

AGENDA
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
REGULAR MEETING OF THE BOARD OF TRUSTEES
January 13, 2016
District Office Board Room, 3401 CSM Drive, San Mateo, CA 94402

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 should 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 tape recorded; tapes are kept for one month.*

Government Code §54957.5 states that public records relating to any item on the open session agenda for a regular board meeting should be made available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to the members of the Board. The Board has designated the Chancellor's Office at 3401 CSM Drive for the purpose of making those public records available for later inspection; members of the public should call 650-358-6753 to arrange a time for such inspection.

6:00 p.m. ROLL CALL

Pledge of Allegiance

DISCUSSION OF THE ORDER OF THE AGENDA

MINUTES

16-1-1 [Approval of the Minutes of the Regular Meeting of December 9, 2015](#)

STATEMENTS FROM EXECUTIVES AND STUDENT REPRESENTATIVES

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

NEW BUSINESS

16-1-1A [Approval of Personnel Items: Changes in Assignment, Compensation, Placement, Leaves, Staff Allocations and Classification of Academic and Classified Personnel](#)

Approval of Consent Agenda

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

16-1-1CA [Ratification of September and October 2015 District Warrants](#)

16-1-2CA [Approval of Nonresident Tuition Fee, 2016-17](#)

16-1-3CA [Approval of 2016-17 Integrated District Budget Planning Calendar](#)

Other Recommendations

- 16-1-1B [Nominations for Membership on the California Community College Trustees \(CCCT\) Board, 2016](#)
- 16-1-100B [Receipt and Acceptance of the 2014-15 District Audit Report](#)
- 16-1-101B [Receipt and Acceptance of the 2014-15 KCSM Audit Report](#)
- 16-1-102B [Receipt and Acceptance of the 2014-15 General Obligation Bond Financial and Performance Audits](#)
- 16-1-103B [Receipt and Acceptance of the 2014-15 Retirement Futuris Public Entity Investment Trust Audit Report](#)
- 16-1-104B [Adoption of Resolution No. 16-1 in Support of the Kindergarten through Community College Public Education Facilities Bond Act of 2016](#)
- 16-1-105B [Adoption of Resolution No. 16-2 in Support of State Constitutional Amendment No. 5](#)
- 16-1-106B [Adoption of Resolution No. 16-3 in Support of the Findings and Recommendations of the California Community Colleges Chancellor's Office 2015 Accreditation Task Force](#)
- 16-1-107B [Allocation of One Time Funds](#)
- 16-1-108B [Approval of Revisions to Board Policies: 1.10 Duties and Responsibilities of the Board and 7.69 Student Conduct](#)
- 16-1-109B [Acceptance of Base 11 Award of Equipment and Services; Approval of Contract between Base 11 and Skyline College](#)
- 16-1-110B [Board Member Compensation](#)

INFORMATION REPORTS

- 16-1-1C [First Quarter Report of Auxiliary Operations, 2015-16](#)
- 16-1-2C [District Financial Summary for the Quarter Ending September 30, 2015](#)
- 16-1-3C [Update on Strategic Plan](#)
- 16-1-4C [Report on Canvas-Online Education Initiative](#)
- 16-1-5C [Rotation of Board Officers](#)

COMMUNICATIONS

STATEMENTS FROM BOARD MEMBERS

RECESS TO CLOSED SESSION

1. Conference with Labor Negotiator
Agency Representative: Eugene Whitlock
Employee Organizations: AFSCME, AFT and CSEA

2. Conference with Legal Counsel Regarding Two Cases of Existing Litigation:
 - a. Hernandez v. San Mateo County Community College District, Civil Action No. 4:14-cv-5317-RS (U.S. District Court)
 - b. Interstate Grading and Paving Inc. v. San Mateo County Community College District, Case No. CIV531577 (San Mateo County Superior Court)

3. Conference with Legal Counsel Regarding Two Cases of Potential Litigation Pursuant to Subdivision (c) of Section 54956.9

CLOSED SESSION ACTIONS TAKEN

ADJOURNMENT

**Minutes of the Regular Meeting of the Board of Trustees
San Mateo County Community College District
December 9, 2015, San Mateo, CA**

The meeting was called to order by Vice President Mandelkern at 6:03 p.m.

Board Members Present: Vice President Dave Mandelkern, Trustees Maurice Goodman, Richard Holober, Thomas Mohr and Karen Schwarz, Student Trustee Rupinder Bajwa

Others Present: Chancellor Ron Galatolo, Executive Vice Chancellor Kathy Blackwood, Skyline College Vice President of Administrative Services Eloisa Briones, College of San Mateo President Michael Claire, District Academic Senate President Diana Bennett

Pledge of Allegiance

DISCUSSION OF THE ORDER OF THE AGENDA

Vice President Mandelkern announced that, in order to accommodate outside participants, items 15-12-1C, 15-12-100B, 15-12-101B and 15-12-102B will be considered immediately following the organization of the Board of Trustees.

SWEARING IN OF TRUSTEES MAURICE GOODMAN, DAVE MANDELKERN AND KAREN SCHWARZ

Trustee Goodman was sworn in by daughters Destiny Goodman and Hailey Center. Trustee Goodman thanked family members and friends who were in the audience and said he is excited about the years to come.

Vice President Mandelkern and Trustee Schwarz were sworn in by Judge Stephanie Garratt. Trustee Schwarz introduced her husband, Frank Schwarz, daughter Katie and granddaughter Mandy. Trustee Schwarz thanked Judge Garratt and said she is honored to have had her administer the oath of office. She also thanked Michael Wendler, Deputy District Attorney for San Mateo County.

Vice President Mandelkern said it is an honor and privilege to have been reelected to serve another term. He said he looks forward to the next four years.

Trustee Holober congratulated Trustees Goodman, Mandelkern and Schwarz. He said the reelection of Trustees Mandelkern and Schwarz is a statement of the great work they are doing on the Board and he is pleased to continue serving with them. Trustee Holober said Trustee Goodman's election is also a statement of the great work he has done in the community. He said Trustee Goodman will bring new energy and perspectives to the Board and he looks forward to working with him.

Trustee Mohr said this is a great day for the District. He said Trustees Goodman, Mandelkern and Schwarz are outstanding members of the community who have a long history of working for the public, employees and students. He welcomed Trustee Goodman and said he looks forward to working with him.

Student Trustee Bajwa congratulated Trustees Goodman, Mandelkern and Schwarz on behalf of the students at all of the Colleges.

Vice President Mandelkern announced that there would be a 15-minute reception to celebrate the swearing in of the newly elected/reelected trustees.

ORGANIZATION OF THE BOARD OF TRUSTEES

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

Vice President Mandelkern called for nominations for President. It was moved by Trustee Mohr and seconded by Trustee Holober to elect Vice President Mandelkern to serve as President. There were no other nominations. The motion carried, with Vice President Mandelkern abstaining and all other members voting Aye.

President Mandelkern called for nominations for Vice President-Clerk. It was moved by President Mandelkern and seconded by Trustee Holoher to elect Trustee Mohr to serve as Vice President-Clerk. There were no other nominations. The motion carried, with Trustee Mohr abstaining and all other members voting Aye.

President Mandelkern called for nominations for Secretary of the Board. It was moved by Trustee Holoher and seconded by Trustee Schwarz to elect Chancellor Galatolo to serve as Secretary. The motion carried, all members voting Aye.

President Mandelkern called for nominations for the position of Representative of the Board to the County Committee on School District Organization. It was moved by Trustee Schwarz and seconded by President Mandelkern to appoint Trustee Holoher to serve as Board Representative. There were no other nominations. The motion carried, all members voting Aye.

President Mandelkern called for nominations for the position of Representative of the Board to the San Mateo County Community Colleges Foundation through December 2016. It was moved by President Mandelkern and seconded by Trustee Schwarz to appoint Vice President Mohr to serve as Board Representative. There were no other nominations. The motion carried, all members voting Aye.

President Mandelkern called for nominations for the position of Representative of the Board to the San Mateo County Colleges Educational Housing Corporation Board of Directors through December 2019. It was moved by Trustee Schwarz and seconded by President Mandelkern to appoint Trustee Goodman to serve as Board Representative. There were no other nominations. The motion carried, all members voting Aye.

INFORMATION REPORT

CONSIDER CERTIFICATION OF THE ENVIRONMENTAL IMPACT REPORT PREPARED UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT FOR THE 2015 FACILITIES MASTER PLAN AMENDMENT PROJECT; CONSIDER APPROVAL OF THE 2015 FACILITIES MASTER PLAN AMENDMENT PROJECT AND RELATED DECISIONS MAKING CEQA FINDINGS AND ADOPTING A STATEMENT OF OVERRIDING CONSIDERATIONS AND A MITIGATION MONITORING AND REPORTING PROGRAM (15-12-1C)

Barbara Christensen, Director of Community/Government Relations, said Attorney Sabrina Teller was joining the discussion via telephone. She introduced Terry Rivasplata and Liz Antin, ICF International representatives, who engaged many scientists, archeologists and others to help analyze the environmental impacts of the projects the District plans to undertake with funds from the bond measure that was passed in November 2014. The Draft Environmental Impact Report (EIR) was circulated from August 30 to October 15, 2015, along with the addendum which contains technical studies. The District received seven responses from members of the community.

Ms. Christensen said that, prior to approving the 2015 Facilities Master Plan Amendment Project, the Board must certify that it has considered the Final EIR, that the Final EIR adequately meets the requirements of the California Environmental Quality Act (CEQA), and the Final EIR reflects the independent judgment of the Board. The Board has been provided with two proposed resolutions to accomplish these requirements. If the Board certifies the EIR and approves the project, it must also adopt findings of fact regarding the significant effects that were found. Because there is one significant and unavoidable impact at College of San Mateo (applicable only during the construction period), the Board must also adopt a Statement of Overriding Considerations. Lastly, the Board must adopt a mitigation monitoring and reporting program (MMRP) for recommended mitigation measures. All materials, including the District's responses to the seven letters from community members and the changes in the text of the Draft EIR, are included in the Final EIR which the Board has received. Ms. Christensen said Ms. Teller, Ms. Rivasplata and Ms. Antin were available to answer questions.

Maxine Turner, a member of the public, asked if there would be a presentation on the approval of the Master Plan. Ms. Christensen said the Board has received many reports, held discussions, and approved the Master Plan; therefore, there will not be a presentation at this meeting. The Board will be asked to reapprove the project in order to meet CEQA requirements.

NEW BUSINESS**PUBLIC HEARING ON THE FINAL ENVIRONMENTAL IMPACT REPORT (EIR) FOR THE 2015 FACILITIES MASTER PLAN AMENDMENT PROJECT (15-12-100B)**

It was moved by Trustee Schwarz and seconded by Trustee Holober to conduct a public hearing. The motion carried, all members voting Aye. President Mandelkern declared the public hearing open and invited comments and questions from members of the public; there were none.

President Mandelkern invited comments and questions from the Board. Trustee Holober said his observation is that the written public comments dealt with concerns that would be caused by expansion of facilities, such as groundwater and traffic issues. He said that, because the majority of projects will replace existing facilities with new facilities rather than expanding, he does not believe the comments are on point. Two exceptions are the housing expansion at Skyline College and Building 1 at Cañada College. He said he is comfortable with the District's responses with regard to both of these projects.

Trustee Holober said there were two public comments about Building 20 and the gardens at College of San Mateo; he said these are the subject of litigation and are outside the scope of this project. He asked for clarification on this issue. Ms. Christensen said the 2007 Initial Study included renovation of Building 20. However, the decision was made to abolish the building because of the lack of horticulture students; therefore, the District completed an Addendum to the Initial Study and brought the Addendum to a Board meeting for action. At that meeting, members of the audience expressed their beliefs that the District had not done sufficient studies. Consequently, the Addendum was withdrawn. A revised Addendum was subsequently adopted by the Board, was challenged, and the case is currently before the State Supreme Court. Ms. Teller said the decision was made to exclude Building 20 and the gardens from this project so as not to complicate the litigation. She said that if the Supreme Court rules in the District's favor that the project was appropriately handled in the Addendum adopted by the Board, there will be no need for further environmental review. Ms. Teller said that if Building 20 and the gardens were not excluded from the current project, the litigants could have argued that the District was making the Supreme Court case moot by reanalyzing them.

Trustee Holober said the discussion about housing at Skyline College includes both apartments and single family residences. He said his understanding is that, along with the expansion of the type of housing that currently exists at Cañada College and College of San Mateo, this would involve land swap issues with a developer which would develop the single family housing. Ms. Christensen said the Board has not made a decision regarding single family homes. She said she recommends that the College District carry the entire project – 37 single family homes and 25 apartments – through the entitlement process in the City of San Bruno. She said the value of the land would be much higher when it is sold to a developer if it is entitled.

Hearing no further comments or questions, President Mandelkern declared the public hearing closed.

ADOPTION OF RESOLUTION NO. 15-33, CERTIFYING THE FINAL ENVIRONMENTAL IMPACT REPORT (EIR) FOR THE 2015 FACILITIES MASTER PLAN AMENDMENT PROJECT (15-12-101B)

It was moved by Vice President Mohr and seconded by Trustee Holober to adopt Resolution No. 15-33. The motion carried, all members voting Aye.

ADOPTION OF RESOLUTION NO. 15-34, ADOPTION OF CEQA FINDINGS OF FACT FOR COLLEGE OF SAN MATEO, SKYLINE COLLEGE AND CAÑADA COLLEGE, STATEMENT OF OVERRIDING CONSIDERATIONS FOR COLLEGE OF SAN MATEO, AND MITIGATION MONITORING AND REPORTING PLAN; AND APPROVAL OF THE 2015 FACILITIES MASTER PLAN AMENDMENT PROJECT (15-12-102B)

It was moved by Trustee Schwarz and seconded by Vice President Mohr to adopt Resolution No. 15-34. Ms. Turner said public officials have an ethical responsibility to the voters and taxpayers of San Mateo County. She said she is concerned about expenditures made with bond money and about the previous CEQA study which she said was inadequate. She said taxpayers believed that bond money would be used to upgrade facilities for students and few knew that they would be buying health clubs and expanding gymnasiums and athletic fields. She said this is happening at a time of decreasing enrollment. She also said that the campuses are inaccessible to many students.

Ms. Turner asked how health clubs and theater expansions fit into the District's educational priorities of preparing students for jobs that are available in the community and for transfer to four-year institutions. She said she hopes the Board will present a report to the community to let them know how the bond money is being spent. She said she also hopes that the Board will reconsider some of the choices on the projects before them and make sure that the best interest of students always comes first. President Mandelkern thanked Ms. Turner for her comments. He said the Board has had discussions regarding transportation and accessibility issues and will continue to work on increasing access for all members of the community. He said the Board is focused on serving students and is in agreement regarding putting the needs of students first.

After this discussion, the motion to adopt Resolution No. 15-34 carried, all members voting Aye. Ms. Christensen said the next step will be to take the Notice of Determination to the County Clerk and it will then be sent to the State Clearinghouse. Ms. Teller said a 30 day statute of limitations begins with the filing of the Notice of Determination. During that time period, anyone who has properly exhausted their administrative remedies may file action in San Mateo Superior Court. Trustee Holober asked for clarification on the meaning of exhausting administrative remedies. Ms. Teller said that anyone wanting to file a lawsuit must have participated in some form in the process, likely meaning commenting on the EIR or making comments at this meeting. The person would also have to be raising issues that have been raised at some point in the process.

MINUTES

It was moved by Trustee Holober and seconded by Vice President Mohr to approve the minutes of the regular meeting of November 11, 2015. The motion carried, with Trustee Goodman abstaining and all other members voting Aye.

STATEMENTS FROM EXECUTIVES AND STUDENT REPRESENTATIVES

Chancellor Galatolo congratulated President Mandelkern and Trustee Schwarz on their reelection. He welcomed Trustee Goodman and congratulated him on his election. Chancellor Galatolo said he spent last Friday evening with Deputy Chancellor Jim Keller who is fighting brain cancer. He said Deputy Chancellor Keller is beginning formal hospice treatment and he asked that everyone keep him in their thoughts.

Skyline College Vice President Briones extended congratulations to Trustees Goodman, Mandelkern and Schwarz on behalf of President Stanback Stroud. Vice President Briones said Diego Zarco, Jr., the son of Skyline College groundskeeper Diego Zarco, Sr., passed away last month. In addition, Joshua Delacruz Salas, a Middle College High School student, died as a result of an auto accident. She asked that the Board adjourn this meeting in their memory. Vice President Briones said Skyline College has formed a new partnership with Base 11, a workforce development and entrepreneurial innovation company focused on creating the next generation of leaders in STEM fields. STEM entrepreneurship classes are currently in development. Base 11 will also provide high-profile paid internship opportunities for students and will provide seed money to construct a Fabrication Lab. Vice President Briones said Skyline College hosted a Partnership Resource Team (PRT) as part of the Institutional Effectiveness Partnership Initiative (IEPI). Skyline College had applied for technical assistance in the areas of enrollment management, integration of the planning and budget process, and enhancing distance education. There will be two additional PRT visits; the first will provide suggestions and recommendations and the second will follow up on progress on implementing the suggestions. Skyline College's participation will make available up to \$150,000 in state grant funds to support improving institutional effectiveness.

College of San Mateo President Claire congratulated Trustees Goodman, Mandelkern and Schwarz. He said that some years ago, the College was selected by the UC President's Office to offer the CalTeach program because of the high number of College of San Mateo STEM majors transferring to the UC System. CalTeach is designed to help undergraduate STEM majors consider careers in K-12 education. President Claire said the College will be offering a new "Fast Track to Completion Program" beginning in spring 2016. The program is modeled on the "mini-mester" observed by Andreas Wolf, Dean of Kinesiology, Athletics, and Dance at an out-of-state university. The program is designed for students who have either dropped courses during the semester or who were unable to enroll in classes at the start of the semester. Full semester courses are offered in a compressed format, providing an opportunity for students to stay on track with their educational goals.

Executive Vice Chancellor Blackwood extended congratulations to Trustees Goodman, Mandelkern and Schwarz. She said staff will bring the District's audit in January. She said Chief Financial Officer Raymond Chow reports that, for the second year in a row, there are no findings in the audit report. Executive Vice Chancellor Blackwood thanked everyone at the District and Colleges who worked diligently to make sure all rules are being followed.

District Academic Senate President Bennett congratulated Trustees Goodman, Mandelkern and Schwarz on behalf of faculty. She said the Academic Senate agreed unanimously on two items: (1) adoption of the California Community Colleges Online Education Initiative course design rubric, and (2) migration to Cohort 2 of the Canvas content management system. President Bennett said the Performance Evaluation Task Force had the foresight to align the District's online evaluation component with the Online Education Initiative. President Bennett wished everyone a safe and happy holiday season.

Evelyn Valenzuela and Alex Wildman, President and Vice President of the Associated Students of Cañada College (ASCC), discussed highlights of ASCC initiatives, which emphasize more interactive educational programming and how to effectively reach students. The first new initiative was to establish a marketing plan. The plan increased the Commissioner of Publicity to two positions, added a new campus-wide Snapchat account, and created new video advertisements for programming. Results included a dramatic increase in bus token sales since last year, visits to Student Life for free copying services, and an increase in the number of student body cards created. The second new initiative was to develop more interactive programs. Plans included increasing large-scale events to two per month, creating a Safe Space for students, and having genuine interaction at events. Results included the largest ASCC Board in years and the largest number of new clubs in years. Nine new clubs were created. Successful ASCC events included Pride Day and Las Posadas. Upcoming events include "Addressing Islamophobia" and "Human Trafficking Awareness and Action." Students attended the National Conference on Diversity and Student Leadership, the National Conference on Student Leadership, the California Community College Student Affairs Association conference, and the ASCC Leadership Retreat. Ms. Valenzuela thanked the Board, faculty, staff and administration for their support.

Vice President Mohr said that providing learning opportunities beyond the classroom makes a difference in what students learn. Trustee Schwarz congratulated the students for continuing to expand and help their fellow students. Student Trustee Bajwa said the students of the ASCC work hard to create an environment that is inviting for students. Trustee Goodman said the student leaders are doing an outstanding job. President Mandelkern said Ms. Valenzuela and Ms. Wildman presented an excellent report. He said the event on Islamophobia is well-timed.

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

District students Emily Colby, Michelle Chee and Erik Ferroggiaro spoke about the issue of transportation. They said many students do not have automobiles and they discussed the difficulty these students face trying to get to the campuses in a timely manner. They suggested the possibilities of expanded public transit and a shuttle system, including an intercampus shuttle for students who take classes at more than one College. They expressed the hope that the Board will place this issue on a future agenda and will work with students to find solutions.

Donna Bischoff, a member of the public, said the District is conducting wide outreach to recruit students from other countries, with trips to countries such as Vietnam and China. She said she would like information on how much the trips are costing taxpayers, how many people are going on the trips, what the return on investment is, and how this fulfills the mission of a community college. President Mandelkern said staff will prepare a response. Chancellor Galatolo noted that a study session on the District's international education program is being planned.

Ms. Terner said she sent a letter to the Board via email on October 8 and she asked that the letter be forwarded to Trustee Goodman. She said she has not received a response from any Board member. President Mandelkern said staff will attempt to locate the email and make sure it is received by all Board members.

BOARD SERIES PRESENTATION – INNOVATIONS IN TEACHING, LEARNING AND SUPPORT SERVICES: MULTIPLE MEASURES ASSESSMENT PROJECT (MMAP) AT CAÑADA COLLEGE (15-12-2C)

Kim Lopez, Interim Vice President of Student Services at Cañada College, said MMAP is part of the Common Assessment Initiative. Community colleges will be mandated to use a common assessment beginning in the fall of

2016 if they are to continue receiving Student Support and Success Program (SSSP) funds. Twenty pilot colleges are participating in validating two multiple measures: (1) using high school transcripts as a form of placement into college-level math and English, and (2) using non-cognitive factors as a form of placement. In the fall of 2014, Cañada College agreed to participate and selected using high school transcripts as its focus. The MMAP Team was compiled in February 2015 and studied data from graduates of the Sequoia Union High School District.

David Johnson, Dean of Humanities and Social Sciences, said the team studied academic records using data from CalPass Plus. They found that the average time that elapsed between high school graduation and enrolling at Cañada College was four years; the majority of high school students came to the College with a GPA of “C” or lower; and the majority of high school students took English or math in their first semester at Cañada College. The target population for MMAP are students who graduated from high school within three years; have an above average cumulative high school GPA (2.3 for English and 3.2 for math); and have above average grades in high school English and math courses (equal or higher than B- for English and equal or higher than C for math).

Jeanne Stalker, Program Services Coordinator in the Counseling Department, said that when students log on to the District’s website under Assessment, they can complete an English Questionnaire and Math Questionnaire. If they complete the questionnaire and receive a response that they may bypass the assessment test, they must complete a form and turn in their informal transcript. The transcript is validated; a code is entered into Banner which allows them to register for the higher-level courses; and counselors are advised that the students are multiple measures students and are allowed to enroll in the higher-level courses.

Chialin Hsieh, Dean of Planning, Research and Institutional Effectiveness, said the team analyzed the number of students placed and enrolled in college-level English and math in 2015 vs. 2014. Data shows that placement into college-level courses in both math and English increased from 2014 to 2015 with the inclusion of MMAP as a form of placement. The rate of enrollment in higher-level courses also increased. The increases affected all students, including Hispanic and female students, with the largest single impact on Hispanic males. In January, the success rates of students will be compared.

David Clay, Professor of English, discussed the next steps. He said the MMAP outcomes will be shared broadly and feedback will be collected in order to refine strategies. The pilot will be continued in spring 2016 using the same implementation logistics. The success rates of the two fall cohorts will be evaluated and placement rule sets will be revisited if needed. Student feedback on placement and enrollment patterns will be studied.

Vice President Mohr said this is important work as it attempts to circumvent remedial slowdowns for students. He said that using the records and grades of students may be a better predictor of success than the COMPASS standardized test. Vice President Mohr asked if the team has worked with the high schools with regard to how their course content matches with college-level courses. Vice President Lopez said this has not been part of the project. Ray Hernandez, Dean of Science/Math/Technology at Skyline College, said all three Colleges are working with CalPass to look at high school math courses and make sure they are aligned.

Trustee Holober said this is in keeping with the interest in using data to assess and refine what is working. He noted that cumulative GPAs and grades of the MMAP target population are different for math than they are for English, and the increase in placement and enrollment of MMAP students is lower for math. Professor Clay said it is known from past experience that placement in math is a better predictor of success than it is for English; therefore, larger gains can be expected in English and the number of students affected in math will be fewer.

Trustee Goodman asked if data on pass/fail rates will be available. Professor Clay said this information will be available in January.

President Mandelkern said he appreciates the use of quantitative metrics which ties in with the District’s strategic planning process. He said he hopes the other two Colleges will use the same model if it proves successful. President Claire said there is coordination among three Colleges.

NEW BUSINESS (CONTINUED)**APPROVAL OF PERSONNEL ITEMS: CHANGES IN ASSIGNMENT, COMPENSATION, PLACEMENT, LEAVES, STAFF ALLOCATIONS AND CLASSIFICATION OF ACADEMIC AND CLASSIFIED PERSONNEL (15-12-1A)**

It was moved by Trustee Holober and seconded by Vice President Mohr to approve the actions in Board Report No. 15-12-1A. The motion carried, all members voting Aye. President Claire introduced Laura Demsetz, the newly appointed Dean of Creative Arts and Social Science at College of San Mateo. In response to a question from President Mandelkern, Gregory Anderson, Vice President of Instruction, said the newly appointed math instructor at Cañada College was previously a part-time faculty member.

APPROVAL OF CONSENT AGENDA

President Mandelkern said the Consent Agenda consists of Board Report Nos. 15-12-1CA through 15-12-3CA as listed on the printed agenda. Vice President Mohr asked that item 15-12-2CA, Approval of Curricular Additions and Modifications, be removed from the consent agenda for further discussion. It was moved by Trustee Schwarz and seconded by Trustee Holober to approve items 15-12-1CA and 15-12-3CA. The motion carried, all members voting Aye.

APPROVAL OF CURRICULAR ADDITIONS AND MODIFICATIONS – CAÑADA COLLEGE, COLLEGE OF SAN MATEO AND SKYLINE COLLEGE (15-12-2CA)

It was moved by Trustee Schwarz and seconded by Trustee Goodman to approve the additions and modifications. Vice President Mohr said the topics listed in the descriptions of “Preparation for Chemistry” and “Preparation for Chemistry Laboratory” are topics that are commonly taught in high school level chemistry. He asked if staff has worked with high schools to affirm that the topics are included in their courses. He also asked if consideration has been given to other options such as a summer program similar to programs being offered in other subjects. Vice President Mohr said the overarching issue is cutting back on remediation and getting students directly into college-level courses. Vice President Anderson said many of the same questions were raised during discussions at the Curriculum Committee level. He said faculty have purview over curriculum and they voted to forward these recommendations to the Board for approval. He said he will take Vice President Mohr’s comments and concerns back to the Curriculum Committee. After this discussion, the motion carried, all members voting Aye.

Other Recommendations**APPROVAL OF STUDENT EQUITY PLANS (15-12-1B)**

It was moved by Trustee Holober and seconded by Trustee Schwarz to approve the Equity Plans as presented. Vice President Mohr said the Plans define student success as “the ratio of the number of students by population group who receive a degree or certificate to the number of students in that group with the same informed matriculation goal as documented in the student educational plan developed with a counselor/advisor.” He said the Board, faculty and staff have had discussions about what the definition of student success should be and the District strategic plan also addresses the matter of student success. He asked if the definition in the Student Equity Plans is a formalized definition for the District. Angélica Garcia, Vice President of Student Services at Skyline College, said the State Chancellor’s Office provided a rather prescriptive template and formula to follow in the Student Equity Plans and the focus is on disproportionate impacts within five multiple success indicators in relation to the demographic populations in the District’s service area. She said that from a District and College perspective, the definition of student success encompasses much more, including students’ career goals and aspirations and how they are accomplishing these goals in a timely manner.

Vice President Mohr asked what level of technology is available that provides analytics that can be used in real time. Vice President Garcia said the District is exploring what is currently available and what potentially is missing to help systems become more interrelated. She said real time information is a topic of conversation in multiple realms. She said the three Colleges are collaborating so that there will be common practices across the District. Jennifer Hughes, Vice President of Student Services at College of San Mateo, said there is recognition that many students are cross-enrolled and that it is important for them to have consistency.

President Mandelkern said he would like to have a more full and complete discussion in the future about an accurate definition of student success and what the right metrics are for the District. He said he would also like a more complete discussion on information that would be useful in real time to help inform actions that could be taken to improve student success. He said the discussion should include where the District stands from an information technology perspective in being able to provide what is needed to relevant parties and what, if any, changes should be made. It could also include the concept of big data analytics and how this might inform decision making. Vice President Anderson said Cañada College has been piloting a Data Dashboard for the past year. Approximately 30 faculty members have been trained to examine the course taking patterns of their students and what their success has been. Faculty members use this data to more quickly respond to students who may be facing challenges and to better retain students. They also use the data to help with scheduling of classes.

Trustee Holober said the data in the Student Equity Plans is helpful and informative. He said closing gaps is a crucial goal and is part of the larger goal of seeing all students have greater success. Trustee Holober said it was interesting to examine the budgets that are included in the Student Equity Plans. He said that, while some funds are identified as restrictive programmatic funds, there are also general fund, or discretionary, dollars. He said he hopes there will be a broader discussion regarding how the Colleges earmark dollars in terms of achieving the larger strategic goals of overall student success. Chancellor Galatolo said the allocation of approximately \$9 million in one-time funds will be on the agenda for the next Board meeting. After this discussion, the motion carried, all members voting Aye.

AUTHORIZATION OF SOLE SOURCE PURCHASE OF CISCO EQUIPMENT FROM AT&T (15-12-103B)

It was moved by Trustee Holober and seconded by Trustee Schwarz to approve the authorization as detailed in the report. Trustee Goodman asked what the markup is over CMAS or purchasing the equipment directly from Cisco. Bruce Griffin, Chief Technology Officer, said staff has not looked at what the markup is for this purchase. He said that as the service provider, AT&T requires that the District purchase all equipment and installation services directly from them. Trustee Goodman asked if the price is negotiable. Mr. Griffin said it is not negotiable in this case but is well below list. After this discussion, the motion carried, all members voting Aye.

SPECTRUM AUCTION UPDATE AND APPROVAL OF AUTHORIZED DISTRICT AGENTS IN THE FCC SPECTRUM AUCTION (15-12-104B)

It was moved by Trustee Schwarz and seconded by Vice President Mohr to approve the authorization of District agents as detailed in the report. Jan Roecks, Vice President of Administrative Services at College of San Mateo, reviewed the history of KCSM-TV, the decision to try to sell the station, and the agreement with LocusPoint Networks, LLC to subsidize station operations for a period of time in return for a percentage of proceeds from successful participation in a spectrum auction. Vice President Roecks said she, Vice Chancellor Eugene Whitlock, Attorney Larry Miller who specializes in FCC law, and former KCSM General Manager Marilyn Lawrence have remained a cohesive team throughout the process.

Vice President Roecks said the FCC is planning to hold an Incentive Auction in 2016. She reviewed the process, which consists of two parts, as explained in the written board report. She emphasized the enforcement of a “quiet period” which is applicable from the deadline for submitting applications to participate in the reverse auction until the results of the auction are announced by public notice. During the quiet period, all television licensees are prohibited from communicating directly or indirectly any incentive auction applicant’s bids or bidding strategies to any other television licensee or to any forward auction applicant. There are serious potential penalties for violations, including forfeiting auction proceeds.

Vice President Roecks said that as part of the original agreement between the District and LocusPoint Networks, the District agreed that LocusPoint would appoint personnel to act on the District’s behalf during the auction. However, due to a new FCC regulation regarding communications during the quiet period, the agreement has been modified and removes LocusPoint qualified personnel as the District’s authorized bidders to execute the contract terms. The District is allowed to have up to three bidders. Staff recommends that Vice President Roecks and Vice Chancellor Whitlock be appointed as authorized bidders and that Executive Vice Chancellor Blackwood be appointed as an alternate.

Board discussion included details of the reverse auction, during which opening bid prices are adjusted downward using a descending clock until there is no excess of bidding stations, and the forward auction, during which commercial bidders may bid on spectrum blocks in a market using an ascending clock format. Board members also reviewed the history of the decision to try to sell KCSM-TV. They noted that the station was losing approximately \$1 million per year and was being subsidized by the District. The decision was made during a period in which the budget was being cut by the State and students were being turned away from classes they needed to achieve their academic goals.

The Board discussed whether it would be prudent to hold discussions during the quiet period on any aspects of the station, e.g. the academic mission of the Broadcasting program and other potential opportunities for use of the studios, equipment, etc. Vice President Roecks said the Board must be cautious in any discussions. She suggested that she be allowed to consult with Mr. Miller prior to any discussions to see if the discussions could potentially violate the quiet period rules.

President Mandelkern thanked Ms. Lawrence for her help throughout the long and difficult process leading the spectrum auction.

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

STATEMENTS FROM BOARD MEMBERS

Student Trustee Bajwa said he hopes the Board will discuss transportation issues at an upcoming study session. He said students are working on solutions, including the possibility of increasing the student body fee to help support a shuttle system or increased bus routes.

Vice President Mohr recognized the Sequoia Adult School Scholars Program which serves approximately 800 ESL students per year. Approximately 140 of these students are Cañada College students and approximately 100 students per year transition to Cañada College. Vice President Mohr complimented the three Colleges on the work they are doing on race and equity. He said this topic is being discussed at campuses across the country. Vice President Mohr said he has become an advisor to the Silicon Valley Leadership Group. He said he recently attended the following events: the Connect 15 Conference, an annual citizen engagement/technology conference; a meeting of the County Committee on School District Organization; SAMCEDA Economic Outlook Conference; CSEA holiday luncheon; the workshop conducted by Lee Mun Wah at Skyline College; football games at College of San Mateo; and the Community College League of California Annual Convention. Vice President Mohr said that at the League Convention, College of the Canyons was recognized for working on coalescing all remedial courses and redesigning the curriculum resulting in a substantial increase in students going into college-level classes and doing well. Vice President Mohr acknowledged the work of Mike Celeste, former Director of Public Safety, who is leaving the District to become Chief of the San Francisco Park Rangers.

Trustee Holober said the Board received a handout on the Brown Act. He said it is always good to review this and he looks forward to the presentation on the Brown Act at the Board Retreat in February. Trustee Holober said the issue of transportation has been addressed periodically by the Board. He said this is an important issue for students and he believes it should be considered again, including a discussion of various options. Trustee Holober said he was unable to attend the CSEA holiday party because he was attending a conference in Washington, D.C. At that conference, there was a worthwhile presentation by a former graduate student in a top MBA program who described his difficulty in navigating the student loan system. He developed a company to try to make things work better in the student loan field. He has had initial success and has now raised several hundred million dollars to expand the company's growth. Trustee Holober wished everyone a happy holiday season.

Trustee Schwarz said the issue of transportation was addressed at the recent Success Summit at Skyline College. She said transportation is of primary concern in San Mateo County. She said she would support having an action plan to help students and she looks forward to a conversation on this topic in the near future. Trustee Schwarz said she attended the EPICenter (Education Preparation Institute) ribbon cutting ceremony at Skyline College. She said the teacher shortage is critical and anything the District can do to help is worthwhile. Trustee Schwarz thanked CSEA for the enjoyable holiday luncheon. She said the Community, Continuing & Corporate Education pamphlet is impressive; she said she would appreciate an update on the exciting changes that are taking place. Trustee Schwarz

said she looks forward to the presentation on the Brown Act and asks that ample time be allowed for the presentation and discussion. Trustee Schwarz congratulated President Mandelkern on his reelection. She welcomed Trustee Goodman and said it is good to have a Board member who resides in the North County. Trustee Schwarz wished everyone a happy holiday season.

Trustee Goodman congratulated President Mandelkern and Trustee Schwarz on their reelection. He said he looks forward to working with the District's team, including classified staff, faculty, administrators and his fellow Board members. Trustee Goodman said there was discussion about transportation and "The Last Mile" at the Success Summit and he believes this should be part of the future discussion.

President Mandelkern congratulated Trustees Schwarz and Goodman. He said Trustee Goodman is an excellent addition to the Board. President Mandelkern said he attended the Connect 15 Conference, the CSEA holiday luncheon, a San Mateo County Labor Council luncheon, and a Skyline College President's Council meeting. He attended a College of San Mateo football game and was impressed with the professionalism and high character of the coaches and players.

President Mandelkern said he attended the Community College League of California (CCLC) Convention and completed 14 units toward the League's Excellence in Trusteeship program certificate; he encouraged fellow Board members to join this program which facilitates ongoing education. At the Convention, President Mandelkern attended a session on the Brown Act and shared the handout titled "The Top 10 Brown Act Pitfalls and How to Avoid Them." He said this does not supplant the advice from legal counsel Greg Dannis and he looks forward to a full and thorough discussion with Mr. Dannis at the Board Retreat. Another topic at the CCLC Convention was the changing needs of millennials and how to address them; President Mandelkern said he will share more information about this at a future time. Student success awards were presented to College of the Canyons and the Los Rios Community College District. President Mandelkern said he believes some of the achievements of the San Mateo County Community College District are just as impressive if not more so and he encourages the District to apply for recognition of student success achievements in the upcoming year. President Mandelkern said accreditation was the topic of a session and was also the topic of informal conversations. He said he does not believe the discussions regarding the Accrediting Commission for Community and Junior Colleges (ACCJC) are over. He said there is additional work to be done to rectify some of the ACCJC leadership problems and ensure that the recommendations of the Board of Governors are carried out. He noted that Chancellor Galatolo has been a leader in this area, both as Chancellor and in his role on the Board of the Chief Executive Officers of the California Community Colleges. President Mandelkern said there were several interesting presentations on strategic planning. He said the District's Strategic Plan will continue to be revisited, particularly looking at benchmarks and metrics and providing information to appropriate parties as quickly as possible. He said he appreciates the brochure on the District's strategic plan that was provided to the Board.

President Mandelkern said he agrees that a study session on the topic of transportation should be held and that the discussion should include "The Last Mile" initiative as discussed at the Success Summit. He said he would also like to review the Board's officer rotation process at an upcoming meeting. President Mandelkern said a joint Senate and Assembly resolution (SCA-5) proposes to change Proposition 13 in terms of property taxes paid by corporate or commercial property owners because of the way they are reassessed. He shared figures showing that commercial property owners are paying an increasingly smaller share of the property tax burden. He said the proposed change could benefit the District and suggested that, if fellow Board members agree, a resolution in support of SCA-5 should be brought to a future meeting as an action item. President Mandelkern noted that we are living in tumultuous times, with campuses across the country dealing with issues such as race relations, anti-Semitism and anti-Islamic statements. He said he believes, and would like to make sure, that the District is listening to any concerns of students and staff and is creating an environment of mutual respect where people feel comfortable and safe to study, learn and discuss issues in a respectful and positive manner. President Mandelkern wished everyone happy holidays.

COMMUNICATIONS

None

MEETING OF THE BOARD OF DIRECTORS OF THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT FINANCING CORPORATION

In the absence of Patricia Miljanich, who was President for calendar year 2015 and who retired, the annual meeting was called to order at 9:44 p.m. by Vice President Galatolo.

Present: Vice President Ron Galatolo, Secretary Dave Mandelkern, Treasurer Kathy Blackwood, Directors Maurice Goodman, Richard Holober, Thomas Mohr and Karen Schwarz

Approval of Minutes of the December 10, 2014 meeting

It was moved by Secretary Mandelkern and seconded by Director Mohr to approve the minutes as presented. The motion carried, with Director Goodman abstaining and all other members voting "Aye."

Naming of Officers for 2016

Vice President Galatolo said that in accordance with the bylaws of the Financing Corporation, the officers for 2016 will be:

- President – Board of Trustees President Dave Mandelkern
- Vice President – District Chancellor Ron Galatolo
- Secretary – Board of Trustees Vice President-Clerk Thomas Mohr
- Treasurer – District Executive Vice Chancellor Kathy Blackwood

Board of Trustees members Maurice Goodman, Richard Holober, Tom Mohr and Karen Schwarz will serve as Directors.

It was moved by Director Goodman and seconded by Director Holober to approve the new officers. The motion carried, all members voting Aye.

President Mandelkern announced that the next scheduled meeting of the Financing Corporation will be held on December 14, 2016.

It was moved by Director Holober and seconded by Secretary Mohr to adjourn the meeting. The meeting was adjourned at 9:45 p.m.

RECESS TO CLOSED SESSION OF BOARD OF TRUSTEES

President Mandelkern announced that during Closed Session, the Board will:

1. Hold a conference with Labor Negotiator Eugene Whitlock; the employee organizations are AFSCME, AFT and CSEA
2. Hold a conference with legal counsel regarding one case of existing litigation as listed on the printed agenda
3. Hold a conference with legal counsel regarding three cases of potential litigation as listed on the printed agenda

The Board recessed to Closed Session at 9:48 p.m. and reconvened to Open Session at 12:08 a.m.

CLOSED SESSION ACTIONS TAKEN

President Mandelkern reported that at the Closed Session just concluded, the Board took no action.

ADJOURNMENT

It was moved by Vice President Mohr and seconded by Trustee Schwarz to adjourn the meeting. The motion carried, all members voting Aye. The meeting was adjourned at 12:10 a.m. in memory of Diego Zarco, Jr. and Joshua Delacruz Salas.

Submitted by

Ron Galatolo
Secretary

Approved and entered into the proceedings of the January 13, 2016 meeting.

Thomas Mohr
Vice President-Clerk

BOARD REPORT NO. 16-1-1A

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Eugene Whitlock, Vice Chancellor, Human Resources and General Counsel
(650) 358-6883

APPROVAL OF PERSONNEL ITEMS

New employment; changes in assignment, compensation, and placement; leaves of absence; changes in staff allocation and classification of academic and classified personnel; retirements, phase-in retirements, and resignations; equivalence of minimum qualifications for academic positions; and short-term temporary classified positions.

1. ADMINISTRATIVE APPOINTMENT, REAPPOINTMENT, ASSIGNMENT AND REASSIGNMENT

None

2. PUBLIC EMPLOYMENT

1. New Hires

College of San Mateo

Oksana Brinson	Storekeeper	Business/Technology
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New part-time (48%), 12-month classified employment, effective January 13, 2016. This is a vacant position.

Leann Kennedy	Instructor, Nursing	Math/Science
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New Contract I status academic employment, effective January 19, 2016. Leann Kennedy was previously employed in the District as adjunct faculty.

District Office

James Vangele	Chief of Public Safety	Public Safety
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New full-time, 12-month Classified Supervisory (Exempt) employment, effective December 1, 2015, replacing Gary Hoss.

Skyline College

Jeremy Evangelista Program Services Coordinator Business, Education and
(Career Advancement Academy) Professional Programs

New full-time, 12-month temporary classified employment, effective January 4, 2016, replacing Soledad McCarthy.

Eilene Williams Program Services Coordinator Counseling

New full-time, 12-month classified employment, effective December 1, 2015, replacing Lezra Chenportillo.

3. REASSIGNMENT**District Office**

Gordon Tong Chief Engineer Facilities Planning and Operations

Reassigned from a full-time, 12-month Maintenance Engineer position (Grade FF of the Buildings and Grounds Salary Schedule 70) into this full-time, 12-month position at Grade II of the same salary schedule, effective December 18, 2015, replacing Jozsef Veres.

Larisa Howes Accountant Administrative Services

Reassigned from a full-time, 12-month Accounting Analyst position (Grade 37 of the Classified Salary Schedule 60) into this full-time, 12-month position at Grade 190E of the Academic-Classified Exempt Supervisory Salary schedule, effective December 18, 2015, replacing Nicole Wang.

Skyline College

Grace Beltran Program Services Coordinator Counseling

Reassigned from a full-time, 12-month Division Assistant position (Grade 24 of the Classified Salary Schedule 60) into this full-time, 12-month position at Grade 27 of the same salary schedule, effective January 4, 2016. This is a new position that was Board approved on July 22, 2015.

4. TRANSFER

None

5. CHANGES IN STAFF ALLOCATION**College of San Mateo**

1. The Board approved a recommendation to create a new classification titled “Instructional Designer” and to add one 48%, 12-month Instructional Designer position in the Academic Support and Learning Technologies Division on June 24, 2015. A change is being made to this approved item. The classification will be titled “Instructional Technologist” and the change in staff allocation will be to add one full-time, 12-month Instructional Technologist in the Academic Support and Learning Technologies Division, effective January 14, 2016.

District Office

1. Recommend a change in staff allocation to add one full-time, 12-month Accounting Technician position (Grade 24A of the Classified Salary Schedule 60) in General Accounting, effective January 14, 2016.

6. LEAVE OF ABSENCE

None

7. PUBLIC EMPLOYEE RETIREMENT AND RESIGNATION**1. Retirement****College of San Mateo**

Marsha Ramezane Dean, Counseling, Advising and Matriculation Counseling

Retiring effective May 1, 2016 with 40 years of service. Eligible for District retiree benefits.

Jamie Marron Professor, Reading Language Arts

Retiring effective May 27, 2016 with 25 years of service. Eligible for District retiree benefits.

Jean Mach Professor, English Language Arts

Retiring effective May 27, 2016 with 23 years of service. Eligible for District retiree benefits.

Cañada College

David Hamilton Interim Dean, Business & Workforce Development Business, Design & Workforce

Retired effective December 31, 2015 with 1 year of service. Not eligible for District retiree benefits.

Frank Austin Instructional Aide II Athletics, Kinesiology, and
Dance/Learning Center/Library

Retired effective December 23, 2015 with 7.5 years of service. Not eligible for District retiree benefits.

2. Resignation

District Office

Mike Celeste Director of Public Safety Public Safety

Resigned effective December 27, 2015.

Skyline College

Brian Jenney Career Resources/Counseling Aide Counseling

Resigned effective December 31, 2015.

Paula Silva English Professor Language Arts

Resigned effective December 18, 2015.

8. ESTABLISHMENT OF EQUIVALENCY TO MINIMUM QUALIFICATIONS

Claudia P. Ferreira Da Silva Computer Science Business/Technology

In accordance with Education Code 87359, the Academic Senate, Vice President of Instruction, and the President have approved the Equivalence Committee's validation of equivalent academic qualifications to teach in the Computer Science discipline.

9. 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>
Cañada College	Student Services/Upward Bound	1	1/19/2016	5/27/2016	Instructional Aide II: Provide math tutoring and support to the TRIO Upward Bound students. Duties include providing assistance with scholarships and internships research, support with delivering services and student success workshops, recordkeeping, and monitoring grades. Work is performed afternoons and evenings at Sequoia High School. Assignment includes weekends. 15 hours per week.

Cañada College	Disability Resource Center	2	1/4/2016	6/30/2016	Instructional Aide II: This is a request for two Alternate Media Instructional Assistants for Kurzweil software and zone reading. Provide required ADA academic accommodations for alternative book and print format for eligible students registered with the Disability Resource Center.
Cañada College	Science and Technology	1	1/1/2016	06/30/2016	Program Services Coordinator: The Program Services Coordinator will be responsible for the STEM Speaker Series and will be the lead coordinator for the program, which plans and executes the Spring 2016 events, up to 9 speakers during the semester. The program is grant-funded and is part of the STEM Center efforts to support STEM education and success.
College of San Mateo	Library	1	1/20/2016	6/30/2016	Library Support Specialist: Create, interpret, modify and verify bibliographic and other documentation related to print and non-print items into the library's catalog, acquisitions, and circulation modules. Perform technical processing on library materials and set up and maintain statistical and other records to monitor and track services and operations. 20-25 hours per week.
College of San Mateo	Counseling/CalWORKS	1	1/1/2016	6/30/2016	Program Services Coordinator: Develop job skills training workshops for CalWORKS students, facilitate workshops, assist with case management, MIS data entry and update files for student records. 8-12 hours per week.
College of San Mateo	EOPS-CARE	1	1/11/2016	6/30/2016	Retention Specialist (Outreach): This is an extension of a previously Board approved position. Assist with on-campus and community outreach, meet with students to assess support service needs and facilitate the use of these services; assist with case management and new student intake; assist with evaluating and monitoring student academic performance for early alert; schedule new and continuing student meetings/new student orientations. 20-25 hours per week.

College of San Mateo	EOPS-CARE	1	1/5/2016	06/30/2016	Office Assistant I: Assist program staff with responding to student and visitor inquiries regarding program eligibility and support services; assist with initial program eligibility; complete computer-related assignments such as database and spreadsheet management for intake; student compliance with appointments and progress report(s); maintain current and archived student files. 15-20 hours per week.
College of San Mateo	Psychological Services	1	1/19/2016	06/30/2016	Mental Health Educator: Provide training and supervision for the peer educators. Approximately 10 hours per week.
Skyline College	TRIO and ASLT/Learning Commons	1	1/4/2016	3/3/2016	Staff Assistant: This is an extension of a previously Board approved position. Provide clerical work involving organizing, maintaining and scheduling for the division. Under direction of the dean, assist planning, coordinating and implementation of services such as student recruitment, orientation, special events, tours, and specialized programs. Public contact is extensive.
Skyline College	Global Learning Programs and Services – International Student Program (ISP)	1	2/1/2016	3/1/2016	Program Services Coordinator: Provide administrative support to the ISP office. Responsibilities include international application processing, communication with prospective students, event planning and management, maintaining student records, office management and processing invoices.

San Mateo County Community College District

January 13, 2016

BOARD REPORT NO. 16-1-1CA

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Kathryn Blackwood, Executive Vice Chancellor, 358-6869

RATIFICATION OF SEPTEMBER AND OCTOBER 2015 DISTRICT WARRANTS

Attached as Exhibits A and B are the warrants in excess of \$10,000 that were issued in the months of September and October 2015 respectively. The schedules include total warrants issued for the subject period in addition to the warrant sequences. The District now seeks Board approval of the warrants listed in the attached Exhibits.

RECOMMENDATION

It is recommended that the Board of Trustees approve the warrants issued during the period September 1, 2015 through October 31, 2015 and ratify the contracts entered into leading to such payments.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 SEPTEMBER 1 - 30, 2015
 WARRANTS SCHEDULE GREATER THAN OR EQUAL TO \$10,000

Check Number	Check Date	Vendor Name	Check Amount	Description
		<u>District Accounts Payable</u>		
065949	09/01/15	U.S. Bank National Association ND, .	329,004.04	Districtwide Procurement Card Payment
065958	09/01/15	Meta Bank/BB San Mateo CCD CFA	367,432.49	Financial Aid Disbursement
065960	09/01/15	Netronix Integration, Inc.	62,570.80	Districtwide AMAG System Upgrade Services
065961	09/01/15	Noll & Tam	12,851.59	CSM Architectural Services
065964	09/01/15	Sedgwick Claims Management Services. Inc.	18,378.01	Districtwide Worker's Compensation
065983	09/03/15	Netronix Integration, Inc.	18,042.14	Districtwide AMAG System Upgrade & ACAMS System Repairs
065985	09/03/15	SMC College Ed Housing Corp - Canada Vista	73,248.00	Cañada Vista Monthly Rent Payment
065986	09/03/15	SMC College Ed Housing Corp - College Vista	50,970.00	College Vista Monthly Rent Payment
065989	09/03/15	VALIC Retirement Services Company	182,417.19	Tax Shelter Annuities
066004	09/08/15	GRD Energy Inc.	17,665.00	Districtwide Utility Consumption Measurements & Verification
066009	09/08/15	Meta Bank/BB San Mateo CCD CFA	264,885.89	Financial Aid Disbursement
066012	09/08/15	School Project for Utility Rate Reduction (SPURR)	22,540.77	Utilities
066168	09/15/15	Computerland	77,125.77	Districtwide Computer Purchases
066178	09/15/15	Meta Bank/BB San Mateo CCD CFA	2,877,543.44	Financial Aid Disbursement
066183	09/15/15	Schneider Electric Buildings Americas, Inc.	11,991.08	Districtwide Building Management System Maintenance
066185	09/15/15	SM County Community College District	18,764.25	Replenish Flex Spending Account
066189	09/15/15	SMCCCD Bookstore	37,840.93	CSM Special Programs Books Purchases
066208	09/22/15	Constellation NewEnergy, Inc.	90,097.89	Utilities
066211	09/22/15	Evisions, Inc	16,991.00	Districtwide Argos Reports Annual License
066219	09/22/15	Meta Bank/BB San Mateo CCD CFA	461,321.23	Financial Aid Disbursement
066223	09/22/15	San Mateo County Schools Insurance Group	192,328.00	Monthly Dental and Vision Insurance Premiums
066230	09/22/15	SMCCCD Bookstore	27,605.08	Skyline Departmental Supplies & Special Programs Book Purchases
066243	09/29/15	Associated Std-Skyline	100,000.00	Interbank Transfer
066247	09/29/15	Constellation NewEnergy, Inc.	11,667.88	Utilities
066249	09/29/15	Coulter Construction Inc.	31,581.00	Cañada & Skyline Construction Projects
066252	09/29/15	Interline Brands, Inc.	11,720.54	Cañada & Skyline Custodial Supplies
066256	09/29/15	Meta Bank/BB San Mateo CCD CFA	409,929.50	Financial Aid Disbursement
066265	09/29/15	Swinerton Management & Consulting	212,023.38	Program Management Services
479792	09/01/15	ICF Jones & Stokes, Inc.	25,936.00	Districtwide CEQA Compliance Study Services
479806	09/01/15	MB Plumbing Services Inc.	33,892.82	Districtwide Housing Seismic Gas Valve Replacement Services
479809	09/01/15	Montgomery, James	20,787.71	Skyline Automotive Equipment Purchase
479822	09/01/15	Poole, Abrena A.	13,477.00	Skyline BOG Waiver Student Fees Refund
479854	09/01/15	Hartford Life & Accident Insurance Co.	40,691.38	Monthly Life Insurance Fees
479866	09/01/15	Public Empl Ret Sys	1,424,969.31	Monthly Health Insurance Premium
479901	09/03/15	Lionakis	19,000.00	Cañada Math & Science Program Validation Services
479910	09/03/15	Pacific Gas & Electric Co	16,241.08	Utilities

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 SEPTEMBER 1 - 30, 2015
 WARRANTS SCHEDULE GREATER THAN OR EQUAL TO \$10,000

Check Number	Check Date	Vendor Name	Check Amount	Description
479913	09/03/15	Robert A. Bothman, Inc.	36,276.00	CSM Track Repair Services
479928	09/03/15	American Federation of Teachers	41,008.72	Monthly Union Dues
479955	09/03/15	MassMutual Retirement Service	34,571.84	Tax Shelter Annuities
479971	09/03/15	Vavrinek, Trine, Day & Co.	24,000.00	Districtwide Audit Services
480007	09/08/15	Strategic Energy Innovations	16,200.00	Skyline Climate Corps Bay Area Fellow Services
480021	09/08/15	CalPERS	552,244.80	Monthly PERS Classic Members Contribution Advance Payment
480022	09/08/15	CalPERS	108,470.90	Monthly PERS New Member Contribution Advance Payment
480231	09/15/15	LPAS, Inc.	70,941.05	Skyline Architectural Services
480250	09/15/15	Pacific Gas & Electric Co	40,678.22	Utilities
480298	09/15/15	Strata Information Group	56,581.00	Districtwide Professional & Management Services
480299	09/15/15	Stronger Building Services	83,885.00	CSM & District Office Colonnades & Deck Waterproofing Projects
480302	09/15/15	Tan, Kate Genesis D.	15,508.84	Skyline Student Registration Fees Refund
480305	09/15/15	TLCD Architecture	11,957.50	CSM Design & Programming Services
480309	09/15/15	UndergroundGIS, Inc.	15,000.00	Districtwide Facilities Software License Fee & Support
480313	09/15/15	Western Roofing Service	68,759.80	CSM & Skyline Roof Replacement Services
480327	09/15/15	City of Redwood City	17,079.32	Utilities
480329	09/15/15	City of San Bruno	23,967.40	Utilities
480354	09/15/15	SMCCC Foundation	50,000.00	Cañada A2B Cooperative Grant Endowment Fund Matching Payment
480422	09/22/15	Reliable Concepts Corporation	44,870.00	Skyline Construction Project
480424	09/22/15	Robert A. Bothman, Inc.	44,979.00	CSM Loop Road Paving Repair Services
480440	09/22/15	TLCD Architecture	13,757.50	CSM Design & Programming Services
480442	09/22/15	Unify Inc.	32,006.19	Districtwide Software Support Services
480474	09/22/15	Goodwill Industries of San Francisco, San Mateo & Marin (25,827.00	Skyline Grant related Services
480475	09/22/15	Goombah's Embroidery	13,823.49	Districtwide Facilities Staff Uniform Purchase
480495	09/22/15	Wall 2 Wall Floor Coverings	21,140.35	CSM Flooring Services
480511	09/29/15	Burke, Williams & Sorensen, LLP	24,155.00	CSM North Gateway Legal Services
480515	09/29/15	Swinerton Management & Consulting	11,159.13	Program Management Services
480527	09/29/15	Goombah's Embroidery	10,208.66	Districtwide Facilities Staff Uniform Purchase
480545	09/29/15	Lynda.com, Inc.	10,000.00	Cañada Campus Higher Education Annual License
480553	09/29/15	Pitney-Bowes Inc.	11,000.00	Cañada Postage Purchase
480559	09/29/15	RGA Environmental, Inc.	10,500.00	Skyline Hazardous Building Materials Survey & Testing Services
480561	09/29/15	Robert A. Bothman, Inc.	37,566.00	Districtwide Athletic Fields & CSM Construction Projects
480578	09/29/15	Calif Water Service Co	39,426.49	Utilities
		<u>District Payroll Disbursement (excluding Salary Warrants)</u>		
J1600399	09/01/15	US Treasury - Federal Payroll Tax	1,551,276.79	Federal Payroll Tax
J1600399	09/01/15	EDD - State Payroll Tax	293,649.14	State Payroll Tax
J1600576	09/18/15	US Treasury - Federal Payroll Tax	76,647.16	Federal Payroll Tax
J1600578	09/14/15	State Teacher Retirement - Cash Balance	37,070.22	STRS Retirement-Cash Balance
J1600457	09/04/15	State Teacher Retirement - Defined Benefit	649,705.46	STRS Retirement-Defined Benefit 95%
J1600529	09/11/15	State Teacher Retirement - Defined Benefit	31,102.66	STRS Retirement-Defined Benefit Bal

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 SEPTEMBER 1 - 30, 2015
 WARRANTS SCHEDULE GREATER THAN OR EQUAL TO \$10,000

Check Number	Check Date	Vendor Name	Check Amount	Description
<u>SMCCCD Bookstores</u>				
114777	09/11/15	Cengage Learning	57,165.38	Purchase of Inventory
114796	09/11/15	EL Dorado Trading Group	10,695.03	Purchase of Inventory
114815	09/11/15	John Wiley & Sons Inc	11,757.19	Purchase of Inventory
114817	09/11/15	Jostens	20,746.67	Purchase of Inventory
114828	09/11/15	MBS Textbook Exchange	49,382.67	Purchase of Inventory
114829	09/11/15	McGraw-Hill Companies	80,818.10	Purchase of Inventory
114833	09/11/15	MPS	25,592.95	Purchase of Inventory
114836	09/11/15	Nacscorp	22,175.39	Purchase of Inventory
114848	09/11/15	Pearson Education, Inc	196,895.07	Purchase of Inventory
114854	09/11/15	Promevo	13,999.50	Purchase of Inventory
114862	09/11/15	Skyline Bookstore GAP	23,450.46	Purchase of Inventory
114896	09/28/15	Cengage Learning	14,966.74	Purchase of Inventory
114917	09/28/15	Follett Higher Education	11,558.49	Purchase of Inventory
114928	09/28/15	McGraw-Hill Companies	49,320.22	Purchase of Inventory
114931	09/28/15	MPS	13,096.78	Purchase of Inventory
114932	09/28/15	MTC Distributing	10,958.11	Purchase of Inventory
114940	09/28/15	Pearson Education, Inc	38,803.20	Purchase of Inventory
114944	09/28/15	Pepsi-Cola	18,579.25	Purchase of Inventory
114955	09/28/15	SM CC College District	246,608.92	Salaries & Benefits Of August 2015
114959	09/28/15	Sysco Food Company of SF	10,412.11	Purchase of Inventory
114970	09/30/15	SMCCD	19,252.09	Purchase of Inventory
EFT 64342	09/24/15	Board of Equalization	137,527.62	Sales Tax Payment For August 2015
		Subtotal	12,944,294.76	90%
		Warrants Issued ≤ \$10,000	1,387,738.36	10%
		Total Non-Salary Warrants Issued	<u>14,332,033.12</u>	100%
District Accounts Payable		CK#479762-480607 DD65944-66270	10,297,086.48	
District Payroll		CK#109982-110690, DD50097372-50099028	9,487,552.59	
SMCCCD Bookstores		CK#114762-114970, EFT 64342	1,369,134.46	
		Total Warrants Including Salaries - JULY 2015	<u>21,153,773.53</u>	

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
OCTOBER 1-31, 2015
WARRANT SCHEDULE GREATER THAN OR EQUAL TO \$10,000

Check Number	Check Date	Vendor Name	Check Amount	Description
<u>District Accounts Payable</u>				
066272	10/01/15	U.S. Bank National Association ND, .	326,431.76	Districtwide Procurement Card Payment
066274	10/01/15	Computerland	79,172.49	Districtwide Computer Purchases
066277	10/01/15	Sedgwick Claims Management Services. Inc.	11,740.31	Districtwide Worker's Compensation
066278	10/01/15	SMC College Ed Housing Corp - Canada Vista	74,448.00	Cañada Vista Monthly Rent Payment
066279	10/01/15	SMC College Ed Housing Corp - College Vista	50,670.00	College Vista Monthly Rent Payment
066281	10/01/15	SMCCCD Bookstore	11,439.62	Cañada Special Programs Textbook Rental Program
066283	10/01/15	VALIC Retirement Services Company	271,303.76	Tax Shelter Annuities
066314	10/06/15	Meta Bank/BB San Mateo CCD CFA	248,292.14	Financial Aid Disbursement
066322	10/06/15	Sutro Tower Inc.	19,411.00	KCSM TV Broadcast Site Lease At Sutro Tower
066329	10/08/15	Romero-Arias, Debora A.	14,375.00	CSM Student Interpreting Services
066335	10/08/15	Kimbia Inc	10,460.62	KCSM Monthly Credit Card Processing Services
066340	10/08/15	Schneider Electric Buildings Americas, Inc.	11,991.08	Districtwide Building Management System Maintenance
066341	10/08/15	School Project for Utility Rate Reduction (SPURR)	21,400.62	Utilities
066371	10/13/15	Luan, Jing	10,331.00	International Students Recruitment Travel Advancement
066375	10/13/15	Computerland	21,305.01	Districtwide Computer Purchases
066376	10/13/15	Dovetail Decision Consultants, Inc.	10,650.00	Districtwide Furniture Fixtures & Equipment Planning Services
066379	10/13/15	Intermountain Electric Company	64,191.50	CSM & Cañada Parking Lots LED Project
066381	10/13/15	Meta Bank/BB San Mateo CCD CFA	245,708.47	Financial Aid Disbursement
066387	10/13/15	SM County Community College District	15,932.39	Replenish Flex Spending Account
066391	10/13/15	SMCCCD Bookstore	64,669.89	Printing Charges & Cañada Special Programs Textbook Vouchers
066402	10/15/15	Associated Std -Canada	50,000.00	Interbank Transfer
066404	10/15/15	Chen, Gang	25,927.00	International Students Recruitment Services
066419	10/20/15	Constellation NewEnergy, Inc.	73,833.22	Utilities
066426	10/20/15	Meta Bank/BB San Mateo CCD CFA	315,824.83	Financial Aid Disbursement
066433	10/20/15	Siemens Industry, Inc.	85,435.25	Districtwide Fire Alarm System Monitoring Services
066448	10/22/15	San Mateo County Schools Insurance Group	189,713.78	Monthly Dental and Vision Insurance Premiums
066465	10/27/15	Casey Printing, Inc.	16,879.58	CSM Schedule of Classes Printing Services
066472	10/27/15	Meta Bank/BB San Mateo CCD CFA	170,705.51	Financial Aid Disbursement
066481	10/27/15	SMCCCD Bookstore	10,898.75	Skyline Special Programs Textbooks Purchases
066482	10/27/15	SMCCCD Bookstore	12,971.96	Skyline Departmental Billing & Special Program Textbooks Purchase
066483	10/27/15	Swinerton Builders	194,624.13	Program Management Services
480610	10/01/15	American Federation of Teachers	68,597.72	Monthly Union Dues

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
OCTOBER 1-31, 2015
WARRANT SCHEDULE GREATER THAN OR EQUAL TO \$10,000

Check Number	Check Date	Vendor Name	Check Amount	Description
480625	10/01/15	Blackboard Inc.	135,000.00	Districtwide Learning Management Platform Application Purchase
480626	10/01/15	C S E A	13,618.27	Monthly Union Dues
480651	10/01/15	MassMutual Retirement Service	53,249.93	Tax Shelter Annuities
480654	10/01/15	Pacific Gas & Electric Co	15,425.00	Utilities
480656	10/01/15	Public Empl Ret Sys	1,483,572.20	Monthly Health Insurance Premium
480677	10/06/15	Apple Computer, Inc	14,719.24	Districtwide Computer Purchases
480679	10/06/15	B & H Foto & Electronics Corp.	23,301.62	Skyline Equipment Purchase
480687	10/06/15	CSW-Stuber-Stroeh Engineering Group, Inc.	57,245.84	Districtwide Civil Engineering Services
480716	10/06/15	Lionakis	15,200.00	Cañada Civil Engineering Services
480732	10/06/15	Sally Swanson Architects, Inc.	31,535.00	Skyline Architectural Services
480743	10/06/15	Associated Std -Canada	28,649.60	Quarterly Student Fees Reimbursement
480744	10/06/15	Associated Std-CSM	42,997.60	Quarterly Student Fees Reimbursement
480745	10/06/15	Associated Std-Skyline	44,855.83	Quarterly Student Fees Reimbursement
480749	10/06/15	CalPERS	572,706.68	Monthly PERS Classic Members Contribution Advance Payment
480750	10/06/15	CalPERS	117,262.38	Monthly PERS New Member Contribution Advance Payment
480784	10/06/15	U.S. Postal Services	10,000.00	CSM Postage Purchase
480797	10/08/15	CDW LLC	62,427.25	Districtwide Equipment Purchase
480798	10/08/15	City of Redwood City	16,166.40	Utilities
480800	10/08/15	City of San Bruno	25,434.75	Utilities
480808	10/08/15	Hartford Life & Accident Insurance Co.	41,248.27	Monthly Life Insurance Fees
480812	10/08/15	Liberty Mutual Insurance Company	240,681.24	CSM North Gateway Construction Project
480821	10/08/15	Simon Wiesenthal Center, Inc.	15,000.00	Museum of Tolerance Staff Training Services
480824	10/08/15	Strata Information Group	56,581.00	Monthly Districtwide Professional & Management Services
480842	10/13/15	Enviroplex, Inc	98,001.46	Districtwide Athletic Field Replacement
480864	10/13/15	LPAS, Inc.	36,807.62	Skyline Architectural Services
480873	10/13/15	Pacific Gas & Electric Co	42,095.55	Utilities
480898	10/13/15	County of San Mateo	10,718.30	Monthly Parking Income
480900	10/13/15	DTRS St. Francis LLC	44,944.20	Skyline International Global Trade & Logistics Conference Lodging Expenses
480938	10/15/15	Pacific Gas & Electric Co	10,474.12	Utilities
480939	10/15/15	Pacific Gas & Electric Co	58,939.65	Utilities
480963	10/20/15	CDW LLC	37,853.24	Districtwide Equipment Purchases
480979	10/20/15	Sally Swanson Architects, Inc.	10,635.00	Skyline ADA Consultation Services
480981	10/20/15	SJ Cimino Electric Inc.	10,542.00	Cañada Vista Retrofit LED Kits Purchase
480985	10/20/15	Vavrinek, Trine, Day & Co.	18,000.00	Districtwide Audit Services
481005	10/20/15	National Public Radio, Inc.	12,900.00	KCSM NPR Membership Services
481017	10/22/15	Calif Water Service Co	40,607.84	Utilities
481023	10/22/15	Kingston Media	10,000.00	Cañada Television & Online Advertising Services
481024	10/22/15	Los Angeles Community College District	48,241.72	Cañada SETI and JEP Programs Services
481039	10/27/15	Atlas Pellizzari Electric, Inc.	13,000.00	Skyline Electrical Services
481041	10/27/15	Burke, Williams & Sorensen, LLP	32,835.00	CSM North Gateway Legal Services

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
OCTOBER 1-31, 2015
WARRANT SCHEDULE GREATER THAN OR EQUAL TO \$10,000

Check Number	Check Date	Vendor Name	Check Amount	Description
481044	10/27/15	Swinerton Builders	10,243.38	Program Management Services
481103	10/27/15	Mercer Health & Benefit Administration LLC	17,982.00	Districtwide International Students Annual Professional Insurance
<u>District Payroll Disbursement (excluding Salary Warrants)</u>				
J1600804	10/01/15	US Treasury - Federal Payroll Tax	1,985,730.53	Federal Payroll Tax
J1600804	10/01/15	EDD - State Payroll Tax	406,859.01	State Payroll Tax
J1600804	10/01/15	EDD - State Payroll Tax	18,822.58	State Tax-Disability Insurance
J1601084	10/14/15	US Treasury - Federal Payroll Tax	80,170.24	Federal Payroll Tax
J1601026	10/14/15	EDD - State Payroll Tax	12,945.45	State Unemployment Payroll Tax
J1600865	10/07/15	State Teacher Retirement - Cash Balance	75,919.12	STRS Retirement-Cash Balance
J1600838	10/05/15	State Teacher Retirement - Defined Benefit	900,867.89	STRS Retirement-Defined Benefit 95%
J1600936	10/09/15	State Teacher Retirement - Defined Benefit	49,590.14	STRS Retirement-Defined Benefit 95%
<u>SMCCCD Bookstores</u>				
114998	10/20/15	Follett Higher Education	12,007.08	Purchase Of Inventory
115009	10/20/15	John Wiley & Sons Inc	10,487.94	Purchase Of Inventory
115015	10/20/15	Marianna Industries Inc	30,636.20	Purchase Of Inventory
115019	10/20/15	MTC Distributing	13,837.07	Purchase Of Inventory
115023	10/20/15	Nebraska Book Company, Inc	17,455.54	Purchase Of Inventory
115034	10/20/15	Pepsi-Cola	19,455.93	Purchase Of Inventory
115042	10/20/15	SM CC College District	221,059.09	Salaries & Benefits For Sept 2015
115043	10/20/15	Starbucks Coffee Company	10,053.23	Purchase Of Inventory
115047	10/20/15	Sysco Food Company of SF	14,567.56	Purchase Of Inventory
EFT62944	10/30/15	Board of Equalization	45,223.00	Sales Tax Payment For Quarter end Sep 2015
Subtotal			10,406,723.17	93%
Warrants Issued ≤ \$10,000			839,638.70	7%
Total Non-Salary Warrants Issued			<u>11,246,361.87</u>	100%
District Accounts Payable	Ck#480608-481154, DD66271-66490		7,212,136.67	
District Payroll	Ck#110691-111432, DD50099029-50100748		10,376,460.96	
SMCCCD Bookstores	Ck#114971-115057, EFT 62944		<u>490,200.48</u>	
Total Warrants Including Salaries - August 2015			<u>18,078,798.11</u>	

BOARD REPORT NO. 16-1-2CA

TO: Members of the Board of Trustees
 FROM: Ron Galatolo, Chancellor
 PREPARED BY: Kathy Blackwood, Executive Vice Chancellor, 358-6869

APPROVAL OF NONRESIDENT TUITION FEE, 2016-17

Education Code Section 76140 requires community college districts to establish the nonresident tuition fee for the forthcoming fiscal year no later than February 1 and also prescribes the basis for determining the fee. San Mateo County Community College District’s fee for the 2015-16 fiscal year was \$221 per semester unit (Board Report No. 15-1-2CA). For 2016-17, the Administration recommended the total Nonresident Tuition Fee of \$223 per semester unit. Based on the State Cola proposed 1.02%, District Administration recommends the fee of \$215 for 2016-17.

Additionally, Education Code Section 76141(a) allows a district to levy a capital outlay recovery fee on students who are residents as well as citizens of a foreign country. The maximum fee is determined by dividing the amount actually expended for capital outlay in the prior year by the total FTES (full-time equivalent students). The maximum 2016-17 District capital outlay fee is calculated at \$8 per semester unit. District Administration recommends the fee for 2016-17 of \$8.00.

For comparison purposes, the tentative 2016-17 rates for other local community college districts are shown below:

<u>District</u>	<u>Non Resident FTES</u>	<u>Per State Formula</u>	<u>Proposed Fee Per Unit</u>		<u>Recommended</u>
			<u>Base Fee</u>	<u>Capital Outlay Fee</u>	
Chabot/Las Positas CCD	374	211	226	17	243
Contra Costa CCD	2472	234	209	26	235
Foothill DeAnza CCD*	4805	211	212	23	235
Ohlone CCD	628	202	228	4	232
San Francisco CCD*	1326	263	211	7	218
San Jose/Evergreen CCD	322	273	211	4	215
West Valley/Mission CCD	432	233	215	0	215
San Mateo	876	261	215	8	223
State Average		211			
Comparable 12 state average		380			

**Foothill DeAnza CCD quarter rate converted to semester rate, relative to other district rates on chart. As of January 4, 2016, San Francisco CCD has not finished their calculation. For reporting purposes we used the current NR tuition fee.*

RECOMMENDATION

It is recommended that the Board set the 2016-17 nonresident student tuition fee at \$215 per semester unit. It is recommended further that the Board continue to levy a capital outlay recovery fee of \$8 per semester unit and that no exemptions be made for foreign students enrolled in six units or less, bringing the total nonresident fee to \$223 per semester unit for 2016-17.

BOARD REPORT NO. 16-1-3CA

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor
PREPARED BY: Kathy Blackwood, Executive Vice Chancellor, 358-6869

APPROVAL OF 2016-17 INTEGRATED DISTRICT BUDGET PLANNING CALENDAR

The budget development process for 2016-17 requires formulation of a budget calendar. Included in the 2016-17 calendar is consultation with the District Committee for Budget and Finance, which is a subcommittee of the District Participatory Governance Council in matters relating to finance.

The calendar provides timelines for planning, discussions and decisions by the Board, and concludes with adoption of the Final Budget for 2016-17 on September 14, 2016.

RECOMMENDATION

It is recommended that the Board of Trustees approve the attached 2016-17 Integrated District Budget Planning Calendar.

Integrated District Budget Planning Calendar, 2016-17

<u>Date</u>	<u>Campus & District Review/Action</u>	<u>Committee for Budget and Finance Consultation</u>	<u>Board Review/Action</u>
September 2015	Colleges Finalize Spring 2016 Schedule of Classes		
September	College Budget and Planning committees convene <ul style="list-style-type: none"> • Review priorities, budget goals for current year and accomplishments from past year 	District Committee on Budget and Finance convenes	
September - October	Develop program plans and discuss strategies for 15-16 Review external audit reports and audit findings	Discuss Resource allocation model	
October - November	College Budget and Planning committees <ul style="list-style-type: none"> • Develop college budget goals for 2016-2017 • Review District prelim resource allocation Faculty Obligation Number report due to the State 	Discuss and approve new Resource allocation model College/site presentations of allocation model	
October – December	College Budget and Planning committees <ul style="list-style-type: none"> • Submit hiring priorities • Committees submit tentative recommendation for 2016-17 that includes number of positions to be funded 	Review of Budget Calendar, discussion of budget strategies, new resource allocation, and budget development process	
January 7	Governor’s 2016-17 Budget Proposal		
January – February	College Budget and Planning committees <ul style="list-style-type: none"> • Review 2015-16 expenditures 	Review/revise draft of Budget and Planning Calendar Review and reassess estimates of 2016-17 Governor’s Budget proposal and discussion of District revenue and expenditure implications (inform DPGC at its next meeting)	Approval of 2016-17 Budget Calendar, review of Governor’s Budget, review of State and District revenue and expenditure implications, and discussion of program and operational priorities Presentation of prior year external audit reports and audit findings
January – February	Chancellor’s Council <ul style="list-style-type: none"> • Discussions of budget strategies and allocations 	Continuing discussion of District revenue and expenditure options	Board retreat – Review of preliminary District revenue assumptions and expenditure plans
January/ February	Ongoing State budget hearings Legislative Analyst’s Office Review of Governor’s Proposed Budget		

<u>Date</u>	<u>Campus & District Review/Action</u>	<u>Committee for Budget and Finance Consultation</u>	<u>Board Review/Action</u>
February	Colleges Finalize Summer Session 2016 Schedule of Classes	Review of preliminary District revenue assumptions and expenditure plans	District Participatory Governance Council receives budget updates. Board policy discussions/decision regarding budget adjustments
February	"P1" First Principal Apportionment	Review apportionment and District Controller certifies to State Controller	
February/ March	Discussion of budget priorities at Colleges and with Chancellor's Cabinet	Review of 2015-16 Mid-Year Budget Report	Approval of 2015-16 Mid-Year Budget Report
March - May	Departments submit budget requests for 2016-17 to College Budget Committees College Budget committees review requests		
March	Colleges Finalize Fall 2016 Schedule of Classes	Review of Board budget priorities and Districtwide allocations	Review/approval of 2016-17 budget priorities and Districtwide allocations.
Mid-March - April	Run preliminary position control worksheets for 2016-17 Colleges ongoing review of position control		
March – April	College Budget and Planning committees <ul style="list-style-type: none"> Preliminary current year 2015-16 ending balance estimates Colleges prepare for current year external audit		Budget updates with Board; review budget assumptions for Tentative budget Board Goals for 2016-2017
Mid-May	Governor's May Revise		
May	Review of Governor's May Revise	Review of Governor's May Revise (inform DPGC at its next meeting).	Governor's May Revise; budget priorities, goals and objectives.
May	Site Tentative Budgets completed. Work resumes developing final budget after tentative budget is loaded.	Review of Fiscal Management Self-Assessment Checklist	
June	District Office completes budget input and prepares Tentative Budget document	Review of 2016-17 Tentative Budget	
June 22			Adoption of 2016-17 Tentative Budget and 2016-17 Gann Limit
June	"P2" Second Principal Apportionment	Review apportionment and District Controller certifies to State Controller	
June-August	Final adjustments to budget are made.	Committee is updated throughout the summer on major budget changes	
End of June	Enactment of 2016-17 State Budget		

<u>Date</u>	<u>Campus & District Review/Action</u>	<u>Committee for Budget and Finance Consultation</u>	<u>Board Review/Action</u>
July	County finalizes tax increases for 2016-17		
August	Legislative Trailer Bills		
August	State Budget Workshop (held after Advance)		
August	2015-16 books are closed. District Office completes budget input and prepares Final Budget document		
September 2016			Public hearing and Adoption of 2016-17 Final Budget

BOARD REPORT NO. 16-1-1B

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

NOMINATIONS FOR MEMBERSHIP ON THE CALIFORNIA COMMUNITY COLLEGE TRUSTEES (CCCT) BOARD, 2016

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 16, 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. Each district may nominate only members of its own 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.

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. CCCT board members are elected for three-year terms. No CCCT board member shall serve more than three terms consecutively.

For 2016, eight persons will be elected to the board this year. There are six incumbents eligible to run for re-election; one seat is open due to a member who will resign from the CCCT board in the spring; and one seat is being vacated by a board member who did not win re-election at the district level in November.

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

RECOMMENDATION

It is recommended that the Board determine interest of any Board member to be nominated to serve on the CCCT board for 2016. If any Board member consents to be nominated, it is recommended that the Board approve the nomination.



**CCCT BOARD
NOMINATION FORM
2016**

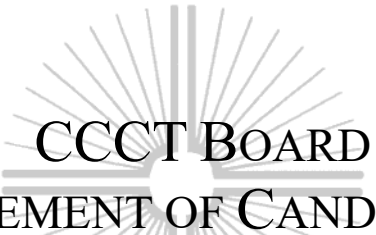
Must be returned to the League office **postmarked no later than February 16, 2016**, along with the statement of candidacy and biographic sketch form. **Faxed and/or electronically mailed material will not be accepted.**

Mail to:
**CCCT Board Nominations
 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
STATEMENT OF CANDIDACY

Must be returned to the League office **postmarked no later than February 16, 2016** along with the nomination form and biographic sketch form. **Faxed and/or electronically mailed 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
BIOGRAPHIC SKETCH FORM

Must be returned to the League office **postmarked no later than February 16, 2016**, along with the nomination form and statement of candidacy. **Faxed and/or electronically mailed 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.*): _____

CIVIC AND COMMUNITY ACTIVITIES

OTHER



**CALIFORNIA COMMUNITY COLLEGE TRUSTEES
2015-16 BOARD ROSTER**

SALLY BIGGIN
Redwoods CCD

STEPHEN BLUM
Ventura County CCD

LAURA CASAS
Foothill DeAnza CCD

STEPHAN CASTELLANOS
San Joaquin Delta CCD

NANCY CHADWICK
Palomar CCD

JANET CHANIOT
President
Mendocino-Lake CCD

PAT CORDOVA GOFF
Student Member
Citrus CCD

DON EDGAR
Sonoma County CCD

PAUL GOMEZ
1st Vice President
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Allan Hancock Joint CCD

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Long Beach CCD

ANN RANSFORD
Glendale CCD

LINDA WAH
Pasadena CCD

San Mateo County Community College District

January 13, 2016

BOARD REPORT NO. 16-1-100B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Kathy Blackwood, Executive Vice Chancellor, 358-6869

RECEIPT AND ACCEPTANCE OF THE 2014-15 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, 2015. 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 2014-15 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, 2015 due date.

**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT
ANNUAL FINANCIAL REPORT
JUNE 30, 2015 AND 2014**

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**TABLE OF CONTENTS**
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FINANCIAL SECTION



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

VALUE THE DIFFERENCE

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component unit, the Education Housing Corporation of San Mateo County Community College District (the District) as of and for the year ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit of the District as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2015, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 6, 2015

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

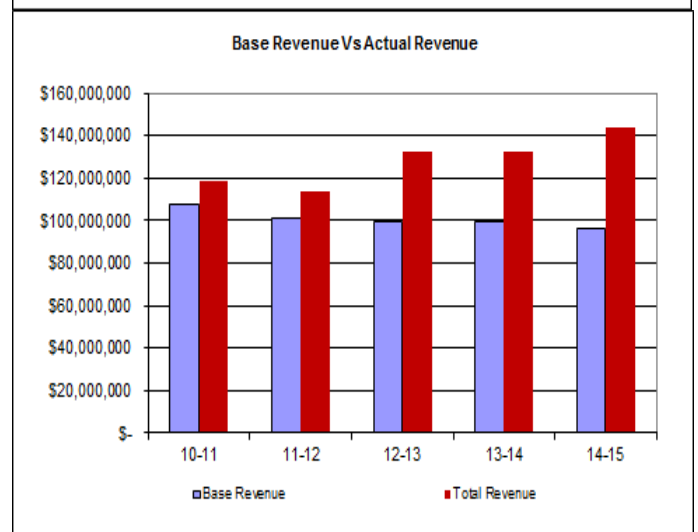
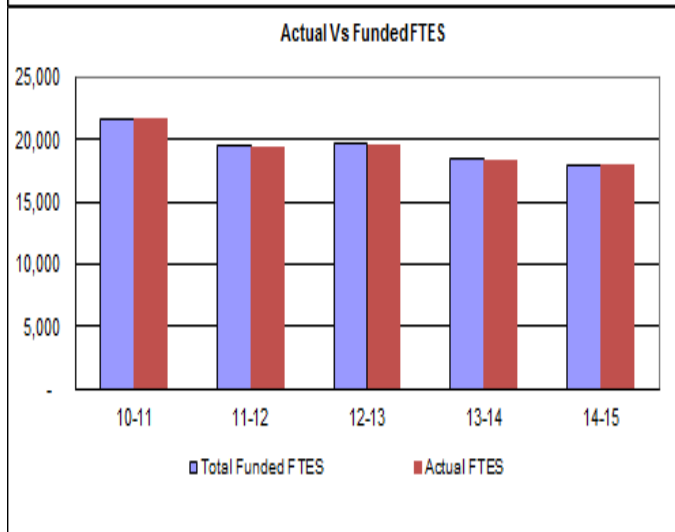
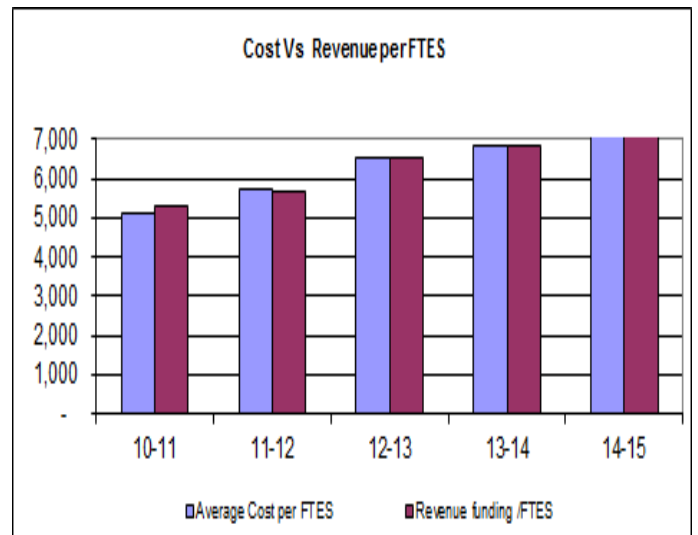
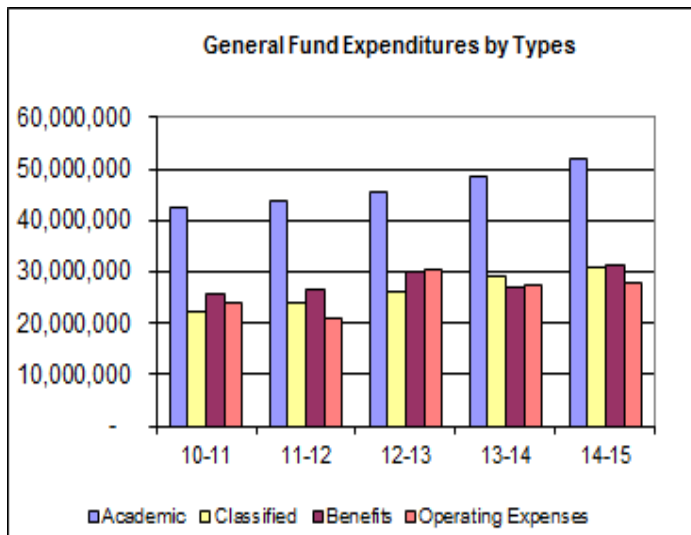
Introduction

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, 2015, June 30, 2014, and June 30, 2013. 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 Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

For comparison purpose, attached below is 5 years financial information



SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Financial Overview Summary

The District's financial statements look considerably different as of June, 2015, than they looked in June, 2014. Due to the requirement to implement GASB Statement No. 68 this year, the District has restated the beginning net position in the government-wide Statement of Net Position and record of pension liability. The requirement is to report on our financial statements the District's portion of the net pension liability of the state's retirement systems for both academic and classified employees. This is not an increase in the District's liabilities, but a change in how they are being reported. As noted in more detail below, the District is required to report over \$100 million of the net liability for those pension systems. As a result, the fiscal year 2014-15 Net Position was a negative \$26 million.

- Due to implementing GASB Statement No. 68, liabilities exceeded assets by \$26 million, and
- Total assets increased \$118 million over last year mainly due to the issuance of capital outlay bonds.
- Net noncurrent assets had an decrease of \$11 million.

- Net non-operating revenue decreased \$12 million due to the discontinuance of the Parcel Tax, fewer Federal grants and no further repayment from Lehman Brothers.
- Before the change due to GASB Statement No. 68, the change in net assets was a negative \$25 million.

Reporting for the District as a Whole

- Economic position of the District with the State

Fiscal Year 2014/15 is the fourth year that the District has been community supported. Community supported means that when the State sets the District's revenue limit (determining how many students we are funded to serve) and deducts from that revenue limit the local property taxes and student fees, there is no need for State apportionment to sum to our revenue limit. This means that the District has somewhat more resources and is no longer subject to the state borrowing funds by delaying apportionment payments. The District is now firmly in community supported status and anticipates to receive upwards of \$30 million in 2015/16 in excess of what the District would have received had we been subject to the state's revenue limit. In addition to an increase in property taxes, the District is receiving funds from the dissolution of Redevelopment Agencies (RDAs). As less of the property taxes are being diverted to RDAs, more of them come to SMCCCD. The former RDAs are also slowly beginning the process of selling off their property, which brings some one-time funds to District coffers. Fiscal Year 2013/14 was the last year for receiving funds from the parcel tax (Measure G) and the funds were fully expended in 2014/15. All in all, the District's revenues have increased and, with a steady real estate market, show every sign of continuing increase.

Salaries and Benefits

- The expenditure projection for salaries includes annual increases for movement on step and column placements and longevity service increments only. The District has not received a revenue COLA from the State since 2007- 08. Since becoming community supported and benefitting from increased in property assessed values per negotiated agreements, fiscal year 2015-16 reflects a salary adjustment of 4.78% across all employee groups. The budget includes January 1, 2016 increases (on average, the rates went up 11.62% across plans) in non-capped health premium rates for employees and retirees. Dental insurance and vision premiums remained unchanged. The PERS rate increased from 11.771% to 11.847% and based on legislative action, the STRS rate increased from 8.88% to 10.73%. The District's Unemployment Insurance Contribution Rate remained at 0.055%. Due to its favorable insured loss

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

experience and current insurance market conditions, the District expects minimal changes to insurance rates for 2015-16. Workers' compensation costs decreased slightly to from 1.0% to 0.96% of salaries. To comply with GASB 45, in 2009-10, the District began charging itself an amount to cover the future medical benefit costs for current employees. These charges appear as part of the benefit expenses in all funds.

- Bond construction

As of June 30, 2015, \$497.6 million of the \$501 million Measure A November 2005 general obligation

(GO) bond (with interest) and \$3.48 million of the \$388 million Measure H November 2014 GO bond have been spent or encumbered by contract. The projects planned under the 2005 GO bond are substantially completed with students and staff occupying the new and renovated buildings at CSM, Skyline and Cañada College.



Canada Building 3 Theater



Canada Building 9 Library, Learning Center

Various small and medium size projects were completed throughout the year including: Parking Lot and Roadway Light Upgrade, Phase 1; Building 3 Theatre House Lighting; Menlo Park Classroom Renovation; Building 8 Server Move; and Building 13 Business Labs Furniture Upgrade

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015



College of San Mateo Health & Wellness

College of San Mateo Building 10 College Center



Various small projects were completed throughout the year including: Parking Lot and Street Light Upgrade, Phase 1; Building 3 Theatre House Lighting; Choral Room Facelift; Library Carpet Replacement; Softball Field Netting, Exterior Signage and Paint Upgrades; and Building 1 Top Floor Repurpose and Office Setup



Skyline College Building 4

Skyline College Building 5 and 6



SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

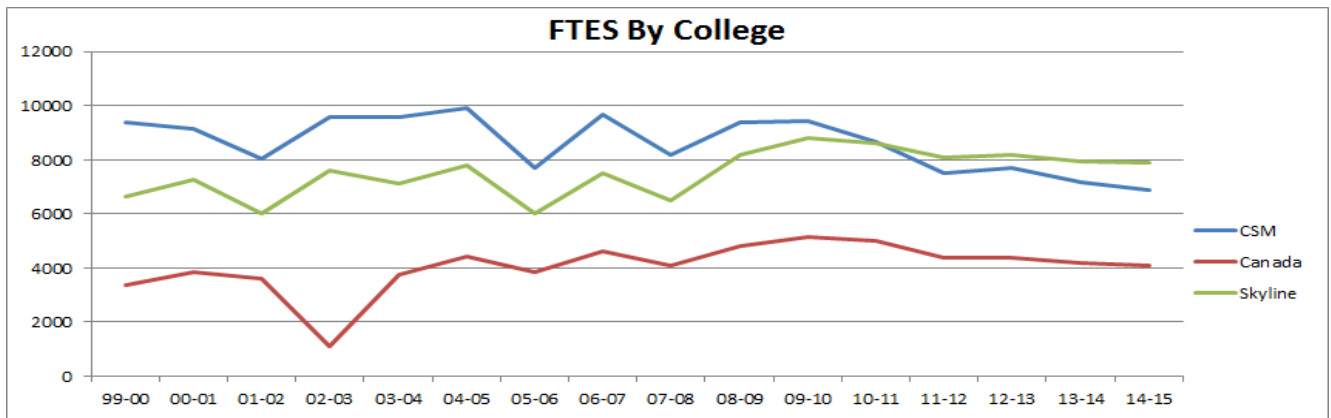
Various small and medium size projects were completed throughout the year including: Upper Soccer Trench Drain; Middle College Build Out; and Guardian Scholars Build Out

Districtwide:

Various small and medium size projects were completed throughout the year including: Districtwide Design Standards Update ; District Office Restroom Remodel; Districtwide Security and Electronic Access Control Upgrade; Districtwide ONUMA Implementation; and Districtwide Seismic Valve Upgrades

- Enrollment

For SMCCCD, enrollment no longer drives funding, since property taxes and fees primarily determine funding. Historically, the District’s enrollment goes up when unemployment goes up and goes down when the economy recovers. The District’s enrollment declined with the recession, however, because the state cut the funds provided for enrollment. In 2014/15, the District’s enrollment declined as was anticipated due to the robust economy in San Mateo County. The chart below shows the history of FTES in the District.



PERS and STRS Pensions. The District participates in the Public Employees Retirement System (CalPERS) and State Teachers Retirement System (CalSTRS). The District and the employee each pay a percentage of the employee’s salary into one of these systems. The State of California has contributed to these systems as well. The rates that are paid are set by the CalPERS Board for CalPERS and by the State legislature for CalSTRS. Over the years, the employee rates for both systems have not changed, but the CalPERS Board has decreased or increased the employer rate as deemed necessary. At this time, both systems are underfunded in terms of their total liability. Last year, the CalPERS Board projected (subject to change) and the State legislature set (in law) rates that are projected to near or exceed 20% by 2021. We anticipate these increases to cost the District at least \$9 million annually by 2021.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

	CalPERS	CalSTRS
2013-14	11.44%	8.25%
2014-15	11.77%	8.88%
2015-16	11.85%	10.73%
2016-17	13.05%	12.58%
2017-18	16.60%	14.43%
2018-19	18.20%	16.28%
2019-20	19.90%	18.13%
2020-21	20.20%	19.10%

In addition, for the first time, and effective with our 2014/15 fiscal year, GASB 68 requires the District to record its share of the systems' total liabilities for these benefits. The rationale is that the employers all have pooled to create these systems and thus are jointly responsible for any shortfall in the systems' reserves. Each of the systems has less funding than their actuarial studies say is needed to provide benefits for current and future retirees.

	CalSTRS	CalPERS	Total
Net Pension Liability	\$ 58,437,000,000	\$ 11,352,434,849	
SMCCCD Share	0.1029%	0.3571%	
SMCCCD Liability	\$ 60,122,504	\$ 40,542,482	\$ 100,664,986

This means that on our 6/30/2015 Statement of Net Position, the District will record an additional \$100 million of liability. Even though our Statement of Net Position is entity-wide, that is, it includes all funds, we do have a negative ending balance or Net Position, significantly less than the previous year.

Table 1 – Statement of Net Position with and without GASB 68 – Pension adjustment

As the result of implementing GASB Statement No 68, the District has restated the beginning net position in the government-wide Statement of Net Position. Effectively decreasing net position as of July 1, 2014, by \$120 million. The decrease results from recognizing the net pension liability, net of related deferred outflows of resources.

Table below shown amount of Total Net Position between with and without implementing GASB Statement No 68.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION (With and Without GASB Pension Adjustment)
JUNE 30,

	GASB (Pension Adjustment)	
	With	Without
	(In Thousand)	(In Thousand)
	2015	2015
ASSETS		
Current Assets		
Cash and investments	\$ 314,814	\$ 314,814
Restricted cash and investments	43,337	43,337
Accounts receivable, net	12,316	12,316
Prepaid expenses	1,827	1,827
Stores inventories	3,186	3,186
Total Current Assets	375,480	375,480
Noncurrent Assets		
Nondepreciable capital assets	50,019	50,019
Depreciable capital assets, net of depreciation	588,731	588,731
Total Noncurrent Assets	638,750	638,750
TOTAL ASSETS	1,014,230	1,014,230
DEFERRED OUTFLOWS OF RESOURCES		
Current year pension contribution	8,417	-
LIABILITIES		
Current Liabilities		
Accounts payable	18,916	18,916
Interest payable, restricted	3,703	3,703
Unearned revenue	12,300	12,300
Bonds and notes payable - current portion	19,635	19,635
Bond premium - current portion	2,405	2,405
Total Current Liabilities	56,959	56,959
Noncurrent Liabilities		
Compensated absences payable - noncurrent portion	4,110	4,110
Bonds and notes payable - noncurrent portion	820,258	820,258
Aggregate net pension obligation	100,665	-
Other long-term liabilities - noncurrent portion	38,154	38,154
Total Noncurrent Liabilities	963,187	862,522
TOTAL LIABILITIES	1,020,146	919,481
DEFERRED INFLOWS OF RESOURCES		
Difference between projected and actual return on pension plan investments	28,736	-
NET ASSETS		
Net Invested in capital assets	(100,971)	(100,971)
Restricted for:		
Debt service	43,388	43,388
Capital projects	80,516	80,516
Educational programs	15,186	15,186
Other activities	19,243	19,243
Unrestricted	(83,597)	37,387
TOTAL NET POSITION	\$ (26,235)	\$ 94,749

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Net Position

The Statement of Net Position 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 Position, 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 and with Wells Fargo Bank, proceeds from the District's general obligation construction bond, Institutional Investment Pool and certificates of deposit with various banks.
- Accounts receivable primarily consists of revenues from local, state, and federal sources from which the District had earnings but which were not received as of the fiscal year's closing date.
- Inventories and other assets include prepaid expenses and bookstore inventories.
- Capital assets, net of depreciation, are the net historical value of land, buildings, construction in progress and equipment less accumulated depreciation.
- Accounts payable and accrued liabilities consist of payables to the state, and federal governments for grants, as well as benefits, salaries and amounts owed to 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, state 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 payable.
- According to GASB Statements, equity is reported as Net Position, rather than Fund Balance. The District's Net Position is classified as follows:
 - Net Investment in capital assets, represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets.
 - Restricted Net Position consists of expendable and nonexpendable portions. Restricted expendable Net Position includes resources which the District is contractually obligated to expend in accordance with restrictions imposed by external third parties.
 - Unrestricted Net Position represents resources used for transactions relating to the educational and general operations of the District.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Table 2 Statement of Net Position

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30,

	(In Thousand) 2015	(In Thousand) 2014	(In Thousand) 2013
ASSETS			
Current Assets			
Cash and investments	\$ 314,814	\$ 202,973	\$ 203,484
Restricted cash and investments	43,337	28,873	26,437
Accounts receivable, net	12,316	10,863	10,578
Prepaid expenses	1,827	520	239
Stores inventories	3,186	2,722	2,612
Total Current Assets	375,480	245,951	243,350
Noncurrent Assets			
Nondepreciable capital assets	50,019	47,819	32,558
Depreciable capital assets, net of depreciation	588,731	602,153	625,598
Total Noncurrent Assets	638,750	649,972	658,156
TOTAL ASSETS	1,014,230	895,923	901,506
DEFERRED OUTFLOWS OF RESOURCES			
Current year pension contribution	8,417	8,070	-
LIABILITIES			
Current Liabilities			
Accounts payable	18,916	16,792	17,030
Interest payable, restricted	3,703	3,935	5,866
Unearned revenue	12,300	10,084	11,921
Bonds and notes payable - current portion	19,635	17,290	17,290
Bond premium - current portion	2,405	2,000	2,000
Total Current Liabilities	56,959	50,101	54,107
Noncurrent Liabilities			
Compensated absences payable - noncurrent portion	4,110	4,191	3,848
Bonds and notes payable - noncurrent portion	820,258	693,284	689,806
Aggregate net pension obligation	100,665	128,665	-
Other long-term liabilities - noncurrent portion	38,154	28,444	30,444
Total Noncurrent Liabilities	963,187	854,584	724,098
TOTAL LIABILITIES	1,020,146	904,685	778,205
DEFERRED INFLOWS OF RESOURCES			
Difference between projected and actual returns on pension plan investments	28,736	-	-
NET ASSETS			
Net Invested in capital assets	(100,971)	(64,293)	(49,609)
Restricted for:			
Debt service	43,388	28,911	26,472
Capital projects	80,516	79,595	80,805
Educational programs	15,186	14,936	13,899
Other activities	19,243	27,362	22,441
Unrestricted	(83,597)	(87,203)	34,476
TOTAL NET POSITION	\$ (26,235)	\$ (692)	\$ 128,484

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position shown below consists of operating and non-operating results for the District. Operating revenues represent all revenues from exchange transactions, in which each party gives and receives essentially equal value. Non-operating revenues include State apportionments, property tax revenues, investment earnings, certain Federal and State grants, entitlements, and donations.

Table 3 – Statement of Operating Revenues

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30,

	2015	2014	2013
OPERATING REVENUES			
Student Tuition and Fees	\$ 17,580	\$ 15,128	\$ 14,786
Auxiliary Enterprise Sales and Charges	8,163	7,796	7,003
Internal Service Sales and Charges	1,012	957	917
TOTAL OPERATING REVENUES	26,755	23,881	22,706
OPERATING EXPENSES			
Salaries	103,507	98,860	92,004
Employee benefits	40,621	33,756	37,376
Supplies, materials, and other operating expenses and services	33,950	32,457	30,009
Equipment, maintenance, and repairs	882	2,049	1,117
Student financial aid	21,502	22,429	23,113
Depreciation	25,798	25,690	27,595
TOTAL OPERATING EXPENSES	226,260	215,241	211,214
OPERATING LOSS	(199,505)	(191,360)	(188,508)
NONOPERATING REVENUES (EXPENSES)			
State apportionments, noncapital	1,006	938	932
Local property taxes, levied for general purposes	115,821	108,803	103,865
Local property taxes, levied for special purposes	32,628	31,263	28,977
Parcel tax	-	7,080	6,986
Federal grants	24,464	25,022	26,669
State grants	14,033	13,400	9,522
Local grants	2,852	2,896	2,425
State taxes and other revenues	3,500	3,028	3,536
Investment income (loss), net	2,270	10,126	2,540
Interest expense on capital related debt	(28,708)	(25,293)	(22,086)
Interest income on capital asset-related debt, net	168	416	204
Other nonoperating revenues (expenses)	2,211	4,802	333
TOTAL NONOPERATING REVENUES (EXPENSES)	170,245	182,481	163,903
LOSS BEFORE OTHER REVENUES AND EXPENSES	(29,260)	(8,879)	(24,605)
State revenues, capital	3,028	5,021	1,465
Local revenues, capital	689	461	2,534
TOTAL OTHER REVENUES AND EXPENSES	3,717	5,482	3,999
CHANGE IN NET ASSETS	(25,543)	(3,397)	(20,606)
NET ASSETS, BEGINNING OF YEAR	119,902	123,299	149,090
PRIOR PERIOD RESTATEMENT	(120,594)	(120,594)	-
NET ASSETS, END OF YEAR	\$ (26,235)	\$ (692)	\$ 128,484

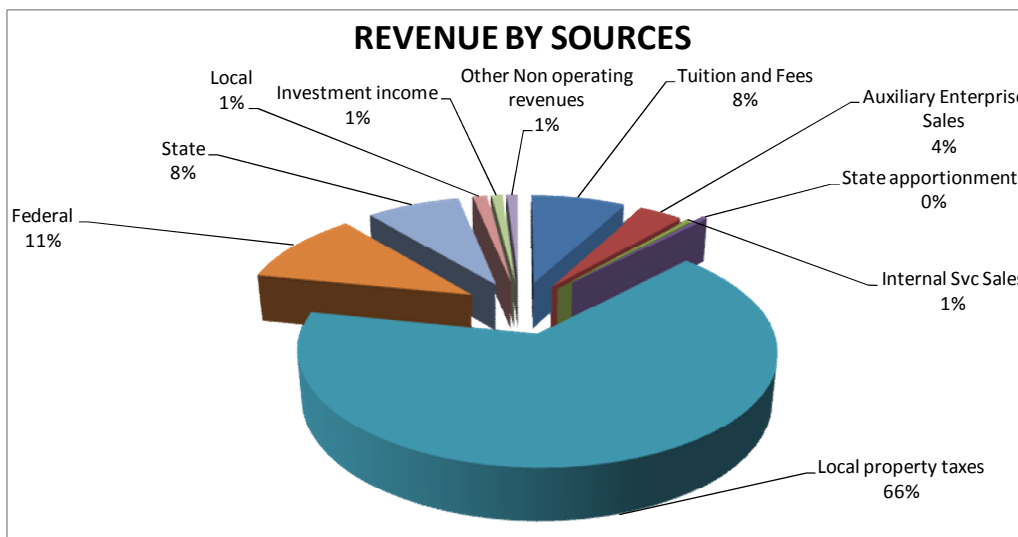
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Explanatory information for the statement is as follows:

- Tuition and Fees include enrollment, health, non-resident tuition, other student fees, less scholarship discount and allowance as defined by GASB statement No. 35.
- Auxiliary Enterprise Sales and Charges consist of bookstore and cafeteria sales and fitness center income, less discount allowances.
- Internal Services include self-insurance for General Liability and Workers Compensation.
- State apportionments, non-capital includes state apportionment, apprenticeship, and child 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 April 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.
- 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.
- 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 maintenance funding and issuance of the General Bond. These revenues relate mainly to construction activities.

Below is an illustration of District revenues by source:

Graph 1. Revenue by Sources



SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

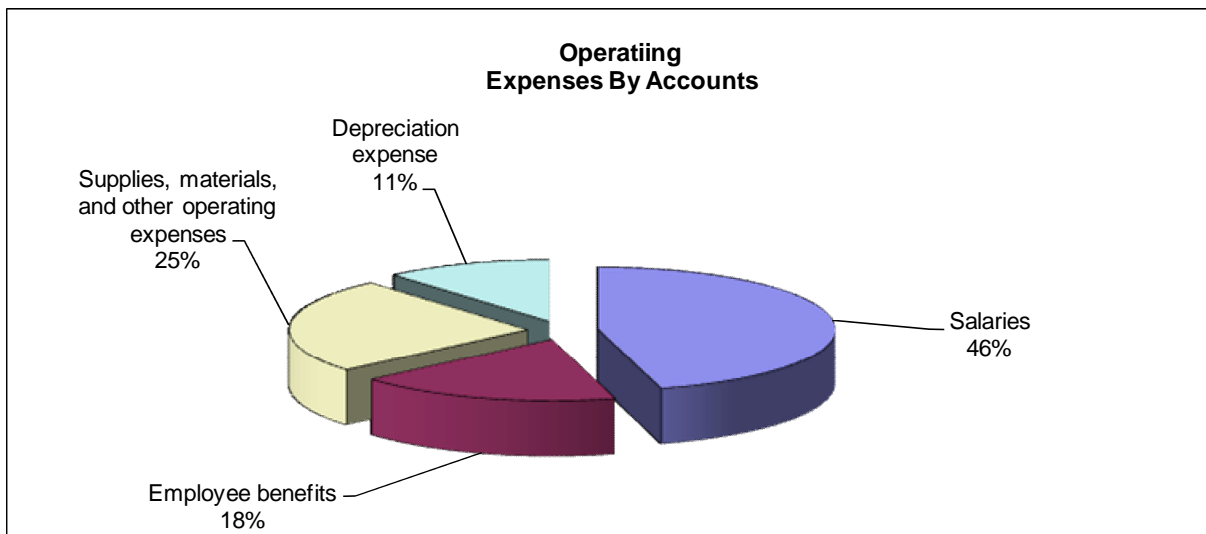
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Revenues and expenses changed mainly due to the following:

- Operating Revenue experienced an increase due to an increase in tuition and fees.
- Non-operating Revenue increased mainly due to an increase in local property taxes and a decrease in interest expense on capital related debt.

Graph 2. Operating Expenses By Accounts



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

- Salaries and benefits expenses represent the largest percentage of the District's operating expenses.
- 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 using 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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

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

Table 4 – Statement of Cash Flows

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30,

	2015	2014	2013
	in thousands	in thousands	in thousands
CASH FLOWS PROVIDED BY (USED IN):			
Operating Activities	\$ (156,641)	\$ (165,957)	\$ (157,930)
Noncapital financing activities	196,386	195,108	184,237
Capital financing activities	84,319	(37,369)	(28,267)
Investing activities	2,241	10,146	2,741
NET INCREASE IN CASH AND CASH EQUIVALENTS	126,305	1,925	782
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	231,846	229,921	229,139
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 358,151</u>	<u>\$ 231,846</u>	<u>\$ 229,921</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Economic Factors and the 2015-16 Budget

Being community supported, the District's revenues primarily consist of property tax revenues and student fees and are relatively predictable. The County Assessor's Office has stated that the property tax base went up 7.72% county-wide in 2014-15, which means our projected revenues in 2015/16 are 7.72% higher. In addition, the District received over \$7 million of one-time and ongoing reallocated redevelopment funds in 2014/15 due to the demise of redevelopment agencies in 2011/12. The ongoing portion of these funds will continue to grow as property taxes grow, and also as the former redevelopment agencies pay off their debt. This puts the District on very solid financial footing. The District continues to build multi-year financial plans and has planned balanced budgets through 2017/18.

C.I.P. Planning 2014-15 and Beyond

Staff continues to revise and update the master schedule and the master budget of the Capital Improvement Program to coincide with the funding and programming requirements. However, the District has experienced a decline in State Capital Outlay funds for projects on all three campuses due to the fact that the State failed to approve an educational facilities bond since 2006.

Compilations of site-specific activities, which are currently in design or construction phase, are listed below:

Cañada College:

- Parking Lot and Roadway Light Upgrade, Phase 2 (LED)
- Tennis Court Office Conversion
- Space Needs Analysis
- New Team House
- Building 1 Physical Education / Athletics
- Building 23N Math/Science/Technology
- Swing Space Planning for Construction

College of San Mateo:

- North Gateway Project, Phase 2: Demolition of Buildings 21-29, Landscape and Hardscape
- Building 1, 14, 16, and Colonnades Roof Replacement
- Parking Lot and Street Light Upgrade, Phase 2 (LED)
- Building 6 Aquatics Center Pool System Upgrade
- Building 36 Chemistry Ventilation Upgrades
- Solar and Energy Storage
- Building 17 Student Life and Learning Communities Renovation
- Building 3 Humanities and Arts Renovation

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Skyline College:

- Building 14 Roof Replacement
- Building 1N Social Science and Creative Arts
- Building 12N Environmental Science
- Building 15N Career and Sustainable Technology
- New Team House
- Building 2 Signage Upgrade
- Building 2, 3rd Floor, Global Learning Program Services Renovation
- Swing Space Planning for Construction

District Wide:

- District Office Deck Waterproofing Replacement
- Districtwide Utility Measurement & Verification
- DW Network Core Switch Upgrade
- DW UPS Device (MDF/IDF) Replacement
- DW Symetra UPS Device (MPOE) Replacement
- DW Network Firewall Switch Replacement
- DW Telephone System Replacement
- DW Wireless Access Point (WAP) Replacement
- DW Network Switch Upgrade
- DW Server Replacement
- DW Evacuation Map Upgrade
- DW Earthquake Preparedness Program

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

In response to the very high cost of housing in San Mateo County, the College District built two apartment projects for faculty and staff, namely College Vista and Cañada Vista. The College District has a total of 104 units—60 at Cañada Vista and 44 at College Vista. Rents for these units are significantly below market, which allows residents to save for a down payment on a home. To date, 37 residents have moved out of the faculty and staff housing and purchased their own home.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

College Vista:



Cañada Vista:



Opened in August, 2010 and College Vista has been open for more than 8 ½ years. Interior amenities at both projects include 9 foot ceilings, wood entryways, individual patios or decks; individual garages, large windows and sliding glass doors. The College District believes that provision of this housing has helped the District increase its retention of employees.

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 Kathy Blackwood, Executive Vice Chancellor, by phone at 650-358-6869 or by e-mail at blackwoodk@smccd.edu.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF NET POSITION - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash and investments	\$ 314,813,837	\$ 202,972,467
Restricted cash and investments	43,337,423	28,873,380
Accounts receivable, net	12,315,518	10,863,274
Prepaid expenses	1,827,253	519,644
Inventories	3,185,633	2,721,741
Total Current Assets	<u>375,479,664</u>	<u>245,950,506</u>
Noncurrent Assets		
Nondepreciable capital assets	50,019,156	47,818,819
Depreciable capital assets, net of depreciation	588,731,370	602,153,169
Total Noncurrent Assets	<u>638,750,526</u>	<u>649,971,988</u>
TOTAL ASSETS	<u>1,014,230,190</u>	<u>895,922,494</u>
DEFERRED OUTFLOWS OF RESOURCES		
Current year pension contribution	<u>8,416,654</u>	<u>8,070,086</u>
LIABILITIES		
Current Liabilities		
Accounts payable	18,915,558	16,791,999
Interest payable	3,703,388	3,935,426
Unearned revenue	12,300,099	10,083,671
Bonds and notes payable - current portion	19,635,000	17,290,000
Bond premium - current portion	2,404,951	2,000,003
Total Current Liabilities	<u>56,958,996</u>	<u>50,101,099</u>
Noncurrent Liabilities		
Compensated absences payable - noncurrent portion	4,109,861	4,191,399
Bonds and notes payable - noncurrent portion	820,258,350	693,284,017
Aggregate net pension obligation	100,664,986	128,663,876
Other long-term liabilities - noncurrent portion	38,154,094	28,444,333
Total Noncurrent Liabilities	<u>963,187,291</u>	<u>854,583,625</u>
TOTAL LIABILITIES	<u>1,020,146,287</u>	<u>904,684,724</u>
DEFERRED INFLOWS OF RESOURCES		
Difference between projected and actual returns on pension plan investments	<u>28,735,903</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	(100,971,478)	(64,292,833)
Restricted for:		
Debt service	43,388,339	28,911,155
Capital projects	80,516,345	79,595,373
Educational programs	15,185,452	14,936,401
Other activities	19,243,321	27,361,985
Unrestricted	<u>(83,597,325)</u>	<u>(87,204,225)</u>
TOTAL NET POSITION	<u>\$ (26,235,346)</u>	<u>\$ (692,144)</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
OPERATING REVENUES		
Student Tuition and Fees	\$ 29,027,025	\$ 27,149,929
Less: Fee waivers and allowance	(10,993,149)	(11,555,108)
Less: Bad debt	(454,304)	(466,483)
Net tuition and fees	<u>17,579,572</u>	<u>15,128,338</u>
Auxiliary Enterprise Sales and Charges		
Bookstore	3,517,342	3,246,113
Cafeteria	296,922	314,286
Fitness Center	4,348,781	4,234,859
Internal Service Sales and Charges	1,011,977	956,991
TOTAL OPERATING REVENUES	<u>26,754,594</u>	<u>23,880,587</u>
OPERATING EXPENSES		
Salaries	103,507,028	98,860,058
Employee benefits	40,621,198	33,755,593
Supplies, materials, and other operating expenses and services	33,949,551	32,457,261
Equipment, maintenance, and repairs	882,078	2,049,761
Student financial aid	21,502,146	22,428,448
Depreciation	25,797,686	25,689,851
TOTAL OPERATING EXPENSES	<u>226,259,687</u>	<u>215,240,972</u>
OPERATING LOSS	<u>(199,505,093)</u>	<u>(191,360,385)</u>
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	1,005,977	938,181
Local property taxes, levied for general purposes	115,821,157	108,803,544
Local property taxes, levied for special purposes	32,628,127	31,262,943
Parcel tax	493	7,080,146
Federal grants	24,464,140	25,021,878
State grants	14,033,414	13,399,657
Local grants	2,852,016	2,895,554
State taxes and other revenues	3,497,496	3,027,935
Investment income (loss), net	2,270,458	10,125,576
Interest expense on capital related debt	(28,708,402)	(25,292,690)
Interest income on capital asset-related debt, net	167,984	415,740
Other nonoperating revenues (expenses)	2,211,874	4,802,418
TOTAL NONOPERATING REVENUES	<u>170,244,734</u>	<u>182,480,882</u>
LOSS BEFORE OTHER REVENUES AND EXPENSES	<u>(29,260,359)</u>	<u>(8,879,503)</u>
State revenues, capital	3,028,447	5,020,579
Local revenues, capital	688,710	461,014
TOTAL OTHER REVENUES AND EXPENSES	<u>3,717,157</u>	<u>5,481,593</u>
CHANGE IN NET POSITION	(25,543,202)	(3,397,910)
NET POSITION, BEGINNING OF YEAR, as restated	(692,144)	2,705,766
NET POSITION, END OF YEAR	<u>\$ (26,235,346)</u>	<u>\$ (692,144)</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS – PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 18,384,731	\$ 15,290,977
Local grants and contracts	(76,495)	(24,078)
Payments to vendors for supplies and services	(38,889,437)	(31,575,910)
Payments to or on behalf of employees	(123,850,431)	(135,832,865)
Payments to students for scholarships and grants	(21,502,146)	(22,428,448)
Auxiliary sales	9,293,258	8,612,642
Net Cash Flows Used In Operating Activities	<u>(156,640,520)</u>	<u>(165,957,682)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	2,163,014	(755,484)
Property taxes, levied for general purposes	115,821,157	108,803,544
Property taxes, levied for special purposes	32,628,127	31,262,943
Grant and contracts	40,477,056	39,887,299
State taxes and other apportionments	3,173,267	3,799,831
Other receipts and disbursements	2,123,985	12,108,920
Net Cash Flows From Noncapital Financing Activities	<u>196,386,606</u>	<u>195,107,053</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(10,307,822)	(16,928,759)
Loss on disposal of capital assets	176,764	1,540
Proceeds from sale of general obligation bond	141,013,987	-
State revenue, capital projects	3,028,447	5,020,579
Local revenue, capital projects	688,710	461,014
Principal paid on capital debt	(21,508,749)	(19,290,003)
Interest paid on capital debt	(28,940,440)	(7,050,443)
Interest received on capital asset-related debt	167,984	415,740
Net Cash Flows Used In Capital Financing Activities	<u>84,318,881</u>	<u>(37,370,332)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	<u>2,240,446</u>	<u>10,145,605</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	126,305,413	1,924,644
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	231,845,847	229,921,203
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 358,151,260</u>	<u>\$ 231,845,847</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF CASH FLOWS, PRIMARY GOVERNMENT, Continued
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (199,505,093)	\$ (191,360,385)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense	25,797,686	25,689,851
Changes in Assets and Liabilities:		
Accounts receivables, net	(316,285)	(475,502)
Inventories	(463,892)	(109,935)
Prepaid and other current assets	(1,307,609)	(280,866)
Student loans receivable, net	(76,495)	(24,078)
Accounts payable and accrued liabilities	17,991,488	(105,213)
Unearned revenue	1,239,680	708,446
Total Adjustments	<u>42,864,573</u>	<u>25,402,703</u>
Net Cash Flows Provided For Operating Activities	<u>\$ (156,640,520)</u>	<u>\$ (165,957,682)</u>
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash and investments	\$ 314,813,837	\$ 202,972,467
Restricted cash and investments	43,337,423	28,873,380
Total Cash and Cash Equivalents	<u>\$ 358,151,260</u>	<u>\$ 231,845,847</u>
NON CASH TRANSACTIONS		
On behalf payments for benefits	<u>\$ 2,259,770</u>	<u>\$ 2,132,102</u>
BOG Waivers	<u>\$ 10,993,149</u>	<u>\$ 11,555,108</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2015 AND 2014

	2015		2014	
	Agency Fund		Agency Fund	
	Associated Students Trust	Student Representation Fee	Associated Students Trust	Student Representation Fee
ASSETS				
Cash and cash equivalents	\$ 1,810,761	\$ 140,976	\$ 1,865,386	\$ 138,859
Accounts receivable	266,228	-	287,807	-
Fixed assets	3,442	-	4,917	-
Total Assets	\$ 2,080,431	\$ 140,976	\$ 2,158,110	\$ 138,859
LIABILITIES				
Accounts payable	\$ 959,530	\$ -	\$ 1,051,485	\$ -
Due to student groups and other	1,120,901	140,976	1,106,625	138,859
Total Liabilities	\$ 2,080,431	\$ 140,976	\$ 2,158,110	\$ 138,859

The accompanying notes are in 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, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 150,804	\$ 161,212
Intergovernmental receivables (SMCCCD)	10,843	-
Interest Receivables	82	-
Total Assets	<u>\$ 161,729</u>	<u>\$ 161,212</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Rent security deposits	\$ 141,395	\$ 143,985
Total Liabilities	<u>141,395</u>	<u>143,985</u>
 NET ASSETS		
Unrestricted	20,334	17,227
Total Net Assets	<u>20,334</u>	<u>17,227</u>
 Total Liabilities and Net Assets	<u>\$ 161,729</u>	<u>\$ 161,212</u>

The accompanying notes are in 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, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
REVENUES		
Rental income	\$ 1,513,804	\$ 1,516,903
Interest and dividends	1,264	1,414
Water reimbursement	3,696	12,511
Other local income	3,300	143,618
Total Revenues	<u>1,522,064</u>	<u>1,674,446</u>
EXPENSES		
Operating expenses	411,957	456,243
Total Expenses	<u>411,957</u>	<u>456,243</u>
OTHER SOURCES AND USES		
Transfer out to SMCCCD	(1,107,000)	(1,217,000)
Total Other Uses	<u>(1,107,000)</u>	<u>(1,217,000)</u>
CHANGE IN NET ASSETS	3,107	1,203
NET ASSETS, BEGINNING OF YEAR	17,227	16,024
NET ASSETS, END OF YEAR	<u>\$ 20,334</u>	<u>\$ 17,227</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, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,107	\$ 1,203
Changes in Assets and Liabilities		
Accounts receivable	(10,843)	-
Rent security deposits	(2,590)	8,685
Net Cash Flows Provided For Operating Activities	<u>(10,408)</u>	<u>9,888</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(10,408)	9,888
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	161,212	151,324
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 150,804</u>	<u>\$ 161,212</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 1 – ORGANIZATION

Organization

The San Mateo County Community College District (the District) was established in 1922 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering 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. 61.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

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

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 of the District as if the activity was the District’s. This activity is accounted for in the District’s COP Payment Fund and COP Construction Fund. Individually-prepared financial statements are not prepared for the Corporation.

The *San Mateo County Community Colleges Educational Housing Corporation* (the Housing Corp.) is a non-profit organization under IRS Code Section 510(c)(3). The Board of the Housing Corp. is the same as the District's. The Housing Corp. meets the criteria of the governing authority's ability to significantly influence operations and accountability for fiscal matters and the criteria for inclusion in the District's reporting entity. Its purpose is to operate staff and faculty housing. The financial activity of the Housing Corp. is reported as a separate discretely presented component unit. Individually-prepared financial statements are not prepared for the Housing Corp.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015**

The *San Mateo County Community Colleges Foundation* (the Foundation) is a non-profit organization under IRS Code Section 501(c)(3). The District has determined that the Foundation does not meet the criteria of the governing authority's ability to significantly influence operations and accountability for fiscal matters and the criteria for inclusion in the District's report entity. It is dedicated to providing assistance to the students, teachers, and programs of the Colleges. The financial activity of the Foundation is not included in this report. Individually-prepared financial statements can be obtained from the District Business Office.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38 and No. 39. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

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

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

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

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements. The District has elected not to apply FASB pronouncements issued after November 30, 1989.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37, No. 38, and No. 39. 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 Position – Primary Government
 - Statement of Revenues, Expenses, and Changes in Net Position – Primary Government
 - Statement of Cash Flows – Primary Government
 - Financial Statements for the Fiduciary Funds including:
 - Statements of Fiduciary Net Position
- Notes to the Financial Statements

Cash and Cash Equivalents

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

Investments

In accordance with GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. Investments held at June 30, 2015 and 2014, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted Assets

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

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon a five-year average ratio over actual revenues. The allowance was estimated at \$2,800,639 and \$2,799,463 for the years ended June 30, 2015 and 2014, respectively.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Prepaid Expenditures

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

Inventory

Inventory consists primarily of bookstore merchandise 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 to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed.

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

Debt Issuance Costs, Premiums, and Discounts

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for the current year pension contributions.

In addition to liabilities, the Statement of Financial Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for the difference between actual and expected rate of return on investments specific to the net pension liability.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Compensated Absences

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

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

Unearned Revenue

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

Noncurrent Liabilities

Noncurrent liabilities include bonds payable and compensated absences with maturities greater than one year.

Net Position

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

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

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

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

State Apportionments

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

Property Taxes

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

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

The voters of the District passed a 4-year Parcel Tax in 2010 for the general revenue of the District. The parcel tax levy \$34 per parcel for four years to provide for core academic programs, training, and education of students attending the District and transferring to universities. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Board of Governors Grants (BOGG) and Fee Waivers

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

Federal Financial Assistance Programs

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

On-Behalf Payments

GASB Statement No. 24 requires direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on-behalf payments to CalSTRS CalPERS on behalf of all community colleges in California. The California Department of Education has issued a fiscal advisory instructing districts not to record the revenue and expenditures for the on behalf payments within the funds and accounts of a district. The amount of the on behalf payments made for the District of the year ended June 30, 2015, was \$2,259,770 for CalSTRS and \$0 for CalPERS. These amounts are reflected in the District's audited financial statements.

Estimates

The preparation of the financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Component Unit - Educational Housing Corporation Financial Statement Presentation

The Educational Housing Corporation (the Housing Corp.) presents its financial statements in accordance with Statement of Financial Accounting Codifications. Under these reporting requirements, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the codification, the Housing Corp. does not use fund accounting.

The assets, liabilities, and fund balance of the Housing Corp. are reported as unrestricted funds, which represent the portion of resources that are available for general purpose of the Housing Corp.'s operations.

Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting. Revenues are reported as increases in the unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Investments are reported at fair value in accordance with FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*.

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 related California Franchise Tax Codes.

Change in Accounting Principles

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

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

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

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

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

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

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes, but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled, and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

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

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015**

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

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

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

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

As the result of implementing GASB Statement No. 68, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2014, by \$120,593,790. The decrease results from recognizing the net pension liability, net of related deferred outflows of resources.

New Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Early implementation is encouraged.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of State and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

This Statement also clarifies the application of certain provisions of Statements No. 67 and No. 68 with regard to the following issues:

- Information that is required to be presented as notes to the ten-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.
- Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions.
- Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015**

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of State and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of State and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier implementation is permitted.

Comparative Financial Information

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 2 – DEPOSITS AND INVESTMENTS

Policies and Practices

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

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

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015****General Authorizations**

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

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

Summary of Deposits and Investments

Deposits and investments of the Primarily Government as of June 30, 2015 and 2014, consist of the following:

	<u>2015</u>	<u>2014</u>
Cash on hand and in banks	\$ 654,857	\$ 784,522
Cash in revolving	70,000	77,000
Investments	357,426,403	230,984,325
Total Deposits and Investments	<u>\$ 358,151,260</u>	<u>\$ 231,845,847</u>

Deposits and investments of the Fiduciary Funds as of June 30, 2015 and 2014, consist of the following:

	<u>2015</u>	<u>2014</u>
Cash on hand and in banks	\$ 267,470	\$ 283,435
Investments	1,684,267	1,720,810
Total Deposits and Investments	<u>\$ 1,951,737</u>	<u>\$ 2,004,245</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2015**

Deposits and investments of the Educational Housing Corporation as of June 30, 2015 and 2014, consist of the following:

	2015	2014
Cash on hand and in banks	\$ 94,320	\$ 105,325
Investments	56,484	55,887
Total Deposits and Investments	<u>\$ 150,804</u>	<u>\$ 161,212</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 investing in the County pool and local agency investment fund (LAIF) and/or having a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

Investment Type	Fair Value	Weighted Average Maturity (in years)
Corporate fixed income	\$ 11,961,835	2.35
Government securities	11,676,084	2.49
County Pool	306,904,311	1.71
Money Market Mutual Funds	144,999	1.50
State Investment Pool	146,897	0.75
Certificates of deposit	28,333,028	1.00
Total	<u>\$ 359,167,154</u>	

* = Duration

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015****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, 2015.

Investment Type	Fair Value	Not Required To Be Rated	Rating as of Year End		
			AAA*	A*	Unrated
Corporate fixed income	\$ 11,961,835	\$ -	\$ -	\$ 11,961,835	\$ -
Government securities	11,676,084	-	11,676,084	-	-
County Pool	306,904,311	306,904,311	-	-	306,904,311
Money Market Mutual Funds	144,999	-	144,999	-	-
State Investment Pool	146,897	146,897	-	-	146,897
Certificates of deposit	28,333,028	28,333,028	-	-	28,333,028
Total	<u>\$ 359,167,154</u>	<u>\$ 335,384,236</u>	<u>\$ 11,821,083</u>	<u>\$ 11,961,835</u>	<u>\$ 335,384,236</u>

* Moody's

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, 2015 and 2014, the District's bank balances of approximately \$206,000 and \$688,000, 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, 2015**

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivables for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. The District computes the allowance for bad debt accounts based on a five-year weighted average on uncollectible accounts receivable to total revenue ratio. The accounts receivable are as follows:

	Primary Governmnet	
	2015	2014
Federal Government		
Categorical aid	\$ 909,722	\$ 711,673
State Government		
Categorical aid	818,937	484,057
Lottery	1,724,551	489,372
Other State sources	-	1,443,879
Local Sources		
Interest	129,287	99,275
Student loans	759,121	682,626
Student receivables	7,583,550	7,147,853
Other local sources	3,190,989	2,604,002
Less allowance for bad debt	(2,800,639)	(2,799,463)
Total Accounts Receivable, net	\$ 12,315,518	\$ 10,863,274

Other Local Receivables at June 30, 2015 and 2014 include \$985,876 and \$947,127 for loans made to District employees to purchase houses. All full time employees who purchase a home and contribute at least 20 percent of the purchase price are eligible to receive loans of up to \$100,000 per employee. Repayment terms and interest rates are: no payments due in years 1 through 5, payments of principal and interest in years 6-10, with final payment of any remaining balance in year 10. 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. As of June 30, 2015, all of the funds have been loaned out. No loans will be granted to additional employees until existing loans are paid back or the Board authorizes additional amounts to be loaned out.

	Fiduciary Funds	
	2015	2014
Local Sources		
Interest	\$ 2,609	\$ 2,991
Other local sources	263,619	284,410
Total	\$ 266,228	\$ 287,401

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015****NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the District for the fiscal year ended June 30, 2015, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 20,628,292	\$ -	\$ -	\$ 20,628,292
Construction in progress	27,190,527	17,721,204	15,520,867	29,390,864
Total Capital Assets Not Being Depreciated	47,818,819	17,721,204	15,520,867	50,019,156
Capital Assets Being Depreciated				
Land improvements	101,699,975	9,384,292	-	111,084,267
Buildings and improvements	652,573,776	1,716,175	-	654,289,951
Furniture, equipment, and vehicles	30,023,250	1,363,802	1,457,878	29,929,174
Total Capital Assets Being Depreciated	784,297,001	12,464,269	1,457,878	795,303,392
Less Accumulated Depreciation				
Land improvements	20,169,760	4,936,173	-	25,105,933
Buildings and improvements	140,507,649	18,977,638	-	159,485,287
Furniture, equipment, and vehicles	21,466,423	1,883,875	1,369,496	21,980,802
Total Accumulated Depreciation	182,143,832	25,797,686	1,369,496	206,572,022
Net Capital Assets	\$ 649,971,988	\$ 4,387,787	\$ 15,609,249	\$ 638,750,526

Depreciation expense for the year was \$25,797,686.

Interest expense on capital related debt for the year ended June 30, 2015, was \$28,708,402. Of this amount, \$1,200,850 was capitalized.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 20,628,292	\$ -	\$ -	\$ 20,628,292
Construction in progress	11,929,466	19,589,807	4,328,746	27,190,527
Total Capital Assets Not Being Depreciated	<u>32,557,758</u>	<u>19,589,807</u>	<u>4,328,746</u>	<u>47,818,819</u>
Capital Assets Being Depreciated				
Land improvements	101,605,703	612,117	517,845	101,699,975
Buildings and improvements	652,028,669	3,539,456	2,994,349	652,573,776
Furniture, equipment, and vehicles	28,572,048	1,606,502	155,300	30,023,250
Total Capital Assets Being Depreciated	<u>782,206,420</u>	<u>5,758,075</u>	<u>3,667,494</u>	<u>784,297,001</u>
Less Accumulated Depreciation				
Land improvements	15,470,551	4,699,209	-	20,169,760
Buildings and improvements	121,555,526	18,952,123	-	140,507,649
Furniture, equipment, and vehicles	19,582,435	2,038,519	154,531	21,466,423
Total Accumulated Depreciation	<u>156,608,512</u>	<u>25,689,851</u>	<u>154,531</u>	<u>182,143,832</u>
Net Capital Assets	<u>\$ 658,155,666</u>	<u>\$ (341,969)</u>	<u>\$ 7,841,709</u>	<u>\$ 649,971,988</u>

Depreciation expense for the year was \$25,689,851.

Interest expense on capital related debt for the year ended June 30, 2014, was \$25,292,690. Of this amount, \$2,040,250 was capitalized.

NOTE 5 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	Primary Government	
	2015	2014
Payroll related liabilities	\$ 2,588,313	\$ 2,548,229
Mandated cost	795,748	729,738
Federal	12,998	-
Construction	7,296,216	2,939,432
Vendor and other	6,004,283	8,489,600
Workers' compensation	2,218,000	2,085,000
Total	<u>\$ 18,915,558</u>	<u>\$ 16,791,999</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Fiduciary Funds

The accounts payable of the Fiduciary Fund consists primarily of funds held for student clubs.

Discretely Presented Component Unit

The accounts payable of the Educational Housing Corporation consists of only the rent security deposits.

NOTE 6 - UNEARNED REVENUE

Unearned revenue at June 30, 2015 and 2014 consisted of the following:

	Primary Government	
	2015	2014
Federal financial assistance	\$ -	\$ 26,745
State categorical aid	2,350,000	1,163,693
Enrollment fees	8,637,893	7,398,213
Other local	1,312,206	1,495,020
Total	<u>\$ 12,300,099</u>	<u>\$ 10,083,671</u>

NOTE 7 - TAX AND REVENUE ANTICIPATION NOTES

On July 03, 2014, the District issued \$18,655,000 Tax and Revenue Anticipation Notes bearing interest at 2 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on April 30, 2015. By April 30, 2015, 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.

	Outstanding Beginning of Year	Additions	Deletions	Outstanding End of Year
2015 2.00% TRANS	<u>\$ -</u>	<u>\$ 18,655,000</u>	<u>\$ 18,655,000</u>	<u>\$ -</u>
Total	<u>\$ -</u>	<u>\$ 18,655,000</u>	<u>\$ 18,655,000</u>	<u>\$ -</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015****NOTE 8 – INTERFUND TRANSACTIONS****Interfund Receivables and Payable (Due To/Due From)**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidated process.

NOTE 9 - LONG-TERM OBLIGATIONS**Summary**

The changes in the District's long-term obligations during the 2015 fiscal year consisted of the following:

	Balance Beginning of Year	Additions/ Accretions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds	\$ 710,574,017	\$ 148,794,333	\$ 19,475,000	\$ 839,893,350	\$ 19,635,000
Other Liabilities					
Compensated absences	4,191,399	-	81,538	4,109,861	-
Total Other Liabilities	714,765,416	148,794,333	19,556,538	844,003,211	19,635,000
Bond premiums, net of amortization	30,444,336	12,148,458	2,033,749	40,559,045	2,404,951
Total Long-term Liabilities	<u>\$ 745,209,752</u>	<u>\$ 160,942,791</u>	<u>\$ 21,590,287</u>	<u>\$ 884,562,256</u>	<u>\$ 22,039,951</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

The changes in the District's long-term obligations during the 2014 fiscal year consisted of the following:

	Balance Beginning of Year	Additions/ Accretions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds	\$ 707,095,787	\$ 20,768,230	\$ 17,290,000	\$ 710,574,017	\$ 17,290,000
Other Liabilities					
Compensated absences	3,848,333	343,066	-	4,191,399	-
Total Other Liabilities	710,944,120	21,111,296	17,290,000	714,765,416	17,290,000
Bond premiums, net of amortization	32,444,339	-	2,000,003	30,444,336	2,000,003
Total Long-term Liabilities	<u>\$ 743,388,459</u>	<u>\$ 21,111,296</u>	<u>\$ 19,290,003</u>	<u>\$ 745,209,752</u>	<u>\$ 19,290,003</u>

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local property revenues. The compensated absences are paid by the fund in which the related employee costs are accounted for.

Description of Debt

General obligation bonds were approved by local elections in 2001, 2005, and 2014. The total amount approved by the voters in 2001, 2005, and 2014 were \$207,000,000, \$468,000,000, and \$388,000,000, respectively. All of the authorized 2001 and 2005 bonds have been issued, and Series A of the 2014 Election was issued in 2015. Interest rates on the 2001 bonds are range from 3.00 percent to 5.74 percent; the interest rates on the 2005 bonds are range from 3.50 percent to 5.00 percent; and the interest rates on the 2014 bonds are range from 3.00 percent to 5.00 percent. At June 30, 2015, the outstanding balances for the 2001, 2005, and 2014 bonds were \$141,528,740, \$571,364,610, and \$127,000,000, respectively.

Debt Maturity

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds	
				Outstanding July 1, 2014	Additions/ Accretions	Redeemed	Outstanding June 30, 2015	
6/4/2002	9/1/2026	3.00-5.74%	\$ 96,875,613	\$ 35,169,423	\$ 1,979,085	\$ -	\$ 37,148,508	
2/9/2005	9/1/2029	3.00-5.00%	69,995,132	55,583,348	1,777,275	1,995,000	55,365,623	
4/11/2006	3/1/2031	3.50-5.00%	40,124,660	48,169,954	1,929,655	1,085,000	49,014,609	
4/11/2006	9/1/2030	3.75-5.00%	135,429,395	117,286,703	5,403,824	7,380,000	115,310,527	
12/12/2006	9/1/2038	3.50-5.00%	332,570,194	350,919,589	10,704,494	4,450,000	357,174,083	
4/26/2012	9/1/2026	0.33-5.00%	107,595,000	103,445,000	-	4,565,000	98,880,000	
5/27/2015	9/1/2045	3.00-5.00%	127,000,000	-	127,000,000	-	127,000,000	
				<u>\$ 710,574,017</u>	<u>\$ 148,794,333</u>	<u>\$ 19,475,000</u>	<u>\$ 839,893,350</u>	

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

The bonds mature through 2046 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2016	\$ 19,635,000	\$ 14,512,980	\$ 34,147,980
2017	24,420,000	20,507,334	44,927,334
2018	27,245,000	20,257,459	47,502,459
2019	25,125,000	19,948,071	45,073,071
2020	18,455,000	20,034,446	38,489,446
2021-2025	43,745,000	146,123,355	189,868,355
2026-2030	62,315,000	194,574,731	256,889,731
2031-2035	71,765,000	187,546,636	259,311,636
2036-2040	74,640,000	167,776,623	242,416,623
2041-2045	-	7,623,400	7,623,400
2046	-	249,000	249,000
Subtotal	<u>367,345,000</u>	<u>\$ 791,281,635</u>	<u>\$ 1,158,626,635</u>
Accreted Interest To Date	<u>472,548,350</u>		
Total	<u>\$ 839,893,350</u>		

Other Postemployment Benefits (OPEB) Asset

The District's actuarially determined annual required contribution (ARC) for the year ended June 30, 2015, was \$7,138,932. The District made a contribution of \$7,265,110 for premiums for current retirees. In addition, the District contributed \$12,000,000 to the San Mateo County Community College District Public Entity Investment Trust during the year. See Note 10 for additional information regarding the OPEB asset and the postemployment benefits plan.

NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

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

Plan Description

The Other Postemployment Benefit Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the San Mateo County Community College District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 1019 retirees and beneficiaries currently receiving benefits and 859 active plan members. Separate financial statements are prepared for the Plan and may be obtained by contacting the San Mateo County Community College District.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Funding Policy

The contribution requirements of retirees and the District are established and may be amended by the District and the District's collective bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits. During the year, the District contributed \$6,966,440 toward retiree medical and dental benefits. Retirees receiving benefits contributed \$47,800, or approximately 0.66% of the total premiums paid by the District. Contributions made by retirees, ranged from \$32 – \$430 per month. In addition to the current year premium, the District contributed \$12,000,000 to the San Mateo County Community College District Public Entity Investment Trust.

Annual OPEB Cost and Net OPEB Asset

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

Annual required contribution (ARC)	\$ 7,138,932
Less : annual OPEB cost (expense) - District paid premiums	7,265,110
Less: current year contribution to the OPEB Trust	<u>12,000,000</u>
Contributions in excess of ARC	12,126,178
OPEB asset, beginning of year	<u>35,740,199</u>
OPEB asset, end of year	<u><u>\$ 47,866,377</u></u>

Trend Information

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

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Asset
2013	\$ 8,642,396	\$ 17,103,043	198%	\$ 27,470,277
2014	8,642,396	16,912,318	196%	35,740,199
2015	7,138,932	19,265,110	270%	47,866,377

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015****Funding Status and Funding Progress**

The funded status of the OPEB Plan as of June 30, 2015, is as follows:

Actuarial Accrued Liability (AAL)	\$ 119,086,798
Actuarial Value of Plan Assets	(62,328,025)
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 56,758,773</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	52%
Covered Payroll	\$ 85,569,412
UAAL as Percentage of Covered Payroll	<u>66%</u>

The above noted actuarial accrued liability was based on the February 1, 2015, actuarial valuation. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, follow the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the February 1, 2015 actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. The actuarial assumptions included a 7 percent investment rate of return (net of administrative expenses), based on the Plan being funded in an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio. Healthcare cost trend rates assumed 4 percent per year. The initial UAAL was amortized using level percent, closed 30 year amortization. The remaining amortization period at February 1, 2015, was 25 years. The actuarial value of assets of \$62,328,025 was determined in this actuarial valuation. At June 30, 2015, the Trust held net assets in the amount of \$67,752,791 in investments with Benefit Trust.

NOTE 11 - RISK MANAGEMENT**Insurance Coverage**

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 the year ending June 30, 2015, the District contracted with MacCorkle Inc., an insurance broker to manage the District's insurance claims. The District is self-insured for the first \$150,000. Settled claims have not exceeded this commercial coverage.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Workers' Compensation

For the fiscal year, the District contracted with Andreini and Company for placement of excess workers' compensation insurance program. The District is self-insured for the first \$350,000.

Employee Medical Benefits

The District has contracted with the CalPERS to provide employee medical and surgical benefits. CalPERS 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 CalPERS 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 CalPERS members.

As part of each collective bargaining agreement between the District and each of AFSCME, CSEA and AFT, the District has agreed to provide certain health benefits, also referred to as "tiered fringe benefits", to retirees. Non-represented employees receive the same retiree health benefits as represented employees. Under the current agreement with the CalPERS Health Plan System, the District is required to pay a monthly contribution toward the medical premiums of all PERS and STRS retirees who have a medical plan through CalPERS regardless of the District negotiated tiered retiree fringe benefits that includes medical coverage at no cost for certain qualifying District retirees, and other tiers of reduced option medical benefits for other retirees, pursuant to their date of hire. In order for CalPERS to honor the negotiated retiree health benefits, resolutions officially establishing the health vesting requirements set forth in the collective bargaining agreements must be adopted by the Board. The adoption of these resolutions to establish the negotiated District health benefits within the CalPERS Health Plan System is a formality required by CalPERS that in no way impacts retiree eligibility for District health benefits. Current employees and retirees who are eligible to receive benefits pursuant to collective bargaining will continue to be eligible.

The immediate benefit of adopting the resolutions required by CalPERS is that the District will no longer be required to make monthly contributions toward medical plan premiums for future annuitants who do not qualify for the negotiated District retiree benefits. These PERS or STRS retirees will be responsible for their medical plan premiums. Currently, the District is making contributions toward medical plan premiums for 79 individuals in this group at an annual cost of \$473,117.

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate costs of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015****Claim Liabilities**

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2013 to June 30, 2015:

	Workers' Compensation	Property and Liability
Liability Balance, July 1, 2013	\$ 1,752,000	\$ 150,000
Claims and changes in estimates	2,085,000	-
Claims payments	(1,752,000)	(150,000)
Liability Balance, June 30, 2014	2,085,000	-
Claims and changes in estimates	2,218,000	-
Claims payments	(2,085,000)	-
Liability Balance, June 30, 2015	<u>\$ 2,218,000</u>	<u>\$ -</u>
Assets available to pay claims at June 30, 2015	<u>\$ 7,664,017</u>	<u>\$ -</u>

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

The District implemented GASB Statements No. 68 and No. 71 for the fiscal year ended June 30, 2015. As a result, the District reported its proportionate share of the net pension liabilities, pension expense, and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflow of Resources	Proportionate Share of Deferred Inflow of Resources	Proportionate Share of Pension Expense
CalSTRS	\$ 60,122,504	\$ 3,688,063	\$ 14,805,052	\$ 5,190,513
CalPERS	40,542,482	4,728,591	13,930,851	3,603,399
Total	<u>\$ 100,664,986</u>	<u>\$ 8,416,654</u>	<u>\$ 28,735,903</u>	<u>\$ 8,793,912</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)**Plan Description**

The District contributes to the State Teachers' Retirement Plan (STRP) administered by CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at:
<http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>STRP Defined Benefit Program</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	8.15%	8.15%
Required employee contribution rate	8.88%	8.88%
Required employer contribution rate	5.95%	5.95%
Required State contribution rate		

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above, and the District's total contributions were \$3,688,063.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 60,122,504
State's proportionate share of net pension liability associated with the District	<u>36,304,564</u>
Total	<u><u>\$ 96,427,068</u></u>

The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.1029 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$5,190,513. In addition, the District recognized revenue and pension expense of \$3,134,256 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 3,688,063	\$ -
Differences between projected and actual earnings on pension plan investments	<u>-</u>	<u>14,805,052</u>
Total	<u><u>\$ 3,688,063</u></u>	<u><u>\$ 14,805,052</u></u>

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amortization</u>
2016	\$ 3,701,263
2017	3,701,263
2018	3,701,263
2019	3,701,263
Total	<u><u>\$14,805,052</u></u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015****Actuarial Methods and Assumptions**

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary investment practice, a best estimate range was determined assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentile for the long-term distribution of annualized returns. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.60%)	\$ 93,716,260
Current discount rate (7.60%)	\$ 60,122,504
1% increase	\$ 32,112,251

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015****Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>School Employer Pool (CalPERS)</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.771%	11.771%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above, and the total District contributions were \$4,728,591.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$40,542,482. The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. At June 30, 2015, the District's proportion was 0.3571 percent.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

For the year ended June 30, 2015, the District recognized pension expense of \$3,603,399. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,728,591	\$ -
Differences between projected and actual earnings on pension plan investments	-	13,930,851
Total	<u>\$ 4,728,591</u>	<u>\$ 13,930,851</u>

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	\$ 3,482,713
2017	3,482,713
2018	3,482,713
2019	3,482,712
Total	<u>\$ 13,930,851</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.50%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	3.00%

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47%	5.25%
Global fixed income	19%	0.99%
Private equity	12%	6.83%
Real estate	11%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	3%	4.50%
Liquidity	2%	-0.55%

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.50%)	\$ 71,120,768
Current discount rate (7.50%)	\$ 40,542,482
1% increase (8.50%)	\$ 14,991,241

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

On-Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS. The State of California made contributions to CalSTRS on behalf of the District for fiscal year ending June 30, 2015, 2014, and 2013 amounted to \$2,259,770, \$2,132,102, and \$1,903,158, respectively, and equaled 5.679 percent of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution reate for CalPERS. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

Deferred Compensation

The District offers its employees a 457 and 403 (b) tax deferred compensation plan. Currently, the District has 28 employees participating in the 457 plan and 277 employees in the 403(b) plan. The plan permits participants to defer a portion of their pre-tax salary into investment(s) provided by the plans. The deferred compensation will become available once a qualifying event, as defined by the IRS, has been met. The District oversees the administrative functions of these plans. The District makes employer contributions for six of its employees, otherwise, these plans are strictly for employee contributions only.

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, 2015.

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, 2015.

Operating leases

The District has entered into various operating leases for equipment with no lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Construction Commitments

As of June 30, 2015, 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	\$ 202,023	within 1 year
State funded capital outlay projects	1,588,026	within 1 year
2005 G.O. Bond (Measure A) construction projects	4,848,014	within 1 year
2005 G.O. Bond (Measure H) construction projects	1,330,029	within 1 year
	\$ 7,968,092	

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 \$150,000. The District contracts with MacCorkle Inc., an insurance broker to manage the District's insurance claims. The District pays an annual premium to MacCorkle for their services. 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, 2015, the District made total payment of \$967,614 to MacCorkle Inc. for insurance premiums and the insurance related services. The District also paid \$39,352 and \$228,000 to School Excess Liability Fund and Princeton Excess and Surplus for excess liability program.

The District is a member of South Bay Regional Public Safety Training Consortium JPA. No payments were made to South Bay Regional Public Safety Training Consortium JPA during the year.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. As a result, the effect on the current fiscal year is as follows:

Net Position - Beginning	\$ 119,901,646
Restatement of long-term obligations for implementation of GASB Statement No. 68	<u>(120,593,790)</u>
Net Position - Beginning as Restated	<u><u>\$ (692,144)</u></u>

NOTE 16 - SUBSEQUENT EVENTS

The District issued \$21 million of Tax and Revenue Anticipation Notes dated July 16, 2015. The notes mature on June 30, 2015, and yield 0.32 percent interest. The notes were sold to supplement cash flow. Repayment requirements are that a percentage of principal and interest be deposited with the Fiscal Agent each month beginning January 1, 2016, until 100 percent of principal and interest due is on account on April 30, 2016.

***REQUIRED SUPPLEMENTARY
INFORMATION***

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING
PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a] / c)
February 1, 2011	\$ 15,643,762	\$ 118,923,929	\$ 103,280,167	13%	\$90,671,696	114%
February 1, 2013	34,870,628	125,352,953	90,482,325	28%	97,167,462	93%
February 1, 2015	62,328,025	119,086,798	56,758,773	52%	85,569,412	66%

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2015****CalSTRS**

District's proportion of the net pension liability	<u>0.1029%</u>
District's proportionate share of the net pension liability	\$ 60,122,504
State's proportionate share of the net pension liability associated with the District	<u>36,304,564</u>
Total	<u><u>\$ 96,427,068</u></u>
District's covered - employee payroll	<u>\$ 41,492,454</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>144.90%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77%</u>

CalPERS

District's proportion of the net pension liability	<u>0.3571%</u>
District's proportionate share of the net pension liability	<u>\$ 40,542,482</u>
District's covered - employee payroll	<u>37,548,351</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>107.97%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83%</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2015****CalSTRS**

Contractually required contribution	\$ 3,688,063
Contributions in relation to the contractually required contribution	<u>3,688,063</u>
Contribution deficiency (excess)	<u>\$ -</u>
 District's covered - employee payroll	 <u>\$ 45,397,612</u>
 Contributions as a percentage of covered - employee payroll	 <u>8.12%</u>

CalPERS

Contractually required contribution	\$ 4,728,591
Contributions in relation to the contractually required contribution	<u>4,728,591</u>
Contribution deficiency (excess)	<u>\$ -</u>
 District's covered - employee payroll	 <u>\$ 40,171,800</u>
 Contributions as a percentage of covered - employee payroll	 <u>11.77%</u>

SUPPLEMENTARY INFORMATION

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**DISTRICT ORGANIZATION
JUNE 30, 2015**

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. The District's three colleges are each accredited by the Accrediting Commission for Community and Junior Colleges, Western, Association of Schools and Colleges.

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Patricia Miljanich	President	2015
Dave Mandelkern	Vice President- Clerk	2015
Richard Holober	Trustee	2017
Karen Schwarz	Trustee	2015
Thomas Mohr	Trustee	2017
Rupinder Bajwa	Student Trustee	2015

ADMINISTRATION

Ron Galatolo	Chancellor - Superintendent
Jim Keller	Deputy Chancellor
Kathy Blackwood	Executive Vice Chancellor
Michael Claire	President – College of San Mateo
Lawrence Buckley	President – Canada College
Regina Stanback-Stroud	President – Skyline College

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Aid Cluster			
Federal Work Study Program	84.033	none	\$ 430,316
Pell Grant	84.063	none	17,455,446
Supplemental Educational Opportunity Grant (SEOG)	84.007	none	459,901
Direct Student Loans	84.268	none	1,552,952
Postsecondary Education			
TRIO Cluster			
Student Support Services	84.042A	none	756,107
Upward Bound	84.047A	none	255,657
Institutional Service			
Higher Education -Institutional Aid HSI STEM	84.031C	none	1,178,072
Higher Education -Institutional Aid HSI Cooperative	84.031S	none	712,772
Vocational Education			
Passed through California Community Colleges Chancellor's Office: CTEA I-C Basic Grants to States	84.048	14-C01-052	641,417
Elementary and Secondary Education			
Passed through Sequoia Union High School District: Twenty-First Century Community Learning Centers	84.287	Not available	4,696
Special Education and Rehabilitation Services			
Passed through California Department of Rehabilitation: Vocational Rehabilitation-Workability	84.126A	28851	18,351
Total U.S. Department of Education			<u>23,465,687</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Administration for Children and Families			
Passed through California Community Colleges Chancellor's Office: Temporary Assistance for Needy Families (TANF)	93.558	Not available	93,687
Passed through California Department of Education/CDTC:			
Child Care and Development Block Grant	93.575	14-15-3939, 14-15- 4047, CCTR4260, CSPP4505	59,025
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR4260, CSPP4505	70,683
Passed through Asian Americans for Community Involvement:			
Health Care Innovation Awards (HCIA)	93.610	ICICMS331035-01-00	233,168
Total U.S. Department of Health and Human Services			<u>456,563</u>

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education:			
Child and Adult Care Food Program	10.558	1754-0A	50,601
Total U.S. Department of Agriculture			<u>50,601</u>
U.S. DEPARTMENT OF LABOR			
Passed through County of San Mateo:			
Workforce Innovation Fund	17.283	12180-14-D003	32,000
INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
National Leadership Grants	45.312	SP-02-14-0042-14	9,853
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Passed through The San Francisco Foundation:			
Social Innovation Fund	94.019	Not available	84,645
NATIONAL SCIENCE FOUNDATION			
Education and Human Resources	47.076	none	236,444
Passed through University of New Haven			
Engineering Grants	47.041	EEC-1360987	9,373
Total National Science Foundation			<u>245,817</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
Minority University Research and Education Program	43.008	none	2,371
Passed through Jacobs Technology Inc.			
Aeronautics	43.002	NNA09DB39C	41,518
Total National Aeronautics and Space Administration			<u>43,889</u>
U.S. DEPARTMENT OF ENERGY			
Passed through Stanford Transportation Group			
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	Not Available	17,062
SMALL BUSINESS ADMINISTRATION			
Passed through Humboldt State University Sponsored Programs Foundation:			
Small Business Development Centers	59.037	SBAHQ-13-B-066/ SBAHQ15-B-0068	54,468
Total Expenditures of Federal Awards			<u>\$ 24,460,585</u>

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Program	Program Entitlements			Program Revenues				Total Program Expenditures
	Current Year	Prior Year	Total Entitlement	Cash Received ^[1]	Accounts Receivable	Unearned Revenue	Total Revenue	
GENERAL FUND								
Disabled Students Programs & Services	\$ 1,690,806	\$ -	\$ 1,690,806	\$ 1,690,806	\$ -	\$ -	\$ 1,690,806	\$ 1,690,806
Extended Opportunity Programs & Services	1,345,035	-	1,345,035	1,345,035	-	-	1,345,035	1,345,035
CARE/EOPS	72,487	-	72,487	72,487	-	-	72,487	72,487
Matriculation	3,286,819	245,950	3,532,769	3,532,769	-	1,246,798	2,285,971	2,285,971
Foster Parent Training	80,005	-	80,005	40,752	39,253	-	80,005	80,005
FA Administrative Allowance	928,662	-	928,662	928,662	-	-	928,662	928,662
Block Grant - Instructional Equipment	-	23,455	23,455	23,456	-	2,398	21,058	21,058
T-Com and Technology (TTIP)	-	40,673	40,673	40,673	-	19,593	21,080	21,080
CalWORKs	404,280	-	404,280	404,279	1	-	404,280	404,280
Staff Development	-	25,259	25,259	25,259	-	15,301	9,958	9,958
MESA/CCCP Funds for Student Success	101,000	11,551	112,551	45,275	39,249	-	84,524	84,524
RCSD CBET Program	50,000	15,737	65,737	5,296	44,704	-	50,000	50,000
Lottery-Prop 20-Instructional Materials	67,035	1,894,250	1,961,285	92,351	638,483	-	730,834	897,118
Nursing-Enrollment Growth	163,787	-	163,787	163,787	-	-	163,787	163,787
CTE Pathways Initiative	-	1,659	1,659	1,659	-	-	1,659	1,659
Basic Skills 14-15 appropriation	270,000	-	270,000	270,000	-	140,423	129,577	129,577
Youth Entrepreneurship Career Pathways	-	-	-	(15,000)	15,000	-	-	-
Basic Skills 12-13 appropriation	-	31,232	31,232	31,232	-	-	31,232	31,232
Basic Skills 13-14 appropriation	-	143,255	143,255	143,255	-	-	143,255	143,255
CCCD-CTE Enhancement	671,590	-	671,590	218,388	-	200,348	18,040	18,040
Peralta CCD Prop 39 Program								
Improvement Funds	63,000	-	63,000	21,092	8,408	-	29,500	29,500
Student Equity	822,568	-	822,568	822,568	-	626,849	195,719	195,719
Cabrillo CCD DSN/BEC Mini-Grant	4,500	-	4,500	4,500	-	-	4,500	4,500
CCCCO-CTE-Career Adv Academy	-	98,284	98,284	98,284	-	-	98,284	98,284
CCCCO-CEP-Career Adv Academy	-	1,412,853	1,412,853	542,853	-	88,556	454,297	454,297
Instructional Equipment and Library	-	183,804	183,804	183,804	-	-	183,804	183,804
Scheduled Maintenance	2,495,672	174,095	2,669,767	2,495,672	-	-	2,495,672	1,546,373
Deputy Navigator - Global	307,500	156,332	463,832	(23,668)	221,764	-	198,096	198,096
Deputy Navigator - Retail	300,000	100,972	400,972	(79,028)	297,774	-	218,746	218,746
FHDACCD - DSN Energy	14,200	12,128	26,328	12,128	8,866	-	20,994	20,994
West Valley AB86 Career Pathways	6,722	-	6,722	-	6,722	-	6,722	6,722
CCSF ATR DSN Auto Bridge	25,155	-	25,155	-	247	-	247	247
UC Regents Puente Program	35,000	-	35,000	35,000	-	-	35,000	35,000
FCCC-CSM Cares Program	5,000	16,265	21,265	8,819	12,446	-	21,265	21,265
SMUHSD-AB 86 Adult Ed Consortium	-	15,105	15,105	9,205	5,706	-	14,911	14,911
SMC HSA CalFresh	-	8,294	8,294	794	1,667	-	2,461	2,461
El Cam - Sect Navigator - Retail	96,160	-	96,160	-	96,160	-	96,160	96,160
CDE Child Development	319,956	-	319,956	243,048	363	4,105	239,306	239,306
Cal Grant	1,052,191	-	1,052,191	1,037,211	20,609	5,629	1,052,191	1,052,191
Total State Programs	\$ 14,679,130	\$ 4,611,153	\$ 19,290,283	\$ 14,472,703	\$ 1,457,422	\$ 2,350,000	\$ 13,580,125	\$ 12,797,110

[1] Include cash received from prior year.

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE
 GENERAL APPORTIONMENT – ANNUAL (ACTUAL) ATTENDANCE
 FOR THE YEAR ENDED JUNE 30, 2015**

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2014 only)			
1. Noncredit	17	-	17
2. Credit	2,313	-	2,313
B. Summer Intersession (Summer 2015 - Prior to July 1, 2015)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	12,396	-	12,396
(b) Daily Census Contact Hours	637	-	637
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	109	-	109
(b) Credit	557	-	557
3. Alternative Attendance Accounting Procedure			
(a) Weekly Census Procedure Courses	1,810	-	1,810
(b) Daily Census Procedure Courses	136	-	136
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	<u>17,975</u>	<u>-</u>	<u>17,975</u>
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills courses and Immigrant Education (FTES)			
1. Noncredit	128	-	128
2. Credit	1,550	-	1,550
	<u>1,679</u>	<u>-</u>	<u>1,679</u>

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW)
CALCULATION
FOR THE YEAR ENDED JUNE 30, 2015**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 22,390,401	\$ -	\$ 22,390,401	\$ 22,456,376	\$ -	\$ 22,456,376
Other	1300	18,057,854	-	18,057,854	16,538,166	-	16,538,166
Total Instructional Salaries		40,448,255	-	40,448,255	38,994,542	-	38,994,542
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	11,928,277	-	11,928,277
Other	1400	-	-	-	921,581	-	921,581
Total Noninstructional Salaries		-	-	-	12,849,858	-	12,849,858
Total Academic Salaries		40,448,255	-	40,448,255	51,844,400	-	51,844,400
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	24,992,660	-	24,992,660
Other	2300	-	-	-	1,935,215	-	1,935,215
Total Noninstructional Salaries		-	-	-	26,927,875	-	26,927,875
Instructional Aides							
Regular Status	2200	1,638,753	-	1,638,753	1,385,453	-	1,385,453
Other	2400	485,224	-	485,224	484,038	-	484,038
Total Instructional Aides		2,123,977	-	2,123,977	1,869,491	-	1,869,491
Total Classified Salaries		2,123,977	-	2,123,977	28,797,366	-	28,797,366
Employee Benefits	3000	15,226,626	-	15,226,626	30,724,521	-	30,724,521
Supplies and Material	4000	-	-	-	1,598,100	-	1,598,100
Other Operating Expenses	5000	15,874	-	15,874	9,479,934	-	9,479,934
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		57,814,732	-	57,814,732	122,444,321	-	122,444,321

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW)
CALCULATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Student Health Services Above Amount Collected	6441	-	-	-	303,350	-	303,350
Student Transportation	6491	-	-	-	1,939,734	-	1,939,734
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	2,632,901	-	2,632,901
Objects to Exclude							
Rents and Leases	5060	-	-	-	9,557	-	9,557
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	2,412,551	-	2,412,551
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW)
CALCULATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Outlay							
Library Books	6000	-	-	-	-	-	-
Equipment	6300	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	7,298,093	-	7,298,093
Total for ECS 84362, 50 Percent Law		\$ 57,814,732	\$ -	\$ 57,814,732	\$ 115,146,228	\$ -	\$ 115,146,228
Percent of CEE (Instructional Salary Cost/Total CEE)		50.21%		50.21%	100.00%		100.00%
50% of Current Expense of Education					\$ 57,573,114		\$ 57,573,114

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
(CCFS-311) WITH FUND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2015.

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**PROPOSITION 30 EDUCATION PROTECTION ACT (EPA)****EXPENDITURE REPORT****FOR THE YEAR ENDED JUNE 30, 2015**

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				\$ 1,742,772
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 1,364,610	65		\$ 1,364,675
Course and Curriculum Development	6020	12,325			12,325
Media	6130	179,650			179,650
Counseling and Guidance	6310	-			-
Custodial Services	6530	186,122			186,122
Grounds Maintenance and Repairs	6550	-			-
Planning, Policy making and Coordination	6600	-			-
Total Expenditures for EPA		\$ 1,742,707	65	-	\$ 1,742,772
Revenues Less Expenditures					\$ -

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

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

Schedule of Expenditures of Federal Awards

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

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position - Primary Government and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

Description	CFDA Number	Amount
Total Federal Revenues per Statement of Revenues, Expenses, and Changes in Net Assets:		\$ 24,460,585
Unrestricted federal - other	none	3,555
Total Expenditures of Federal Awards		<u>\$ 24,464,140</u>

Schedule of Expenditures of State Awards

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

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

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

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

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

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

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

Proposition 30 Education Protection Act (EPA) Expenditure Report

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

***INDEPENDENT AUDITOR'S
REPORTS***



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

VALUE THE DIFFERENCE

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the business-type activities, the aggregate discretely presented component unit of San Mateo County Community College District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 6, 2015.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 6, 2015



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

VALUE THE DIFFERENCE

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

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

Report on Compliance for Each Major Federal Program

We have audited San Mateo County Community College District's (the District) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2015. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 6, 2015



Vavrinek, Trine, Day & Co., LLP

Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Report on State Compliance

We have audited San Mateo County Community College District's (the District) compliance with the types of compliance requirements as identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in August 2014 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in August 2014.

Auditor's Responsibility

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

Unmodified Opinion for Each of the Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2015.

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

- Section 421 Salaries of Classroom Instructors (50 Percent Law)
- Section 423 Apportionment for Instructional Service Agreements/Contracts
- Section 424 State General Apportionment Funding System
- Section 425 Residency Determination for Credit Courses
- Section 426 Students Actively Enrolled
- Section 427 Concurrent Enrollment of K-12 Students in Community College Credit Courses
- Section 430 Schedule Maintenance Program
- Section 431 Gann Limit Calculation
- Section 435 Open Enrollment
- Section 438 Student Fees – Health Fees and Use of Health Fee Funds
- Section 439 Proposition 39 Clean Energy
- Section 440 Intersession Extension Programs
- Section 474 Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
- Section 475 Disabled Student Programs and Services (DSPS)
- Section 479 To Be Arranged (TBA) Hours
- Section 490 Proposition 1D State Bond Funded Projects
- Section 491 Proposition 30 Education Protection Account Funds

The District reports no Instructional Service Agreements/Contracts for Apportionment Funding; therefore, the compliance tests within this section were not applicable. In addition, the District does not offer Intersession Extension Program, therefore the compliance tests within this section were not applicable.

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 6, 2015

*SCHEDULE OF FINDINGS
AND
QUESTIONED COSTS*

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.033, 84.063, 84.007, 84.268	Student Financial Aid Cluster

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

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditor's report issued on compliance for State programs:	<u>Unmodified</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2015**

None reported.

San Mateo County Community College District

January 13, 2016

BOARD REPORT NO. 16-1-101B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Kathy Blackwood, Executive Vice Chancellor, 358-6869

RECEIPT AND ACCEPTANCE OF THE 2014-15 KCSM AUDIT REPORT

Attached are copies of the audits of KCSM-FM and KCSM-TV financial records, prepared by the Board-approved firm of Vavrinek, Trine, Day & Company. The audits were based upon the fiscal year ending June 30, 2015. 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.

RECOMMENDATION

It is recommended that the Board of Trustees receive and accept the 2014-15 audit reports for KCSM-FM and KCSM-TV, which were filed with the Corporation for Public Broadcasting prior to the January 31, 2016 due date.

KCSM-FM

**A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2015 AND 2014

**KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

JUNE 30, 2015 & 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
KCSM-FM

Report on the Financial Statements

We have audited the accompanying financial statements of KCSM-FM (a public telecommunications entity operated by the San Mateo County Community College District) as of and for the year ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the KCSM-FM's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the KCSM-FM's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the KCSM-FM's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of KCSM-FM, as of June 30, 2015 and 2014, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2015, on our consideration of the KCSM-FM'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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KCSM-FM's internal control over financial reporting and compliance.

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 5, 2015

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Introduction

The San Mateo County Community College District's (the District) Annual Financial Report presents management's discussion and analysis of KCSM-FM financial activities during the fiscal years ended June 30, 2015 and June 30, 2014. 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 KCSM-FM's financial activities as a whole. These statements are:

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

Financial Overview Summary

Total net position had a slight increase of \$208 thousand and with prior year and ended at \$1.7 million at June 30, 2015.

- Assets exceeded liabilities by \$1.7 million, and total assets increased \$211 thousand over last year mainly due to an increase in subscription and business donors.
- Net noncurrent assets decreased by \$37 thousand.
- Net operating profit was \$208 thousand.

Reporting for the District and KCSM-FM as a Whole

Economic position of the District with the State

Fiscal Year 2014/15 is the fourth year that the District has been community supported. Community supported means that when the State sets the District's revenue limit (determining how many students we are funded to serve) and deducts from that revenue limit the local property taxes and student fees, there is no need for State apportionment to sum to our revenue limit. This means that the District has somewhat more resources and is no longer subject to the state borrowing funds by delaying apportionment payments. The District is now firmly in community supported status and anticipates to receive upwards of \$30 million in 2015/16 in excess of what the District would have received had we been subject to the state's revenue limit. In addition to an increase in property taxes, the District is receiving funds from the dissolution of Redevelopment Agencies (RDAs). As less of the property taxes are being diverted to RDAs, more of them come to SMCCCD. The former RDAs are also slowly beginning the process of selling off their property, which brings some one-time funds to District coffers. Fiscal Year 2013/14 was the last year for receiving funds from the parcel tax (Measure G) and the funds were fully expended in 2014/15. All in all, the District's revenues have increased and, with a steady real estate market, show every sign of continuing increase.

KCSM-FM is one of the few all Jazz stations left in the country. The station is funded mostly by listener contributions - 69%. In 2015 the station continued its growth in Major Donor giving and increasing the number of on-going monthly contributions (sustainers). This effort allowed us to reduce the number days needed for pledge drives from 42 to 38. Corporate revenue was sought and obtained to produce an annual thank you concert for our listeners (Jazz on the Hill) in 2015. KCSM-FM has also engaged College of San Mateo's Music School students and its director to become active participants in 2016's Jazz on the Hill concert. This year we continue to develop partnerships with jazz organizations in the San Francisco Bay Area, providing added exposure to the music genre by executing live broadcasts from venues like the San Jose Summer Fest, the Winter Fest, the Café Stritch and to deliver live jazz performances to our listeners worldwide. We are also pursuing other music venues, including the SF Jazz, Domenico Winery, American Conservatory Theater, and the Douglas Beach House.

SAN MATEO COUNTY SOMMUNITY COLLEGE DISTRICT KCSM-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Table 1 - Statement of Net Position

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT -KCSM FM
STATEMENT OF NET POSITION
JUNE 30,

	<u>2015</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Current Assets			
Cash & Cash equivalents	\$ 1,561,709	\$ 1,309,273	\$ 1,137,484
Accounts receivable	44,232	47,774	16,883
Total Current Assets	<u>1,605,941</u>	<u>1,357,047</u>	<u>1,154,367</u>
Noncurrent Assets			
Capital assets	536,847	568,235	519,402
Accumulated depreciation	(405,779)	(399,635)	(355,574)
Total Noncurrent Assets	<u>131,068</u>	<u>168,600</u>	<u>163,828</u>
TOTAL ASSETS	<u>1,737,009</u>	<u>1,525,647</u>	<u>1,318,195</u>
LIABILITIES			
Current Liabilities			
Accounts payable	12,746	9,809	15,677
TOTAL LIABILITIES	<u>12,746</u>	<u>9,809</u>	<u>15,677</u>
Net POSITION			
Invested in capital assets	131,068	168,600	163,828
Unrestricted	1,593,195	1,347,238	1,138,690
TOTAL NET POSITION	<u>\$ 1,724,263</u>	<u>\$ 1,515,838</u>	<u>\$ 1,302,518</u>

Net Position

The Statement of Net Position above includes all assets and liabilities of KCSM-FM 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 KCSM-FM. Following are explanatory remarks for the statement:

- Cash and cash equivalents consist of cash in the Treasury and San Mateo County Pool Investment.
- Accounts receivable primarily consists of revenues from local sources from which KCSM-FM had earnings but which were not received as of the fiscal year's closing date.
- Capital assets, net of depreciation, are the net historical value of equipment less accumulated depreciation.
- Accounts payable consist of payables to the local vendors which KCSM-FM incurred but for which payments were not issued as of the end of the fiscal year.
- According to GASB Statements, equity is reported as — Net Position rather than –Fund Balance. KCSM-FM's net position is classified as follows:
 - Invested in capital assets, net of related debt, represents KCSM-FM's total investment in capital assets and net of outstanding debt obligations related to those capital assets.
 - Unrestricted net assets represent resources used for transactions relating to the educational and general operations of KCSM-FM.

SAN MATEO COUNTY SOMMUNITY COLLEGE DISTRIST KCSM-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position shown below consist of operating and non-operating results of KCSM-FM. Operating revenues represent all revenues from exchange transactions, in which each party gives and receives essentially equal value. Other Income includes a transfer from the District.

Table 2 – Statement of Operating Revenue

***SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT -KCSM FM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30,***

	<u>2015</u>	<u>2014</u>	<u>2013</u>
OPERATING REVENUES			
District Income			
CPB community service grants	\$ 171,642	\$ 171,537	\$ 163,415
Other Income	12,472	14,655	459
Business and industry	213,010	109,512	81,528
Subscription and membership	1,795,473	1,587,616	1,527,519
Facilities use	0	2,872	8,833
Indirect Support			
San Mateo County Community College District	404,475	320,468	344,297
TOTAL OPERATING REVENUES	<u>2,597,072</u>	<u>2,206,660</u>	<u>2,126,051</u>
OPERATING EXPENSES			
Programming and production	730,048	687,510	565,564
Broadcasting	309,816	212,595	267,863
Program information and promotion	237,064	192,078	123,712
Management and general	797,396	659,155	633,765
Fundraising support	174,608	131,663	254,646
Underwriting and grant solicitation	139,715	110,339	65,128
TOTAL OPERATING EXPENSES	<u>2,388,647</u>	<u>1,993,340</u>	<u>1,910,678</u>
OPERATING GAIN	<u>208,425</u>	<u>213,320</u>	<u>215,373</u>
CHANGE IN NET POSITION	208,425	213,320	215,373
NET POSITION, BEGINNING OF YEAR	1,515,838	1,302,518	1,087,145
NET POSITION, END OF YEAR	<u>\$ 1,724,263</u>	<u>\$ 1,515,838</u>	<u>\$ 1,302,518</u>

Explanatory information for the statement is as follows:

- CPB community service grants: Payment from Corporation for Public Broadcasting designated to help provide a non-commercial, educational program stream to our community.
- Other income: Income that does not fit in other categories, like gifts, donations, sales of tapes and videos.
- Business and industry: Financial support from companies and corporations to support the station's operations.
- Subscriptions and membership: Financial support from individuals to support the operations of the station.

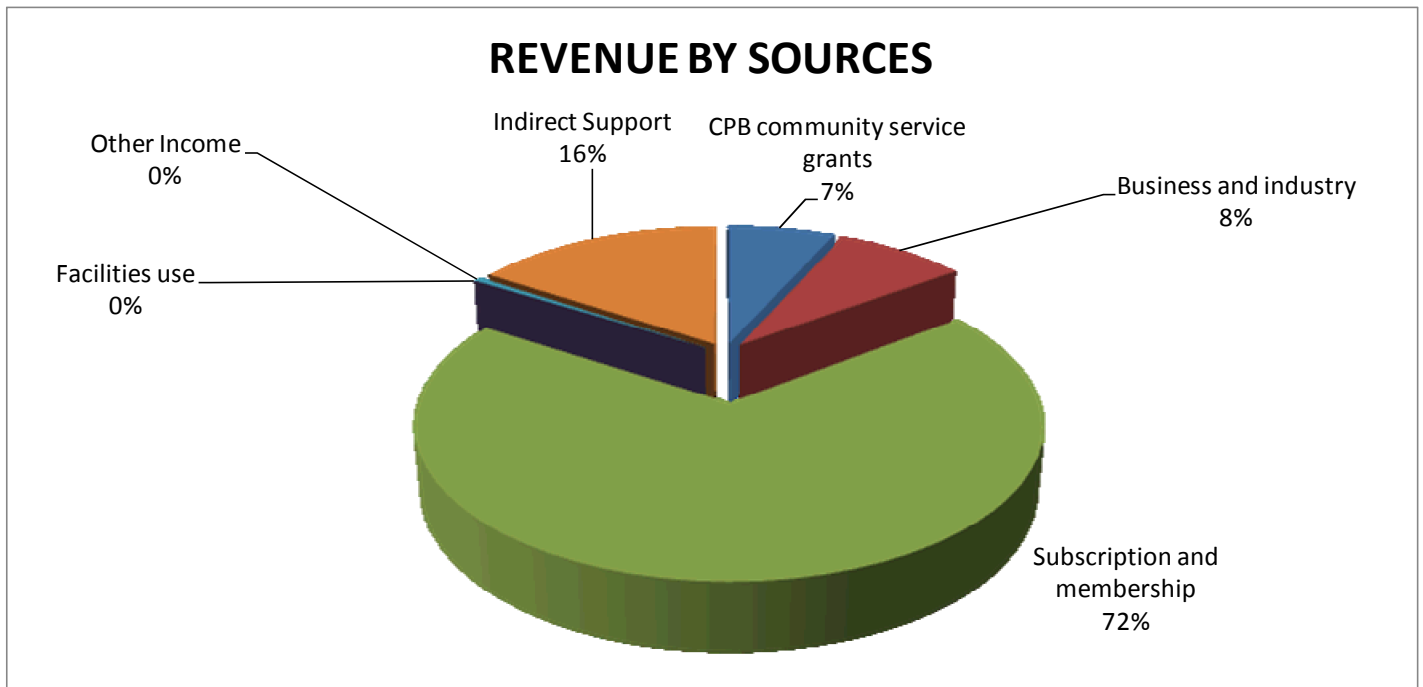
SAN MATEO COUNTY SOMMUNITY COLLEGE DISTRIST KCSM-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- Royalties: Payment from PBS and other entities to KCSM-FM based upon number of times a program made by KCSM-FM is aired by entities other than KCSM.
- Facilities use: Payment for services provided by KCSM, such as facility rental.
- Indirect support: Expenses or facilities paid by the San Mateo County Community College District.

Below is an illustration of District revenues by source:



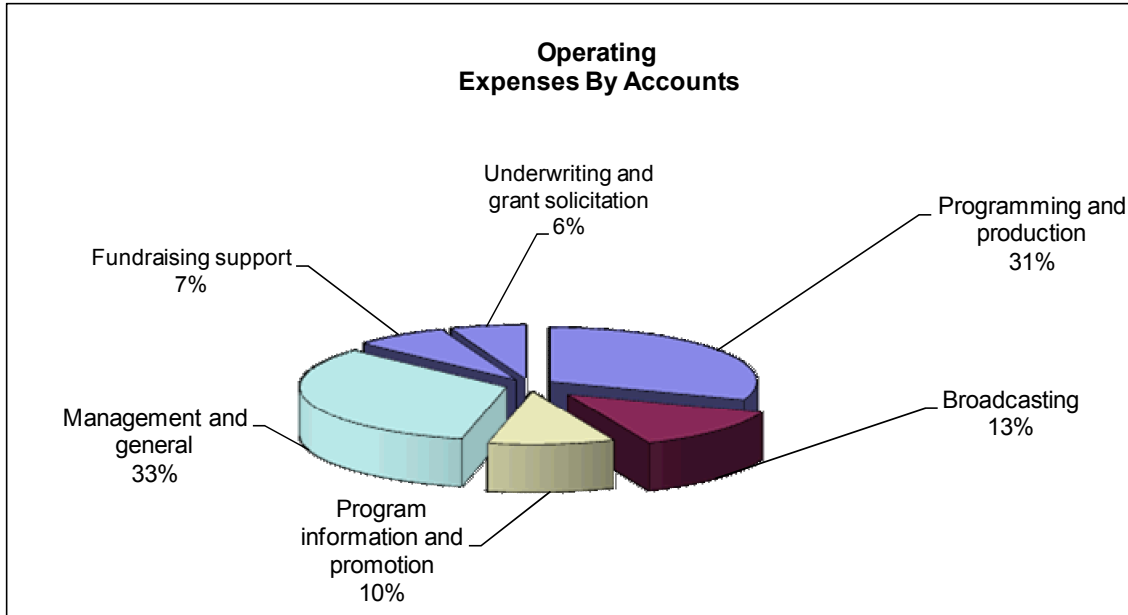
SAN MATEO COUNTY SOMMUNITY COLLEGE DISTRIST KCSM-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Revenues and expenses changed mainly due to the following:

- Net Income from operating sources illustrates a decrease in subscription, membership, business and industry revenue.
- Operating expenses increased primarily because of increases in the cost of staffing, management, programming and broad casting.



KCSM-FM's operating expenses are shown in the chart above. Following are explanatory comments for the Statement of Operating Expenses by Activity:

- Programming and production: Expenses incurred to purchase, schedule, and produce and prepare programs for broadcast.
- Broadcasting: Expenses incurred to prepare, store, check quality, verify automation asset management, play out, and monitor program streams. Also included in this category is maintenance, repair, design and installation of equipment necessary for technical operations of the station. All costs for transmission such as rent, and power are accounted in this area.
- Program information and promotions: Expenses for all labor and costs to maintain the website; and design, outsource production of, and procurement of promotional materials.
- Management and general: Expenses for management services such as station manager, accounting, administrative and legal services. Also included in this area is depreciation.
- Fundraising support: All costs for pledge premiums, membership administrative services and database management costs.
- Underwriting and grant solicitation: Expenses for costs incurred for underwriting solicitation, and other solicitations from organizational support for the station.

SAN MATEO COUNTY SOMMUNITY COLLEGE DISTRICT KCSM-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- Depreciation of capital assets is computed and recorded by the straight-line method. KCSM-FM 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

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 KCSM-FM's ability to generate net cash flows, and its ability to meet obligations as they come due, or KCSM-FM's need for assistance via external financing. KCSM-FM 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 CPB grants, subscription and membership, royalties and District support. Cash outlays include payment of salaries, benefits, supplies, programming, production and operating expenses.
- Cash from investing activities consists of Interest from County Investment Pool.

Table 3 – Statement of Cash Flows

***SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT - KCSM FM
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014***

	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
CPB community service grants	\$ 171,642	\$ 171,537	\$ 163,415
Other income	12,472	14,655	459
Business and industry	216,552	78,621	73,302
Subscription and membership	1,795,473	1,587,616	1,527,519
District support	404,475	320,468	344,297
Facilities use	-	2,872	8,833
Payments to suppliers	(823,436)	(726,237)	(825,587)
Payment to /(on behalf of) employees	(1,525,281)	(1,228,910)	(1,049,967)
Net Cash Used By Operating Activities	251,897	220,622	242,271
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(31,388)	(48,833)	(1,924)
Investment to Assets	31,927	-	-
	539	(48,833)	(1,924)
NET CHANGE IN CASH AND CASH EQUIVALENTS	252,436	171,789	240,347
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,309,273	1,137,484	897,137
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,561,709	\$ 1,309,273	\$ 1,137,484

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Economic Factors and the 2014-15 Budget

Being community supported, the District's revenues primarily consist of property tax revenues and student fees and are relatively predictable. The County Assessor's Office has stated that the property tax base went up 7.72% county-wide in 2014-15, which means our projected revenues in 2015/16 are 7.72% higher. In addition, the District received over \$7 million of one-time and ongoing reallocated redevelopment funds in 2014/15 due to the demise of redevelopment agencies in 2011/12. The ongoing portion of these funds will continue to grow as property taxes grow, and also as the former redevelopment agencies pay off their debt. This puts the District on very solid financial footing. The District continues to build multi-year financial plans and has planned balanced budgets through 2017/18.

KCSM FM: This fiscal year we have seen sustainerships and renewals growing at a slower but steady rate of 11%. Major gifts are up by 10%, and underwriting so far is pacing at a growth rate of 100%, reflecting an aggressive strategy to solicit and obtain support from corporate and commercial neighbors. Our efforts to maximize our resources and work smarter continue to pay off. This has allowed us to venture out into the community and produce live broadcasts from numerous venues, as well as elevate the station profile in our market. We are also producing six hours a day of overnight programming that is being shared with other public radio stations across the country. We have also started to put in place a loyalty reward system that will facilitate growth in sustainerships, renewals and new members, all of which are sources of revenue that will reinvigorate our future financial standing

Contacting the Financial Management Office

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of KCSM-FM'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 Kathy Blackwood, Executive Vice Chancellor, by phone at 650-358-6869 or by e-mail at blackwoodk@smccd.edu.

KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2015 & 2014

ASSETS	2015	2014
Current assets		
Cash and cash equivalents	\$ 1,561,709	\$ 1,309,273
Accounts receivable	44,232	47,774
Total current assets	<u>1,605,941</u>	<u>1,357,047</u>
Noncurrent assets		
Capital assets	536,847	568,235
Accumulated depreciation	(405,779)	(399,635)
Total noncurrent assets	<u>131,068</u>	<u>168,600</u>
TOTAL ASSETS	<u>1,737,009</u>	<u>1,525,647</u>
 LIABILITIES		
Current Liabilities		
Accounts payable	12,746	9,809
TOTAL LIABILITIES	<u>12,746</u>	<u>9,809</u>
 NET POSITION		
Investment in capital assets	131,068	168,600
Unrestricted	1,593,195	1,347,238
TOTAL NET POSITION	<u>\$ 1,724,263</u>	<u>\$ 1,515,838</u>

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

KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015 & 2014

OPERATING REVENUES	2015	2014
Direct Income		
CPB community service grants	\$ 171,642	\$ 171,537
Other income	12,472	14,655
Business and industry	213,010	109,512
Subscription and membership	1,795,473	1,587,616
Facilities use	-	2,872
Indirect support		
San Mateo County Community College District	404,475	320,468
Total Operating Revenues	2,597,072	2,206,660
OPERATING EXPENSES		
Programming and production	730,048	687,510
Broadcasting	309,816	212,595
Program information and promotion	237,064	192,078
Management and general	797,396	659,155
Fundraising support	174,608	131,663
Underwriting and grant solicitation	139,715	110,339
Total Operating Expenses	2,388,647	1,993,340
CHANGE IN NET POSITION	208,425	213,320
NET POSITION AT BEGINNING OF YEAR	1,515,838	1,302,518
NET POSITION AT END OF YEAR	\$ 1,724,263	\$ 1,515,838

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

KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015 & 2014

CASH FLOWS FROM OPERATING ACTIVITIES	2015	2014
CPB community service grants	\$ 171,642	\$ 171,537
Other income	12,472	14,655
Business and industry	216,552	78,621
Subscription and membership	1,795,473	1,587,616
San Mateo County Community College District	404,475	320,468
Facilities use	-	2,872
Payments to suppliers	(823,436)	(726,237)
Payment to /(on behalf of) employees	(1,525,281)	(1,228,910)
Net Cash Provided By Operating Activities	<u>251,897</u>	<u>220,622</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(31,388)	(48,833)
Investment to Assets	31,927	-
Net Cash Provided (Used) By Investing Activities	<u>539</u>	<u>(48,833)</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	252,436	171,789
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,309,273	1,137,484
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,561,709</u>	<u>\$ 1,309,273</u>
 RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Profit	\$ 208,425	\$ 213,320
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	36,993	44,061
Changes in assets and liabilities		
Increase in accounts receivable	3,542	(30,891)
Decrease in accounts payable	2,937	(5,868)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 251,897</u>	<u>\$ 220,622</u>
 NONCASH TRANSACTIONS		
Indirect support - San Mateo Community College District	<u>\$ 404,475</u>	<u>\$ 320,468</u>

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

**KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 & 2014**

NOTE #1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

KCSM-FM is a public telecommunications radio station operated by San Mateo County Community College District. KCSM-FM is a program of San Mateo County Community College District general fund, and all activities are also reported within the financial statements of the District.

These financial statements are not intended to, and do not purport to, present fairly the financial position and changes in the financial position of the San Mateo County Community College District in compliance with accounting principles generally accepted in the United States of America.

Basis of Accounting

The KCSM-FM financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). In addition, the District applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

KCSM-FM operates as a proprietary resource within the general fund; it uses an enterprise fund format to report its activities for financial statement purposes. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost and expenses, including depreciation, of providing goods or services to its customers be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Enterprise format accounts for activities similar to those in the private sector, where the proper matching of revenues and costs is important and the full accrual basis of accounting is required. With this measurement focus, all assets and all liabilities of the enterprise are recorded on its statement of net position, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

For internal operating purposes, the District's Board of Trustees has established separate sub-funds, each of which includes a separate self-balancing set of accounts and a separate Board approved budget for the activities of KCSM-FM. These sub-funds are combined into the single enterprise fund format presented in the accompanying financial statements.

The District's Board of Trustees adopts annual budgets on a basis consistent with accounting principles generally accepted in the United States of America.

**KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 & 2014**

Capital Assets

KCSM-FM records assets purchased at cost. The value of donated goods is recorded when there is an objective basis available to measure their value. Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. KCSM-FM maintains a capitalization threshold of \$5,000. KCSM-FM depreciates all equipment using the straight-line method of depreciation over the estimated useful life of the related assets, ranging from 5 to 20 years.

Estimates

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

Cash Flows

For the purposes of the statement of cash flows, KCSM-FM considers all investments with a maturity of six months or less to be cash equivalents.

Income Taxes

KCSM-FM is a program of San Mateo County Community College District. San Mateo County Community College District is a public educational institution and is considered to be a political subdivision of the State of California and is therefore tax exempt and not subject to filing information returns.

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2015 and 2014, are classified in the accompanying financial statements as a governmental fund investment in the amount of \$1,561,709 and \$1,309,273, respectively. Cash accounts maintained by KCSM-FM are held by San Mateo County Community College District in pooled amounts at the County Treasury.

Policies and Practices

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

KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 & 2014

Investment in County Treasury – KCSM – FM and the District are considered to be involuntary participants 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 entity's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

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

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

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. KCSM-FM and the District manage exposure to interest rate risk by depositing funds with the San Mateo County Treasury. KCSM-FM's share of deposits with the County Treasury was a \$1,561,709. The fair value of this investment is approximately \$1,561,553 with a weighted average maturity of approximately 1.61 years.

KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 & 2014

NOTE 3 – CAPITAL ASSETS

Changes in equipment are summarized as follows:

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Equipment	\$ 568,235	\$ -	\$ 31,388	\$ 536,847
Less - Accumulated Depreciation	<u>399,635</u>	<u>36,993</u>	<u>30,849</u>	<u>405,779</u>
Net Equipment	<u>\$ 168,600</u>	<u>(36,993)</u>	<u>\$ 62,237</u>	<u>\$ 131,068</u>

Current year depreciation expense was \$36,993 and is included in management and general expenses.

NOTE 4 – DONATED SERVICES

During the year, many KCSM-FM individuals donate significant amounts of time and services in an effort to advance the programs and objectives of the station. These services have not been recorded in the financial statements because no objective basis is available to measure the value of such services.

NOTE 5 – RELATED PARTY TRANSACTIONS

During the year, KCSM-FM received indirect administrative support in the amount of \$404,475 from San Mateo Community College.

INDEPENDENT AUDITOR'S REPORT



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

Governing Board
KCSM-FM
San Mateo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KCSM - FM resources of the San Mateo County Community College District as of and for the year ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise KCSM - FM's financial statements, and have issued our report thereon dated December 5, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered KCSM FM's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KCSM -FM's internal control. Accordingly, we do not express an opinion on the effectiveness of KCSM - FM's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the KCSM-FM's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the KCSM-FM's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 5, 2015

KCSM-TV

**A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2015 & 2014

KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

JUNE 30, 2015 & 2014

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

VALUE THE DIFFERENCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
KCSM-TV

Report on the Financial Statements

We have audited the accompanying financial statements of KCSM-TV (a public telecommunications entity operated by the San Mateo County Community College District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the KCSM-TV's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the KCSM-TV's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the KCSM-TV's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of KCSM-TV, as of June 30, 2015, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2015, on our consideration of the KCSM-TV'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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KCSM-TV's internal control over financial reporting and compliance.

Vavrinek, Time Day & Co., LLP

Pleasanton, California
December 5, 2015

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-TV

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

Introduction

The San Mateo County Community College District's (the District) Annual Financial Report presents management's discussion and analysis of KCSM-TV financial activities during the fiscal years ended June 30, 2015 and June 30, 2014. 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 KCSM-TV's financial activities as a whole. These statements are:

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

Financial Overview Summary

- Total net position at June 30, 2015 increased \$114 thousand over the prior fiscal year. The increase was primarily due to an increase in cash and cash equivalent accounts.
- Assets exceeded liabilities for the fiscal year ending June 30, 2015 by \$2.4 million, and total net assets increased \$337 thousand over last year.
- Net noncurrent assets decreased by \$335 thousand.
- Net operating loss was \$786 thousand compared with \$1.3 million for the fiscal year ending June 30, 2014.

Reporting for the District and KCSM as a Whole

- Economic position of the District with the State

Fiscal Year 2014/15 is the fourth year that the District has been community supported. Community supported means that when the State sets the District's revenue limit (determining how many students we are funded to serve) and deducts from that revenue limit the local property taxes and student fees, there is no need for State apportionment to sum to our revenue limit. This means that the District has somewhat more resources and is no longer subject to the state borrowing funds by delaying apportionment payments. The District is now firmly in community supported status and anticipates to receive upwards of \$30 million in 2015/16 in excess of what the District would have received had we been subject to the state's revenue limit. In addition to an increase in property taxes, the District is receiving funds from the dissolution of Redevelopment Agencies (RDAs). As less of the property taxes are being diverted to RDAs, more of them come to SMCCCD. The former RDAs are also slowly beginning the process of selling off their property, which brings some one-time funds to District coffers. Fiscal Year 2013/14 was the last year for receiving funds from the parcel tax (Measure G) and the funds were fully expended in 2014/15. All in all, the District's revenues have increased and, with a steady real estate market, show every sign of continuing increase.

The district has continued to run KCSM-TV with funding from the agreement to supplement station operations in exchange for a percentage of proceeds should the station successfully complete the FCC spectrum auction. The FCC spectrum auction is scheduled to take applications starting in December, 2015. The auction itself is expected to start March 29, 2016 and after a reverse and forward auction, complete in the fall of 2016.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-TV

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**Table 1 - Statement of Net Position****SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT -KCSM TV
STATEMENT OF NET POSITION
FOR THE YEARS ENDED, JUNE 30,**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Current Assets			
Cash & Cash equivalents	\$ 1,351,828	\$ 680,287	\$ 626,933
Accounts receivable	14,400	14,400	-
Total Current Assets	<u>1,366,228</u>	<u>694,687</u>	<u>626,933</u>
Noncurrent Assets			
Capital assets	7,137,312	7,542,885	7,542,885
Accumulated depreciation	(5,775,608)	(5,846,498)	(5,403,631)
Total Noncurrent Assets	<u>1,361,704</u>	<u>1,696,387</u>	<u>2,139,254</u>
TOTAL ASSETS	<u>2,727,932</u>	<u>2,391,074</u>	<u>2,766,187</u>
LIABILITIES			
Current Liabilities			
Vendor payable	239,886	17,623	25,459
Payroll liabilities	344	344	-
TOTAL LIABILITIES	<u>240,230</u>	<u>17,967</u>	<u>25,459</u>
Net POSITION			
Invested in capital assets	1,361,704	1,696,387	2,139,254
Unrestricted	1,125,233	676,720	601,474
TOTAL NET POSITION	<u>\$ 2,486,937</u>	<u>\$ 2,373,107</u>	<u>\$ 2,740,728</u>

Net Position

The Statement of Net Position above includes all assets and liabilities of KCSM-TV 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 KCSM-TV. Following are explanatory remarks for the statement:

- Cash and cash equivalents consist of cash in the Treasury and San Mateo County Pool.
- Accounts receivable primarily consists of revenues from local sources from which KCSM-TV had earnings but which were not received as of the fiscal year's closing date.
- Capital assets, net of depreciation, are the net historical value of equipment less accumulated depreciation.
- Accounts payable consist of payables to the salaries and benefits, and local vendors which KCSM-TV incurred but for which payments were not issued as of the end of the fiscal year.
- According to GASB Statements, equity is reported as – Net Position rather than – Fund Balance. KCSM-TV's net position is classified as follows:

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-TV

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- Invested in capital assets, net of related debt, represents KCSM-TV's total investment in capital assets and net of outstanding debt obligations related to those capital assets.
- Unrestricted net position represents resources used for transactions relating to the educational and general operations of KCSM-TV.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position shown below consist of operating and non-operating results of KCSM-TV. Operating revenues represent all revenues from exchange transactions, in which each party gives and receives essentially equal value.

Table 2 – Statement of Operating Revenue

***SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT -KCSM TV
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30,***

	<u>2015</u>	<u>2014</u>	<u>2013</u>
OPERATING REVENUES			
District Income			
CPB community service grants	\$ 432,538	\$ 442,974	\$ 586,665
CPB television interconnection grants	7,825	8,473	11,860
Business and industry	172,800	118,076	1,150
Subscription and membership	124,006	15,081	28,098
Royalties	14,344	36,331	47,920
Other Income	-	-	15,505
Indirect Support			
San Mateo County Community College District	250,018	263,515	449,148
TOTAL OPERATING REVENUES	<u>1,001,531</u>	<u>884,450</u>	<u>1,140,346</u>
OPERATING EXPENSES			
Programming and production	318,528	278,430	427,183
Broadcasting	846,554	989,042	979,454
Program information and promotion	114	31,473	63,813
Management and general	609,394	803,527	1,264,890
Fundraising support	13,111	22,942	39,892
Underwriting and grant solicitation	-	26,657	51,564
TOTAL OPERATING EXPENSES	<u>1,787,701</u>	<u>2,152,071</u>	<u>2,826,796</u>
OPERATING LOSS	<u>(786,170)</u>	<u>(1,267,621)</u>	<u>(1,686,450)</u>
OTHER INCOME			
Other sources	900,000	900,000	-
Transfer in from district	-	-	1,100,000
CHANGE IN NET POSITION	113,830	(367,621)	(586,450)
NET POSITION, BEGINNING OF YEAR	<u>2,373,107</u>	<u>2,740,728</u>	<u>3,327,178</u>
NET POSITION, END OF YEAR	<u>\$ 2,486,937</u>	<u>\$ 2,373,107</u>	<u>\$ 2,740,728</u>

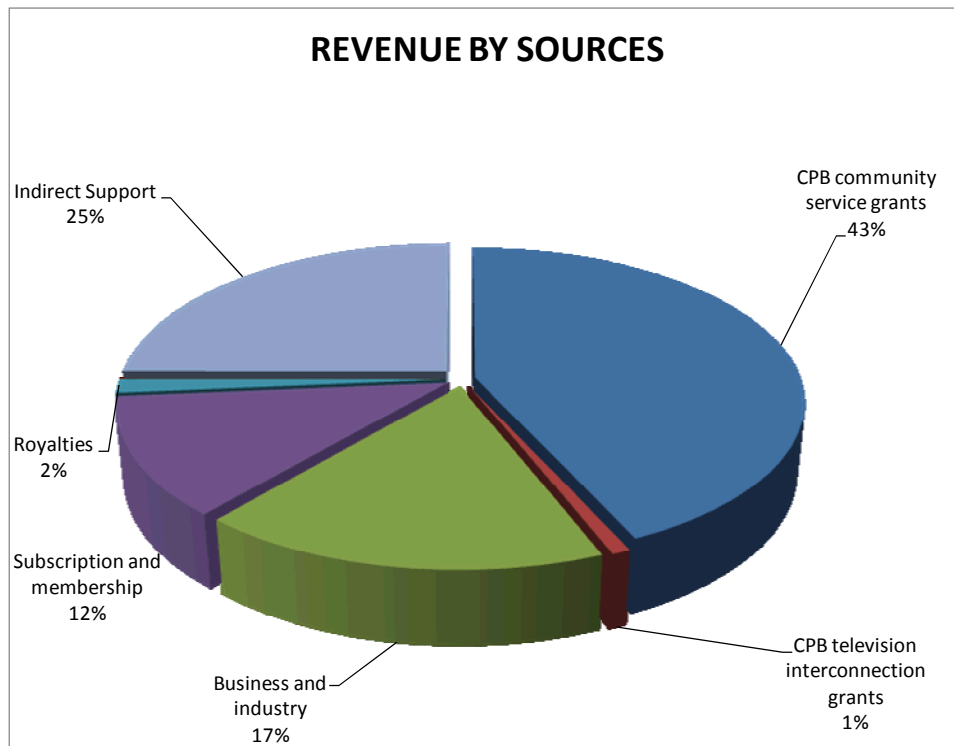
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-TV

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

Explanatory information for the statement is as follows:

- CPB community service grants: Payment from Corporation for Public Broadcasting designated to help provide a non-commercial, educational program stream to our community.
- CPB television interconnection grants: Payment from Corporation for Public Broadcasting designated to help cover costs to necessary to receive programs from PBS to serve our community.
- Business and industry: Financial support from companies and corporations to support the stations operations.
- Subscriptions and membership: Financial support from individuals to support the operations of the station.
- Royalties: Payment from PBS and other entities to KCSM-TV based upon number of times a program made by KCSM-TV is aired by entities other than KCSM.
- Facilities use: Payment for services provided by KCSM, such as facility rental.
- Other income: Income that does not fit in other categories
- Indirect support: Expenses or facilities paid by the San Mateo County Community College District.

Below is an illustration of District revenues by source:

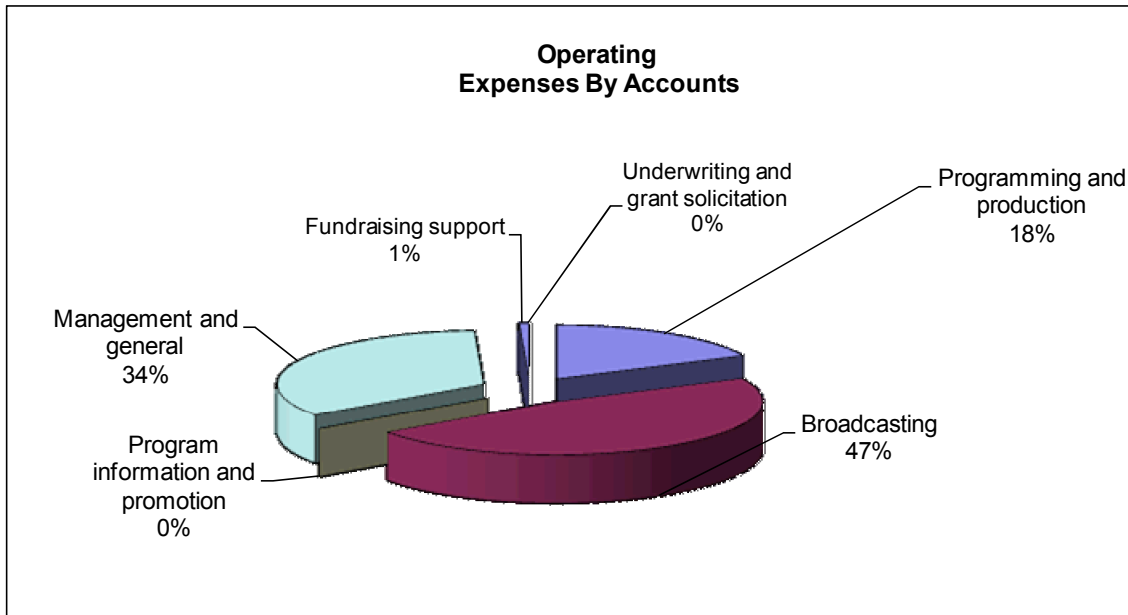


SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-TV

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

Revenues and expenses changed mainly due to the following:

- Net Income from operating sources illustrates an increase in subscription, membership and business and industry.
- Operating expenses show a decrease in broadcasting, program information and fundraising support. Operating expenses increased with compensation increases, but decreased due to reductions in staffing affecting fundraising and management expenses.



KCSM-TV's operating expenses are shown in the chart above. Following are explanatory comments for the Statement of Operating Expenses by Activity:

- Programming and production: Expenses incurred to purchase, schedule, and produce and prepare programs for broadcast.
- Broadcasting: Expenses incurred to prepare, store, check quality, verify automation asset management, play out, and monitor program streams. Also included in this category is maintenance, repair, design and installation of equipment necessary for technical operations of the station. All costs for transmission such as rent, and power are accounted in this area.
- Program information and promotions: Expenses for all labor and costs to maintain the website; and design, outsource production of, and procurement of promotional materials.
- Management and general: Expenses for management services such as station manager, accounting, administrative and legal services. Also included in this area is depreciation.
- Fundraising support: All costs for pledge premiums, membership administrative services and database management costs.
- Underwriting and grant solicitation: Expenses for costs incurred for underwriting solicitation, and other solicitations from organizational support for the station.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-TV

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

- Depreciation of capital assets is computed and recorded by the straight-line method. KCSM-TV 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

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 KCSM-TV's ability to generate net cash flows, and its ability to meet obligations as they come due, or KCSM-TV's need for assistance via external financing. KCSM-TV 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 CPB grants, subscription and membership, royalties and District support. Cash outlays include payment of salaries, benefits, supplies, programming, production and operating expenses.
- The contract with LPN (Other Sources) is the primary source of non-capital financing.
- For capital financing activities, the main sources are from sales or disposal of equipment.
- Cash from investing activities consists of Interest from County Investment Pool.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-TV

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**Table 3 – Statement of Cash Flows****SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT - KCSM TV
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,**

	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
CPB community service grants	\$ 432,538	\$ 442,974	\$ 586,665
CPB television interconnection grants	7,825	8,473	11,860
Business and industry	172,800	103,676	1,150
Subscription and membership	124,006	15,081	28,098
District support	250,783	263,515	448,670
Royalties	14,344	36,331	47,920
Other income	0	0	15,505
Payments to suppliers	(386,131)	(872,072)	(999,829)
Payment to /(on behalf of) employees	(844,624)	(844,624)	(1,230,989)
Net Cash Used By Operating Activities	(228,459)	(846,646)	(1,090,950)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Other source	900,000	900,000	-
Transfer in from District	0	0	1,100,000
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Loss on disposal of equipment	0	0	0
Net Cash Provided by Capital Financing Activities	0	0	0
NET CHANGE IN CASH	671,541	53,354	9,050
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	680,287	626,933	617,883
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,351,828	\$ 680,287	\$ 626,933

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-TV

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Economic Factors and the 2014-15 Budget

Being community supported, the District's revenues primarily consist of property tax revenues and student fees and are relatively predictable. The County Assessor's Office has stated that the property tax base went up 7.72% county-wide in 2014-15, which means our projected revenues in 2015/16 are 7.72% higher. In addition, the District received over \$7 million of one-time and ongoing reallocated redevelopment funds in 2014/15 due to the demise of redevelopment agencies in 2011/12. The ongoing portion of these funds will continue to grow as property taxes grow, and also as the former redevelopment agencies pay off their debt. This puts the District on very solid financial footing. The District continues to build multi-year financial plans and has planned balanced budgets through 2017/18.

KCSM-TV will continue to operate at a minimal level to meet our obligations to the community. The College District will continue to support the station until there is a determination through the Federal Spectrum Auction proceedings.

Contacting the Financial Management Office

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of KCSM-TV'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 Kathy Blackwood, Executive Vice Chancellor, by phone at 650-358-6869 or by e-mail at blackwoodk@smccd.edu.

KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2015 & 2014

ASSETS**Current Assets**

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 1,351,828	\$ 680,287
Accounts receivable	14,400	14,400
Total current assets	<u>1,366,228</u>	<u>694,687</u>

Noncurrent assets

Capital assets	7,137,312	7,542,885
Accumulated depreciation	<u>(5,775,608)</u>	<u>(5,846,498)</u>
Total noncurrent assets	<u>1,361,704</u>	<u>1,696,387</u>
TOTAL ASSETS	<u>2,727,932</u>	<u>2,391,074</u>

LIABILITIES**Current Liabilities**

Vendor payable	15,995	17,623
Payroll liabilities	-	344
Unearned income	<u>225,000</u>	<u>-</u>
Total liabilities	<u>240,995</u>	<u>17,967</u>

NET POSITION

Investment in capital assets	1,361,704	1,696,387
Unrestricted	<u>1,125,233</u>	<u>676,720</u>
TOTAL NET POSITION	<u>\$ 2,486,937</u>	<u>\$ 2,373,107</u>

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

KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015 & 2014

OPERATING REVENUES	2015	2014
Direct Income		
CPB community service grants	\$ 432,538	\$ 442,974
CPB television interconnection grants	7,825	8,473
Business and industry	172,800	118,076
Subscription and membership	124,006	15,081
Royalties	14,344	36,331
Indirect Support		
San Mateo County Community College District	250,018	263,515
Total Operating Revenues	1,001,531	884,450
OPERATING EXPENSES		
Programming and production	318,528	278,430
Broadcasting	846,554	989,042
Program information and promotion	114	31,473
Management and general	609,394	803,527
Fundraising support	13,111	22,942
Underwriting and grant solicitation	-	26,657
Total Operating Expenses	1,787,701	2,152,071
Operating Loss	(786,170)	(1,267,621)
OTHER INCOME		
Other sources	900,000	900,000
CHANGE IN NET POSITION	113,830	(367,621)
NET POSITION AT BEGINNING OF YEAR	2,373,107	2,740,728
NET POSITION AT END OF YEAR	\$ 2,486,937	\$ 2,373,107

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

KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015 & 2014

CASH FLOWS FROM OPERATING ACTIVITIES	2015	2014
CPB community service grants	\$ 432,538	\$ 442,974
CPB television interconnection grants	7,825	8,473
Business and industry	172,800	103,676
Subscription and membership	124,006	15,081
District support	250,018	263,515
Royalties	14,344	36,331
Payments to suppliers	(837,828)	(872,072)
Payment to /(on behalf of) employees	(617,162)	(844,624)
Net Cash Used By Operating Activities	<u>(453,459)</u>	<u>(846,646)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Other source	<u>1,125,000</u>	<u>900,000</u>
 NET CHANGE IN CASH	671,541	53,354
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	680,287	626,933
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,351,828</u>	<u>\$ 680,287</u>
 RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (786,170)	\$ (1,267,621)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	334,683	442,867
Changes in assets and liabilities		
Increase in accounts receivable	-	(14,400)
Decrease in vendor payable	(2,737)	(7,492)
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (453,459)</u>	<u>\$ (846,646)</u>
 NONCASH TRANSACTIONS		
Indirect support - San Mateo Community College District	<u>\$ 250,018</u>	<u>\$ 263,515</u>

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

**KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 & 2014**

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

KCSM-TV is a public telecommunications television station operated by San Mateo County Community College District. KCSM-TV is a program of the San Mateo County Community College District general fund, and all activities are also reported within the financial statements of the District.

These financial statements are not intended to, and do not purport to, present fairly the financial position and changes in the financial position of the San Mateo County Community College District in compliance with accounting principles generally accepted in the United States of America.

Basis of Accounting

The KCSM-TV financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). In addition, the District applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

KCSM-TV operates as a proprietary resource within the general fund; it uses an enterprise fund format to report its activities for financial statement purposes. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost and expenses, including depreciation, of providing goods or services to its customers be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Enterprise format accounts for activities similar to those in the private sector, where the proper matching of revenues and costs is important and the full accrual basis of accounting is required. With this measurement focus, all assets and all liabilities of the enterprise are recorded on its statement of net assets, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

For internal operating purposes, the District's Board of Trustees has established separate sub-funds, each of which includes a separate self-balancing set of accounts and a separate Board approved budget for the activities of KCSM-TV. These sub-funds are combined into the single enterprise fund format when presented in the accompanying financial statements.

The District's Board of Trustees adopts annual budgets on a basis consistent with accounting principles generally accepted in the United States of America.

**KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 & 2014**

Capital Assets

KCSM-TV records assets purchased at cost. The value of donated goods is recorded when there is an objective basis available to measure their value. Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. KCSM-TV maintains a capitalization threshold of \$5,000. KCSM-TV depreciates all equipment using the straight-line method of depreciation over the estimated useful life of the related assets, ranging from 5 to 20 years.

Estimates

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

Cash Flows

For purposes of the statement of cash flows, KCSM-TV considers all investments with a maturity of six months or less to be cash equivalents.

Income Taxes

KCSM-TV is a program of San Mateo County Community College District. San Mateo County Community College District is a public educational institution and is considered to be a political subdivision of the State of California and is therefore tax exempt and not subject to filing information returns.

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2015 and 2014, are classified in the accompanying financial statements as a governmental fund investment in the amount of \$1,351,828 and \$680,287, respectively. Cash accounts maintained by KCSM-TV are held by San Mateo County Community College District in pooled amounts at the San Mateo County Treasury.

Policies and Practices

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

KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 & 2014

Investment in County Treasury – KCSM – TV and the District are considered to be involuntary participants 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 entity's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

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

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

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. KCSM-TV and the District manage exposure to interest rate risk by depositing funds with the San Mateo County Treasury. KCSM-TV's share of deposits with the County Treasury was \$1,351,828. The fair value of this investment is approximately \$1,351,693 with a weighted average maturity of approximately 1.63 years.

KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE SAN MATEO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 & 2014

NOTE 3 – CAPITAL ASSETS

Changes in equipment are summarized as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Equipment	\$ 7,542,885	\$ -	\$ 405,573	\$ 7,137,312
Less - Accumulated Depreciation	<u>5,846,498</u>	<u>334,683</u>	<u>405,573</u>	<u>5,775,608</u>
Net Equipment	<u>\$ 1,696,387</u>	<u>\$ (334,683)</u>	<u>\$ -</u>	<u>\$ 1,361,704</u>

Current year depreciation expense was \$334,683 and is included in management and general expenses.

NOTE 4 - DONATED SERVICES

During the year, many KCSM-TV individuals donate significant amounts of time and services in an effort to advance the programs and objectives of the station. These services have not been recorded in the financial statements because no objective basis is available to measure the value of such services.

NOTE 5 – RELATED PARTY TRANSACTIONS

During the year, KCSM-TV received indirect administrative support in the amount of \$250,018 from San Mateo County Community College District.

NOTE 6 – OTHER MATTERS

SMCCCD has entered into a Funding Agreement with Locus Points Network (LPN) on May 16, 2013. LPN has agreed to provide to SMCCCD funding in the amount of \$3,600,000 to be paid in installments of \$225,000 for the operating expenses of the Station as it is currently operated in compliance with the rules, regulations and policies of the FCC. The parties have agreed that in consideration of, among other things, LPN providing such funding to SMCCCD, LPN will have the right to share 36.5% of the Gross Sale Proceeds upon the sale of KCSM-TV. Effective July 1, 2013, Locus Point Networks (LPN) LLC is paying SMCCCD \$225,000 per quarter. These funds are reflected as administrative support from SMCCCD to KCSM-TV.

INDEPENDENT AUDITOR'S REPORT



Vavrinek, Trine, Day & Co., LLP

Certified Public Accountants

VALUE THE DIFFERENCE

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

Governing Board
KCSM-TV
San Mateo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KCSM - TV resource of the San Mateo County Community College District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise KCSM - TV's financial statements, and have issued our report thereon dated December 5, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered KCSM TV's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KCSM -TV's internal control. Accordingly, we do not express an opinion on the effectiveness of KCSM - TV's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the KCSM-TV's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the KCSM-TV's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the KCSM-TV's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavinek, Time, Day & Co., LLP

Pleasanton, California
December 5, 2015

BOARD REPORT NO. 16-1-102B

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor
PREPARED BY: Kathy Blackwood, Executive Vice Chancellor, 358-6869

**RECEIPT AND ACCEPTANCE OF THE 2014-15
GENERAL OBLIGATION BOND FINANCIAL AND PERFORMANCE AUDITS**

Attached is a copy of the General Obligation Bond financial and performance audits for the San Mateo County Community College District, prepared by the Board-approved firm of Vavrinek, Trine, Day & Company. The audits were based upon the fiscal year ending June 30, 2015. A representative of the auditing firm will be present at this meeting to respond to questions about the audits in general and about the firm's findings and recommendations. Representatives of the Bond Oversight Committee will receive copies of the audit reports at their next meeting.

RECOMMENDATION

It is recommended that the Board of Trustees receive and accept the 2014-15 audit reports for the General Obligation Bond funds.

**SAN MATEO COUNTY COMMUNITY
COLLEGE DISTRICT**

**MEASURE A
2005 GENERAL OBLIGATION BONDS
AUDIT REPORT**

JUNE 30, 2015

**SAN MATEO COUNTY COMMUNITY
COLLEGE DISTRICT**

**MEASURE A
2005 GENERAL OBLIGATION BONDS
FINANCIAL AUDIT**

JUNE 30, 2015

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY – BOND FUND 2005 ELECTION (MEASURE A)**

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JUNE 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Governing Board and the Citizens Oversight Committee
San Mateo County Community College District
San Mateo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the San Mateo Community College District's (the District), Capital Outlay - Bond Fund 2005 Election (Measure A), and the related notes to the financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Measure A's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Measure A's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Capital Outlay -Bond Fund 2005 Election (Measure A) of the San Mateo Community College District at June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Capital Outlay Fund specific to General Obligation Bonds, Election 2005 (Measure A), and are not intended to present fairly the financial position and changes in financial position of San Mateo County Community College District conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015, on our consideration of the District's Capital Outlay Bond Fund 2005 Election (Measure A) 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's Capital Outlay Fund (Measure A) internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 16, 2015

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY – BOND FUND 2005 ELECTION (MEASURE A)
BALANCE SHEET
JUNE 30, 2015

ASSETS	2015
Deposits and investments	\$ 20,182,596
Accounts receivable	47,499
Due from other funds	651,863
Prepaid expenses	85,261
Total Assets	\$ 20,967,219
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 1,327,736
Due to other funds	71,344
Total Liabilities	1,399,080
FUND BALANCES	
Restricted	19,568,139
Total Fund Balances	19,568,139
Total Liabilities and Fund Balances	\$ 20,967,219

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2005 ELECTION (MEASURE A)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>2015</u>
REVENUES	
Interest income	\$ 205,728
Total Revenues	<u>205,728</u>
EXPENDITURES	
Current	
Salaries and benefits	766,135
Supplies	1,720,019
Services and operating expenditures	3,498,445
Capital outlay	6,085,042
Total Expenditures	<u>12,069,641</u>
Other Financing Sources:	
Other sources	613,297
NET CHANGE IN FUND BALANCES	<u>(11,250,616)</u>
FUND BALANCE - BEGINNING	<u>30,818,755</u>
FUND BALANCE - ENDING	<u><u>\$ 19,568,139</u></u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY – BOND FUND 2005 ELECTION (MEASURE A)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the San Mateo County Community College District’s Capital Outlay – Bond Fund Measure A conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The San Mateo County Community College District’s Capital Outlay – Bond Fund accounts for financial transactions in accordance with the policies and procedures of the California College Budget and Accounting Manual.

Financial Reporting Entity

The financial statements include only the Capital Outlay – Bond Fund of the San Mateo County Community College District used to account for Measure A projects. This Fund was established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2005. These financial statements are not intended to present fairly the financial position and results of operations of the San Mateo County Community College District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Capital Outlay – Bond Fund Measure A are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Capital Outlay – Bond Fund Measure A is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY – BOND FUND 2005 ELECTION (MEASURE A)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Encumbrances

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

Fund Balance

Fund balance for the Measure A fund is classified as follows:

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

Spending Order

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Use of Estimates

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

NOTE 2 - INVESTMENTS

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 instrument; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreement; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY – BOND FUND 2005 ELECTION (MEASURE A)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
County Pooled Investment Funds	N/A	None	None

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 is to changes in market interest rates. The District manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The fair value of deposits at the County Treasury, at June 30, 2015, was \$20,181,673 and the weighted average maturity of the pool is 595 days.

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 Capital Outlay Bond Fund only invests in county pooled investments which are not required to be rated.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015, consisted of the following:

	<u>2015</u>
Interest	<u>\$ 47,499</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2005 ELECTION (MEASURE A)
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

NOTE 4 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2015 and 2014 all consisted of vendor payables.

NOTE 5 - INTERFUND TRANSACTIONS

Interfund receivable balance at June 30, 2015, was as follows:

Due from other funds - Capital Outlay Fund	<u>\$ 651,863</u>
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Interfund payable balance at June 30, 2015, was as follows:

Due to other funds - Capital Outlay Fund	<u>\$ 71,344</u>
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NOTE 6 - COMMITMENTS AND CONTINGENCIES

As of June 30, 2015, the Capital Outlay Bond Fund (Measure A) had the following commitments with respect to unfinished capital projects:

	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
District wide projects	\$ 386,006	Within 1 year
Skyline projects	2,718,441	Within 1 year
CSM projects	3,225,850	Within 1 year
Canada projects	307,766	Within 1 year
	<u>\$ 6,638,063</u>	

INDEPENDENT AUDITOR'S REPORT



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

Governing Board and Citizens Oversight Committee
San Mateo County Community College District
San Mateo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The accompanying financial statements of the San Mateo Community College District Capital Outlay - Bond Fund 2005 Election (Measure A) and the related notes of the financial statements as of and for the year ended June 30, 2015, and have issued our report thereon dated December 16, 2015.

As discussed in Note 1, the financial statements present only the Capital Outlay - Bond Fund 2005 Election (Measure A), and are not intended to present fairly the financial position and changes in financial position of San Mateo Community College District in conformity with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered San Mateo 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 Community College District Measure A's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the San Mateo Community College District Measure A's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Mateo Community College District's Capital Outlay - Bond Fund 2005 Election (Measure A) 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or non compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 16, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2005 ELECTION (MEASURE A)
FINANCIAL STATEMENT FINDINGS
JUNE 30, 2015**

None reported.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2005 ELECTION (MEASURE A)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015**

None reported.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**MEASURE A
2005 GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

JUNE 30, 2015

**SAN MATEO COMMUNITY COLLEGE DISTRICT
MEASURE A
2005 GENERAL OBLIGATION BONDS
JUNE 30, 2015**

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INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Governing Board and Citizens Oversight Committee
San Mateo County Community College District
San Mateo, California

We were engaged to conduct a performance audit of the San Mateo County Community College District (the District), Measure A General Obligation Bond funds for the year ended June 30, 2015.

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

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District Measure A's internal control in order to determine if the internal controls were adequate to help ensure the Measure A's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the Measure A's internal control. Accordingly, we do not express an opinion on the effectiveness of the Measure A's internal control.

The results of our tests indicated that the District expended Measure A General Obligation Bond funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
December 16, 2015

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY – BOND FUND 2005 ELECTION (MEASURE A) JUNE 30, 2015

AUTHORITY FOR ISSUANCE

The Measure A Bonds are issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Trustees of the District on November 8, 2006 (the “Bond Resolution”).

The District received authorization at an election held on November 8, 2005, to issue bonds of the District in an aggregate principal amount not to exceed \$468,000,000 to finance specific acquisition, construction and modernization projects approved by the voters. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2005 Authorization). The Bonds represent the first and second series of the authorized bonds to be issued under the 2005 Authorization.

PURPOSE OF ISSUANCE

The net proceeds of the Bonds and any other series of general obligation bonds issued under the Authorization will be used for the purposes specified in the District bond proposition submitted at the Election, which include: to upgrade nursing, health career, science, computer, and biotechnology labs; improve accessibility for disabled students; make earthquake safety improvements; repair/modernized libraries, classrooms, and aging facilities, and other projects.

AUTHORITY FOR THE AUDIT

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in Education Code sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the district to appoint a citizen's oversight committee.
4. Requires the district to conduct an annual independent financial audit and performance audit in accordance with the Government Auditing Standards issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2005 ELECTION (MEASURE A)
JUNE 30, 2015**

OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the Capital Outlay – Bond Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure A.
2. Determine whether salary transactions, charged to the Bond Fund were in support of Measure A and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2014 to June 30, 2015. The population of expenditures tested included all object and project codes associated with the Measure A projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2015 were not reviewed or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2015 for the Capital Outlay – Bond Fund Measure A. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure A as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2014 and ending June 30, 2015, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included transactions totaling \$3,398,800. This represents 28 percent of the total expenditures of \$12,069,641.
3. We verified that funds from the Capital Outlay – Bond Fund Measure A were generally expended for the authorized bond projects. In addition, we verified that funds held in the Capital Outlay – Bond Fund Measure A were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

CONCLUSION

The results of our tests indicated that, in all significant respects, the San Mateo County Community College District has properly accounted for the expenditures held in the Capital Outlay – Bond Fund Measure A and that such expenditures were made for authorized Bond projects. Further, it was noted that funds held in the Capital Outlay – Bond Fund Measure A, and expended by the District, were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2005 ELECTION (MEASURE A)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015**

None reported.

**SAN MATEO COUNTY COMMUNITY
COLLEGE DISTRICT**

**MEASURE H
2014 GENERAL OBLIGATION BONDS
AUDIT REPORT**

JUNE 30, 2015

**SAN MATEO COUNTY COMMUNITY
COLLEGE DISTRICT**

**MEASURE H
2014 GENERAL OBLIGATION BONDS
FINANCIAL AUDIT**

JUNE 30, 2015

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY – BOND FUND 2014 ELECTION (MEASURE H)**

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JUNE 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

Governing Board and the Citizens' Oversight Committee
San Mateo County Community College District
San Mateo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the San Mateo Community College District's (the District), Capital Outlay - Bond Fund 2014 Election (Measure H), and the related notes to the financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Measure H's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Measure H's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Capital Outlay -Bond Fund 2014 Election (Measure H) of the San Mateo Community College District at June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Capital Outlay Fund specific to General Obligation Bonds, Election 2014 (Measure H), and are not intended to present fairly the financial position and changes in financial position of San Mateo County Community College District conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015, on our consideration of the District's Capital Outlay Bond Fund 2014 Election (Measure H) 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's Capital Outlay Fund (Measure H) internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 16, 2015

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY – BOND FUND 2014 ELECTION (MEASURE H)
BALANCE SHEET
JUNE 30, 2015

ASSETS

Deposits and investments	\$ 124,954,057
Accounts receivable	141,020
Prepaid expenses	<u>578,370</u>
Total Assets	<u><u>\$ 125,673,447</u></u>

LIABILITIES AND FUND BALANCES**LIABILITIES**

Accounts payable	\$ 752,988
Due to other funds	<u>54,819</u>
Total Liabilities	<u>807,807</u>

FUND BALANCES

Restricted	<u>124,865,640</u>
Total Fund Balances	<u>124,865,640</u>
Total Liabilities and Fund Balances	<u><u>\$ 125,673,447</u></u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2014 ELECTION (MEASURE H)
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2015**

REVENUES

Interest income	\$ 18,376
Total Revenues	<u>18,376</u>

EXPENDITURES

Current

Salaries and benefits	148,467
Supplies	7,790
Services and operating expenditures	698,095

Capital outlay	<u>1,298,384</u>
Total Expenditures	<u>2,152,736</u>

Other Financing Sources:

Other sources	<u>127,000,000</u>
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NET CHANGE IN FUND BALANCES	124,865,640
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FUND BALANCE - BEGINNING	<u>-</u>
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FUND BALANCE - ENDING	<u><u>\$ 124,865,640</u></u>
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The accompanying notes are an integral part of these financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2014 ELECTION (MEASURE H)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the San Mateo County Community College District’s Capital Outlay – Bond Fund Measure H conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The San Mateo County Community College District’s Capital Outlay – Bond Fund accounts for financial transactions in accordance with the policies and procedures of the California College Budget and Accounting Manual.

Financial Reporting Entity

The financial statements include only the Capital Outlay – Bond Fund of the San Mateo County Community College District used to account for Measure H projects. This Fund was established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2014. These financial statements are not intended to present fairly the financial position and results of operations of the San Mateo County Community College District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Capital Outlay – Bond Fund Measure H are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Capital Outlay – Bond Fund Measure H is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY – BOND FUND 2014 ELECTION (MEASURE H) NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances lapse at June 30.

Fund Balance

Fund balance for the Measure H fund is classified as follows:

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

Spending Order

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Use of Estimates

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

NOTE 2 - INVESTMENTS

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 instrument; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreement; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY – BOND FUND 2014 ELECTION (MEASURE H)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
County Pooled Investment Funds	N/A	None	None

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 is to changes in market interest rates. The District manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The fair value of deposits at the County Treasury, at June 30, 2015, was \$124,954,057 and the weighted average maturity of the pool is 595 days.

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 Capital Outlay Bond Fund only invests in county pooled investments which are not required to be rated.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015, consisted of the following:

Interest	<u>\$ 141,020</u>
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SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2014 ELECTION (MEASURE H)
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

NOTE 4 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2015 all consisted of vendor payables.

NOTE 5 - INTERFUND TRANSACTIONS

Interfund payable balance at June 30, 2015, was as follows:

Due to other funds - Capital Outlay Fund	<u><u>\$ 54,819</u></u>
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NOTE 6 - COMMITMENTS AND CONTINGENCIES

As of June 30, 2015, the Capital Outlay Bond Fund (Measure H) had the following commitments with respect to unfinished capital projects:

	Remaining Construction Commitment	Expected Date of Completion
Skyline projects	\$ 475,067	Within 1 year
CSM projects	494,139	Within 1 year
Canada projects	360,823	Within 1 year
	<u><u>\$ 1,330,029</u></u>	

INDEPENDENT AUDITOR'S REPORT



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

Governing Board and Citizens Oversight Committee
San Mateo County Community College District
San Mateo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the San Mateo Community College District Capital Outlay - Bond Fund 2014 Election (Measure H), as of and for the year ended June 30, 2015, the related notes of the financial statements, and have issued our report thereon dated December 16, 2015.

As discussed in Note 1, the financial statements present only the Capital Outlay - Bond Fund 2014 Election (Measure H), and are not intended to present fairly the financial position and changes in financial position of San Mateo Community College District in conformity with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered San Mateo 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 Community College District Measure H's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the San Mateo Community College District Measure H's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Mateo Community College District's Capital Outlay - Bond Fund 2014 Election (Measure H) 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or non compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 16, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2014 ELECTION (MEASURE H)
FINANCIAL STATEMENT FINDINGS
JUNE 30, 2015**

None reported.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2014 ELECTION (MEASURE H)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015**

None reported.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**MEASURE H
2014 GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

JUNE 30, 2015

**SAN MATEO COMMUNITY COLLEGE DISTRICT
MEASURE H
2014 GENERAL OBLIGATION BONDS
JUNE 30, 2015**

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

VALUE THE DIFFERENCE

INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Governing Board and Citizens Oversight Committee
San Mateo County Community College District
San Mateo, California

We were engaged to conduct a performance audit of the San Mateo County Community College District (the District), Measure H General Obligation Bond funds for the year ended June 30, 2015.

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

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the Measure H's internal control in order to determine if the internal controls were adequate to help ensure the Measure H's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the Measure H's internal control. Accordingly, we do not express an opinion on the effectiveness of the Measure H's internal control.

The results of our tests indicated that the District expended Measure H General Obligation Bond funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
December 16, 2015

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY – BOND FUND 2014 ELECTION (MEASURE H) JUNE 30, 2015

AUTHORITY FOR ISSUANCE

The general obligation bonds associated with Measure H Bonds were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Trustees of the District on July 23, 2014 (the “Bond Resolution”).

The District received authorization at an election held on November 11, 2014, to issue bonds of the District in an aggregate principal amount not to exceed \$388,000,000 to provide financing for the specific school facilities projects listed in the Bond Project List approved by the voters. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2014 Authorization). The Bonds represent the first series of the authorized bonds to be issued under the 2014 Authorization.

PURPOSE OF ISSUANCE

To prepare College of San Mateo, Canada College and Skyline College students for Universities and high-demand jobs; modernize math and science classrooms and labs; upgrade computer, biotechnology and job training facilities, upgrade access for disabled students; ensure classrooms meet earthquake, fire and safety requirements; and replace aging infrastructure with energy efficient systems.

AUTHORITY FOR THE AUDIT

On November 11, 2014, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in Education Code sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the district to appoint a citizen's oversight committee.
4. Requires the district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2014 ELECTION (MEASURE H)
JUNE 30, 2015**

OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the Capital Outlay – Bond Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure H.
2. Determine whether salary transactions, charged to the Bond Fund were in support of Measure H and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2014 to June 30, 2015. The population of expenditures tested included all object and project codes associated with the Measure H projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2015, were not reviewed or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the period July 1, 2014 through June 30, 2015, for the Capital Outlay – Bond Fund Measure H. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure H as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2014 and ending June 30, 2015, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included transactions totaling \$650,912. This represents 30 percent of the total expenditures of \$2,152,736.
3. We verified that funds from the Capital Outlay – Bond Fund Measure H were expended for the authorized bond projects. In addition, we verified that funds held in the Capital Outlay – Bond Fund Measure H were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

CONCLUSION

The results of our tests indicated that, in all significant respects, the San Mateo County Community College District has properly accounted for the expenditures held in the Capital Outlay – Bond Fund Measure H and that such expenditures were made for authorized Bond projects. Further, it was noted that funds held in the Capital Outlay – Bond Fund Measure H, and expended by the District, were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2014 ELECTION (MEASURE H)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015**

None reported.

San Mateo County Community College District

January 13, 2016

BOARD REPORT NO. 16-1-103B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Kathy Blackwood, Executive Vice Chancellor, 358-6869

**RECEIPT AND ACCEPTANCE OF THE 2014-15 RETIREMENT FUTURIS PUBLIC
ENTITY INVESTMENT TRUST AUDIT REPORT**

Attached is a copy of the audit of the Retirement Futuris Public Entity Investment Trust for the San Mateo County Community College District, prepared by the Board-approved firm of Vavrinek, Trine, Day & Company. The audit was based upon the fiscal year ending June 30, 2015. 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.

RECOMMENDATION

It is recommended that the Board of Trustees receive and accept the 2014-15 audit report for the Retirement Futuris Public Entity Investment Trust.

**SAN MATEO COUNTY COMMUNITY
COLLEGE DISTRICT RETIREMENT
FUTURIS PUBLIC ENTITY INVESTMENT TRUST**

**FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014
WITH
INDEPENDENT AUDITOR'S REPORT**

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST**

JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

The Retirement Board of Authority of the
San Mateo County Community College District
Retirement Futuris Public Entity Investment Trust
San Mateo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the San Mateo County Community College District Retirement Futuris Public Entity Investment Trust (the Trust), a component unit of the San Mateo County Community College District, (the District) and the related notes to the financial statements, as of and for the year ended June 30, 2015 and 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Trust at June 30, 2015 and 2014, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Trust, and are not intended to present fairly the financial position and changes in financial position of San Mateo County Community College District in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015, on our consideration of the Trust'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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavinek, Time, Day & Co., LLP

Pleasanton, California
December 16, 2015.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST

MANAGEMENT DISCUSSION AND ANALYSIS JUNE 30, 2015

This section provides an overview and analysis of the financial activities of San Mateo County Community College District Retirement Futuris Public Entity Investment Trust (the Trust) for the fiscal year ended June 30, 2015. The Trust was established in October 2009 by the District's Board of Directors and assets held for Other Post Employment Benefits were transferred to an irrevocable trust in November 2009. Additional transfers were made during the 2014-15 fiscal year. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements.

FINANCIAL HIGHLIGHTS

The net position of the San Mateo Community College District Retirement Futuris Public Entity Investment Trust (Trust) at the close of fiscal year 2015 are \$67,752,791 (net position held in trust for retiree medical benefits). All of the net position are available to meet the Trust's ongoing obligations to participants and beneficiaries.

The Trust's funding objective is to meet long-term benefit obligations through contributions and investment income. The Trust is funded through annual contributions from the District's Retiree Benefits Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis are intended to serve as an introduction to the Trust's financial statements, which comprises these components:

1. Statement of Trust Net Position
2. Statement of Changes in Trust Net Position
3. Notes to the Basic Financial Statements

The Statement of Trust Net Position is a snapshot of account balances at year-end. It indicates the assets available for future payments to retirees and any current liabilities that are owed at this time.

The Statement of Changes in Trust Net Position, on the other hand, provides a view of current year additions to and deductions from the Trust. Both statements are in compliance with Governmental Accounting Standard Board Statement (GASB Pronouncements 34, 43 and 45). These pronouncements require certain disclosures and require the state and local governments to report using the full accrual method of accounting. The Trust complies with all material requirements of these pronouncements.

The Statement of Trust Net Position and the Statement of Changes in Trust Net Position report information about the Trust's activities. These statements include all assets and liabilities, using the full accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All investment gains and losses are shown at trade date. In addition, both realized and unrealized gains and losses are shown pertaining to the investments.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST

MANAGEMENT DISCUSSION AND ANALYSIS JUNE 30, 2015

These two statements report the Trust's net position held in irrevocable trust account for retirees' medical benefits. Net position, the difference between assets and liabilities are one way to measure the Trust's financial position. Over time, increase and decrease in net position is one indicator of whether its financial health is improving or deteriorating. Other factors, such as market conditions, should also be considered in measuring the Trust's overall health.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report presents certain supplementary information concerning the Trust's progress in funding its obligations to provide retiree medical benefits to members. This information is presented in Note 3.

FINANCIAL ANALYSIS

As previously noted, net position may serve over time as a useful indication of the Trust's financial position. The Trust had no liabilities as of June, 30 2015 and 2014.

	June 30, 2015	June 30, 2014
NET POSITION		
Cash and investments	\$ 67,669,185	\$ 55,398,405
Interest receivable	83,606	61,510
Net position	\$ 67,752,791	\$ 55,459,915

The changes to Trust net position during the fiscal year ended June 30, 2015 and 2014, are as follows:

	June 30, 2015	June 30, 2014
CHANGES IN NET POSITION		
Beginning balance	\$ 55,459,915	\$ 39,442,631
Additions	12,513,532	16,187,288
Deductions	(220,656)	(170,004)
Net position	\$ 67,752,791	\$ 55,459,915

CONTACTING THE TRUST'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the Trust's finances and to show the Trust's accountability for the money it receives. If you have any questions about this report or need any additional financial information, please contact Kathy Blackwood at blackwoodk@smccd.edu or (650) 358-6869 with the San Mateo County Community College District.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST**

**STATEMENT OF TRUST NET POSITION
AS OF JUNE 30, 2015 AND 2014**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
ASSETS		
Investments	\$ 67,669,185	\$ 55,398,405
Interest receivable	83,606	61,510
Total Assets	<u>\$ 67,752,791</u>	<u>\$ 55,459,915</u>
NET POSITION		
Net position held in trust for OPEB	<u>\$ 67,752,791</u>	<u>\$ 55,459,915</u>
Total Net Position	<u>\$ 67,752,791</u>	<u>\$ 55,459,915</u>

See the accompanying notes to financial statements.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST**

**STATEMENT OF CHANGES IN TRUST NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
ADDITIONS		
Contributions		
Employer	\$ 12,000,000	\$ 10,000,000
Investment income, net of investment expenses	513,532	6,187,288
Total Additions	<u>12,513,532</u>	<u>16,187,288</u>
DEDUCTIONS		
Administrative expenses	220,656	170,004
Total Deductions	<u>220,656</u>	<u>170,004</u>
INCREASE IN NET POSITION	12,292,876	16,017,284
NET POSITION, BEGINNING OF YEAR	<u>55,459,915</u>	<u>39,442,631</u>
NET POSITION, END OF YEAR	<u>\$ 67,752,791</u>	<u>\$ 55,459,915</u>

See the accompanying notes to financial statements.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE #1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Retirement Futuris Public Entity Investment Trust (the Trust) is a contributory single-employer defined benefit healthcare plan trust administered by the San Mateo County Community College District. The Trust provides medical insurance benefits to eligible retirees and their spouses. Membership consists of 1019 retirees and beneficiaries currently receiving benefits and 859 active plan members. The Trust is a governmental plan that is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Trust is funded entirely by the employer. The District contributed \$12,000,000 to the Trust as of June 30, 2015.

Financial Reporting Entity

The financial statements include only the Retirement Futuris Public Entity Investment Trust of the San Mateo County Community College District. The Trust was established for Other Post Employment Benefits purpose. These financial statements are not intended to present fairly the financial position and results of operations of the San Mateo County Community College District in compliance with accounting principles generally accepted in the United States of America.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting. Contributions are recognized as revenue in the period in which employee services are performed, pursuant to formal commitments as well as statutory or contractual commitments. Benefits and refunds of contributions are recognized when due and payable under the provisions of the Trust.

Tax Status

The Trust had decided to not pursue an IRS Private Letter Ruling (PLR) for the Trust. Section 115 of the Internal Revenue Code (the IRC) exempts governmental entities from federal taxation on any income derived from an “essential governmental function”. The Trust was established to hold District assets for the purpose of providing irrevocable funding of retiree health and other post-employment benefits to eligible employees and their dependents, and therefore met the definition of “essential governmental function” and is exempt from tax on its income under Section 115 of the Code, and that both the contribution to the Trust and the retiree medical benefits paid there from will not be taxable to retirees or their eligible dependents.

Investment Options

Benefit Trust Company (BTC), the Asset Custodian, maintains the Trust’s investments in various mutual funds, and is the record keeper. BTC contracted with Morgan Stanley Smith Barney as the investment advisor. Funds allocated to the Asset Custodian are invested according to the investment policy statement (IPS) developed and approved by the Retirement Board in a combination of equity and fixed income investments.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Administrative Expenses

Certain internal costs of administering the Trust are paid by the Trust. Administrative expenses for the year ended June 30, 2015, were \$220,656.

Benefits

Benefits are recognized when paid.

Trust Termination

The San Mateo County Community College District and the Trust will adhere to all applicable laws, guidelines and accounting procedures as the Trust Administrator should be doing under current laws and regulations now understood by the District. In absence of procedures the District will follow all prudent processes that would be considered the best to protect all parties' interest in the Trust assets. In the event that all OPEB liabilities have been fulfilled and the liability is determined to be zero, any remaining Trust assets will be returned to the District.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires the Trust administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE #2 – INVESTMENTS

Investment Valuation

Investments are reported at fair market value. Securities traded on a national or international exchange are valued at the last reported sales price on the last business day of the fiscal year at current exchange rates. The fair market value of the investment in mutual funds was valued by the respective mutual fund management firms. Purchases and sales of securities are reflected on the trade date. Investment income is recognized as earned.

Net Appreciation (Depreciation) on Investments

Net appreciation (depreciation) on investments is comprised of unrealized and realized gains and losses. Unrealized appreciation (depreciation) adjusts investment carrying amounts to reflect current market values, based on quoted prices in an active market.

The Trust has adopted an internally developed investment policy that is governed by the standards established in the California Constitution. In addition, the Trust has written investment policies regarding the type of investments that may be made specifically for the Trust and the amount, which may be invested in any one financial institution or amounts that may be invested in long-term instruments. Management believes the Trust has complied with the provisions of statutes pertaining to the types of investments held, institutions in which deposits were made, and security requirements.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

The fair values of the Trust's individual investments at June 30, 2015 and 2014, are as follows:

	June 30, 2015	June 30, 2014
Common Stocks	\$ 33,442,526	\$ 28,180,640
Fixed Income	34,226,659	27,217,765
Total investments	<u>\$ 67,669,185</u>	<u>\$ 55,398,405</u>

During the fiscal years ended June 30, 2015 and 2014, the Trust's investments (including gains and losses on investments bought and sold as well as held during the year) appreciated as follows:

	June 30, 2015	June 30, 2014
Dividend & Interest Income	\$ 1,671,987	\$ 1,156,702
Realized gains	4,086,362	3,787,098
Unrealized gains (loss)	(5,244,817)	1,243,488
Total investment income	<u>\$ 513,532</u>	<u>\$ 6,187,288</u>

***NOTE #3 – THE DISTRICT'S POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER
POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATION***

San Mateo County Community College District provides postemployment health care benefits for retiree employees in accordance with negotiated contracts with the various bargaining units of the District. Below are the District's OPEB information summarized for additional analysis purpose.

The District's most recent actuarially determined annual required contribution (ARC) was \$7,138,932. During the year, the District contributed \$7,265,110 for premium for current retirees. In addition, the District contributed \$12,000,000 to the Trust to fund the future retirement benefit cost.

Funded Status

The funded status of the District's OPEB plan based on the February 1, 2013, actuarial valuation, is as follows:

Actuarial Accrued Liability (AAL)	\$ 119,086,798
Actuarial Value of Plan Assets	(62,328,025)
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 56,758,773</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	52%
Covered Payroll	\$ 85,569,412
UAAL as Percentage of Covered Payroll	<u>66%</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Funding Progress

The funding progress of the OPEB plan as of June 30, 2015, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a] / c)
February 1, 2011	\$ 15,643,762	\$ 118,923,929	\$ 103,280,167	13%	\$90,671,696	114%
February 1, 2013	34,870,628	125,352,953	90,482,325	28%	97,167,462	93%
February 1, 2015	62,328,025	119,086,798	56,758,773	52%	85,569,412	66%

INDEPENDENT AUDITOR'S REPORT



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

The Retirement Board of Authority of the
San Mateo County Community College District
Retirement Futuris Public Entity Investment Trust
San Mateo, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Retirement Futuris Public Entity Investment Trust (the Trust) of San Mateo County Community College District (the District) as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements and have issued our report thereon dated December 16, 2015.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Trust, and are not intended to present fairly the financial position and changes in financial position of San Mateo County Community College District in conformity with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Trust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 16, 2015

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST**

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

None reported.

**RESOLUTION NO. 16-1
BY THE GOVERNING BOARD OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATE OF CALIFORNIA**

**RESOLUTION IN SUPPORT OF THE KINDERGARTEN THROUGH COMMUNITY
COLLEGE PUBLIC EDUCATION FACILITIES BOND ACT OF 2016**

WHEREAS, the California Community College system is the largest postsecondary system of education in the world, enrolling approximately 2.1 million students each year at 72 districts; and

WHEREAS, Article 1, Section 28 of the California Constitution states that public schools, including community colleges, shall be safe, secure and peaceful; and

WHEREAS, the primary mission of the California Community Colleges is to offer academic and vocational instruction. Colleges may grant associate in arts degrees, associate in science degrees, and select Baccalaureate Degrees; and

WHEREAS, California Community Colleges also perform essential functions in the State's interest by providing workforce training and improvement services, remedial instruction, English as a Second Language courses, adult noncredit instruction, and community service courses; and

WHEREAS, the State has met its historic policy of access to higher education by providing consistent State bond capital outlay resources; and

WHEREAS, the California Community College Chancellor's Office estimates unmet community college facilities needs of approximately \$29.2 billion through 2020-21; and

WHEREAS, the State is out of community college capital outlay bond funds and is unable to provide \$478 million for 21 projects approved by the Board of Governors; and

WHEREAS, the Kindergarten Through Community College Public Education Facilities Bond Act of 2016 provides \$2 billion to community colleges for construction of new classrooms to accommodate enrollment growth, repair of health and safety issues, equipping classrooms with essential technology, and renovation of facilities; and

WHEREAS, the San Mateo County Community College District has \$600 million in facilities needs which may be partially funded by State bonds; and

WHEREAS, passage of the Kindergarten Through Community College Public Education Facilities Bond Act of 2016 would provide the San Mateo County Community College District with \$30 million to be used to modernize critical educational facilities; and

WHEREAS, the California unemployment rate is greater than the national unemployment rate; and

WHEREAS, 13,000 middle class jobs are created for each \$1 billion in school facility infrastructure investment; and

WHEREAS, these jobs will be created throughout California and will include almost all building trades; and

WHEREAS, quality community college facilities enhance the education and training of a skilled 21st Century workforce, in furtherance of the State's academic and economic goals; and

WHEREAS, the Kindergarten Through Community College Public Education Facilities Bond Act of 2016 will not raise State taxes; and

WHEREAS, the Kindergarten Through Community College Public Education Facilities Bond Act of 2016 will reduce the need for additional local property taxes for school facilities;

NOW, THEREFORE BE IT RESOLVED, that the Board of Trustees of the San Mateo County Community College District supports the Kindergarten Through Community College Public Education Facilities Bond Act of 2016.

REGULARLY PASSED AND ADOPTED this 13th day of January 2016.

Ayes:

Noes:

Abstentions:

Attest: _____
Thomas Mohr, Vice President-Clerk
Board of Trustees

**RESOLUTION NO. 16-2
BY THE GOVERNING BOARD OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATE OF CALIFORNIA**

RESOLUTION IN SUPPORT OF STATE CONSTITUTIONAL AMENDMENT NO. 5

WHEREAS, voters in the State of California approved Proposition 13 in 1978; and

WHEREAS, Proposition 13 created limits on the property taxes paid by residential and commercial properties; and

WHEREAS, residential and commercial property values in California are reassessed upon change of ownership; and

WHEREAS, on average, California residential property changes hands frequently while change of ownership for commercial property is far more complicated and therefore generates reassessments less often; and

WHEREAS, commercial property owners are able to avoid reassessment of their property by limiting the portion of ownership that changes hands to ensure that no single party owns more than fifty percent; and

WHEREAS, prior to 1978, property taxes represented the single largest source of funding for public education; and

WHEREAS, Proposition 13 resulted in a more than fifty percent drop in property tax collections and since its passage, the State has assumed a greater role in funding of public schools and colleges; and

WHEREAS, since the State of California has assumed a greater role in the funding of public schools and colleges, funding has declined from the top ten in the nation to the bottom ten; and

WHEREAS, Proposition 13 is anti-competitive in that new entrepreneurs and businesses must pay fair market value for their property, while commercial property owners who have owned their property for a longer time pay disproportionately lower property taxes; and

WHEREAS, public schools and colleges in California face challenges in providing an equitable and fair education for a student population with vast differences in language, poverty, parental education level, and other social, educational and economic factors; and

WHEREAS, regularly reassessing non-residential commercial property would, according to an analysis of data by researchers at USC Program for Environmental and Regional Equity, generate \$9 billion in additional revenue for public schools and colleges and other public services by 2019-20;

NOW, THEREFORE, BE IT RESOLVED that the San Mateo County Community College District supports SCA 5 (Hancock, Mitchell), currently in the State Legislature, that will establish the regular and fair reassessment of commercial and industrial property to market value while protecting small businesses and maintaining Proposition 13 protections for residential properties including homeowners and renters; and

BE IT FURTHER RESOLVED that tax revenues generated by updating how commercial property is reassessed benefit local schools and colleges and essential social services; and

BE IT FURTHER RESOLVED that accountability measures be enacted so new funds are spent appropriately; and

BE IT FURTHER RESOLVED that the San Mateo County Community College District will communicate this position in a letter to the State Senate Governance and Finance Committee, as well as to Senators Jerry Hill and Mark Leno and Assembly Members Rich Gordon, Kevin Mullin and Phil Ting.

REGULARLY PASSED AND ADOPTED this 13th day of January 2016.

Ayes:

Noes:

Abstentions:

Attest: _____
Thomas Mohr, Vice President-Clerk
Board of Trustees

**RESOLUTION NO. 16-3
BY THE GOVERNING BOARD OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATE OF CALIFORNIA**

**RESOLUTION IN SUPPORT OF THE FINDINGS AND RECOMMENDATIONS OF THE
CALIFORNIA COMMUNITY COLLEGES CHANCELLOR'S OFFICE 2015 ACCREDITATION
TASK FORCE**

WHEREAS, California Code of Regulations, Title 5 Section 51016, requires each community college to be accredited by an accrediting agency that is recommended by the Chancellor and approved by the Board of Governors; and

WHEREAS, the Accrediting Commission for Community and Junior Colleges (ACCJC) is the current accrediting agency; and

WHEREAS, of the six regions, only the Western Association of Schools and Colleges (WASC) is subdivided into separate commissions for community and junior colleges (ACCJC) and for institutions offering bachelor's and higher degrees (WASC Senior College and University Commission); and

WHEREAS, within a span of ten years, ACCJC placed two-thirds of all community colleges in California on some level of sanction; and between 2009 and 2013, ACCJC had a sanction rate of approximately 53% (compared to 12% within other regions); and

WHEREAS, due to ACCJC's sanctions, the Board of Governors was compelled to appoint special trustees for two college districts, suspending the authority of democratically elected local governing boards; and

WHEREAS, through legislative action, state audit, and lawsuits, the people of California have expressed grave concerns about ACCJC's lack of transparency, non-collegiality, unfair treatment and punitive approach toward California community colleges; and

WHEREAS, despite ACCJC's conduct, California community colleges continue to seek ways to improve their educational services by voluntarily participating in the Institutional Effectiveness Partnership Initiative, a state-funded program with the primary mission of assisting colleges in meeting accreditation standards; and

WHEREAS, numerous efforts were made throughout the years by community college leaders, including some members on the Commission and staff, to provide constructive feedback to ACCJC; and although some progress was made, the changes made by ACCJC were insufficient to change the negative perception of ACCJC; and

WHEREAS, the 2015 Accreditation Task Force representing a cross section of peers in the California community colleges unanimously voted to express its loss of confidence in ACCJC, and recommended that the Chancellor and Board of Governors investigate "all available avenues for establishing a new model for accreditation" and to do so in expeditious manner, working through the system's established consultation process, to bring a recommendation for action to the Board of Governors by Spring 2016; and

WHEREAS, the following statewide organizations endorsed the 2015 Accreditation Task Force report: California Community College Trustees (CCCT), Chief Executive Officers of the California Community Colleges (CEOCCC), Academic Senate for California Community Colleges (ASCCC), California Community Colleges Chief Instructional Officers (CCCCIO), Faculty Association of California Community Colleges (FACCC), Community College Association of California (CCA), California Teachers Association (CTA), California Community College Independents (CCCI), California Federation of Teachers (CFT), and Community College Council of the California Federation of Teachers (CCC/CFT); and

WHEREAS, accreditation is a peer review process, and it is essential that peers trust the process is fair, transparent, and professional in order for it to be effective and meaningful; and

WHEREAS, the public needs to trust that an accrediting agency meets the highest standard of professionalism and expertise;

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of the San Mateo County Community College District endorses the 2015 Accreditation Task Force's findings and recommendations, and hereby declares that the current structure of ACCJC, along with its lack of credibility as perceived by its peers and the public, no longer meets the current and anticipated needs of California community colleges and urges the Board of Governors of California to expeditiously work to establish a new model for an accrediting agency that can be implemented as soon as possible.

REGULARLY PASSED AND ADOPTED this 13th day of January 2016.

Ayes:

Noes:

Abstentions:

Attest: _____
Thomas Mohr, Vice President-Clerk
Board of Trustees

BOARD REPORT NO. 16-1-107B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Kathy Blackwood, Executive Vice Chancellor, 358-6790

ALLOCATION OF ONE TIME FUNDS

The District received just under \$9 million in one time mandated cost block grant funds this year. Because they were one time, they did not go through the normal resource allocation model. Instead, Chancellor's Council, consisting of the Chancellor, Vice Chancellors and Presidents, submitted requests for use of the funds. The parameters for the requests were that they were to address the needs identified in the newly approved District Strategic Plan. After identifying some of the Districtwide needs as well as some in the District Office, the Colleges then met and proposed allocations for the remaining funds. The final allocation is listed below.

Allocation of One-Time funds for 2015/16**Pre-allocated**

Sparkpoint Canada	\$25,000
Sparkpoint Skyline	\$25,000
Subtotal	\$50,000

CSM

Programs and Services such as Learning Communities & Project Change	\$1,450,000
E textbook	\$300,000
Workforce Development	\$550,000
Subtotal	\$2,300,000

Canada College

Professional Development	\$225,000
Guided Pathways Development	\$400,000
Facilities Projects	\$500,000
Programs and Services	\$375,000
Subtotal	\$1,500,000

Skyline College

The Skyline Promise	\$2,900,000
Subtotal	\$2,900,000

Facilities

Small projects	\$1,000,000
Subtotal	\$1,000,000

District	
SVIEP	\$417,000
HR Needs	\$264,000
Vans for Mail	\$50,000
International Students	\$750,000
Research/Grant Office	\$200,000
ITS	\$397,224
Facilities Vehicles	\$120,000
Subtotal	\$2,198,224
Total	\$9,948,224

RECOMMENDATION

While the law does not require the Board to approve budget revisions that are within the same major account code, the Board previously requested that staff bring a budget revision when these funds were allocated. The Board may choose to approve the following budget revision.

General Fund (Unrestricted) – Fund 1

Adjust the EXPENDITURE amounts in the following classifications:

	CSM	Cañada	Skyline	District Office	Facilities	Central Services	Total
5000 Operating Expenses	\$2,300,000	\$1,525,000	\$2,925,000	\$2,198,224	\$1,000,000	\$(9,948,224)	\$ -
Total	\$2,300,000	\$1,525,000	\$2,925,000	\$2,198,224	\$1,000,000	\$(9,948,224)	\$ -

BOARD REPORT NO. 16-1-108B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Barbara Christensen, Director of Community/Government Relations, 574-6510

APPROVAL OF REVISIONS TO BOARD POLICIES 1.10, DUTIES AND RESPONSIBILITIES OF THE BOARD AND 7.69, STUDENT CONDUCT

Policy 1.10 – Revised to describe a comprehensive orientation program for newly elected or appointed trustees and to separate this program from ongoing development of board members in general.

Policy 7.69 – Revised to remove procedural details. The wording of the current policy is being moved to Procedure 7.69.1 (attached); the wording is the same except for minor changes as indicated in blue.

RECOMMENDATION

It is recommended that the Board approve the revisions to Board Policies 1.10 and 7.69 as shown on the attached.

CHAPTER 1: Board of Trustees
BOARD POLICY NO. 1.10 (BP 2200 and 2740)

BOARD POLICY
San Mateo County Community College District

Subject: BP 1.10 Duties and Responsibilities of the Board
Revision Date: 2/12; xx/xx
Policy References: ACCJC Accreditation Standards III.A.1.b , IV and IV.C.9; Education Code Section 70902

1. The essential duties of the Board, as the elective body representative of all the people of the District, shall be:
 - a. To provide policy guidelines for staff through adoption and periodic review of District Mission and Goals Statement.
 - b. To establish, enforce, and periodically review Board policies consistent with the goals and operation of the District and its Colleges.
 - c. To appoint and annually evaluate the Chancellor of the District.
 - d. By Board action and decision making, may give direction to staff on matters relating to District organization, operations, and property.
 - e. To approve all District and College programs, insuring that program offerings are responsive to and reflect community needs.
 - f. To establish guidelines for District negotiations and the collective bargaining process.
 - g. To review and set salary schedules annually for all District personnel. Considers and approves all personnel assignments and transfers on the recommendation of the Chancellor.
 - h. To provide guidelines on funding levels, allocations, and District reserves; review and consider staff-prepared District and College budgets; adopt annual budget; assure fiscal health and stability.
 - i. To delegate appropriate authority for implementation of State law, regulations, and Board policies.
 - j. Under most circumstances, to serve as the final appeal within the District for students, staff, and citizens of the San Mateo County Community College District.
 - k. To monitor institutional performance and educational quality.
 - l. To carry out such specific duties as required by law.

2. The essential responsibilities of the Board, in the public interest and trust, shall be:
 - a. To provide the best possible learning experiences for students of the Colleges.
 - b. To assure that the District and its Colleges are effectively and efficiently managed.
 - c. To maintain enlightened, fair, and equitable policies for employees and students of the District and its Colleges.
 - d. To represent the general interests of the entire College District and to act only on the basis of what is in the best interests of the College District and the community.
 - e. To be knowledgeable of and support the mission and philosophy of community colleges.
 - f. To hire and evaluate the Chancellor.
 - g. To support the work of the Colleges in the community.
 - h. To engage in ongoing development ~~as a~~ of the Board. ~~and to a trustee education program that includes new trustee orientation.~~ The Board will conduct study sessions, provide access to reading materials, and support conference attendance and other activities that foster trustee education.

BP 1.10 Duties and Responsibilities of the Board (continued)

- i. To provide a comprehensive new trustee orientation program for newly elected or appointed trustees that includes attendance at a statewide “New Trustee” orientation program; one-on-one interviews with the Chancellor, Presidents and Executive Vice Chancellor; delivery of the Trustee Handbook prepared by the Community College League of California (CCLC); and review of the CCLC’s comprehensive online education program titled “Elected/ Appointed Trustees: Next Steps.”

CHAPTER 7: Student Services
BOARD POLICY NO. 7.69 (BP 5500)

BOARD POLICY
San Mateo County Community College District

Subject: BP 7.69 Student Conduct
Revision Date: 5/12; 8/13; xx/xx
Policy References: Education Code Sections 66250 et seq., 66300, 66301 and 76030 et seq.;
 Government Code Sections 12926.1 and 12940 et seq.; ACCJC Accreditation
 Standards I.C.8 and 10

Students enrolled in the Colleges of the District are expected to conduct themselves as responsible citizens and in a manner compatible with the District and College function as an educational institution. ~~Students who violate this code of conduct may be subject to disciplinary action as defined in Procedure 7.69.3 and also to civil authority.~~

~~Board Procedure 7.69.1 outlines the specific actions that are prohibited and which may lead to appropriate disciplinary action.~~

~~Students who violate this code of conduct may be subject to disciplinary procedures as outlined in Procedure 7.69.2 (Student Disciplinary Procedures) and sanctions as defined in Procedure 7.69.3 (Student Disciplinary Sanctions), and also to civil authority.~~

~~A. The following actions are prohibited and may lead to appropriate disciplinary action:~~

- ~~1. Continued disruptive behavior, continued willful disobedience, habitual profanity or vulgarity, the open and persistent defiance of the authority of, or persistent abuse of, College/District personnel, or violating the rights of other students.~~
- ~~2. Assault, battery or any threat of force or violence to a student or District/College personnel on District/College premises or at any time or place while under the supervision of District/College personnel.~~
- ~~3. Causing, attempting to cause, or threatening to cause physical injury or threat of force or violence to the person, property or family of any member of the College community, whether on or off College/District premises as defined below, except in self defense.~~
- ~~4. Aiding or abetting, as defined in Section 31 of the Penal Code, the infliction or attempted infliction of physical injury to another person.~~
- ~~5. Harassing, intimidating or threatening a student who is a witness in a school disciplinary proceeding, administrative proceeding or law enforcement investigation for the purpose of preventing the student from being a witness or retaliation for being a witness.~~
- ~~6. Causing or attempting to cause, threatening to cause or participating in an act of hate violence, as defined in Education Code Section 233(e).~~
- ~~7. Engaging in intimidating conduct or bullying against another student through words or actions, including direct physical contact; verbal assaults, such as teasing or name calling; social isolation or manipulation; and cyberbullying.~~
- ~~8. Engaging in physical or verbal disruption of instructional or student services activities, administrative procedures, public service functions, or authorized curricular or co-curricular~~

BP 7.69 Student Conduct (continued)

- ~~activities or prevention of authorized guests from carrying out the purpose for which they are on campus.~~
- ~~9. Terroristic threats against school officials, students or school property as defined in Education Code Section 48900.7(b).~~
 - ~~10. Theft of, damage to, or threat of damage to property belonging to or located on College/District controlled property or facilities, or to the private property located on College/District premises.~~
 - ~~11. Knowingly receiving stolen property belonging to the College/District.~~
 - ~~12. Participation in hazing.~~
 - ~~13. Unauthorized entry into, or use of, or misuse of College/District owned or operated facilities.~~
 - ~~14. Forgery, alteration, or misuse of College/District documents, records, or identification.~~
 - ~~15. Misrepresentation of oneself or of an organization as an agent of the College/District.~~
 - ~~16. Dishonesty (such as cheating, plagiarism, or knowingly furnishing false information to the College and its officials).~~
 - ~~17. Infringement or violation of copyright laws.~~
 - ~~18. Disorderly conduct or lewd, indecent, or obscene conduct or expression or habitual profanity or vulgarity; any expression which is obscene, libelous or slanderous according to current legal standards or which so incites students as to create a clear and present danger of the commission of unlawful acts, or the substantial disruption of the orderly operation of the Community College on any College/District owned or controlled property or at any College/District sponsored or supervised function.~~
 - ~~19. Extortion or breach of the peace on College/District property or at any College/District sponsored or supervised function.~~
 - ~~20. Unlawful use, sale, possession, offer to sell, furnishing, or being under the influence of any controlled substance (listed in the California Health and Safety Code), alcohol, or an intoxicant of any kind, or a poison classified by laws defining controlled substances while on College/District property, or at College/District functions; or unlawful possession of, or offering, arranging or negotiating the sale of any drug paraphernalia.~~
 - ~~21. Possession, sale, use, or otherwise furnishing of explosives, dangerous chemicals, deadly weapons or other dangerous objects on College/District property or at a College/District function without prior authorization of the Chancellor, College President, or authorized Designee. Possession of an imitation firearm, knife or explosive on College/District property with the intent to threaten, frighten or intimidate.~~
 - ~~22. Willful or persistent smoking in any area where smoking has been prohibited by law or by regulation of the College/District.~~
 - ~~23. Failure to satisfy College/District financial obligations.~~
 - ~~24. Failure to comply with directions of College/District officials, faculty, staff, or campus security officers who are acting within the scope of their employment. Continued and willful disobedience or open and persistent defiance of the authority of College/District personnel providing such conduct as related to District/College activities or College attendance or on College/District property.~~
 - ~~25. Failure to identify oneself when on College/District property or at a College/District sponsored or supervised event, upon request of a College/District official acting in the performance of his/her duties.~~
 - ~~26. Stalking, defined as a pattern of conduct by a student with intent to follow, alarm, or harass another person, and which causes that person to reasonably fear for his or her safety, and where the student has persisted in the pattern of conduct after the student has been told to cease the pattern of conduct. Violation of a restraining order shall constitute stalking under this policy.~~
 - ~~27. Gambling: Betting, wagering or selling pools; playing card games for money; using District resources (telephones, computers, etc.) to facilitate gambling.~~
 - ~~28. Committing sexual harassment as defined by law or by District policies and procedures.~~

BP 7.69 Student Conduct (continued)

- ~~29. Engaging in harassing or discriminatory behavior based on nationality, religion, age, gender, gender identity, gender expression, race or ethnicity, medical condition, genetic information, ancestry, sexual orientation, marital status, physical or mental disability, or on any basis prohibited by law.~~
- ~~30. Persistent, serious misconduct where other means of correction have failed to bring about proper conduct or where the presence of the student causes a continuing danger to the physical safety of students or others.~~
- ~~31. Violation of other applicable Federal, State and Municipal statutes and District and College rules and regulations in connection with attendance at programs or services offered by the College/District or while on College/District property or at College/District sponsored activities.~~
- ~~32. Unauthorized computer usage, including: unauthorized entry into a file to use, read, or change the contents, or for any other purpose; unauthorized transfer of a file; unauthorized use of another individual's identification and password; use of computing facilities to interfere with the work of another student, faculty member, or District official; use of computing facilities to send obscene or abusive messages; use of computing facilities to interfere with the normal operations of District computing.~~

~~B. Actions: Students who engage in any of the above are subject to the procedures outlined in AP 7.69.2 and the sanctions included in 7.69.3.~~

~~C. Definitions: When used in this policy:~~

- ~~1. Student—any person taking or auditing classes at a College in the District or who has been admitted to any of the Colleges within the District.~~
- ~~2. District premises—any building or grounds owned, leased, operated, controlled or supervised by the District.~~
- ~~3. District or School Property—includes both personal and real property owned or controlled by the District.~~
- ~~4. District or College sponsored activity—any activity on or off the District or College premises that is directly initiated or supervised by the District or a District organization~~
- ~~5. Weapon—any object or substance designed or used to inflict a wound or cause injury~~
- ~~6. Reckless—conduct which one should reasonably be expected to know would create a substantial risk of harm to a person or property or which would otherwise be likely to result in interference with normal College/District sponsored activities~~
- ~~7. Will and Shall—are used in the imperative sense.~~

~~D. Disciplinary Action while criminal charges are pending: Students may be accountable both to law enforcement and to the District for acts that constitute violations of law and of this policy. Disciplinary action at the College/District will normally proceed during the pendency of criminal proceedings, and will not be subject to challenge on the ground that criminal charges involving the same incident have been dismissed or reduced.~~

~~E. No student shall be suspended from a College unless the conduct for which the student is disciplined is related to College/District activity or attendance. Any violation of law, ordinance, regulation or rule regulating or pertaining to, the parking of vehicles, shall not be cause for removal, suspension, or expulsion of a student.~~

CHAPTER 7: Student Services
ADMINISTRATIVE PROCEDURE NO. 7.69.1 (AP 5500)

ADMINISTRATIVE PROCEDURE
San Mateo County Community College District

<u>Subject:</u>	AP 7.69.1 Standards of Student Conduct, Prohibited Actions and Disciplinary Procedures
<u>Adoption Date:</u>	8/13, 11/15
<u>Policy Reference:</u>	Education Code Sections 66250 et seq., 66300, 66301 and 76030 et seq.; Government Code Sections 12926.1 and 12940 et seq.; ACCJC Accreditation Standards I.C.8 and 10

- ~~1. Detailed standards of conduct for students are contained in Board Policy 7.69.~~
- ~~2. Board Policy 7.69 includes information on the District's expectations concerning student academic honesty and the consequences for dishonesty.~~

The following actions are prohibited and may lead to appropriate disciplinary action:

1. [Disruptive behavior](#), continued disruptive behavior, continued willful disobedience, habitual profanity or vulgarity, the open and persistent defiance of the authority of, or persistent abuse of, College/District personnel, or violating the rights of other students.
2. Assault, battery or any threat of force or violence to a student or District/College personnel on District/College premises or at any time or place while under the supervision of District/College personnel.
3. Causing, attempting to cause, or threatening to cause physical injury or threat of force or violence to the person, property or family of any member of the College community, whether on or off College/District premises as defined below, except in self-defense.
4. Aiding or abetting, as defined in Section 31 of the Penal Code, the infliction or attempted infliction of physical injury to another person.
5. Harassing, intimidating or threatening a student who is a witness in a school disciplinary proceeding, administrative proceeding or law enforcement investigation for the purpose of preventing the student from being a witness or retaliation for being a witness.
6. Causing or attempting to cause, threatening to cause or participating in an act of hate violence, as defined in Education Code Section 233(e).
7. Engaging in intimidating conduct or bullying against another student through words or actions, including direct physical contact; verbal assaults, such as teasing or name-calling; social isolation or manipulation; and cyberbullying.
8. [Disorderly conduct](#) or engaging in physical or verbal disruption of instructional or student services activities, administrative procedures, public service functions, or authorized curricular or co-curricular activities or prevention of authorized guests from carrying out the purpose for which they are on campus.
9. Terroristic threats against school officials, students or school property as defined in Education Code Section 48900.7(b).
10. Theft of, damage to, or threat of damage to property belonging to or located on College/District controlled property or facilities, or to the private property located on College/District premises.
11. Knowingly receiving stolen property belonging to the College District.
12. Participation in hazing.
13. Unauthorized entry into, or use of, or misuse of College/District owned or operated facilities.
14. Forgery, alteration, or misuse of College/District documents, records, or identification.

AP 7.69.1 Standards of Student Conduct, Prohibited Actions and Disciplinary Procedures

15. Misrepresentation of oneself or of an organization as an agent of the College/District.
16. Dishonesty (such as cheating, plagiarism, or knowingly furnishing false information to the College and its officials).
17. Infringement or violation of copyright laws.
18. Disorderly conduct or lewd, indecent, or obscene conduct or expression including profanity or vulgarity; any expression which is obscene, libelous or slanderous according to current legal standards or which so incites students as to create a clear and present danger of the commission of unlawful acts, or the substantial disruption of the orderly operation of the Community College on any College/District-owned or controlled property or at any College/District-sponsored or supervised function.
19. Extortion or breach of the peace on College/District property or at any College/District-sponsored or supervised function.
20. Unlawful use, sale, possession, offer to sell, furnishing, or being under the influence of any controlled substance (listed in the California Health and Safety Code), alcohol, or an intoxicant of any kind, or a poison classified by laws defining controlled substances while on College/District property, or at College/District functions; or unlawful possession of, or offering, arranging or negotiating the sale of any drug paraphernalia.
21. Possession, sale, use, or otherwise furnishing of explosives, dangerous chemicals, deadly weapons or other dangerous objects on College/District property or at a College/District function without prior authorization of the Chancellor, College President, or authorized Designee. Possession of an imitation firearm, knife or explosive on College/District property with the intent to threaten, frighten or intimidate.
22. ~~Willful or persistent~~ Smoking in any area where smoking has been prohibited by law or by regulation of the College/District. **This includes e-cigarettes and other vapor products.**
23. Failure to satisfy College/District financial obligations
24. Failure to comply with directions of College/District officials, faculty, staff, or campus security officers who are acting within the scope of their employment. Continued and willful disobedience or open and persistent defiance of the authority of College/District personnel providing such conduct as related to District/College activities or College attendance or on College/District property.
25. Failure to identify oneself when on College/District property or at a College/District-sponsored or supervised event, upon request of a College/District official acting in the performance of his/her duties.
26. Stalking, defined as a pattern of conduct by a student with intent to follow, alarm, or harass another person, and which causes that person to reasonably fear for his or her safety, and where the student has persisted in the pattern of conduct after the student has been told to cease the pattern of conduct. Violation of a restraining order shall constitute stalking under this policy.
27. Gambling: Betting, wagering or selling pools; playing card games for money; using District resources (telephones, computers, etc.) to facilitate gambling.
28. Committing sexual harassment as defined by law or by District policies and procedures.
29. Engaging in harassing or discriminatory behavior based on nationality, religion, age, gender, gender identity, gender expression, race or ethnicity, medical condition, genetic information, ancestry, sexual orientation, marital status, physical or mental disability, or on any basis prohibited by law.
30. Persistent, serious misconduct where other means of correction have failed to bring about proper conduct or where the presence of the student causes a continuing danger to the physical safety of students or others.
31. Failure to adhere to safety rules and regulations as directed.

AP 7.69.1 Standards of Student Conduct, Prohibited Actions and Disciplinary Procedures

32. Violation of other applicable Federal, State and Municipal statutes and District and College rules and regulations in connection with attendance at programs or services offered by the College/District or while on College/District property or at College/District sponsored activities.
 33. Unauthorized computer usage, including: unauthorized entry into a file to use, read, or change the contents, or for any other purpose; unauthorized transfer of a file; unauthorized use of another individual's identification and password; use of computing facilities to interfere with the work of another student, faculty member, or District official; use of computing facilities to send obscene or abusive messages; use of computing facilities to interfere with the normal operations of District computing.
- A. Actions: Students who engage in any of the above are subject to the procedures outlined in AP 7.69.2 and the sanctions included in 7.69.3.
- B. Definitions: When used in this policy:
1. Student – any person taking or auditing classes at a College in the District or who has been admitted to any of the Colleges within the District.
 2. District premises – any building or grounds owned, leased, operated, controlled or supervised by the District.
 3. District or School Property – includes both personal and real property owned or controlled by the District.
 4. District or College sponsored activity – any activity on or off the District or College premises that is directly initiated or supervised by the District or a District organization
 5. Weapon – any object or substance designed or used to inflict a wound or cause injury
 6. Reckless – conduct which one should reasonably be expected to know would create a substantial risk of harm to a person or property or which would otherwise be likely to result in interference with normal College/District sponsored activities
 7. Will and Shall – are used in the imperative sense.
- C. Disciplinary Action while criminal charges are pending: Students may be accountable both to law enforcement and to the District for acts that constitute violations of law and of this policy. Disciplinary action at the College/District will normally proceed during the pendency of criminal proceedings, and will not be subject to challenge on the ground that criminal charges involving the same incident have been dismissed or reduced.
- D. No student shall be suspended from a College unless the conduct for which the student is disciplined is related to College/District activity or attendance. Any violation of law, ordinance, regulation or rule regulating or pertaining to, the parking of vehicles, shall not be cause for removal, suspension, or expulsion of a student.

BOARD REPORT NO. 16-1-109B

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor
PREPARED BY: Dr. Sarah F Perkins, Vice President of Instruction, Skyline College, 738-4321

ACCEPTANCE OF BASE 11 AWARD OF EQUIPMENT AND SERVICES; APPROVAL OF CONTRACT BETWEEN BASE 11 AND SKYLINE COLLEGE

Base 11, in partnership with Incite Focus, is a workforce development and entrepreneurial innovation organization focused on creating the next generation of leaders in STEM (science, technology, engineering and mathematics). Their mission is to build a sustainable middle class in America. Base11 fosters opportunities for STEM students to achieve at least one of the following: Admission to a four-year university to pursue a STEM-related major; employment in a well-paid STEM-related job; development of a STEM-related business enterprise as a STEM entrepreneur.

As part of their support for STEM students and innovation, Base11 supports the building of a Fab Lab on college campuses to provide state of the art, MIT level facilities for students and the communities the colleges serve. The lab will be used for classroom instruction and as a space for STEM innovation and entrepreneurial projects. The lab will feature areas for advanced 3D printing, Computer Numeric Control (CNC) machining, metalworking, clean manufacturing and design. The Fab Lab is based on the MIT Fab Lab model for digital fabrication. With the installation of the Fab Lab, Skyline College and SMCCCD will become part of an international network of STEM entrepreneurs and Fab Labs.

Base11 will award to Skyline College equipment (including assembly, set up and installation), consulting and faculty/staff training for the Skyline College Base11 Fab Lab valued at \$194,275. Skyline College will be expected to maintain the lab, support partnership development, and provide community access to the lab for a minimum of 10 hours per week.

Base 11 and Skyline College of SMCCCD will enter into a contract that specifies:

- Base 11 payment to Incite Focus to cover the preparation and installation of all of the equipment needed to operate an MIT originated Fab Lab within a dedicated facility at Skyline College.
- Training at Fab Lab Boot Camp (2 weeks/at least 2 faculty) specifically related to the use of the Fab Lab and STEM EI course.
- Base 11 payment to Incite Focus to provide the certified Fab Lab advisor/expert, for the onsite extended day/full immersion training at SC (Fab Lab boot camp) for Lab techs and managers; exposure to all tools and workflow on-site.
- Base 11 payment for 2 members of Skyline College faculty/staff to receive the STEM EI train the trainer training.
- Base 11 and Skyline College will collaborate to attract partners and engage in continued strategic efforts to attract donations and programs that provide ongoing funding for the maintenance and furtherance of the Fab Lab and for outreach efforts made by Base 11.

- Skyline College will assume the ongoing lab maintenance including running, maintaining and updating the Fab Lab consistent with instructional facilities maintenance and upgrades.
- Skyline College and Incite Focus will enter into a facilities rental and use agreement to provide community access, generate revenues for ongoing maintenance and improvement of the Fab Lab.
- Using funds that the College has allocated to increase student access to STEM, Skyline College will join the Base 11 Community College Membership Program including the STEM EI 16 week training program costing \$50,000 for the first year and not to exceed \$25,000 for the subsequent year(s), allowing opportunity for students to enter the Base 11 Victory Circle and gain significant exposure to elite four year institutions, corporate employers, and potential investors and/or advisors for student led business ventures. Students will be eligible to apply for top tier paid internships at elite institutions including, Caltech, USC, University of California Irvine, and the Smithsonian National Air and Space Museum. Faculty and staff will obtain innovative professional development training in association with the global MIT Originated FAB Lab network and innovative professional development training in association with the Base 11 STEM Entrepreneurial Innovation program. As members, Skyline College will receive an unlimited number of student licenses for the Base 11 STEM Entrepreneurial Innovation curriculum. As a member, Skyline College will be eligible for inclusion in corporate funded work force development projects.
- Skyline College will provide the agreed upon lab usage reports.
- Skyline College will provide ongoing branding recognition to Base 11, recognizing Base 11 as the donor whenever promoting the Fab Lab including, but not limited to, whenever displaying brands associated with the funding of the Fab Lab, any web pages, any marketing materials and/or press releases regarding the Fab Lab.
- Skyline College will adhere to the Fab Lab Charter.
- Facilities use terms including:
 - Dates and times of the rental of facility by community (at least 10 hours, NTE 20 hours).
 - Facility rental obligations including the agreement not to violate any Federal, State, or local law, or rules of the Host College, not make any alterations to the Facility, any fixtures, building systems or equipment and the requirement to exercise care in the use of the Facility and adjacent Campus areas and shall comply with guidelines to reduce excessive wear and damage.
 - Insurance will be provided by the renter of the facility.
 - The ability of either party may terminate for any reason with a written notice to terminate 60 days prior to termination of use of the facility.

RECOMMENDATION

It is recommended that the Board of Trustees authorize acceptance of the Base11 award of equipment and services valued at \$194,275 and the District/College further engage in a contract as specified.

BOARD REPORT NO. 16-1-110B

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor
PREPARED BY: Barbara Christensen, Director of Community/Government Relations, 574-6560

BOARD MEMBER COMPENSATION

SB 214, which was adopted by the Legislature and signed by the Governor in October 2001, allows the Board to adopt a 5% increase in compensation on an annual basis. Any increase that is approved by the Board is effective as of the date approved by the Board and may not be retroactive.

In January of 2009, 2010, 2011 and 2012, the Board discussed implementation of the 5% annual compensation increase and unanimously agreed to bypass an increase because of the economic climate. In January of 2013, 2014 and 2015, the Board approved a 5% increase in Board member compensation.

RECOMMENDATION

Board determined.

BOARD REPORT NO. 16-1-1C

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Kathy Blackwood, Executive Vice Chancellor, 358-6790
Tom Bauer, Vice Chancellor, Auxiliary Services & Enterprise Operations,
358-6782

FIRST QUARTER REPORT OF AUXILIARY OPERATIONS, 2015-16

The following report covers the period July 1, 2015 through September 30, 2015 for Associated Student Bodies, Bookstores, Cafeterias, San Mateo Athletic Club & Aquatic Center and Community, Continuing & Corporation Education. The District Auxiliary and Commercial Operations, including the three campus bookstores, cafeterias, vending operations, the San Mateo Athletic Club & Aquatic Center at College of San Mateo, and Community, Continuing & Corporation Education are self-sustaining enterprises. All income generated covers the total salaries and expenses generated by these operations. General fund dollars are not used to subsidize District enterprise operations.

ASSOCIATED STUDENTS (Exhibits A, B, C)

Total income and expenditures for the Associated Student Body (ASB) at each College for the first quarter of 2015-16 are listed below:

Associated Students Income	2015-16	2014-15	\$ Change	%Change
Cañada College ASB	\$ 12,825	\$ 19,509	\$ (6,684)	-34.3%
College of San Mateo ASB	\$ 21,369	\$ 22,179	\$ (810)	-3.7%
Skyline College ASB	\$ 20,653	\$ 29,182	\$ (8,529)	-29.2%

Associated Students Expenditures	2015-16	2014-15	\$ Change	%Change
Cañada College ASB	\$ 10,632	\$ 9,932	\$ 701	7.1%
College of San Mateo ASB	\$ 32,305	\$ 22,888	\$ 9,416	41.1%
Skyline College ASB	\$ 37,597	\$ 25,703	\$ 11,894	46.3%

Income:

Activity card – Activity card sales are the major source of income for the Associated Students. Sales at all three colleges have decreased compared to the same quarter in 2014. Skyline College has the largest decrease of 33.25%, followed by the Canada College decrease of 32.2% and the CSM decrease of 7.74%.

Vending machines sales commissions – Beverage machine sales at all three colleges have decreased. Snack machines sales at Cañada College and Skyline College have also decreased.

Interest Income - There have been no significant changes in investment interest income compared to that of last year.

Expenditures:

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

At Canada College, most operating expenditure categories have increased with the exception of program assistance which has decreased by 80.1%. The overall increase in expenditures was 7.1% higher than that of last year.

At College of San Mateo, the overall increase in expenditures was 41.1% compared to last year. The most significant spending increases were Publicity Expense (increased by \$4,699.45 or by 248.5%) and Conference Expense (increased by \$2,292.94 or by 40.53%). A transfer of \$6,162.24 to the V.P. trust was reflected in the overall expenditures increase of 41.1% as mentioned above.

At Skyline College, the overall increase in expenditures was 46.3% compared to last year. The most significant spending increases were College Program Assistance Expense (increased by \$7,331.24 or by 100%), Publicity Expense (increased by \$5,099.59 or by 2,046.14%), and Conference Expense (increased by \$4,846.00 or by 101.1%). Offsetting these increases was a large decrease in Student Assistant Salary (decreased by \$6,063.25 or by 67.73%).

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

Associated Students Net Income	2015-16	2014-15	\$ Change	%Change
Cañada College ASB	\$ 2,193	\$ 9,578	\$ (7,385)	-77.1%
College of San Mateo ASB	\$ (10,936)	\$ (709)	\$ (10,227)	1442.2%
Skyline College ASB	\$ (16,944)	\$ 3,480	\$ (20,423)	-586.9%

Please also refer to Exhibits A, B, and C for detail financial information of this period.

BOOKSTORES (Exhibit D)

The following data reflects Bookstore operations for the fiscal year beginning July 1, 2015 through September 30, 2015. It includes summer 2015 and the first half of fall 2015 semester sales.

Bookstore Sales	2015-16	2014-15	\$ Change	% Change
Regular Merchandise Sales	\$ 2,294,501	\$ 2,417,350	\$ (122,849)	-5.1%
Computer Products Sales	\$ 35,291	\$ 30,397	\$ 4,894	16.1%
Total Merchandise Sales	\$ 2,329,793	\$ 2,447,747	\$ (117,955)	-4.8%
Textbook Rental Income	\$ 214,660	\$ 220,522	\$ (5,863)	-2.7%
Production Service Income	\$ 115,760	\$ 91,232	\$ 24,528	26.9%
Total Sales	\$ 2,660,212	\$ 2,759,501	\$ (99,289)	-3.6%

Regular merchandise sales have decreased this year compared to last year due mainly to a continuing drop in textbook sales. Textbook sales are down over last year due to a number of factors including the decline in enrollment as well as faculty not using traditional textbooks in favor of on-line, publisher provided alternatives. Textbook rentals also impact textbook sales in that they are not represented as sales and, therefore, the more textbooks we rent, the fewer textbooks we sell. In fact, we are realizing the gross margin we would on the sale of a new book on the rental of any book. Textbook rental fees collected decreased so far this year by 2.7% or \$5,863. This is the first time that rental fees have decreased since the college bookstores began renting textbooks in 2001. While diminishing supply of rental books is an issue, the main drivers are student enrollment, the aforementioned switch from traditional textbooks to publisher provided on-line resources chosen by some faculty members and the winding down of the First-Five rental program where books have been in use for many years.

Sales increases were achieved in supplies and course kits which increased by 38% or \$69,552 over the same period last year. This is due primarily to the increase in kit sales at College of San Mateo where the bookstore now sells both the dental assisting kits and the cosmetology kits and to the efforts at all three colleges to create cost saving kits that contain course materials and supplies for students. Increases were also achieved in the coffee and convenience category which is the second strongest category district wide, and electronics and production income, which includes the sales from the print shops located at each college.

Comparative figures are shown below:

Bookstore Recap	2015-16	2014-15	\$ Change	%Change
Operations				
Merchandise Sales	\$ 2,329,793	\$ 2,447,747	\$ (117,955)	-4.8%
Textbook Rental Income	\$ 214,660	\$ 220,522	\$ (5,863)	-2.7%
Production Service Income	\$ 115,760	\$ 91,232	\$ 24,528	26.9%
Cost of Goods Sold	\$ 1,478,388	\$ 1,595,405	\$ (117,017)	-7.3%
Gross Profit from Operations	\$ 1,181,824	\$ 1,164,096	\$ 17,728	1.5%
Total Operating Expenses	\$ 893,761	\$ 786,020	\$ 107,741	13.7%
Net Income/(Loss) from Operations	\$ 288,063	\$ 378,076	\$ (90,013)	-23.8%
Interest and Other Income	\$ 48,860	\$ 73,109	\$ (24,249)	-33.2%
Net Income Before Other Expenses	\$ 336,923	\$ 451,186	\$ (114,262)	-25.3%
District Support				
In-Kind Donations Received	\$ 56,507	\$ 71,216	\$ (14,709)	100.0%
Admin Salary & Benefits	\$ 17,328	\$ 16,615	\$ 713	4.3%
Other Expenses	\$ 18,331	\$ 18,223	\$ 108	0.6%
Net Change in Fund Balance	\$ 357,772	\$ 487,563	\$ (129,791)	-26.6%

Particularly noteworthy is the \$56,507 represented as "in-kind donations" received. This represents funds paid to the Bookstores from Pepsi according to the terms of the contract. In addition to the \$30,000 in partnership funds the Bookstore received each year of the contract, Pepsi also pays \$1.50 per case of Pepsi sold by the bookstores and cafeterias. This money will be completely spent down over the course of the academic year supporting the textbook rental fund as well as supporting a variety of activities at the colleges that support teaching and learning. The higher balance from last year is due to a balance carry-over from 2013-14 as well as increased support for student textbook programs like Writing In the End Zone.

Cost of goods sold decreased this year due to the continued decrease in textbook sales and the low cost of coffee and convenience items that have increased sales significantly. Total direct operating expenses has increased 13.7% over this same period in 2014-15 due primarily to salary and benefit increases which represents almost 10% of the increase. The other significant factor was the renewal of the software services agreement for the Bookstore operating system. Interest and other income decreased significantly due to lower textbook rental income, which is represented as other income as well as reduced interest income on our investments.

It is expected that this will continue to be a very challenging time for bookstores in California in general as enrollments continue to flatten or decline. Lower enrollment, coupled with the added competition from now numerous outside organizations, particularly in terms of textbook sales, will put added pressure on the bookstores' overall financial performance. All District Auxiliary and Commercial Operations are dependent on a strong, stable enrollment for continued success. The addition of the coffee concessions and convenience stores as well as the addition of the copy center at CSM and the merging of the copy center at Skyline and Cañada into the bookstore operations are examples of the proactive measures we are taking to insure the financial stability of the bookstore operations in these turbulent economic times. We will continue our commitment to focus on all efforts to improve service, offer as many lower cost textbook alternatives as possible, continue to grow the rental program, further integrate digital and on-line solutions at all three Colleges, increase the amount of custom and institutionally adopted textbooks Districtwide and further maximize the interest and other income potential of all the campus bookstores. In so doing, we will remain well positioned for future growth as we serve the students of the San Mateo Community College District.

CAFETERIAS (Exhibit E)

Beverage, Snack and Food Service Vendors –

- The District's beverage vending service partner is Pepsi Bottling Group. The contract was awarded effective July 1, 2012, ending on June 30, 2017.
- The District's snack vending partner is Canteen, Inc. The contract was effective July 1, 2012, ending on June 30, 2017.
- The District's food service partner is Pacific Dining Services. The contract was awarded on July 1, 2012, through June 30, 2015 with an option for two one year renewals at the discretion of the District thereafter.

First quarter comparisons are noted below; this includes commissions from July 2015 through September 2015.

Cafeteria	2015-16	2014-15	\$ Change	% Change
Revenues				
Food Service Income	\$ 46,468	\$ 39,826	\$ 6,642	16.7%
Vending Income	15,186	14,959	227	1.5%
Interest Income	1,096	2,052	(956)	-46.6%
Event Rental	14,042	21,328	(7,286)	-34.2%
Other Income	-	-	-	0.0%
Total Revenues	\$ 76,792	\$ 78,164	\$ (1,372)	-1.8%
Expenditures	\$ 39,986	\$ 44,495	\$ (4,509)	-10.1%
Prior Year Adjustment	\$ -	\$ 15,761	\$ (15,761)	-100.0%
Net Change in Fund Balance	\$ 36,806	\$ 17,909	\$ 18,898	105.5%

FOOD SERVICE INCOME	2015-16	2014-15	\$ Change	% Change
PACIFIC DINING				
Skyline	\$ 12,724	\$ 12,720	\$ 5	0.0%
Cañada	8,624	7,693	931	12.1%
CSM	23,433	17,479	5,954	34.1%
Le Bulldog	1,687	1,935	(248)	-12.8%
Total Food Service Income	\$ 46,468	\$ 39,826	\$ 6,642	16.7%

Compared to the first quarter 2012-13, food service income has increased 16.7% districtwide. Event rental fees have decreased this year over last year due in large part to the income generated from two large conferences that were held here last year. Event rental fees are poured back into the facility for continued upgrade, upkeep and enhanced maintenance allowing us to maintain the facility at a superior level.

Vending income has increased slightly by 1.5% compared to last year. The increase is significant because the student enrollment districtwide is lower than it was last year. This increase is primarily due to the strong children's aquatic programming over the summer and the success of the College for Kids program. Both programs brought hundreds of youth to the campuses this summer. Vending income is returned to each college Associated Students for use in supporting student activities on each campus.

Income from food service and vending contracts enables the District to provide food and beverage services to the students. These combined resources, along with interest income, also provide a stable Cafeteria fund not requiring support from the general fund. As part of the Enterprise Fund, the cafeteria and vending operations and are fully self-supporting. No General Fund dollars go to support any Enterprise operation. The fund is also responsible for the long-term maintenance and upgrading of aging facilities and equipment, as well as all expenses relating to the ongoing operational requirements under the food service and vending contracts.

SAN MATEO ATHLETIC CLUB (EXHIBIT F)

The San Mateo Athletic Club is a professionally managed enterprise program sharing the fitness facility with the College of San Mateo. The San Mateo Athletic Club shares the instructional and training space on two levels of the Health and Wellness building that includes a large main floor along with four exercise studios on the second level and an aquatics complex with a 50 meter Olympic size competition pool, along with a 25 meter instructional pool for Adaptive Fitness and other group exercise classes. The San Mateo Athletic Club and its members enjoy this multi-use College of San Mateo facility that provides credit classes, non-credit classes, community education and adaptive fitness.

Operating as an enterprise through Auxiliary Services, the San Mateo Athletic Club is a self-sustaining community-centered, fee-based operation offering numerous service options to the San Mateo campus community and the community-at-large. The concept of a multi-use space enables the District to maximize the use of facility resources and consequently create a revenue stream that will supplement the College budgetary needs including equipment maintenance and replacement. The San Mateo Athletic Club provides our community broader access to the College of San Mateo and demonstrates in a very real way that the District is a community-based organization serving a wide spectrum of educational and training opportunities.

Over the past four years, San Mateo Athletic Club (SMAC) has grown its membership to over 6,000; provides health and wellness opportunities to the local community and offers training and certification programs to fitness professionals. SMAC also provides a revenue stream that helps to support the facility

and the equipment therein where the college faculty provide teaching and learning to the students at CSM. In addition to all we do to help support the mission and goals of CSM, we continue to engage the local community in an effort to increase the exposure opportunities for the college. This effort continues to be led by our outstanding aquatics facility and programming which has attracted attention from the Peninsula and surrounding areas.

San Mateo Athletic Club and Aquatic Center financial summary:

San Mateo Athletic Club and Aquatic Center	2015-16	2014-15	\$ Change	%Change
Operating Revenues				
Registration & Membership	\$ 821,973	\$ 764,811	\$ 57,162	7.5%
Personal Training	82,938	86,601	(3,663)	-4.2%
Aquatics	207,997	218,029	(10,032)	-4.6%
Parking	20,851	20,387	464	2.3%
Group Exercise	17,877	10,063	7,814	77.7%
Retail	7,391	7,054	337	4.8%
Other Income	4,749	3,570	1,179	33.0%
Total Operating Revenue	\$ 1,163,776	\$ 1,110,513	\$ 53,263	4.8%
Operating Expenses	\$ 823,326	\$ 736,753	\$ 86,573	11.8%
Net Operating Income/(Loss), prior to District and College Support	\$ 340,450	\$ 373,760	\$ (33,310)	-8.9%
District Support				
District Support Income	37,764	35,728	2,036	5.7%
District Support Expense	73,149	75,895	(2,746)	-3.6%
Net Income/(Loss) after District Support, prior to College Support	\$ 305,065	\$ 333,594	\$ (28,529)	-8.6%
College Support Expense	\$ 25,000	\$ 55,000	\$ (30,000)	-54.5%
Net Income/(Loss) after District & College Support	\$ 280,065	\$ 278,594	\$ 1,471	0.5%

Total operating revenue has exceeded expectations and is 4.8% or \$53,263 ahead of last year for a total of \$1,163,776. Our net operating income after expenses is slightly higher over last year. In addition to increased district salary and benefit costs for district employees charged to the operation, it should be noted that there is also a \$30,000 donation to Jazz on the Hill represented under College Support last year that was not made this year. Net operating income for the operation itself exclusive of district expenses actually decreased by 8.9% or \$33,310 due to the procurement of new equipment to replace aging equipment that has been in use by students and members since we opened in 2010. One of the many benefits of this enterprise is that we are in a position to replace equipment that is aging or replace equipment with equipment outfitted with superior technology with enterprise funds. Prior to creating SMAC, equipment used by students in the KPE academic program was used far in excess of its useful life due to limited resources for equipment replacement.

As a “mature” club, we do not anticipate that we will be able to continue growing at the same explosive rate we had been due to the size of our facility but we will continue to maximize our membership. In addition, we will continue to explore new partnerships and offer more continuing education programs and certification classes to add to the workforce development part of our mission.

We are very proud of the accomplishments made at SMAC in such a short period of time. We continue to exceed expectations on all levels and will always strive to be the best facility in the Bay Area which offers not only a place to work out, but also a place to teach, learn and develop habits, knowledge, skills and abilities that will benefit all those we serve for a lifetime.

COMMUNITY, CONTINUING AND CORPORATE EDUCATION (Exhibit G)

We are incredibly excited to announce the addition of Community, Continuing and Corporate Education (CCCE) to the Auxiliary Services organization!

Formerly known as Community Education, CCCE was renamed and brought into the Auxiliary Services fold in December of 2014 with the intent to restore and transform it into a financially self-sustaining powerhouse of programs and initiatives creating an impact for San Mateo County residents, families, businesses, nonprofits and governmental agencies, as well as for international students seeking increased educational opportunities within the San Mateo County Community College District.

As we work collaboratively to “reinvent” the organization, we established new strategic goals for the organization. The following strategic goals have been established for 2015-2020 to achieve the vision of transforming CCCE into a financially self-sustaining powerhouse of programs and initiatives creating impact for San Mateo County residents, families, businesses, nonprofits and government agencies, as well as for international students seeking increased educational opportunities within the San Mateo County Community College District.

1. Increase Community, Continuing and Corporate Education (CCCE) training and services to San Mateo County residents, families and businesses through increased lifelong learning and professional certifications for adults, expanded academic and fitness programming for youth, and customized workforce training for public and private-sector organizations.
2. Increase revenue-generating contract training for public and private-sector organizations.
3. Develop internationally-recognized, revenue-generating Intensive English Programs for students, educators, administrators and executives.
4. Contribute to the economic development of San Mateo County through collaborative partnerships with industry and workforce/economic development agencies.
5. Increase credit-based enrollments through new credit/non-credit hybrid programming.
6. Create or expand revenue generating programs in collaboration with the San Mateo Athletic Club.

In an effort to achieve our strategic goals, the following are a few select initiatives currently in progress:

- Development of a for-credit Construction Management Certificate and a not-for-credit Revit Certificate in partnership with Skyline College’s Dean of Science, Mathematics and Technology and Dean of Business, Education and Professional Programs.
- Creation of an Emergency Management Academy and the delivery of certified emergency management training for public and private sector employees in San Mateo County.

- Formation of a Nonprofit Leadership Certificate in partnership with the Center for Excellence in Nonprofits (CEN).
- Implementation of customized training programs for San Mateo industry and agencies.
- Development of customized trainings and camps for international professionals and youth.
- Full launch of the Silicon Valley Intensive English Program (SVIEP) at Cañada College.
- Development of “Decode the Code”, a summer Coding Academy for youth which will provide programming and career navigation skills development.
- Creation of the Bay Area Pathways Academy (BAPA), a 6 week summer program for students in grades 7 – 10 that will combine academic courses to support students over the summer along with fitness, aquatic and other confidence-building classes with a particular emphasis on serving foster youth and youth from underserved communities who need academic support and fun programs during the summer with opportunities for mentorship and engagement in the community college environment.

Below represents the financial performance of CCCE through September 2015:

Community, Continuing and Corporate Education (CCCE) financial summary:

Community Continuing Corporate Education	2015-16	2014-15	\$ Change	% Change
Revenues	\$ 160,993	\$ -	N/A	N/A
Expenditures				
Salaries and Benefits	\$ 88,308	\$ -	N/A	N/A
Other Operating Expenses	116,844	\$ -	N/A	N/A
Total Expenses	\$ 205,152	\$ -	N/A	N/A
Net Change in Fund Balance	\$ (44,159)	\$ -	N/A	N/A

After engineering a fiscal recovery for FY15, Community, Continuing and Corporate Education entered the investment phase of a multi-year growth curve in FY 2016, which is projected to yield over a million dollars in new revenues by FY18. CCCE anticipates continuation of this investment phase in FY16 through Q3, with anticipated revenue growth from new programs projected to increase by hundreds of thousands of dollars by Q4, resulting in a significant increase in year-end net revenues. These investments of time, energy and human capital are primarily focused around the development of an all-new children’s summer camp, called the Bay Area Pathways Academy, and the simultaneous creation of two Intensive English Programs at Cañada and Skyline Colleges. Other major initiatives include development of both Corporate and International Education initiatives involving customized training for both local and international organizations.

ASB CANADA
BALANCE SHEET

	<u>Sep 30, 15</u>	<u>Sep 30, 14</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current Assets				
Checking/Savings				
1000 · CASH AND BANK	27,286.40	130,702.09	-103,415.69	-79.12%
Total Checking/Savings	<u>27,286.40</u>	<u>130,702.09</u>	<u>-103,415.69</u>	<u>-79.12%</u>
Accounts Receivable				
1210.5 · ALLOWANCE FOR BAD DEBTS	-15,444.25	-13,958.62	-1,485.63	10.64%
Total Accounts Receivable	<u>-15,444.25</u>	<u>-13,958.62</u>	<u>-1,485.63</u>	<u>10.64%</u>
Other Current Assets				
1210.1 · ACCOUNTS RECEIVABLE CANADA	57,152.58	64,670.96	-7,518.38	-11.63%
1220 · EMERGENCY LOANS RECEIVABLE	5,550.71	5,381.00	169.71	3.15%
1310.1 · COUNTY INVESMENT POOL-UNION	430,665.46	327,480.78	103,184.68	31.51%
1310.2 · MARK TO MARKET	<u>-36.18</u>	<u>-14.38</u>	<u>-21.80</u>	<u>151.6%</u>
Total Other Current Assets	<u>493,332.57</u>	<u>397,518.36</u>	<u>95,814.21</u>	<u>24.1%</u>
Total Current Assets	<u>505,174.72</u>	<u>514,261.83</u>	<u>-9,087.11</u>	<u>-1.77%</u>
Fixed Assets				
1500 · FIXED ASSETS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>
Total Fixed Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>
TOTAL ASSETS	<u>505,174.72</u>	<u>514,261.83</u>	<u>-9,087.11</u>	<u>-1.77%</u>
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Other Current Liabilities				
2020 · EMERGENCY LOANS PAYABLE	5,963.94	6,113.94	-150.00	-2.45%
2030 · OTHER LOANS PAYABLE	5,871.01	6,021.01	-150.00	-2.49%
2040 · OTHER FUNDS PAYABLE	72.00	72.00	0.00	0.0%
2050 · CLUBS	23,690.95	25,456.66	-1,765.71	-6.94%
2060 · TRUSTS	<u>179,540.00</u>	<u>194,487.57</u>	<u>-14,947.57</u>	<u>-7.69%</u>
Total Other Current Liabilities	<u>215,137.90</u>	<u>232,151.18</u>	<u>-17,013.28</u>	<u>-7.33%</u>
Total Current Liabilities	<u>215,137.90</u>	<u>232,151.18</u>	<u>-17,013.28</u>	<u>-7.33%</u>
Total Liabilities	<u>215,137.90</u>	<u>232,151.18</u>	<u>-17,013.28</u>	<u>-7.33%</u>
Equity				
3010 · Opening Bal Equity	141,753.44	141,753.44	0.00	0.0%
3020 · Retained Earnings	146,090.55	130,779.62	15,310.93	11.71%
Net Income	<u>2,192.83</u>	<u>9,577.59</u>	<u>-7,384.76</u>	<u>-77.11%</u>
Total Equity	<u>290,036.82</u>	<u>282,110.65</u>	<u>7,926.17</u>	<u>2.81%</u>
TOTAL LIABILITIES & EQUITY	<u>505,174.72</u>	<u>514,261.83</u>	<u>-9,087.11</u>	<u>-1.77%</u>

ASB - CANADA
INCOME STATEMENT

	<u>Jul - Sep 15</u>	<u>Jul - Sep 14</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
4000 · INCOME				
4020 · ATM	120.50	79.50	41.00	51.57%
4050 · MISCELLANEOUS	72.18	59.98	12.20	20.34%
4080 · STUDENT BODY CARD	10,435.98	15,392.00	-4,956.02	-32.2%
4090 · VENDING-COMPASS	895.92	1,422.34	-526.42	-37.01%
4091 · VENDING-PEPSI	553.20	2,035.42	-1,482.22	-72.82%
Total 4000 · INCOME	<u>12,077.78</u>	<u>18,989.24</u>	<u>-6,911.46</u>	<u>-36.4%</u>
Total Income	12,077.78	18,989.24	-6,911.46	-36.4%
Expense				
5000 · EXPENSES				
5010 · AWARDS & SCHOLARSHIPS	1,346.15	0.00	1,346.15	100.0%
5030 · CEREMONIES	31.46	0.00	31.46	100.0%
5031 · CLUB ASSISTANCE/ICC	0.00	-575.56	575.56	100.0%
5032 · COLLEGE PROGRAM ASSISTANCE	958.72	4,818.67	-3,859.95	-80.1%
5033 · CONFERENCE	3,530.73	2,836.19	694.54	24.49%
5080 · HOSPITALITY	129.79	0.00	129.79	100.0%
5140 · OFFICE SUPPLIES	1,514.19	147.35	1,366.84	927.62%
5145 · OPERATION	0.00	29.57	-29.57	-100.0%
5151 · PUBLICITY	133.49	0.00	133.49	100.0%
5152 · SPIRIT THURSDAY	1,243.39	1,728.32	-484.93	-28.06%
5170 · RECREATION/GAMES	90.64	36.82	53.82	146.17%
5171 · REPAIR & MAINTENANCE	0.00	348.33	-348.33	-100.0%
5182 · STUDENT ACTIVITY CARD	1,653.84	561.82	1,092.02	194.37%
Total 5000 · EXPENSES	<u>10,632.40</u>	<u>9,931.51</u>	<u>700.89</u>	<u>7.06%</u>
Total Expense	10,632.40	9,931.51	700.89	7.06%
Net Ordinary Income	<u>1,445.38</u>	<u>9,057.73</u>	<u>-7,612.35</u>	<u>-84.04%</u>
Other Income/Expense				
Other Income				
6000 · OTHER INCOMES				
6010 · INTEREST	747.45	519.86	227.59	43.78%
Total 6000 · OTHER INCOMES	<u>747.45</u>	<u>519.86</u>	<u>227.59</u>	<u>43.78%</u>
Total Other Income	<u>747.45</u>	<u>519.86</u>	<u>227.59</u>	<u>43.78%</u>
Net Other Income	<u>747.45</u>	<u>519.86</u>	<u>227.59</u>	<u>43.78%</u>
Net Income	<u><u>2,192.83</u></u>	<u><u>9,577.59</u></u>	<u><u>-7,384.76</u></u>	<u><u>-77.11%</u></u>

Associated Students of Cañada College
1st Quarter Report
July 2015- September 2015

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

Participatory Governance

The students continue to serve on **19** committees at Cañada College and the District.

Student Identification Cards

The Center for Student Life and Leadership Development continues to produce Student Body Cards for the student body. The Center produced **1,103** cards this quarter.

Inter-Club Council (ICC)

The ASCC continues to encourage students to become an active member on campus through their handouts, fliers, activities, social media and Inter-Club Council. This past quarter **10** new clubs were formed, including the addition of: Astronomy Club, Branching Out to Stem Subjects, Cañada College Republicans, Civil Liberties, Intervarsity Christian Fellowship, Namaste Social Justice, Multicultural Awareness Program, Men's Acapella, Engineering Design Club, and Virtual Reality Club. **24** clubs remained active this quarter.

Events & Activities

- July 2015
 - 4th Float Decorating, Costume Making, and Choreography Practice: July 1-4th
 - Redwood City 4th of July Parade: July 4
 - ASSC Meetings: Summer 2015: Thursday July 16 & July 23
 - Colts Academy: July 16
 - ASCC Leadership Training Day: July 17
 - National Student Leadership Diversity Conference (NSLDC): July 29-August 3

- August 2015
 - Ongoing ASCC Meetings: Every Wednesday throughout the semester
 - Ongoing ICC Meetings: Every Other Tuesday throughout the semester
 - Welcome Week-Coming2Cañada: August 26
 - Welcome Week-Pancakes and Prep: August 27
 - Welcome Week-Chai and Chat: August 28

- September 2015
 - Spirit Week-Tacos and Tie Dye: September 8
 - Spirit Week-Pictures and Pizza: September 9
 - Spirit Week-Rush and Roll: September 10
 - Constitution Day: September 17

ASB CSM
BALANCE SHEET

	<u>Sep 30, 15</u>	<u>Sep 30, 14</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current Assets				
Checking/Savings				
1000 · CASH AND BANK	88,325.72	34,999.52	53,326.20	152.36%
Total Checking/Savings	<u>88,325.72</u>	<u>34,999.52</u>	<u>53,326.20</u>	<u>152.36%</u>
Accounts Receivable				
1210.1 · ACCOUNTS RECEIVABLE	77,480.76	85,700.76	-8,220.00	-9.59%
1210.2 · ALLOWANCE FOR BAD DEBTS-SBCF	-1,287.21	-1,382.44	95.23	-6.89%
1220 · EMERGENCY LOANS RECEIVABLE	805.00	4,562.00	-3,757.00	-82.35%
1230 · OTHER LOANS RECEIVABLE	<u>1,184.30</u>	<u>1,488.31</u>	<u>-304.01</u>	<u>-20.43%</u>
Total Accounts Receivable	78,182.85	90,368.63	-12,185.78	-13.49%
Other Current Assets				
1310.1 · COUNTY INVESTMENT POOL	487,738.01	557,672.84	-69,934.83	-12.54%
1310.2 · INVEST. MARKET TO MARKET ADJ.	-53.17	-29.30	-23.87	81.47%
Total Other Current Assets	<u>487,684.84</u>	<u>557,643.54</u>	<u>-69,958.70</u>	<u>-12.55%</u>
Total Current Assets	654,193.41	683,011.69	-28,818.28	-4.22%
Fixed Assets				
1500 · FIXED ASSETS	<u>3,073.30</u>	<u>4,548.46</u>	<u>-1,475.16</u>	<u>-32.43%</u>
Total Fixed Assets	<u>3,073.30</u>	<u>4,548.46</u>	<u>-1,475.16</u>	<u>-32.43%</u>
TOTAL ASSETS	<u><u>657,266.71</u></u>	<u><u>687,560.15</u></u>	<u><u>-30,293.44</u></u>	<u><u>-4.41%</u></u>
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
2010 · ACCOUNTS PAYABLE	<u>4,211.43</u>	<u>4,368.40</u>	<u>-156.97</u>	<u>-3.59%</u>
Total Accounts Payable	4,211.43	4,368.40	-156.97	-3.59%
Other Current Liabilities				
2020 · EMERGENCY LOAN FUND	8,917.95	9,348.95	-431.00	-4.61%
2030 · OTHER LOANS	6,124.00	6,124.00	0.00	0.0%
2040 · OTHER FUNDS PAYABLE	3,687.06	3,687.06	0.00	0.0%
2050 · CLUBS	82,463.42	84,217.52	-1,754.10	-2.08%
2060 · TRUSTS	<u>185,106.11</u>	<u>203,671.54</u>	<u>-18,565.43</u>	<u>-9.12%</u>
Total Other Current Liabilities	286,298.54	307,049.07	-20,750.53	-6.76%
Total Current Liabilities	<u>290,509.97</u>	<u>311,417.47</u>	<u>-20,907.50</u>	<u>-6.71%</u>
Total Liabilities	290,509.97	311,417.47	-20,907.50	-6.71%
Equity				
3010 · OPENING BALANCE EQUITY	262,285.95	262,285.95	0.00	0.0%
3020 · RETAINED EARNINGS	115,406.89	114,565.86	841.03	0.73%
Net Income	<u>-10,936.10</u>	<u>-709.13</u>	<u>-10,226.97</u>	<u>1,442.19%</u>
Total Equity	<u>366,756.74</u>	<u>376,142.68</u>	<u>-9,385.94</u>	<u>-2.5%</u>
TOTAL LIABILITIES & EQUITY	<u><u>657,266.71</u></u>	<u><u>687,560.15</u></u>	<u><u>-30,293.44</u></u>	<u><u>-4.41%</u></u>

ASB - CSM
INCOME STATEMENT

	<u>Jul - Sep 15</u>	<u>Jul - Sep 14</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
4000 · INCOME				
4020 · ATM	282.50	152.00	130.50	85.86%
4080 · STUDENT BODY CARD	13,979.80	15,152.00	-1,172.20	-7.74%
4090 · VENDING-COMPASS	3,691.40	2,988.36	703.04	23.53%
4091 · VENDING-PEPSI	2,470.84	2,941.40	-470.56	-16.0%
Total 4000 · INCOME	<u>20,424.54</u>	<u>21,233.76</u>	<u>-809.22</u>	<u>-3.81%</u>
Total Income	20,424.54	21,233.76	-809.22	-3.81%
Expense				
5000 · EXPENSES				
5020 · BAD DEBTS	-263.57	-215.14	-48.43	22.51%
5031 · CLUB ASSISTANCE/ICC	176.07	331.31	-155.24	-46.86%
5032 · COLLEGE PROGRAM ASSISTANCE	-46.25	0.00	-46.25	-100.0%
5033 · CONFERENCE	7,950.94	5,658.00	2,292.94	40.53%
5040 · DEPRECIATION	368.79	368.79	0.00	0.0%
5080 · HOSPITALITY	0.00	65.48	-65.48	-100.0%
5140 · OFFICE SUPPLIES	510.67	302.74	207.93	68.68%
5145 · OPERATION	782.32	1,001.88	-219.56	-21.92%
5150 · PROGRAMS	3,389.68	6,604.58	-3,214.90	-48.68%
5151 · PUBLICITY	6,590.60	1,891.15	4,699.45	248.5%
5182 · STUDENT ACTIVITY CARD	1,785.60	980.02	805.58	82.2%
5183 · STUDENT ASSISTANT-SALARY	4,698.00	5,842.75	-1,144.75	-19.59%
5184 · STUDENT ASSISTANT-BENEFITS	199.71	56.75	142.96	251.91%
Total 5000 · EXPENSES	<u>26,142.56</u>	<u>22,888.31</u>	<u>3,254.25</u>	<u>14.22%</u>
Total Expense	<u>26,142.56</u>	<u>22,888.31</u>	<u>3,254.25</u>	<u>14.22%</u>
Net Ordinary Income	-5,718.02	-1,654.55	-4,063.47	245.59%
Other Income/Expense				
Other Income				
6000 · OTHER INCOMES				
6010 · INTEREST	944.16	945.42	-1.26	-0.13%
Total 6000 · OTHER INCOMES	<u>944.16</u>	<u>945.42</u>	<u>-1.26</u>	<u>-0.13%</u>
Total Other Income	944.16	945.42	-1.26	-0.13%
Other Expense				
7000 · OTHER EXPENSES				
7020 · VENDING INC. EXP TO V.P. TRUST	6,162.24	0.00	6,162.24	100.0%
Total 7000 · OTHER EXPENSES	<u>6,162.24</u>	<u>0.00</u>	<u>6,162.24</u>	<u>100.0%</u>
Total Other Expense	<u>6,162.24</u>	<u>0.00</u>	<u>6,162.24</u>	<u>100.0%</u>
Net Other Income	-5,218.08	945.42	-6,163.50	-651.93%
Net Income	<u><u>-10,936.10</u></u>	<u><u>-709.13</u></u>	<u><u>-10,226.97</u></u>	<u><u>1,442.19%</u></u>

Associated Students of College of San Mateo 1st Quarter Report, July 2015 – September 2015

The Associated Students of College of San Mateo (ASCSM) has had a productive first quarter of the fall 2015 semester. ASCSM has been able to successfully continue to participate in college governance and to create a lively and entertaining campus atmosphere for CSM students, faculty, staff, and administrators. Some of the highlights for the first quarter of the fall 2015 semester are:

Ongoing Activities

In addition to participating in their weekly Student Senate meetings, the members of the ASCSM have also been actively involved with each of their standing committees, including the Executive Cabinet, the Advocacy Board, the Cultural Awareness Board, the Programming Board, and the Inter Club Council (ICC).

Members of the ASCSM Student Senate continued to participate in College and District governance committees. At the College level, student leaders are attending numerous committee meetings, including the Institutional Planning Committee (IPC), Faculty Academic Senate, Committee on Instruction, Diversity in Action Group, College Auxiliary Services Advisory Committee and the College Assessment Committee. At the District level, students are also involved in the District Participatory Governance Council, the District Committee on Budget & Finance, the District Auxiliary Services Advisory Committee and the District Student Council.

The ASCSM, in cooperation with the Center for Student Life and Leadership continued to issue credit card style Student ID Cards. To date, the A.S. has issued thousands of ID Cards to students. Due to the planned rollout of employee ID cards, the students have stopped producing ID cards for CSM faculty, staff, and administrators.

Events and Activities of Note

July 2015

- During the summer, the ASCSM Senate met on a biweekly basis for training, planning, and organizational purposes.
- ASCSM Ice Cream Social Event for Summer Students, Wednesday, July 22nd.

August 2015

- On Tuesday, August 11, the Associated Students, in conjunction with the Center for Student Life and Leadership, held Welcome Day, an event to welcome new students and their families to CSM.

- Between Friday, August 14 and Sunday, August 16, members of the ASCSM Senate participated in the annual Leadership and Training Conference sponsored by the Center for Student Life and Leadership.
- Starting Monday, August 24, the ASCSM Senate resumed regular weekly meetings for the fall semester.

September 2015

- Between Tuesday, September 1 and Thursday, September 3, the Associated Students sponsored Welcome Week, an opportunity to welcome new and returning students to the campus with games, free food, and entertainment.
- As part of Welcome Week, the Associated Students partnered with the CSM Counseling Department for the 2015 Students Connection Fair, which introduced students to the wide range of student services available on campus.
- On Wednesday, September 2, the ASCSM Inter Club Council resumed weekly meetings for the fall semester. To date, CSM has 40 active student clubs and organizations.
- On Thursday, September 10, the EOPS Club held an outreach table to introduce students to the various services provided by the EOPS program.
- On Wednesday, September 16, as part of the College's Transfer Day event, the Transfer Club distributed free pizza to students who visited tables of various transfer institutions.
- Beginning Wednesday, September 16, and continuing on a weekly basis throughout the semester, the International Club held World Chat, an event designed to introduce the campus community to the language and cultures of international students from around the world.
- On Wednesday, September 23, the Eta Chapter of Alpha Gamma Sigma held a fundraising event to support future club activities.
- On Tuesday, September 29, the ASCSM Inter Club Council sponsored the Fall 2015 Club Fair to introduce students to the various student clubs and organizations on campus.

ASB SKYLINE
BALANCE SHEET

	<u>Sep 30, 15</u>	<u>Sep 30, 14</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current Assets				
Checking/Savings				
1000 · CASH AND BANK	120,400.48	102,201.27	18,199.21	17.81%
Total Checking/Savings	<u>120,400.48</u>	<u>102,201.27</u>	<u>18,199.21</u>	<u>17.81%</u>
Accounts Receivable				
1210.2 · ALLOWANCE FOR BAD DEBTS	-3,977.14	-3,977.14	0.00	0.0%
1220 · EMERGENCY LOANS RECEIVABLE	-153.00	-153.00	0.00	0.0%
Total Accounts Receivable	<u>-4,130.14</u>	<u>-4,130.14</u>	<u>0.00</u>	<u>0.0%</u>
Other Current Assets				
1210.1 · ACCOUNT RECEIVABLE SKYLINE	98,605.76	133,408.67	-34,802.91	-26.09%
1310 · COUNTY INVESTMENT CONTROL	830,194.61	846,587.72	-16,393.11	-1.94%
1310.2 · MARK TO MARKET	-162.96	-42.30	-120.66	285.25%
Total Other Current Assets	<u>928,637.41</u>	<u>979,954.09</u>	<u>-51,316.68</u>	<u>-5.24%</u>
Total Current Assets	<u>1,044,907.75</u>	<u>1,078,025.22</u>	<u>-33,117.47</u>	<u>-3.07%</u>
Fixed Assets				
1500 · FIXED ASSETS	0.00	0.00	0.00	0.0%
Total Fixed Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>
TOTAL ASSETS	<u><u>1,044,907.75</u></u>	<u><u>1,078,025.22</u></u>	<u><u>-33,117.47</u></u>	<u><u>-3.07%</u></u>
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Other Current Liabilities				
2050 · CLUBS	128,848.85	126,264.80	2,584.05	2.05%
2060 · TRUSTS	336,662.66	352,181.67	-15,519.01	-4.41%
Total Other Current Liabilities	<u>465,511.51</u>	<u>478,446.47</u>	<u>-12,934.96</u>	<u>-2.7%</u>
Total Current Liabilities	<u>465,511.51</u>	<u>478,446.47</u>	<u>-12,934.96</u>	<u>-2.7%</u>
Total Liabilities	<u>465,511.51</u>	<u>478,446.47</u>	<u>-12,934.96</u>	<u>-2.7%</u>
Equity				
3010 · Opening Bal Equity	339,659.55	339,659.55	0.00	0.0%
3020 · Retained Earnings	256,680.29	256,439.53	240.76	0.09%
Net Income	-16,943.60	3,479.67	-20,423.27	-586.93%
Total Equity	<u>579,396.24</u>	<u>599,578.75</u>	<u>-20,182.51</u>	<u>-3.37%</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,044,907.75</u></u>	<u><u>1,078,025.22</u></u>	<u><u>-33,117.47</u></u>	<u><u>-3.07%</u></u>

ASB - SKYLINE
INCOME STATEMENT

	<u>Jul - Sep 15</u>	<u>Jul - Sep 14</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Income/Expense				
Income				
4000 · INCOME				
4010 · ASB GENERAL	0.00	-43.32	43.32	100.0%
4065 · RETURNED CHECK FEE - UNION BAN	20.00	0.00	20.00	100.0%
4070 · SPACE RENTAL-VENDOR	0.00	120.00	-120.00	-100.0%
4080 · STUDENT BODY CARD	13,669.89	20,480.00	-6,810.11	-33.25%
4090 · VENDING-COMPASS	3,007.02	4,568.14	-1,561.12	-34.17%
4091 · VENDING-PEPSI	2,369.05	2,637.90	-268.85	-10.19%
Total 4000 · INCOME	<u>19,065.96</u>	<u>27,762.72</u>	<u>-8,696.76</u>	<u>-31.33%</u>
Total Income	19,065.96	27,762.72	-8,696.76	-31.33%
Expense				
5000 · EXPENSES				
5005 · ASSC PRESIDENT ACCOUNT	0.00	-70.72	70.72	100.0%
5031 · CLUB ASSISTANCE/ICC	0.00	1,271.00	-1,271.00	-100.0%
5032 · COLLEGE PROGRAM ASSISTANCE	7,331.24	0.00	7,331.24	100.0%
5033 · CONFERENCE/RETREAT/TRAINING	9,635.21	4,789.21	4,846.00	101.19%
5140 · OFFICE SUPPLIES	2,529.82	1,476.88	1,052.94	71.3%
5145 · B6 OPERATION	0.00	795.02	-795.02	-100.0%
5150 · PROGRAMS	9,833.48	8,150.08	1,683.40	20.66%
5151 · PUBLICITY	5,348.82	249.23	5,099.59	2,046.14%
5183 · STUDENT ASSISTANT-SALARY	2,889.25	8,952.50	-6,063.25	-67.73%
5184 · STUDENT ASSISTANT-BENEFITS	28.90	89.54	-60.64	-67.72%
Total 5000 · EXPENSES	<u>37,596.72</u>	<u>25,702.74</u>	<u>11,893.98</u>	<u>46.28%</u>
Total Expense	<u>37,596.72</u>	<u>25,702.74</u>	<u>11,893.98</u>	<u>46.28%</u>
Net Ordinary Income	<u>-18,530.76</u>	<u>2,059.98</u>	<u>-20,590.74</u>	<u>-999.56%</u>
Other Income/Expense				
Other Income				
6000 · OTHER INCOMES				
6010 · INTEREST	1,587.16	1,419.69	167.47	11.8%
Total 6000 · OTHER INCOMES	<u>1,587.16</u>	<u>1,419.69</u>	<u>167.47</u>	<u>11.8%</u>
Total Other Income	<u>1,587.16</u>	<u>1,419.69</u>	<u>167.47</u>	<u>11.8%</u>
Net Other Income	<u>1,587.16</u>	<u>1,419.69</u>	<u>167.47</u>	<u>11.8%</u>
Net Income	<u>-16,943.60</u>	<u>3,479.67</u>	<u>-20,423.27</u>	<u>-586.93%</u>

**Associated Students of Skyline College
2015-2016: Budget Report for the 1st Quarter
Summary of Programs and Activities
October 1, 2015**

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

Participatory Governance

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

Governance Committees

- Academic Senate Governing Council
- Accreditation Oversight Committee
- College Governance Council
- Curriculum Committee
- Ed Policy
- Health and Safety Committee
- PEDAC
- SEED/Student Equity Committees
- Strategic Planning and Allocation of Resource Committee
- Institutional Effectiveness Committee
- Technology Advisory Committee

Task Forces

- Art on Campus Task Force
- Student Learning Outcome Assessment Cycle Steering Committee
- Outreach

Operational Work Groups

- Commencement Committee
- Student Recognition and Awards Ceremony

Student Handbook and Academic Planners

Due to budget cuts, the Student Handbook is only available online in a downloadable format <http://www.skylinecollege.edu/centerforstudentlife/studenthandbook.php>.

Recruitment of Students

The ASSC continues to encourage student engagement in activities, events, and student government with the help of handouts, flyers, social media, and giveaways to increase participation and attendance. All of the elected positions in the Associated Student of Skyline College Governing Council are currently filled.

Student Identification Cards

The Center for Student Life and Leadership Development continues to produce Student ID Cards for the student body with assistance from the ASSC.

Skyline Organizations and Clubs (SOCC)

The ASSC members always encourage other students to become active on campus by their work through SOCC. They also encourage students who do not find a club that interests them to start their own. This quarter, SOCC added a new club: Art and Design Coalition

Programs and Events

ASSC Meetings

8/11/15-Present:

ASSC weekly meetings on Tuesdays from 4-6pm

Skyline College Opening Day Ceremony

8/14/2015:

Dennis Zheng, ASSC President, spoke briefly to faculty and staff regarding ASSC plans for the upcoming year, services that are we provided and student engagement opportunities at Skyline College.

Welcome Week

8/17/15 to-8/20/15

8/17/15: Welcome Booth and Information Table

Distributed information about Skyline College and the A.S.S.C. information about resources and services available to Skyline College students along with donuts served with coffee or hot tea for students to enjoy

8/18/15: Learning Community / Dole Whip Social

Members of the ASSC and Skyline College Learning Communities handed out information about the learning communities and dole whip.

8/19/15: Pancake Breakfast

Administrators, faculty, and staff assisted in serving breakfast to students. Catering provided by Pacific Dining

8/19/15: Pizza Night

ASSC distributes pizza to night class students and handed out information about college programs, services and leadership opportunities

8/19/15: Club Rush and Program Services Fair

Members of student groups and community volunteer organizations distributed information and recruited new members and volunteers.

Constitution Day

9/17/2015:

The ASSC set up and voter registration table, handed out pocket copies of the U.S. constitution and had students take the U.S. Citizen test for prizes.

Latino Heritage Month

9/25/2015: Kick Off Event

Poet and spoken artist Paul Flores entertained the student body and ASSC served international food from Central and South America

9/30/2015: A Taste of Buenos Aires

ASSC members and Skyline College Dance Faculty Amber Steele worked with Tango Instructor Marcelo Solis to educate students about the history of Tango. Student then had the opportunity to learn the basic Tango steps and dance.

Leadership Training

ASSC Leadership Retreat:

8/21/2015 to 8/23/2015:

Members of the ASSC participated in leadership and team building exercises at Four Springs Retreat Center in Middletown, California.

If you need additional information please contact:

Amory Nan Cariadus
Director of Student Development
Skyline College
Phone: (650) 738-4334
Email: cariadusa@smccd.edu



SMCCCD - Bookstores Operation
Balance Sheet as at September 30, 2015

	9/30/2015	9/30/2014	Difference
Cash	\$ 45,913	\$ 42,342	\$ 3,571
Investments	5,141,232	5,073,589	67,643
Receivables	324,567	351,977	(27,410)
Inventories & Prepaid Items	3,491,637	3,079,810	411,828
Fixed Assets & Accum Depreciation	-	11,733	(11,733)
Total Assets	\$ 9,003,350	\$ 8,559,450	\$ 443,900
Current Liabilities	\$ 438,125	\$ 320,374	\$ 117,752
Salaries & Benefits Payable			-
Other Current Liabilities	136,738	114,932	21,806
Total Liabilities	\$ 574,863	\$ 435,305	\$ 139,558
Retained Earnings	\$ 8,070,715	\$ 7,636,581	\$ 434,134
Prior Years Adjustment	-	-	-
Total Equity	\$ 8,070,715	\$ 7,636,581	\$ 434,134
Year to Date Net Profit (Loss)	357,772	487,563	(129,792)
Total Liabilities & Fund Equity	\$ 9,003,350	\$ 8,559,450	\$ 443,900



**SMCCCD Bookstores Operation
Summary Income Statement
For the Year ended September 30, 2015**

	9/30/2015	9/30/2014	Difference
Income			
Sales	\$ 2,445,553	\$ 2,538,979	\$ (93,427)
Cost of Sales	(1,478,388)	(1,595,405)	117,017
Gross Margin	\$ 967,165	\$ 943,574	\$ 23,590
Operating Expenses			
Salaries & Benefits	\$ 636,909	\$ 585,156	\$ 51,752
Other Inventory Expenses	118,333	120,763	(2,430)
Other Service Expenses	45,923	3,127	42,796
Travel & Mileage Expenses	121	1,230	(1,109)
Dues & Membership	2,900	3,039	(139)
Insurance Expense	1,283	1,800	(517)
Utilities	9,165	8,009	1,156
Equipment Maintenance & Rental	10,902	8,653	2,249
Legal, Audit & Bad Debt Expenses	14,629	5,742	8,887
Other Operating Expenses	53,597	48,501	5,096
Total Operating Expenses	\$ 893,761	\$ 786,020	\$ 107,741
Other Income	\$ 263,519	\$ 293,631	\$ (30,112)
Total Other Income	\$ 263,519	\$ 293,631	\$ (30,112)
Net Operation Profit (Loss)	\$ 336,923	\$ 451,186	\$ (114,263)
Non Operational Income/Expenses			
Non Operational Income			
In-Kind Donation Received	\$ 56,507	\$ 71,216	\$ (14,709)
Non Operational Expense			



**SMCCCD Bookstores Operation
Summary Income Statement
For the Year ended September 30, 2015**

	9/30/2015	9/30/2014	Difference
Salaries - Dist Admin	\$ 8,115	\$ 7,416	\$ 698
Salaries - Dist Supervisor	4,859	5,143	(284)
Benefits - All Dist Staff	4,354	4,055	298
Rent Expense	16,890	16,890	-
Donations	1,441	1,333	108
Investments - FMV Adjustments	-	-	-
Total Non Operational Income/Expenses	\$ 35,658	\$ 34,838	\$ 820
Net Income	<u>\$ 357,772</u>	<u>\$ 487,563</u>	<u>\$ (129,792)</u>



SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT

SMCCCD Bookstores Operation
Detail Income Statement
For the Quarter ended September 30, 2015

	9/30/2015	9/30/2014	Difference
Income			
Income - Books	\$ 1,563,790	\$ 1,777,802	\$ (214,012)
Income - Supplies	252,273	182,721	69,552
Income - Food & Beverages	442,379	418,464	23,915
Income - Electronics	35,291	30,397	4,894
Income - Gifts	32,369	34,576	(2,208)
Income - Sundries	3,771	3,807	(37)
Income - Production Services	115,760	91,232	24,528
Sales Over/Short Adjustment	(81)	(20)	(60)
Total Gross Sales	\$ 2,445,553	\$ 2,538,979	\$ (93,427)
Cost of Goods Sold			
COGS - Books	(1,010,319)	(1,188,928)	178,609
COGS - Supplies	(165,623)	(106,873)	(58,751)
COGS - Food & Beverages	(240,348)	(232,900)	(7,448)
COGS - Electronics	(23,029)	(23,514)	486
COGS - Gifts	(21,055)	(19,601)	(1,454)
COGS - Sundries	(2,165)	(2,099)	(66)
COGS - Production Services	(15,849)	(21,490)	5,641
Total Cost of Goods Sold	\$ (1,478,388)	\$ (1,595,405)	\$ 117,017
Gross Profit	\$ 967,165	\$ 943,574	\$ 23,590
Salaries & Benefits			
Salaries - Administrative	\$ 18,854	\$ 16,153	\$ 2,700
Salaries - Supervisor	79,875	75,569	4,306
Salaries - Classified	223,837	204,360	19,477
Salaries - Students	140,067	152,849	(12,783)



SAN MATEO COUNTY

**SMCCCD Bookstores Operation
Detail Income Statement
For the Quarter ended September 30, 2015**

Salaries - Shrt Term Hourly	36,894	9,662	27,232
Benefits - All Stores	137,382	126,562	10,820
Total Salary & Benefits	\$ 636,909	\$ 585,156	\$ 51,752
Other Inventory Expenses			
Freight In	\$ 62,155	\$ 77,085	\$ (14,931)
Service Fees Expense	2,707	2,898	(191)
CRV Tax Paid	2,608	2,405	203
Buyback Expense	845	2,483	(1,638)
Invoice Balancing Over/Short	230	61	169
Restocking Fees	678	-	678
Copy Center Expense	15,849	10,614	5,235
Shrinkage Expense	33,261	25,217	8,044
Total Other Inventory Expenses	\$ 118,333	\$ 120,763	\$ (2,430)
Other Service Expenses			
Computer System Support - Software	\$ 37,398	\$ -	\$ 37,398
Computer System Support - Hardware	-	-	-
Training Fees	-	-	-
Contract Personnel	3,053	-	3,053
Armored Car Service	5,473	3,127	2,345
Security System Service	-	-	-
Total Other Service Expenses	\$ 45,923	\$ 3,127	\$ 42,796
Travel & Mileage Expenses			
Conference Expense	\$ -	\$ -	\$ -
Conference Fees Out of State	78	877	(799)
Travel Expenses	-	295	(295)
Mileage	43	58	(15)



**SMCCCD Bookstores Operation
Detail Income Statement
For the Quarter ended September 30, 2015**

Total Travel & Mileage Expenses	\$ 121	\$ 1,230	\$ (1,109)
Dues & Membership Expenses			
Dues & Membership	\$ 2,900	\$ 3,039	\$ (139)
Total Dues & Membership	\$ 2,900	\$ 3,039	\$ (139)
Insurance Expense			
Insurance Expense	\$ 1,283	\$ 1,800	\$ (517)
Total Insurance Expense	\$ 1,283	\$ 1,800	\$ (517)
Utilities			
Utilities - Gas	\$ 371	\$ 515	\$ (144)
Utilities - Electric	4,515	5,101	(586)
Utilities - Water	1,939	1,760	179
Utilities - Phone	-	-	-
Utilities - Garbage	2,340	633	1,707
Total Utilities	\$ 9,165	\$ 8,009	\$ 1,156
Equipment Maintenance & Rental			
Equipment - Non Inventory	\$ -	\$ 2,608	\$ (2,608)
Repairs & Maint Contract Equip	2,106	1,209	897
Contract Misc Services	8,796	4,836	3,959
Total Equipment Maintenance & Rental	\$ 10,902	\$ 8,653	\$ 2,249
Legal, Audit & Bad Debt Expense			
Audits	\$ -	\$ -	\$ -
Bad Debt - Customer	57	(37)	94



SAN MATEO COUNTY

**SMCCCD Bookstores Operation
Detail Income Statement
For the Quarter ended September 30, 2015**

Bad Debt - Vendor	14,572	5,779	8,792
Total Legal, Audit & Bad Debt Expense	\$ 14,629	\$ 5,742	\$ 8,887
Other Operating Expenses			
Depreciation	\$ -	\$ 2,523	\$ (2,523)
Fixed Asset Disposal	-	-	-
Postage	273	-	273
Store & Office Use Supplies	11,176	3,856	7,321
Advertising	-	-	-
Credit Card Commissions	39,920	40,277	(357)
Bank Charges - Returned Checks	-	-	-
Bank Charges - Other	1,692	1,646	46
Miscellaneous Expenses	535	198	336
Other Operating Expenses	-	-	-
Total Other Operating Expenses	\$ 53,597	\$ 48,501	\$ 5,096
Total Operating Expenses	\$ 893,761	\$ 786,020	\$ 107,741
Other Income			
Interest Income	\$ 20,298	\$ 36,409	\$ (16,110)
Commission Income	1,084	3,577	(2,493)
Miscellaneous Income	5,413	8,365	(2,952)
Catalog Income	110	6	104
Shipping & Postage Income	6,924	7,683	(759)
Stamp Income	104	90	14
Ticket Sales Income	(540)	-	(540)
LTO Interest Income	241	449	(208)
Calif Recycle Fee Collected	-	-	-
NG Check Fee Collected	236	42	193
NG Check Collection	-	-	-



**SMCCCD Bookstores Operation
Detail Income Statement
For the Quarter ended September 30, 2015**

Late Rental Return Fee	8,998	7,899	1,099
Photocopy Fee	391	3,092	(2,700)
Textbook Re-wrap Fee	45	92	(47)
Return Restocking Fee	3,608	4,729	(1,122)
VA Handling Fee	-	-	-
Textbook Rental Fee	188,070	180,507	7,563
First Five Rental Fee	26,589	40,015	(13,426)
Supplies Rental Fee (Funded)	-	-	-
Supplies Rental Fee (Store)	-	-	-
Computer Rental Fee	-	-	-
Grad Announcement Fee	-	-	-
Notary Fee	-	10	(10)
Grad Rental Income	-	-	-
Closeout Books	8	140	(132)
Fax Fee Income	20	37	(17)
Consignment Sales	-	-	-
Vendor Discounts	239	490	(252)
Amazon Sales Income	1,682	-	1,682
Total Other Income	\$ 263,519	\$ 293,631	\$ (30,112)
Net Operation Profit (Loss)	\$ 336,923	\$ 451,186	\$ (114,263)
Non Operational Income/Expenses			
Non Operational Income			
In-Kind Donation Received	\$ 56,507	\$ 71,216	\$ (14,709)
Non Operational Expenses			
Salaries - District Admin	\$ 8,115	\$ 7,416	\$ 698
Salaries - Dist Supervisor	4,859	5,143	(284)
Benefits - All Dist Staff	4,354	4,055	298
Rent Expense	16,890	16,890	-



SAN MATEO COUNTY

Donations

Investments - FMV Adjustment

Total Non Operational Income/Expenses**Net Income**

**SMCCCD Bookstores Operation
Detail Income Statement
For the Quarter ended September 30, 2015**

	<u>1,441</u>	<u>1,333</u>	<u>108</u>
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 35,658</u>	<u>\$ 34,838</u>	<u>\$ 820</u>
	<u>\$ 357,772</u>	<u>\$ 487,563</u>	<u>\$ (129,792)</u>



SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT

DISTRICT CAFETERIAS Balance Sheet Prev Year Comparison

As of September 30, 2015

	Sep 30, 15	Sep 30, 14	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
1100 · CASH & INVESTMENTS				
1112 · INVESTMENTS				
1112.10 · CASH IN COUNTY	\$ 485,509	\$ 443,651	\$ 41,858	9.4%
1112.11 · LAIF	865	863	2	0.2%
1112.12 · MORGAN STANLEY	34,228	34,355	(127)	-0.4%
1112.21 · MARK TO MARKET ADJ	(52)	(23)	(30)	130.6%
Total 1112 · INVESTMENTS	<u>\$ 520,549</u>	<u>\$ 478,846</u>	<u>\$ 41,703</u>	<u>8.7%</u>
Total 1100 · CASH & INVESTMENTS	<u>\$ 520,549</u>	<u>\$ 478,846</u>	<u>\$ 41,703</u>	<u>8.7%</u>
Total Checking/Savings	\$ 520,549	\$ 478,846	\$ 41,703	8.7%
Accounts Receivable				
1200 · ACCOUNTS RECEIVABLE				
1211 · MISC RECEIVABLE	\$ 55,844	\$ 30,181	\$ 25,663	85.0%
Total 1200 · ACCOUNTS RECEIVABLE	<u>\$ 55,844</u>	<u>\$ 30,181</u>	<u>\$ 25,663</u>	<u>85.0%</u>
Total Accounts Receivable	<u>\$ 55,844</u>	<u>\$ 30,181</u>	<u>\$ 25,663</u>	<u>85.0%</u>
Total Current Assets	\$ 576,393	\$ 509,027	\$ 67,366	13.2%
2600 · DEFERRED REVENUE	<u>17,150</u>	<u>10,505</u>	<u>6,645</u>	<u>63.3%</u>
Total Accounts Payable	<u>\$ 32,567</u>	<u>\$ 34,781</u>	<u>\$ (2,214)</u>	<u>-6.4%</u>
Total Current Liabilities	<u>\$ 32,567</u>	<u>\$ 34,781</u>	<u>\$ (2,214)</u>	<u>-6.4%</u>
Total Liabilities	\$ 32,567	\$ 34,781	\$ (2,214)	-6.4%
Equity				
3900 · Retained Earnings	\$ 507,019	\$ 456,337	\$ 50,683	11.1%

Net Income	<u>\$ 36,806</u>	<u>\$ 17,909</u>	<u>\$ 18,897</u>	<u>105.5%</u>
Total Equity	<u>\$ 543,825</u>	<u>\$ 474,246</u>	<u>\$ 69,580</u>	<u>14.7%</u>
TOTAL LIABILITIES & EQUITY	<u><u>\$ 576,393</u></u>	<u><u>\$ 509,027</u></u>	<u><u>\$ 67,366</u></u>	<u><u>13.2%</u></u>



SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT

DISTRICT CAFETERIAS
Profit & Loss Prev Year Comparison
For the Year ended September 30, 2015

	<u>Jul 15 to Sep 15</u>	<u>Jul 14 to Sep 14</u>	<u>\$ Change</u>	<u>% Change</u>
Income				
5100 · VENDING INCOME	\$ 15,186	\$ 14,959	\$ 227	1.5%
5200 · FOOD SERVICE INCOME	46,468	24,066	22,402	93.1%
5310 · INTEREST INCOME	1,096	2,052	(956)	-46.6%
5400 · EVENT RENTAL	14,042	21,328	(7,286)	-34.2%
Total Income	\$ 76,792	\$ 62,404	\$ 14,388	23.1%
Expense				
5500 · COLLEGE SUPPORT	\$ 15,186	\$ 14,868	\$ 318	2.1%
6000 · SALARIES	13,463	12,018	1,445	12.0%
6210 · BENEFITS	3,352	2,459	893	36.3%
6700 · CONTRACTED SERVICES	7,191	8,585	(1,393)	-16.2%
6899 · Other Operating Expenses	793	6,566	(5,772)	-87.9%
Total Expense	\$ 39,986	\$ 44,495	\$ (4,509)	-10.1%
Net Income	\$ 36,806	\$ 17,909	\$ 18,897	105.5%



SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT

DISTRICT CAFETERIAS
Profit & Loss Prev Year Comparison
For the Year ended September 30, 2015

	<u>Jul 15 to Sep 15</u>	<u>Jul 14 to Sep 14</u>	<u>\$ Change</u>	<u>% Change</u>
Income				
5100 - VENDING INCOME				
5100.6 - VENDING INCOME				
5100.62 - VENDING INCOME - COMPASS - FOOD	\$ 8,608	\$ 7,353	\$ 1,256	17.1%
Total 5100.6 - VENDING INCOME	<u>\$ 8,608</u>	<u>\$ 7,353</u>	<u>\$ 1,256</u>	<u>17.1%</u>
5100.7 - VENDING INCOME - PEPSI				
5100.70 - VENDING COMM CLEARING - PEPSI	\$ -	\$ 91	\$ (91)	-100.0%
5100.72 - SKY - VENDING INC - PEPSI - BEV	\$ 2,549	\$ 2,638	\$ (89)	-3.4%
5100.73 - CAN - VENDING INC - PEPSI - BEV	\$ 1,558	\$ 2,035	\$ (478)	-23.5%
5100.74 - CSM - VENDING INC - PEPSI - BEV	\$ 2,471	\$ 2,841	\$ (371)	-13.0%
Total 5100.7 - VENDING INCOME - PEPSI	<u>\$ 6,578</u>	<u>\$ 7,606</u>	<u>\$ (1,028)</u>	<u>-13.5%</u>
Total 5100 - VENDING INCOME	<u>\$ 15,186</u>	<u>\$ 14,959</u>	<u>\$ 227</u>	<u>1.5%</u>
5200 - FOOD SERVICE INCOME				
5206 - FOOD SERVICE - PACIFIC DINING Special Income	\$ -	\$ 1,981	\$ (1,981)	-100.0%
5206.2 - Pacific Dining - Skyline	\$ 12,724	\$ 8,137	\$ 4,587	56.4%
5206.3 - Pacific Dining - Canada	\$ 8,624	\$ 4,924	\$ 3,700	75.1%
5206.4 - Pacific Dining - CSM	\$ 16,567	\$ 6,616	\$ 9,951	150.4%
5206.4K - Pacific Dining - Outside Catering	\$ 7,053	\$ 1,408	\$ 5,645	400.9%
5206 - FOOD SERVICE OTHERS	\$ 1,500	\$ 1,000	\$ 500	50.0%
Total 5206 - FOOD SERVICE - PACIFIC DINING	<u>\$ 46,468</u>	<u>\$ 24,066</u>	<u>\$ 22,402</u>	<u>93.1%</u>
Total 5200 - FOOD SERVICE INCOME	<u>\$ 46,468</u>	<u>\$ 24,066</u>	<u>\$ 22,402</u>	<u>93.1%</u>
5310 - INTEREST INCOME	\$ 1,096	\$ 2,052	\$ (956)	-46.6%
5400 - EVENT RENTAL	\$ 14,042	\$ 21,328	\$ (7,286)	-34.2%
Total Income	<u>\$ 76,792</u>	<u>\$ 62,404</u>	<u>\$ 14,388</u>	<u>23.1%</u>

Expense

5500 · COLLEGE SUPPORT

5500.12 · COLLEGE SUPPORT - SKY - COMPASS	\$ 2,969	\$ 2,942	\$ 27	0.9%
5500.13 · COLLEGE SUPPORT - CAN - COMPASS	\$ 1,948	\$ 1,422	\$ 525	36.9%
5500.14 · COLLEGE SUPPORT - CSM - COMPASS	\$ 3,691	\$ 2,988	\$ 703	23.5%
5500.21 · COLLEGE SUPPORT - PEPSI				
5500.22 · COLLEGE SUPPORT - SKY - PEPSI	\$ 2,549	\$ 2,638	\$ (89)	-3.4%
5500.23 · COLLEGE SUPPORT - CAN - PEPSI	\$ 1,558	\$ 2,035	\$ (478)	-23.5%
5500.24 · COLLEGE SUPPORT - CSM - PEPSI	\$ 2,471	\$ 2,841	\$ (371)	-13.0%
5500.44 · COLLEGE SUPPORT-CSM-DRIP COFFEE	\$ -	\$ -	\$ -	0.0%
5500 · COLLEGE SUPPORT - Other	\$ -	\$ -	\$ -	0.0%
Total 5500 · COLLEGE SUPPORT	\$ 15,186	\$ 14,868	\$ 318	2.1%

6000 · SALARIES**6110 · REGULAR SALARIES**

6111 · MANAGEMENT SALARY	\$ 13,463	\$ 12,018	\$ 1,445	12.0%
6115 · CLERICAL O/T SALARIES	\$ -	\$ -	\$ -	0.0%
Total 6110 · REGULAR SALARIES	\$ 13,463	\$ 12,018	\$ 1,445	12.0%
Total 6000 · SALARIES	\$ 13,463	\$ 12,018	\$ 1,445	12.0%

6210 · BENEFITS**6210.5 · BENEFITS**

6212 · BENEFITS	\$ 3,352	\$ 2,459	\$ 893	36.3%
Total 6210.5 · BENEFITS	\$ 3,352	\$ 2,459	\$ 893	36.3%
Total 6210 · BENEFITS	\$ 3,352	\$ 2,459	\$ 893	36.3%

6700 · CONTRACTED SERVICES**6710 · SERVICE CONTRACT & REPAIRS**

6711 · SERVICE CONTRACT	\$ -	\$ 2,329	\$ (2,329)	-100.0%
6711.2 · SKYLINE SERVICE CONTRACT	\$ -	\$ 725	\$ (725)	-100.0%
6711.3 · CANADA SERVICE CONTRACT	\$ -	\$ -	\$ -	0.0%
6711.4 · CSM SERVICE CONTRACT	\$ -	\$ -	\$ -	0.0%
Total 6711 · SERVICE CONTRACT	\$ -	\$ 3,054	\$ (3,054)	-100.0%
6712 · REPAIR AND MAINTENANCE				
6712.2 · SKYLINE REPAIR & MAINTENANCE	\$ -	\$ -	\$ -	0.0%
6712.3 · CANADA REPAIR & MAINTENANCE	\$ -	\$ -	\$ -	0.0%
6712.4 · CSM REPAIR & MAINTENANCE	\$ 2,100	\$ -	\$ 2,100	100%
Total 6712 · REPAIR AND MAINTENANCE	\$ 2,100	\$ -	\$ 2,100	100.0%

6713 . Audit Fees				
6713.2 .Audit Fees	\$ -	\$ -	\$ -	0.0%
Total 6713 . AUDIT FEES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.0%</u>
6714 . UTILITY				
6714.2 . UTILITY-SKYLINE	\$ 1,690	\$ 1,786	\$ (96)	-5.4%
6714.3 . UTILITY-CANADA	\$ 871	\$ 1,125	\$ (254)	-22.6%
6714.4 . UTILITY-CSM	<u>\$ 2,530</u>	<u>\$ 2,619</u>	<u>\$ (89)</u>	<u>-3.4%</u>
Total 6714 . UTILITY	<u>\$ 5,091</u>	<u>\$ 5,530</u>	<u>\$ (439)</u>	<u>-7.9%</u>
Total 6710 . SERVICE CONTRACT & REPAIRS	<u>\$ 7,191</u>	<u>\$ 8,585</u>	<u>\$ (1,393)</u>	<u>-16.2%</u>
Total 6700 . CONTRACTED SERVICES	\$ 7,191	\$ 8,585	\$ (1,393)	-16.2%
6850 . UNREALIZED P/L ON INVESTMENTS			\$ -	
6851 . LOSS ON INVESTMENTS	\$ -	\$ 3,274	\$ (3,274)	-100.0%
6899 . Other Operating Expenses	<u>\$ 793</u>	<u>\$ 3,292</u>	<u>\$ (2,499)</u>	<u>-75.9%</u>
Total Expense	<u>\$ 39,986</u>	<u>\$ 44,495</u>	<u>\$ (4,509)</u>	<u>-10.1%</u>
Net Income	<u><u>\$ 36,806</u></u>	<u><u>\$ 17,909</u></u>	<u><u>\$ 18,897</u></u>	<u><u>105.5%</u></u>

SMCCCD - Auxiliary Services
CSM Fitness Center (San Mateo Athletic Club and Aquatic Center)
Balance Sheet
As at September 30, 2015

	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current Assets				
Cash				
Bank of America-Checking	\$ 354,234	\$ 509,626	\$ (155,391)	-30.5%
Cash on hand	200	200	-	0.0%
Investment				
Cash in County	1,000,857	1,220,672	(219,815)	-18.0%
East West Bank	2,290,386	1,280,601	1,009,786	78.9%
Unrealized Gain	(88)	(64)	(24)	37.8%
Total Cash	\$ 3,645,590	\$ 3,011,035	\$ 634,555	21.1%
Accounts Receivable				
Accounts Receivable	\$ 73,806	\$ 87,236	\$ (13,431)	-15.4%
Interest Receivable	1,671	2,080	(409)	-19.6%
Total Accounts Receivable	\$ 75,477	\$ 89,316	\$ (13,840)	-15.5%
Inventory				
ProShop Inventory	6,915	8,182	(1,267)	-15.5%
Total Inventory	\$ 6,915	\$ 8,182	\$ (1,267)	-15.5%
Total Current Assets	\$ 3,727,981	\$ 3,108,533	\$ 619,448	19.9%
Fixed Assets				
Computer Equipment	\$ -	\$ -	\$ -	0.0%
Accumulated Depreciation - Equip	-	-	-	0.0%
Total Fixed Assets	\$ -	\$ -	\$ -	0.0%
Total Assets	\$ 3,727,981	\$ 3,108,533	\$ 619,448	19.9%
Liabilities and Fund Balance				
Current Liabilities				
Accounts Payable	\$ 154,049	\$ 160,609	\$ (6,559)	-4%
Sales Tax Payable	163	175	(11)	-7%
Unapplied payments (annual dues)	2,565	3,921	(1,356)	-35%
Deferred Incomes				
Deferred dues	299,700	271,939	27,761	10%

SMCCCD - Auxiliary Services
CSM Fitness Center (San Mateo Athletic Club and Aquatic Center)
Balance Sheet
As at September 30, 2015

	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>\$ Change</u>	<u>% Change</u>
Deferred parking	8,333	32,178	(23,846)	-74%
Deferred PT	36,999	5,960	31,039	521%
Deferred Master Swim	6,260	7,688	(1,428)	-19%
Total Deferred Incomes	\$ 351,292	\$ 317,765	\$ 33,527	11%
Gift Certificates	3,773	2,502	1,271	51%
Referral Credit		-	-	0%
Total Current Liabilities	\$ 511,842	\$ 484,972	\$ 26,871	6%
Other Liabilities				
Loan from District	\$ 1,000,000	\$ 1,000,000	-	0%
Total Liabilities	\$ 1,511,842	\$ 1,484,972	\$ 26,871	2%
Fund Balance				
Beginning Balance	\$ 1,936,074	\$ 1,344,968	\$ 591,105	44%
Profit/(Loss) for the period/year	280,065	278,594	1,472	1%
Balance carry forward	\$ 2,216,139	\$ 1,623,562	\$ 592,577	36%
Total Liabilities and Fund Balance	\$ 3,727,981	\$ 3,108,533	\$ 619,448	20%

SMCCCD - Auxiliary Services
CSM Fitness Center (San Mateo Athletic Club and Aquatic Center)
Statement of Revenue and Expenses
For The Quarter Ended September 30, 2015

	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>\$ Change</u>	<u>% Change</u>
Revenue				
Registrations	\$ 57,021	\$ 47,464	\$ 9,557	20.1%
Member Dues	756,502	708,192	48,310	6.8%
Day Pass	8,451	9,155	(704)	-7.7%
Parking	20,851	20,387	464	2.3%
Replacement Card Fee	250	220	30	13.6%
Personal Training	82,938	86,601	(3,663)	-4.2%
Group Exercise	17,877	10,063	7,814	77.7%
Aquatics	207,997	218,029	(10,032)	-4.6%
Retail	7,391	7,054	338	4.8%
Decline Fees	4,287	3,350	937	28.0%
Coupon	212	-	212	100.0%
Total Revenues	\$ 1,163,777	\$ 1,110,513	\$ 53,263	4.8%
Operating Expenses				
Aquatics Supplies	\$ 8,931	\$ 14,734	\$ (5,803)	-39.4%
Bank Fees and Credit Card Fee	31,394	29,077	2,318	8.0%
Bonus	-	-	-	0.0%
Charitable Contributions	180	200	(20)	-10.0%
Collection Fees	-	-	-	0.0%
Insurance	13,820	12,859	960	7.5%
Incentive Fee	-	-	-	0.0%
Janitorial Maintenance/Pool	19,320	22,617	(3,297)	-14.6%
Locker Room Supplies	12,113	9,787	2,326	23.8%
Maintenance & Repairs Expense	2,476	-	2,476	100.0%
Marketing Design/Management	18,848	9,242	9,606	103.9%
MediFit Management Fee	75,000	50,000	25,000	50.0%
Miscellaneous	5,732	6,200	(469)	-7.6%
Non-capitalized Equipment	-	-	-	0.0%
Office Supplies	7,716	11,966	(4,250)	-35.5%
Payroll	490,616	445,220	45,396	10.2%
Payroll Taxes & Benefits	117,748	107,346	10,402	9.7%
Printing	-	2,360	(2,360)	-100.0%

SMCCCD - Auxiliary Services
CSM Fitness Center (San Mateo Athletic Club and Aquatic Center)
Statement of Revenue and Expenses
For The Quarter Ended September 30, 2015

	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>\$ Change</u>	<u>% Change</u>
Revenue				
Pro Shop COGS	3,239	3,472	(233)	-6.7%
Software License fees	3,457	1,820	1,637	89.9%
Towel, Laundry and Cleaning	3,556	2,919	637	21.8%
Traveling and Entertainment	7,692	6,218	1,473	23.7%
Uniforms	1,488	715	773	108.2%
Total Operating Expenses	\$ 823,326	\$ 736,753	\$ 86,572	11.8%
Income/(Loss) from Operation before District and College Support	\$ 340,451	\$ 373,760	\$ (33,309)	-8.9%
District Support				
District Support Income				
Interest Income on Investments	12,764	10,728	2,036	19.0%
Operating Expenses charge back to District	25,000	25,000	-	0.0%
Total District Support Income	\$ 37,764	\$ 35,728	\$ 2,036	5.7%
District Support Expense				
Administrative Salary	\$ 51,974	\$ 43,980	\$ 7,994	18.2%
Administrative Benefits	14,806	12,759	2,047	16.0%
Donation	-	1,000	(1,000)	-100.0%
Equipment Use Fee	3,000	3,000	-	0.0%
Miscellaneous Expenses	219	4,655	(4,436)	-95.3%
Pool Maintenance	3,150	10,500	(7,350)	-70.0%
Unrealized Loss - Investment	-	-	-	0.0%
Total District Support Expense	\$ 73,149	\$ 75,895	\$ (2,745)	-3.6%
Net Income/(Loss) after District Support but before College Support	\$ 305,065	\$ 333,594	\$ (28,528)	-8.6%

College Support

SMCCCD - Auxiliary Services
CSM Fitness Center (San Mateo Athletic Club and Aquatic Center)
Statement of Revenue and Expenses
For The Quarter Ended September 30, 2015

	<u>09/30/2015</u>	<u>09/30/2014</u>	<u>\$ Change</u>	<u>% Change</u>
Revenue				
Operating Expense charge back waived	\$ 25,000	\$ 25,000	\$ -	0.0%
Donation to College	-	30,000	(30,000)	100.0%
Total College Support Expense	<u>\$ 25,000</u>	<u>\$ 55,000</u>	<u>\$ (30,000)</u>	<u>100.0%</u>
Income/(Loss) after District & College Support	<u><u>\$ 280,065</u></u>	<u><u>\$ 278,594</u></u>	<u><u>\$ 1,472</u></u>	<u><u>0.5%</u></u>



SMCCCD - Auxiliary Services
Community Continuing Corporate Education
Balance Sheet

As at September 30, 2015

	<u>09/30/15</u>	<u>09/30/14</u>	<u>\$ Change</u>
Assets			
91688 Accounts Receivable	\$ -	\$ -	\$ -
916A4 ACCTS REC - EXP ABATEMENTS	60,283	-	60,283
9999 Cash in Bank	809,763	-	809,763
Total Assets	<u>\$ 870,045</u>	<u>\$ -</u>	<u>\$ 870,045</u>
 Liabilities and Fund Balance			
Liabilities			
9505 Accounts Payable	\$ -	\$ -	\$ -
9509 Accounts Payable Liab Year-End	1,380	-	1,380
9511T Trust Payable	911,101	-	911,101
9516 Acct Payable Pro Card	1,724	-	1,724
Total Liabilities	<u>\$ 914,204</u>	<u>\$ -</u>	<u>\$ 914,204</u>
 Fund Balance			
9790 Beginning Fund Balance	\$ -	\$ -	\$ -
Net Income/(Loss) for the year	(44,159)	-	(44,159)
Ending Fund Balance	<u>\$ (44,159)</u>	<u>\$ -</u>	<u>\$ (44,159)</u>
Total Liabilities and Fund Balance	<u>\$ 870,045</u>	<u>\$ -</u>	<u>\$ 870,045</u>



SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT

SMCCCD - Auxiliary Services
Community Continuing Corporate Education
Income Statement

For the Quarter ended September 30, 2015

	<u>Jul - Sep 15</u>	<u>Jul - Sep 14</u>	<u>\$ Change</u>
Revenues			
8800 Local Revenues	\$ 160,993	\$ -	\$ 160,993
TOTAL Revenues	<u>\$ 160,993</u>	<u>\$ -</u>	<u>\$ 160,993</u>
Operating Expenses			
2100 Classified Salaries Regular	\$ 60,847	\$ -	\$ 60,847
2300 Class Non-Instr (Non-Pos Ctl)	1,985	-	1,985
3800 Benefit Chargeback	25,476	-	25,476
4500 Other Supplies	3,265	-	3,265
5100 Contract Services	42,458	-	42,458
5200 Reimbursable Expenses	75	-	75
5300 Dues and Membership Expenses	1,945	-	1,945
5600 Contract and Rental Expense	43,574	-	43,574
5800 Other Administrative Expenses	25,527	-	25,527
TOTAL Operating Expenses	<u>\$ 205,152</u>	<u>\$ -</u>	<u>\$ 205,152</u>
Net Income/(Loss) for the year	<u>\$ (44,159)</u>	<u>\$ -</u>	<u>\$ (44,159)</u>

BOARD REPORT NO. 16-1-2C

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Kathy Blackwood, Executive Vice Chancellor, 358-6790

DISTRICT FINANCIAL SUMMARY FOR THE QUARTER ENDING SEPTEMBER 30, 2015

In accordance with Education Code Section 72413, the State Chancellor's Office requires submission of a Quarterly Financial Status Report (Form CCFS-311Q) and a copy of the District's financial report.

Attached is Form CCFS-311Q (Exhibit A) for the quarter ending September 30, 2015, which was forwarded to the State Chancellor's Office and the San Mateo County Superintendent of Schools on November 12, 2015.

General Fund—Unrestricted: Below is financial data for the unrestricted portion of the General Fund for the quarters ending September 30, 2014 and September 30, 2015.

	<u>Amount</u>		<u>Difference</u>	
	<u>9/30/2014</u>	<u>9/30/2015</u>	<u>Amount</u>	<u>Percentage</u>
<u>INCOME:</u>				
State Aid	\$ 750,568	\$ 738,187	\$ (12,382)	(1.65)
Enrollment Fees	5,642,415	6,189,467	547,052	9.70
Non-Resident Tuition	2,206,131	3,036,656	830,525	37.65
Property Tax	125,479	322,466	196,987	156.99
Interfund Transfer	0	0	0	N/A
Other Income	2,657,448	1,277,834	(1,379,614)	(51.92)
Total Income	\$ 11,382,041	\$ 11,564,609	\$ 182,567	1.60
% of Budget	8.38%	6.84%		
<u>Expenses:</u>				
Academic Salaries	\$ 10,903,821	\$ 11,880,399	\$ 976,578	8.96
Classified Salaries	7,017,774	7,427,767	409,993	5.84
Administrative Salaries	2,184,027	2,267,286	83,259	3.81
Fringe Benefits	7,309,538	7,876,111	566,573	7.75
Supplies & Materials	652,240	617,998	(34,242)	(5.25)
Operating Expenses	3,454,424	2,617,011	(837,413)	(24.24)
Capital Outlay	11,521	25,164	13,643	118.42
Transfer Accounts	490,003	1,346,362	856,359	174.77
Bills & Salaries	\$ 32,023,348	\$ 34,058,099	\$ 2,034,751	6.35
% of Budget	21.85%	20.66%		

Total General Fund Income decreased by 1.60% over last year, mainly due to the decrease in Other Local Income. Bills and salaries increased by 6.35% because of new hires, COLA and benefit rates increases compared to 2014-15.

OTHER FUNDS: Included in Exhibit B are the financial data for all other funds. Total income and expenditures, comparing the same period for 2014-2015 and 2015-2016, are listed below:

Restricted General and Other Funds					
	Amount		Difference		
Summary:	9/30/2014	9/30/2015	Amount	Percentage	
Income	\$ 18,760,650	16,279,113	(2,481,537)	(13.23)	
Bills & Salaries	\$ 47,739,453	53,812,769	6,073,316	12.72	

Revenue from Other Funds decreased due to a decrease in reimbursement from the County for G.O. Bond construction. On the other hand, expenditures from Other Funds increased because of the fund transfer from Post Retirement Fund to Retirement Trust Account in July.

REPORT ON INVESTMENTS: As of September 30, 2015, the District has a deposit of \$50,933,773 in total investments with the Local Agency Investment Fund (LAIF) of the State Treasurer's Office, County Pool Investment, and Money Market Account with local banks. The average yields on LAIF, County Pool, Money Market Account and Oil Well Bond Account with local banks were 0.32%, 0.84%, 0.9% and 0.05%, respectively. These deposits consisted of the following sources:

Investment Type	LAIF Investment	County Pool Investment	Money Market, CD Investment	Speccial Deposit Bond	Total Investment
Unrestricted Gen. Fund	\$ 89,310	0	\$ 38,957,636	0	\$ 39,046,947
Capital Outlay Fund	0	0	0	5,923	5,923
Agency Fund	54,492	10,102,521	1,723,890	0	11,880,903
Total Investment	\$ 143,802	\$ 10,102,521	\$ 40,681,526	\$ 5,923	\$ 50,933,773

**CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE**

Quarterly Financial Status Report, CCFS-311Q
VIEW QUARTERLY DATA

CHANGE THE PERIOD

Fiscal Year: 2015-2016

District: (370) SAN MATEO

Quarter Ended: (Q1) Sep 30, 2015

Line	Description	As of June 30 for the fiscal year specified			
		Actual 2012-13	Actual 2013-14	Actual 2014-15	Projected 2015-2016
I. Unrestricted General Fund Revenue, Expenditure and Fund Balance:					
A.	Revenues:				
A.1	Unrestricted General Fund Revenues (Objects 8100, 8600, 8800)	127,520,416	135,790,198	141,694,473	156,810,463
A.2	Other Financing Sources (Object 8900)	4,968,388	4,553,777	2,396,839	854,327
A.3	Total Unrestricted Revenue (A.1 + A.2)	132,488,804	140,343,975	144,091,312	157,664,790
B.	Expenditures:				
B.1	Unrestricted General Fund Expenditures (Objects 1000-6000)	115,718,817	119,336,708	126,732,713	154,776,577
B.2	Other Outgo (Objects 7100, 7200, 7300, 7400, 7500, 7600)	16,667,798	20,586,908	15,294,035	3,489,596
B.3	Total Unrestricted Expenditures (B.1 + B.2)	132,386,615	139,923,616	142,026,748	158,266,173
C.	Revenues Over(Under) Expenditures (A.3 - B.3)	102,189	420,359	2,064,564	-601,383
D.	Fund Balance, Beginning	19,601,580	19,703,769	20,124,128	22,188,692
D.1	Prior Year Adjustments + (-)	0	0	0	0
D.2	Adjusted Fund Balance, Beginning (D + D.1)	19,601,580	19,703,769	20,124,128	22,188,692
E.	Fund Balance, Ending (C. + D.2)	19,703,769	20,124,128	22,188,692	21,587,309
F.1	Percentage of GF Fund Balance to GF Expenditures (E. / B.3)	14.9%	14.4%	15.6%	13.6%

II. Annualized Attendance FTES:

Line	Description	2012-13	2013-14	2014-15	2015-2016
G.1	Annualized FTES (excluding apprentice and non-resident)	19,614	18,578	17,975	17,800

III. Total General Fund Cash Balance (Unrestricted and Restricted)

Line	Description	As of the specified quarter ended for each fiscal year			
		2012-13	2013-14	2014-15	2015-2016
H.1	Cash, excluding borrowed funds		5,946,886	9,698,223	1,480,282
H.2	Cash, borrowed funds only		20,000,000	18,655,000	21,000,000
H.3	Total Cash (H.1 + H.2)	27,750,705	25,946,886	28,353,223	22,480,282

IV. Unrestricted General Fund Revenue, Expenditure and Fund Balance:

Line	Description	Adopted Budget (Col. 1)	Annual Current Budget (Col. 2)	Year-to-Date Actuals (Col. 3)	Percentage (Col. 3/Col. 2)
I. Revenues:					
I.1	Unrestricted General Fund Revenues (Objects 8100, 8600, 8800)	156,803,422	156,835,463	11,561,096	7.4%
I.2	Other Financing Sources (Object 8900)	0	3,509	0	
I.3	Total Unrestricted Revenue (I.1 + I.2)	156,803,422	156,838,972	11,561,096	7.4%
J. Expenditures:					
J.1	Unrestricted General Fund Expenditures (Objects 1000-6000)	162,636,571	162,276,577	32,711,737	20.2%
J.2	Other Outgo (Objects 7100, 7200, 7300, 7400, 7500, 7600)	2,243,234	2,638,778	495,544	18.8%
J.3	Total Unrestricted Expenditures (J.1 + J.2)	164,879,805	164,915,355	33,207,281	20.1%
K.	Revenues Over(Under) Expenditures (I.3 - J.3)	-8,076,383	-8,076,383	-21,646,185	
L.	Adjusted Fund Balance, Beginning	22,188,692	22,188,692	22,188,692	
L.1	Fund Balance, Ending (C. + L.2)	14,112,309	14,112,309	542,507	
M.	Percentage of GF Fund Balance to GF Expenditures (L.1 / J.3)	8.6%	8.6%		

V. Has the district settled any employee contracts during this quarter?

YES

If yes, complete the following: (If multi-year settlement, provide information for all years covered.)

Contract Period Settled (Specify)	Management	Academic		Classified
		Permanent	Temporary	

YYYY-YY	Total Cost Increase	% *	Total Cost Increase	% *	Total Cost Increase	% *	Total Cost Increase	% *
a. SALARIES:								
Year 1: 2015-16	515,095	4.78%	1,465,456	4.78%	1,057,738	4.78%	1,806,646	4.78%
Year 2:								
Year 3:								
b. BENEFITS:								
Year 1: 2015-16	149,728		482,135		108,788		681,767	
Year 2:								
Year 3:								

* As specified in Collective Bargaining Agreement or other Employment Contract

c. Provide an explanation on how the district intends to fund the salary and benefit increases, and also identify the revenue source/object code.
 Adjustment in salary and benefit will be funded by reserves.

VI. Did the district have significant events for the quarter (include incurrence of long-term debt, settlement of audit findings or legal suits, significant differences in budgeted revenues or expenditures, borrowing of funds (TRANS), issuance of COPs, etc.)? **NO**

If yes, list events and their financial ramifications. (Enter explanation below, include additional pages if needed.)

VII. Does the district have significant fiscal problems that must be addressed? **NO**
This year? **NO**
Next year? **NO**

If yes, what are the problems and what actions will be taken? (Enter explanation below, include additional pages if needed.)

San Mateo County Community College District
DISTRICT CASH FLOW SUMMARY
FOR THE QUARTER ENDING September 30, 2015

	GENERAL FUND	Payroll Fund	GENERAL RESTRICTED FUND	INSURANCE & Debt Services FUND	CAPITAL OUTLAY FUND	CHILD CARE FUND	STUDENT AID FUND	POST- RETIREMENT RESERVES
Beg. Cash Balance in County Treasury	3,196,633.73	3,403,320.36	16,359,694.53	50,193,309.86	223,097,594.99	28,630.03	185,710.26	-
Cash inflow from operations:								
Year-to-date Income	10,713,790.90		6,479,248.97	342,468.80	1,284,766.00	179,773.00	7,065,698.65	927,157.30
Accounts Receivable	5,600,990.06	4,651.53	251,856.36	3,054,651.87	183,924.23	(10,088.44)	768,999.36	3,003,694.61
Advances / Prepaid	143,476.45	117,410.35	136,619.89	1,175.00	(10,509,165.87)	681.15		
Cash awaiting for deposit	86,804.12							
Total Income	19,741,695.26	3,525,382.24	23,227,419.75	53,591,605.53	214,057,119.35	198,995.74	8,020,408.27	3,930,851.91
Cash outflow for operations:								
Year to date expenditure	33,207,281.14		6,336,688.40	28,462,775.18	3,825,628.45	306,343.94	7,573,336.59	7,307,996.00
Deferred Income	7,655,113.89	-	4,283.41	-	83,516.00	29,477.00	139,591.00	1,187.64
Account Payable	(2,995,593.78)	(1,266,666.58)	(56,505.52)	16,403.61	4,231,956.83	(174,418.73)	143,849.00	1,563.64
Cash Balance From Operations	(18,125,105.99)	4,792,048.82	16,942,953.46	25,112,426.74	205,916,018.07	37,593.53	163,631.68	(3,379,895.37)
Other Cash inflow								
Medical Flex Plan / Revolv. Fund	-			-				
TRANS	21,000,000.00							
Trusts (JPA & 3CBG)								
Beg. Investment Balance								
LAIF Balance	89,247.05							54,453.70
County Pool Balance	-							6,218,041.60
Special Bond					922.78			-
C.O.P. & Others	<u>36,828,084.92</u>			-	<u>5,000.00</u>			<u>8,988,303.44</u>
Total Beg. Balance	<u>36,917,331.97</u>			<u>-</u>	<u>5,922.78</u>			<u>15,260,798.74</u>
Y.T.D. Investment Balance								
LAIF Balance	89,310.14							54,492.19
County Pool Balance	-							10,102,521.24
Special Bond					922.78			-
C.O.P./Bank CD	<u>38,957,636.43</u>			-	<u>5,000.00</u>			<u>1,723,889.94</u>
Y.T.D. Balance	<u>39,046,946.57</u>			<u>-</u>	<u>5,922.78</u>			<u>11,880,903.37</u>
Net Cash changes from Investment	(2,129,614.60)				-			3,379,895.37
Net changes from unrealized gain / (loss)	-							
Cash Balance in County Treasury	<u>745,279.41</u>	<u>4,792,048.82</u>	<u>16,942,953.46</u>	<u>25,112,426.74</u>	<u>205,916,018.07</u>	<u>37,593.53</u>	<u>163,631.68</u>	<u>(0.00)</u>
Net Cash (Excluding TRANS & Trusts)	(20,254,720.59)	4,792,048.82	16,942,953.46	25,112,426.74	205,916,018.07	37,593.53	163,631.68	(0.00)

San Mateo County Community College District

January 13, 2016

BOARD REPORT NO. 16-1-3C

UPDATE ON STRATEGIC PLAN

There is no printed board report for this agenda item.

BOARD REPORT NO. 16-1-4C

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Jamillah Moore, Ed.D., Interim Vice Chancellor, Educational Services and Planning, 358-6890

REPORT ON CANVAS-ONLINE EDUCATION INITIATIVE

The San Mateo County Community College District (SMCCCD) is leveraging tools and resources available through the California Community Colleges' Online Education Initiative (OEI) to transform how online education is delivered at all three Colleges. The Online Education Initiative (OEI) is a collaborative effort among California Community Colleges (CCCs) to ensure that significantly more students are able to complete their educational goals by increasing both access to and success in high-quality online courses.

The OEI is sponsored by the Foothill-De Anza Community College District, in partnership with the Butte-Glenn Community College District and its CCC Technology Center at Butte College as recipients of a \$56.9 million five-year grant disbursed by the California Community College Chancellor's Office (CCCCO). The goal of the initiative is to increase the number of California students who obtain associate degrees and transfer to four year universities by dramatically increasing the number of online classes available to community college students and providing those students with comprehensive support services to help them succeed.

All Colleges can benefit from OEI regardless of their level of involvement. There are three levels of activities that California Community Colleges may choose to participate in OEI:

- Colleges Using OEI Resources
- Colleges Using OEI Resources and Canvas
- Colleges Using Resources, Canvas and Course Exchange

Key to taking advantage of the programs and benefits of the OEI is the adoption of Canvas as the course management system (CMS) for SMCCCD. Canvas was selected as the CMS for the California Community Colleges participating in the course exchange portion of the OEI. In June 2015, OEI announced that Canvas would be available to any College who would like to change their current CMS and that OEI will be providing 100% of the costs of the services for Canvas at least through the 2018-2019 academic year. Over the next 18 months, SMCCCD will be working with OEI through a cohort program to transition to this common course management system.

As a District, we will leverage this CMS migration to provide professional development to faculty that is focused on designing learning environments online that are enhanced for student success and access. This training will be centered on the application of the OEI Online Course Quality Rubric that was developed collaboratively with the California Academic Senate and is based upon research supported best practices

for online education. Many of these practices are applicable to the traditional classroom (face-to-face Instruction) therefore as faculty are trained on Canvas and online course design, they will also be exposed to best practices that positively impact student success, persistence, retention, and completion in all courses. In addition, we will be able to assure that all instructional materials in online and face-to-face courses meet Section 508 standards for accessibility.

Online course enrollments continue to grow across the District as students see online education as an important part of their educational plans. Currently online enrollments are up over 2% Districtwide for Spring 2016. In Fall 2015, online enrollments represented almost 12% of total enrollment across the District; 13.6% at Canada College; 10.1% at College of San Mateo; and 12.5% at Skyline College.

According to the California Community Colleges Chancellor's Office,

- Of all courses offered at California's community colleges, 12.3 percent are offered through distance education, and it is estimated that nearly half of all courses have some online component.
- California community colleges first started offering distance education courses in 1979.
- Of the 2.4 million students enrolled in 2011-2012 academic year, 621,501 took at least one distance education course.
- Distance education almost doubled from 21,414 sessions in 2005-06 to 41,354 in 2011-12.
- Fifty-one percent of California's community colleges offer certificates and degrees that can be earned without stepping onto campus for classes.

The partnership with OEI will initiate a new and improved approach to online education at SMCCCD that will result in higher quality instructional opportunities and enhanced student success in online courses. This partnership also aligns with the San Mateo County Community College District Strategic Plan, specifically Strategic Goal #3: Increase program delivery options, including the expanded use of instructional technology, to support student learning and success.

BOARD REPORT NO. 16-1-5C

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Barbara Christensen, Director of Community/Government Relations, 574-6510

ROTATION OF BOARD OFFICERS

The Board will discuss the process for the annual rotation of officers. A history of officeholders is shown in the table below.

DATES	PRESIDENT	VICE PRESIDENT
December 1997-December 1998	Karen Schwarz	Patricia Miljanich
December 1998-December 1999	Karen Schwarz	Patricia Miljanich
December 1999-December 2000	Patricia Miljanich	Tom Constantino
December 2000-December 2001	Patricia Miljanich	Richard Holober
December 2001-January 22, 2003	Richard Holober	Helen Hausman
January 22, 2003-December 2003	Helen Hausman	Tom Constantino
December 2003-December 2004	Karen Schwarz	Patricia Miljanich
December 2004-December 2005	Patricia Miljanich	Dave Mandelkern
December 2005-December 2006	Dave Mandelkern	Helen Hausman
December 2006-December 2007	Helen Hausman	Richard Holober
December 2007-December 2008	Richard Holober	Karen Schwarz
December 2008-December 2009	Karen Schwarz	Patricia Miljanich
December 2009-December 2010	Patricia Miljanich	Dave Mandelkern
December 2010-December 2011	Richard Holober	Dave Mandelkern
December 2011-December 2012	Dave Mandelkern	Helen Hausman
December 2012-May 1, 2013	Helen Hausman	Karen Schwarz
May 1, 2013-June 17, 2013	Karen Schwarz	Vacant
June 17, 2013-December 2014	Karen Schwarz	Patricia Miljanich
December 2014-December 2015	Patricia Miljanich	Dave Mandelkern
December 2015	Dave Mandelkern	Thomas Mohr