bookstores to remain independent.

District Academic Senate President Kapp reported that work is progressing on the concurrent enrollment and distance learning initiatives. He noted the importance of having faculty involvement and expressed appreciation for being allowed time to ensure that this can be accomplished.

Copies of the Executive Statements/Reports were available for distribution at the meeting and are attached to the official minutes of record.

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

None

UNFINISHED BUSINESS

APPROVAL OF AGREEMENT WITH ROCKRIDGE PARTNERS, INC. FOR MANAGEMENT SERVICES FOR INSURANCE INSTRUCTOR TRAINING INITIATIVE (AMENDED 11/8/06) (06-10-105B)

It was moved by Trustee Holober and seconded by Trustee Schwarz to approve the agreement with Rockridge Partners, Inc. for management services for the insurance instructor training initiative, as amended.

President Kelly explained that the Insurance Instructor Training Initiative is a pass through grant. She said that a college is normally chosen to be a fiscal agent because of its knowledge and expertise regarding a particular program. President Kelly presented a brief background of the program. For over two decades, the insurance industry has had difficulty finding entry level employees. In 2004, the California Insurance Careers Program was initiated. Currently, 17 community colleges are partners in the collaborative.

With acceptance of the grant, in the fall of 2006 CSM began offering certificate and associate degree programs in the insurance field. Two new adjunct faculty members who had experience in the industry were brought in to train instructors for the new program. Rockridge Partners, Inc. has been actively engaged in the program since the beginning, first working with Solano College on the initiative, and recently approached CSM to become part of the grant. There are currently 10 students enrolled for instructor training, and 30 will be trained by the end of the year. President Mandelkern asked how many of these students are District faculty. CSM Dean of Business/Creative Arts Linda Avelar replied that there are no District faculty enrolled at this time. She said that faculty from other colleges that will offer the insurance program are taking the classes.

President Mandelkern asked if there is a policy regarding fiscal agent agreements, and if there are safeguards in place to mitigate risk. Chancellor Galatolo replied that he does not know of a specific policy. Executive Vice Chancellor Keller said that the College District has only participated in approximately six such agreements in the past 15 years. With this information, President Mandelkern stated that developing a policy may not be the best use of the Board's time.

President Kelly said that CSM was late seeking Board approval for the management agreement because there was confusion about which parts of the grant needed Board approval.

After discussion, the motion carried, all members voting "Aye."

NEW BUSINESS

APPROVAL OF PERSONNEL ACTIONS: CHANGES IN ASSIGNMENT, COMPENSATION, PLACEMENT, LEAVES, STAFF ALLOCATIONS AND CLASSIFICATION OF ACADEMIC AND CLASSIFIED PERSONNEL (06-11-1A)

It was moved by Trustee Holober and seconded by Trustee Miljanich to approve the actions in Board Report No. 06-11-1A. The motion carried, all members voting "Aye."

ADOPTION OF DISTRICT ACADEMIC CALENDAR, 2007-08 (06-11-1B)

It was moved by Trustee Hausman and seconded by Trustee Schwarz to approve adoption of the District academic calendar for 2007-08.

Trustee Holober asked if the District considers coordinating the calendar with that of California State Universities, particularly San Francisco State, in order to take advantage of the overflow of students. Chancellor Galatolo responded that he believes the District is becoming more aligned with San Francisco State and suggested that Vice Chancellor of Education Services and Planning Jing Luan can study this issue more closely. Vice Chancellor of Human Resources and Employee Relations Harry Joel added that since the AFT recommended starting classes one week later than usual, the District calendar will probably be closer to that of San Francisco State.

After discussion, the motion carried, all members voting "Aye."

ADOPTION OF RESOLUTION NO. 06-18 OF THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT AUTHORIZING THE ISSUANCE AND SALE OF THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT 2006 GENERAL OBLIGATION BONDS (ELECTION OF 2005), SERIES B, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$332,570,605.40 (06-11-100B)

It was moved by Trustee Miljanich and seconded by Trustee Hausman to approve adoption of Resolution No. 06-18.

Chancellor Galatolo said this topic had been extensively discussed at the October 11, 2006 Study Session of the Board. He introduced Chris Lynch of Jones Hall and John Sheldon of Morgan Stanley who were present to answer questions. Trustee Holober asked if there are any new insights or predictions regarding the bond market. Mr. Sheldon responded that while rates change day to day, they are still within the range included in the October 11th report, hovering around 4.55%. Trustee Holober asked if the approval of bonds in the November 7th election would have an effect on rates. Mr. Sheldon said that the issuance of these bonds will take place over a long period of time and none will be issued this year. However, there will be other issuances, both in California and nationally, within the next couple of weeks and the underwriter will consider this when determining the best time to sell the District bonds. Chancellor

Galatolo said that after Board approval, the District will be meeting with the bond rating agencies and no changes in the ratings are anticipated.

President Mandelkern asked for confirmation that the District has the approval of the County Counsel and Lee Buffington (County Treasurer-Tax Collector) as stated at the Study Session. Chancellor Galatolo confirmed this and added that investment strategies have also been discussed. President Mandelkern asked if the County Treasurer will manage the investments; Chancellor Galatolo said that would be the case, but the District has made it clear that management needs to be improved. Trustee Holober said that his questions were answered at the Study Session, but he wants to make sure that the District is keeping its word to the taxpayers. Chancellor Galatolo said that the accelerated issuance would be in the taxpayers' best interest. President Mandelkern urged the Board to stay informed on this important issue.

After discussion, the motion carried, all members voting "Aye."

ADOPTION OF RESOLUTION NO. 06-19 OF THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT AUTHORIZING USE OF DESIGN-BUILD DELIVERY METHOD (06-11-101B)

It was moved by Trustee Hausman and seconded by Trustee Schwarz to approve adoption of Resolution No. 06-19.

Trustee Holober said the list of projects looks good. He wanted to make sure that projects of any significant size will be under a Project Labor Agreement (PLA); Chancellor Galatolo replied that they will. Trustee Miljanich asked that "design-build" and "PLA" be explained in more detail, particularly for the benefit of Student Trustee Young who was not familiar with these terms.

Chancellor Galatolo explained the difference between "design-bid-build" and "design-build" methods of construction. In the design-bid-build process, each function is discrete. Through public works, an architect is hired to design a building; the architectural plans are forwarded to potential contractors; and the lowest responsive bidder is selected and construction begins. Under the design-build method, there is a team of the owner (i.e., District), architect and general contractor. This team works together from the beginning, encompassing design through construction. Chancellor Galatolo said that working as a team encourages the participants to work out problems together rather than placing blame on one of the parties, reducing the likelihood of lawsuits. It also allows flexibility to make changes to improve projects. Executive Vice Chancellor Keller added that this approach allows the team to think holistically, designing projects with consideration of other buildings to be designed in the same area. Trustee Holober said the District is one of only three college districts allowed to use the design-build method rather than competitive bidding, and that this indicates the State has trust in the District.

Trustee Holober described Project Labor Agreements. Under State law, certain laws must be followed, i.e., paying the prevailing wage in your community. Within this system, the District negotiated a contract with the San Mateo Building Trades Council, establishing conditions and costs for labor for all projects. The District is committed to pay the agreed upon wage whether union or non-union workers are hired. There is a no work stoppage provision whereby the Council intercedes to help settle disputes. President Mandelkern asked the status of negotiating a new PLA. Executive Vice Chancellor Keller said that José Nuñez will be negotiating. Trustee Schwarz added that the District needed to have project plans developed before it could negotiate a new PLA. Trustee Holober said that SMCCCD was the second district in the state, and the first in northern California, to pass a PLA. Other districts have seen the value of the agreements and followed suit; the Contra Costa Community College District passed an agreement last week.

President Mandelkern asked why none of the Cañada College projects have used the design-build method. Executive Vice Chancellor responded that a project must be in excess of \$10 million in order to use design-build. In the future it may be possible to combine a project, such as roadways, with other projects to reach the \$10 million level.

Trustee Schwarz asked whether the Loma Chica School will be renovated or replaced. Executive Vice Chancellor Keller said that the determination is made by looking at the value of a building vs. the cost of building a new one. It is also important to determine whether the existing building is in the correct place when the bridging documents are completed. President Morrow said that she visited the site when the previous clients were moving out. There are six classrooms, an assembly area and a considerable number of restrooms. The next step is to examine the infrastructure, e.g., current plumbing, earthquake safety, etc.

After discussion, the motion to approve Resolution No. 06-19 carried, all members voting “Aye.”

APPROVAL OF CONSTRUCTION CONSULTANTS FOR DESIGN-BUILD BRIDGING DOCUMENTS (06-11-102B)

It was moved by Trustee Holober and seconded by Trustee Hausman to approve the construction consultants for design-build bridging documents. The motion carried, all members voting “Aye.”

INFORMATION REPORTS

DISTRICT FINANCIAL SUMMARY FOR THE QUARTER ENDING SEPTEMBER 30, 2006 (06-11-1C)

Executive Vice Chancellor Keller noted the continuing impact of triple flip.

INFORMATION REPORT ON NEW PAYROLL SYSTEM (06-11-2C)

Chief Financial Officer Kathy Blackwood reported on the new system. She explained that the County Office of Education is changing their payroll system and invited the District and other schools to be part of the new system. However, the District was paying the County Office approximately \$20,000 per year and the cost for the new system would increase to \$250,000 per year. This prompted the District to consider moving the payroll system in-house. The District already owns the payroll software in the Banner system. Development of an in-house payroll system will cost just under \$700,000 and it will take three years to realize the return on investment. There will also be some ongoing expenses.

CFO Blackwood said that outside of a glitch with Union Bank, which was satisfactorily rectified, the process has gone very smoothly. The new paychecks are easier to read and include sick leave and vacation balances.

The new student timecard can be printed or emailed through Banner. Students will get paid on the 15th of each month. There will also be new timecards for classified hourly and overtime, and training will be conducted. These groups will also be paid on the 15th of the month. There are no changes to the timecards for regular employees and adjunct faculty.

There are some upcoming challenges. The District will have to do PERS and STRS reporting beginning in January, and the first W-2 statements for students will be printed in January. The District will prepare its own state and federal quarterly reports.

In response to a question from Trustee Schwarz regarding a “dry run” in December, CFO Blackwood replied that testing has been ongoing. Trustee Schwarz asked who signs payroll checks. CFO Blackwood

replied that electronic signatures of Chancellor Galatolo and Executive Vice Chancellor Keller are used. Trustee Schwarz recommended using caution regarding whose names are on signature cards.

CFO Blackwood fielded questions and comments from the audience. Concern was expressed about the timing of the change; in addition to the holidays, the campuses will be busy closing the fall semester and working on spring registration. Trustee Schwarz suggested hiring more employees during this time, and CFO Blackwood said this would be done if necessary. President Mandelkern stressed the importance of addressing communications issues.

In the future, there will be information on web based timecards, online paycheck stubs and integrated leave balances.

Chancellor Galatolo thanked Director of ITS Frank Vaskelis for his work on this project, and CFO Blackwood acknowledged District and campus staff as well as the Payroll Implementation Team.

STATEMENTS FROM BOARD MEMBERS

Trustee Schwarz attended the retirement reception for President Kelly and commented on the warmth and friendliness of the staff at College of San Mateo. She also complimented President Mandelkern on the poem he wrote in honor of President Kelly. Trustee Schwarz attended the ribbon cutting for the grand opening of the Skyline gymnasium earlier today and said it was a wonderful event.

Trustee Holober shared copies of an extract from “Greening The Bottom Line: California Companies Save Money by Reducing Global Warming Pollution,” highlighting SMCCCD as one of the models. The report was issued by Environment California, a new environmental group created approximately one year ago by Calpirg. The extract notes that the District has achieved a 56% energy savings and energy costs are down by more than \$1 million per year. Trustee Holober believes the Chancellor and Facilities staff should be complimented. Trustee Holober also attended the retirement reception for President Kelly, which he termed a great event, and the ribbon cutting earlier today at Skyline where it was exciting to see the finished product.

Student Trustee Richael Young thanked everyone for voting and said she looks forward to the time she will be eligible to vote as well. She also thanked the Board for educating her on the design-bid-build vs. design-build methods. Student Trustee Young attended the retirement reception for President Kelly and noted that she has found all of the positive comments made about President Kelly to be true.

President Mandelkern also attended President Kelly’s retirement reception and commented that it was nice to see her family there as well as former students. He noted that the Board will miss President Kelly and thanked her for having agreed to serve as interim president. He asked President Kelly how much money has been donated for the Star projector (for people wishing to contribute, donations were requested in lieu of gifts). President Kelly said that there has been \$18,000 in donations so far. She noted that Larry Atkinson and his brother Jeff made a very generous contribution. President Mandelkern said that CSEA and the Academic Senate had also made generous contributions. The Planetarium is completely booked by elementary schools for the semester, and consideration is being given to opening on Wednesday afternoons as well as Fridays.

President Kelly thanked everyone for attending the reception. She was particularly moved by President Mandelkern’s poem and requested a copy of it.

President Mandelkern commented on the Environment California report provided by Trustee Holober, saying the strategy employed by the District is a “gift that keeps on giving.” He said that the money

saved could be used to help students. He added that the strategy also helps the planet, and said he applauds staff. Chancellor Galatolo noted that the Board should be applauded as well because they set the direction and made conservation a goal.

COMMUNICATIONS

None

RECESS TO CLOSED SESSION

The Board recessed to Closed Session at 8:34 p.m.

The Board reconvened to Open Session at 9:45 p.m.

CLOSED SESSION ACTIONS TAKEN

President Mandelkern reported that, at the Closed Session just concluded, the Board considered the personnel items listed on the printed agenda and voted 5-0 to approve the actions in Board Report No. 1-A and 1-B.

ADJOURNMENT

It was moved by Trustee Miljanich and seconded by Trustee Hausman to adjourn the meeting. The motion carried, all members voting "Aye." The meeting was adjourned at 9:46 p.m.

The next meeting of the Board will be a Regular Meeting on December 13, 2006 in the District Board Room.

Submitted by

Ron Galatolo
Secretary

Approved and entered into the proceedings of the December 18, 2006 meeting.

Richard Holober

Vice President-Clerk

MINUTES
November 21, 2006
San Mateo, California

The meeting was called to order at 4:05 p.m.

Board Members Present: President Mandelkern, Vice President-Clerk Hausman, Trustees Holober, Miljanich and Schwarz

Others Present: Chancellor Galatolo, Vice Chancellor Joel

RECESS TO CLOSED SESSION

The Board recessed to Closed Session at 4:10 p.m.

1. Closed Session Personnel Items
 - A. PUBLIC EMPLOYEE APPOINTMENT
Title: President, College of San Mateo

The Board reconvened to Open Session at 6:52 pm.

CLOSED SESSION ACTIONS TAKEN

President Mandelkern reported that during the Closed Session just concluded, the Board selected a new President of the College of San Mateo. Once an offer is made and accepted, the name of the successful candidate will be announced.

ADJOURNMENT

It was moved by Trustee Schwarz and seconded by Trustee Hausman to adjourn the meeting. The motion carried, all members voting "Aye." The meeting was adjourned at 6:52 p.m.

The next meeting of the Board will be a Regular Meeting on December 18, 2006 in the District Board Room.

Submitted by

Ron Galatolo

Approved and entered into the proceedings of the December 18, 2006 meeting.

Richard Holober

Vice President-Clerk

BOARD REPORT NO. 06-12-1A

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor-Superintendent
PREPARED BY: Harry W. Joel, Vice-Chancellor,
Human Resources and Employee Relations, (650) 358-6767

APPROVAL OF PERSONNEL ACTIONS

Changes in assignment, compensation, placement, leaves, staff allocations and classification of academic and classified personnel:

A. Reassignment

Cañada College

1. Salumeh Eslamieh Instructor, English Humanities & Social Science Division

Reassignment from temporary academic employment, effective January 11, 2007, replacing Amy Henry who retired.

College of San Mateo

1. Alan Gotelli Senior Maintenance Engineer Facilities, Planning, Operations

Reassignment from Maintenance Engineer, effective December 7, 2006.

2. Michael Claire President President's Office

Reassignment from Vice President of Instruction, effective January 1, 2007, replacing Shirley Kelly who retired.

3. Victor Krimsley Interim Dean of Special Projects Office of the Vice-President of Instruction

Extension of temporary, 60% of full-time, interim assignment, effective January 1, 2007 through June 30, 2007.

District

1. Jan Roecks Director of General Services General Services

Reassignment from Director of Community Education, effective January 2, 2007, replacing Rick Bennett who was reassigned to Executive Director of Construction Planning.

2. Nancy Witte Buyer General Services

Reassignment from Accounting Technician, effective January 2, 2007, replacing Jennifer James who was reassigned to Project Coordinator II.

BOARD REPORT NO. 06-12-1A

Reassignment (continued)

Skyline

1. **Connie Beringer** Dean, Language Arts Division Language Arts

Reassignment from Professor, effective November 7, 2006, replacing Anita Martinez who resigned.

B. Transfers

1. **Eduardo Gonzalez** Custodian Facilities, Planning, Operations

Lateral transfer from Cañada College to the College of San Mateo, effective December 1, 2006.

C. Changes in Staff Allocation

Cañada College

1. Recommend creation of new classified supervisory classification, "Manager of the Learning Center," at Grade 192 of the Classified Professional Supervisory Salary Schedule 40 in the Office of the VP Instructional Services effective October 1, 2006.

Also recommend reclassification of "Program Supervisor Learning Center" to the new classification. The change in allocation classification will more accurately describe the increased responsibilities that will be assigned to the position.

It is also recommended that the incumbent, Rita Sabbadini be placed at the new salary and title, effective October 1, 2006.

College of San Mateo

1. Recommend reclassification of one Office Assistant II position (4C0112) in Nursing, from Grade 18, "Office Assistant II," of the Classified Salary Schedule 60, to Grade 21, "Staff Assistant," of the Classified Salary Schedule 60.

This reclassification is the result of increased scope and level of responsibility. It is also recommended that the incumbent, Alma Gomez, be placed at the new salary and title, effective September 1, 2006.

2. Recommend reclassification of one Office Assistant II position (2C0072) in Automotive, from Grade 18, "Office Assistant II," of the Classified Salary Schedule 60, to Grade 21, "Staff Assistant," of the Classified Salary Schedule 60.

This reclassification is the result of increased scope and level of responsibility. It is also recommended that the incumbent, Clydie Rizzo, be placed at the new salary and title, effective December 1, 2006.

District

1. Recommend creation of new classified supervisory classification, "Human Resources Manager," at Grade 220 of the Classified Professional Supervisory Salary Schedule 40 in the Office of Human Resources effective December 19, 2006.

Also recommend reclassification of "Employment Manager" to the new classification.

The change in allocation classification will more accurately describe the increased responsibilities that will be assigned to the position.

BOARD REPORT NO. 06-12-1A

Change in Staff Allocation (continued)

2. Recommend an increase in staff allocation to add a full-time, twelve (12) month per year, Maintenance Engineer in the Facilities Planning and Operations Department, effective December 1, 2006. The increase in staff allocation is the result of the addition of new buildings at the College of San Mateo.
3. Recommend an increase in staff allocation to add two full-time, twelve (12) month per year, Project Manager I positions in the Construction Planning Department, effective December 1, 2006.
4. Recommend an increase in staff allocation to add two full-time, twelve (12) month per year, Project Manager II positions in the Construction Planning Department, effective December 1, 2006.
5. Recommend an increase in staff allocation to add two full-time, twelve (12) month per year, Project Engineer positions in the Construction Planning Department, effective December 1, 2006.
6. Recommend an increase in staff allocation to add two full-time, twelve (12) month per year, Project Coordinator I positions in the Construction Planning Department, effective December 1, 2006.
7. Recommend an increase in staff allocation to add two full-time, twelve (12) month per year, Project Coordinator II positions in the Construction Planning Department, effective December 1, 2006.
8. Re-title Supervisor of Custodial and Grounds Operations to Supervisor of Custodial Operations effective December 1, 2006.

Skyline College

1. Recommend creation of new classified supervisory classification, "Communications Manager," at Grade 192 of the Classified Professional Supervisory Salary Schedule 40 in the Marketing/Outreach/Economic Development Department effective November 1, 2006.

Also recommend reclassification of "Project Director, Marketing" to the new classification. The change in allocation classification will more accurately describe the increased responsibilities that will be assigned to the position.

It is also recommended that the incumbent, Shelly Hausman be placed at the new salary and title, effective November 1, 2006.

2. Recommend an increase in staff allocation to add a full-time, twelve (12) month per year, Accounting Technician in the Business Services Department, effective January 1, 2007. The increase in staff allocation is the result of payroll conversion which has significantly increased the workload in the Business Office.

D. Leave of Absence

Skyline

- 1. Doria Fanning** Asst. Registrar/ A&R Supervisor Student Services

Recommend approval of medical leave of absence without pay, effective January 4, 2007 through June 30, 2007.

BOARD REPORT NO. 06-12-1A

E. Short-Term, Non-Continuing Assignments

The following is a list of requested classified short-term, non-continuing services that require Board approval prior to the employment of temporary individuals to perform these services, pursuant to Assembly Bill 500 and its revisions to Education Code 88003:

<i>Location</i>	<i>Division/Department</i>	<i>No. of Pos.</i>	<i>Start and End Date</i>		<i>Services to be performed</i>
Cañada	Operations/Business Services	1	12/19/2006	06/30/2007	Accounting Technician: Duties will include registration of students, issuance of parking permits, cashiering sessions in BANNER.
Cañada	Operations/Business Services	1	01/01/2007	06/30/2007	College Security Officer: To cover during vacations, sick leave, special events and other times as needed for our regular College Security Officers.
Cañada	Science & Technology Division	1	01/01/2007	06/30/2007	Laboratory Technician: Set up and coordinate laboratory experiments and use of demonstration equipment in the biology lab. Set up and put away equipment and supplies for instructors and students. Maintains an inventory of lab supplies and restocks supplies as needed. Assist with the purchase of equipment and supplies.
Skyline	Business Division	1	12/19/2006	06/30/2007	Program Director (Grant Analyst): To assist the CITD Director with the management of the IDRC grant and ensure its fulfillment.

BOARD REPORT NO. 06-12-1CA

TO: Members of the Board of Trustees
 FROM: Ron Galatolo, Chancellor-Superintendent
 PREPARED BY: James W. Keller, Executive Vice Chancellor, 358-6790

**APPROVAL OF TRUSTEES' FUND FOR PROGRAM IMPROVEMENT PROJECTS
 FOR CAÑADA COLLEGE AND SKYLINE COLLEGE**

On September 11, 2006, the Board of Trustees approved a special appropriation for the Trustees' Fund for Program Improvement, set at the same level as in prior years, or \$50,000 (Board Report No. 06-9-101B). Additionally, \$53,370.95 was carried over to continue programs committed in prior years but not completed by June 30, 2006. The total 2006-07 allocation and 2005-06 carryover has been allocated as follows:

	06-07 Allocation	05-06 Carryover	Total Funds Available
Cañada College	\$10,227.77	\$11,670.47	\$21,898.24
College of San Mateo	22,846.23	16,718.45	39,564.68
Skyline College	<u>16,926.00</u>	<u>24,982.03</u>	<u>41,908.03</u>
Total	\$50,000.00	\$53,370.95	\$103,370.95

The total funding available for ongoing and new proposals in 2006-07 is \$103,370.95.

Attached as Exhibit A are descriptions of new proposals submitted for 2006-07 by Cañada College for \$3,500 and \$3,375, and Skyline College for \$3,320.

RECOMMENDATION

It is recommended that the Board of Trustees approve the projects submitted by Cañada College in the amount of \$6,875 and Skyline College in the amount of \$3,320, as described in the attached exhibit, for Trustees' Fund for Program Improvement support.

Cañada College
Trustees' Fund for Program Improvement

Project Title: Integrated Reading and English Course
Project Director: Elizabeth Terzakis and Yolanda Valenzuela
Project Amount: \$3,500

Reading and English instructors Yolanda Valenzuela and Elizabeth Terzakis plan to meet the course objectives of Reading 836 and English 836 in a optional integrated reading and writing course at the 836 developmental level. By designing an integrated curriculum of both Reading and English 836, these instructors will create an effective link that will help students acquire the language skills necessary for college success.

Project Title: Development New Curriculum and Adapting Current Curriculum to Initiate On-Line Offerings Through the Multimedia Program at Cañada College
Project Director: Daniela Castillo
Project Amount: \$3,375

It is one of the goals of our District to increase on-line course offerings in various disciplines. The Multimedia Art and Technology program is a natural option to follow this academic progression due to the technical nature of the classes. The project would consist initially of two short Special Topics courses, the adaptation of a Web Design 1 course already taught and the creation of a new 1.5 Unit Class in the History of animation. It is the nature of technology to evolve and these two tracks offer very relevant and valuable skills that would provide better opportunities for the students in the field.

Skyline College
Trustees' Fund for Program Improvement

Project Title: Common Ground: Bridging Communities and Ideas
"Who Are We? We Are Everyone?"

Project Directors: Rosemary Bell, Bridget Fischer, Lori Slicton

Project Amount: \$3,320.00

Common Ground: Bridging Community and Ideas will be presenting "Who Are We: We Are Everyone!" during the Fall 2007 semester. This will support the groundbreaking program that SEEED will present in the Spring of 2007, "Who Are We: Fascinating Rhythms." A main focus will be the photo collage of the Skyline Community. In addition, during the Spring we will be showing the documentary "Mixed Feelings." A large number of our students are multicultural; therefore we will have a panel of students discussing their experiences as mixed race individuals, and a lecture series on multicultural family dynamics and cross-cultural dating. There will be a writing assignment revolving around the topic of personal identity, including cultural-ethnic diversity which will compliment the photo collage.

BOARD REPORT NO. 06-12-2CA

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor-Superintendent

PREPARED BY: Rick Bennett, Director of General Services & Bob Domenici, Senior Buyer

DECLARATION OF SURPLUS PROPERTY

In accordance with Education Code Sections 81450 and 81452, property that becomes surplus to the needs of the District will be declared as such by the Board with the method of disposal dictated by the value of this property. Board policy (Section 8.02, District Rules and Regulations) delegates the disposal, in compliance with State or local laws and regulations, to the Chancellor, Associate Chancellor, or designee.

As the Capital Improvement Program progresses, the volume and variety of surplus continues to grow. The Colleges have identified vehicles and miscellaneous equipment that is surplus to the District's needs including:

- Computer from Cañada College
- Computers, monitors, printers, mixers and televisions from the College of San Mateo
- Computer from the District Office
- Computers and monitors from Skyline College

As always, the General Services Department is committed to handling this surplus in an efficient manner. The Department anticipates that local area educational institutions, non-profits, or agencies will be able to use the District's surplus equipment at the least cost to the District and the Colleges. The District is committed to handling electronic waste in a responsible manner and if we cannot sell or donate our old computers, a responsible recycler connected to the California Electronic Waste program will be contracted to recycle our surplus electronic waste.

RECOMMENDATION

The District recommends that the Board of Trustees declare the items specified on the attached list surplus to the mission of the District and the Colleges.

Surplus Items

Quantity	Campus	Item Description	Total Value\$	Disposition Plan
1	Cañada	USM CPU	\$50	To be donated or sold
6	CSM	USM and Dell CPUs	\$300	To be donated or sold
6	CSM	Monitors	\$0	To be recycled
3	CSM	HP and Epson printers	\$100	To be donated or sold
4	CSM	Mixers from KCSM	\$100	To be donated or sold
6	CSM	Televisions from KCSM	\$200	To be donated or sold
3	Skyline	Apple computer	\$50	To be donated or sold
30	Skyline	Monitors	\$0	To be recycled
1	Skyline	HP printer	\$35	To be donated or sold
1	District	CPU	\$35	To be donated or sold

BOARD REPORT NO. 06-12-3CA

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor-Superintendent
PREPARED BY: Kathy Blackwood, Chief Financial Officer, 358-6869

APPROVAL OF RENEWAL OF CONTRACT WITH ACTION VENDING

On December 14, 2000, Action Vending was awarded a five year contract to provide vending machines across the three college campuses and the District Office with an option for two (2) additional five year renewals.

The District has been pleased with the quality of work and the responsiveness of Action Vending throughout the District. The commission from the vending machines supports student services at each of the colleges. The commission structure is as follows:

Snacks and Candy	30%
Cold Food	15%
Hot Beverages	35%

In addition to retaining our commission structure, Action Vending has pledged a total of three (3) \$1,000.00 student scholarships per academic year, one for each campus, for a total of \$15,000.00 over the life of the contract. Action Vending's is committed to the success of our students and has been an excellent vendor partner.

RECOMMENDATION

It is recommended that the Board of Trustees approve the renewal of the contract with Action Vending for the period of January 1, 2007 through December 31, 2011.

BOARD REPORT NO. 06-12-4CA

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor-Superintendent
PREPARED BY: Regina Stroud, Vice President, Instruction, Skyline College, 738-4321

ACCEPTANCE OF EXTERNAL GRANT FUNDS

Skyline College's Center for International Trade Development (CITD) provides international trade assistance in both San Mateo and San Francisco counties. In addition, the CITD has developed partnerships that have taken its services even out of the two aforementioned counties to other Bay Area locations.

The California Community Colleges Chancellor's Office recently awarded the Bay Area International Logistics Capacity Building Opportunity (BAILCBO) Industry-Driven Regional Collaborative (IDRC) grant to the CITD in the amount of \$632,456 to enhance international logistics industry (Customs Brokerage/Freight Forwarders) throughout the Bay Area. This is a request that the Board of Trustees accept funding for this grant for the Skyline College CITD to begin its implementation in earnest.

BAILCBO IDRC will benefit the community and help Skyline College accomplish the following objectives:

- Develop two (2) Logistics Certificate Programs
- Develop an Associate Degree in Logistics
- Train both incumbent workers and the unemployed with interest in Logistics
- Assist participants in accessing employment opportunities in the Logistics field
- Provide outreach to high school seniors regarding training and employment opportunities in Logistics

BAILCBO IDRC includes rigorous academic training in a personalized and caring environment, as well as access to activities closely related to a successful, well-rounded educational and employment experience. The program's structure includes a carefully configured sequence of activities and services tailored to participant needs to be conducted throughout the duration of the grant. Participants will be exposed to several academic programs necessary to succeed in the Logistics industry; some of those are foreign languages, geography, mathematics, computer learning, and international relations. Additionally, participants will receive tutoring, academic and career advising, personal counseling, and internship opportunities from industry leaders/program partners.

The total grant funding for the program (in the amount of \$632,456) will cover instructional materials, tutors, instructors, staff and other program requirements.

BOARD REPORT NO. 06-12-4CA

RECOMMENDATION

It is recommended that the Board of Trustees accept external grant funds awarded by the California Community Colleges Chancellor's Office for the Bay Area International Logistics Capacity Building Opportunities (BAILCBO) grant in the amount of \$292,313 for FY 2006-2007 and \$340,143 for FY 2007-2008.

San Mateo County Community College District

December 18, 2006

BOARD REPORT NO. 06-12-1B

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor-Superintendent
PREPARED BY: Jan Roecks, Director
Community Education, 574-6179

**APPROVAL OF COMMUNITY SERVICES CLASSES, WINTER/SPRING 2007
CAÑADA COLLEGE, COLLEGE OF SAN MATEO, AND SKYLINE COLLEGE**

Listed below are the planned self-supporting Community Services offerings at Cañada College, College of San Mateo and Skyline College for Winter/Spring, 2007. Classes in the Community Services program are identified and delivered based on community interest, instructor expertise and schedules, and available College facilities. The Community Services schedule is grouped by Community Services classes on campus and off site, Emeritus Institute, and On-line offerings.

New Programs

Cañada College

None

College of San Mateo

Basic Motorcycle Rider Course through Northern California Motorcycle Training
Bath Salts and Body Scrubs
Coiled Gemstone Necklace
Create and Burn Your Own Music CD
Drawing From Photographs
Hand Painted Custom Cabinetry
Japanese Art and Culture
Know and Grow Cut Flowers
Selecting Out-of-State Properties for Cash Flow or Maximum Appreciation
Travel the World for Practically Nothing
Volunteer Income Tax Preparers

Skyline College

None

Off Campus

Alamo Square Historic District (San Francisco)
Glass Fusing Picture Frames or Mirrors (South Linden Station, South San Francisco)
Home of Peace Jewish Cemetery (Colma)
How to Frost and Fill Cakes and Cupcakes (Kathy's Kreative Cakes, San Mateo)
Sausalito Walking Tour (Marin County)
South San Francisco Walking Tour (San Mateo County)
Water Gardening 101 (Ripple Effect Water Gardens, Redwood City)

Continuing Programs

Cañada College

Conversational Italian II - The Language and Culture of Italy
Do You Know the Way to Feng Shui?
Financial Strategies for Successful Retirement
Interior Decorating I
Interior Decorating II
Italian for Travelers

College of San Mateo

Adopting A Child: Myths and Realities
Alternative Energy Systems
An Evening with Leonardo da Vinci
An Insider's Guide to California's Best Hidden Tours
Apple iLife 06
Astronomy – Night Skies of the Spring
Basic Pewter Casting
Become a Copyeditor or Proofreader
Become a Loan Signing Specialist
Beginning Blues Harmonica
Beginning Fencing
Beginning Portraiture
Belly Dance - Beyond the Basics (two sessions)
Belly Dance Fundamentals (two sessions)
Book Club
Breaking the Cycle of Stress: Skills for Health and Peak Performance
Build Your Dream House for a Song
California-World Wines (two sessions)
Chanoyu (Tea Ceremony)
Chaos Control: Simplify Your Life
Collage I: The Beginning
Collage II: The Textures of Your Life

BOARD REPORT NO. 06-12-1B

Couple's Shiatsu Massage
Digital Studio Portrait Photography (two sessions)
Driver's Education (two sessions)
Easy to Learn Tai Chi
Escape the Rat Race: Live, Retire, Work, or Study Abroad
Fat Burning Weight Loss
Faux Finish
Fencing Club
Financial Strategies for Successful Retirement (two sessions)
Five Ancient Tibetan Rites for Optimum Health and Longevity
Fun Part-Time Jobs
Get Organized: Control Clutter
Get Organized: Paper Management
Getting More from Your Digital Camera (two sessions)
Getting Started in Digital Photography (two sessions)
Grid Intertie Photovoltaic System Installation
Home Electric Repairs Made Easy I (Basic)
Home Electric Repairs Made Easy II (Advanced)
Home Loans Don't Have to be a Hassle
Hot Salsa Dancing (Beginning)
Hot Salsa Dancing (Intermediate)
How to Become A Mystery Shopper
How to Buy Income Generating Properties
How to Buy & Sell on eBay, The Largest Online Marketplace in the World
How to Start a Small Business
Importing as a Small Business
Independent Contracting
Instant Piano for Hopelessly Busy People
Japanese Home Cooking
Kitchen and Baths: Remodeling Ideas 101
Let's Make Sushi (two sessions)
Magic Flutes, Flute Choir
Managing Small Rental Property
Notary Public Workshop (two sessions)
Peninsula Parks & Trails
Pet First Aid/CPR
Piano By Ear
Pique Assett
Positive Posture
Retire Early, Retire Young, Retire Quickly Through Part-Time Real Estate Investing with Little Cash
SAT Prep (two sessions)
Secrets of a Super Memory
Self Defense Training, Intro. to
ServSafe Food Handling Test Preparation & Exam (four sessions)

BOARD REPORT NO. 06-12-1B

Spanish I (two sessions)
Spanish II
Spontaneous Watercolor
Stamp-A-Stack... of Cards for Various Occasions!
Successful Home Buying
Test Taking Secrets
The In's and Out's of Your Home Construction Project
The One Minute Drawing Class
Travel Sketching & Painting
What Were You Born To Do?
What's Your Personality Type?

Skyline College

Financial Strategies for Successful Retirement

Off Campus

Beginning Glass Fusing (South Linden Station, South San Francisco)
Flowers in Frosting (Kathy's Kreative Cakes, San Mateo)
Holy Cross Catholic Cemetery (Colma)
Holy Cross Cemetery (Menlo Park)
How to Cut Out Cakes in Any Shape (Kathy's Kreative Cakes, San Mateo)
Peninsula Parks & Trails (Field Trips)
Pond and Waterfall Construction (Ripple Effect Water Gardens, Redwood City)
St. John's Cemetery (San Mateo)
Union Cemetery (Redwood City)
You Can Decorate Your Cake and Eat it too! (Kathy's Kreative Cakes, San Mateo, 2 Sessions)

Emeritus

New

America's Most Crucial Decade - The Upheavals of the 1960's (San Carlos Senior Center)
Appreciating the Western Saga - How and Why the Legend Was Created (Burlingame Recreation Center)
Electricity - Power Comes to the Peninsula (San Carlos Senior Center)
Europe in the Age of Louis XIV - La Belle France (San Carlos Senior Center)
Floating Palaces of the North Atlantic - The Era of the Great Liners (San Carlos Senior Center)
From Sea to Shining Sea - America Moves West (Burlingame Recreation Center)
Henry Pike Bowie-The American Who Loved Japan (San Carlos Senior Center)

Continuing

Art of Listening to Music (Peninsula Volunteers Little House, 2 Sessions)
Jazz From the Hill (The Peninsula Regent, 2 Sessions)
San Mateo - The Awakening of Peninsula Civilization 1861-1917 (Part I) (San Mateo Senior Center)
San Mateo - The Awakening of Peninsula Civilization 1861-1917 (Part II) (San Mateo Senior Center)

Online Classes

New

Enhancing Language Development in Childhood
Enjoying European Art Online
Microsoft Excel in the Classroom
Microsoft Word in the Classroom
Photographing People with your Digital Camera
QuickBooks for Contractors
Writing for ESL

Continuing

101 Tips and Tricks for the iMac and Macintosh
A to Z Grant Writing
Accounting Fundamentals
Achieving Success with Difficult People
Achieving Top Search Engine Positions
Administrative Assistant Applications
Administrative Assistant Fundamentals
Adobe Frame Maker 7.1
Advanced Grant Proposal Writing
Assisting Aging Parents
Becoming a Grant Writing Consultant
Beginner's Guide to Getting Published
Beginning Conversational French
Beginning Writer's Workshop
Building Wealth
Business and Marketing Writing
C# Programming
C++ Programming
Caring for Children
Communicating Like a Leader
Computer Skills for the Workplace
Correcting Oral and Written Errors

BOARD REPORT NO. 06-12-1B

Creating a Home or Small Office Network
Creating a Sense of Place
Creating a Successful Business Plan
Creating Web Pages
Creating Your Own Nonprofit
Crystal Reports 10
Customer Service Fundamentals
Database Development
Debt Elimination Techniques That Work
Design Projects for Adobe Illustrator CS&CS2
Designing Effective Websites
Discover Digital Photography
Drawing for the Absolute Beginner
Dreamweaver
Effective Business Writing
Effective Selling
Everyday Math
Film Literacy for Everyone
Fireworks MX 2004
Flash MX 2004
Food and Fitness to Fight Cancer
FreeHand MX
Fundamentals of Supervision and Management
Fundamentals of Technical Writing
GED Preparation
Genealogy Basics
Get Assertive!
Get Grants!
Get Paid to Travel
GMAT Preparation
Goodbye to Shy
Grammar for ESL
Grammar Refresher
GRE Preparation
Guiding Kids on the Internet
Handling Medical Emergencies
High Powered Communication
Introduction to Business Analysis
Introduction to Journaling
Introduction to Natural Health and Healing
Introduction to Nonprofit Management
Introduction to the Internet
Java
JSP Programming
Keyboarding

BOARD REPORT NO. 06-12-1B

Keys to Effective Communication
Learn to Buy and Sell on eBay
Legal Nurse Consulting
Linux
LSAT Preparation
Luscious, Low-Fat, Lightning-Quick Meals
Macromedia Director MX 2004
Making Movies with Windows XP
Marketing Your Business on the Internet
Marketing Your Nonprofit
Mastery of Business Applications
Mastery of Business Fundamentals
Medical Terminology-A Word Association Approach
Merrill Ream Speed Reading
Microsoft Access 2003
Microsoft Excel 2003
Microsoft FrontPage 2003
Microsoft PowerPoint 2003
Microsoft PowerPoint in the Classroom
Microsoft Project 2003
Microsoft Publisher 2003
Microsoft Word 2003
Music Made Easy
Individual Excellence
Networking
Oracle
Outlook 2003
Outlook Express
Parenting: The First Five Years
PC Security
PC Troubleshooting
Performing Payroll in QuickBooks
Perl Programming
Personal Finance
Photoshop 7
Photoshop CS2
Photoshop CS2 for the Digital Photographer
Photoshop Elements for the Digital Photographer
Photoshop Elements Projects
Pleasures of Poetry
Prepare for the GED Language Arts, Writing Test
Prepare for the GED Math Test
Principles of Sales Management
Professional Sales Skills
Project Management

BOARD REPORT NO. 06-12-1B

QuickBooks 2005
Real Estate Investing
Research Methods for Writers
Resume Writing Workshop
SAT/ACT Preparation
Secrets of Better Photography
Solving Classroom Discipline Problems
Speed Spanish I, II, III
SQL
Start and Operate your own Home-Based Business
Start Your Own Consulting Practice
Stocks, Bonds, and Investing: Oh, My!
Successful Construction Business Management
Supply Chain Management Fundamentals
The Craft of Magazine Writing
The Creative Classroom
The Game Industry
The Keys to Effective Editing (US)
Travel Writing
Twelve Steps to a Successful Job Search
Understanding Adolescents
Understanding the Human Resources Function
Using the Internet in the Classroom
VBA
Visual Basic 2005
Visual Basic.NET
Where Does All My Money Go?
Windows XP
Wireless Networking
Write Like a Pro
Write Your Life Story
Writeriffic 2: Advanced Creativity Training for Writers
Writeriffic: Creativity for Training Writers
Writing Effective Grant Proposals
Writing for Children
Your Screenwriting Career

RECOMMENDATION

It is recommended that the Board approve the list of Community Services classes to be offered for Winter/Spring, 2007 at Cañada College, College of San Mateo and Skyline College as well as off-campus locations.

**RESOLUTION 06-20 OF THE SAN MATEO COUNTY COMMUNITY COLLEGE
DISTRICT BOARD OF TRUSTEES IN SUPPORT OF THE DREAM ACT**

WHEREAS, the DREAM (Development, Relief and Education for Alien Minors) Act was introduced in 2003 and re-introduced last year in the U.S. Congress; and

WHEREAS, the DREAM Act would permit certain immigrant students who have grown up in the United States to apply for temporary legal status and eventually obtain permanent status and become eligible for citizenship if they attend college or serve in the United States military; and

WHEREAS, the DREAM Act would eliminate a federal provision that penalizes states that provide in-state tuition without regard to immigration status; and

WHEREAS, the DREAM Act would have a life-changing impact on students who qualify, dramatically increasing their future earnings and human capital while significantly reducing criminal justice and social services costs to taxpayers; and

WHEREAS, the DREAM Act recognizes that students who have graduated from a state high school should be able to pay in-state fees at public universities and colleges; and

WHEREAS, California is one of ten states that provides in-state college and university fees to be paid by students who have been educated in a California high school for three years, graduated from a California school and met college admission standards; and

WHEREAS, the San Mateo County Community College District Board of Trustees recognizes that the investment made in these students' college education will be repaid through a stronger economy;

NOW, THEREFORE, BE IT RESOLVED that the San Mateo County Community College District Board of Trustees believes that it is important for this District to continue encouraging students, regardless of immigration status, to strive to gain a higher education; and

BE IT FURTHER RESOLVED, that the San Mateo County Community College District Board of Trustees encourages all California and U.S. Senators and Representatives to fully support legislation to enact the federal DREAM Act in the coming legislative session.

REGULARLY PASSED AND ADOPTED this 18th day of December, 2006.

Ayes:

Nos:

Attest: _____

Vice President-Clerk, Board of Trustees

BOARD REPORT NO. 06-12-102B

TO: Members of the Board of Trustees

FROM Ron Galatolo, Chancellor Superintendent

PREPARED BY: Barbara Christensen, Director of Community/Government Relations
574-6560

**APPROVAL OF AMENDMENT OF DISTRICT RULES AND REGULATIONS
SECTIONS 7.28, STUDENT RECORDS, AND 2.35, USE OF DISTRICT
COMMUNICATIONS SYSTEMS; AND ADDITION OF SECTION 2.36, POLICY ON
USE OF STUDENT EMAIL ADDRESSES**

The proposed change in the attached Student Records policy 7.28 (2) amends the definition of "Directory Information" to include student email addresses. This change will allow appropriate individuals within the College to use email addresses to communicate with students about important college information (registration, first day of school, deadlines for financial aid, special events, etc.).

The authorization for the College to release directory information is totally discretionary. In other words, the College retains the right to decide when and to whom directory information should be released (except for release to police, military recruiters or in conjunction with a subpoena).

The attached amendment to Section 2.35, Use of District Communications Systems, updates the policy so that it is consistent with current technology and current practice within the District.

The proposed new policy on acceptable uses for student email addresses (new Section 2.36) was developed by a small task force and has been approved by the Districtwide Enrollment Services Committee and the District Shared Governance Council. This policy seeks to limit the use of mass emails to students and to establish a point of control for the use of student email addresses at the campus level.

RECOMMENDATION

It is recommended that the Board approve the attached amendments to District Rules and Regulations Sections 7.28, Student Records and Section 2.35, Use of District Communications Systems; and approve the addition of Section 2.36, Use of Student Email Addresses.

BOARD REPORT NO. 06-12-102B

7.28 Student Records

1. The Family Educational Rights and Privacy Act and the California Education Code require educational institutions to provide a student access to official educational records directly related to the student and to provide an opportunity for a hearing to challenge such records on the grounds that they are inaccurate. In addition, the law specifies that a College must obtain the written consent of the student before releasing personally identifiable information from records to other than a specified list of persons and agencies and that these rights extend to present and former students of the College.
 - a. Educational student records generally include documents and information related to admission, enrollment in classes, grades, matriculation, and related academic information. Educational records are more fully defined by the Education Code.
 - b. The Dean of **Enrollment Services**/Admissions and Records at each College, or the designee of the responsible Vice President, is designated “Records Officer” as required by the Act.
 - c. A student’s educational record shall be made available for inspection and review by the student, during working hours, within five working days following completion and filing of a request made with the Records Officer.
 - d. If a student wishes to challenge any information in his/her educational record, the student shall review the matter with the Records Officer. During the informal proceedings, the Records Officer may make adjustments or changes to correct factual errors.
 - e. If these informal proceedings do not settle the dispute regarding the student’s record, the student may submit a request in writing to the responsible Vice President. The Vice President will assign the matter within ten working days to a “Hearing Officer.”
 - f. The Hearing Officer will set a date for a hearing, at the conclusion of which s/he will render a decision to the President of the College, who will determine what action is to be taken. This decision may be appealed by the student in accordance with Rules and Regulations, Section 7.73 and the California Education Code.
2. Federal and State laws provide that the College may release certain types of “Directory Information” unless the student submits a request, in writing, to the Records Officer that certain or all such information is not to be released without his/her consent. “Directory Information” in the San Mateo County Community College District includes: student’s name and city of residence, **email address**, participation in recognized activities and sports, dates of enrollment, degrees and awards received, the most recent previous educational agency or institution attended, and height and weight of members of athletic teams.

BOARD REPORT NO. 06-12-102B

3. Students shall be notified of their legal rights regarding access to student records through publication of this policy in Schedules of Classes.
4. Each College shall maintain a log in the Office of **Enrollment Services**/Admissions and Records for each student's record which lists all persons, agencies, or organizations requesting or receiving information from the record, in accordance with the California Education Code.
5. A copy of District policy, the Family Educational Rights and Privacy Act, appropriate sections of the California Education Code, and other pertinent information and forms shall be available in the office of the Records Officer.
6. A fee established by the Board shall be charged for furnishing copies of records, except that the first two copies of a transcript shall be furnished without charge.

Revised 12/06

2.35 Use of District Communications Systems

Deleted: Policy on

1. The District has three internal communications systems which provide the opportunity for electronic and other communications between the District as employer, employees and students. These systems consist of a) the internal mail system (traditional paper-based communications); b) the electronic mail (email) system; and c) the phone mail system. These systems exist to facilitate the work of the District.
2. When conducting the District's business, all employees have the right to use any or all of the District's communications systems, subject to resource limitations. When a mass distribution of information to employees or students is required, the email system shall normally be used.
3. The email addresses of students may be used by appropriate College and District personnel (as determined by the College Vice President of Student Services or designee) to communicate with students about important information related to their attendance at the College unless the student has specifically requested that the email address not be used. Students who do not want their email addresses used can opt out by contacting the Records Officer at the College (See District Rules and Regulations Policy 7.28).
4. Material distributed to employees and students must comply with District Rules and Regulations Section 2.30, Policy on Political Activity, and all other Federal, State or local regulations regarding public employees and political campaigns.
5. The exclusive representatives of employees may have access to email and individual mailboxes of the internal mail system to communicate with employees regarding Union business, and recognized student organizations may have access to the internal mail system to communicate with staff regarding approved student activities. subject to the following regulations:
 - a. In compliance with Federal Private Express statutes, neither District personnel nor District resources may be used to deliver the material via the internal mail system to employees; i.e., a representative of the exclusive representative or of the student organization must deliver the material directly to the employee mailboxes at each District site.
 - b. Materials distributed by recognized student organizations must comply with College time, place and manner regulations.
6. Any other use of District communications systems by organizations or individuals within the District must be approved by the College President at the College level or the Executive Vice Chancellor for the District.
7. Outside organizations will not be allowed to access District communications systems to distribute informational or commercial materials. Materials from outside organizations that are properly addressed and stamped and delivered to the District site by the U.S. Postal Service will be

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BOARD REPORT NO. 06-12-102B

delivered to employees. The District will not provide employee **or student** names, mailing addresses or **email addresses** to an outside organization for this purpose.

If material from an outside organization is delivered to a District mail location without the proper postage and cancellation, the organization will be contacted and asked to retrieve the material, or the material will be destroyed.

| [\(Revised 12/06\)](#)

BOARD REPORT NO. 06-12-102B

2.36 Policy on Use of Student Email Addresses

Email is not appropriate for transmitting sensitive or confidential student information.

Confidentiality regarding student records is protected under the Family Educational Rights and Privacy Act of 1974 (FERPA). All use of email, including use for sensitive or confidential information, will be consistent with FERPA.

Email shall not be the sole method for notification of any legal action or disciplinary action.

In order to control the use of mass emails to students, the following recommendations and guidelines are proposed:

- 1) "Mass email" is defined as a non-personalized email that is sent to more than 100 student email addresses at one time. Emails sent by faculty members to students enrolled in their classes are not considered to be "mass email" even if the number of emails sent at one time exceeds 100.
- 2) The Vice President of Student Services at each College or designee shall approve the content and timing of delivery of any mass email, including mass email proposed by Auxiliary Services, to all current or prospective students. When determining whether a mass email should be sent, the Vice President shall consider the following:
 - a) the number of mass emails that have been sent to students in the most recent four-week period of time;
 - b) whether prospective email messages from several departments can be combined into one email in order to reduce the total number of email messages sent to students;
 - c) the appropriateness of the message; and
 - d) whether the student has indicated that the College cannot release the student's "directory information" without the student's consent. In this case, the College does not have permission to use a student's email address.
- 3) Mass emails shall typically be used to communicate with students regarding the following:
 - a) registration dates and opening of the school semester
 - b) financial aid information (not including any personally identifying information)
 - c) special events on campus
 - d) schedule of final examinations
 - e) billing and payment information
 - f) new program information
- 4) Mass emails to students shall not be used to communicate with students for private commercial purposes (e.g., special deals for college students offered by local vendors, etc.). Mass email may be used for District-sponsored commercial activities (e.g., sales at

BOARD REPORT NO. 06-12-102B

College bookstores; sales of athletic or special event tickets) with the permission of the College Vice President of Student Services.

- 5) In order to prevent students from seeing other students' email addresses, mass email messages sent to students should be sent by using distribution groups or the "blind carbon copy" options.
- 6) At the end of each mass email sent, the student will be given the option to "Unsubscribe" from the mass email list.

(Revised 12/06)

BOARD REPORT NO. 06-12-1C

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor-Superintendent
PREPARED BY: Ginny Brooks, Executive Assistant to the Board of Trustees
358-6753

ACCEPTANCE OF GIFTS BY THE DISTRICT

Rules and Regulations Section 8.38, Gifts and Donations, requires that a periodic report of gifts and donations valued at \$250 or more be made to the Board of Trustees. All gifts are promptly acknowledged when received. Following are the gifts that have been offered for use in various departments at the Colleges from late June 2006 through mid-December 2006. Donor information is also included.

GIFTS

DONOR

COLLEGE OF SAN MATEO

Jones & Lamson optical comparator and two lamps valued at \$1,550.00, to be used for precision measurement in engineering technology and manufacturing technology

Scott Highton
996 McCue Ave.
San Carlos CA 94070

BOARD REPORT NO. 06-12-2C

TO: Members of the Board of Trustees
 FROM: Ron Galatolo, Chancellor-Superintendent
 PREPARED BY: James W. Keller, Executive Vice Chancellor, 358-6790

FIRST QUARTER REPORT OF AUXILIARY OPERATIONS, 2006-07

The following report covers the period July 1, 2006 through September 30, 2006 for Associated Student Bodies, Bookstores and Cafeterias.

ASSOCIATED STUDENTS (Exhibits A,B,C)

Total income and expenditures for the Associated Student Body (ASB) at each College for the first quarter of 2005-06 and 2006-07 are listed below:

ASB Total Income	2005-06	2006-07	\$ Change	%Change
Cañada College ASB	\$44,051	\$47,071	\$3,020	6.86%
College of San Mateo ASB	47,733	60,730	12,997	27.23%
Skyline College ASB	55,785	64,973	9,188	16.47%

ASB Total Expenditures	2005-06	2006-07	\$ Change	%Change
Cañada College ASB	\$88	\$6,083	\$5,995	N/A
College of San Mateo ASB	23,510	21,738	-1,772	-7.54%
Skyline College ASB	8,452	9,927	1,475	17.45%

Activity card sales are the major source of income for the Associated Students. Activity card sales at all three campuses increased due to the change in accounting method for recording student card revenue, from cash basis to accrual basis.

Expenditures of the ASBs include normal operating expenses (office supplies, activity card, student assistant salaries and other miscellaneous expenses) as well as student programs, scholarships and club assistance supporting campus life.

The ASB-Cañada total expenditure of \$88 included a fiscal year-end adjusting entry of \$6,247 for a student ID card machine purchased in the prior year. The total expenditures for fiscal year-ended 2005-06 prior to the adjustment was \$6,335.

Total income for College of San Mateo increased mainly due to the increase in activity card sales, while total expenditures decreased, resulting in a significant increase in net income.

Below is a comparison of the first quarter Net Income (Loss) from ASB Operations:

ASB Net Income	2005-06	2006-07	\$ Change	%Change
Cañada College ASB	\$43,963	\$40,988	\$-2,975	-6.77%
College of San Mateo ASB	24,223	38,992	14,769	60.97%
Skyline College ASB	47,333	55,046	7,713	16.30%

BOOKSTORES (Exhibit D)

The following data reflects Bookstore operations for the fiscal year beginning July 1, 2006 through September 30, 2006. It includes Summer 2006 and the first half of Fall 2006 semester sales.

Bookstore Sales	2005-06	2006-07	\$ Change	% Change
Regular Merchandise Sales	\$2,993,943	\$2,876,776	\$-117,167	-3.91%
Computer Products Sales	18,177	168,799	150,622	828.64%
Total Merchandise Sales	\$3,012,120	\$3,045,575	\$33,455	1.11%

Regular merchandise sales have decreased this year compared to last year; however, computer product sales have increased substantially over the same period last year due to the continuation of active marketing of Apple computer products and increased marketing of the District's Loan-to-Own computer purchasing program for District employees. There are currently 133 Loan-to-Own participants in the District. A part of the regular merchandise sales decline is offset by the increase in textbook rental fees. If books rented this year were sold at full retail, the increase in merchandise sales would be \$134,812. Likewise, the textbooks rented last year, if sold at full retail, would have increased regular merchandise sales by \$75,148. The textbook rental fees collected cover the costs of managing the program. The benefits of the program to students far outweigh any possible negative financial impact on the Bookstores' operations.

Comparative figures are shown below:

Bookstore Recap	2005-06	2006-07	\$ Change	%Change
Total Merchandise Sales	\$3,012,120	\$3,045,575	\$33,455	1.11%
Total Textbook Rental Fees	18,787	33,703	14,916	79.40%
Cost of Goods Sold	2,266,703	2,227,539	-39,164	-1.73%
Gross profit	\$764,204	\$851,739	\$87,535	11.45%
Total Operating Expenses	500,263	537,623	37,360	7.47%
Net Income from Operations	263,941	314,116	50,175	19.01%
Interest and Other Income	27,692	80,943	53,251	192.30%
Net Income Before Other Expenses	291,633	395,059	103,426	35.46%
Other Income: In-Kind Donation, POS System	-	-	-	-
District Support				
Other Expense: Admin Salary/Benefits	16,475	20,501	4,026	24.44%
Other Expense: District Support	16,925	16,890	-35	-0.21%
Other Expense: COP Interest	105,891	-	-105,891	-100.00%
Net Change in Fund Balance	\$152,342	\$357,668	\$205,326	134.78%

Cost of goods sold decreased slightly, resulting in an 11.45% increase in gross profit. Total operating expenses increased by 7.47% over this same period in 2005-06. Operating expenses have increased due to an increase in salary and benefits compared to the prior year.

Interest income increased due to the continued rise in interest rates and changes in the timing of vendor payments as well as improved overall cash flow management.

CAFETERIAS (Exhibit E)

Fresh & Natural continued to operate food services at the three District campuses through July 28, 2006, at which time its contract expired. As of July 31, 2006, a new contracted food service vendor, The School Chef, took over operations. College of San Mateo has both food services and a satellite food operation (kiosk) to serve the central campus. As of August 16, 2006, KJ Café has contracted to operate beverage and snack kiosks at both Skyline and College of San Mateo. The District's vending services contractors are Pepsi Bottling Group and Action Vending.

First quarter comparisons are noted below:

CAFETERIA FUND	2005-06	2006-07	\$ Change	% Change
Food Service Income	\$9,501	\$8,460	\$-1,041	-10.96%
Vending Income	12,492	15,136	2,644	21.17%
Interest Income	5,059	5,028	-31	-0.61%
Expenditures	30,493	42,469	11,976	39.27%
Net Addition (Reduction) to Capital, includes restricted vending income	\$-3,441	\$-13,845	\$-10,404	-302.35%

Compared to the first quarter 2005-06, food service income has decreased by 10.96%. This is partially due to the change over in food service contractors, who got off to a slow start at the beginning of the Fall semester. Vending income, on the other hand, has increased by 21.17% (income from Pepsi and Action Vending), due to an increase in price for Pepsi products and continued consumer demand. Interest income has remained stable due to increasing interest rates and despite a lower balance invested compared to the prior year.

Expenditures increased over the prior year, mainly due to the payment of scholarships, resulting in a net reduction to capital of \$10,404. Part of the vending income is used for scholarships for all three colleges.

While income from the food service and vending contracts enables the District to provide services to students and staff, the program must be self-supporting. The Cafeteria fund provides for the long-term maintenance and upgrade of aging facilities and equipment, as well as expenses relating to the ongoing operational requirements under the food service and vending contracts. With the change in food service contractors, the District has upgraded or repaired much of the cafeteria equipment.

**Associated Students of Cañada College
Summary of Programs and Activities
1st Quarter Report, July-September 2006**

To begin the Fall 2006 semester, the ASCC sponsored a Welcome Back BBQ/Club Day Event on September 13th. Over 200 students, staff and faculty members participated in this event. Chancellor Ron Galatolo and Canada President Tom Mohr also attended.

On September 24th, the ASCC held a retreat, where senators participated in team-building activities, discussed goals for the academic year and developed vision, mission, and core values statements, as follows:

ASCC VISION

To be recognized as one of the most respected and elite student governments in the California community college system.

ASCC MISSION

The Student Senate of Cañada College is a dedicated and diverse group of representatives from the student body. The Senate exists to be the voice and link between administration and students. We serve and provide students with information, activities, funding and new ideas in order to improve the college experience. Our goal is to accomplish this through leadership and collaboration.

ASCC CORE VALUES

- Determination
- Respect
- Excellence
- Integrity
- Diversity
- Unity
- Advocacy

Lastly, the ASCC approved over \$2,200 in club funding, distributed six \$250 book scholarships and provided the library with \$2,000 to purchase textbooks.

*Prepared by: Aja Butler
Coordinator of Student Activities
Cañada College*

CAÑADA COLLEGE ASSOCIATED STUDENTS
Balance Sheet
September 30, 2006

	<u>OPERATIONS</u>	<u>RESTRICTED</u>	<u>TOTALS</u>
ASSETS			
Cash			
Bank Commercial	\$127,370	\$40,787	\$168,157
Bank Time Deposits	0	30,000	30,000
Total Cash	<u>\$127,370</u>	<u>\$70,787</u>	<u>\$198,157</u>
Receivables			
Miscellaneous Receivable	\$92	\$81,369	\$81,461
Loans Receivable	7,000	3,057	10,057
Total Receivables	<u>\$7,093</u>	<u>\$84,426</u>	<u>\$91,519</u>
Furniture, Fixtures & Equipment	\$40,052	\$0	\$40,052
Less Accumulated Depreciation	(34,559)	0	(34,559)
Total Furniture, Fixtures & Equipment	<u>\$5,493</u>	<u>\$0</u>	<u>\$5,493</u>
TOTAL ASSETS	<u><u>\$139,956</u></u>	<u><u>\$155,213</u></u>	<u><u>\$295,169</u></u>
LIABILITIES AND CAPITAL			
Liabilities			
Student Representation Fee	\$0	\$3,676	\$3,676
Accounts Payable	0	72	72
Club Funds	2,186	21,869	24,055
Trust Funds	43	119,699	119,742
Loan Funds	9,650	8,095	17,745
Total Liabilities	<u>\$11,879</u>	<u>\$153,409</u>	<u>\$165,289</u>
Capital			
Capital, July 1, 2006	\$88,893	\$0	\$88,893
Adjustment to Capital/Prior	\$0		0
Net Income (Loss)	39,184	0	39,184
Vending Capital	0	1,804	1,804
Capital, September 30, 2006	<u>\$128,077</u>	<u>\$1,804</u>	<u>\$129,881</u>
TOTAL LIABILITIES AND CAPITAL	<u><u>\$139,956</u></u>	<u><u>\$155,213</u></u>	<u><u>\$295,169</u></u>

CAÑADA COLLEGE ASSOCIATED STUDENTS
Income Statement--Operations
For the Quarter Ending September 30, 2006

	<u>THIS QUARTER</u>	<u>YEAR TO DATE</u>
INCOME		
Activity Card Sales	\$44,370	\$44,370
ATM Income	194	194
Space Rental	400	400
Student General	0	0
Interest	284	284
Games	0	0
Festivals/Programs	0	0
Miscellaneous Income	20	20
TOTAL INCOME	\$45,267	\$45,267
EXPENSES		
Activity Card Expense	\$2,281	\$2,281
Awards and Scholarships	0	0
Office Supplies and Services	1,231	1,231
Publicity	48	48
Conference	1,167	1,167
Program Expense	327	327
Administrative Expense	0	0
Other Expenditures	476	476
TOTAL EXPENSES	\$5,530	\$5,530
NET INCOME (LOSS) FROM ASB GOVERNMENT	\$39,737	\$39,737
Less Depreciation Expense	(553)	(553)
NET INCOME (LOSS)	\$39,184	\$39,184
<u>VENDING</u>		
Vending Income	\$1,804	\$1,804
Less Expense and Transfer	0	0
Net Vending Income (Loss)	\$1,804	\$1,804
Vending Capital, July 1, 2006		\$0
Vending Capital, September 30, 2006		\$1,804

**Associated Students of College of San Mateo
Summary of Programs and Activities
1st Quarter Report, July – September 2006**

The Associated Students of College of San Mateo (ASCSM) has had a productive Summer 2006 semester and first half of the Fall 2006 semester. This academic year's Student Senate is full of passionate individuals who are interested in making substantive contributions to the life and governance of the College and District.

Some of the highlights of the July, August and September 2006 quarter are as follows:

Ongoing Activities:

In addition to participating in their weekly Student Senate meetings, the members of the ASCSM have also been actively involved with each of their standing committees, including the Academic Enhancement Committee, the Finance and Administration Committee, the Fundraising and Enterprise Committee, the Programs and Services Committee, the Public Relations Committee, the Inter Club Council, the Legislative and Governmental Affairs Committee, the Café International Advisory Board, the Volunteer and Community Service Committee and the Ambassadors and Mentors Outreach Program Committee.

New and returning members of the ASCSM Student Senate continued to participate in College and District governance committees. At the college level, student leaders are attending numerous committee meetings, including the College Council, the Faculty Academic Senate, the Committee on Instruction, the Enrollment Management Committee, the Diversity in Action Group (formerly College Diversity Advisory Committee), the College Auxiliary Services Advisory Committee and the CSM Connects Service Learning Advisory Committee. At the District level, students are also involved in the District Shared Governance Council, the District Auxiliary Services Advisory Committee and the District Student Council.

At the statewide and national levels, CSM student leaders are involved with the Student Senate for the California Community Colleges (SSCCC) and the American Student Association of Community Colleges (ASACC).

The ASCSM, in cooperation with the Student Activities Office, continued to issue credit card style student and staff ID cards to the college community. To date, the AS has issued thousands of ID cards to students, faculty, staff and administrators.

To further increase the value of the CSM ID card, the ASCSM has continued to expand and sponsor the Merchant Discount Program. This program provides a list of discount opportunities available to students, faculty, staff and administrators at on-campus AS-sponsored events, club events, local merchants, national chains and on the Internet, and includes movie theaters, restaurants, museums, art galleries, travel agencies and cultural centers.

The ASCSM has continued to support the CSM Ambassadors Program, which coordinates and provides tours of the campus for individuals and groups interested in attending College of San Mateo.

Events and Activities:

July 2006

During the month of July, the ASCSM Student Senate held their first meeting of the 2006-07 academic year. The group used the meeting as an opportunity to review goals for the upcoming semester and academic year. In order to greet new and returning students to CSM, the Senate discussed having a Welcome Week event during the first full week of classes.

August 2006

Beginning the first day of classes on August 16th, and continuing until Friday, August 19th, the Student Senate and the Student Activities Office sponsored a Welcome and Information booth in the plaza between Buildings 1 and 5. Student volunteers and staff provided information regarding class locations, the enrollment process and general guidance on a wide range of questions that new and returning students had. The College, as part of its Welcome Mat program, has adopted this model as a campus-wide endeavor.

The students have also been involved in an ongoing process of providing feedback to strengthen the food services provided by the new food service vendors.

September 2006

In a partnership with the CSM Connects Service Learning and Volunteer Program, the ASCSM Senate continues to fund Student Leader in the Community (SLIC) grants for students to work during the summer with non-profit and public agencies in the local community and abroad. During the month of September, the Student Senate heard a variety of presentations from students who were part of the program this past summer. Their project reports were amazing!

During the week of September 12th, the ASCSM sponsored the third-annual Welcome and Informational Fair which showcased the many student services available at CSM. The fair allowed students a chance to ask questions and get information about services and programs that they might not have been aware were available. Many student services departments participated, including Counseling and Matriculation, Transfer and Career Services, Student Employment, EOPS, the Health Center, Psychological Services and the Student Activities Office, which promoted involvement in Student Government and Student Clubs. The CSM Library, in an effort to promote the new services and materials available to students, also participated.

On Friday, September 15th, Latinos Unidos, an ASCSM Club, sponsored a Central American Independence Day Celebration and a Mexican Independence Day Celebration. The events included Aztec dancers performing traditional dances, information about the struggle for independence in Central American countries and the sale of traditional food, which served as a fundraiser for the club.

From September 17th through 23rd, in celebration of Constitution Week, the Student Senate and the Student Activities Office established a display in the Student Center (Building 5) that highlighted the U.S. Constitution's ratification process.

On Wednesday, September 27th, the ASCSM Senate assisted the CSM Connects program in hosting a fundraising barbecue, raising revenue for scholarship awards based, in part, on volunteer service to the community. The barbecue netted over \$500 towards this effort.

Steve Robison

Coordinator of Student Activities and ASCSM Advisor, College of San Mateo

COLLEGE OF SAN MATEO ASSOCIATED STUDENTS
Balance Sheet
September 30, 2006

	<u>OPERATIONS</u>	<u>RESTRICTED</u>	<u>TOTALS</u>
ASSETS			
Cash			
Petty Cash	\$25	\$0	\$25
Bank Commercial	163,240	(0)	163,240
Bank Time Deposits	0	0	0
District Investment Pool	107,282	246,050	353,332
Total Cash	<u>\$270,547</u>	<u>\$246,050</u>	<u>\$516,597</u>
Receivables			
Miscellaneous Receivable	\$7,507	\$127,296	\$134,803
Loans Receivable	3,400	350	3,750
Total Receivables	<u>\$10,907</u>	<u>\$127,646</u>	<u>\$138,553</u>
Furniture, Fixtures & Equipment	\$114,185	\$32,443	\$146,628
Less Accumulated Depreciation	(113,056)	(31,527)	(144,584)
Total Furniture, Fixt., & Eqpt.	<u>\$1,129</u>	<u>\$915</u>	<u>\$2,044</u>
TOTAL ASSETS	<u><u>\$282,583</u></u>	<u><u>\$374,611</u></u>	<u><u>\$657,194</u></u>
LIABILITIES AND CAPITAL			
Liabilities			
Student Representation Fee	\$0	\$61,419	\$61,419
Accounts Payable	11,080	0	11,080
Club Funds	0	96,107	96,107
Trust Funds	0	205,509	205,509
Loan Funds	11,252	10,098	21,350
Total Liabilities	<u>\$22,332</u>	<u>\$373,132</u>	<u>\$395,464</u>
Capital			
Capital, July 1, 2006	\$221,258	\$0	\$221,258
Adjustment to Capital/Prior	0	0	0
Net Income (Loss)	38,992	0	38,992
Vending Capital		1,479	1,479
Capital, September 30, 2006	<u>\$260,250</u>	<u>\$1,479</u>	<u>\$261,729</u>
TOTAL LIABILITIES AND CAPITAL	<u><u>\$282,583</u></u>	<u><u>\$374,611</u></u>	<u><u>\$657,194</u></u>

COLLEGE OF SAN MATEO ASSOCIATED STUDENTS
Income Statement--Operations
For the Quarter Ending September 30,2006

	<u>THIS QUARTER</u>	<u>YEAR TO DATE</u>
INCOME		
Activity Card Sales	\$52,111	\$52,111
ATM	964	964
Concessions	0	0
Interest	2,910	2,910
Program Income	0	0
Rec/Game Room	155	155
Miscellaneous Income	481	481
TOTAL INCOME	\$56,621	\$56,621
EXPENSES		
Awards and Scholarships	\$0	\$0
Activity Card Expense	0	0
Conference	0	0
Office Supplies	408	408
Operating Expense	0	0
Student Assistants	14,777	14,777
Equipment Repairs and Rental	0	0
Laundry Service	0	0
Concessions Expense	0	0
Programs	0	0
Other Expenditures	1,773	1,773
Unrealized Loss from Investments	0	0
TOTAL EXPENSES	\$16,957	\$16,957
NET INCOME SUBTOTAL	\$39,664	\$39,664
Less Depreciation Expense	(219)	(219)
Less Depreciation Expense - Café International	(453)	(453)
NET INCOME	\$38,992	\$38,992
<u>VENDING</u>		
Vending Income	4,109	\$4,109
Less Expense & Transfer	(4,109)	(4,109)
Net Vending Income	\$0	\$0
Vending Capital, July 1, 2006		\$1,479
Vending Capital, September 30, 2006		\$1,479

**Associated Students of Skyline College
Summary of Programs and Activities
1st Quarter Report, July – September 2006**

The following is a summary highlighting the events and activities of this quarter.

Shared Governance: The students continue to serve on the following committees at Skyline College and the District:

Campus Auxiliary Services Advisory Committee
College Council
Curriculum Committee
District Auxiliary Services Advisory Committee
District Associated Students Governing Board
District Committee on Budget and Finance
District Shared Governance Council
Educational and Facilities Master Plan Committee
Ed Policy Committee
Fresh Look Advisory Committee
Health and Safety Committee
Intercampus Planning Committee
Planning and Budget Committee
Student Union Planning Committee
WASAC Accreditation Committees

Student Handbook and Academic Planners: The ASSC continues to work with the Student Activities Office to distribute the Student Handbooks and Academic Planners. Current copies of the handbook are available in the Student Activities Office.

Recruitment of Students: The ASSC continues to encourage student participation in activities, events and student government, using handouts, flyers and giveaways to increase participation and attendance. Full council membership is anticipated by the end of November 2006.

Student Identification Cards: The Student Activities Office continues to produce student ID cards for the student body with assistance from the ASSC. A new camera is needed to improve the ID card quality. This issue will be placed on a future ASSC agenda.

Skyline Organizations and Club SOCC: The ASSC members always encourage other students to become active on campus by their work through SOCC. They also encourage students who do not find a club that interests them to start their own. The Club Manual and instructions on how to start a club are available in the Student Activities Office.

Programs and Events:

August 9, 2006

Executive Council Training

Leadership training for the Executive Council Members held at Skyline College.

August 10, 2006

ASSC Governing Council Training

Leadership training for ASSC Governing Council.

Training included team building exercises, review of College initiatives by Dr. Morrow and Dr. Adrian and an accreditation update by Dean Donna Bestock and Professor Ray Hernandez.

August 16-23, 2006

Welcome Week

Wednesday 16th- Carnival Day: Games, prizes and a DJ, 300 people attended.

Thursday 17th- Adventure Challenge, 200 people attended.

Friday 18th- BBQ/ Block Party and DJ, 500 people attended.

Monday 21st- Club Fair, 200 people attended.

Tuesday 22nd- Ice Cream Social, 200 people attended.

Wednesday 23rd- Pancake Breakfast, 600 people attended.

September 22 – 24, 2006

Pacific Leadership Institute

Members of the ASSC participated in leadership and team building exercises with the Campus Ambassadors. Training included teambuilding exercises, a ropes course and rock climbing. Training was facilitated by the Pacific Leadership Institute.

If you need additional information or have any questions regarding this report, please contact me.

Amory Nan Cariadus
Coordinator of Student Activities
Skyline College
Phone: (650) 738-4334
Email: cariadusa@smccd.net

SKYLINE COLLEGE ASSOCIATED STUDENTS
Balance Sheet
September 30, 2006

	<u>OPERATIONS</u>	<u>RESTRICTED</u>	<u>TOTALS</u>
ASSETS			
Cash			
Petty Cash	\$25	\$0	\$25
Bank Commercial	90,143	(0)	90,143
District Investment Pool	261,199	163,093	424,292
Total Cash	<u>\$351,367</u>	<u>\$163,093</u>	<u>\$514,460</u>
Receivables			
Miscellaneous Receivable	\$153	\$503,728	\$503,881
Loans Receivable	1,347	0	1,347
Total Receivables	<u>\$1,500</u>	<u>\$503,728</u>	<u>\$505,228</u>
Furniture, Fixtures & Equipment	\$82,245	\$0	\$82,245
Less Accumulated Depreciation	(75,216)	0	(75,216)
Total Furniture, Fixt., & Eqpt.	<u>\$7,029</u>	<u>\$0</u>	<u>\$7,029</u>
TOTAL ASSETS	<u>\$359,897</u>	<u>\$666,821</u>	<u>\$1,026,718</u>
LIABILITIES AND CAPITAL			
Liabilities			
Student Representation Fee	\$0	\$69,854	\$69,854
Accounts Payable	598	0	598
Club Funds	41,412	66,710	108,122
Trust Funds	117,134	405,655	522,789
Loan Funds	3,183	0	3,183
Total Liabilities	<u>\$162,326</u>	<u>\$542,219</u>	<u>\$704,545</u>
Capital			
Capital, July 1, 2006	\$141,041	\$0	\$141,041
Adjustment to Capital	1,483		1,483
Net Income (Loss)	55,046	0	55,046
Vending Capital		124,601	124,601
Total Capital, September 30, 2006	<u>\$197,570</u>	<u>\$124,601</u>	<u>\$322,171</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$359,897</u>	<u>\$666,821</u>	<u>\$1,026,718</u>

**SKYLINE COLLEGE ASSOCIATED STUDENTS
Income Statement--Operations
For the Quarter Ending September 30, 2006**

	<u>THIS QUARTER</u>	<u>YEAR TO DATE</u>
INCOME		
Activity Card Sales	\$61,442	\$61,442
Interest	3,501	3,501
Controller of Activities	0	0
Game Room	0	0
Miscellaneous Income	30	30
TOTAL INCOME	<u>\$64,973</u>	<u>\$64,973</u>
EXPENSES		
Awards and Scholarships	\$400	\$400
Activity Card Expense	2,662	2,662
General Fund	30	30
Office Supplies	2,157	2,157
Publicity	0	0
Salaries and Benefits	3,013	3,013
Unrealized Loss on Investments	0	0
Other Expenditures	1,019	1,019
TOTAL EXPENSES	<u>\$9,281</u>	<u>\$9,281</u>
NET INCOME FROM ASB GOVERNMENT	\$55,693	\$55,693
Less Depreciation Expense	<u>(646)</u>	<u>(646)</u>
NET INCOME (LOSS)	<u><u>\$55,046</u></u>	<u><u>\$55,046</u></u>
 <u>VENDING</u>		
Vending Income (Loss)	\$0	\$0
Less Expense and Transfer	<u>0</u>	<u>0</u>
Net Vending Income (Loss)	<u><u>\$0</u></u>	<u><u>\$0</u></u>
Vending Capital, July 1, 2006		<u>\$124,601</u>
Vending Capital, September 30, 2006		<u><u>\$124,601</u></u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT BOOKSTORES
Balance Sheet
September 30, 2006

ASSETS

Cash for Operations and Investments	\$4,982,591
Accounts Receivable	329,076
Inventory	1,690,637
Furniture, Fixtures & Equipment (Net)	<u>490,405</u>
TOTAL ASSETS	<u><u>\$7,492,709</u></u>

LIABILITIES AND CAPITAL

Liabilities	\$1,624,355
Capital-Reserved	<u>5,868,354</u>
TOTAL LIABILITIES AND CAPITAL	<u><u>\$7,492,709</u></u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT CAFETERIAS
Balance Sheet
September 30, 2006

ASSETS

Cash for Operations and Investments	\$260,943
Cash Reserve for Equipment	330,000
Accounts Receivable	7,650
Furniture, Fixtures & Equipment (Net)	<u>156,153</u>
TOTAL ASSETS	<u><u>\$754,746</u></u>

LIABILITIES AND CAPITAL

Liabilities	\$137,732
Capital, July 1, 2006	\$630,858
Adjustment to Capital	<u>(13,845)</u>
Capital, September 30, 2006	<u>\$617,013</u>
TOTAL LIABILITIES AND CAPITAL	<u><u>\$754,746</u></u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT CAFETERIAS
Balance Sheet
September 30, 2006

ASSETS

Cash for Operations and Investments	\$260,943
Cash Reserve for Equipment	330,000
Accounts Receivable	7,650
Furniture, Fixtures & Equipment (Net)	<u>156,153</u>
TOTAL ASSETS	<u><u>\$754,746</u></u>

LIABILITIES AND CAPITAL

Liabilities	\$137,732
Capital, July 1, 2006	\$630,858
Adjustment to Capital	<u>(13,845)</u>
Capital, September 30, 2006	<u>\$617,013</u>
TOTAL LIABILITIES AND CAPITAL	<u><u>\$754,746</u></u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT CAFETERIAS
Income Statement
For the Quarter Ending September 30, 2006

	<u>Year to Date Actual</u>	<u>2006-2007 Budget</u>
INCOME		
Special Service Income	\$0	\$0
Vending Income	15,136	80,000
Food Service Income	8,460	50,000
Interest	5,028	20,000
Other Income	<u>0</u>	<u>0</u>
TOTAL INCOME	\$28,624	\$150,000
EXPENSES		
Depreciation Expense	\$5,000	16,000
Service Contracts & Repairs	9,428	35,000
College Support	15,136	80,000
Unrealized Loss from Investments	-	-
Other	<u>12,904</u>	<u>2,000</u>
TOTAL EXPENSES	<u>\$42,469</u>	<u>\$133,000</u>
NET INCOME FROM OPERATIONS	(\$13,845)	<u><u>\$17,000</u></u>
Capital, July 1, 2006	<u>\$630,858</u>	
Capital, September 30, 2006	<u><u>\$617,013</u></u>	

Bookstores		P&L	6/30/2006	
4th Qtr.				
12 mos.				
	Canada	CSM	Skyline	total
INCOME				
Regular Merchandise Sales	1,706,228	2,908,070	2,282,260	6,896,559
Computer Products Sales	77,946	60,951	315,336	454,232
COST OF GOODS SOLD				
Merchandise Purchases	1,271,227	2,067,819	1,875,266	5,214,312
GROSS PROFIT	512,947	901,202	722,331	2,136,480
OPERATING EXPENSES				
Salaries	329,588	525,193	401,409	1,256,190
Benefits	71,293	121,067	98,818	291,178
Store and Office	6,192	13,879	4,935	25,005
Travel, Conference, Membership	5,989	6,399	7,833	20,221
Utilities	8,896	16,096	6,450	31,442
Contracted Services	9,597	23,853	9,951	43,400
Depreciation Expense	7,087	23,455	10,155	40,697
Outgoing Freight	(44)	-	-	(44)
Other Expenses	61,594	99,533	54,474	215,601
TOTAL OPERATING EXPENSES	500,193	829,473	594,024	1,923,691
NET INCOME FROM OPERATIONS	12,753	71,729	128,307	212,789
OTHER INCOME				
Interest	-	100,839	4,821	105,660
Other Income	122,988	209,771	214,581	547,340
TOTAL OTHER INCOME	122,988	310,610	219,402	653,000
NET INCOME BEFORE OTHER EXPENSES	135,742	382,339	347,708	865,789
OTHER EXPENSES				
Administrative Salary and Benefits	67,583	102,062	85,419	255,064
Interest Expense on Certificates of Participation (COP)	17,663	70,587	123,532	211,781
TOTAL OTHER EXPENSES	85,246	172,648	208,951	466,845
Net Change in Fund Balance	50,496	209,691	138,758	398,944

BOARD REPORT NO. 06-12-2C

Bookstores		P&L	6/30/2005	
4th Qtr.				
12 mos.				
	Canada	CSM	Skyline	total
INCOME				
Regular Merchandise Sales	1,712,687	3,013,062	2,377,696	7,103,445
Computer Products Sales	30,402	47,964	63,408	141,774
COST OF GOODS SOLD				
Merchandise Purchases	1,322,553	2,170,108	1,713,972	5,206,633
GROSS PROFIT	420,536	890,918	727,132	2,038,587
OPERATING EXPENSES				
Salaries	365,418	592,053	478,127	1,435,599
Benefits	58,799	113,062	101,560	273,421
Store and Office	8,142	12,275	7,488	27,905
Travel, Conference, Membership	1,629	2,584	2,915	7,129
Utilities	9,706	14,029	7,078	30,812
Contracted Services	4,675	22,221	9,675	36,571
Depreciation Expense	4,135	16,327	15,013	35,475
Outgoing Freight	(3)	308	-	305
Other Expenses	54,891	175,788	123,339	354,018
TOTAL OPERATING EXPENSES	507,392	948,647	745,195	2,201,235
NET INCOME FROM OPERATIONS	(86,856)	(57,729)	(18,063)	(162,648)
OTHER INCOME				
Interest	-	90,489	14,383	104,872
Other Income	17,935	22,179	14,457	54,571
TOTAL OTHER INCOME	17,935	112,668	28,840	159,443
NET INCOME BEFORE OTHER EXPENSES	(68,920)	54,939	10,777	(3,205)
OTHER EXPENSES				
Administrative Salary and Benefits	40,603	51,814	71,971	164,389
Interest Expense on Certificates of Participation (COP)	14,915	59,607	104,316	178,838
TOTAL OTHER EXPENSES	55,518	111,420	176,287	343,226
Net Change in Fund Balance	(124,439)	(56,481)	(165,511)	(346,431)

stores	balance sheet		6/30/2006	
4th Qtr.				
	Canada	CSM	Skyline	TOTAL
cash	68,789.25	3,600,142.95	456,954.80	4,125,887.00
accts rec	79,269.14	256,193.43	164,973.99	500,436.56
invent	412,517.20	628,253.45	637,231.25	1,678,001.90
furn fix	98,342.53	218,706.84	194,442.76	511,492.13
TOTAL	658,918.12	4,703,296.67	1,453,602.80	6,815,817.59
Liab	388,723.55	383,388.61	346,293.25	1,118,405.41
Capital	270,194.57	4,319,908.06	1,107,309.55	5,697,412.18
TOTAL	658,918.12	4,703,296.67	1,453,602.80	6,815,817.59
	0.00	0.00	0.00	0.00

REPORT ON CAMPUS UTILITY SHUT DOWNS

There is no printed report for this agenda item.

MINUTES

December 14, 2005

San Mateo, California

The meeting was called to order at 6:10 p.m.

Board members present: President Miljanich, Vice President-Clerk Mandelkern, Trustees Hausman, Holober and Schwarz; and Student Trustee Burns

Others present: Chancellor Galatolo; CFO Blackwood (for Executive Vice Chancellor Keller); Vice Chancellor Joel; Cañada Interim President Mohr; CSM Vice President Griffin (for President Kelly); Skyline President Morrow

Pledge of Allegiance

SWEARING IN OF RE-ELECTED TRUSTEES

Judge Joseph Bergeron administered the oath of office to Trustees Hausman and Holober, who had been recently re-elected to four-year terms.

ORGANIZATION OF BOARD OF TRUSTEES

President Miljanich announced that tonight is the annual organizational meeting of the Board to elect officers for the coming year, as required by the Education Code.

Trustee Mandelkern was nominated by Trustee Holober for the office of President. It was moved by Trustee Holober and seconded by Trustee Hausman to elect Trustee Mandelkern to serve as President. The motion carried by a vote of 4-0, with Trustee Mandelkern abstaining.

President Mandelkern called for nominations for Vice President Clerk; Trustee Miljanich nominated Trustee Hausman for the position. It was moved by Trustee Miljanich and seconded by Trustee Schwarz to elect Trustee Hausman to serve as Vice President-Clerk. The motion carried by a vote of 4-0, with Trustee Hausman abstaining.

President Mandelkern called for nominations for the position of Representative of the Board to elect members to the County Committee on School District Organization. Trustee Schwarz nominated Trustee Hausman. It was moved by Trustee Schwarz and seconded by Trustee Miljanich to select Trustee Hausman to serve as Board Representative. The motion carried by a vote of 4-0, with Trustee Hausman abstaining.

Finally, regarding the position of Secretary for the Board, it was moved by Trustee Schwarz and seconded by Trustee Hausman to continue the appointment of Chancellor Galatolo as Secretary for the Board. The motion carried, all members voting "Aye."

RECESS

The Board and guests took a brief recess to enjoy coffee and conversation.

DISCUSSION OF THE ORDER OF THE AGENDA

None

MINUTES

It was moved by Trustee Hausman and seconded by Trustee Schwarz to approve the minutes of the Regular Meeting of November 9, 2005. The motion carried, all members voting "Aye."

PRESENTATIONS TO THE BOARD BY PERSONS OR DELEGATIONS

None

STATEMENTS FROM EXECUTIVES AND STUDENT REPRESENTATIVES

Executive Statements/Reports covering recent activities, events and staff honors at the Colleges and Chancellor's Office were presented by Chancellor Galatolo, Cañada Interim President Mohr, CSM Vice President Griffin (for President Kelly), Skyline President Morrow, and CSM Associated Students President Mario Medina.

Copies of the Executive Statements/Reports were available for distribution at the meeting and are attached to the official minutes of record.

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

None

APPROVAL OF PERSONNEL ACTIONS: CHANGES IN ASSIGNMENT, COMPENSATION, PLACEMENT, LEAVES, STAFF ALLOCATIONS AND CLASSIFICATION OF ACADEMIC AND CLASSIFIED PERSONNEL (05-12-1A)

It was moved by Trustee Holober and seconded by Trustee Hausman to approve the actions in Board Report No. 05-12-1A. The motion carried, all members voting "Aye."

HEARING OF THE PUBLIC ON THE INITIAL PROPOSAL FOR INCREASE IN COMPENSATION, EFFECTIVE JULY 1, 2005, BETWEEN THE DISTRICT AND THE AMERICAN FEDERATION OF TEACHERS (AFT), LOCAL 1493, SUBMITTED TO THE DISTRICT BY AFT, DATED OCTOBER 12, 2005 (05-12-2A)

At 7:35 p.m., President Mandelkern announced that the public hearing was now open for questions and comments. Hearing none, President Mandelkern declared the hearing closed at 7:36 p.m.

APPROVAL OF CONSENT AGENDA (05-12-1CA – 05-12-6CA)

The Consent Agenda consists of the following Board reports:

- 05-12-1CA Declaration of surplus property
- 05-12-2CA Adoption of Resolution No. 05-20 confirming need and updating signature authorization for District bank accounts
- 05-12-3CA Approval of Trustees' Fund for Program Improvement projects – Skyline College
- 05-12-4CA Contract extension for multi-year asbestos abatement projects – Districtwide
- 05-12-5CA Approval to renew electricity agreement with Constellation NewEnergy, Inc.
- 05-12-6CA Appointment of Bond Oversight Committee member

It was moved by Trustee Holober and seconded by Trustee Hausman to approve the Consent Agenda. The motion carried, all members voting "Aye."

ADOPTION OF DISTRICT ACADEMIC CALENDAR FOR 2006-07 (05-12-1B)

Vice Chancellor Joel noted a minor change to the report. It was then moved by Trustee Holober and seconded by Trustee Miljanich to adopt the academic calendar for 2006-07 as amended. The motion carried, all members voting "Aye."

APPROVAL OF COMMUNITY SERVICES CLASSES, WINTER/SPRING 2006 - CAÑADA COLLEGE, COLLEGE OF SAN MATEO AND SKYLINE COLLEGE (05-12-2B)

It was moved by Trustee Schwarz and seconded by Trustee Miljanich to approve the Community Services classes to be offered for Winter/Spring 2006, as detailed in the report. The motion carried, all members voting "Aye."

APPROVAL OF CREATION OF 3D ANIMATION & VIDEO GAME ART CERTIFICATE AND AA DEGREE – CAÑADA COLLEGE (05-12-3B)

It was moved by Trustee Holoher and seconded by Trustee Hausman to approved the proposed 3D Animation & Video Game Art program at Cañada College, effective Fall 2006.

In discussion, Cañada Vice President McBride and Dean of Workforce Development Hayes explained that the new program is a natural extension of existing multimedia art and technology programs. They reported that the new certificate and AA degree will allow students to enter the growing field of entertainment/video gaming. They also presented labor market information and described the process by which the need for the program was determined. Board members expressed their interest in the program and in opportunities for partnerships.

Following discussion, the motion passed, all members voting "Aye."

ADOPTION OF RESOLUTION NO. 05-21 OF THE BOARD OF TRUSTEES OF SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT CERTIFYING TO THE BOARD OF SUPERVISORS OF SAN MATEO COUNTY ALL PROCEEDINGS IN THE NOVEMBER 8, 2005 GENERAL OBLIGATION BOND ELECTION (05-12-100B)

It was moved by Student Trustee Burns and seconded by Trustee Holoher to adopt Resolution No. 05-21, certifying to the Board of Supervisors of San Mateo County all proceedings in the November 8, 2005 General Obligation Bond election. The motion carried, all members voting "Aye."

ADOPTION OF RESOLUTION NO. 05-22 DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF THE BONDS TO BE ISSUED BY THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT (05-12-101B)

It was moved by Trustee Schwarz and seconded by Trustee Hausman to adopt Resolution No. 05-22, declaring intention to reimburse expenditures from the proceeds of bonds to be issued by the San Mateo County Community College District. The motion carried, all members voting "Aye."

ACCEPTANCE OF GIFTS BY THE DISTRICT (05-12-1C)

The Board received the report, which covered the period from late June 2005 through mid-December 2005.

STATEMENTS FROM BOARD MEMBERS

Board members extended congratulations and appreciation to newly sworn-in Trustees Hausman and Holoher and to the new and outgoing Board officers.

Trustee Schwarz reported on a number of events she had attended, including: the ribbon-cutting ceremony for *College Vista*; retirement functions for Paula Anderson (District) and Jerry Peel (Skyline); Skyline's Automotive Department luncheon; and the ribbon-cutting ceremony at the Mary Meta Lazarus Child Development Center.

Trustee Miljanich reported that she attended the CCLC conference at the end of November, part of which was public honoring of Clair Mack.

Student Trustee Burns reported that he also attended the CCLC conference and was impressed with the interest that was shown about the Bookstore text rental program.

COMMUNICATIONS

Initial proposal for 2005-07 contract between the American Federation of State, County and Municipal Employees, Local 829, and the District, received by the District November 30, 2005

**MEETING OF THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
FINANCING CORPORATION**

CALL TO ORDER

The meeting was called to order at 8:30 p.m.

ROLL CALL

Members present: Dave Mandelkern, Ron Galatolo, Helen Hausman, Kathy Blackwood (for Jim Keller)

Others present: Harry Joel, Shirley Kelly, Tom Mohr, Victoria Morrow, Karen Schwarz

APPROVAL OF MINUTES OF DECEMBER 15, 2004 MEETING

It was moved by Karen Schwarz and seconded by Dave Mandelkern to approve the minutes of the December 15, 2004 meeting of the Corporation. The motion carried, all members voting "Aye."

NAMING OF OFFICERS FOR 2006

Per Article 3, Section 1 of the Financing Corporation By-Laws, the officers of the corporation are described as a President, a Vice President, a Secretary and a Treasurer. Accordingly, the officers of the Corporation are Board of Trustees President Dave Mandelkern (Corporation Board President); Secretary for the Board of Trustees Ron Galatolo (Corporation Board Vice President); Board of Trustees Vice President-Clerk Helen Hausman (Corporation Board Secretary); and Executive Vice Chancellor Jim Keller (Corporation Board Treasurer).

DISCUSSION OF POSSIBLE COP REFINANCE

According to Chief Financial Officer Blackwood, the COP refinance would take place when it makes sense to do so. Such action would be brought to the Financing Corporation Board.

ADJOURNMENT

It was moved by Trustee Schwarz and seconded by Trustee Hausman to adjourn the meeting of the SMCCCD Financing Corporation. The motion carried, all members voting "Aye. The meeting of the Corporation adjourned at 8:40.

BOARD OF TRUSTEES RECESS TO CLOSED SESSION

1. Closed Session Personnel Items
 - A. Public Employment
 1. Employment: **Cañada College** – Faculty Coordinator, University Center and Academic Support Services Division; **College of San Mateo** –Financial Aid Technician, Admissions and Records Division; Office Assistant II, Student Services/Counseling Division; **Skyline College** – Project Director, Planning, Research and Student Success Division; **District** – Staff Assistant, Executive Vice Chancellor’s Office; Custodian, Facilities Planning and Operations Department
 2. Post-Retirement Contract **Cañada College** - (2) Business and Workforce Development Division
 - B. Public Employee Discipline, Dismissal, Release
2. Conference with labor negotiator
Agency negotiators: Harry Joel

Employee organizations: AFSCME, AFT, CSEA

RECONVENE TO PUBLIC SESSION

CLOSED SESSION ACTIONS TAKEN

President Mandelkern reported that, during the Closed Session just concluded, the Board considered the personnel items listed on the printed agenda and voted 5-0 to approve the actions in Board Report 1-A and 1-B. He also stated that the Board discussed collective bargaining matters with Chief Negotiator Joel; no action was taken.

ADJOURNMENT

It was moved by Trustee Schwarz and seconded by Trustee Hausman to adjourn the meeting. The motion carried, all members voting "Aye." The meeting adjourned at 9:35 p.m.

The next meeting of the Board will be a Study Session on January 11, 2006 beginning at 6:00 p.m. in the District Board Room.

The next Regular Meeting of the Board will be on January 25, 2006 beginning at 6:00 p.m. in the District Board Room.

Submitted by

Ron Galatolo
Secretary

Approved and entered into the proceedings of the January 25, 2006 meeting.

Helen Hausman
Vice President-Clerk

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
FINANCING CORPORATION**

**REPORT ON DEFEASANCE OF
CERTIFICATES OF PARTICIPATION**

The San Mateo County Community College District 2004 Certificates of Participation were defeased on Wednesday, April 26, 2006. The amount defeased was \$31,297,842.10.