

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT BOARD OF TRUSTEES  
REGULAR MEETING AGENDA  
December 12, 2007, 6:00 p.m.  
District Office Board Room  
3401 CSM Drive, San Mateo, CA**

**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) 358-6753.*
  - *Regular Board meetings are taped; tapes are kept for one month.*
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**6:00 p.m.      ROLL CALL**

**Pledge of Allegiance**

**SWEARING IN OF RE-ELECTED TRUSTEES**

**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**

**MINUTES**

07-12-1      [Minutes of the Regular Meeting of the Board of Trustees of November 14, 2007](#)

**PRESENTATIONS TO THE BOARD BY PERSONS OR DELEGATIONS**

**STATEMENTS FROM EXECUTIVES AND STUDENT REPRESENTATIVES**

**STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS**

## **NEW BUSINESS**

- 07-12-1A [Approval of Personnel Actions: Changes in Assignment, Compensation, Placement, Leaves, Staff Allocations and Classification of Academic and Classified Personnel](#)
- 07-12-2A [Approval of a New Administrative/Executive Salary Schedule](#)
- 07-12-3A [Public Hearing of American Federation of Teachers \(AFT\), Local 1493, AFL-CIO Initial Contract Proposal to the District and District's Initial Proposal to AFT; Adoption of District's Initial Proposal](#)

### **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.*

- 07-12-1CA [Declaration of Surplus Property](#)
- 07-12-2CA [Approval of Trustees' Fund for Program Improvement Projects for College of San Mateo and Skyline College](#)

### **Other Recommendations**

- 07-12-1B [Nominations for Board of Directors, California Community College Trustees, 2008](#)
- 07-12-2B [Adoption of District Academic Calendar for 2008-2009](#)
- 07-12-100B [Receipt and Acceptance of the 2006-07 District Audit Report](#)
- 07-12-101B [Approval of Contract with Thomas F. Casey for Legal Counsel Services](#)
- 07-12-102B [Approval of Purchase of Studio Cameras and Accessories for KCSM](#)
- 07-12-103B [Approval of Contract Award for College of San Mateo CIP2 Design-Build Project](#)
- 07-12-104B [Adoption of Rules and Regulations, Section 2.29, Sexual Assault Education and Prevention](#)
- 07-12-105B [Approval of Subgrant to SEIU United Healthcare Workers-West and Joint Employer Education Fund](#)

## **INFORMATION REPORTS**

- 07-12-1C [Discussion of Appointments to the Bond Oversight Committee](#)
- 07-12-2C [Discussion of Possible Dates for Groundbreakings/Grand Openings](#)

## **STATEMENTS FROM BOARD MEMBERS**

### **COMMUNICATIONS**

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

1. Call to Order
  2. Roll Call
  3. Approval of Minutes of December 18, 2006 Meeting
  4. Naming of Officers for 2008
  5. Adjournment
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### **RECESS TO CLOSED SESSION**

1. Closed Session Personnel Items
  - A. Public Employment
    1. Employment: **Cañada College** – Office Assistant II, Science & Technology; **College of San Mateo** – Program Services Coordinator, Counseling Services (EOPS); Coordinator of Student Activities, Student Services; **District** –Executive Director, Foundation; Administrative Positions; **Skyline College** – Biology Instructor, Science, Math & Technology;
  - B. Public Employee Discipline, Dismissal, Release

### **CLOSED SESSION ACTIONS TAKEN**

### **ADJOURNMENT**

**Minutes of the Regular Meeting of the Board of Trustees  
San Mateo County Community College District  
November 13, 2007  
San Mateo, CA**

**The meeting was called to order at 6:09 p.m.**

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

**Others Present:** Chancellor Galatolo, Executive Vice Chancellor Keller, Skyline College President Morrow, College of San Mateo President Claire, and Cañada College President Mohr

**Pledge of Allegiance**

**DISCUSSION OF THE ORDER OF THE AGENDA**

Student Trustee Young said several students in the audience would like to provide input on item 07-11-4C, College of San Mateo CIP2 Design-Build Project Report, and asked that this item be placed on the agenda after Statements from Executives. There were no objections.

**MINUTES**

It was moved by Vice President Holober and seconded by Trustee Mandelkern to approve the minutes of the Regular Meeting of the Board of October 24, 2007. The motion carried, all members voting "Aye."

**PRESENTATIONS TO THE BOARD BY PERSONS OR DELEGATIONS**

None

**STATEMENTS FROM EXECUTIVES**

Executive Reports were presented by Chancellor Galatolo, Skyline College President Morrow, College of San Mateo President Claire, Cañada College President Mohr and Executive Vice Chancellor Keller. Copies of the Presidents' Executive Reports were available for distribution at the meeting and are attached to the official minutes of record.

Chancellor Galatolo announced that he was "arrested" today and taken away in handcuffs by two officers for the Muscular Dystrophy Association. "Bail" was set at \$850 and Chancellor Galatolo thanked all who donated.

Presidents Morrow, Claire and Mohr highlighted sections of their executive reports. President Claire added that College of San Mateo sports teams have done very well; the football team has one of the best records in the Bay Area, and the women's cross country team won the Coast Conference championship.

Executive Vice Chancellor Keller announced that on December 5 the District is scheduled to receive an award from McGraw Hill Construction for the College of San Mateo Science Building and Planetarium. The award is the result of a statewide competition recognizing construction and design excellence. Vice Chancellor of Facilities Planning, Maintenance and Operations José Nuñez will attend the awards event. Chancellor Galatolo added that College Vista has also won another award from the National Association of Homebuilders.

**COLLEGE OF SAN MATEO CIP2 DESIGN-BUILD PROJECT REPORT (07-11-4C)**

Rick Bennett, Executive Director, Construction Planning Department, provided a brief history of the project. The Facilities Master Plan was completed in August 2006. In November 2006, the Board of Trustees adopted a resolution authorizing use of the design-build delivery method. Also in November 2006 the Board approved the selection of Steinberg Architects to be the bridging architect. Five builders were prequalified,

and one dropped out. In June 2007, the District released a Request for Proposal for the CSM design-build project, and worked closely with design-build teams over the summer. In September 2007 the Board was informed about the possibility of having only one design-build team still bidding for the project. McCarthy Builders is the only team to submit a proposal. Their proposal is very complex and the District is currently conducting due diligence.

CSM President Mike Claire made a presentation about the proposed project. He said one goal is to have a gateway into the campus where both students and the public arrive and go in many directions. The area is designed to have a drop-off zone, community quad, art quad and social center which take advantage of the outdoors.

President Claire described the proposed design of two new buildings, 5N and 10N. Building 5N will be a three-story building housing the fitness center and the nursing, dental assisting, dental hygiene and cosmetology programs. It will be located near the drop-off zone, providing easy access to the public. The building will be updated while still honoring the Carl Warnecke Legacy.

Building 10N is considered the “signature” building and it is anticipated that the new building will be packed with students both day and night. It will be located where buildings 10 and 11 are currently situated. The planning process for the building was complex and plans had to be adjusted in order to meet budget while best accommodating all needs within the square footage. EOPS, DSPS, the multicultural center and the multimedia and other media programs will be on the first floor. The bookstore will be on two levels, with textbooks in a separate area next to the loading dock on the first floor. There also will be large classrooms on the first floor which can be accessed from the outside. The second floor will house the student dining area with beautiful views of the Bay Area and with an entrance from the quad. There will be a dining deck also providing views. Also on the second floor will be the Integrated Learning Center where students can go to get help and faculty can meet to discuss student support. The upper level of the bookstore is on the second floor and is a place for students to get coffee and socialize. The third floor will house most of Student Services and faculty offices. There are two outdoor decks. The fourth floor holds more faculty offices, the remainder of Student Services, administration offices and two conference rooms that jut out from the building to accentuate the diagonal.

Trustee Schwarz asked if the plans allow for more faculty office space than currently exists. President Claire responded that, while the precise amount of space is not yet known, the plan will augment existing space with 80 new faculty offices. Trustee Mandelkern asked if there is flexibility within the new plan regarding office space for adjunct faculty. President Claire said that full-time faculty members are committed to providing adequate space to adjunct faculty. He added that there is a need to be flexible and some full-time faculty have expressed a preference to share space with adjunct faculty. Trustee Mandelkern said it might be advisable to look at this issue again since there has been much discussion in the past year regarding lack of adequate space for adjunct faculty to meet with students.

CSM Associated Students President Matthew Kaidor asked what types of student services will be on the third floor. President Claire replied that the vast majority will be located there, including Admissions and Records, Counseling and Financial Aid. Another student expressed concern about faculty offices being on the third floor, stating that students do not want faculty in the same area in which students are gathering socially. President Claire said the design philosophy is to support collaboration and bring people together; however, students who don't want to be in an area with faculty may stay on the second floor. In response to a student's question about views, Chancellor Galatolo said that the view from faculty offices is of the quad and the view from the Student Services area is of the Bay Area. In response to a student's concern that students were not provided an opportunity to be involved in the initial planning, President Claire said that he and Vice President Hughes are holding meetings with students to discuss their concerns and dialogue will continue. The former student president was involved in planning and a student activities representative was on the committee during the bridging process. There has also been a series of All-College meetings. Mr. Kaidor commended President Claire for communicating with students but said students are still concerned

that they have been pushed out of Building 10N. He said students were promised a space in that building to include a Student Center and Student Activities. He said there is also concern about the event space, where there might be amplified sound, being near the tutoring center. Students are also concerned that the Health Center is not located in Building 10N. Trustee Schwarz asked where Student Health is located in the new plan; President Claire said it has not yet been determined. Student Trustee Young said that Mr. Kaidor's comments represent the views of ASCSM. She said that student government and student activities are important areas in which students can be involved and they should be supported and should be located in Building 10N. Trustee Miljanich commented that students need to feel comfortable with the plans since they represent students of the future as well. She added that she appreciates students taking time to express their concerns to the Board. President Hausman and Trustee Schwarz expressed confidence that there will be continuing discussions with students and that their views will be considered.

Executive Director Bennett showed a brief film showing what the campus might look like under the proposal.

### **STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS**

None

### **NEW BUSINESS**

#### **APPROVAL OF PERSONNEL ACTIONS: CHANGES IN ASSIGNMENT, COMPENSATION, PLACEMENT, LEAVES, STAFF ALLOCATIONS AND CLASSIFICATION OF ACADEMIC AND CLASSIFIED PERSONNEL (07-11-1A)**

It was moved by Trustee Mandelkern and seconded by Trustee Miljanich to approve the actions in Board Report No. 07-11-1A. The motion carried, all members voting "Aye."

#### **AMERICAN FEDERATION OF TEACHERS, LOCAL 1493, AFL-CIO (AFT) INITIAL CONTRACT PROPOSAL TO THE DISTRICT AND DISTRICT'S INITIAL PROPOSAL TO AFT (07-11-2A)**

It was moved by Trustee Miljanich and seconded by Trustee Mandelkern to accept AFT's initial proposal to the District and the District's initial proposal to AFT, and to hold a public hearing of the proposals at the next regularly scheduled Board meeting. The motion carried, all members voting "Aye."

### **APPROVAL OF CONSENT AGENDA**

The Consent Agenda consists of the following Board Reports:

- 07-11-1CA      Ratification of First Quarter District Warrants, 2007-08
- 07-11-2CA      Disposition of District Records
- 07-11-3CA      Approval of Agreement with Wide Angle Communications to Conduct Market Research and Direct Marketing for the District

It was moved by Trustee Schwarz and seconded by Trustee Miljanich to approve the items on the Consent Agenda. The motion carried, all members voting "Aye."

### **Other Recommendations**

#### **APPROVAL OF COMMUNITY SERVICES CLASSES, SPRING/SUMMER 2008 – CAÑADA COLLEGE, COLLEGE OF SAN MATEO, AND SKYLINE COLLEGE (07-11-1B)**

It was moved by Trustee Schwarz and seconded by Vice President Holober to approve the list of Community Services classes as described in the report. The motion carried, all members voting "Aye."

**APPROVAL OF RESOLUTION NO. 07-12 IN SUPPORT OF PROPOSITION 92, THE COMMUNITY COLLEGE GOVERNANCE, FUNDING STABILITY, AND STUDENT FEE REDUCTION ACT (07-11-2B)**

It was moved by Vice President Holober and seconded by Trustee Miljanich to approve Resolution No. 07-12. President Hausman commented that it is disappointing to see that the University of California and California State University Systems are not supporting this proposition. Student Trustee Young noted that California community colleges serve 2.6 million students annually rather than 2.4 million as stated in the resolution. Student Trustee Young also questioned the meaning of “. . . restricting the amount and probability of future increases” in the resolution. Trustee Mandelkern suggested substituting the word “uncertainty” for “probability.” All Board members agreed that this would clarify the meaning, and the wording in the resolution will be changed. After this discussion, the motion carried, all members voting “Aye.”

**CONTRACT AWARD FOR THE CONSTRUCTION OF THE FACILITIES MAINTENANCE CENTER AT SKYLINE COLLEGE (07-11-100B)**

It was moved by Trustee Schwarz and seconded by Trustee Miljanich to approve the contract award as described in the report. The motion carried, all members voting “Aye.”

**REVISION OF RULES AND REGULATIONS SECTION 8.13, PUBLIC SAFETY ON DISTRICT PROPERTY (07-11-101B)**

It was moved by Vice President Holober and seconded by Trustee Mandelkern to approve the revisions as described in the report. The motion carried, all members voting “Aye.”

**INFORMATION REPORTS**

**FINAL REPORT ON LEGISLATION (07-11-1C)**

Director of Community/Government Relations Barbara Christensen said the report is self-explanatory. She noted that there has been no legislative action on bills on which the Board took positions during the year.

**FIRST QUARTER REPORT OF AUXILIARY OPERATIONS, 2007-08 (07-11-2C)**

Chief Financial Officer Kathy Blackwood said that while it appears at first glance that Associated Student Body revenues are down, this is because there was a change in the accounting method; there will be a more accurate comparison in January. At the Bookstores, computer sales increased 60% over last year, used textbook sales were up 20%, and the textbook rental program is growing rapidly. Food service income increased by over 200% compared to the first quarter 2006-07, due in part to improvement in food quality with the new vendor, and partly to the District receiving a commission on catering sales.

**DISTRICT FINANCIAL SUMMARY FOR THE QUARTER ENDING SEPTEMBER 30, 2007 (07-11-3C)**

Chief Financial Officer Kathy Blackwood said that because the District received one-time funding in 2006-07, State aid to the District is down from \$11 million in 2006-07 to \$9.8 million for 2007-08. Enrollment fee income is down only because of the reduction in fees. Controller Raymond Chow watches investments carefully in order to receive the highest return; currently the District’s largest investment is with the Local Agency Investment Fund (LAIF).

**APPROVAL OF NEW ADMINISTRATIVE SALARY SCHEDULE (07-11-5C)**

Chancellor Galatolo said that his two primary goals upon being appointed Chancellor were to:

1. Approve facilities at the three colleges. Passage of general obligation bonds, along with other funding, is helping the District to achieve this goal.
2. Enhance compensation for faculty and staff. Progress has been made toward achieving this goal.

Chancellor Galatolo said it is now time to make salary adjustments in order to remain competitive for administrative and executive staff as well. The District structure and salaries have not been reviewed since 1976 and this has caused a steady decline in relation to other districts in the area. Consequently, it is difficult for the District to attract qualified administrators and executives. In particular, dean positions are non-competitive for current faculty, resulting in a lack of internal applicants. Just as CSEA benchmarked positions and made adjustments so that salaries of District staff are in the top four among the Bay 10 college districts, the District believes that administrative salaries should also be in the top four. Mercer Consulting has reviewed and benchmarked administrative positions and compared them against other similar districts within the state, i.e., suburban, multi-campus districts, as well as the Bay 10 colleges. In 1976 four salary ranges were developed for 72 administrators. Grade D was subsequently eliminated. There are now three ranges for 49 administrators, with most falling into Grades A and B. Therefore, career progression is almost non-existent. The recommendation would increase salaries by an average of 3.15%. The recommendation stratifies the ranges and considers where the District is benchmarked relative to Bay 10 and other similar districts within the State.

Trustee Mandelkern noted that CSEA President Ulysses Guadamuz is in the audience and asked if he had any comments. Mr. Guadamuz said CSEA was presented with the document last week and they do not have any problems with it. Trustee Mandelkern said that he also would have asked for comments from an AFT representative if one were present.

Trustee Mandelkern asked if the primary objective is to attract the most qualified individuals and to make the positions competitive internally. Chancellor Galatolo confirmed this to be the case.

Vice President Holoher said he is pleased that facilities have been upgraded, bonds passed, and faculty and staff properly compensated, and it is time now to complete the unfinished business of properly compensating administrators and executives. He said that if the Board approves the recommendation, however, he would caution that the salaries not be locked into the top tier because the District's financial state can change over time and it must remain fiscally responsible.

Trustee Schwarz said she is pleased to be pursuing the issue and that it will benefit the District by keeping qualified people within the system. The three College presidents concurred that it is difficult to recruit gifted faculty to dean positions. There are currently three dean positions vacant at CSM and several others are nearing retirement. Thirty-two percent of administrators are between 55 and 59 years of age and twenty percent are 60 and over. Salaries are an obstacle to successful recruitment internally and externally.

Student Trustee Young said she supports the recommendation in order to lure gifted internal faculty.

The recommendation will be brought to the Board of Trustees at the December 12 meeting.

#### **STATEMENTS FROM BOARD MEMBERS**

Trustee Mandelkern noted that the regular Board meeting scheduled for April 30, 2008 at Skyline College is on the same night as a mixer with the North San Mateo County Chamber of Commerce to be held in the Skyline Gallery, and asked if the two events can be coordinated. President Morrow will work with Ginny Brooks to coordinate this so that Board members can attend both. Trustee Mandelkern asked when commencement and opening day are scheduled. Commencement will take place on May 30. Vice Chancellor Joel will send an email to the Board with the date for opening day.

Vice President Holoher, noting the vacancy on the Bond Oversight Committee, asked to explore with the Board the idea of appointing someone within the environmental movement in order to include a "green" perspective on the Committee. Chancellor Galatolo said the Committee now has good balance and the Board can choose anyone they feel is suitable. President Hausman suggested that this item be placed on the agenda for the December 12 meeting and that Board members bring names of potential Committee members to the meeting.



Trustee Mandelkern said he would like to comment on the concurrent enrollment initiative. He said that since he was elected to the Board, it has been his goal to increase involvement with high school students in many ways, including concurrent enrollment, middle college, and instruction by District faculty at the high school sites. Over the years, he has not heard any negative comments from parents or students regarding these programs. Trustee Mandelkern was disappointed to see the recent articles in *The Advocate* and *The San Matean*. He commented that the article in *The San Matean* is not a reflection of fact. He said he would like to hear the comments of Academic Senate President Patty Dilko, who could not be present at this meeting, on what is being said in the name of the Academic Senate, particularly in *The Advocate*. Trustee Mandelkern emphasized that this is not a “chancellor’s initiative” as implied in the articles, but a Board initiative.

Chancellor Galatolo said that he also has talked with students regarding concurrent enrollment and has heard no negative comments. He said that President Dilko and the Academic Senate have been very supportive and understand the obvious benefit to our local high school students. Chancellor Galatolo said there is a relatively small but very vocal group of faculty that is in opposition to the initiative. He has met with some of the concerned faculty in small groups and individually. Also, he has shared empirical data showing the success of concurrent enrollment both in this District and at other institutions.

Trustee Miljanich said that she, too, was distressed by the articles and found them misleading. As a trustee, she is supportive of the concurrent enrollment initiative.

Student Trustee Young said that she was taught at ages 15 and 16 by some of the same faculty who propose that the District not educate any students under the age of 18, and she was elected Student Trustee before she turned 18.

Trustee Schwarz agreed that the Board has confirmed an interest in pursuing concurrent enrollment. She believes the opposition is based on negative assumptions and the issue has become a personality conflict. She asked about the progress of the model that was being developed. Chancellor Galatolo said that in attempting to build a model, there were meetings with the high school CTA, high school administration, District AFT, District administration and District Academic Senate. The Academic Senate has been actively trying to build a model and is making progress, but completion has been somewhat thwarted by faculty opposed to the initiative. Chancellor Galatolo believes it would be inappropriate to try to take control of this initiative from the Academic Senate. Meanwhile, the program has successfully evolved on its own, primarily at Hillsdale High School, without a formal model in place and, as in the past, District faculty continue to serve students by teaching in the high school setting.

Vice President Holober said he too supports the goal of concurrent enrollment. Noting that the District has a Memorandum of Understanding with AFT for this academic year, he suggests that the District concentrate on maximizing the program in order to show its success by offering as many sections as possible in the high schools this spring. Trustee Mandelkern agreed with this proposal.

President Hausman said the article in *The San Matean* is actually an editorial column printed on the front page. She commented that it is a very serious situation when people in academia are intolerant of discussion and will not try to work things out.

Trustee Mandelkern suggested conducting a study session on this issue in 2008 during which the Board could hear from the high school superintendents and also give opponents of the program a chance to address the Board. President Hausman concurred and would like to hear testimony from students who have benefitted from the program. Trustee Mandelkern added that he would like to hear comments from students who have been involved in middle college, concurrent enrollment, and receiving instruction at the high schools.

Chancellor Galatolo said that he, President Mohr and President Claire recently met with Sequoia Union High School District Superintendent Pat Gemma who said he would like to have college courses taught on the high school campus during summer school. However, the Academic Senate may not be able to get approval in time to put the program in place. Trustee Mandelkern questioned why approval by the Academic Senate is needed when there is a Memorandum of Understanding in place. Chancellor Galatolo replied that the Academic Senate has primacy in developing the plan and that this issue should be brought forward to the Board from the Academic Senate at a future Board meeting.

**COMMUNICATIONS**

President Hausman received a letter regarding nominations for the Soroptimist *Making A Difference for Women Award*. Nominations are due on or before December 14, 2007.

**RECESS TO CLOSED SESSION**

The Board recessed to Closed Session at 9:30 p.m.  
The Board reconvened to Open Session at 10:29 p.m.

**CLOSED SESSION ACTIONS TAKEN**

President Hausman 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.

**ADJOURNMENT**

It was moved by Trustee Mandelkern and seconded by Vice President Holoher to adjourn the meeting. The motion carried, all members voting "Aye." The meeting was adjourned at 10:30 p.m.

The next meeting of the Board will be a Regular Meeting on Wednesday, December 12, 2007 at 6:00 p.m. in the District Board Room.

Submitted by

Ron Galatolo  
Secretary

Approved and entered into the proceedings of the December 12, 2007 meeting.

Richard Holoher  
Vice President-Clerk

**BOARD REPORT 07-12-1A**

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 ITEMS**

**A. REASSIGNMENT**

**District Office**

**Shell Chen** Senior Programmer I Information Technology Services

Promoted from a Programmer Analyst position in Information Technology Services (ITS), effective November 20, 2007. The change in staff allocation was Board approved on October 10, 2007.

**Mehrdad Elahi** Human Resources Representative Human Resources

Promoted from a Staff Assistant position in the Construction Planning Department, effective December 3, 2007, replacing Daniela Cavalieri who resigned.

**Pano Peña** Human Resources Representative Human Resources

Promoted from a Senior Accounting Technician position in Administrative Services, effective December 3, 2007. The change in staff allocation was Board approved on October 10, 2007.

**B. CHANGES IN STAFF ALLOCATION**

**Skyline College**

1. Recommend a temporary increase in staff allocation to add three temporary full-time (100%) Project Director positions at Grade 175S of the Classified Professional/Supervisory Salary Schedule 40 in the Center for International Trade Development, effective December 13, 2007 through August 31, 2008. These positions will be funded by State Chancellor's Office grants, which are due to expire on August 31, 2008.
2. Recommend a change in staff allocation to add one part-time (30%), 10-month per year WCIS Instructional Aide II position at Grade 22 of the Classified Salary Schedule 60 in the DSPS Program, effective December 13, 2007. This position will be funded by the DSPS grant and is necessary at this time due to growth in the program.

**BOARD REPORT 07-12-1A**

**District Office**

1. Recommend a change in staff allocation to delete one full-time (100%) Senior Accounting Technician position at Grade 28 of the Classified Salary Schedule 60 in the Accounts Payable Office and to add one full-time (100%) Accounting Technician at Grade 24, effective December 13, 2007.
2. Recommend reclassification of two Accounting Technician positions (1C0013 and 1C0014) in Accounts Payable from Grade 24 of the Classified Salary Schedule 60 to Senior Accounting Technician at Grade 28, effective December 13, 2007. This reclassification is the result of recent changes to the duties and responsibilities of the positions.

It is also recommended that the incumbents, Larisa Howes and Na (Nicole) Wang, be placed into the Senior Accounting Technician classification, effective December 13, 2007.

**C. SHORT-TERM, NON-CONTINUING POSITIONS**

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>
CSM	Vice President for Instruction/Middle College	1	12/13/2007	6/30/2008	Project Director: Prepare statistical reports, including data extraction, data management, and data analysis for Middle College High School.
CSM	Business Division	1	1/26/2008	4/5/2008	Instructional Aide II: Coordinate Volunteer Income Tax Assistance Training Site for 6 Saturdays during Spring 2008 semester.
Skyline	Counseling/DSPS	1	12/13/2007	3/13/2007	Instructional Aide II: Assist DSPS students in the Alternate Media Production program

**BOARD REPORT NO. 07-12-2A**

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor-Superintendent

PREPARED BY: Kathy Blackwood, Chief Financial Officer, 358-6969  
Harry Joel, Vice Chancellor, Human Resources, 358-6767

**APPROVAL OF A NEW ADMINISTRATIVE/EXECUTIVE SALARY SCHEDULE**

On November 13, 2007, the Board was presented an information report (Board Report 07-11-5C) on consideration of a new administrative/executive salary schedule.

The District reviews the compensation of its collective bargaining groups on a regular basis as part of the negotiation process. The District has not, however, engaged in a regular review of administrative compensation. In fact, the last comprehensive review of administrative structure and salaries was undertaken in 1976. Because there has not been a review of administrative/executive salaries in more than three decades, and because the District has an aging administrative staff<sup>1</sup>, the Board established a District goal to review administrative salaries at its annual retreat earlier this year. Accordingly, the District engaged Mercer Consulting to assist in the collection of comparative data and the assessment of administrative compensation.

Regarding the collective bargaining groups, in 2004 and again in 2006, the District completed a survey of faculty salaries comparing our faculty salaries to those of comparable certificated positions. Every four years, the District completes a salary survey of CSEA benchmarked positions (jointly agreed upon between CSEA and the District), comparing those positions to comparable classified positions. These regular comprehensive surveys are used as the basis for adjustments in the salary schedules for all employees represented by AFT and CSEA. As a result of these surveys, our faculty salary schedule ranks from first to fourth among the Bay Ten College districts, depending on the column and steps selected. CSEA member salaries are guaranteed to be at or above fourth highest for comparable positions.

The last time the District's administrative salary structure and salary placement was surveyed and revised was 31 years ago. At that time, the District had 72 administrators/executives who were placed on one of four administrative levels. Since that time, there have been minor modifications to the administrative structure (the lowest level was eliminated) and some administrators have been reassigned to different salary ranges within the three remaining levels. Since 1976, the number of administrators in the District has declined steadily, from 63 in 1981 to 52 in 1985, and currently stands at 49 permanent full-time college and district administrators. Over the past three decades, no adjustments have been made to the administrative salary schedule except for COLA adjustments. This decline has resulted in a very lean administration that, we have confirmed recently, is underpaid compared to comparable positions in other community college districts that are similar in size and scope to our District.

<sup>1</sup>20% of current administrators are aged 60 or older; 32.6% are between the ages of 55 and 59

**Methodology**

Mercer Consulting decided to review positions that are most common to all districts and benchmark the remaining positions to these; this is similar to how classified salary schedules are reviewed and compared. (Faculty salary comparisons are made by evaluating various levels of degree attainment and years of experience.) The positions selected for study were deans, vice presidents, presidents, and chancellor. To be consistent with the District's salary range reviews of AFT and CSEA, Mercer Consulting determined that new administrative/executive salary ranges should rank within the top four of the comparison districts.

Mercer Consulting determined that multi-college, suburban districts both in the Bay Area and in other similarly-sized districts in the State should be used as the basis for comparison because both the type of administrative positions (centralized service positions as well as college academic positions) and the different levels of administrative responsibility best match positions in our District. Unlike faculty or support positions, which have similar duties and responsibilities in a single- or multi-college environment, the duties and responsibilities of administrators and the administrative structure are not consistent between single- and multi-college districts. Therefore, all Bay Ten college districts and several comparably-sized, suburban, multi-college districts elsewhere in the State were included in the comparative study to reflect commonality of administrative structure and provide an accurate comparison of salaries. In this analysis, the deans would rank third among the comparison groups and the vice presidents, presidents and chancellor rank fourth.

Because faculty and CSEA positions are compared only to the Bay Ten colleges, Mercer Consulting also ran a Bay Ten-only analysis. In the Bay Ten-only analysis, the proposed salary ranges did not change. However, the deans and the vice presidents ranked second, presidents ranked fourth and the chancellor ranked third in this comparison.

Dean positions, more than any other administrator/executive position, are filled from the ranks of college faculty. It is important that the dean salary ranges not only be competitive with other district dean positions, but also be attractive to our own experienced faculty so that they will consider applying for open dean positions. Accordingly, in addition to looking at neighboring districts and other similarly-sized, multi-college districts, we also looked at how dean salaries compare to the respective faculty salaries in this District. In calendar year 2006, the entry level dean's salary was \$100,524. The average pay for the top 20 faculty earners was \$122,190 (more than 20% higher than the entry level dean's salary) and some faculty members earned more than \$160,000. This data was also taken into consideration when assigning the salary range for dean positions.

**Stratification**

Mercer Consulting found that current administrator/executive salaries are compressed into too few groups – the majority of which fall into two salary ranges. This structure does not provide enough room to accommodate the multiple types and levels of administrative positions or provide a career ladder for administrators within the District. Mercer Consulting is recommending that the District increase the number of salary groups and, more appropriately, stratify the administrator/executive salary ranges to better reflect the differences in job duties and responsibilities, span-of-control, knowledge and experience, complexity, and breadth of job tasks.

**Implementation/Cost of Proposal**

To implement the new salary schedule, staff recommends that each current administrator be placed on the lowest step of the salary schedule that does not lower his/her pay. The cost to implement this proposal is

approximately \$122,000 including regulatory benefits, which is an average 3.15% increase over the current salary schedule.

### **RECOMMENDATION**

Based upon the data and the assessment criteria noted above, it is recommended that the Board adopt the attached new administrative/executive salary schedule that adjusts salaries of administrators stratified over 13 salary ranges effective with the first of the month following Board approval. It is also recommended that the Board place administrators on the lowest step of the revised salary schedule that does not lower his/her pay and that the identified benchmarked positions be re-surveyed every four years.

**Proposed Executive/Administrative Salary Schedule  
12/12/2007**

The proposed ranges of minimum and maximum allow for an initial placement and 5 step increases

	Relationship	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
EA	<b>Chancellor</b>	<b>Benchmarked</b>			\$240,000		
EB	Executive Vice Chancellor	5% above EC	\$ 168,000	\$ 176,000	\$ 185,000	\$ 194,000	\$ 204,000
EC	<b>President</b>	<b>Benchmarked</b>	\$ 160,000	\$ 168,000	\$ 176,000	\$ 185,000	\$ 194,000
AA	A3025 Vice-Chanc., Facilities A3020 Vice-Chanc, HR and Empl Rels A3021 Vice-Chanc, Educ Svcs & Plan A3022 Chief Financial Officer A2032 Dir of Community and Gov't Rel	5% above AB	\$ 137,000	\$ 144,000	\$ 151,000	\$ 159,000	\$ 167,000
AB	<b>A2005 Vice President, Instruction</b> A2006 Vice President, Student Svcs A2007 Vice President, Stu Svcs/Oper	<b>Benchmarked</b>	\$ 130,000	\$ 137,000	\$ 144,000	\$ 151,000	\$ 159,000
AC	A2004 General Manager KCSM-TV/FM A2039 Dean, Administrative Services A3024 Exec.Dir.Construction Planning A2020 Executive Director, Foundation	5% above AD	\$ 128,000	\$ 134,000	\$ 141,000	\$ 148,000	\$ 155,000
AD	<b>A2011 Dean, Division</b> A2010 Dean, Couns/Advis/Matric	<b>Benchmarked</b>	\$ 122,000	\$ 128,000	\$ 134,000	\$ 141,000	\$ 148,000
AE	A2023 Director of General Services A3015 Dir of Maintenance&Operations A3026 Director of Auxiliary Services	95% of AD	\$ 116,000	\$ 122,000	\$ 128,000	\$ 134,000	\$ 141,000
AF	Director, CTL & Instr Tech Dean, Enrollment Services A2009 Dean, Articulation & Research A3018 Dean, Univ Ctr / Acad Supp Svc A2008 Dean, Admissions/Records	95% of AE	\$ 110,000	\$ 116,000	\$ 122,000	\$ 128,000	\$ 134,000
AG	Director, ED/Net Multimedia Initiative A3011 Dir, Ctr for Inter Trade Devel	95% of AF	\$ 105,000	\$ 110,000	\$ 116,000	\$ 122,000	\$ 128,000
AH	No positions	95% of AG	\$ 100,000	\$ 105,000	\$ 110,000	\$ 116,000	\$ 122,000
AI	Director, Business Services A3013 Dir, Plan, Rsrch & Stu Success A3016 Dir, Coll Devl, Mrktg & PR	95% of AH	\$ 95,000	\$ 100,000	\$ 105,000	\$ 110,000	\$ 116,000
AJ	No positions	95% of AI	\$ 90,000	\$ 95,000	\$ 100,000	\$ 105,000	\$ 110,000

Benchmarked positions are in red.



**BOARD REPORT NO. 07-12-3A**

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

**PUBLIC HEARING OF AMERICAN FEDERATION OF TEACHERS (AFT), LOCAL 1493,  
AFL-CIO INITIAL CONTRACT PROPOSAL TO THE DISTRICT AND DISTRICT'S INITIAL  
PROPOSAL TO AFT; ADOPTION OF DISTRICT'S INITIAL PROPOSAL**

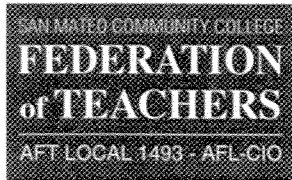
At its meeting of November 13, 2007 the Board of Trustees received an initial proposal from AFT, Local 1493. A copy of the AFT proposal is attached and by reference made a part of this agenda item.

The District is proposing no changes to the current contract which will expire on June 30, 2009.

Staff proposes that the Board of Trustees hold a public hearing on the proposal as required by the Educational Employment Relations Act.

**RECOMMENDATION**


It is recommended that the Board of Trustees hold a public hearing at this meeting. After the public hearing, it is recommended that the Board of Trustees adopt the District's initial proposal to AFT.



October 18, 2007

1700 W. Hillsdale Blvd.  
Building 15, Room 131  
San Mateo, CA 94402  
650 574-6491

To: Harry Joel, Vice Chancellor  
Human Resources & Employee Relations  
San Mateo County Community College District

From: Joaquín J. Rivera, Chief Negotiator   
San Mateo Community College Federation of Teachers, AFT Local 1493,  
AFL-CIO

Re: Contract Proposals for the 2007-2008 Contract of Academic Employees in the  
San Mateo County Community College District

Please transmit these contract proposals to the Board of Trustees in order to initiate negotiations for a new contract.

Article 17 Grievances

The Union will be proposing to modify the language regarding grievance procedures.

Article 19 Part-time Employment

The Union will be proposing to modify the language regarding part-time seniority.

Article 24 Distance Education (add new article)

Add language addressing the issues of: the use of the interactive mode of distance education; the use of the correspondence mode of distance education; the rights to the control of intellectual property, including subsequent use and compensation; access to technology, training for technology, and support for instructional technology; faculty involvement in assessing the benefits and costs of technology prior to purchase decisions; faculty involvement in assessing the benefits and costs of library technology prior to purchase decisions; faculty involvement in assessing the benefits and costs of technology used for academic counseling prior to program and purchase decisions; the effect of technology on privacy, staffing levels, and general health and safety; and, the appropriateness of and decision making process for contracting out technology based education products and or services, among others.

**BOARD REPORT NO. 07-12-1CA**

**TO:** Members of the Board of Trustees

**FROM:** Ron Galatolo, Chancellor-Superintendent

**PREPARED BY:** Jan Roecks, Director of General Services, 650-358-6879 &  
Bob Domenici, Senior Buyer, 650-358-6728

**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 miscellaneous equipment that is surplus to the District's needs including:

- CPUs, monitors, printers and John Deere tractor from the College of San Mateo
- Printer from the District Office
- Monitors, old refrigerator, tables, filing cabinets, heater, microwave oven, coffee maker and chairs from Skyline College
- Furniture, outdated lab equipment, VCRs, projectors, microscopes, printer, laptops, speakers, video cameras, spectrophotometer, centrifuge and spectronic from Canada College

A complete listing of this equipment follows the board report. 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
5	CSM	CPUs	\$0	To be recycled
7	CSM	Monitors	\$0	To be recycled
2	CSM	Printers	\$0	To be recycled
1	CSM	John Deere tractor	\$2000	To be donated or sold
1	District	Printer	\$0	To be recycled
6	SKY	Tables	\$600	To be donated or sold
1	SKY	Refrigerator	\$0	To be recycled
36	SKY	Monitors	\$0	To be recycled
1	SKY	Microwave	\$0	To be recycled
1	SKY	Heater	\$0	To be recycled
2	SKY	Filing cabinet	\$20	To be donated or sold
1	SKY	Coffee maker	\$0	To be recycled
2	SKY	Chairs	\$25	To be donated or sold
Misc.	CAN	Furniture bldg. 16/18	\$500	To be donated or sold
Misc.	CAN	Outdated lab equipment bldg. 18	\$0	To be recycled
4	CAN	VCRs	\$0	To be recycled
8	CAN	Projectors	\$850	To be donated or sold
68	CAN	Microscopes	\$2000	To be donated or sold
1	CAN	Printer	\$0	To be recycled
3	CAN	HP laptops	\$600	To be donated or sold
2	CAN	Speakers	\$0	To be recycled
3	CAN	Video cameras	\$0	To be recycled
1	CAN	Spectrophotometer	\$200	To be donated or sold
1	CAN	Centrifuge	\$150	To be donated or sold
1	CAN	Spectronic	\$200	To be donated or sold

**BOARD REPORT NO. 07-12-2CA**

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 COLLEGE OF SAN MATEO AND SKYLINE COLELGE**

On September 26, 2007, 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. 07-9-103B). Additionally, \$67,453.94 was carried over to continue programs committed in prior years but not completed by June 30, 2007. The total 2007-08 allocation and 2006-07 carryover has been allocated as follows:

	<b>07-08 Allocation</b>	<b>06-07 Carryover</b>	<b>Total Funds Available</b>
Cañada College	\$10,857.79	\$11,742.90	\$22,600.69
College of San Mateo	23,105.72	29,031.79	52,137.51
Skyline College	<u>16,036.49</u>	<u>26,679.25</u>	<u>42,715.74</u>
Total	\$50,000.00	\$67,453.94	\$117,453.94

The total funding available for ongoing and new proposals in 2007-08 is \$117,453.94.

**RECOMMENDATION**

It is recommended that the Board of Trustees approve the projects submitted by College of San Mateo in the amount of \$17,491.52 and Skyline College in the amount of \$5,583.80, as described in the attachment, for Trustees' Fund for Program Improvement support.

**College of San Mateo**  
Trustees' Fund for Program Improvement

1. Project Title: Physical Education Assessment Program  
Project Director: Mikel Schmidt, Physical Education  
Project Amount: \$3,500.00

The Physical Education Division is in the process of completing their Student Learning Outcomes (SLO) cycle by adopting an assessment tool. This assessment will consist of pre- and post-physical tests for all students enrolled in physical education activity courses. The measurement will be used for student evaluation as an objective feedback mechanism on the physiological benefits attained from participating in an active lifestyle. Each student will receive a printout of his/her results obtained throughout the semester and instructors will have an opportunity to evaluate their course structure. The funding will be used to purchase the testing equipment.

2. Project Title: Career Day  
Project Director: Ron Visconti, Counseling  
Project Amount: \$3,500.00

Career Day will be developed to provide career support services for students and as a vehicle for community outreach. It will consist of a keynote speaker and career seminars, and will allow instructors to showcase current CSM career programs.

3. Project Title: Cadaver Prosection Project  
Project Directors: Theresa Martin and Huy Tran, Biology  
Project Amount: \$3,491.52

The acquisition of a new cadaver requires time for faculty to prepare and dissect in order to expose relevant structures to students enrolled in anatomy courses. The new cadaver will replace the two existing ones which have expired. Six sections of anatomy will use this new cadaver.

4. Project Title: Test Validation ACT  
Project Directors: Cheryl Gregory and Robert Hasson, Math  
Project Amount: \$3,500.00

The current CSM math placement test needs replacement. The faculty have decided upon implementing the ACT compass test, to be implemented in spring, 2008. The funds will be used to allow faculty to prepare the content validity narrative and establish cut scores. The test incorporates a branching system which is more user-friendly for students.

5. Project Title: Online Political Science Course  
Project Director: Kathryn O'Connell, Social Science  
Project Amount: \$3,500.00

The funds will allow for the development of a new online political science course, Political Science 200. Limited sections have turned students away and the new online course will allow for an increase in enrollment and increase CSM's distance learning curriculum.

**Skyline College**  
Trustees' Fund for Program Improvement

1. Project Title:                   HIGHSCHOOL2College with the EOPS Summer Bridge –  
  A First Year Experience Seminar  
Project Director:               Jeffrey Acidera and Pablo Gonzalez, EOPS/CARE  
Project Amount:                 \$3,500.00

HIGHSCHOOL2College with the EOPS Summer Bridge is a First Year Experience transitional program for recent high school graduates who have been historically under-represented in higher education. There will be a 3-5 day First Year Experience seminar held at Skyline College and a university campus where students will use the university dormitories and resources to learn strategies for transitioning from high school to college and on to the university. Additionally, students will participate in sessions on Team Building, Risk Taking, Myths about College, Transfer, Communication, Study Skills, and Campus Resources. They will have firsthand college-going experiences. Instead of a single outreach activity, students will be part of a more extensive experience. Upon completion of the seminar students will become a part of EOPS.

Funding will help compensate the project coordinators for overall coordination, outreach and follow-up as well as create a fund for room and board, meals, keynote speakers, and miscellaneous program materials.

2. Project Title:                   Adaptation and Development of Anatomy Laboratories and Lab Practicals  
  Based Upon Available In-House Materials  
Project Directors:               Sandra Hsu, Michael Malachowski, John McDaniel, and James Smiley,  
  Biology  
Project Amount:                 \$2,083.80

This project is to create a 100 exhibit media database of Skyline Anatomy Lab materials and models. These exhibits will be posted to an anatomy class website for all nine sections of the class and will be accessible to students. In addition, these exhibits will be used to create a library of questions for lab practicals, which creates an objective and uniform assessment of student learning outcomes for the course.



**Date:** December 1, 2007  
**To:** California Community College Trustees  
California Community College Chancellors/Superintendents  
**From:** Scott Lay  
**Subject:** CCCT Board Election - 2008

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The California Community College Trustees (CCCT) board serves a major role within the Community College League of California. Meeting five times a year, the twenty-one member board provides leadership and direction to ensure a strong voice for locally elected governing board members.

From January 1 through February 15, nominations for membership on the CCCT board will be accepted in the League office. Nominations are to be made by a member district board of trustees; and each district may nominate only members of its board.

Each nominee must be a local community college district trustee, other than the student trustee, and must have consented to be nominated. Only one trustee per district may serve on the board.

An official Biographical Sketch Form and Statement of Candidacy **must** accompany the Nominating Ballot mailed to the League office, and please use only these forms. Nomination materials should be sent by certified mail – return receipt requested. Faxed materials will **not** be accepted due to the quality of transmission.

The election of members of the CCCT board will take place between March 10 and April 25. Each member district board of trustees will have one vote for each vacancy on the CCCT board. Ten persons will be elected to the board this year. Nine incumbents are eligible to run for re-election. Per CCCT Governing Policy II. A. 5, Rebecca Garcia will remain on the board for one additional year in order to serve as Immediate Past-president. This will not impact the election and the two-year CCCT board seat she has termed out of will be filled during this election cycle.

Election results will be announced at the CCCT annual conference. The newly elected members of the board will assume their responsibilities at the conclusion of the annual conference, May 4.

If you have any questions about the CCCT board election process, please call the League office.

Attachments: (mailed only to CCC Chancellors/Superintendents)

- Official Nominating Form
- Official Biographical Sketch Form
- Official Statement of Candidacy
- CCCT Board Terms of Office
- CCCT Board Roster





# CCCT BOARD NOMINATION FORM

Must be returned to the League office **postmarked no later than February 15**, along with the statement of candidacy and biographic sketch form. **Faxed material will not be accepted.**

Community College League of California  
2017 "O" Street  
Sacramento, CA 95811

The governing board of the \_\_\_\_\_ Community  
College District nominates \_\_\_\_\_ to be a  
candidate for the CCCT Board.

This nominee is a member of the \_\_\_\_\_ Community  
College District governing board, which is a member in good standing of the Community College League of  
California. The nominee has been contacted and has given permission to be placed into nomination.  
Enclosed are the Statement of Candidacy and the CCCT Biographical Sketch Form for our nominee.

\_\_\_\_\_  
Signature of Clerk or Secretary of Governing Board

CCCT BOARD  
BIOGRAPHIC SKETCH FORM

Must be returned to the League office **postmarked no later than February 15**, along with the nominating ballot and statement of candidacy. **Faxed material will not be accepted.**

PERSONAL

Name: \_\_\_\_\_ Date: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ (home) \_\_\_\_\_ (office)

E-Mail: \_\_\_\_\_

EDUCATION

Certificates/Degrees: \_\_\_\_\_  
\_\_\_\_\_

PROFESSIONAL EXPERIENCE

Present Occupation: \_\_\_\_\_  
\_\_\_\_\_

Other: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

COMMUNITY COLLEGE ACTIVITIES

College District Where Board Member: \_\_\_\_\_

Years of Service on Local Board: \_\_\_\_\_

Offices and Committee Memberships Held on Local Board: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

State Activities (CCCT and other organizations boards, committees, workshop presenter;  
Chancellor's Committees, etc) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

National Activities (*ACCT and other organizations, boards, committees, etc.*): \_\_\_\_\_

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**CIVIC AND COMMUNITY ACTIVITIES**

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**OTHER**

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**CCCT BOARD**  
**STATEMENT OF CANDIDACY**

Must be returned to the League office **postmarked no later than February 15**, along with the nominating ballot and biographic sketch form. **Faxed material will not be accepted.**

CANDIDATE'S NAME: \_\_\_\_\_ DATE: \_\_\_\_\_

What do you see as the major issues and activities that should be considered by CCCT and the League in the next two years? **(50 words or less; any portion of the statement beyond this limit will not be included.)**

What do you feel you can contribute in these areas? **(50 words or less; any portion of the statement beyond this limit will not be included.)**

CCCT BOARD  
FY 2008 TERMS OF OFFICE

NAME	TERMS SERVED	TERM EXPIRES	ELIGIBILITY FOR ADDITIONAL CONSECUTIVE TERMS
Albiani	00/02, 02/04, 04/06, 06/08	08	1
Barreras	06/08	08	4
Batiste	00/02, 02/04, 04/06, 06/08	08	1
Bader	11/06-5/07*, 07/09	09	3
Beck	01/02**, 02/04, 04/06, 06/08	08	1
Clark	99/01, 01/03, 03/05, 05/07, 07/09	09	0
Figuroa	**07/08	08	4
Fong	1/04-5/04*, 04/06, 06/08	08	2
Garcia	6/99-5/00*, 00/02, 02/04, 04/06, 06/08	08	0
Grier	12/01-05/02*, 02/04, 04/06, 06/08	08	1
Hayden Jr.	99/01, 01/03, 03/05, 05/07, 07/09	09	0
Howald	9/04-5/05*, 05/07, 07/09	09	2
Mann	05/07, 07/09	09	3
Meng	04/06, 06/08	08	3
Mercer	02/03**, 03/05, 05/07, 07/09	09	1
Ortell	1/04-5/04*, 04/06, 06/08	08	2
Quintero	11/06-5/07*, 07/09	09	3
Serna	05/07, 07/09	09	3
Singer	04/05**, 05/07, 07/09	09	2
Villegas	7/00-5/01*, 01/03, 03/05, 05/07, 07/09	09	0

\*Initially Appointed

\*\*Elected to One-Year Term

CALIFORNIA COMMUNITY COLLEGE TRUSTEES  
2007-2008 BOARD ROSTER

**KAY ALBIANI,**  
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**BOARD REPORT NO. 07-12-2B**

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Harry W. Joel, Vice Chancellor – Human Resources & Employee Relations,  
358-6767

**ADOPTION OF DISTRICT ACADEMIC CALENDAR FOR 2008-2009**

The District Academic Calendar addresses days of work for San Mateo County Community College District employees represented by AFT, CSEA, and AFSCME. Therefore it is subject to collective bargaining. The proposed calendar has been negotiated with AFT and reviewed by CSEA and AFSCME.

The proposed calendar (attached) is designed to begin the 2008-2009 academic year in late August with a completion of the Fall 2008 semester prior to the winter holidays. The following details the features of the calendar, as do the attached documents.

Fall 2008: Classes begin August 18, 2008  
Eighty-seven (87) instructional days including five (5) days of final examinations  
Two (2) professional growth flex days  
Semester ends December 18, 2008

Spring 2009: Classes begin January 20, 2009  
Eighty-nine (89) instructional days including six (6) days of final examinations  
Three (3) professional growth flex days  
Semester ends June 1, 2007

Tentative Summer Session: June 22 through August 1, 2009 for the six-week session  
June 22 through August 15, 2009 for the eight-week session

**RECOMMENDATION**

It is recommended that the Board adopt the 2008-2009 District Academic Calendar as detailed in this report.





SAN MATEO COUNTY  
COMMUNITY COLLEGE DISTRICT

CAÑADA COLLEGE, Redwood City / COLLEGE OF SAN MATEO, San Mateo / SKYLINE COLLEGE, San Bruno

**Academic Calendar 2008-2009**

**FALL SEMESTER 2008** (87 Instructional Days including 5 Final Days, plus 2 Flex Days)

August	14,15	.....Flex Days (No Classes)
<b>August</b>	<b>18</b>	..... <b>Day and Evening Classes Begin</b>
August	29	..... Last Day to Drop Semester Length Classes With Eligibility for Partial Refund
August	29	..... Last Day to <b>Add</b> Semester Length Classes
August	30 & 31	..... Declared Recess
September	1	..... Labor Day (Holiday)
September	8	..... Census Day
September	12	.....Last Day to Drop Semester Length Classes Without Appearing on Record
October	3	..... Last Day to Apply for Degree – Certificate
November	8 & 9	..... Declared Recess
November	10	..... Veterans' Day Observed (Holiday)
November	17	..... Last Day to <b>Withdraw</b> from Semester Length Classes
November	26	..... Declared Recess – Evening Courses Only
November	27	..... Thanksgiving Day (Holiday)
November	28 - 30	..... Declared Recess
December	12-18	..... Final Examinations (Day and Evening Classes)
December	18	..... Day and Evening Classes End
December	24 – January 1	..... Winter Recess (Total of Seven District Work Days)

**SPRING SEMESTER 2009** (89 Instructional Days including 6 Final Days, plus 3 Flex Days)

January	15, 16	.....Flex Days (No Classes)
January	17, 18	..... Declared Recess
January	19	.....Martin Luther King Jr. Day (Holiday)
<b>January</b>	<b>20</b>	..... <b>Day and Evening Classes Begin</b>
February	2	..... Last Day to Drop Semester Length Classes With Eligibility for Partial Refund
February	2	..... Last Day to <b>Add</b> Semester Length Classes
February	9	..... Census Day
February	13	..... Lincoln's Birthday (Holiday)
February	14, 15	..... Declared Recess
February	16	..... Presidents' Day (Holiday)
February	17	.....Last Day to Drop Semester Length Classes Without Appearing on Record
March	6	..... Last Day to Apply for Degree – Certificate
March	11	.....Flex Day (No Classes)
April	6 –12	..... Spring Recess
April	30	..... Last Day to <b>Withdraw</b> From Semester Length Classes
May	22	.....Final Examinations DAY classes only
May	23, 24	..... Declared Recess
May	25	..... Memorial Day (Holiday)
May	26 - 31	..... Final Examinations (Day and Evening Classes)
May	29	..... Day Classes End
June	1	.....Final Examinations for Monday EVENING Classes only
June	1	..... Evening Classes End

**TENTATIVE SUMMER SESSION 2009**

<b>June</b>	<b>22</b>	..... <b>Day &amp; Evening Classes Begin</b>
July	3	..... Independence Day Observed (Holiday)
August	1	..... Six Week Session Classes Close
August	15	..... Eight Week Session Classes Close

FALL 2008						
July 2008						
S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		
August 2008						
S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						
September 2008						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				
October 2008						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	
November 2008						
S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						
December 2008						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			
January 2009						
S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

SPRING 2009						
February 2009						
S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
March 2009						
S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				
April 2009						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		
May 2009						
S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						
SUMMER 2009						
June 2009						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				
July 2009						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	
August 2009						
S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

HOLIDAY	EVENING ONLY RECESS	FLEX DAY
CLASSES BEGIN	DECLARED RECESS	FINAL EXAMS DAY/EVENING
FINAL EXAMS MONDAY EVENING CLASSES ONLY		FINAL EXAMS DAY ONLY

San Mateo County Community College District

December 12, 2007

**BOARD REPORT NO. 07-12-100B**

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 2006-07 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, 2007. 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 2006-07 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, 2007 due date.

**SAN MATEO COUNTY  
COMMUNITY COLLEGE DISTRICT**

**ANNUAL FINANCIAL REPORT  
JUNE 30, 2007**



# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## TABLE OF CONTENTS

JUNE 30, 2007

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### **FINANCIAL SECTION**

Independent Auditors' Report	2
Management's Discussions and Analysis	4
Statements of Net Assets	18
Statements of Revenues, Expenses, and Changes in Net Assets	19
Statements of Cash Flows	20
Discretely Presented Component Unit – The Educational Housing Corporation	
Statement of Financial Position	22
Statement of Activities	23
Statement of Cash Flows	24
Notes to Financial Statements	25

### **SUPPLEMENTARY INFORMATION**

District Organization	48
Schedule of Expenditures of Federal Awards	49
Schedule of Expenditures of State Awards	50
Schedule of Workload Measures for State General Apportionment	51
Schedule of Annual Apprenticeship Hours of Instruction	52
Reconciliation of Annual Financial and Budget Report with Fund Financial Statements	53
Reconciliation of Governmental Fund Balance Sheets to the Statement of Net Assets	54
Note to Supplementary Information	55

### **INDEPENDENT AUDITORS' REPORTS**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	57
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	59
Report on State Compliance	61

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

Summary of Auditors' Results	64
Financial Statement Findings and Recommendations	65
Federal Awards Findings and Questioned Costs	
State Awards Findings and Questioned Costs	66
Summary Schedule of Prior Audit Findings	68

### **ADDITIONAL SUPPLEMENTARY INFORMATION**

Governmental Funds	
Balance Sheets - (Unaudited)	71
Statements of Revenues, Expenditures, and Changes in Fund Balance - (Unaudited)	73
Proprietary Funds	
Balance Sheets - (Unaudited)	75
Statements of Revenues, Expenses, and Changes in Retained Earnings - (Unaudited)	76
Statements of Cash Flows - (Unaudited)	77
Fiduciary Funds	
Balance Sheets - (Unaudited)	78
Statements of Revenues, Expenditures, and Changes in Fund Balance - (Unaudited)	79
Note to Additional Supplementary Information	80



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***FINANCIAL SECTION***

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## 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, 2007 and 2006, 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, 2007 and 2006, 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 December 3, 2007 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.

*Vavrinek, Trine, Day & Co LLP*

Pleasanton, California  
December 3, 2007

# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2007

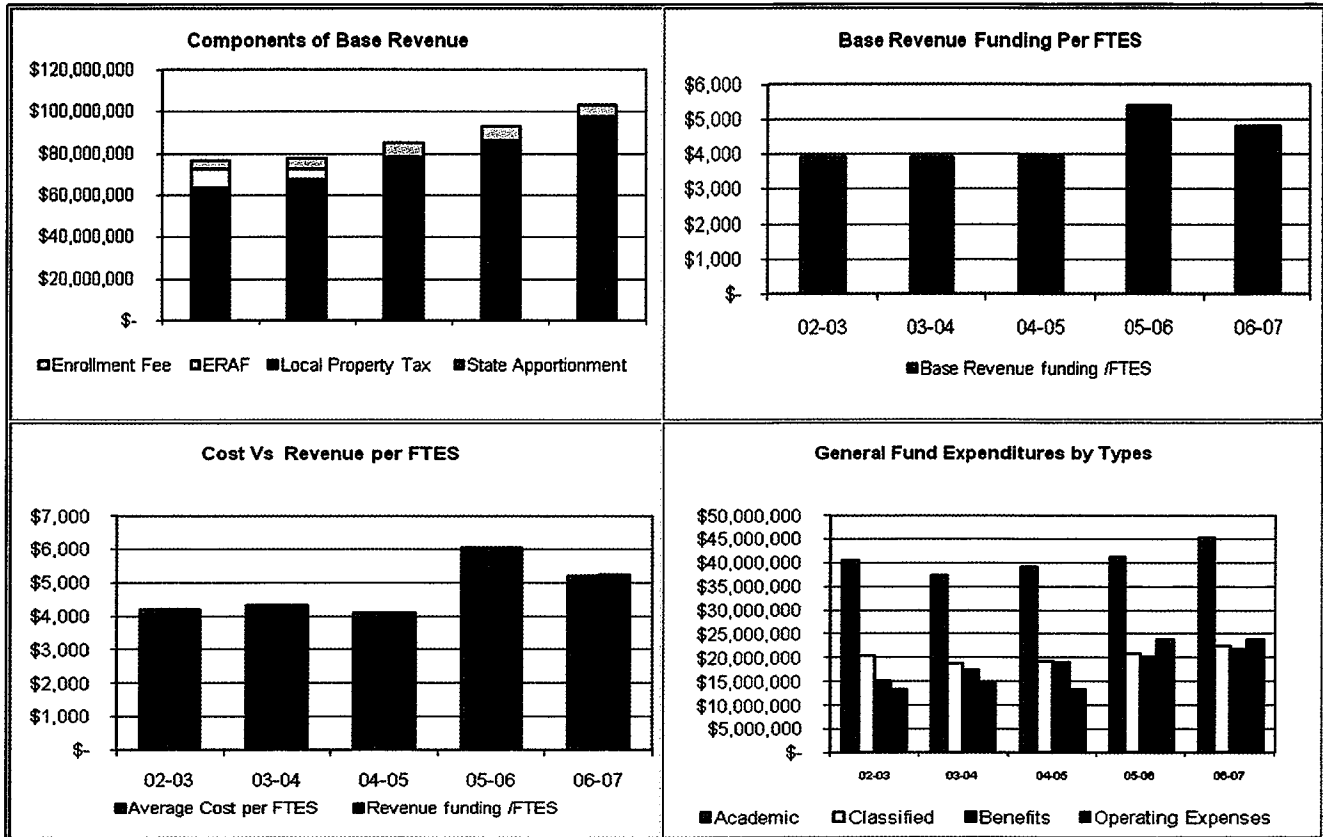
### Introduction

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, 2007, June 30, 2006 and June 30, 2005. 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 2006-07



### Financial Overview

- Assets exceeded liabilities for the fiscal year ended June 30, 2007 by \$187 million, and net assets increased \$19 million over last year.
- Net noncurrent capital assets and restricted cash increased \$75 million.
- Net operating loss was \$117 million.
- Net non-operating gain was \$121 million.
- Other revenues exceeded expenses by \$15 million.



# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

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### 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 2007 FTES as part of the 2006-07 fiscal year. SMCCCD responded by reporting all of Summer 2007 (1,980 FTES) in 2006-07. Since the District could not report those FTES in 2007-08, this will result in the District's apparent declining enrollment this fiscal year. However, the District's revenue base will be held harmless, that is, the District will receive the same amount of FTES funding in 2007-08 as was received in 2006-07. In addition to a 4.23% state revenue COLA, these revenues kept the District in a stable financial situation.

- Salaries and Benefits

In 2006-07, the San Mateo County Community College District completed multi-year collective bargaining agreements with AFT and settled agreements with CSEA and AFSCME at the end of 2005-06 for all employees including a 2005-06 of 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 18% in January, 2004, 18% in January, 2005, 9.4% in January, 2006, and 11% in January, 2007. 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 9.124% in 2006-07 to 9.306% in 2007-08. Dental insurance premiums increased by 14% in October, 2006 and are expected to increase slightly in 2007-08. In addition, unemployment insurance decreased from 0.45% in 2005-06 to 0.05% in 2006-07 and is currently back to 0.45% in 2007-08. Workers' Compensation remains at 2.257% in 2007-08.

Collective bargaining agreements in subsequent years for employees include for 2006-07 a 5.92% compensation improvement (4.92% on salary and 1% on medical cap) and for 2007-08 and 2008-09, AFT (faculty) and CSEA (classified professional) agreed to a compensation improvement percentage that matched the state revenue COLA. For 2007-08, the total package was 4.53% (3.53% on salary and 1% on medical cap), plus AFT added a paid office hour program for adjunct faculty. AFSCME (skilled trades) and the unrepresented employees, including administration, received a 4.50% compensation increase (3.50% on salary and 1% on medical cap). For 2008-09, AFT and CSEA will receive a compensation increase percentage equal to the state revenue COLA while AFSCME and the unrepresented employees will receive the same but with a ceiling of 4.50% and a floor of 4.00%.

- Bond construction

As of June 30, 2007 a total of \$198 million of the \$207 million November 2001 general obligation bond and \$51 million of the \$468 million November 2005 general obligation bond have been spent or encumbered by contract. The 2001 bond authorization projects are scheduled to be completed in 2008. A program definition identifying projects, sequence of construction, and cost estimates has been developed for the 2005 general obligation authorization. This will be adjusted regularly to keep pace with the academic and construction environment.



# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

---

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.

- Cañada College's new Library and Student Resource Center (Building 9) had its ribbon cutting ceremony on August 20, 2007. This is the final flagship project completed for phase 1 of the Capital Improvement Program. This building includes Disabled Students Programs and Services (DSPS), Student Counseling, Registration, Financial Aid, Learning Center and Library. It also includes a renovated exterior quad area with an amphitheater, water feature and a Butterfield horse sculpture. One of the larger bond funded projects in the next phase of the Capital Improvement Program at Cañada College – Gateways, Circulation, Parking and Infrastructure project – is currently in the design phase and is scheduled for construction early 2008.
- At the College of San Mateo, the East Campus Gateway and athletic facilities upgrades is scheduled for completion in late Fall 2007. Another large bond funded project for the next phase of the Capital Improvement Program is the Design-Build Project at College of San Mateo, the Request for Proposal for this project has been released and the District is awaiting the outcome of this process to begin the design phase in early 2008.
- Skyline College opened the doors of their signature projects, the Student and Community Center and the Science Annex in Spring 2007. The opening ceremony was held on February 14, 2007. The Student and Community Center (Building 6) houses the dining hall and Sky Café, Security, Bookstore, Student Activities Office, the Associated Students of Skyline College, and a conference center. The Science Annex (Building 7A) houses state-of-the-art science laboratories. This building is adjacent to the Science Building (Building 7), which is currently in the design phase of a seismic upgrade and modernization project. Adjacent and contiguous to Building 7 is Building 8, a recently renovated classroom building, which also held its grand opening on February 14th. This office and classroom building includes the Automotive Technology program, which held its grand opening in August 2006, just prior to the start of the Fall 2006 Semester. Another large bond funded project for the next phase of the Capital Improvement Program is the Design-Build Project at Skyline College, the Request for Proposal for this project has been released and the District is awaiting the outcome of this process to begin the design phase in early 2008.
- 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 2008.



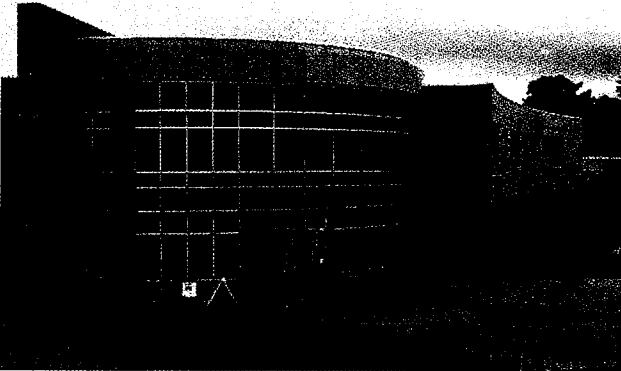
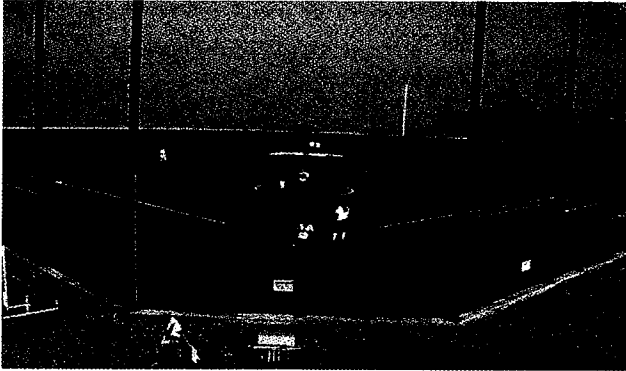


**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2007**

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College of San Mateo, Softball Field (Top Left)

Skyline College, Science Annex (Top Right)

Skyline College, Student Support & Community Services Center (Middle Left)

Canada College, Learning Resource Center (Middle Right)

Canada College, Quad Water Feature (Bottom Left)

Skyline College, Student Support & Community Services Center (Bottom Right)

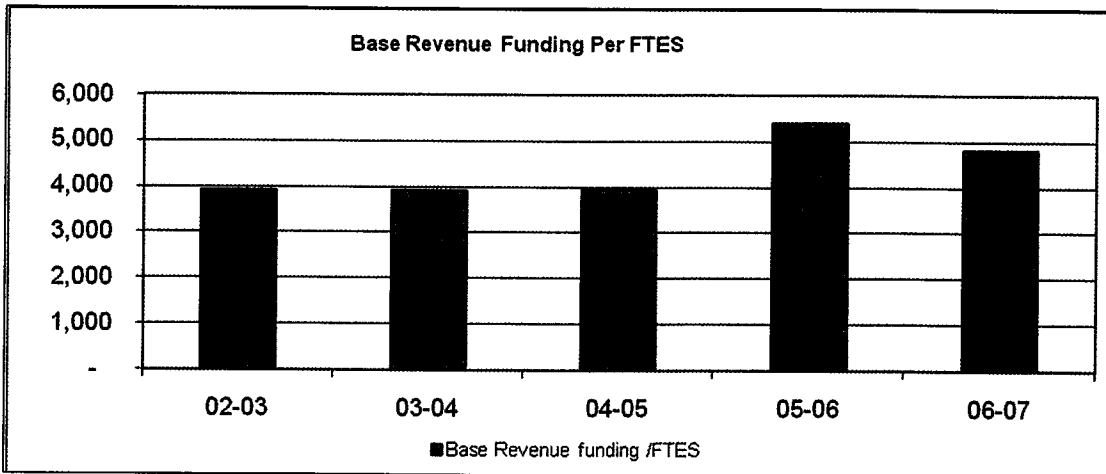


# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2007

- Enrollments

In 2006-07, SMCCCD grew only slightly and took advantage of by shifting all of Summer 2007 (1,980 FTES) into 2006-07. Since the District could not report those FTES in 2007-08, this will result in the District's declining enrollment status during 2007-08. However, the District's revenue base was held harmless, that is, the District will receive the same amount of FTES funding in 2007-08 as was received in 2006-07. 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.



### 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.



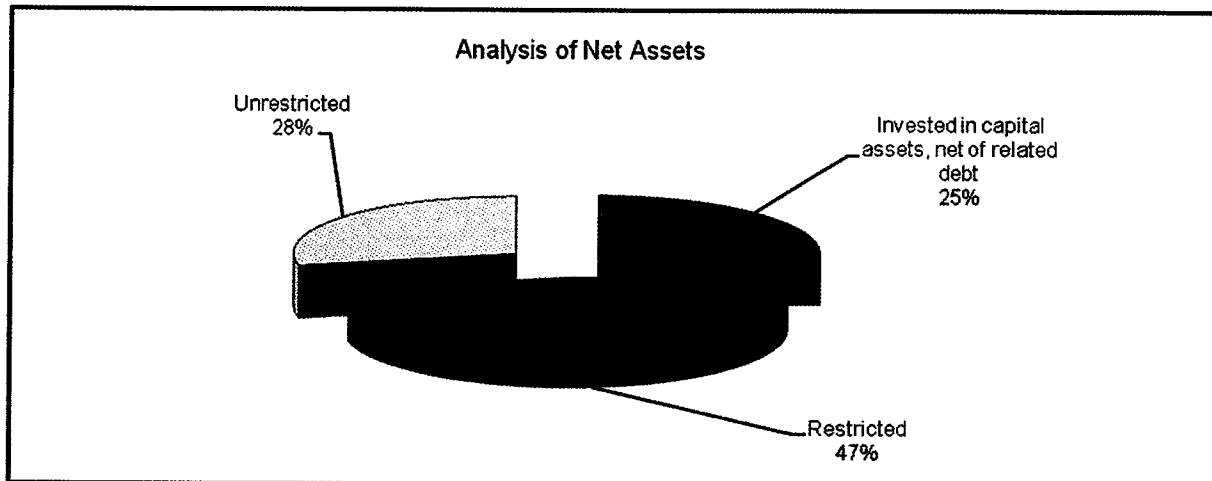
# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

- 
- 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.
  - 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, 2007





**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF NET ASSETS  
JUNE 30, 2007, 2006 AND 2005**

	2007	2006	2005
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 981,235	\$ 1,286,987	\$ 2,354,503
Investments	574,827,706	271,179,198	203,325,428
Accounts receivable	22,535,089	21,105,769	12,113,989
Student loans receivable	510,673	586,741	384,190
Prepaid expenses	1,516,058	93,963	108,072
Deferred charges	6,216,168	3,480,307	2,476,744
Stores inventories	1,692,450	1,678,001	1,395,011
Other current assets	25,750	25,565	372,725
<b>Total Currents Assets</b>	<b>608,305,129</b>	<b>299,436,531</b>	<b>222,530,662</b>
<b>Noncurrent Assets:</b>			
Restricted cash and cash equivalents	30,524,521	5,621,269	9,468,025
Non-depreciable capital assets	45,311,034	108,375,276	93,388,551
Depreciable capital assets, net of depreciation	251,229,009	138,102,083	74,328,686
<b>Total Noncurrent Assets</b>	<b>327,064,564</b>	<b>252,098,628</b>	<b>177,185,262</b>
<b>TOTAL ASSETS</b>	<b>935,369,693</b>	<b>551,535,159</b>	<b>399,715,924</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	18,072,661	23,061,711	19,159,460
Interest payable, restricted	8,107,914	2,574,201	2,565,549
Current loans	-	-	12,000,000
Deferred revenue	10,003,127	8,456,809	10,074,575
Amount held in trust on behalf of others	1,803,748	1,452,285	8,540,831
Compensated absences payable - current portion	2,038,973	1,924,219	1,830,686
Bonds and notes payable - current portion	12,245,000	2,435,000	4,945,000
Lease obligations - current portion	-	-	156,242
Other long-term liabilities - current portion	877,627	195,957	114,078
<b>Total Current Liabilities</b>	<b>53,149,050</b>	<b>40,100,182</b>	<b>59,386,421</b>
<b>Noncurrent Liabilities</b>			
Compensated absences payable - noncurrent portion	2,975,755	828,618	720,342
Lease obligations - noncurrent portion	-	-	156,242
Other long-term liabilities - noncurrent portion	691,536,128	342,181,694	193,572,581
<b>Total Noncurrent Liabilities</b>	<b>694,511,883</b>	<b>343,010,312</b>	<b>194,449,165</b>
<b>TOTAL LIABILITIES</b>	<b>747,660,933</b>	<b>383,110,494</b>	<b>253,835,586</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	46,420,206	76,864,540	14,291,712
Restricted for:			
Debt service	30,844,675	5,669,093	10,019,898
Capital projects	52,659,542	45,146,987	41,404,204
Educational programs	3,973,234	3,132,518	-
Other activities	156,256	272,564	250,125
Unrestricted	53,654,847	37,338,963	79,914,399
<b>TOTAL NET ASSETS</b>	<b>\$ 187,708,760</b>	<b>\$ 168,424,665</b>	<b>\$ 145,880,338</b>





**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2007**

Total net assets at June 30, 2007, increased \$19 million over the prior fiscal year. The increase was primarily due to the increase of net capital assets from Bond and C.O.P. construction in the District.

**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.

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2007, 2006 AND 2005**

	<b>2007</b>	<b>2006</b>	<b>2005</b>
	in thousands	in thousands	in thousands
<b>OPERATING REVENUES</b>			
Tuition and Fees	\$9,938	\$10,672	\$10,580
Grants and Contracts, noncapital	23,744	28,894	27,229
Auxiliary Enterprise Sales and Charges	7,832	7,307	8,279
Internal Service Sales and Charges	2,003	000	000
<b>TOTAL OPERATING REVENUES</b>	<b>43,518</b>	<b>46,873</b>	<b>46,087</b>
<b>OPERATING EXPENSES</b>	160,633	147,366	149,410
<b>OPERATING LOSS</b>	<b>(117,115)</b>	<b>(100,494)</b>	<b>(103,323)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
State apportionments, noncapital	36,434	36,086	16,970
Local property taxes	62,007	56,824	66,570
State taxes	3,876	60	1
Investment income/(expense), net	33,969	2,099	2,095
Interest income/(expense) on capital related debt, net	(44,964)	(10,896)	(6,482)
Other non-operating revenues	30,366	20,127	13,763
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>121,688</b>	<b>104,240</b>	<b>92,917</b>
<b>INCOME BEFORE OTHER REVENUES AND EXPENSES</b>	<b>4,574</b>	<b>3,747</b>	<b>(10,406)</b>
<b>OTHER REVENUES AND EXPENSES</b>	<b>14,711</b>	<b>18,738</b>	<b>6,010</b>
<b>NET INCREASE IN NET ASSETS</b>	<b>19,284</b>	<b>22,485</b>	<b>(4,396)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>168,425</b>	<b>145,880</b>	<b>150,275</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$187,709</b>	<b>\$168,365</b>	<b>\$145,879</b>



# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

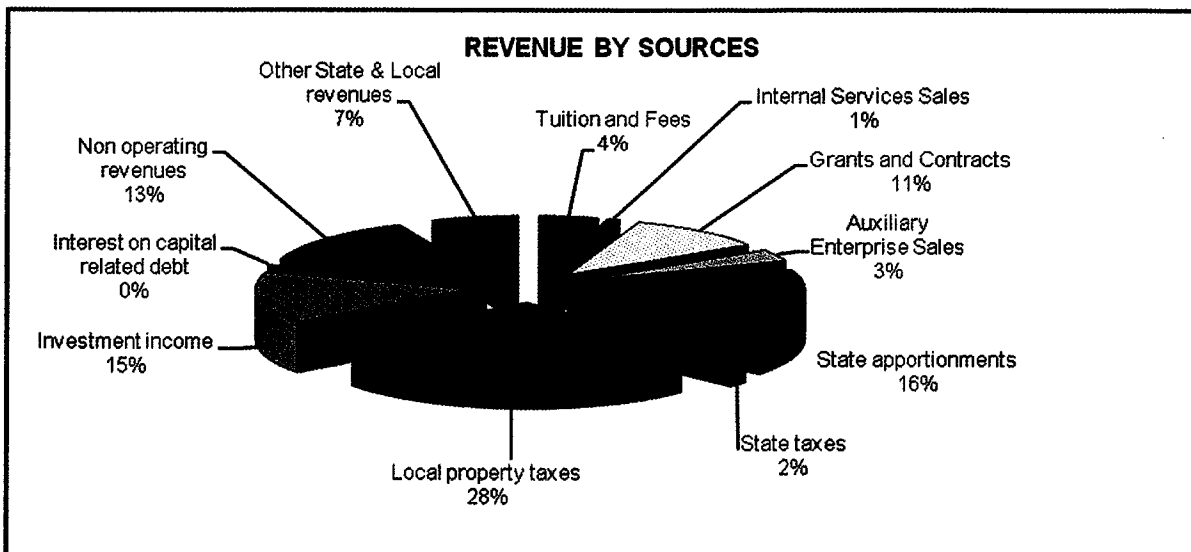
## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

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:





**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2007**

Revenues and expenses changed mainly due to the following:

- Net Income from Operating sources illustrated a decrease in grants and reduced tuition, increase in salaries, benefits and capital depreciation.
- Net Non-Operating sources increased mainly due to an increase in the State apportionment revenue and Bond investment income.

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 Operation Expenses by Account**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
	in thousands	in thousands	in thousands
Salaries	\$ 83,216	\$ 75,071	\$ 71,407
Employee benefits	27,732	25,229	23,873
Supplies, materials, and other operating expenses	42,979	43,471	51,865
Depreciation expense	6,706	3,596	2,265
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 160,633</b>	<b>\$ 147,366</b>	<b>\$ 149,410</b>

**Statement of Operating Expenses by Activity**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
	in thousands	in thousands	in thousands
Instructional activities	\$ 65,249	\$ 54,369	\$ 53,618
Academic support	7,021	6,832	6,130
Student services	14,541	14,254	13,334
Plant operations and maintenance	36,870	38,691	45,716
Instructional support services	6,503	6,203	16,368
Community services and economic development	1,160	1,036	959
Ancillary services and auxiliary operations	22,583	22,385	11,019
Depreciation expense	6,706	3,596	2,266
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 160,633</b>	<b>\$ 147,366</b>	<b>\$ 149,410</b>

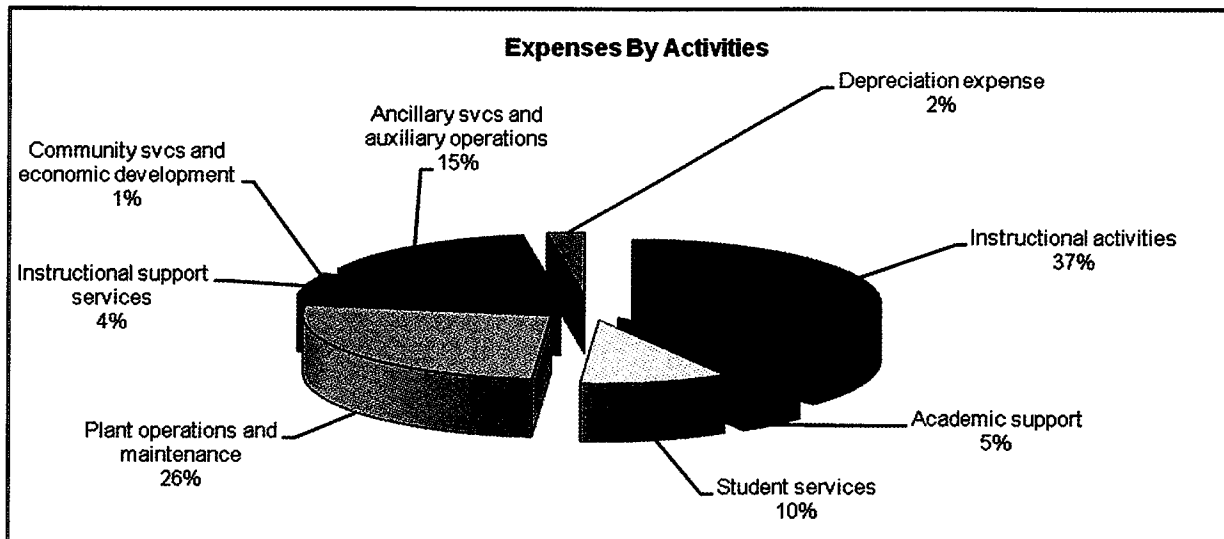
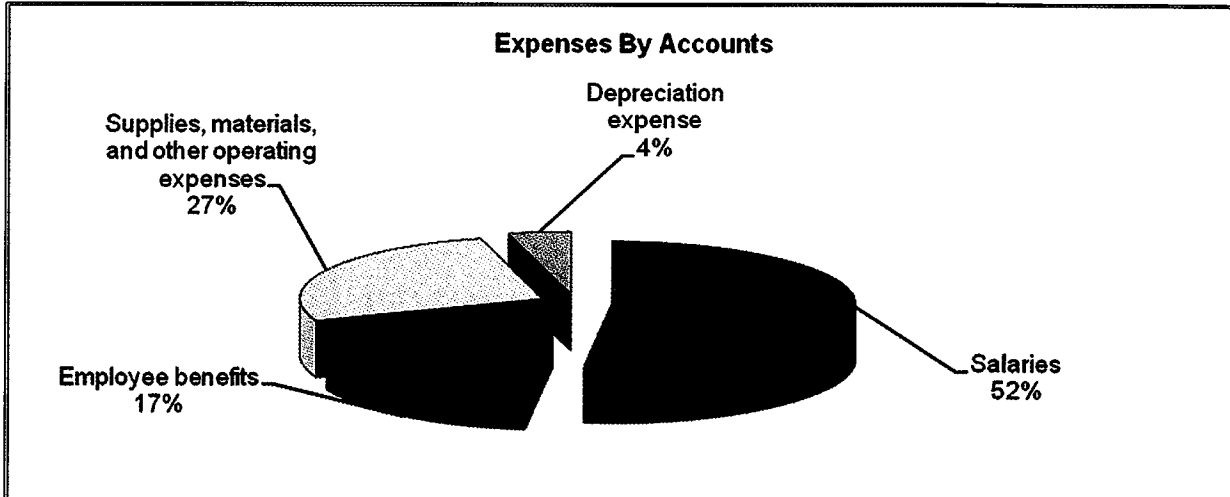


# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

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:

- 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.





# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2007

- 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, 2007, 2006 AND 2005

	2007	2006	2005
	in thousands	in thousands	in thousands
<b>CASH FLOWS PROVIDED BY (USED IN):</b>			
Operating Activities	(\$109,378)	(\$121,990)	(\$106,644)
Noncapital financing activities	134,483	109,964	99,142
Capital financing activities	273,570	73,544	26,893
Investing activities	29,571	1,422	1,558
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>328,246</b>	<b>62,939</b>	<b>20,949</b>
<b>CASH &amp; CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>278,087</b>	<b>215,148</b>	<b>194,199</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$606,333</b>	<b>\$278,087</b>	<b>\$215,148</b>

### New State Funding Method

#### SB361 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. Some of the permanent regulations were implemented in July, 2007. 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 90<sup>th</sup> 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 2007-08 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 considerably less than the statutory requirement of 11%. The 2006-07 and 2007-08 state community college base allocations were reduced by \$80 million due to the continuation of low growth and unclaimed growth funds statewide. Over half of the districts statewide received stability funds for 2006-07.



# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

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The economic outlook for the state is uncertain due to the weakness in the housing industry and related housing sectors. The current projection for the increase in the cost of living for 2008-09 is over 4%.

The biggest challenges facing 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. SMCCCD is currently experiencing some growth and will seek to improve and increase enrollment.

### **Bond & C.O.P. Construction 2007-08 and Beyond**

In August 2006, the Board approved the 2006 Facilities Master Plan which is 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>.

Implementation plans have been developed and the following projects are in the preconstruction phases:

- Cañada College Gateways, Circulation & Parking Project
- Cañada College Building 8 Administrative Offices Renovation, Phase 2
- Cañada College Buildings 5 & 6 Instructional & Student Center Modernization
- Cañada College Building 7 New Facilities Maintenance Center
- Cañada College Buildings 16 & 18 Science & Engineering Classrooms Modernization
- Cañada College Upper Quad Concession Stand
- College of San Mateo CIP2 Design Build Project, comprised of demolition of existing buildings, construction of new buildings along with extensive site improvements
- College of San Mateo Buildings 2, 4 & 4A Fine Arts Complex Renovation
- College of San Mateo Building 14 Instructional Classroom Building Renovation
- College of San Mateo Building 16 Instructional Classroom Building Renovation
- College of San Mateo Demolition of Seismic Hazardous Buildings 21 through 29
- Skyline College CIP2 Design Build Project, comprised of construction of new buildings, extensive site improvements, as well as demolition of existing buildings
- Skyline College Building 1 Fine Arts Complex Renovation, Phases 2 & 3
- Skyline College Building 7 Allied Health Center Modernization
- Skyline College Replacement Facilities Maintenance Center

These projects will be under construction in the coming months. San Mateo County Community College District is fortunate in having legislative authority to use a variety of construction delivery methods, to best suit each project's character and bring best value to the Colleges and our taxpayers, including design-build, multiple-prime contracting, as well as the traditional design-bid-build delivery method.

### **Staff and Faculty Housing**

The College District is planning to build a second housing project for faculty and staff on Parking Lot 3 at Cañada College. A planning application has been submitted to the City of Redwood City and it is expected that the project will be reviewed by the City's Architectural Review Committee, Planning Commission and City Council this Fall. If the project is approved by the City before December 31, 2007, we expect that we will be under construction in late Spring or early Summer, 2008.



# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

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The District is planning to build 60 units: 37% one bedroom or one bedroom with dens; 53% two bedrooms; and 10% three-bedroom units. All units will have private, individual garages and a washer/dryer. Interior amenities include 9 foot ceilings, wood entryways, individual patios or decks; large windows and sliding glass doors. As is the case with College Vista, rents are expected to be significantly below market.

### **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.edu](mailto:kellerj@smccd.edu).



SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF NET ASSETS  
JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 981,235	\$ 1,286,987
Investments	574,827,706	271,179,198
Accounts receivable, net	22,535,089	21,105,769
Student loans receivable	510,673	586,741
Prepaid expenses	1,516,058	93,963
Deferred charges	6,216,168	3,480,307
Stores inventories	1,692,450	1,678,001
Other current assets	25,750	25,565
<b>Total Current Assets</b>	<u>608,305,129</u>	<u>299,436,531</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	30,524,521	5,621,269
Nondepreciable capital assets	45,311,034	108,375,276
Depreciable capital assets, net of depreciation	251,229,009	138,102,083
<b>Total Noncurrent Assets</b>	<u>327,064,564</u>	<u>252,098,628</u>
<b>TOTAL ASSETS</b>	<u>935,369,693</u>	<u>551,535,159</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	18,072,661	23,061,711
Interest payable, restricted	8,107,914	2,574,201
Deferred revenue	10,003,127	8,456,809
Amounts held in trust on behalf of others	1,803,748	1,452,285
Compensated absences payable - current portion	2,038,973	1,924,219
Bonds and notes payable - current portion	12,245,000	2,435,000
Other long-term liabilities - current portion	877,627	195,957
<b>Total Current Liabilities</b>	<u>53,149,050</u>	<u>40,100,182</u>
<b>Noncurrent Liabilities</b>		
Compensated absences payable - noncurrent portion	2,975,755	828,618
Other long-term liabilities - noncurrent portion	691,536,128	342,181,694
<b>Total Noncurrent Liabilities</b>	<u>694,511,883</u>	<u>343,010,312</u>
<b>TOTAL LIABILITIES</b>	<u>747,660,933</u>	<u>383,110,494</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	46,420,206	76,864,540
Restricted for:		
Debt service	30,844,675	5,669,093
Capital projects	52,659,542	45,146,987
Educational programs	3,973,234	3,132,518
Other activities	156,256	272,564
Unrestricted	53,654,847	37,338,963
<b>TOTAL NET ASSETS</b>	<u>\$ 187,708,760</u>	<u>\$ 168,424,665</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, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>OPERATING REVENUES</b>		
Student Tuition and Fees	\$ 13,319,298	\$ 14,552,548
Less: Fee waivers and allowance	(3,380,891)	(3,880,732)
Net tuition and fees	<u>9,938,407</u>	<u>10,671,816</u>
Grants and Contracts, noncapital:		
Federal	8,422,187	9,525,670
State	12,628,741	16,361,652
Local	2,693,243	3,006,382
Auxiliary Enterprise Sales and Charges		
Bookstore	7,675,822	7,164,687
Cafeteria	156,063	142,543
Internal Service Sales and Charges	2,003,309	-
<b>TOTAL OPERATING REVENUES</b>	<u>43,517,772</u>	<u>46,872,750</u>
<b>OPERATING EXPENSES</b>		
Salaries	83,216,422	75,070,580
Employee benefits	27,731,770	25,228,934
Supplies, materials, and other operating expenses and services	42,979,059	42,949,003
Equipment, maintenance, and repairs	-	521,949
Depreciation	6,705,276	3,595,888
<b>TOTAL OPERATING EXPENSES</b>	<u>160,632,527</u>	<u>147,366,354</u>
<b>OPERATING LOSS</b>	<u>(117,114,755)</u>	<u>(100,493,604)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State apportionments, noncapital	36,434,017	36,086,461
Local property taxes	62,006,836	56,824,309
State taxes and other revenues	3,875,899	59,813
Investment income, net	33,969,407	2,098,731
Interest expense on capital related debt	(44,963,775)	(10,959,993)
Interest income on capital asset-related debt, net	118	63,894
Other nonoperating revenue	30,365,811	20,126,973
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>121,688,313</u>	<u>104,300,188</u>
<b>INCOME/(LOSS) BEFORE OTHER REVENUES AND EXPENSES</b>	<u>4,573,558</u>	<u>3,806,584</u>
State revenues, capital	12,238,275	16,224,616
Local revenues, capital	2,472,262	2,513,127
<b>TOTAL OTHER REVENUES AND EXPENSES</b>	<u>14,710,537</u>	<u>18,737,743</u>
<b>INCREASE IN NET ASSETS</b>	19,284,095	22,544,327
<b>NET ASSETS, BEGINNING OF YEAR</b>	168,424,665	145,880,338
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 187,708,760</u>	<u>\$ 168,424,665</u>

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, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 8,211,939	\$ 11,486,873
Non capital grants and contracts	24,139,354	27,589,027
Payments to vendors for supplies and services	(44,246,672)	(59,350,541)
Payments to or on behalf of employees	(109,073,971)	(98,859,144)
Payments from/(to) students for scholarships and grants	76,068	(586,741)
Auxiliary sales	11,164,136	7,395,772
Amounts held for others	351,463	(7,088,546)
Other operating receipts (payments)	-	(2,576,877)
<b>Net Cash Flows Used For Operating Activities</b>	<u>(109,377,683)</u>	<u>(121,990,177)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State apportionments	36,578,562	33,040,699
Property taxes	61,335,275	56,824,309
State taxes and other apportionments	3,875,899	59,813
Other receipts (payments)	32,693,451	20,039,227
<b>Net Cash Flows From Noncapital Financing Activities</b>	<u>134,483,187</u>	<u>109,964,048</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Purchase of capital assets	(58,821,096)	(81,257,542)
Proceeds from sale of general obligation bond	362,874,702	180,802,508
Proceeds from sale of capital assets	-	79,173
State revenue, capital projects	12,238,275	16,224,616
Local revenue, capital projects	2,472,262	2,513,127
Deferred cost on issuance	(2,735,861)	1,003,563
Principal paid on capital debt	(3,028,598)	(34,934,000)
Interest paid on capital debt	(39,430,062)	(10,951,341)
Interest received on capital asset-related debt	118	63,894
<b>Net Cash Flows From Capital Financing Activities</b>	<u>273,569,740</u>	<u>73,543,998</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received from investments	29,570,764	1,421,629
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	328,246,008	62,939,498
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>278,087,454</u>	<u>215,147,956</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 606,333,462</u></u>	<u><u>\$ 278,087,454</u></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, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating Loss	\$ (117,114,755)	\$ (100,493,604)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense	6,705,276	3,595,888
Changes in Assets and Liabilities:		
Receivables, net	733,449	(5,944,819)
Inventories	(14,449)	(282,990)
Prepaid items	(1,422,280)	361,269
Accounts payable and accrued liabilities	(162,705)	(10,519,608)
Deferred revenue	1,546,318	(1,617,767)
Funds held for others	351,463	(7,088,546)
Total Adjustments	<u>7,737,072</u>	<u>(21,496,573)</u>
<b>Net Cash Flows From Operating Activities</b>	<u>\$ (109,377,683)</u>	<u>\$ (121,990,177)</u>
 <b>CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:</b>		
Cash in banks	\$ 981,235	\$ 1,286,987
Cash equivalents, restricted	30,524,521	5,621,269
Cash equivalents	574,827,706	271,179,198
<b>Total Cash and Cash Equivalents</b>	<u>\$ 606,333,462</u>	<u>\$ 278,087,454</u>
 <b>NON CASH TRANSACTIONS</b>		
On behalf payments for benefits	<u>\$ 2,004,829</u>	<u>\$ 1,765,554</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  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 85,703	\$ 81,136
Accounts receivable	525	1,069
Prepaid expenses	3,158	5,241
<b>Total Current Assets</b>	<u>\$ 89,386</u>	<u>\$ 87,446</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,966	\$ 1,734
Deferred rent	32,036	32,727
Rent security deposits	49,434	48,825
<b>Total Current Liabilities</b>	<u>83,436</u>	<u>83,286</u>
<b>NET ASSETS</b>		
Unrestricted	<u>5,950</u>	<u>4,160</u>
<b>Total Liabilities and         Net Assets</b>	<u>\$ 89,386</u>	<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  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>REVENUES</b>		
Rental income	\$ 542,497	\$ 261,075
Interest and dividends	503	1,069
Commission	194	3,714
Donation	-	17,000
Water reimbursement	10,544	-
<b>Total Revenues</b>	<u>553,738</u>	<u>282,858</u>
<b>EXPENSES</b>		
Operating expenses	91,948	48,698
<b>Total Expenses</b>	<u>91,948</u>	<u>48,698</u>
<b>OTHER SOURCES AND USES</b>		
Transfer out to SMCCCD	(460,000)	(230,000)
<b>Total Other Uses</b>	<u>(460,000)</u>	<u>(230,000)</u>
<b>CHANGE IN NET ASSETS</b>	1,790	4,160
<b>NET ASSETS, BEGINNING OF YEAR</b>	4,160	-
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 5,950</u>	<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  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,790	\$ 4,160
Changes in Assets and Liabilities		
(Increase)/decrease in accounts receivable	544	(1,069)
(Increase)/decrease in prepaid expenses	2,083	(5,241)
Increase in accounts payable	232	1,734
Increase/(decrease) in deferred rent	(691)	32,727
Increase in rent security deposits	609	48,825
<b>Net Cash Flows From Operating Activities</b>	<u>4,567</u>	<u>81,136</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,567	81,136
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	81,136	-
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 85,703</u>	<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, 2007

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### 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.

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. The Certificates of participation issued by the Corporation were defeased in fiscal year 2005-2006 and the related liabilities have been removed from the District's financial statement. 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. Individually-prepared financial statements are not prepared for the Corporation.

The District has determined that the San Mateo College Community Foundation does not meet the criteria for inclusion under GASB 39.

# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007

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### **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, 2007

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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 \$1,096,949 and \$1,090,775 for the years ended June 30, 2007 and 2006, 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. 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, 2007

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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, 2007

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### 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, 2007

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### 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, 2007

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### **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 \$30 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.

### **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.

# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007

**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.

### General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	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

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2007 and 2006, are classified in the accompanying financial statements as follows:

	<u>2007</u>	<u>2006</u>
Business-type activities	\$ 606,333,462	\$ 278,087,454
Component Unit	85,703	81,136
Total Deposits and Investments	<u>\$ 606,419,165</u>	<u>\$ 278,168,590</u>

Deposits and investments as of June 30, 2007 and 2006, consist of the following:

	<u>2007</u>	<u>2006</u>
Cash on hand and in banks	\$ 999,041	\$ 1,356,509
Cash in revolving	67,897	11,614
Investments	<u>605,352,227</u>	<u>276,800,467</u>
Total Deposits and Investments	<u>\$ 606,419,165</u>	<u>\$ 278,168,590</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.

**Weighted Average Maturity**

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity In Years</u>
Commercial paper	\$ 2,386,306	0.5 years
Brokered certificates of deposit	1,303,453	0.6 years
County Pool	574,182,708	1.0 years
Money Market Mutual Funds	253,955	0.5 years
State Investment Pool	26,222,570	0.5 years
U. S. Government Bonds	1,003,235	0.5 years
Total	<u>\$ 605,352,227</u>	

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**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, 2007. 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 6/30/2007
Commercial paper	\$ 2,386,306	AAA	AAA
Brokered certificates of deposit	1,303,453	n/a	n/a
County Pool	574,182,708	n/a	n/a
Money Market Mutual Funds	253,955	n/a	n/a
State Investment Pool	26,222,570	n/a	n/a
U. S. Government Bonds	1,003,235	AAA	AAA
Total	\$ 605,352,227		

**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, 2007 and 2006, the District's bank balances of approximately \$790,000 and \$2,795,000, respectively, were 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.

**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.



**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**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>2007</u>	<u>2006</u>
Federal Government		
Categorical aid	\$ 1,290,555	\$ 1,144,027
State Government		
Apportionment	2,384,109	2,621,661
Categorical aid	962,992	842,597
Lottery	1,155,462	248,333
Other state sources	2,932,773	6,883,840
Local Government		
Interest	6,725,339	2,326,696
Other local sources	2,757,107	3,500,721
Subtotal	<u>18,208,337</u>	<u>17,567,875</u>
Student receivables	5,423,701	4,628,669
Less allowance for bad debt	<u>(1,096,949)</u>	<u>(1,090,775)</u>
Accounts receivables, net of allowance for bad debts	<u>\$ 22,535,089</u>	<u>\$ 21,105,769</u>
 Student loans	 <u>\$ 510,673</u>	 <u>\$ 586,741</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, 2007 and 2006 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, 2007**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the District for the fiscal year ended June 30, 2007, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 20,628,292	\$ -	\$ -	\$ 20,628,292
Construction in progress	87,746,984	53,056,283	116,120,525	24,682,742
<b>Total Capital Assets Not Being     Depreciated</b>	<b>108,375,276</b>	<b>53,056,283</b>	<b>116,120,525</b>	<b>45,311,034</b>
<b>Capital Assets Being Depreciated</b>				
Land improvements	10,973,074	462	-	10,973,536
Buildings and improvements	162,924,321	116,408,734	-	279,333,055
Furniture, equipment, and vehicles	17,649,933	3,446,670	434,153	20,662,450
<b>Total Capital Assets Being     Depreciated</b>	<b>191,547,328</b>	<b>119,855,866</b>	<b>434,153</b>	<b>310,969,041</b>
<b>Less Accumulated Depreciation</b>				
Land improvements	7,407,627	724,074	-	8,131,701
Buildings and improvements	39,003,843	4,111,543	-	43,115,386
Furniture, equipment, and vehicles	7,033,775	1,869,659	410,489	8,492,945
<b>Total Accumulated Depreciation     Net Capital Assets Being     Depreciated</b>	<b>53,445,245</b>	<b>6,705,276</b>	<b>410,489</b>	<b>59,740,032</b>
<b>Net Capital Assets</b>	<b>\$ 246,477,359</b>	<b>\$ 166,206,873</b>	<b>\$ 116,144,189</b>	<b>\$ 296,540,043</b>

Depreciation expense for the year was \$6,705,276.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

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
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 20,628,292	\$ -	\$ -	\$ 20,628,292
Construction in progress	72,760,259	74,695,023	59,708,298	87,746,984
<b>Total Capital Assets Not Being Depreciated</b>	<b>93,388,551</b>	<b>74,695,023</b>	<b>59,708,298</b>	<b>108,375,276</b>
<b>Capital Assets Being Depreciated</b>				
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
<b>Total Capital Assets Being Depreciated</b>	<b>124,459,699</b>	<b>67,661,644</b>	<b>574,015</b>	<b>191,547,328</b>
<b>Less Accumulated Depreciation</b>				
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
<b>Total Accumulated Depreciation</b>	<b>50,131,013</b>	<b>3,595,888</b>	<b>281,656</b>	<b>53,445,245</b>
<b>Net Capital Assets Being Depreciated</b>	<b>74,328,686</b>	<b>64,065,756</b>	<b>292,359</b>	<b>138,102,083</b>
<b>Net Capital Assets</b>	<b>\$ 167,717,237</b>	<b>\$ 138,760,779</b>	<b>\$ 60,000,657</b>	<b>\$ 246,477,359</b>

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

**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, 2007

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### 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>2007</u>	<u>2006</u>
Accrued payroll	\$ 1,738,885	\$ 2,126,555
Construction	10,903,415	12,932,887
Other	5,430,361	8,002,269
Total	<u>\$ 18,072,661</u>	<u>\$ 23,061,711</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>2007</u>	<u>2006</u>
Federal financial assistance	\$ -	\$ 93,007
State categorical aid	1,481,685	1,162,570
Enrollment fees	3,302,960	4,240,570
Other local	5,218,482	2,960,662
Total	<u>\$ 10,003,127</u>	<u>\$ 8,456,809</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**NOTE 8 - LONG-TERM OBLIGATIONS**

**Long-term Obligations Summary**

The changes in the District's long-term obligations during the 2007 fiscal year consisted of the following:

	Balance Beginning of Year	Additions/ Accretions	Deductions	Balance End of Year	Due in One Year
<b>Bonds and Notes Payable</b>					
General obligation bonds	\$ 340,199,277	\$ 345,832,949	\$ 2,435,000	\$ 683,597,226	\$ 12,245,000
<b>Other Liabilities</b>					
Compensated absences	2,752,837	222,918	-	2,975,755	-
Total Other Liabilities	342,952,114	346,055,867	2,435,000	686,572,981	12,245,000
Premiums, net of amortization	4,613,374	17,041,753	593,598	21,061,529	877,627
<b>Total Long-term Liabilities</b>	<b>\$ 347,565,488</b>	<b>\$ 363,097,620</b>	<b>\$ 3,028,598</b>	<b>\$ 707,634,510</b>	<b>\$ 13,122,627</b>

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
<b>Bonds and Notes Payable</b>					
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	-	-
<b>Total Bonds and Notes Payable</b>	<b>196,311,307</b>	<b>178,990,454</b>	<b>35,102,484</b>	<b>340,199,277</b>	<b>2,435,000</b>
<b>Other Liabilities</b>					
Compensated absences	720,342	2,032,495	-	2,752,837	-
Total Other Liabilities	197,031,649	181,022,949	35,102,484	342,952,114	4,870,000
Premium, net of amortization	2,632,836	1,812,054	(168,484)	4,613,374	195,957
<b>Total Long-term Liabilities</b>	<b>\$ 199,664,485</b>	<b>\$ 182,835,003</b>	<b>\$ 34,934,000</b>	<b>\$ 347,565,488</b>	<b>\$ 2,630,957</b>

**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.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

General obligation bonds were approved by local elections in 2001 and 2005. The total amount approved by the voters in 2001 and 2005 were \$207,000,000 and \$468,000,000, respectively. All of the authorized 2001 and 2005 bonds have been issued. Interest rates on the 2001 bonds are range from 3.00 percent - 5.74 percent and the interest rates on the 2005 bonds are range from 3.50 percent - 5.00 percent. At June 30, 2007, the outstanding balances for the 2001 and 2005 bonds were \$205,490,801 and \$478,106,425, respectively.

**Debt Maturity**

**General Obligation Bonds**

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds	
				Outstanding July 1, 2006	Issued	Interest Accretions	Redeemed	Outstanding June 30, 2007
6/4/2002	9/1/2026	5.2-5.74%	\$96,875,613	\$ 91,839,938	\$ -	\$ 1,276,338	\$1,395,000	\$ 91,721,276
2/9/2005	9/1/2029	3.00-5.00%	69,995,132	71,732,182	-	1,211,785	1,040,000	71,903,967
4/11/2006	3/1/2031	3.50-5.00%	40,124,660	40,562,473	-	1,303,085	-	41,865,558
4/11/2006	9/1/2030	3.75-5.00%	135,429,395	136,064,684	-	4,263,261	-	140,327,945
12/12/2006	9/1/2038	3.50-5.00%	332,570,194	-	332,570,194	5,208,286	-	337,778,480
				<u>\$340,199,277</u>	<u>\$332,570,194</u>	<u>\$13,262,755</u>	<u>\$2,435,000</u>	<u>\$683,597,226</u>

The bonds mature through 2039 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2008	\$ 12,245,000	\$ 15,399,246	\$ 27,644,246
2009	16,065,000	16,318,961	32,383,961
2010	9,575,000	15,685,881	25,260,881
2011	11,200,000	15,294,608	26,494,608
2012	12,985,000	14,836,700	27,821,700
2013-2017	98,505,517	64,243,019	162,748,536
2018-2022	117,685,011	46,518,155	164,203,166
2023-2027	127,118,391	34,482,938	161,601,329
2028-2032	124,910,399	23,550,475	148,460,874
2032-2036	126,664,355	13,219,749	139,884,104
2037-2039	26,643,553	-	26,643,553
Total	<u>\$ 683,597,226</u>	<u>\$ 259,549,732</u>	<u>\$ 943,146,958</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, 2007, the amount of defeased debt outstanding but removed from the Long-Term Obligations amounted to \$31,209,388.

# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007

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### **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 50 and a minimum five 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 2007 fiscal year, the District provided insurance premium benefits to 710 retired employees with total expenditures of \$5,825,180.

### **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, 2007, the District contracted with Andreini and Company for placement of excess property and liability insurance coverage. The District is self-insured for the first \$150,000. Settled claims have not exceeded this commercial coverage.

#### **Workers' Compensation**

For fiscal year 2006-2007, the District contracted with Andreini and Company for placement of excess workers' compensation insurance program. The district is self-insured for the first \$150,000.

#### **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.

#### **Claim Liabilities**

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience. At June 30, 2007, the District had recorded claims liability in the amount of \$180,000 in the self-insurance fund.

# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007

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### 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 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 2006-2007 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.



# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

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### Annual Pension Cost

The District's total contributions to STRS for the fiscal years ended June 30, 2007, 2006, and 2005, were \$3,385,034, \$3,010,591, and \$2,986,039, 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 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 2006-2007 was 9.124 percent of annual payroll.

### Annual Pension Cost

The District's contributions to CalPERS for fiscal years ending June 30, 2007, 2006, and 2005, were \$2,734,647, \$2,462,338, and \$2,511,809, 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 \$2,004,829 (4.517 percent) of salaries subject to STRS. A contribution to CalPERS was not required for the year ended June 30, 2007. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

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### **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 40 members participating in the 457 plan at June 30, 2007.

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, 2007.

The California State Controller's Office audited the District's mandated costs claims in 2003-2004. 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, 2007.

# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

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### Construction Commitments

As of June 30, 2007, 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	\$ 130,984	within 2 years
State funded capital outlay projects	89,182	within 1 year
State funded hazardous substances projects	30,768	within 1 year
COP Bookstore projects	12,679	within 1 year
2001 G.O. Bond (Measure C) construction projects	4,261,974	within 2 years
2005 G.O. Bond (Measure A) construction projects	5,481,768	within 7 years
	<u>\$ 10,007,355</u>	

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

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

The District is self-insured for the workers' compensation and property and liability up to \$350,000. The District contracts with the Andreini and Company, a Risk Management Company, for the excess workers' compensation and property and liability insurance. The District pays an annual premium for replacement of its excess property and liability insurance and workers' compensation coverage. Payments for the property and liability insurance are paid to Andreini and Company directly. The relationships between the District and the risk management company 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, 2007, the District made payment of \$691,369 through Andreini and Company for workers' compensation and property and liability excess insurance premium, \$38,829 to School Excess Liability Fund for excess liability program and approximately \$263,000 to South Bay Regional Public Safety Training Consortium JPA.

# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007

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### NOTE 15 - TAX AND REVENUE ANTICIPATION 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 June 30, 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.

On July 6, 2006, the District issued \$10,000,000 Tax and Revenue Anticipation Notes bearing interest at 4.50 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on July 6, 2007. By May 2007, 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 \$10,000,000 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
2006 4.50% TRANS	<u>\$ -</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ -</u>

### NOTE 16 - SUBSEQUENT EVENTS

The District issued \$5,000,000 of Tax and Revenue Anticipation Notes dated July 6, 2007. The notes mature on July 1, 2008, and yield 3.620 percent interest. The notes were sold to supplement cash flow. Repayment requirement is an interest and principal due deposit with the Fiscal Agent on June 28, 2008.

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***SUPPLEMENTARY INFORMATION***

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# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## DISTRICT ORGANIZATION JUNE 30, 2007

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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>
Helen Hausman	President	2009
Richard Holober	Vice President- Clerk	2009
Dave Mandelkern	Trustee	2007
Patricia Miljanich	Trustee	2007
Karen Schwarz	Trustee	2007
Richael Young	Student Trustee	2008

### ADMINISTRATION

Ron Galatolo	Chancellor - Superintendent
James Keller	Executive Vice Chancellor
Michael Claire	President – College of San Mateo
Tom Mohr	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, 2007

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Financial Aid Cluster			
Federal Work Study Program <sup>1</sup>	84.033	none	\$ 411,991
Pell Grant <sup>1</sup>	84.063	none	5,031,840
Supplemental Educational Opportunity Grant (SEOG) <sup>1</sup>	84.007	none	453,823
Academic Competitiveness Grant (ACG) <sup>1</sup>	84.375	none	3,000
Postsecondary Education			
TRIO Cluster			
Student Support Services <sup>1</sup>	84.042A	none	721,865
Upward Bound <sup>1</sup>	84.047A	none	232,412
Higher Education - Institutional Aid			
Title VI - Undergraduate International Studies and Foreign Language	84.016	none	44,209
Vocational Education			
Passed through California Department of Education:			
VTEA I-B State Leadership - Bay Area Regional Consortium	84.048A	06-0342-004	336,000
VTEA I-C Basic Grants to States	84.048A	06-C01-052	499,141
VTEA II Tech Prep Education	84.243	06-0139-062	201,444
Special Education and Rehabilitation Services			
Passed through California Department of Rehabilitation:			
Vocational Rehabilitation-Workability	84.126A	24638	140,230
Total U.S. Department of Education			<u>8,075,955</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Administration for Children and Families			
Passed through California Department of Education:			
Temporary Assistance for Needy Families (TANF)	93.558	none	40,442
Child Care and Development Block Grant	93.575	3939, 4047	28,232
Total U.S. Department of Health and Human Services			<u>68,674</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed through City of Daly City:			
Community Development Block Grant	14.218	none	6,000
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through CDE:			
Child and Adult Care Food Program	10.558	41-17540A	30,912
<b>U.S. DEPARTMENT OF LABOR</b>			
Passed through County of San Mateo:			
WIA Dislocated Workers	17.260	73200-07	198,484
<b>NATIONAL SCIENCE FOUNDATION</b>			
Education and Human Resources	47.076	none	42,162
Total Expenditures of Federal Awards			<u>\$ 8,422,187</u>

<sup>1</sup> 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, 2007**

Program	Program Revenues				Total Program Expenditures
	Cash Received	Accounts Receivable	Deferred Income	Total Revenue	
<b>GENERAL FUND</b>					
AB 77/Disabled Students Program	\$ 1,719,595	\$ -	\$ 57,230	\$ 1,662,365	\$ 1,662,365
Extended Opportunity Programs	1,704,198	-	-	1,704,198	1,704,198
Care/EOP	115,469	-	1	115,468	115,468
Matriculation	1,383,394	1	-	1,383,395	1,383,395
Foster Parent Training	52,042	52,043	-	104,085	104,085
AB 602 FA Administrative Allowance	782,830	-	-	782,830	782,830
Block Grant	915,724	-	133,123	782,601	782,601
T-Com and Technology (TTIP)	151,469	-	6,187	145,282	145,282
CalWorks	198,588	-	2,490	196,098	196,098
Middle College High School	191,475	82,063	-	273,538	273,538
CITD Economic Development	172,199	4,189	-	176,388	176,388
Transfer and Articulation	15,000	-	-	15,000	15,000
Staff Diversity	51,869	-	6,135	45,734	45,734
Staff Development	76,880	-	75,910	970	970
Statewide Leadership Multimedia	140,700	26,800	-	167,500	167,500
MESA/CCCP Funds for Student Success	153,291	49,012	-	202,303	202,303
RCSD CBET Program	33,075	31,436	-	64,511	64,511
Lottery-Prop 20-Instructional Materials	143,692	369,074	-	512,766	512,766
SFSU Project	3,789	-	-	3,789	3,789
Nursing -Enrollment Growth	118,047	-	41,346	76,701	76,701
SUHSD CBET Program	17,880	15,659	-	33,539	33,539
Economic Development Quick Start Biotech	89,999	167,983	-	257,982	257,982
Economic Development Quick Start Multimedia					
Cabrillo	36,125	10,101	-	46,226	46,226
Basic Skills reappropriation	513,503	-	300,789	212,714	212,714
Career Tech Ed Equipment	611,784	-	-	611,784	611,784
Economic Development IDRC Insurance Instructor	205,796	7,851	9,516	204,131	204,131
Economic Development IDRC Judicial Careers	257,707	7,576	68,313	196,970	196,970
Economic Development IDRC International Trade					
Logistics	245,543	4,396	135,635	114,304	114,304
Economic Development JDIF Technician Training	240,000	7,191	54,269	192,922	192,922
Economic Development IDRC West Valley CCD	11,518	29,379	-	40,897	40,897
Garfield RCSD CBET Program	7,000	-	-	7,000	7,000
Basic Skills 07-08	565,683	-	565,683	-	-
CCC Live Caption	1,490	-	-	1,490	1,490
State Library	25,999	-	-	25,999	25,999
MANEX - Employment Training Panel	8,000	-	-	8,000	8,000
CDE Child Development	355,980	98,238	-	454,218	454,218
Cal Grant	537,897	-	25,058	512,839	512,839
Subtotal	<u>\$11,855,230</u>	<u>\$ 962,992</u>	<u>\$ 1,481,685</u>	<u>\$ 11,336,537</u>	<u>\$11,336,537</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, 2007**

CATEGORIES	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
<b>A. <u>Credit Full-Time Equivalent Student (FTES)</u></b>			
1. Summer	4,160	-	4,160
2. Weekly census	13,943	-	13,943
3. Daily census	1,383	-	1,383
4. Actual hours of attendance	997	-	997
5. Independent study/work experience	726	-	726
Subtotal	<u>21,209</u>	<u>-</u>	<u>21,209</u>
<b>B. <u>Noncredit FTES</u></b>			
1. Summer	4	-	4
2. Actual hours of attendance	27	-	27
3. Independent study/work experience	-	-	-
Subtotal	<u>31</u>	<u>-</u>	<u>31</u>
Total FTES	<u>21,240</u>	<u>-</u>	<u>21,240</u>
<b>C. <u>Basic Skills Courses</u></b>			
1. Credit			1,875
2. Noncredit			32
Total Basic Skills FTES			<u>1,907</u>
<b>D. <u>FTES Generated in Leased Space</u></b>			
			<u>-</u>
<b>E. <u>Gross Square Footage</u></b>			
1. Existing facilities			1,258,500
2. New facilities			72,068
Total Gross Square Footage			<u>1,330,568</u>

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, 2007**

	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
July 1 - December 31, 2006	27,059	-	27,059
January 1 - April 15, 2007	14,734	-	14,734
April 16 - June 30, 2007	41,784	-	41,784
Total	<u>83,577</u>	<u>-</u>	<u>83,577</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, 2007**

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There were no adjustments to the Annual Financial and Budget Report (CCFS-311), which required reconciliation to the audited financial statements at June 30, 2007.

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, 2007**

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**Amounts Reported in the Statement of Net Assets are  
Different Because:**

<b>Total Fund Balance - All District Funds</b>	<b>\$ 589,873,880</b>
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	\$ 354,942,945
Accumulated depreciation is	<u>(59,195,889)</u> 295,747,056
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.	128,421
Expenditures relating to issuance of debt were recognized on the modified accrual basis, but should not be recognized in accrual basis.	6,216,168
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.	(8,107,914)
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.	11,485,659
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	683,597,226
Premiums, net of amortization	21,061,529
Compensated absences (vacations)	<u>2,975,755</u> (707,634,510)
<b>Total Net Assets</b>	<b><u>\$ 187,708,760</u></b>

See accompanying note to supplementary information.

# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2007

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### ***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.

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***INDEPENDENT AUDITORS' REPORTS***

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**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, 2007 and 2006, and have issued our report thereon dated December 3, 2007. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the San Mateo County Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the San Mateo County Community College District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. 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 December 3, 2007.

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.

Vavurek, Tine, Day & Co LLP

Pleasanton, California  
December 3, 2007



**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, 2007. 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, 2007.

## 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 the 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the San Mateo County Community College District's internal control over compliance.

A *control deficiency* in a district's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.

*Vavinek, Tine, Day & Co LLP*

Pleasanton, California  
December 3, 2007



## 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, 2007 and 2006, and have issued our report thereon dated December 3, 2007.

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
- Gann Limit Calculation
- CalWORKS
- Schedule Maintenance & Repair

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, 2007.

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.

*Vavurek, Tine, Day & Co LLP*

Pleasanton, California  
December 3, 2007

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

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**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATION  
FOR THE YEAR ENDED JUNE 30, 2007**

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None reported.

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007**

None reported.

# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

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

### 2007-1 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.

#### **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**

As noted in prior year not all instructors are turning in the census rosters following the census date.

# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

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### **Recommendation**

We recommend the District continues to 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 is in the process of implementing a procedure reminding all instructors that they are responsible for keeping course rosters accurate in the student attendance system. Instructors will be reminded of their responsibilities at the beginning of each semester and periodically throughout the semester.

# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2007

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

### 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.

#### 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.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2007**

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**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.

**Current Status:**

Not implemented, see current year finding.

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***ADDITIONAL SUPPLEMENTARY INFORMATION***

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SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS  
BALANCE SHEET - (UNAUDITED)  
JUNE 30, 2007

	General Unrestricted	General Restricted	Child Development	Bond Interest and Redemption
<b>ASSETS</b>				
Cash and cash equivalents	\$ 381,602	\$ -	\$ -	\$ -
Investments	24,028,271	5,725,611	91,309	30,435,911
Accounts receivable, net of allowance	8,095,878	2,946,701	122,534	320,152
Due from other funds	200,000	2,400,000	-	-
Prepaid expenses	16,442	2,580	-	-
Other current assets	12,129	-	-	-
<b>Total Assets</b>	<b>\$ 32,734,322</b>	<b>\$ 11,074,892</b>	<b>\$ 213,843</b>	<b>\$ 30,756,063</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 9,175,808	\$ 662,840	\$ 43,864	\$ -
Due to other funds	10,034,955	-	-	-
Deferred revenue	2,951,908	6,438,818	13,723	-
<b>Total Liabilities</b>	<b>22,162,671</b>	<b>7,101,658</b>	<b>57,587</b>	<b>-</b>
<b>FUND EQUITY</b>				
Fund Balances				
Reserved	28,742	2,580	-	-
Unreserved				
Designated	10,019,166	3,970,654	-	-
Undesignated	523,743	-	156,256	30,756,063
<b>Total Fund Equity</b>	<b>10,571,651</b>	<b>3,973,234</b>	<b>156,256</b>	<b>30,756,063</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 32,734,322</b>	<b>\$ 11,074,892</b>	<b>\$ 213,843</b>	<b>\$ 30,756,063</b>

See accompanying note to additional supplementary information - unaudited.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**GOVERNMENTAL FUNDS**

**BALANCE SHEET - (UNAUDITED) (CONTINUED)**

**JUNE 30, 2007**

<b>COP Payment</b>	<b>Capital Outlay Projects</b>	<b>Bond Construction</b>	<b>COP Construction</b>	<b>Retiree Benefits</b>	<b>Total Governmental Funds (Memorandum Only)</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 381,602
88,610	51,333,752	451,125,275	5,233,946	26,648,753	594,711,438
2	3,903,237	5,443,150	-	466,950	21,298,604
-	4,031,034	2,929,693	-	3,000,000	12,560,727
-	23,897	1,418,226	-	-	1,461,145
-	-	-	-	-	12,129
<u>\$ 88,612</u>	<u>\$ 59,291,920</u>	<u>\$ 460,916,344</u>	<u>\$ 5,233,946</u>	<u>\$ 30,115,703</u>	<u>\$ 630,425,645</u>
\$ -	\$ 3,442,695	\$ 4,574,292	\$ 23,179	\$ -	\$ 17,922,678
-	2,930,673	-	-	-	12,965,628
-	259,010	-	-	-	9,663,459
-	6,632,378	4,574,292	23,179	-	40,551,765
-	-	-	-	-	31,322
-	-	-	-	-	13,989,820
88,612	52,659,542	456,342,052	5,210,767	30,115,703	575,852,738
88,612	52,659,542	456,342,052	5,210,767	30,115,703	589,873,880
<u>\$ 88,612</u>	<u>\$ 59,291,920</u>	<u>\$ 460,916,344</u>	<u>\$ 5,233,946</u>	<u>\$ 30,115,703</u>	<u>\$ 630,425,645</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - (UNAUDITED)**

**FOR THE YEAR ENDED JUNE 30, 2007**

	General Unrestricted	General Restricted	Child Development	Bond Interest and Redemption
<b>REVENUES</b>				
Federal revenues	\$ 24	\$ 2,896,043	\$ 35,894	\$ -
State revenues	42,125,424	9,846,000	454,218	294
Local revenues	71,755,910	7,389,365	176,689	38,590,722
<b>Total Revenues</b>	<u>113,881,358</u>	<u>20,131,408</u>	<u>666,801</u>	<u>38,591,016</u>
<b>EXPENDITURES</b>				
Current Expenditures				
Academic salaries	45,432,494	4,093,707	169,373	-
Classified salaries	22,373,500	7,332,655	491,405	-
Employee benefits	21,893,639	2,722,903	235,097	-
Books and supplies	1,523,490	3,084,566	62,851	-
Services and operating expenditures	9,006,853	3,866,110	38,616	1,309,792
Capital outlay	222,481	538,614	-	-
Debt service - principal	-	-	-	2,435,000
Debt service - interest and other	-	-	-	9,681,820
<b>Total Expenditures</b>	<u>100,452,457</u>	<u>21,638,555</u>	<u>997,342</u>	<u>13,426,612</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>13,428,901</u>	<u>(1,507,147)</u>	<u>(330,541)</u>	<u>25,164,404</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	45,000	3,308,342	214,233	-
Operating transfers out	(12,867,303)	(154,058)	-	-
Other sources	35,349	350,479	-	-
Other uses	-	(1,156,900)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(12,786,954)</u>	<u>2,347,863</u>	<u>214,233</u>	<u>-</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>641,947</u>	<u>840,716</u>	<u>(116,308)</u>	<u>25,164,404</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>9,929,704</u>	<u>3,132,518</u>	<u>272,564</u>	<u>5,591,659</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 10,571,651</u>	<u>\$ 3,973,234</u>	<u>\$ 156,256</u>	<u>\$ 30,756,063</u>

See accompanying note to additional supplementary information - unaudited.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCE - (UNAUDITED) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2007**

<b>COP Payment</b>	<b>Capital Outlay Projects</b>	<b>Bond Construction</b>	<b>COP Construction</b>	<b>Retiree Benefits</b>	<b>Total Governmental Fund (Memorandum Only)</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,931,961
-	12,238,275	-	-	-	64,664,211
11,178	3,737,139	13,390,493	71,165	1,396,349	136,519,010
11,178	15,975,414	13,390,493	71,165	1,396,349	204,115,182
-	-	-	-	-	49,695,574
-	77,245	1,530,689	48,427	-	31,853,921
-	8,424	453,792	-	-	25,313,855
-	2,448,149	4,956,559	37,090	-	12,112,705
-	397,728	3,847,087	27,846	-	18,494,032
-	15,271,709	36,523,420	647,848	-	53,204,072
-	-	-	-	-	2,435,000
-	-	-	-	-	9,681,820
-	18,203,255	47,311,547	761,211	-	202,790,979
11,178	(2,227,841)	(33,921,054)	(690,046)	1,396,349	1,324,203
-	9,720,000	-	300,000	4,500,000	18,087,575
-	(480,000)	(5,500,000)	-	-	(19,001,361)
-	520,396	332,570,194	-	-	333,476,418
-	(20,000)	-	-	-	(1,176,900)
-	9,740,396	327,070,194	300,000	4,500,000	331,385,732
11,178	7,512,555	293,149,140	(390,046)	5,896,349	332,709,935
77,434	45,146,987	163,192,912	5,600,813	24,219,354	257,163,945
\$ 88,612	\$ 52,659,542	\$ 456,342,052	\$ 5,210,767	\$ 30,115,703	\$ 589,873,880

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**PROPRIETARY FUNDS**

**BALANCE SHEET - (UNAUDITED)**

**JUNE 30, 2007**

	<b>Enterprise Funds</b>			<b>Internal Service Fund</b>
	<b>Bookstore</b>	<b>Cafeteria</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 35,597	\$ -	\$ 35,597	\$ 20,000
Investments	3,998,623	446,757	4,445,380	5,097,064
Accounts receivable	431,480	9,250	440,730	153,485
Due from other funds	409,955	-	409,955	-
Prepaid expenses	54,913	-	54,913	-
Stores inventories	1,692,450	-	1,692,450	-
Furniture and equipment (net)	472,106	311,621	783,727	-
<b>Total Assets</b>	<b>\$ 7,095,124</b>	<b>\$ 767,628</b>	<b>\$ 7,862,752</b>	<b>\$ 5,270,549</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 1,145,766	\$ 138,256	\$ 1,284,022	\$ 240,415
Due to other funds	-	-	-	5,054
Other current liabilities	118,151	-	118,151	-
<b>Total Liabilities</b>	<b>1,263,917</b>	<b>138,256</b>	<b>1,402,173</b>	<b>245,469</b>
<b>FUND EQUITY</b>				
Retained earnings	5,831,207	629,372	6,460,579	5,025,080
<b>Total Liabilities and Fund Equity</b>	<b>\$ 7,095,124</b>	<b>\$ 767,628</b>	<b>\$ 7,862,752</b>	<b>\$ 5,270,549</b>

See accompanying note to additional supplementary information - unaudited.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
RETAINED EARNINGS - (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Total</u>	
<b>OPERATING REVENUES</b>				
Sales revenues	\$ 7,675,822	\$ 156,063	\$ 7,831,885	\$ -
Other local revenues	-	-	-	2,003,309
<b>Total Operating Income</b>	<u>7,675,822</u>	<u>156,063</u>	<u>7,831,885</u>	<u>2,003,309</u>
<b>OPERATING EXPENSES</b>				
Classified salaries	1,360,151	11,164	1,371,315	72,694
Employee benefits	396,493	2,097	398,590	14,496
Books and supplies	5,821,535	-	5,821,535	-
Services and other operating expenditures	638,059	161,382	799,441	544,965
<b>Total Operating Expenses</b>	<u>8,216,238</u>	<u>174,643</u>	<u>8,390,881</u>	<u>632,155</u>
<b>Operating Income (Loss)</b>	<u>(540,416)</u>	<u>(18,580)</u>	<u>(558,996)</u>	<u>1,371,154</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	186,166	17,093	203,259	-
Transfers in	427,906	-	427,906	332,000
Other sources	60,140	-	60,140	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>674,212</u>	<u>17,093</u>	<u>691,305</u>	<u>332,000</u>
<b>NET INCOME (LOSS)</b>	133,796	(1,487)	132,309	1,703,154
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>	<u>5,697,411</u>	<u>630,859</u>	<u>6,328,270</u>	<u>3,321,926</u>
<b>RETAINED EARNINGS, END OF YEAR</b>	<u>\$ 5,831,207</u>	<u>\$ 629,372</u>	<u>\$ 6,460,579</u>	<u>\$ 5,025,080</u>

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, 2007**

	<u>Enterprise Funds</u>			<u>Internal</u>
	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Total</u>	<u>Service</u> <u>Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from user charges	\$ 7,223,889	\$ 150,408	\$ 7,374,297	\$ 1,849,824
Cash payments to employees for services	(1,756,644)	(13,261)	(1,769,905)	(87,190)
Cash reimbursements from insurance claims	-	-	-	(245,469)
Cash payments to suppliers for goods and services	(6,178,165)	(31,903)	(6,210,068)	(97,638)
Net Cash Provided (Used) for Operating Activities	(710,920)	105,244	(605,676)	1,419,527
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions	427,906	-	427,906	3,032,000
Loss on disposal of capital assets	5,181	723	-	-
Acquisition of capital assets	-	(321,756)	-	-
Net Cash Provided (Used) for Capital and Related Financing Activities	433,087	(321,033)	112,054	3,032,000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	186,166	17,093	203,259	-
Net increase (decrease) in cash and cash equivalents	(91,667)	(198,696)	(290,363)	4,451,527
Cash and cash equivalents - Beginning	4,125,887	645,453	4,771,340	665,537
Cash and cash equivalents - Ending	\$ 4,034,220	\$ 446,757	\$ 4,480,977	\$ 5,117,064
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	(540,416)	(18,580)	(558,996)	1,371,154
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	94,344	50,122	144,466	-
Changes in assets and liabilities:				
Receivables	(102,118)	(5,655)	(107,773)	(153,485)
Due from other fund	(409,955)	-	(409,955)	-
Prepaid expenses	(51,838)	-	(51,838)	-
Inventories	(14,449)	-	(14,449)	-
Accrued liabilities	313,512	79,357	392,869	201,858
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (710,920)</b>	<b>\$ 105,244</b>	<b>\$ (605,676)</b>	<b>\$ 1,419,527</b>

See accompanying note to additional supplementary information - unaudited.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**FIDUCIARY FUNDS  
BALANCE SHEET - (UNAUDITED)  
JUNE 30, 2007**

	<b>Associated Students Trust</b>	<b>Student Representation Fee</b>	<b>Student Financial Aid</b>	<b>BACC JPA</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 423,870	\$ 120,166	\$ -	\$ -	\$ 544,036
Investments	804,736	-	292,849	760	1,098,345
Accounts receivable	642,270	-	510,673	-	1,152,943
Fixed assets	9,260	-	-	-	9,260
Other current assets	-	-	13,621	-	13,621
<b>Total Assets</b>	<b>\$ 1,880,136</b>	<b>\$ 120,166</b>	<b>\$ 817,143</b>	<b>\$ 760</b>	<b>\$2,818,205</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 77,148	\$ -	\$ 469,220	\$ -	\$ 546,368
Deferred revenue	-	120,166	219,502	-	339,668
Due to student groups	116,976	-	-	760	117,736
<b>Total Liabilities</b>	<b>194,124</b>	<b>120,166</b>	<b>688,722</b>	<b>760</b>	<b>1,003,772</b>
<b>FUND EQUITY</b>					
Fund Balances					
Unreserved					
Undesignated	1,686,012	-	128,421	-	1,814,433
<b>Total Fund Equity</b>	<b>1,686,012</b>	<b>-</b>	<b>128,421</b>	<b>-</b>	<b>1,814,433</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 1,880,136</b>	<b>\$ 120,166</b>	<b>\$ 817,143</b>	<b>\$ 760</b>	<b>\$2,818,205</b>

See accompanying note to additional supplementary information - unaudited.



**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**FIDUCIARY FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**

**FUND BALANCE - (UNAUDITED)**

**FOR THE YEAR ENDED JUNE 30, 2007**

	<b>Associated Students Trust</b>	<b>Student Financial Aid</b>	<b>Total</b>
<b>REVENUES</b>			
Federal revenues	\$ -	\$ 5,490,226	\$ 5,490,226
State revenues	-	512,839	512,839
Local revenues	398,825	-	398,825
<b>Total Revenues</b>	<u>398,825</u>	<u>6,003,065</u>	<u>6,401,890</u>
<b>EXPENDITURES</b>			
Current Expenditures			
Classified salaries	7,869	-	7,869
Books and supplies	16,391	-	16,391
Services and operating expenditures	316,924	-	316,924
<b>Total Expenditures</b>	<u>341,357</u>	<u>-</u>	<u>341,357</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>57,468</u>	<u>6,003,065</u>	<u>6,060,533</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	154,058	154,058
Operating transfers out	-	(178)	(178)
Other uses	-	(6,155,382)	(6,155,382)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(6,001,345)</u>	<u>(6,001,345)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	57,468	1,720	59,188
<b>FUND BALANCE/DUE TO STUDENT GROUPS, BEGINNING OF YEAR</b>	<u>1,628,544</u>	<u>126,701</u>	<u>1,755,245</u>
<b>FUND BALANCE/DUE TO STUDENT GROUPS, END OF YEAR</b>	<u>\$ 1,686,012</u>	<u>\$ 128,421</u>	<u>\$ 1,814,433</u>

See accompanying note to additional supplementary information - unaudited.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION  
JUNE 30, 2007**

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***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.



**BOARD REPORT NO. 07-12-101B**

TO: Members of the Board of Trustees  
FROM: Ron Galatolo, Chancellor-Superintendent  
PREPARED BY: Barbara Christensen, Director of Community/Government Relations, 574-6510

**APPROVAL OF CONTRACT WITH THOMAS F. CASEY FOR LEGAL COUNSEL SERVICES**

At various times, the District requires legal counsel for special projects which may include redevelopment, governmental relations and tax legislation, among others.

The District would like to engage the services of Thomas F. Casey, former County Counsel until his retirement earlier this year. During the time that Mr. Casey was County Counsel, the District worked closely with him and found his counsel to be outstanding.

Mr. Casey's hourly rate is \$150.00.

**RECOMMENDATION**

It is recommended that the Board authorize the Executive Vice Chancellor to enter into a contract to retain Thomas F. Casey for the legal work described above beginning December 13, 2007 through December 30, 2008, at an hourly rate of \$150.00.

**BOARD REPORT NO. 07-12-102B**

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor-Superintendent

PREPARED BY: Bob Domenici, Senior Buyer, 358-6728  
Michelle Muller, Director of Engineering KCSM, 524-6908

**APPROVAL OF PURCHASE OF STUDIO CAMERAS AND ACCESSORIES FOR KCSM**

KCSM wishes to replace its 10 year old studio cameras with new equipment capable of delivering high definition signals. After studying the available products utilized in the broadcast industry, KCSM determined that the Sony HDC1400 cameras and HDCam recorders offer the functionality necessary for KCSM studio productions. The 10 year old cameras are still serviceable and are being used by the Broadcast Arts students.

On October 24, 2007, Bid Number 86566 for High Definition Studio Cameras and Associated Equipment for KCSM was sent to several qualified vendors. Only two vendors, Sony and Advanced Systems Group, responded by the November 8, 2007 bid closing date. Advanced Systems Group declined to bid. Sony has a special pricing agreement with PBS member stations, making it difficult for independent vendors to compete. The price presented to KCSM by Sony was significantly lower (approximately \$18,000 less) than the price listed at the PBS Purchasing Portal for the same equipment.

**RECOMMENDATION**

It is recommended that the Board of Trustees approve purchase of three Sony studio camera systems, accessories, and HD recorders in an amount not to exceed \$355,000 excluding shipping, to be funded through Bond Measure II (Measure A, 2005).

**BOARD REPORT NO. 07-12-103B**

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor-Superintendent

PREPARED BY: Rick Bennett and Linda da Silva, Executive Directors, Construction Planning  
358-6752 and 358-6726

**APPROVAL OF CONTRACT AWARD FOR  
COLLEGE OF SAN MATEO CIP2 DESIGN-BUILD PROJECT**

On November 13, 2007, the Board was presented a status report (Board Report 07-11-4C) on the College of San Mateo CIP2 Design-Build Project. This Design-Build Project includes the construction of Building 5N (for Workforce and Wellness programs, and the Aquatic Center), Building 10N (for Student Services, Cafeteria, Bookstore, Administration and instructional programs), and the campus exterior. McCarthy Building Companies was the only firm that submitted a proposal to the District for this Project. The following report summarizes the evaluation of McCarthy's proposal and recommends that the Board authorize the Executive Vice Chancellor to execute a Design-Build Contract with McCarthy Building Companies.

**PROPOSAL EVALUATION**

College of San Mateo (CSM) Administration, faculty representatives, District staff, and Swinerton Management & Consulting have reviewed McCarthy's proposal to determine if it meets the requirements set forth in the Request for Proposal (RFP). The consensus of the reviewers is that the proposal is responsive to the RFP. The following summarizes the reviewers' assessment of the eight Evaluation Factors, which were described in the RFP. A description of the criteria by which each of these eight Evaluation Factors was assessed is attached for reference.

**1. Price** – Prior to issuance of the RFP, District staff received conceptual cost estimates from the bridging architects' cost consultants (Leland Saylor Associates). Following receipt of McCarthy's proposal, both Swinerton Management & Consulting and Cumming LLC (the District's cost consultant) evaluated McCarthy's proposal and found the pricing to be in line with industry averages for construction within the San Francisco Bay Area.

**2. Technical Expertise** – McCarthy proposed an experienced team of construction managers, architects, subcontractors, and specialty consultants to design and construct this Project. Throughout the proposal preparation period, the McCarthy team demonstrated their ability to respond quickly, in an innovative manner, to the feedback provided during confidential meetings. Their technical expertise has also been demonstrated by the educational facilities that they have constructed throughout the United States and locally by their successful completion of the College of San Mateo Science Building.

**3. Life Cycle Costs** – McCarthy's proposal satisfies the program requirement of facilities whose sustainable design results in low life cycle costs over a twenty-five year period. The proposal includes LEED (Leadership in Energy and Environmental Design) certification at the Silver level, including energy efficiency 25% greater than required by Title 24.

**4. Skilled Labor Force** – McCarthy’s proposal meets the requirement to ensure a skilled labor force on this project. This project is subject to the requirements of the District’s Program Stabilization Agreement. In addition, the proposal describes in detail how McCarthy will meet the Board of Trustees’ goals to maximize opportunities for local, small and emerging businesses, engage the local workforce and students enrolled in the skilled trades preparation (pre-apprenticeship) program. In several cases, the proposal described partnerships or outreach programs that McCarthy conducted during their previous design-build project at CSM.

**5. Acceptable Safety Record** – The primary metric of an Acceptable Safety Record is a contractor’s Experience Modification Rate (EMR), which is a measure of the frequency of accidents and injuries that a contractor has incurred on a historical basis. McCarthy’s EMRs are significantly better than the industry average of 1.0, which demonstrates McCarthy’s commitment to injury prevention and overall safety on the job site.

McCarthy also described their Injury and Illness Prevention Program (IIPP) along with how they propose to implement this IIPP during the construction at the CSM campus. The information submitted demonstrates that McCarthy is committed to providing a safe campus environment during the construction period for CSM students and faculty, along with construction workers.

**6. Architectural Aesthetics and Design Innovation** – The proposed architectural design has resonated very well within the campus community. The design solution showed a high level of responsiveness to the 2006 Master Plan, the Request for Proposal as well as respecting the existing architectural vernacular. In addition, McCarthy presented an innovative concept which integrated division and faculty offices into proposed new Building 10N, in lieu of demolishing the existing faculty office Buildings 15 and 17 and replacing them with a new structure. They demonstrated how this concept would make the proposed new Building 10N the architectural flagship building on the campus. The proposed floor plans for Buildings 5N and 10N fulfill the space program requirements and adjacencies elegantly and efficiently. Although overall the architectural concepts have been well received, the proposed building exterior materials may represent too great of a departure from the legacy architecture. The materials are rich and innovative, but this is another area of potential cost containment to achieve the established budget.

The campus exterior improvement proposed by McCarthy are extensive, and would result in a radically reshaped landscape with inspired exterior plazas, water features, outdoor classrooms, pedestrian circulation, and full accessibility. While the architectural renderings and video images of these proposed improvements are exciting, there is opportunity to scale the scope back to a simpler solution that would still achieve the program requirements and create a renaissance at the College of San Mateo, while better achieving the established budget.

**7. Project Management Plan** – The proposal presented detailed information outlining how McCarthy plans to manage the Project. The information included a preliminary schedule, a design review decision matrix, a preliminary construction logistics plan, as well as a detailed staffing plan. These documents provide a roadmap for what will occur over the next several years, allowing College Administration, District staff and Swinerton Management & Consulting to coordinate design and construction activities with college operations and other capital projects.

**8. Program Requirements** – McCarthy’s proposal meets the space program requirements as outlined in the RFP, with the exception of one third of the office space (which is indirectly achieved by retaining existing faculty office Buildings 15 and 17). The proposed space layout and floor plans achieve the required space

arrays and adjacencies for the academic and auxiliary programs within Buildings 5N and 10N.

McCarthy also provided the following information as requested:

- Verification that they have reviewed and will comply with SMCCCD Design Standards
- A list of Major Equipment and Material Suppliers
- An Outline of Construction Specifications
- A LEED checklist, indicating how they will achieve LEED Silver rating for the buildings

### **PROPOSAL SCORE**

Based on the Proposal Evaluation information cited above, the following is a Score of McCarthy's proposal.

<u>Evaluation Factor</u>	<u>Maximum Possible Score</u>	<u>Proposal Score</u>
1. Price	20 points	18 points
2. Technical Expertise	10 points	10 points
3. Life Cycle Costs over 25 Years	10 points	10 points
4. Skilled Labor Force Availability	10 points	10 points
5. Acceptable Safety Record	10 points	10 points
6. Architectural Aesthetics and Design Innovation	10 points	9 points
7. Project Management Plan	15 points	15 points
8. Program Requirements	<u>15 points</u>	<u>13 points</u>
TOTAL (Maximum)	100 points	95 points

### **STIPEND**

The California Community Colleges Design Build Guidelines strongly suggest that a stipend be paid to the team(s) not awarded the design build-contract in recognition of the significant effort involved in the development of a proposal. Because Rudolph & Sletten, Inc. and Charles Pankow Builders, Ltd. did not submit proposals, they are not entitled to the \$100,000 stipends established in the RFP.

### **FUNDING**

This project will be funded by Measure A general obligation bonds and a small amount of District auxiliary funds. Although the costs provided by McCarthy are fair, the total price for all proposed scope items is \$168 million, which is greater than the budget of \$150 million for the design-build contract. District staff will be working closely with CSM Administration and McCarthy over the coming weeks to prioritize elements of the project and refine the project's components to select a functional package within the established budget.

### **RECOMMENDATION**

It is recommended that the Board of Trustees authorize the Executive Vice Chancellor to execute a contract for the CSM CIP2 Design-Build Project in an amount not to exceed \$150,000,000.



**BOARD REPORT NO. 07-12-104B**

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Harry W. Joel, Vice Chancellor – Human Resources & Employee Relations,  
358-6767

**ADOPTION OF RULES AND REGULATIONS, SECTION 2.29, SEXUAL ASSAULT  
EDUCATION AND PREVENTION**

**Background**

AB 1088 was added to the California Education Code as Section 67385.7 and requires California Community Colleges, the California State University and the University of California to establish a mandatory prevention and education program about violence against women for all incoming students.

The Colleges complied with this new legislation but the District had not finalized an overall policy statement addressing this new Education Code provision. Attached is the policy that has been reviewed and recommended by the District Shared Governance Council for approval by the Board of Trustees.

**RECOMMENDATION**

It is recommended that the Board of Trustees adopt the attached Rules and Regulations, Section 2.29, Sexual Assault Education and Prevention.

**2.29 Sexual Assault Education and Prevention**

1. In accordance with California Education Code, Section 67382, it is the policy of the San Mateo County Community College District to educate all students, faculty, and staff on the prevention of sexual assault.
2. The District and Colleges will provide information to all SMCCCD faculty, staff, and registered students on the definition of sexual assault, how to prevent it and how to report it if assaulted.
3. The Colleges shall disseminate this information through means such as the student/staff handbooks, District and College websites and orientations to the colleges. The District Vice Chancellor of Human Resources and Vice Presidents of Student Services may take additional steps to disseminate the information Districtwide and at each College.
4. The District/Colleges will develop partnerships with community agencies that provide support and assistance to sexual assault victims.
5. All Managers shall be educated on the prevention of sexual assault and how to report any incidents of such assaults on a student, employee or visitor to a campus, whether the assault occurred on campus or not.

Adopted 12/07

**BOARD REPORT NO. 07-12-105B**

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

**APPROVAL OF SUBGRANT TO SEIU UNITED HEALTHCARE WORKERS-WEST & JOINT EMPLOYER EDUCATION FUND**

Skyline College is implementing the Work-Based Upgrade Innovations Project, a healthcare workforce development project funded by the Chancellor's Office, California Community Colleges (Responsive Worker Training Funds). The project, which began in earnest with Board approval in July 2007 (Board Report No. 07-7-103B), provides a Sterile Processing Technician certificate program for incumbent workers at Kaiser Permanente and additional healthcare facilities in the Bay Area. This is a request that the Board of Trustees approve a subgrant designated in the grant award for the project's partner, SEIU United Healthcare Workers-West & Joint Employer Education Fund, in the amount of \$137,054.

The Work-based Upgrade Innovations Project will work within an existing partnership between Skyline College, Kaiser Permanente, and the SEIU United Healthcare Workers-West & Joint Employer Education Fund to implement a work-based solutions apprenticeship model for the healthcare environment. SEIU United Healthcare Workers-West & Joint Employer Education Fund will provide outreach and recruitment, information sessions and skills/readiness assessment, counseling and case management, evaluation, supportive services, and participant stipends. SEIU United Healthcare Workers-West & Joint Employer Education Fund will identify and assess incumbent workers for admission to two instructional cycles, resulting in upward mobility for thirty incumbent frontline workers into Sterile Processing Technician jobs (including increased wages), college credit, and industry recognized certification. Additionally, SEIU United Healthcare Workers-West & Joint Employer Education Fund will develop an "Innovations in Work-Based Learning Toolkit" that will be disseminated throughout all Kaiser regions and to other employer partners of the Joint Employer Education Fund as a work-based solution for frontline workforce development.

**RECOMMENDATION**

It is recommended that the Board of Trustees approve the designated subgrant to SEIU United Healthcare Workers-West & Joint Employer Education Fund for the Work-based Upgrade Innovations Project in the amount of \$137,054 for FY 2007-2008 as awarded by the California Community Colleges Chancellor's Office.

San Mateo County Community College District

December 12, 2007

**BOARD REPORT NO. 07-12-1C**

**DISCUSSION OF APPOINTMENTS TO THE BOND OVERSIGHT COMMITTEE**

**There is no printed report for this agenda item.**

**BOARD REPORT NO. 07-12-2C**

TO: Members of the Board of Trustees  
FROM: Ron Galatolo, Chancellor-Superintendent  
PREPARED BY: Barbara Christensen, Director of Community/Government Relations, 574-6510

**DISCUSSION OF POSSIBLE DATES FOR GROUNDBREAKINGS/GRAND OPENINGS**

As the planning stage for CIP2 winds down and the construction phase begins, the Colleges and the District will host a number of groundbreakings and ribbon cuttings during 2008, including the following:

**Groundbreakings/Opening**

Facility Maintenance Centers at Cañada and Skyline  
CSM Coastside Grand Opening in Half Moon Bay  
Cañada Faculty/Staff Housing Project  
CSM Design/Build Projects – two new buildings  
Skyline Design/Build Projects – two new buildings

**Ribbon Cuttings**

Skyline Building 7  
Cañada Buildings 16/18  
CSM Buildings 2/4  
CSM Buildings 14/16

We are planning the first three of these events: groundbreaking for the two Facility Maintenance Centers and the CSM Coastside Grand Opening which will take place in January and February. In an effort to assure that all Board members are able to attend these events, we would like the Board to discuss dates and/or weeks in January and February when they are not available for these events.

## **MINUTES**

Meeting of The San Mateo County Community College District Financing Corporation  
December 18, 2006  
San Mateo, California

The meeting was called to order at 7:35 p.m. by President Mandelkern.

### **Naming of Officers for 2007**

The new officers for 2007 will be:

President – Helen Hausman  
Vice President – Ron Galatolo  
Secretary – Richard Holober  
Treasurer – Jim Keller

It was moved by Trustee Schwarz and seconded by President Mandelkern to approve the new officers. The motion carried, all members voting “Aye.”

Trustee Mandelkern continued to chair the meeting in the absence of President-elect Hausman.

### **Approval of Minutes of December 14, 2005 Meeting**

It was moved by Trustee Schwarz and seconded by Secretary Holober to approve the minutes. The motion carried, all members voting “Aye.”

### **Information Report on Defeasance of Certificates of Participation**

Trustee Mandelkern reported that 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.

### **Adjournment**

The meeting of the Financing Corporation was adjourned at 7:43 p.m.