

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
AGENDA FOR THE REGULAR MEETING OF THE BOARD OF TRUSTEES**

January 27, 2010

District Office Board Room

3401 CSM Drive, San Mateo, CA 94402

This meeting will also be conducted by teleconference at: 55 Flood Circle, Atherton, CA

NOTICE ABOUT PUBLIC PARTICIPATION AT BOARD MEETINGS

The Board welcomes public discussion.

- *The public's comments on agenda items will be taken at the time the item is discussed by the Board.*
- *To comment on items not on the agenda, a member of the public may address the Board under "Statements from the Public on Non-Agenda Items;" at this time, there can be discussion on any matter related to the Colleges or the District, except for personnel items. No more than 20 minutes will be allocated for this section of the agenda. No Board response will be made nor is Board action permitted on matters presented under this agenda topic.*
- *If a member of the public wishes to present a proposal to be included on a future Board agenda, arrangements 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

- 10-1-2 [Minutes of the Special Meeting of the Board of Trustees of January 4, 2010](#)
- 10-1-3 [Minutes of the Study Session of the Board of Trustees of January 13, 2010](#)

STATEMENTS FROM EXECUTIVES AND STUDENT REPRESENTATIVES

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

NEW BUSINESS

- 10-1-3A [Approval of Personnel Actions: Changes in Assignment, Compensation, Placement, Leaves, Staff Allocations and Classification of Academic and Classified Personnel](#)

Approval of Consent Agenda

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

- 10-1-1CA [Approval of 2010-11 Budget and Planning Calendar](#)

Other Recommendations

- 10-1-1B [Approval of Changes to District Rules and Regulations: Adoption of New Policies 1.00, The San Mateo County Community College District; 2.55, Emergency Response Plan; 7.20, Student Equity; 7.22, Student Credit Card Marketing; 7.23, Athletics; and 7.70, Student Disciplinary Sanctions; Amendment of Policies 7.69, Student Conduct and 8.70, Fees and Charges; Elimination of Policies 7.71, Student Disciplinary Action; 7.72, Suspension and Expulsion of Students; and 7.75, Emergency Procedures](#)
- 10-1-2B [Nominations for Membership on the California Community College Trustees \(CCCT\) Board, 2010](#)
- 10-1-3B [Addition of Earth Science Degree – Cañada College](#)
- 10-1-4B [Approval of College of San Mateo Ongoing Baseball Clinics](#)
- 10-1-103B [Receipt and Acceptance of the 2008-09 District Audit Report](#)
- 10-1-104B [Receipt and Acceptance of the 2008-09 KCSM Audit Report](#)
- 10-1-105B [Receipt and Acceptance of the 2008-09 General Obligation Bond Financial and Performance Audits](#)
- 10-1-106B [Approval of Professional Services Agreement with Medifit Corporate Services, Inc. to Operate the San Mateo Athletic Club in Partnership with the District](#)
- 10-1-107B [Acceptance of DyKnow Software Grant for Cañada College](#)
- 10-1-108B [Ratification of Telecommunications Use Permits with Sprint Nextel - Districtwide](#)
- 10-1-109B [Approval of Nonresident Tuition Fee, 2010-11](#)
- 10-1-110B [Approval of Resolution No. 10-1 Regarding Board Absences](#)
- 10-1-111B [Board Member Compensation](#)
- 10-1-112B [Approval of Amendment of Bylaws, San Mateo County Colleges Education Housing Corporation](#)

INFORMATION REPORTS

- 10-1-2C [Accountability Reporting for the Community Colleges \(ARCC\) Report, 2009](#)
- 10-1-3C [KCSM Follow-Up Report](#)

STATEMENTS FROM BOARD MEMBERS

COMMUNICATIONS

RECESS TO CLOSED SESSION

1. Closed Session Personnel Items
 - A. Public Employee Discipline, Dismissal, Release

2. Conference with Labor Negotiator
Agency Negotiator: Harry Joel
Employee Organizations: AFT and CSEA

CLOSED SESSION ACTIONS TAKEN

ADJOURNMENT

**Minutes of the Special Meeting of the Board of Trustees
San Mateo County Community College District
January 4, 2010
San Mateo, CA**

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

Board Members Present: President Patricia Miljanich, Vice President-Clerk Dave Mandelkern, Trustees Helen Hausman, Richard Holober and Karen Schwarz, and Student Trustee Virginia Medrano Rosales

Others Present: Chancellor Ron Galatolo, Executive Vice Chancellor Jim Keller, and Cañada College Academic Senate President Martin Partlan

Pledge of Allegiance

NEW BUSINESS

REVIEW AND APPROVAL OF FITNESS CENTER FEES (10-1-100B)

It was moved by Trustee Schwarz and seconded by Trustee Hausman to approve the fees as detailed in the report.

Vice President Mandelkern said he is concerned about approving a fee schedule without seeing the expense side of the equation. He said he has asked to see a proforma and has been told it is not available. Chancellor Galatolo said the purpose right now is to begin a membership drive. He said there is a level of ambiguity because a proforma can be adjusted dramatically depending on the number of memberships secured, which can be only an estimate at this time. He said it is comparable to a hotel rack rate; a room rate might be set at a particular price, but will adjust depending on supply and demand. Chancellor Galatolo questioned whether each adjustment in fees, based on supply and demand and expense factors, will need to be brought to the Board for approval.

Trustee Schwarz said she researched the Board minutes and found no record that the Board asked to approve the Fitness Center fees. She said she appreciates the very detailed reports which have come to the Board as information. She said the Board does not approve fees for other things in the District and they should not be on the agenda for approval, but the Board should be informed of changes in fees.

Trustee Holober said he believes he asked that the fees be brought for approval but there might not have been consensus by the entire Board. He said the Board does approve fees, including student parking fees, health insurance fees, international student fees and others. He said if there are significant changes in the Fitness Center fee structure, other than for things such as cost of living adjustments, the changes should be brought to the Board for approval. Executive Vice Chancellor Keller said the Fitness Center is an auxiliary program like the bookstores and food service operation and that the Board does not approve fees for auxiliary operations.

Director of Auxiliary Services Tom Bauer said the fees fall in the middle of those shown in the proformas submitted by the responders. He is confident that with these fees, the facility can be operated as a successful business. Student Trustee Medrano Rosales said the fees are very competitive with other clubs in the area and what will be offered is better and very conveniently located.

Vice President Mandelkern said he does not doubt that the fees are competitive. He said he is not overly concerned about whether the Board needs to approve auxiliary fees because he understands the need for latitude to adjust pricing. He noted, however, that the Board does need to review the operations and approve contracts for the bookstores and food services. Vice President Mandelkern said his concern is to not develop an enterprise which will be a financial drain on the District. He does not want to be painted into a corner with a fee structure that will force the District to do such things as lose money in an operation or not be able to provide employee compensation and benefits associated with other positions in the District. Vice President Mandelkern said he is distressed to that there is a proforma which has been reviewed by members of staff but is not being shared with the Board. He said the Board has an obligation to oversee the financial operations of the District and it is difficult to do so when the

expense side is not be shared. President Miljanich said it is her understanding that there is not a proforma which is not being shared with the Board. Executive Vice Chancellor Keller said that is correct; the proformas staff have are those developed by the proposers. The proforma that will be developed and brought to the Board on January 27 will be the best recommendation for how to operate the facility, both with and without assistance.

Chancellor Galatolo said that with any new enterprise, there will be a combination of fixed and variable costs and the variable costs will change as the membership base is built. He said policy decisions, such as the directive to operate without a deficit or to use certain employees in certain capacities, are critical decisions that need to be reflected in the proforma and need to be clarified soon if they are the desire of the Board. He cautioned that while it is the right and privilege of the Board to make policy decisions, the more the Board dictates how the facility will be operated and thereby creates expense burdens, the more likely it is to be painted into a corner. Vice President Mandelkern said he is trying to avoid anyone being painted into a corner on policy or operating questions. He said he is not comfortable with being asked to approve one set of numbers without knowing the underlying assumptions on the cost side.

Chancellor Galatolo said the Fitness Center must be competitive in the industry. He said the District is trying to provide a competitive, cost-effective solution for students, faculty, staff and members of the community while at the same time operating it in a manner that meets the intention of the Board. He said this is a delicate balance.

Trustee Schwarz asked what would happen if the recommendation does not pass. Executive Vice Chancellor Keller said a recommendation would be brought on January 27 but valuable time would be lost in trying to market memberships.

Trustee Holober asked if memberships would be valid as long as members retain the status at which they enrolled. He noted particularly that students can retain student status easily for a long period of time. Mr. Bauer said this issue was addressed by the proposers but needs to be discussed further. Chancellor Galatolo said there should be a threshold of credits taken to maintain student membership status. Student Trustee Medrano Rosales asked when the definition of a student will be determined. Mr. Bauer said he hopes to have the issue clarified when the recommendation is presented on January 27. Regarding charter memberships, Chancellor Galatolo said charter fees are not guaranteed for life and can adjust, usually after twelve months. Mr. Bauer added that while charter memberships are for life, fees can go up but will always be ten percent below everyone else. Vice President Mandelkern said that typically, if charter members' status changes, their fees may change but they would still get a charter membership rate. Trustee Holober said charter membership rules must be very clear on all forms.

Vice President Mandelkern asked if the fees shown in the report include parking. Mr. Bauer said parking is included in the fees for all except month-to-month members; a meeting is scheduled for next week to discuss how to handle parking for this group.

Vice President Mandelkern asked if access to the tennis courts might be included in the fees, especially in the current revenue impact situation. He noted that it might be hard to explain to people who pay a fee for use of the soccer field and swimming pool why people can use the tennis courts at no cost. Chancellor Galatolo said the community has historically had full access to the tennis courts and the track and that the courts are even used for fee-based tennis instruction. Executive Vice Chancellor Keller said it is hoped the Fitness Center will generate ideas for programs such as tennis instruction which could lead to taking priority over public access to the courts. Chancellor Galatolo said there could also be a reverse effect, e.g. people using the tennis courts and track might see the Fitness Center and become interested in membership. Chancellor Galatolo said it is a delicate situation and if access to the tennis courts is restricted, he predicts many community members would be angry. President Miljanich said the Board would have to thoroughly study this issue if it is to be considered. She noted that there is a perception that the District is a community resource and the District will need community support, particularly if voters are asked to support a revenue producing measure.

Chancellor Galatolo said he wants to make sure it is understood that when a business is started, profits are typically not seen right away. He said staff is looking at the balance of what it will cost to run the facility vs. how long it will take to generate the revenue we would like to see.

Vice President Mandelkern said he is very familiar with how to start and build a successful business. He said he has never seen one that did not have a financial model which it shared with its Board, laying out revenue and cost sides of the equation and allowing assumptions to be tested. He said it is irresponsible to start an enterprise without having that kind of financial model available. Chancellor Galatolo said the enterprise is not being started yet; rather, it is the intention to begin selling memberships in anticipation of starting the enterprise in April. He said the focus of this recommendation is to generate memberships and it takes time to do this. Currently, 263 people have shown interest from the website. The optimum membership level is 2,000.

President Miljanich said she thought it was made clear that the Fitness Center would not make a profit the first year. Vice President Mandelkern said the Board does not know what kind of loss is projected because it is not being shown the numbers, and this is why it is difficult to go forward. Trustee Holober said that in ordinary times, he would be willing to go forward with few questions asked, knowing that businesses take time to become profitable. He said he would be more comfortable if he had a sense of what the numbers are and a sense of when it will become profitable.

Chancellor Galatolo said the District now has an Adaptive PE program and a pool that are expense driven with very little revenue. He said it is hoped the blending will take some of the pressure off of these expenses.

Executive Vice Chancellor Keller said there is redevelopment money which will be used for the initial costs and there is no intention to use any general fund money for any initial loss.

Mr. Bauer said that after the proposals have been vetted and the proforma created, the full recommendation on how to operate the Fitness Center will be brought to the Board and they will make a decision.

President Miljanich said it is her sense that staff has a good understanding of the Board's values, part of which are that the Fitness Center be self-supporting as soon as reasonably possible; that students, staff and faculty have access at rates that are reasonable for them; that everything be done legitimately; and that the facility have a good reputation. President Miljanich said there will be some unknowns until the next meeting. She said she believes it would be detrimental to not go forward with getting started on memberships.

After this discussion, the motion to approve the Fitness Center fees carried, with Vice President Mandelkern voting "Nay" and all other members voting "Aye."

SELECTION OF RESEARCH FIRM AND ENGINEER FOR SURVEY OF VOTERS (10-1-101B)

It was moved by Trustee Schwarz and seconded by Trustee Holober to approve the contracts with Godbe Research and an engineering firm as detailed in the report.

Executive Vice Chancellor Keller said the Board established a committee to review the proposals by polling research firms for a parcel tax measure, bond measure and a maintenance assessment district. Four proposals were received to conduct the surveys on the parcel tax and bond measures and the committee elected to interview three of them: Godbe Research, Goodwin . Simon Strategic Research, and Fairbank, Maslin, Maullin, Metz and Associates. After the interviews, the consensus of the committee was that any one of the firms could provide a good product. In the end, the committee agreed to recommend a contract with Godbe Research in an amount not to exceed \$41,000.

The second part of the recommendation concerns the possible establishment of a maintenance assessment district (MAD). This requires the professional services of an engineering firm to look at the parcels the District has and the expenses which might help the District qualify to establish a MAD. This research would be conducted separately after receipt of the initial polling data from Godbe Research. The recommendation is to approve a contract with an engineering firm, at a cost not to exceed \$15,000, to complete a limited study to test the viability of establishing a MAD.

Trustee Holober said that Bryan Godbe of Godbe Research knows the District well and that was one of the factors in his getting the numbers right when polling voters on the District's past bond measures. Trustee Holober said the interviews with the responding firms were helpful mainly with regard to the MAD because they showed it is very complicated and it will be difficult to poll accurately on this measure. He said that with the initial polling by Godbe

Research, the District can get a rough snapshot and see whether it is worth going to the next step with regard to a MAD. Trustee Holoher said an argument in favor of a MAD is that it requires only a 50% + 1 ballot approval.

President Miljanich asked if interviewing more than one firm added to the process. Trustee Holoher said it did. The committee picked the brains of all of the firms and got the sense that there is generally not a good climate among voters at this time. However, the feeling is that community colleges are appreciated and taxpayers are more willing to support them than they are to support K-12 institutions.

Vice President Mandelkern asked if the firms addressed the potential impact of the Statewide initiative effort to reduce approval of local parcel tax measures from 66% to 55%. Trustee Holoher said the Fairbank firm is conducting the polling for that initiative and is very interested in its impact.

Trustee Holoher said the general feeling was that June is not a good time for ballot measures because (1) there is normally a lower turnout and (2) there is more excitement about the Republican primary for governor than there is for the Democratic primary, which will bring out a disproportionate number of voters who may be more conservative about taxes. While it is impossible to tell how many measures will be on the November ballot and other factors that might influence voters, some of the firms felt that voters who believe money is better spent locally than at the State level might support local tax measures in November.

Barbara Christensen, Director of Community/Government Relations, said two initiatives are currently being circulated:

1. Changing the requirement to pass a parcel tax initiative to 55%. Ms. Christensen said polling numbers from May/June showed that 47% of the responses by 800 people polled were positive for the 55% requirement. After receiving information on school funding issues, 60% of the responders were in favor. Overall, 75% of those interviewed said they believe schools need more funding. Signature gatherers are working to get this measure on the November ballot.
2. The League of California Cities has qualified their initiative which would prohibit the State from going around Proposition 1A to take or borrow property tax, transportation or other local funds. This initiative is also headed for the November ballot.

Ms. Christensen said a water bond has also already qualified for the November ballot.

Vice President Mandelkern said the California Conservation and Parks Advisory Council is gathering signatures for a November initiative to increase the vehicle license fee by \$18 to support State parks.

Jing Luan, Vice Chancellor, Educational Services and Planning, said it was helpful to participate in the interviews to learn the methodology the firms would use to measure and understand the level of acceptance by voters.

Ms. Christensen said the District's initial understanding is that if the initiative to change the requirement for passage of a parcel tax to 55% is on the November ballot and is approved by the voters, the District would be required to secure only 55% approval of a parcel tax measure on the same ballot. Ms. Christensen is checking on this issue further with County Counsel.

Trustee Hausman said the information from Godbe Research on the San Mateo-Foster City Elementary School District parcel tax initiative looks very promising. She noted that this measure concerns local schools with which parents feel a sense of ownership; she said it might not be the same for a Countywide initiative.

After this discussion, the motion to approve the contracts carried, all members voting "Aye."

ADJOURNMENT

It was moved by Trustee Schwarz and seconded by Trustee Holoher to adjourn the meeting. The motion carried, all members voting "Aye." The meeting was adjourned at 5:08 p.m.

Submitted by

Ron Galatolo
Secretary

Approved and entered into the proceedings of the January 27, 2010 meeting.

Dave Mandelkern
Vice President-Clerk

**Minutes of the Study Session of the Board of Trustees
San Mateo County Community College District
January 13, 2010
San Mateo, CA**

The meeting was called to order at 6:05 p.m.

Board Members Present: President Patricia Miljanich, Vice President Dave Mandelkern, Trustees Holober (arrived at 6:15 p.m.) and Schwarz, and Student Trustee Virginia Medrano Rosales

Others Present: Chancellor Ron Galatolo, Executive Vice Chancellor Jim Keller, Skyline College President Victoria Morrow, College of San Mateo President Michael Claire, Cañada College President Tom Mohr and District Academic Senate President Patty Dilko

Pledge of Allegiance

DISCUSSION OF THE ORDER OF THE AGENDA

MINUTES

It was moved by Trustee Schwarz and seconded by Vice President Mandelkern to approve the minutes of the December 9, 2009 meeting of the Board. The motion carried, all members present voting "Aye."

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

None

NEW BUSINESS

APPROVAL OF PERSONNEL ACTIONS: CHANGES IN ASSIGNMENT, COMPENSATION, PLACEMENT, LEAVES, STAFF ALLOCATIONS AND CLASSIFICATION OF ACADEMIC AND CLASSIFIED PERSONNEL (10-1-1A)

It was moved by Vice President Mandelkern and seconded by Trustee Schwarz to approve the actions in Board Report No. 10-1-1A. Vice President Mandelkern questioned whether positions should be approved before the budget planning process is completed. Harry Joel, Vice Chancellor, Human Resources and Employee Relations, said the positions listed are temporary and most end on February 28, 2010. The Office Assistant I position in Business & Technology at College of San Mateo ends on April 1 and is funded by a grant. The Communication Manager in Development, Marketing & Public Relations at Skyline College ends on June 30 and is needed because the current Director is retiring and the Public Information Officer will not return from maternity leave. After this discussion, the motion carried, all members present voting "Aye."

RATIFICATION OF THE 2007-2009 CONTRACT MODIFICATIONS BETWEEN THE DISTRICT AND THE CALIFORNIA SCHOOL EMPLOYEES ASSOCIATION (CSEA), CHAPTER 33 (10-1-2A)

It was moved by Trustee Schwarz and seconded by Vice President Mandelkern to approve ratification of the contract modifications as detailed in the report. The motion carried, all members present voting "Aye."

Other Recommendations

APPROVAL OF SUBSTANTIVE CHANGE PROPOSAL – COLLEGE OF SAN MATEO (10-1-1B)

It was moved by Vice President Mandelkern and seconded by Trustee Schwarz to approve the proposal as detailed in the report. Jing Luan, Vice Chancellor, Educational Services & Planning, said this report was prompted by the 2007 accreditation recommendations of the Accrediting Commission for Community and Junior Colleges (ACCJC). Vice Chancellor Luan said the report is well integrated with the District Strategic Plan for Distance Education which was developed by the Distance Education Advisory Committee (DEAC). The report cites information, research and other data from reports developed by DEAC.

Susan Estes, Vice President of Instruction at College of San Mateo, said the ACCJC requires that when 50% or more of the courses in degrees and certificates are offered in the distance education mode, that mode of delivery must be approved by the Board of Trustees and submitted to the ACCJC as a substantive change proposal. Vice President Estes said the Board has already approved all of the courses listed and is now being asked to approve the distance education delivery mode.

Vice President Estes said there was College-wide participation in the preparation of the report. The principal writing was done through the Office of Planning, Research and Institutional Effectiveness, with Milla McConnell-Tuite as the lead writer. The report was reviewed by the Distance Education Committee and was also sent out campus-wide for comments by all employees. The chairperson of the Committee on Instruction also took an active part.

Vice President Estes noted a revision on page 28 of the report. The sentence reading “CSM anticipates that a new evaluation form and model will be *adopted in the 2009-2010 academic year*” has been revised to read “CSM anticipates that a new evaluation form and model will be *reviewed and approved by appropriate constituencies as soon as possible.*” Vice President Estes explained that when the report was originally prepared, it was anticipated that a different evaluation process might be in place. The revised language more accurately represents the process as it currently exists; the Distance Education Committee has made recommendations for a new faculty evaluation form and model that are explicitly adapted to distance learning courses and they will be reviewed and approved as soon as possible, but with no specific date.

Vice President Mandelkern asked if there are many students in the District who approach taking 50% or more of their courses in these programs via distance education. Vice President Estes said a small percentage currently reach the threshold. Chancellor Galatolo said the data is available and Vice Chancellor Luan will forward this information to the Board.

Vice President Estes said the goal is to offer more online courses. With the Board’s approval of this report, the distance education program can be publicized and become a stronger program.

Vice President Mandelkern asked if the ACCJC will take action or respond to the report. Vice President Estes said the ACCJC must accept the report. An early draft of the report was sent to the ACCJC last fall and their feedback was incorporated into the final report. Vice President Estes does not anticipate any problem with the acceptance of the report.

Vice President Mandelkern asked for a brief explanation of the differences between eCollege, CurricUNET, TracDat and WebAccess. Vice Chancellor Luan said eCollege and WebAccess are both course management systems. CurricUNET is a curriculum management tool for use by faculty. TracDat is another technical application for faculty to use for student learning outcomes. Vice Chancellor Luan is chairing the committees deploying these tools.

After this discussion, the motion to approve the Substantive Change Proposal as amended carried, all members present voting “Aye.”

CONTRACT AWARD FOR CAÑADA COLLEGE BUILDINGS 5 AND 6 MODERNIZATION PROJECT (10-1-102B)

It was moved by Trustee Schwarz and seconded by Vice President Mandelkern to approve the contract as detailed in the report. The motion carried all members present voting “Aye.”

INFORMATION REPORTS

REVIEW OF GOVERNOR’S TENTATIVE BUDGET; INFORMATION ON STATE OF THE STATE ADDRESS (10-1-1C)

Trustee Holober arrived at the beginning of this discussion.

Chancellor Galatolo said that on Opening Day, he projected a \$20 billion budget shortfall for the 2009-10 and 2010-11 fiscal years; the Governor’s initial budget proposal describes a \$19.9 billion shortfall. Chancellor

Galatolo said the initial budget proposal does not address structural problems and the legislature must present proposals for meaningful change. He said community colleges fared better than expected in the initial budget proposal; however, changes will be made and not much will be known until the May Revise and the subsequent passage of the budget.

Executive Vice Chancellor Keller distributed an outline of the initial proposed budget which was prepared by the State Chancellor's Office; a copy is attached to the official minutes of record. He said it provides a good summary of what is known now. He noted that the numbers provided to make up for the shortfall do not add up. The proposed budget includes 2.2% enrollment growth augmentation, -0.38% COLA, and 2010-11 property tax adjustment to compensate for projected declines in property taxes. Executive Vice Chancellor Keller said the projected property tax shortfall continues to be of particular concern.

Executive Vice Chancellor Keller said the proposed budget also includes suspension of all community college mandates and reduction of categorical funding for Educational Opportunity Programs and Services (EOPS) and part-time faculty compensation. The budget proposes adding EOPS, Student Success programs and Basic Skills to the list of programs that have flexibility. The proposed budget also includes suspension of new CalGrant competitive awards.

Executive Vice Chancellor Keller said that not mentioned in the initial proposed budget is the capital bond measure that community colleges and other school districts hoped would be on the November 2010 ballot. He said that Assembly Bill 220, which would have supported a K-12 bond measure, was pulled today.

Chief Financial Officer Kathy Blackwood said the Legislative Analyst released a report which states that the initial proposed budget is not realistic. It said the federal money and waivers do not seem likely to go through, at least not to the extent described in the proposed budget. The report describes risks in the proposed budget:

- Includes revenues the State is unlikely to get.
- Does not include the impact on State revenues of the Governor's proposed tax credits.
- Expenditure solutions come from savings in Proposition 98 and reduction of State employees' pay and having them pay into their pensions.
- Savings in Proposition 98 come from shifting transportation tax revenues. There is currently a State sales tax on fuel which is earmarked for transportation. The Governor is proposing eliminating that sales tax and substituting a per gallon excise tax. This would result in a \$.05 per gallon decrease for consumers. It would also lower the general fund revenue and, in turn, lower the Proposition 98 guarantee. The Governor must ask for a waiver from the federal government because of the ARRA funds the state accepted; a State may apply for a waiver from the Maintenance of Effort requirement if it can show that education is receiving the same or greater share of the budget as in the previous year.

CFO Blackwood said the budget proposal includes a net reduction in K-12 spending and a net increase in community college spending. She emphasized, however, that this is not what the final budget will look like. She said this proposal counts on revenues that are unlikely to be available, does not acknowledge expenses that will be there, and proposes ballot measures that would have to pass to make the budget work. CFO Blackwood does not believe the District should change its projections and should continue preparing for 10% cuts next year.

Trustee Holober said there is a \$6.6 billion shortfall for the current year and \$13.3 billion for next year. He asked if the budget for next year would then have to be reduced by \$13.3 billion plus the \$6.6 billion, or if \$13.3 billion is the base reduction for next year. Chancellor Galatolo said the last budget failed to fix the \$6.6 billion shortfall and there will be another \$13.3 billion next year; therefore, the collective amount of reductions in the next budget is \$19.9 billion.

Vice President Mandelkern said he went through the proposed budget; adding up what the Governor expects to get from the federal government, plus projected increases in revenues and projected cuts, he found \$15 billion rather than the \$20 billion called for in the budget. CFO Blackwood said there is \$4.5 billion in "other solutions," which includes the gas tax law, using Proposition 10 money for children's programs, redirecting county money for social services, assuming an increase in miscellaneous revenue, and automated speed enforcement, and others.

Trustee Holober asked if \$3-4 billion or more in additional cuts will become a reality if the federal money does not materialize by May or June. Chancellor Galatolo said the initial budget proposal in January is usually a good starting point and sends a message to all operating units on how to prepare their budgets for the May Revise. With this proposed budget, however, very little information was received and May will be the critical timeframe. Chancellor Galatolo said that for the past two years, the District has been proactive in acting on anticipated budget reductions and is now in the process of going through an almost 20% reduction. Chancellor Galatolo said that in the coming year, there might be another 10-15% reduction but the District has received no indication that it should be proactive and get ahead of the curve because all that is shown in the proposed budget is modest growth, a minor takeaway for COLA and some changes to categoricals. Chancellor Galatolo said this will force the District to move from being proactive to being reactive because it cannot anticipate how deeply education will be affected. Chancellor Galatolo's recommendation is for the District to hold true to the course it is on. He noted that there are still considerable reductions to effectuate as part of the 20% reduction. He said there is no substantive information that would make him feel comfortable recommending further cuts to the Board or to faculty and staff at this time. He said the District can start planning for the impact of further reductions, but noted that planning and implementing are two very different things.

Vice President Mandelkern said the District has done well in the past by being ahead of the curve and he believes it should try to remain ahead of the curve. He agrees that this is very difficult with no guidance to know what the target is. His concern is that by trying to be reactive, cuts might have to be made in September or October when the fiscal year is almost half over and classes are in session, students are enrolled in sections, etc. At that point, there is very little flexibility to make midcourse corrections and it could potentially leave the District in a dangerous position. Chancellor Galatolo agreed that being reactive means putting the District at or behind the curve and that this puts it in a precarious position. However, he said that in the face of what the proposed budget shows, it would be very difficult to go to faculty and staff and recommend to the Board to make another 10% reduction. At this stage, because so much pain has been brought upon the institution already, Chancellor Galatolo said he is willing to be more reactive.

Chancellor Galatolo said he predicts the State will attack property taxes because they are the last form of revenue to tap into. Cities and counties are putting through an initiative that would preclude the State from taking their property taxes. Chancellor Galatolo said educational institutions are then fully exposed because they do not have the same initiative and do not have the same guarantees under Proposition 1A.

Trustee Schwarz said the District is in upheaval, worrying about how to get through the current round of reductions. She said she personally would rather stick with what we know rather than relying on what might happen. Trustee Schwarz does not believe that faculty, staff and students should be subjected to any more conjecture. She said there are qualified people in the District who keep abreast of what occurs in Sacramento and who will keep the Board informed so that action can be taken if necessary.

Vice President Mandelkern asked to confirm that the current budget planning process, which includes reductions, will go forward and will go to conclusion, and that this discussion is only about not making further reductions. Chancellor Galatolo confirmed that this is correct. He added that staff will still plan for what might occur but will not make recommendations to the Board to execute a third phase of cuts at this time.

Chancellor Galatolo said the District budget for the coming year has an imbalance of slightly more than \$1 million, which is approximately 1% of the total budget. Chancellor Galatolo is comfortable that the District can work through this. If the District receives further cuts, further action would have to be considered.

Trustee Holober said community colleges fared well in the proposed budget and he noted that the Governor and his chief of staff referenced the wave of student protests that occurred mainly on the UC and CSU campuses. Trustee Holober said it is important to note that protests can make a difference. Trustee Holober said the District must be self-reliant in the short run because the political dynamic Statewide will play out for years to come before there is widespread recognition of the need for a progressive tax structure which supports education and other vital services. Trustee Holober said that he has confidence in the voters of San Mateo County and that if people at the campuses, especially students, go out to the community and ask voters to support the District, he believes there would be a positive response.

President Miljanich asked if suspension of CalGrants means there would be no grants to future students. Executive Vice Chancellor Keller said it means there would be no new grants.

President Miljanich said the financial situation as presented serves as a reminder that it is important to concentrate on what the District can do to generate sources of revenue.

President Miljanich thanked staff for their presentation.

President Miljanich announced that Trustee Holober requested a return to discussion of agenda item 10-1-2A, Ratification of the 2007-2009 Contract Modifications Between the District and the California School Employees Association (CSEA), Chapter 33, because he was not present when the Board considered this item. Trustee Holober asked for clarification that the Board did not ratify the following paragraph:

“Article 8.7 Salary Survey

****Side notation: The latest survey results for the 07-08 fiscal year are attached. Due to the current budget crisis through the state and the severe impact to our District, the negotiations team is recommending that we forego implementation of the 07-08 adjustments which will further impact the District’s financial crisis. All indications are leading to a very slow recovery for the state as a whole and lay-offs across the board for SMCCCD next year.”

Vice Chancellor Joel confirmed that this paragraph is not part of the contract and was not ratified; this will be reflected in the official minutes of the meeting.

RECESS TO CLOSED SESSION

President Miljanich said that during Closed Session, the Board will consider the personnel items listed as 1A and 1B on the printed agenda. The Board will also hold a conference with agency labor negotiator Harry Joel; the employee organizations are AFT and CSEA.

The Board recessed to Closed Session at 7:20 p.m.

The Board reconvened to Open Session at 9:35 p.m.

CLOSED SESSION ACTIONS TAKEN

President Miljanich reported that at the Closed Session just concluded, the Board voted 4-0 to approve the items listed as 1A and 1B on the printed agenda.

ADJOURNMENT

It was moved by Trustee Holober and seconded by Trustee Schwarz to adjourn the meeting. The motion carried, all members voting “Aye.” The meeting was adjourned at 9:37 p.m.

Submitted by

Ron Galatolo
Secretary

Approved and entered into the proceedings of the January 27, 2009 meeting.

Dave Mandelkern
Vice President-Clerk

BOARD REPORT 10-1-3A

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

APPROVAL OF PERSONNEL ITEMS

A. REASSIGNMENT

Cañada College

Margie Carrington Interim Dean of Students Student Services

New temporary administrative employment, effective January 19, 2010 through June 30, 2010. Employee has been reassigned from classified supervisory/professional status for this temporary position.

Skyline College

Ira Lau Multimedia Technician Language Arts/Learning Resources

Reassigned through the managed hiring process from a Document Management Specialist position (Grade 22) in the Construction Planning Department into this temporary position at Grade 24 of the Classified Salary Schedule (60), effective January 11, 2010.

District Office

Luisa Azevedo Custodian (Swing Shift) Facilities Operations & Planning

Reassigned from Lead Custodian (Grade CC) at College of San Mateo into this full-time Skyline position at Grade AA of the Facilities Planning & Operations Salary Schedule (70), effective January 19, 2010.

B. LEAVE OF ABSENCE

District Office

Yanelly Pulido Administrative Assistant Construction Planning Department

Recommend approval of a pregnancy disability leave of absence, effective February 1, 2010, pursuant to provisions of the Family and Medical Leave Act. Pursuant to District policy, employee is entitled to a maximum of twelve (12) calendar months of leave.

C. CHANGES IN STAFF ALLOCATION

Districtwide

1. Recommend reclassification of the “**Broadcast Engineer I**” position classification to “**KCSM TV Broadcast Operations Engineer.**” There are no current employees who hold this classification.
2. Recommend reclassification of the “**Lead Duplicating Equipment Operator**” classification to “**Reprographics Technician.**” There are no current employees who hold this classification.
3. Recommend reclassification of the “**Lead Payroll Clerk**” classification to “**Senior Accounting Technician.**” There are no current employees who hold this classification.
4. Recommend reclassification of the “**Operations Assistant I**” classification to “**Accounting Technician.**” There are no current employees who hold this classification.
5. Recommend reclassification of the “**Operations Assistant II**” classification to “**Accounting Technician II.**” There are no current employees who hold this classification.
6. Recommend reclassification of the “**Senior Bookstore Buyer**” classification to “**Bookstore Operations Assistant.**” There are no current employees who hold this classification.

District Office

Recommend a change in staff allocation to increase one vacant 80% Bookstore Operations Assistant position at Cañada College to 100%, effective January 28, 2010. The increase in assignment for this position will assist with management of increased sales volume.

C. SHORT-TERM, NON-CONTINUING POSITIONS

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

<i>Location</i>	<i>Division/Department</i>	<i>No. of Pos.</i>	<i>Start and End Date</i>		<i>Services to be performed</i>
District	Administrative Services	2	2/1/2010	6/30/2010	Accounting Technician: Assist with maintaining bank deposit process, cashiering process, County cash record keeping, accounts receivable process, accounts payable process and accounting intranet.
CSM	Community Education	1	3/1/2010	6/30/2010	Office Assistant I: Assistance with College for Kids registration, marketing, public and private school correspondence, preparation and distribution of instructor materials, parent packets, marketing materials, etc.

BOARD REPORT NO. 10-1-1CA

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

APPROVAL OF 2010-11 BUDGET AND PLANNING CALENDAR

The budget development process for 2010-11 requires formulation of a budget calendar. Included in the 2010-11 calendar is consultation with the Committee for Budget and Finance, which is a subcommittee of the District Shared 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 2010-11 on September 22, 2010.

RECOMMENDATION

It is recommended that the Board of Trustees approve the attached 2010-11 Budget and Planning Calendar.

Budget and Planning Calendar, 2010-11

<u>Date</u>	<u>Campus & District Review/Action</u>	<u>Committee for Budget and Finance Consultation</u>	<u>Board Review/Action</u>
September	Campuses Finalize Spring 2010 Schedule of Classes		
November – December		Review of Budget and Planning Calendar, discussion of budget strategies and resource allocation, and budget development process	
January 8	Governor's Budget Proposal		
January	Chancellor's Council review/revise draft of Budget and Planning Calendar and budget development process; discussion of Governor's Budget; District revenue/expenditure implications.	Review of Governor's Budget and discussion of District revenue and expenditure implications (inform DSGC at its next meeting). Finalize resource allocation recommendation.	Approval of 2010-11 Budget and Planning Calendar, review of Governor's Budget, review of State and District revenue and expenditure implications, and discussion of program and operational priorities.
January/ February	Chancellor's Council discussions of budget strategies and allocations. Approve resource allocation.	Continuing discussion of State budget and District revenue/expenditure options.	Board policy discussions/decision regarding budget adjustments which impact existing positions.
February	Legislative Analyst's Office Review of Governor's Proposed Budget		
February	Campuses Finalize Summer Session 2010 Schedule of Classes	Review of preliminary District revenue assumptions and expenditure plans.	Review of preliminary District revenue assumptions and expenditure plans.
February	"P1" First Principal Apportionment	Certify to State Controller Apportionment	
February/ March	Discussion of budget priorities at Colleges and with Chancellor's Cabinet.	Review of 2009-10 Mid-Year Budget Report	Review of 2009-10 Mid-Year Budget Report
March	Campuses Finalize Fall 2010 Schedule of Classes	Review of Board budget priorities and Districtwide allocations (inform DSGC at its next meeting).	Review/approval of 2010-11 budget priorities and Districtwide allocations.
Mid-March	Run preliminary position control worksheets for 2010-11	Colleges ongoing review of position control	
April			Budget update with Board; review budget assumptions for Tentative budget.
May 7	Site Tentative Budgets completed. Work resumes developing final budget after tentative budget is loaded.		
Mid-May	Governor's May Revise		
May	Review of Governor's May Revise	Review of Governor's May Revise (inform DSGC at its next meeting).	Governor's May Revise; budget priorities, goals and objectives.

<u>Date</u>	<u>Campus & District Review/Action</u>	<u>Committee for Budget and Finance Consultation</u>	<u>Board Review/Action</u>
June	District Office completes budget input and prepares Tentative Budget document	Review of 2010-11 Tentative Budget	
June 23			Adoption of 2010-11 Tentative Budget and 2010-11 Gann Limit.
June 25	"P2" Second Principal Apportionment	Certify to State Controller Apportionment	
June-August	Final adjustments to budget are made.		
July	Enactment of 2010-11 State Budget		
August	Legislative Trailer Bills		
August	State Budget Workshop (held after Advance)		
August	2009-10 books are closed. District Office completes budget input and prepares Final Budget document.		
August 18			Public Hearing of 2010-11 Final Budget.
Sept. 22			Adoption of 2010-11 Final Budget.

BOARD REPORT NO. 10-1-1B

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

APPROVAL OF CHANGES TO DISTRICT RULES AND REGULATIONS:

ADOPTION OF NEW POLICIES 1.00, THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT; 2.55, EMERGENCY RESPONSE PLAN; 7.20, STUDENT EQUITY; 7.22, STUDENT CREDIT CARD MARKETING; 7.23, ATHLETICS; AND 7.70, STUDENT DISCIPLINARY SANCTIONS;

AMENDMENT OF POLICIES 7.69, STUDENT CONDUCT AND 8.70, FEES AND CHARGES;

ELIMINATION OF POLICIES 7.71, STUDENT DISCIPLINARY ACTION; 7.72, SUSPENSION AND EXPULSION OF STUDENTS; AND 7.75, EMERGENCY PROCEDURES

In the continuing effort to review and update District Rules and Regulations, the policies listed in the title of this report have been reviewed.

The new policy 1.00 is suggested by the Community College League of California Policy and Procedure Services. Policy 2.55 incorporates State and Federal regulations as provided by the League. Policy 8.70 is amended to reflect the District's actual practices in accordance with Education Code and Title 5 requirements. These three policies have been reviewed and approved by the District Shared Governance Council.

The new and amended Chapter 7 policies are suggested by the League and reference the relevant Education Code and/or Title 5 requirements. These policies were reviewed and approved by the student government organizations at the Colleges and were presented as information items to the District Shared Governance Council.

The eliminated policies 7.71 and 7.72 will be replaced by the new policy 7.70. The eliminated policy 7.75 will be replaced by the new policy 2.55.

RECOMMENDATION

It is recommended that the Board approve the additions and amendments to District Rules and Regulations as detailed in this report and shown on the attached.

1.00 The San Mateo County Community College District

1. The District has been named the San Mateo County Community College District.
2. The name is the property of the District. The Board reserves the right to restrict the use of this name or the names of any of the Colleges or other facilities of the District, or any abbreviation of them, to organizations that are affiliated with the District and Colleges. The name of the District or Colleges, or any abbreviation of them, shall not be used to imply, indicate or otherwise suggest that an organization, product or service is connected or affiliated with, or is endorsed, favored, supported, or opposed by the District.
3. This policy is not intended to restrict or limit a Board member or an employee of the District from using his/her District title or employment designation. If a College or District name or title is used while the Board member or employee is exercising citizenship rights, e.g. endorsing candidates or issues, writing opinion pieces on community issues or acting to protest or support some community effort, the individual should make it clear that he/she is speaking or acting as an individual and not on behalf of the College or District.
4. The name of the District and the names of the Colleges along with their respective logos are trademarked and protected. The Board reserves all rights to these names and logos under federal protection.
5. The District consists of the following Colleges:
 - Cañada College
 - College of San Mateo
 - Skyline College

2.55 Emergency Response Plan (Replaces Section 7.75 Emergency Procedures)

1. The Chancellor shall establish procedures that ensure that the District implements a program or plan to be activated in the event of an emergency, or when a natural disaster or hazardous condition occurs. This program or plan must comply with the National Incident Management System (NIMS), the Standardized Emergency Management System (SEMS) and should incorporate the functions and principles of the Incident Command System (ICS), the Master Mutual Aid Agreement (MMAA) and any other relevant programs. The program must incorporate NIMS and SEMS to facilitate the coordination between and among agencies in the event of an emergency or natural disaster.
2. Compliance with NIMS and SEMS mandates include:
 - a. Establishing a disaster preparedness program or plan
 - b. Completion of training sessions by college personnel in compliance with NIMS and SEMS guidelines
 - i. Training requirements vary based on job titles or assigned roles within the emergency management program
3. College personnel must be informed that as public employees, they are also disaster service workers during national, state and local emergencies. The [CEO] should ensure that an ICS team is created to carry out compliance with NIMS and SEMS mandates.
4. Responses to emergencies or natural disasters are organized by SEMS into five categories: field response, local government, operational areas, regions and the state management level.
5. The plan or program should contain information regarding activation and chain of command responsibilities. Compliance with NIMS mandates requires planning and incorporation for all phases of emergency management including mitigation and prevention, preparedness, response and recovery. Colleges must comply with NIMS and SEMS to receive federal or state funding.

References: Education Code Sections 32280 et. seq.; 71095; Government Code Sections 3100 and 8607(a); Homeland Security Act of 2002; National Fire Protection Association 1600; Homeland Security Presidential Directive-5; Executive Order S-2-05;19 California Code of Regulations (CCR) Sections 2400-2450

1/10

7.75 Emergency Procedures

~~Emergency procedures for maximum safety on campus shall be prepared by the Operations Officer of the College. These shall be prepared in consultation with appropriate College and District personnel and reviewed by the College Presidents and the District Administrative Services Office.~~

7.20 Student Equity

The Board is committed to assuring student equity in educational programs and College services. Each College shall establish a student equity plan that meets the Title 5 standards for such a plan.

Reference: Education Code Sections 66030; 66250, et seq.; 72010 et seq.; Title 5 Section 54220

(1/10)

7.22 Student Credit Card Marketing

Marketing for student credit cards is prohibited at all three Colleges, the District Office and other facilities operated by the District.

Reference: Title 5 Section 54400; Civil Code Section 1747.02(m); Education Code Sections 99030 and 99040.

(1/10)

7.23 Athletics

1. The District shall offer an organized program for men and women in intercollegiate athletics. The program shall not discriminate on the basis of gender in the availability of athletic opportunities.
2. The Chancellor shall assure that the athletics program complies with federal and state law, the California Community College Athletic Association Constitution and Sports Guides, and the Coast Conference Constitution regarding student athlete participation.

Reference: Education Code Sections 78223, 66271.6, 66271.8, 67360 et seq.

(1/10)

7.70 Student Disciplinary Sanctions (Replaces 7.71 Student Disciplinary Action and 7.72 Suspension and Expulsion of Students)

1. The rights and responsibilities of students are not fundamentally different from those of other members of the community. District officials administer the academic community under statutory authority in accordance with the directions of the Board. Discipline is administered outside of civil authority or concurrent with civil authority in matters which affect the academic community.
2. Students charged with misconduct may be subject to the following sanctions:
 - a. Warning: An oral statement to the student that he/she is violating the Student Code of Conduct; that continuation or repetition of the conduct may be cause for further disciplinary action. This action may be taken by any faculty or staff or by the Disciplinary Officer when the case is referred to him/her.
 - b. Reprimand: A written notice by the Disciplinary Officer of violation of the Student Code of Conduct. A reprimand may include the possibility of more severe disciplinary sanctions in the event of future infractions of the Student Code of Conduct.
 - c. Disciplinary Probation: Formal written notice by the Disciplinary Officer of violation of the Student Code of Conduct which includes exclusion from participation in specified activities or locations for a period not to exceed one (1) calendar year. Further violation of the Student Code of Conduct will result in more severe sanctions.
 - d. Restitution: Formal action by the Disciplinary Officer to require the reimbursement for damage to or misappropriation of property. This may take the form of appropriate service or other compensation.
 - e. Removal from Classes/Facility: Exclusion of a student by an instructor or an administrator from a class and/or facility for the day of the offense and/or the next class meeting or day. An instructor removing a student from class shall make written report or meet with the College Disciplinary Officer to discuss the cause for the removal. After-the-fact review by the President/designee shall occur if the student alleges in writing that an instructor or administrator has abused his/her administrative discretion.

Any College instructor, for good cause, may remove a student from the classroom for the day of the incident and the next regular class meeting.

- Before ordering the removal of any student from class, the instructor shall first give or make reasonable efforts to give the student an oral or written notice of the reasons for the proposed removal.
 - Immediately following the removal from class, the instructor shall document the removal and notify the Division Dean and/or Disciplinary Officer of the action.
 - If the student is a minor, the parents or legal guardian shall be notified in writing by the Disciplinary Officer as soon as possible and the parent will be asked to attend a conference regarding the removal.
- f. Suspension: Action by the President to exclude the student from all Colleges and District/College programs and activities for a definite period of time. This action shall be

7.70 Student Disciplinary Sanctions (continued)

posted on the student's electronic record, but shall not be reflected on the academic transcript.

This does not prohibit, where an interim suspension is required in order to protect lives or property and to insure the maintenance of order, an interim suspension pending a hearing, provided that a reasonable opportunity for a hearing be afforded a suspended person within ten (10) instructional days.

Suspension for more than ten days may have impact on a student's financial aid eligibility or financial aid award.

- g. Expulsion: Action by the Board of Trustees to terminate student status in the District indefinitely. The Board may expel a student for good cause when other means of correction fail to bring about proper conduct or when the presence of the student causes a continuing danger to the physical safety of the students or others.

Final action by the Board shall be taken by the Board of Trustees at a public meeting. Action to expel a student will be posted on the academic transcript.

Reference: Education Code Section 76032

(1/10)

~~7.71 Student Disciplinary Action~~

~~1. Decisions regarding the following types of disciplinary action are the responsibility of the Vice President, Student Services. The effective date of the disciplinary action shall be determined by the Vice President in consideration of the nature of the violation. If the student elects to appeal the decision, s/he must so notify the Vice President prior to the effective date of the disciplinary action. If an appeal is filed by the student, the disciplinary action will not be implemented until the appeal procedures described in Rules and Regulations, Section 7.73 have been completed.~~

~~a. WARNING—A faculty or staff member may give notice to a student that continuation or repetition of specified conduct may be cause for further disciplinary action.~~

~~b. TEMPORARY EXCLUSION—A faculty or staff member may remove a student who is in violation of the guidelines for student conduct for the duration of the class period or activity during which the violation took place and, if deemed necessary, for the day following. The faculty or staff member shall immediately report such removal to the College President or designee for appropriate action.~~

~~c. CENSURE—The Vice President, Student Services may verbally reprimand a student or may place on record a written statement which details how a student's conduct violates a District or College regulation. The student receiving such a verbal or written statement~~

7.71 Student Disciplinary Action (continued)

~~shall be notified that such continued conduct or further violation of District/College rules may result in further disciplinary action.~~

- ~~d. CANCELLATION OF REGISTRATION—The Vice President, Student Services may cancel a student's registration in the event of falsification of educational and/or financial records and related documents or for failure to meet financial obligations to the District.~~
- ~~e. DISCIPLINARY PROBATION—The Vice President, Student Services or designee may place a student on disciplinary probation for a period not to exceed one semester. Repetition of the same action or other violations of District/College rules and regulations during the probationary period may be cause for suspension or expulsion. Disciplinary probation may include one or both of the following:

 - ~~i. Removal from any or all College organizations or offices; or~~
 - ~~ii. Denial of privileges of participating in any or all College or student sponsored activities.~~~~
- ~~f. RESTITUTION—The Vice President, Student Services may require a student to reimburse the District for damage to or misappropriation of property. Restitution may take the form of appropriate service to repair or otherwise compensate for damages.~~

~~2. Disciplinary action shall not of itself jeopardize a student's grades nor will the record of such action be maintained in the student's academic files.~~

~~3. A student subject to disciplinary action has a right to appeal the decision in accordance with Rules and Regulations, Section 7.73.~~

7.72 Suspension and Expulsion of Students

~~1. Suspension is the termination of student status for a definite period of time. A suspended student may not be present on campus and is denied College privileges including class attendance and all other student or College granted privileges.~~

- ~~a. Summary suspension is limited to that period of time necessary to insure that the College is protected from the immediate possibility of violence, disorder, or threat to the safety of persons or property. Summary suspension is not necessarily considered a disciplinary action against the student.~~
- ~~b. Disciplinary suspension is a temporary termination of student status and includes exclusion from classes, privileges, or activities for a specified period of time as stipulated in the written notice of suspension.~~

~~2. The College President or designee may suspend a student, as deemed appropriate, for any of the following time periods:~~

7.72 Suspension and Expulsion of Students (continued)

- ~~a. From one or more classes for a period of up to ten days.~~
- ~~b. From one or more classes for the remainder of the semester or session.~~
- ~~c. From all classes and activities of the College for one or more semesters or sessions.~~

3. ~~In cases involving disciplinary suspension:~~

- ~~a. The student shall be informed of the nature of the violations and/or actions which constitute the basis for suspension.~~
- ~~b. The student shall have the opportunity to examine any materials upon which the charges are based.~~
- ~~c. The student shall be allowed to present evidence refuting the charges to the College President or designee.~~
- ~~d. A letter explaining the terms and conditions of the suspension shall be sent to the student's address of record. The student's professors/instructors and counselor shall be informed, in writing, of the suspension.~~

~~4. At the end of the period of suspension, the student must meet with the Vice President, Student Services before returning to classes.~~

~~5. A student under suspension at any District College may not enroll in any other District College during the period of suspension.~~

~~6. The College President shall report all suspensions of students to the Chancellor Superintendent.~~

~~7. If the suspended student is a minor, the parent or guardian shall be notified in writing by the College President or designee.~~

~~8. Expulsion of a student is the indefinite termination of student status and all attending rights and privileges. Expulsion of a student is accomplished by action of the Board on recommendation of the College President and the Chancellor Superintendent. An expelled student shall not be allowed to register in any subsequent semester without the approval of the College President.~~

~~a. The College President shall forward to the Chancellor Superintendent a letter of recommendation for expulsion which includes a brief statement of charges and a confidential statement of background and evidence relating to the charge(s).~~

~~b. The Chancellor Superintendent shall review the recommendation for expulsion with the Office of County Counsel.~~

~~c. The Chancellor Superintendent, as Secretary for the Board, shall forward a letter to the student by certified mail advising him/her of the charges and of the intention of the Board to hold a closed session to consider his/her expulsion. Unless the student requests~~

7.72 Suspension and Expulsion of Students (continued)

~~a public hearing in writing at least 48 hours prior to the scheduled hearing, the hearing shall be conducted in a closed session.~~

- ~~d. The student is entitled to be present during presentation of the case and may be accompanied by a representative. If the student chooses to be represented by an attorney, s/he must so notify the Chancellor Superintendent no later than five working days prior to the hearing. The student has the right to examine any materials upon which charges against him/her are based and shall be given the opportunity to present his/her evidence refuting the charges to the Board. The student or his/her representative may cross-examine any witness. The District bears the burden of proof.~~
- ~~e. The report of final action taken by the Board in public session shall be made a part of the public record and forwarded to the student. Other documents and materials shall be regarded as confidential and will be made public only if the student requests a public hearing.~~

7.69 Student Conduct

1. 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 are also subject to civil authority and to the specific regulations established by the District and/or each College in the District. ~~Violators shall be subject to disciplinary action, including possible cancellation of registration, and may be denied future admission to the Colleges of the San Mateo County Community College District.~~
2. The following actions are prohibited and may lead to appropriate disciplinary action:
 - a. 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.~~
 - b. Assault, ~~or battery or any threat of force or violence to or any threat of force or violence upon a~~ student or District/College personnel on District/College premises or at any time or place while under the supervision of District/College personnel.
 - c. ~~Causing, attempting to cause, or threatening to cause physical injury or physical abuse or verbal abuse or any conduct which threatens the health or safety of any person (either on campus or at any event sponsored or supervised by the College).~~ 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.
 - d. Aiding or abetting, as defined in Section 31 of the Penal Code, the infliction or attempted infliction of physical injury to another person.
 - e. 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.
 - f. Harassment or bullying by use of electronic devices.
 - g. Causing or attempting to cause, threatening to cause or participating in an act of hate violence, as defined in Education Code Section 233(e).
 - h. Engaging in physical or verbal intimidation or harassment of such severity or pervasiveness as to have the purpose of effect of unreasonably interfering with a student's academic performance or College/District employee's work performance, or of creating an intimidating, hostile or offensive educational or work environment.
 - i. 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.
 - j. Terroristic threats against school officials, students or school property as defined in Education Code Section 48900.7(b).
 - k. 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.
 - l. Knowingly receiving stolen property belonging to the College District.
 - m. Participation in hazing
 - n. Unauthorized entry into, or use of, ~~or misuse of College/District owned or operated facilities.~~
 - o. Forgery, alteration, or misuse of College/District documents, records, or identification.
 - p. ~~Misrepresentation of oneself or of an organization as an agent of the College/District.~~
 - q. Dishonesty (such as cheating, plagiarism, or knowingly furnishing false information to the College and its officials).
 - r. ~~Infringement or violation of copyright laws.~~

7.69 Student Conduct (continued)

- s. 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.**
- t. Extortion or breach of the peace on College/District property or at any College/District-sponsored or supervised function.
- u. **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.**
~~The use, possession, sale, or distribution of narcotics or other dangerous or illegal drugs, as defined in California statutes, on College property or at any function sponsored or supervised by the College.~~
- v. ~~Illegal Possession, or use of firearms, explosives, dangerous chemicals, or other weapons on College property or at College sponsored or supervised activities.~~ sale, use, or otherwise furnishing of explosives, dangerous chemicals, deadly weapons or other dangerous objects ~~including, but not limited to, a facsimile an imitation firearm, knife or explosive,~~ on College/District property or at a College/District function without prior ~~written~~ 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.
- w. ~~Smoking in classrooms or other unauthorized areas on campus as designated by the District Policy on Smoking.~~ Willful or persistent smoking in any area where smoking has been prohibited by law or by regulation of the College/District.
- x. Failure to satisfy College/District financial obligations.
- y. Failure to comply with directions of College/District officials, faculty, staff, or campus security officers who are acting ~~in performance of their duties.~~ 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.
- z. 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.
- aa. **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.**
- bb. **Gambling: Betting, wagering or selling pools; playing card games for money; using District resources (telephones, computers, etc.) to facilitate gambling.**
- cc. **Committing sexual harassment as defined by law or by District policies and procedures.**
- dd. **Engaging in harassing or discriminatory behavior based on race, sex, (i.e. gender), religion, age, national origin, disability, sexual orientation, or any other status protected by law.**
- ee. **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.**

7.69 Student Conduct (continued)

- ff. Violation of other applicable Federal, ~~and~~ 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.
- gg. 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 or receive obscene or abusive messages; use of computing facilities to interfere with the normal operations of District computing.

3. Definitions: When used in this policy:

- a. 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
- b. District premises – any building or grounds owned, leased, operated, controlled or supervised by the District.
- c. District or School Property – includes both personal and real property owned or controlled by the District.
- d. 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
- e. Weapon – any object or substance designed or used to inflict a wound or cause injury
- f. 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
- g. Will and Shall – are used in the imperative sense.

4. Disciplinary Action while criminal charges are pending

- a. 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.

5. 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.

Reference: Education Code Section 76033

(Revised ~~11/09~~1/10)

8.70 Fees and Charges

1. The San Mateo County Community College District recognizes that the mission of community colleges to provide quality postsecondary educational opportunities to all is enhanced by maintaining the lowest possible costs to students. Therefore, the Board is committed to maintaining the lowest possible costs to students, consistent with State requirements, level of support, and local budgetary needs. All fees shall be approved on the basis of providing equity among students enrolled in each of the District's Colleges.
2. Fees and ~~nonresident tuition~~ other charges shall be reduced or waived only as provided for by law and Board-adopted policy.
3. To the extent possible, and as provided by the Education Code, full cost shall be recovered for selected student-consumed materials, selected special instructional services, and for nonstudent use of District resources. In the San Mateo County Community College District, the following fees are authorized:
 - a. Fees which are mandated by the State.
 - b. Enrollments fees for credit courses as required by law.
 - c. Auditing fees of \$15.00 per unit per semester. Students enrolled in classes to receive credit for 10 or more semester credit units shall not be charged this fee to audit three or fewer units per semester.
 - d. Health services fees: as authorized by the Education Code.
 - e. Nonresident student tuition fee (see Section 7.07).
 - f. Parking fee: actual cost of parking facilities maintenance and enforcement as determined by the ~~Associate~~ Executive Vice Chancellor, not to exceed the maximum allowed by law.
 - g. Instructional materials fees: students may be required to provide required instructional and other materials for a credit or non-credit course, provided such materials are of continuing value to the student outside the classroom.
 - h. Physical Education Facilities: Where the District incurs additional expenses because a physical education course is required to use non-District facilities, students enrolled in the course shall be charged a fee for participating in the course. Such fee shall not exceed the student's calculated share of the additional expenses incurred by the District.
 - i. Fees for catalogs, special publications deemed necessary by College or District officials, radio and TV guides, etc.: based upon actual cost of preparation, printing and mailing.
 - j. Fees for reimbursement for special services not a part of the District's regular curriculum (GED, College Level Examination Placement, etc.): direct costs only.
 - k. Fees for copies of student records under Section 7.28: not to exceed \$1 per page.
 - l. Fees for copies of other records: not to exceed \$1 per page.

8.70 Fees and Charges (continued)

- m. Student body fees: as authorized by the Education Code.
 - n. Student representation fees: as authorized by the Education Code. ~~Students will be charged a \$1 fee per semester to be used to provide support for student governmental affairs representation. A student may refuse to pay the fee for religious, political, financial or moral reasons and shall submit such refusal in writing.~~
 - o. Transcript fees: as authorized by the Education Code. ~~The District shall charge a reasonable amount for furnishing copies of any student record to a student or former student. The Executive Vice Chancellor is authorized to establish the fee, which shall not exceed the actual cost of furnishing copies of any student record. No charge shall be made for furnishing up to two transcripts of students' records, or for two verifications of various records. There shall be no charge for searching for or retrieving any student record.~~
 - ~~p. Student malpractice insurance fee for students enrolled in allied health classes: actual cost of policy as determined by the Associate Chancellor.~~
4. Students shall be charged for books and other materials on regular loan from the College libraries for each school day beyond the due date specified. Borrowers shall be required to pay the replacement cost (current list price) for books or other materials they fail to return.
 5. ~~Students shall be charged for books and other materials on a textbook loan program from the College Bookstore and laboratories for items not returned. Borrowers shall be required to pay the replacement cost (current list price) for books or other materials they fail to return.~~
 6. The State-mandated enrollment fee is due and payable in full at the time of registration. Parking fees are due and payable in full at the time the student purchases a parking permit.
 7. ~~All S~~students who enroll in a variable unit course will be required to pay ~~nonresident tuition and~~ State mandated fees based on the number of units in which the student enrolls ~~and nonresident students will also be required to pay nonresident tuition based on the number of units in which the student enrolls.~~
 8. Deferral of payment of the State-mandated enrollment fee shall be allowed in accordance with procedures established by the Vice Presidents for Student Services.
 9. A student whose eligibility for financial aid has not been certified prior to the first day of classes shall not be permitted to register until all applicable fees are paid except as covered in "7" above. Students who are certified eligible and awarded financial aid will be permitted to register and must pay all applicable fees at the time they receive their first financial aid check. All applicable fees shall be used in calculating the cost of education for financial aid purposes. Fee payment shall be given first priority in the allocation of funds and the development of payment schedules.
 10. Grades, transcripts, degrees, and/or registration privileges shall be withheld from any student or former student properly charged with owing the District fines, fees, or other charges which remain unpaid.

8.70 Fees and Charges (continued)

11. Credits or debits of \$20 or less incurred by students per fee type will be carried on the District's books for a maximum of five years.
12. All approved fees and charges shall be collected under procedures established by the District Administrative Services Office and in accordance with audit requirements.

References: Education Code Section 76365
 Title 5 Sections 59400-59408

~~(Rev. 6/97)~~ (Revised 1/10)



Date: December 8, 2009
To: California Community College Trustees
California Community College Chancellors/Superintendents
From: Scott Lay
Subject: CCCT Board Election - 2010

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

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

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

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

The election of members of the CCCT board will take place between March 10 and April 25. Each member district board of trustees will have one vote for each vacancy on the CCCT board. Seven persons will be elected to the board this year. Five incumbents (elected and appointed) are eligible to run for re-election. In accordance with the CCCT Board Governing Policies, as adopted by the board at its June 2008 meeting, “CCCT Board members shall be elected by the institutional member governing boards for alternate three-year terms. No CCCT Board member shall serve more than three (3) terms consecutively.”

Election results will be announced at the CCCT annual conference. The newly elected members of the board will assume their responsibilities at the conclusion of the annual conference, May 2, 2010.

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

Attachments: (mailed only to CCC Chancellors/Superintendents)

- Official Nominating Form
- Official Biographical Sketch Form
- Official Statement of Candidacy
- CCCT Board Terms of Office (adopted by the board, November 2008)
- CCCT Board Roster



CCCT BOARD NOMINATION FORM

Must be returned to the League office **postmarked no later than February 15, 2010**, along with the statement of candidacy and biographic sketch form. **Faxed material will not be accepted.**

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

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

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

Signature of Clerk or Secretary of Governing Board

CCCT BOARD BIOGRAPHIC SKETCH FORM

Must be returned to the League office **postmarked no later than February 15, 2010**, along with the nominating ballot and statement of candidacy. **Faxed material will not be accepted.**

PERSONAL

Name: _____ Date: _____

Address: _____

City: _____ Zip: _____

Phone: _____ (home) _____ (office)

E-Mail: _____

EDUCATION

Certificates/Degrees: _____

PROFESSIONAL EXPERIENCE

Present Occupation: _____

Other: _____

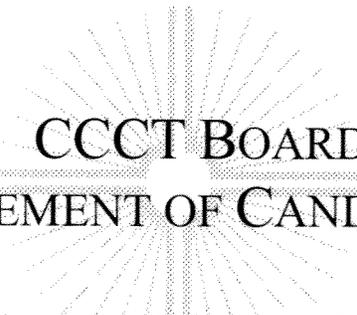
COMMUNITY COLLEGE ACTIVITIES

College District Where Board Member: _____

Years of Service on Local Board: _____

Offices and Committee Memberships Held on Local Board: _____

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



CCCT BOARD
STATEMENT OF CANDIDACY

Must be returned to the League office **postmarked no later than February 15, 2010** along with the nominating ballot and biographic sketch form. **Faxed material will not be accepted.**

CANDIDATE'S NAME: _____ DATE: _____

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

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

<u>Election</u>	<u>Group</u>	<u>Seat</u>	<u>First Elected/Appointed</u>	<u>Next Election</u>	<u>Terms Left for Incumbent</u>
2010	I.	Bader	2006	2010	2
	I.	Barreras	2006	2010	2
	I.	*Beck	2001	2010	0
	I.	*Grier	2001	2010	0
	I.	Howald	2004	2010	1
	I.	Jaffe	2009	2010	2
	I.	Singer	2004	2010	1
	2011	II.	*Albani	2000	2011
II.		Figueroa	2007	2011	2
II.		McMillin	2008	2011	2
II.		Meng	2004	2011	1
II.		*Mercer	2002	2011	0
II.		Ortell	2004	2011	1
II.		*Villegas	2000	2011	0
2012		III.	Chaniot	2009	2012
	III.	Jones	2008	2012	1
	III.	*Mann	2005	2012	0
	III.	Ontiveros	2008	2012	1
	III.	Otto	2009	2012	2
	III.	Stampolis	2009	2012	2
	III.	Zableckis	2009	2012	2
	* Board member is unable to seek reelection due to three-term limit.				

**CALIFORNIA COMMUNITY COLLEGE TRUSTEES
2009-10 BOARD ROSTER**

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BOARD REPORT NO. 10-1-3B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Sarah Perkins, Vice President, Instruction, Cañada College, 306-3353

ADDITION OF EARTH SCIENCE DEGREE – CAÑADA COLLEGE

The addition of a 60-unit Associate in Science Degree in Earth Science is proposed by Cañada College. In our continuous updating and reviewing of the curriculum it was noted that, in spite of having the courses, there was no degree available for students interested in the earth sciences. The faculty developed a package of courses in the earth science area that align well with the lower division course work in the CSU and UC systems.

The proposed Earth Science degree has been reviewed by the appropriate Division Dean and approved by the Curriculum Committee, acting on behalf of the local Academic Senate.

RECOMMENDATION

It is recommended that the Board approve the Associate in Science Degree in Earth Science at Cañada College.

BOARD REPORT NO. 10-1-4B

To: Members of the Board of Trustees

From: Ron Galatolo, Chancellor

Prepared By: Andreas R Wolf, Dean of Physical Education/Athletics, College of San Mateo,
650-574-6462

APPROVAL OF COLLEGE OF SAN MATEO ONGOING BASEBALL CLINICS

College of San Mateo's baseball staff would like to organize a baseball developmental program for the youth of our community. Our coaching staff is requesting the support of the Board of Trustees and approval to begin offering quality youth baseball instruction to aspiring baseball players.

Doug Williams, Head Baseball Coach at College of San Mateo, will organize and assist in instructing these clinics. Our clinics will be ongoing throughout the year and revolve around the availability of the participants' schedules on a weekly basis. Players will be grouped by age and skill level, so the developmental process is maximized during their time spent with the coaching staff. The kids will be educated in the areas of hitting, fielding, throwing, and overall baseball skills during each clinic. Coach Williams will hire assistant coaches and student-athletes to assist, making the learning experience more beneficial with consideration of player / coach ratio.

Clinic Sessions: Clinics will be run weekly depending on the availability of each participant.

The clinics will be funded by weekly fees, which will be paid by each participant. Weekly fees will support the cost of the facilities, insurance and equipment used during these clinics. Every participant will be charged a relative fee based upon the amount of individual or group participation. The clinics will be self-supporting.

RECOMMENDATION

It is recommended that the Board of Trustees approve the Baseball Clinics at College of San Mateo.

San Mateo County Community College District

January 27, 2010

BOARD REPORT NO. 10-1-103B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: James W. Keller, Executive Vice Chancellor, 358-6790

RECEIPT AND ACCEPTANCE OF THE 2008-09 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, 2009. 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 2008-09 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, 2009 due date.

**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2009 AND 2008

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION



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

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the business-type activities of San Mateo County Community College District (the District) as of and for the years ended June 30, 2009 and 2008, and its discretely presented component unit the Education Housing Corporation as listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of San Mateo County Community College District and its discretely presented component unit as of June 30, 2009 and 2008, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2009, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of 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* and is important for assessing the results of our audit.

The required supplementary information, such as management's discussion and analysis and other postemployment information as listed in the table of contents, is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion.

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

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 8, 2009

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

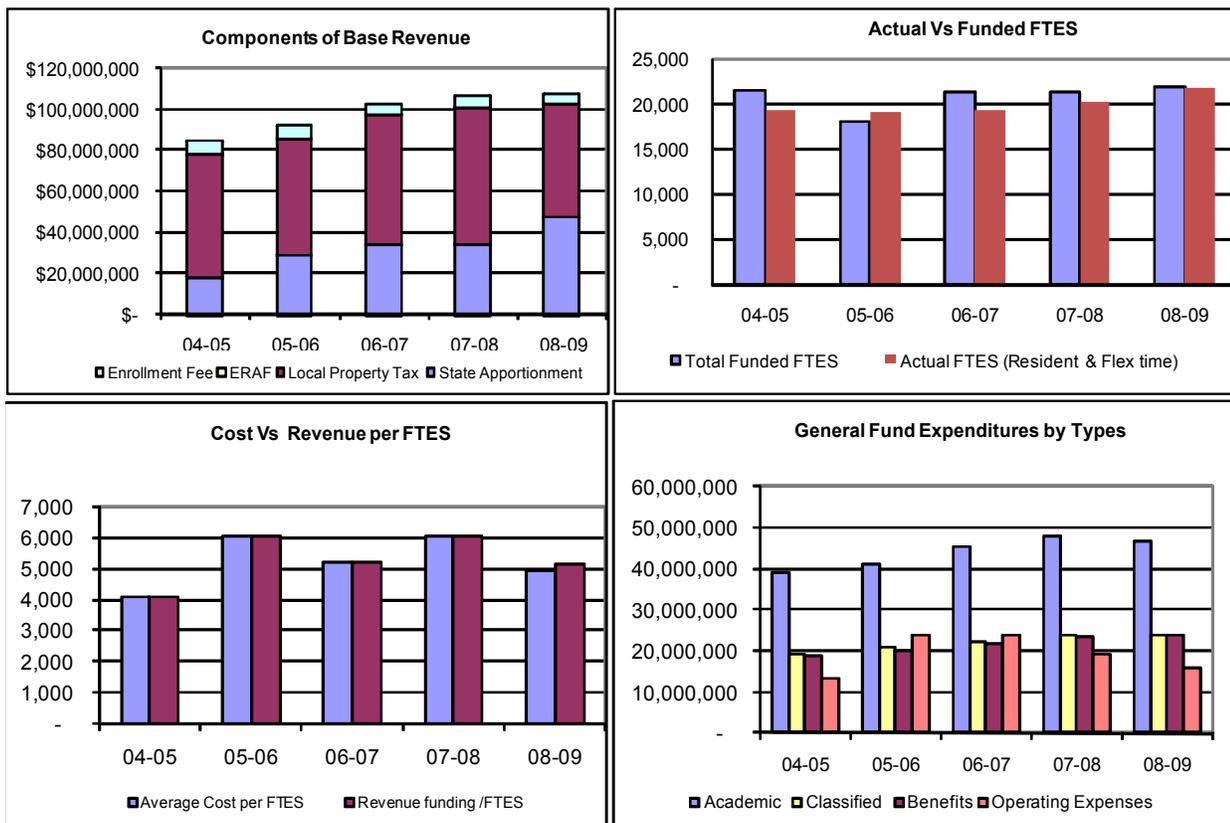
Introduction

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, 2009, June 30, 2008 and June 30, 2007. The discussion has been prepared by management and is best read in conjunction with the financial statements and the notes following this section.

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

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

Financial Highlights of 2008-09



SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

Financial Overview

- Assets exceeded liabilities for the fiscal year ended June 30, 2009 by \$171 million, and net assets decreased \$23 million over last year.
- Net noncurrent assets decreased \$15 million.
- Net operating loss was \$157 million.
- Net non-operating gain was \$120 million.

Reporting for the District as a Whole

- Economic position of the District with the State
As the state's economy faltered during 2008/09 and continuing in 2009/10, the District's economic position has been more challenging. The District has responded by cutting 10% of the sites' operating budgets for 2009/10 as well as continuing to maximize its apportionment funding from the state. The District borrowed 116 FTES from Summer 2009, increasing its revenue for 2008/09. The District expects to be over its funded FTES cap for 2009/10. In addition to cutting the budget, the District has been preparing to cover its long term liabilities by establishing a post retirement benefits trust so that the liabilities for retiree medical benefits can be funded.
- 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 completed year two of its three-year contracts with each of the employee bargaining groups. The 2009-10 (third year) settlement provides salary and benefit increases for the CSEA bargaining unit only (3% on wages; 1% towards medical cap) which was retroactive to July 1, 2008. With no State COLA in 2009-10, COLA is not projected in the 2009-10 budget any employee group. The budget includes the January 1, 2009 increases (3 – 15%) in non-capped health premium rates for employees and retirees. Dental insurance and vision rates did not increase. The District's Unemployment Insurance Contribution Rate remained at 3%. Worker's compensation decreased slightly from 2.257% to 2%. To comply with GASB 45, the District begun charging itself an amount (4%) 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, 2009, all of the \$207 million November 2001 general obligation bond and \$346 million of the \$468 million November 2005 general obligation bond have been spent or encumbered by contract. The 2001 bond authorization projects are scheduled to be completed by the end of 2009. A program definition identifying projects, sequence of construction, and cost estimates has been developed for the 2005 general obligation authorization. This will be adjusted regularly to keep pace with the academic and construction environment. The funds of the 2005 general obligation continues to be used to refurbish most of the three colleges' classroom spaces and to construct additional instructional and student services facilities as well as faculty offices. The 2005 general obligation bond construction projects are scheduled to be completed in 2012.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009

- The Cañada College Building 8 Phase 2 renovation project, which costs \$2.3 M, was completed in spring of 2009. The first floor was completely renovated; providing additional offices, conference rooms, staff break room and work room. Also included was the installation of a new air conditioning system for the entire building. A new 14,000 square foot Facilities Maintenance Center was completed in summer of 2009. This \$10.3 million project provides new offices, work space and truck and car bays and storage areas for the facilities team. This new building has received Silver LEED certification (Leadership in Energy and Environmental Design), demonstrating the District's commitment to sustainable building design and construction.

Cañada College's largest bond funded project – Gateways, Circulation, Parking and Infrastructure project – was completed fall 2009. This \$10.9 million project includes landmark new entries at Farm Hill Boulevard and Cañada Road; landscape hierarchies to define vehicular and pedestrian circulation routes; accessible paths of travel for the physically disabled community; emergency vehicle access and other safety and security measures/renovation of old and construction of new parking lots.

- College of San Mateo's Fine Arts Complex (Buildings 2 and 4) and General Lecture Buildings (Buildings 14 and 16) underwent major renovations with upgraded classrooms and offices, ADA restrooms, and enhanced entries and lobbies. These two projects were completed in spring of 2009. The Fine Arts Courtyard project which consisted of a total remodel of the courtyard and landscaping was completed in spring of 2009. In August of 2009, the newly built stelevator was recently completed beside Building 4. This iconic stair elevator combination provides a new Gateway to students and staff parking in the Beethoven lot and affords a new accessible path of travel into the main campus.

College of San Mateo's largest bond funded project is the Design-Build Project which involved demolition of four buildings; construction of two new buildings, a new aquatic center and extensive site work and landscape improvements. The construction of Health and Wellness Center, Building 5, is on schedule. This building, the new home for the Workforce programs, including Dental Assisting, Nursing and Cosmetology, as well as the new home for the San Mateo Fitness and Aquatics Center, is scheduled for completion in spring 2010. The construction of the new, College Center, Building 10, began in spring 2009 and is scheduled for completion in spring 2011. This new facility will unite Student Services into a "One-Stop Shop", including admissions, career services, counseling, health center, financial aid, a learning center, disabled students programs & services, cafeteria, and bookstore.

- Skyline College's new Facilities Maintenance Center was completed in fall 2009. This \$8.2 million project consists of engineering, custodial, and grounds facilities to maintain campus operations. Skyline College's largest bond funded project is the Design-Build Project, which is currently under construction. The new Building 4 will be the new home of the Cosmetology program, the Multi-Cultural Center and college administration and general assignment classrooms. The new Building 11 Automotive Transmission Facility will support the very popular automotive technology program. These two new buildings are scheduled for completion in 2011. Also part of this Design Build project is parking, paving, sidewalk and roadway upgrades; new campus entries; landscape improvements and renovation of existing quads on campus which are expected to be completed in 2011.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009



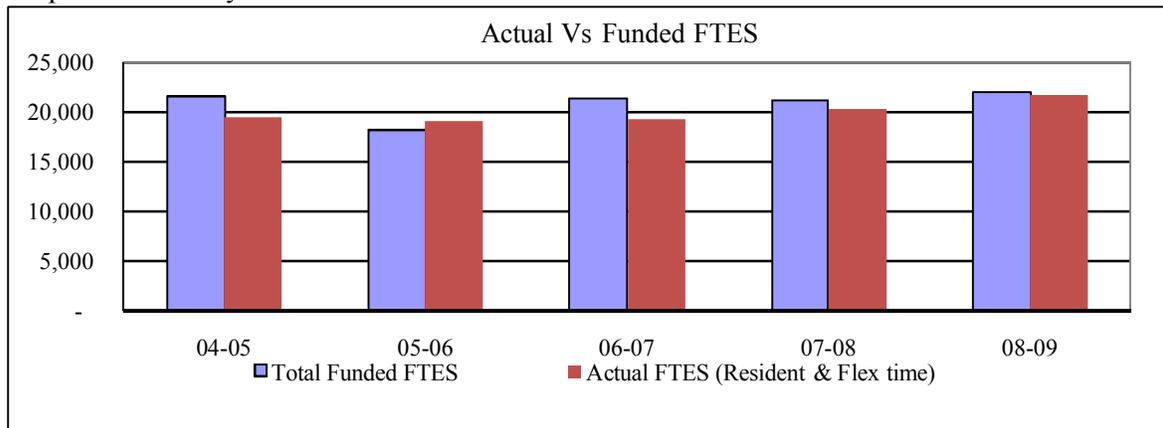
Cañada College Building 7 Facilities Maintenance Center (Top Left)
CSM Conceptual Rendering of Building 10 Campus Center (Top Right)
CSM Building 4 Stelevator (Middle Left)
Skyline College Design Build Sitework Improvements: Central Quad (Middle Right)
Skyline College Facilities Maintenance Center (Bottom)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

- Enrollment

Over the last several years, the District has been borrowing FTES from the following summer to boost enrollment, while being held harmless for funding in the year from which the FTES were taken. In 2008/09, the District has finally just about reached its funded FTES cap, borrowing only 116 FTES from 2009/10. With the state 3.4% reduction in funded FTES in 2009/10, the District anticipates being over its funded FTES cap in 2009/10. The following chart shows comparative funded and actual FTES data for the past five fiscal years.



Net Assets

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

- Cash and cash equivalents consist of cash in the Treasury, Local Agency Investment Fund (LAIF) of the State Treasurer's Office, San Mateo County Pool Investment, Special Deposit Bond and with Wells Fargo Bank, proceeds from the District's general obligation construction bond and certificates of deposit with various banks.
- Accounts receivable primarily consists of revenues from local, state, and federal sources from which the District had earnings but which were not received as of the fiscal year's closing date.
- Inventories and other assets include prepaid expenses and bookstore inventories.
- Capital assets, net of depreciation, are the net historical value of land, buildings, construction in progress and equipment less accumulated depreciation.
- Accounts payable and accrued liabilities consist of payables to the state, federal grants, benefits, salaries and local vendors which the District incurred but for which payments were not issued as of the end of the fiscal year.

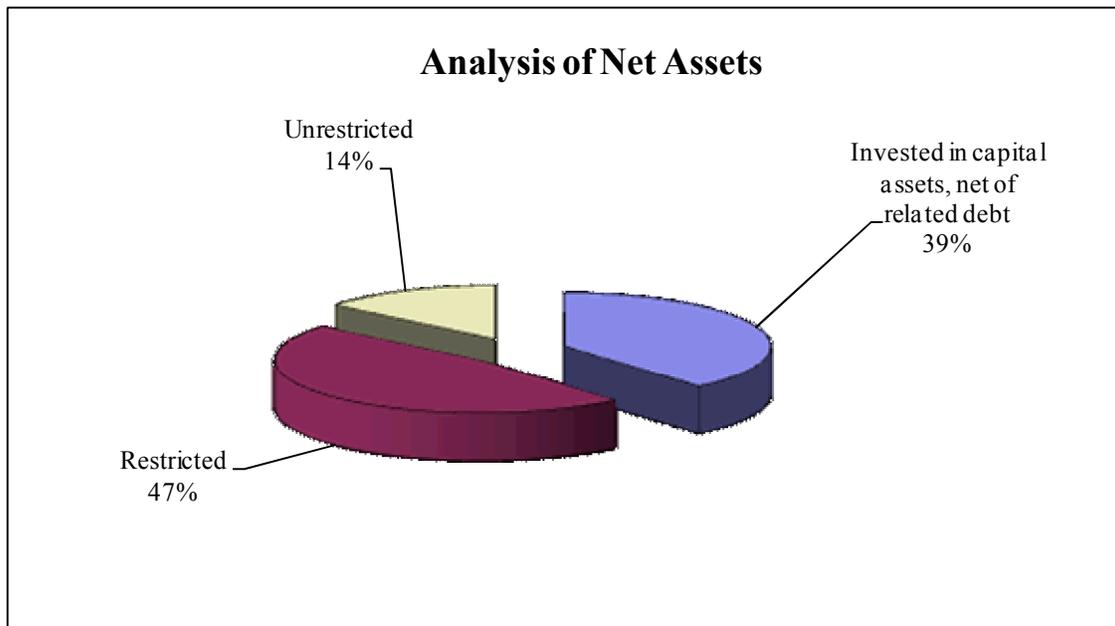
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009

- Deferred revenues represent cash received during the fiscal year from state, federal grants, general 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.
- According to GASB Statements, equity is reported as “Net Assets” rather than “Fund Balance.” The District’s net assets are classified as follows:
 - Invested in capital assets, net of related debt, represents the District’s total investment in capital assets and net of outstanding debt obligations related to those capital assets.
 - Restricted net assets consist of expendable and nonexpendable portions. Restricted expendable net assets include resources which the District is contractually obligated to expend in accordance with restrictions imposed by external third parties.
 - Unrestricted net assets represent resources used for transactions relating to the educational and general operations of the District.

Analysis of Net Assets – June 30, 2009



SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

Table 1 Statement of Net Assets

	<u>2009</u>	<u>2008</u>	<u>2007</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 882,404	\$ 5,554,918	\$ 981,235
Investments	70,945,508	66,683,257	67,134,733
Accounts receivable, net	27,517,468	22,256,730	22,535,089
Student loans receivable	770,222	621,628	510,673
Prepaid expenses	172,303	3,586,283	1,516,058
Deferred charges	266,780	266,780	266,780
Stores inventories	1,832,612	1,754,594	1,692,450
Other current assets	-	-	25,750
Total Currents Assets	102,387,297	100,724,190	94,662,768
Noncurrent Assets:			
Deferred charges	5,415,828	5,682,608	5,949,388
Prepaid expenses	7,078,461	7,387,606	-
Restricted cash and cash equivalents	368,589,938	499,030,957	538,217,494
Non-depreciable capital assets	180,487,313	99,114,649	45,311,034
Depreciable capital assets, net of depreciation	284,588,149	250,013,002	251,229,009
Total Noncurrent Assets	846,159,689	861,228,822	840,706,925
TOTAL ASSETS	948,546,986	961,953,012	935,369,693
LIABILITIES			
Current Liabilities:			
Accounts payable	33,625,589	25,564,758	18,072,661
Interest payable, restricted	16,624,786	17,622,768	8,107,914
Deferred revenue	11,507,994	10,178,081	10,003,127
Amount held in trust on behalf of others	953,758	949,659	1,803,748
Compensated absences payable - current portion	-	2,303,149	2,038,973
Bonds and notes payable - current portion	9,575,000	16,065,000	12,245,000
Other long-term liabilities - current portion	877,627	877,627	877,627
Total Current Liabilities	73,164,754	73,561,042	53,149,050
Noncurrent Liabilities			
Compensated absences payable - noncurrent portion	3,338,217	1,013,153	2,975,755
Bonds and notes payable - noncurrent portion	677,772,064	670,946,723	-
Net OPEB Obligation	4,350,423	2,709,003	-
Other long-term liabilities - noncurrent portion	18,428,645	19,306,275	691,536,128
Total Noncurrent Liabilities	703,889,349	693,975,154	694,511,883
TOTAL LIABILITIES	777,054,103	767,536,196	747,660,933
NET ASSETS			
Invested in capital assets, net of related debt	66,322,802	79,328,342	69,284,869
Restricted for:			
Debt service	18,441,351	26,772,227	30,844,675
Capital projects	58,337,149	56,979,609	52,659,542
Educational programs	4,207,126	3,976,966	3,973,234
Other activities	166,888	177,874	156,256
Unrestricted	24,017,567	27,181,798	30,790,184
TOTAL NET ASSETS	\$ 171,492,883	\$ 194,416,816	\$ 187,708,760

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

Total net assets at June 30, 2009, decreased \$23 million over the prior fiscal year. The decrease was primarily due to the decrease in cash and cash equivalents account and increase in liability for Bond construction in the District.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets shown below consists of operating and non-operating results of the District. Operating revenues represent all revenues from programmatic sources. Non-operating revenues include State apportionments, Local property tax revenues, investment earnings and gifts. Operating revenues include activities characterized by exchange transactions, such as student fees, sales and services of Bookstore and Cafeteria operations, services provided and contracted to grants agencies, and interest from institutional student loans. Non-operating revenue, on the other hand, is characterized by non-exchange transactions, such as donations, gifts, State appropriations and regular investment income.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

Table 2 – Statement of Operating Revenues

	2009	2008	2007
OPERATING REVENUES			
Student Tuition and Fees	\$ 13,580,206	\$ 12,617,332	\$ 13,319,298
Less: Fee waivers and allowance	(3,241,560)	(2,942,230)	(3,380,891)
Net Tuition and fees	<u>10,338,646</u>	<u>9,675,102</u>	<u>9,938,407</u>
Auxiliary Enterprise Sales and Charges			
Bookstore	8,769,069	8,569,211	7,675,822
Cafeteria	211,458	207,873	156,063
Internal Service Sales and Charges	-	-	2,003,309
TOTAL OPERATING REVENUES	<u>19,319,173</u>	<u>18,452,186</u>	<u>19,773,601</u>
OPERATING EXPENSES			
Salaries	92,142,686	87,820,850	83,216,422
Employee benefits	31,784,596	32,107,393	27,731,770
Supplies, materials, and other operating expenses and services	32,627,603	36,265,682	42,979,059
Student financial aid	9,097,088	6,899,035	-
Depreciation	10,486,701	12,596,369	6,705,276
TOTAL OPERATING EXPENSES	<u>176,138,674</u>	<u>175,689,329</u>	<u>160,632,527</u>
OPERATING LOSS	<u>(156,819,501)</u>	<u>(157,237,143)</u>	<u>(140,858,926)</u>
NON-OPERATING REVENUES (EXPENSES)			
State apportionments, noncapital	48,244,024	33,478,098	36,434,017
Local property taxes, levied for general purposes	53,585,109	66,173,389	62,006,836
Local property taxes, levied for special purposes	24,274,761	23,577,893	-
Federal	12,285,730	9,526,924	8,422,187
State	13,644,091	12,572,475	12,628,741
Local	2,188,699	2,811,493	2,693,243
State taxes and other revenues	2,307,213	2,518,268	3,875,899
Investment income (loss), net	(15,601,986)	26,619,435	33,969,407
Interest expense on capital related debt	(30,588,864)	(40,904,192)	(44,963,775)
Interest income on capital asset-related debt, net	155,977	164,587	118
Other non-operating revenue	9,405,516	11,808,859	30,365,811
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>119,900,270</u>	<u>148,347,229</u>	<u>145,432,484</u>
INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES	<u>(36,919,231)</u>	<u>(8,889,914)</u>	<u>4,573,558</u>
OTHER REVENUES AND EXPENSES			
State revenues, capital	11,103,757	12,762,469	12,238,275
Local revenues, capital	2,891,541	2,835,501	2,472,262
TOTAL OTHER REVENUES AND EXPENSES	<u>13,995,298</u>	<u>15,597,970</u>	<u>14,710,537</u>
CHANGE IN NET ASSETS	(22,923,933)	6,708,056	19,284,095
NET ASSETS, BEGINNING OF YEAR	194,416,816	187,708,760	168,424,665
NET ASSETS, END OF YEAR	<u>\$ 171,492,883</u>	<u>\$ 194,416,816</u>	<u>\$ 187,708,760</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009

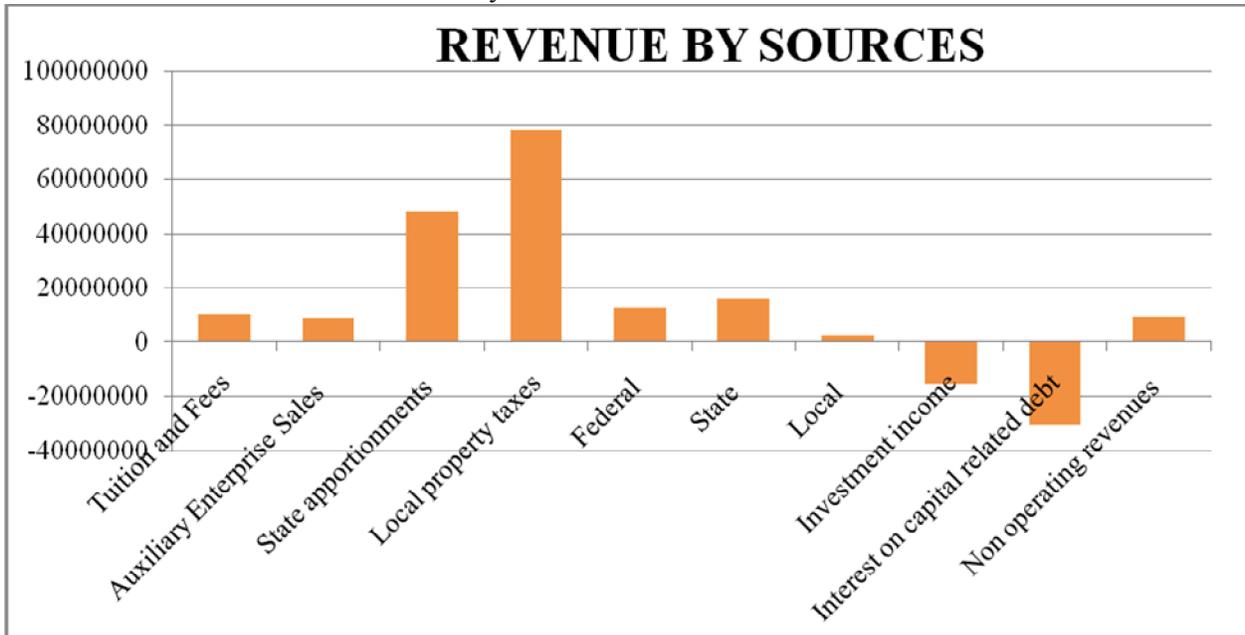
Explanatory information for the statement is as follows:

- Tuition and Fees are net of enrollment, health, non-resident tuition, other student fees and less scholarship discount and allowance as defined by GASB statement No. 35.
- Auxiliary Enterprise Sales and Charges consist of bookstore and cafeteria sales less discount allowances.
- State apportionments, non-capital includes state apportionment, apprenticeship, Partnership for Excellence and child care development apportionment.
- Local property taxes and other non-operating revenues consist primarily of secured and unsecured taxes which are payable to the District in December and March of each year. The County of San Mateo collects the taxes on behalf of the District. Other non-operating revenues are State Lottery revenue and miscellaneous local income.
- 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. The loss to the county investment pool due the Lehman Brothers bankruptcy totaling \$25 million in bond funds and operating funds contributed to the negative interest for year 2008-09. (Note: The County Treasurer manages and invests deposits from governmental entities in San Mateo County in this pool and is examining options and strategies to minimize the actual loss.)
- State and Local Revenues, capital includes State scheduled maintenances funding and issuance of the General Bond. These revenues relate mainly to construction activities.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

Below is an illustration of District revenues by source:



Revenues and expenses changed mainly due to the following:

- Net Income from Operating sources illustrated an increase in grants and tuition, increase in salaries and benefits.
- Net Non-Operating sources increased mainly due to an increase in the State apportionment revenue.

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

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

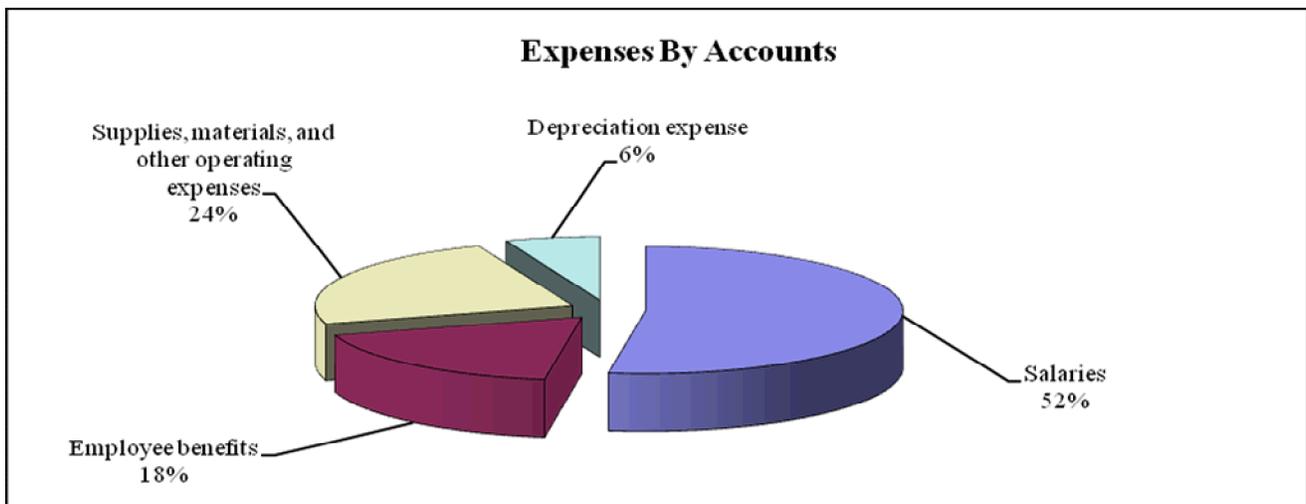
Statement of Operation Expenses by Account

	2009	2008	2007
	in thousands	in thousands	in thousands
Salaries	\$ 92,143	\$ 87,821	\$ 83,216
Employee benefits	31,785	32,107	27,732
Supplies, materials, and other operating expenses	41,725	43,165	42,979
Depreciation expense	10,487	12,596	6,705
TOTAL OPERATING EXPENSES	\$ 176,139	\$ 175,689	\$ 160,633

Statement of Operating Expenses by Activity

	2009	2008	2007
	in thousands	in thousands	in thousands
Instructional activities	\$ 74,873	\$ 67,279	\$ 65,249
Academic support	8,746	10,159	7,021
Student services	20,060	13,923	14,541
Plant operations and maintenance	23,250	46,142	36,870
Instructional support services	15,760	3,554	6,503
Community services and economic development	1,548	1,043	1,160
Ancillary services and auxiliary operations	21,415	20,993	22,583
Depreciation expense	10,487	12,596	6,706
TOTAL OPERATING EXPENSES	\$ 176,139	\$ 175,689	\$ 160,633

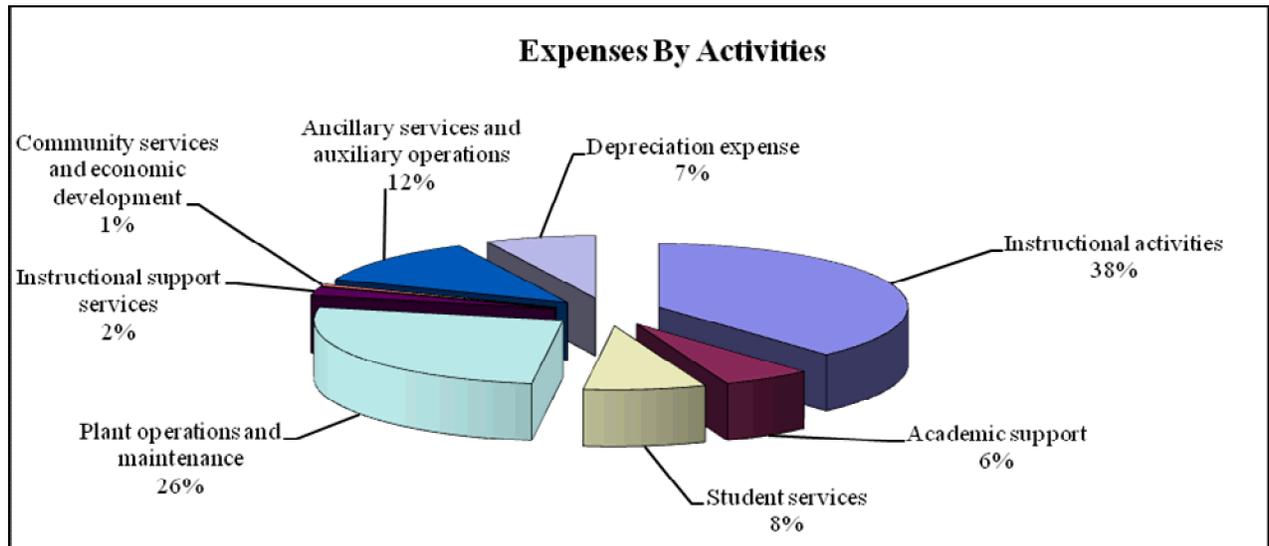
Below are illustrations of District expenditures by accounts and by activities.



SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009



Cash Flows

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

- The main cash receipts from operating activities consist of tuition, student fees, auxiliary enterprise sales, Federal and State grants and contracts. Cash outlays include payment of salaries, benefits, supplies and operating expenses.

State apportionments and property taxes are the primary source of non-capital financing.

- For capital financing activities, the main sources are from special State Apportionments and General Obligation Bond and C.O.P. proceeds.
- Cash from investing activities consists of Interest from County Investment Pool, Certifications of Deposits, Bond and Local Agency Investment Fund (LAIF).

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

	<u>2009</u>	<u>2008</u>	<u>2007</u>
	in thousands	in thousands	in thousands
CASH FLOWS PROVIDED BY (USED IN):			
Operating Activities	\$ (131,160,717)	\$ (142,367,221)	\$ (109,377,683)
Noncapital financing activities	152,910,854	149,237,547	111,914,543
Capital financing activities	(138,987,036)	(70,927,807)	296,138,384
Investing activities	(13,614,383)	28,993,151	29,570,764
NET CHANGE IN CASH AND CASH EQUIVALENTS	(130,851,282)	(35,064,330)	328,246,008
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	571,269,132	606,333,462	278,087,454
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 440,417,850</u>	<u>\$ 571,269,132</u>	<u>\$ 606,333,462</u>

Economic Factors and the 2009-10 Budget

The 2009/10 state budget was actually adopted in February, 2009, but was out of balance as soon as it was passed. The budget was revised late in the summer and was again pronounced out of balance. The state's revenues continue to come in below the budget. The state is relying on borrowing from schools, deferring payments both within the current and into the next fiscal year. The District is relying primarily upon local tax dollars to assist with cash flow, in addition to borrowing through a Tax Revenue Anticipation Note (TRAN). The District adopted a deficit budget for 2009/10, using reserves generated from shifting FTES between years. This is allowing the District time to prepare for mid-year cuts and cuts for the 2010/11 fiscal year. Because the District is planning and preparing for budget cuts one year in advance, the District is able to use the District's strategic plan to make the cuts in the least harmful way. The District continues to prepare multi-year projections to allow it to plan ahead.

C.I.P. Planning 2009-10 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 of CSM and Skyline College's Design-Build Projects, State and locally funded modernization projects. Compilations of site-specific activities, which have recently been completed or are currently in design, pre-construction, or construction, are listed below.

The following projects are in the design or preconstruction phases:

Cañada College:

- Buildings 5& 6 Student Center/Classroom Modernization
- Electrical Infrastructure Upgrades

College of San Mateo:

- Building 9 Modernization
- North Gateway (Demolition of Buildings 21-29) Project (State Funded Project)
 - Increment 1- Electrical Load Center 4 Replacement
 - Increment 2- Demolition of Buildings 21-27 & 29; Construction of new North Gateway

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009

Skyline College:

- Building 1 Ceramics Lab
- Building 1 Skylights Replacement & Waterproofing
- Electrical Infrastructure Upgrades

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

Staff and Faculty Housing

The College District is building a second housing project (Cañada Vista) for faculty and staff on Parking Lot 3 at Cañada College. The project was fully entitled by the City of Redwood City, Town of Woodside and the Local Agency Formation Commission; construction began in April, 2009 and completion is expected in early summer 2010.

Canada Vista will have 60 units: 22 one bedroom or one bedroom with den; 32 two bedrooms; and 6 three-bedroom units. Fifty-six units will have private, individual garages and a washer/dryer. Interior amenities include 9 foot ceilings, wood entryways, individual patios or decks; large windows and sliding glass doors. As is the case with College Vista, rents are expected to be significantly below market rate. The District currently has a wait list of more than 90 faculty and staff members who are interested in renting these units.

The College Vista Project, which has been open for more than 3½ years, continues to be successful and we believe that it has helped the district increase its retention of employees. Ten employees who lived at College Vista have moved out to purchase a new home.

Contacting the District's Financial Management Office

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF NET ASSETS
JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 882,404	\$ 5,554,918
Investments	70,945,508	66,683,257
Accounts receivable, net	27,517,468	22,256,730
Student loans receivable	770,222	621,628
Prepaid expenses	172,303	3,586,283
Deferred charges	266,780	266,780
Stores inventories	1,832,612	1,754,594
Total Current Assets	<u>102,387,297</u>	<u>100,724,190</u>
Noncurrent Assets		
Deferred charges	5,415,828	5,682,608
Prepaid expenses	7,078,461	7,387,606
Restricted cash and cash equivalents	368,589,938	499,030,957
Nondepreciable capital assets	180,487,313	99,114,649
Depreciable capital assets, net of depreciation	284,588,149	250,013,002
Total Noncurrent Assets	<u>846,159,689</u>	<u>861,228,822</u>
TOTAL ASSETS	<u>948,546,986</u>	<u>961,953,012</u>
LIABILITIES		
Current Liabilities		
Accounts payable	33,625,589	25,564,758
Interest payable, restricted	16,624,786	17,622,768
Deferred revenue	11,507,994	10,178,081
Amounts held in trust on behalf of others	953,758	949,659
Compensated absences payable - current portion	-	2,303,149
Bonds and notes payable - current portion	9,575,000	16,065,000
Other long-term liabilities - current portion	877,627	877,627
Total Current Liabilities	<u>73,164,754</u>	<u>73,561,042</u>
Noncurrent Liabilities		
Compensated absences payable - noncurrent portion	3,338,217	1,013,153
Bonds and notes payable - noncurrent portion	677,772,064	670,946,723
Net OPEB Obligation	4,350,423	2,709,003
Other long-term liabilities - noncurrent portion	18,428,645	19,306,275
Total Noncurrent Liabilities	<u>703,889,349</u>	<u>693,975,154</u>
TOTAL LIABILITIES	<u>777,054,103</u>	<u>767,536,196</u>
NET ASSETS		
Invested in capital assets, net of related debt	66,322,802	79,328,342
Restricted for:		
Debt service	18,441,351	26,772,227
Capital projects	58,337,149	56,979,609
Educational programs	4,207,126	3,976,966
Other activities	166,888	177,874
Unrestricted	24,017,567	27,181,798
TOTAL NET ASSETS	<u>\$ 171,492,883</u>	<u>\$ 194,416,816</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	2009	2008
OPERATING REVENUES		
Student Tuition and Fees	\$ 13,580,206	\$ 12,617,332
Less: Fee waivers and allowance	(3,241,560)	(2,942,230)
Net tuition and fees	10,338,646	9,675,102
Auxiliary Enterprise Sales and Charges		
Bookstore	8,769,069	8,569,211
Cafeteria	211,458	207,873
TOTAL OPERATING REVENUES	19,319,173	18,452,186
OPERATING EXPENSES		
Salaries	92,142,686	87,820,850
Employee benefits	31,784,596	32,107,393
Supplies, materials, and other operating expenses and services	32,627,603	36,265,682
Student financial aid	9,097,088	6,899,035
Depreciation	10,486,701	12,596,369
TOTAL OPERATING EXPENSES	176,138,674	175,689,329
OPERATING LOSS	(156,819,501)	(157,237,143)
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	48,244,024	33,478,098
Local property taxes, levied for general purposes	53,585,109	66,173,389
Local property taxes, levied for special purposes	24,274,761	23,577,893
Federal grants	12,285,730	9,526,924
State grants	13,644,091	12,572,475
Local grants	2,188,699	2,811,493
State taxes and other revenues	2,307,213	2,518,268
Investment income (loss), net	(15,601,986)	26,619,435
Interest expense on capital related debt	(30,588,864)	(40,904,192)
Interest income on capital asset-related debt, net	155,977	164,587
Other nonoperating revenue	9,405,516	11,808,859
TOTAL NONOPERATING REVENUES (EXPENSES)	119,900,270	148,347,229
LOSS BEFORE OTHER REVENUES AND EXPENSES	(36,919,231)	(8,889,914)
State revenues, capital	11,103,757	12,762,469
Local revenues, capital	2,891,541	2,835,501
TOTAL OTHER REVENUES AND EXPENSES	13,995,298	15,597,970
CHANGE IN NET ASSETS	(22,923,933)	6,708,056
NET ASSETS, BEGINNING OF YEAR	194,416,816	187,708,760
NET ASSETS, END OF YEAR	\$ 171,492,883	\$ 194,416,816

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 12,810,510	\$ 8,845,398
Non capital grants and contracts	5,103,588	(296,234)
Payments to vendors for supplies and services	(25,724,876)	(27,955,087)
Payments to or on behalf of employees	(122,866,914)	(122,159,326)
Payments to students for scholarships and grants	(9,245,682)	(7,009,990)
Auxiliary sales	8,758,558	7,062,107
Amounts held for others	4,099	(854,089)
Net Cash Flows Used For Operating Activities	<u>(131,160,717)</u>	<u>(142,367,221)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	39,535,288	33,100,152
Property taxes, levied for general purposes	53,585,109	66,173,389
Property taxes, levied for special purposes	24,274,761	25,054,878
State taxes and other apportionments	25,862,558	27,429,160
Other receipts (payments)	9,653,138	(2,520,032)
Net Cash Flows From Noncapital Financing Activities	<u>152,910,854</u>	<u>149,237,547</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(122,978,899)	(61,111,115)
Loss on disposal of capital assets	328,303	297,436
Bond accretions	16,400,341	15,659,497
Net increase on OPEB obligations	1,641,420	2,709,003
State revenue, capital projects	11,103,757	12,762,469
Local revenue, capital projects	2,891,541	2,835,501
Deferred cost on issuance	-	266,780
Principal paid on capital debt	(16,942,630)	(13,122,627)
Interest paid on capital debt	(31,586,846)	(31,389,338)
Interest received on capital asset-related debt	155,977	164,587
Net Cash Flows Used for Capital Financing Activities	<u>(138,987,036)</u>	<u>(70,927,807)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received/(paid) from investments	<u>(13,614,383)</u>	<u>28,993,151</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(130,851,282)	(35,064,330)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	571,269,132	606,333,462
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 440,417,850</u>	<u>\$ 571,269,132</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CASH FLOWS, Continued
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (156,819,501)	\$ (132,326,251)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense	10,486,701	12,596,369
Changes in Assets and Liabilities:		
Receivables, net	2,529,798	(2,095,357)
Inventories	(78,018)	(62,144)
Prepaid items	3,413,980	(2,044,475)
Student loans receivable, net	(148,594)	(110,955)
Accounts payable and accrued liabilities	8,060,831	7,265,619
Deferred revenue	1,389,987	174,954
Funds held for others	4,099	(854,089)
Total Adjustments	<u>25,658,784</u>	<u>14,869,922</u>
Net Cash Flows From Operating Activities	<u>\$ (131,160,717)</u>	<u>\$ (117,456,329)</u>
 CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash in banks, unrestricted	\$ 882,404	\$ 5,554,918
Cash equivalents	70,945,508	66,683,257
Cash equivalents, restricted	368,589,938	499,030,957
Total Cash and Cash Equivalents	<u>\$ 440,417,850</u>	<u>\$ 571,269,132</u>
 NON CASH TRANSACTIONS		
On behalf payments for benefits	<u>\$ 1,772,764</u>	<u>\$ 1,771,986</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT
EDUCATIONAL HOUSING CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 86,793	\$ 53,577
Accounts receivable	202	404
Prepaid expenses	2,500	2,721
Total Current Assets	<u>\$ 89,495</u>	<u>\$ 56,702</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 136	\$ -
Deferred rent	30,614	-
Other deferred revenue	510	-
Rent security deposits	50,899	50,024
Total Current Liabilities	<u>82,159</u>	<u>50,024</u>
NET ASSETS		
Unrestricted	<u>7,336</u>	<u>6,678</u>
Total Liabilities and Net Assets	<u>\$ 89,495</u>	<u>\$ 56,702</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT
EDUCATIONAL HOUSING CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
REVENUES		
Rental income	\$ 560,482	\$ 553,581
Interest and dividends	1,234	146
Commission	221	2,262
Water reimbursement	11,304	8,670
Total Revenues	<u>573,241</u>	<u>564,659</u>
EXPENSES		
Operating expenses	115,083	93,931
Total Expenses	<u>115,083</u>	<u>93,931</u>
OTHER SOURCES AND USES		
Transfer out to SMCCCD	(457,500)	(470,000)
Total Other Uses	<u>(457,500)</u>	<u>(470,000)</u>
CHANGE IN NET ASSETS	658	728
NET ASSETS, BEGINNING OF YEAR	<u>6,678</u>	<u>5,950</u>
NET ASSETS, END OF YEAR	<u>\$ 7,336</u>	<u>\$ 6,678</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, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 658	\$ 728
Changes in Assets and Liabilities		
Decrease in accounts receivable	202	121
Decrease in prepaid expenses	221	437
Increase/(decrease) in accounts payable	136	(1,966)
Increase/(decrease) in deferred revenue	31,124	(32,036)
Increase in rent security deposits	875	590
Net Cash Flows From Operating Activities	<u>33,216</u>	<u>(32,126)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	33,216	(32,126)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>53,577</u>	<u>85,703</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 86,793</u>	<u>\$ 53,577</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The San Mateo County Community College District (the District) was established in 1922 as a political subdivision of the State of California and provides post secondary educational services to residents of San Mateo County and surrounding areas. The District operates under a locally elected five-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates three college campuses located in the cities of San Mateo, San Bruno, and Redwood City, California. While the District is a political subdivision of the State of California, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

Financial Reporting Entity

The District has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The 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

The San Mateo County Community College District Financing Corporation (the Corporation) is a legally separate organization component unit of the District. The Corporation was formed to issue debt specifically for the acquisition and construction of capital assets for the District. The Board of Trustees of the Corporation is the same as the Board of Trustees of the District. The financial activity has been “blended” or consolidated within the financial statements as the District as if the activity was the District’s. The activity is included as the COP Payment Fund and COP Construction Fund in the District’s governmental funds. The Certificates of Participation issued by the Corporation were defeased in fiscal year 2005-2006 and the related liabilities have been removed from the District’s financial statement. Individually-prepared financial statements are not prepared for the Corporation.

The San Mateo County Community Colleges Educational Housing Corporation (the Corporation) is a legally separate organization component unit of the District. The Corporation was formed to operate staff and faculty housing. The Board of Trustees of the Corporation is the same as the Board of Trustees of the District. The financial activity of the Corporation is reported separately in the financial statements. Individually-prepared financial statements are not prepared for the Corporation.

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. 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.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain grants, entitlements, and donations are classified as nonoperating revenue. Federal and State grants received to provide direct grants to students are classified as nonoperating revenues because the District does not generally receive any direct benefit from the grants and are recognized in the fiscal year in which all eligibility requirements are satisfied. Eligibility requirements may include time and/or purpose requirements. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges System'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.

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 accounting policies of the District conform to accounting principles generally accepted in the United States of America (US GAAP) as applicable to colleges and universities, as well as those prescribed by the California Community Colleges System's Office. The District reports are based on all applicable GASB pronouncements, as well as applicable FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected to apply FASB pronouncements after that date. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The budgetary and financial accounts of the District are maintained in accordance with the State System's Office's *Budget and Accounting Manual*.

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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

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

Investments held at June 30, 2009 and 2008, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon a five-year average ratio over actual revenues. The allowance was estimated at \$1,757,816 and \$1,429,168 for the years ended June 30, 2009 and 2008, respectively.

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 cafeteria food and supplies held for resale to the students and faculty of the colleges. Inventories are stated at lower of cost or market, utilizing the first in, first out method. The cost is recorded as an expense as the inventory is consumed.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction-in-progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of \$5,000 for equipment and \$100,000 for land, buildings and improvements. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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 normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed.

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

Accrued Liabilities and Long-term Obligations

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

Deferred Issuance Costs, Premiums, and Discounts

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

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid. 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, 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. Credit for unused sick leave is applicable to all certificated 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.

Deferred Revenue

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Net Assets

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

Invested in Capital Assets, Net of Related Debt: Capital Assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted – Nonexpendable: Net assets whose use by the District has been externally restricted in perpetuity such as Endowment funds where future investment earnings may be used for the donor stipulated purpose. The District has no nonexpendable net assets.

Restricted – Expendable: Net assets whose use by the District is subject to externally imposed constraints that can be fulfilled by actions of the District pursuant to those constraints or by the passage of time. Net assets may be restricted for capital projects, debt repayment, and/or educational programs.

None of the District's restricted net assets have resulted from enabling legislation adopted by the District.

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

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed.

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 area generated.

On-Behalf Payments

GASB Statement No. 24 requires direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on-behalf payments to the California State Teachers' Retirement System (CalSTRS) on behalf of all community colleges in California. The amounts of on-behalf payments were \$1,772,764.

Estimates

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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 District capital assets. 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.

Scholarship Discounts and Allowances

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

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, 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*. During the year ended June 30, 2009 and 2008, the District distributed \$1,313,235 and \$423,255 in student loans through the U.S. Department of Education Federal Family Education Loan Program.

These amounts have not been included as revenues or expenses within the accompanying financial statements as the amounts were passed directly to qualifying students; however, the amounts are included on the Schedule of Expenditures of Federal Awards.

Interfund Activity

Exchange transactions between funds of the District are reported as revenues and expenses within the Statement of Revenues, Expenses, and Changes in Net Assets. Flows of cash or goods from one fund to another without a requirement for repayment are recognized as interfund transfers within the District's fund financial statements. Amounts owing between funds for both exchange and non-exchange transactions are recorded as interfund receivables and payables within the District's fund financial statements. Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Component Unit

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

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

New Accounting Pronouncements

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Classifications*. The objectives of this Statements is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for the financial statements for periods beginning after June 15, 2010. The District does not anticipate a significant impact in reporting as a result of this Statement as fund financial information is not reported.

In April 2009, the GASB issued GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for State and local governments into the GASB authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements for State and local governmental entities that are presented in conformity with GAAP and the framework for selecting those principles. GASB Statement No. 55 is effective immediately.

In April 2009, the GASB issued GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statement on Auditing Standards*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the AICPA's Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles: related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than auditing literature. GASB Statement No. 56 is effective immediately.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Comparative Financial Information

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

NOTE 2 – 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 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, 2009

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	180 days	30%	10%
Negotiable Certificates of Deposit	5 years	30%	FDIC
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	\$20 million

Summary of Deposits and Investments

Deposits and investments as of June 30, 2009 and 2008 are classified in the accompanying financial statements as follows:

	2009	2008
Business-type activities	\$ 440,417,850	\$ 571,269,132
Component Unit	86,793	53,577
Total Deposits and Investments	<u>\$ 440,504,643</u>	<u>\$ 571,322,709</u>

Deposits and investments as of June 30, 2009 and 2008 consist of the following:

	2009	2008
Cash on hand and in banks	\$ 887,397	\$ 5,546,595
Cash in revolving	81,800	61,900
Investments	439,535,446	565,714,614
Total Deposits and Investments	<u>\$ 440,504,643</u>	<u>\$ 571,323,109</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Interest Rate Risk

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

Weighted Average Maturity

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity In Years</u>
Brokered certificates of deposit	\$ 5,000	0.35
County Pool	411,287,544	1.00
State Investment Pool	28,242,902	0.64
Total	<u>\$ 439,535,446</u>	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the County pool and LAIF are not required to be rated, nor have they been rated as of June 30, 2009.

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, 2009 and 2008, the District's bank balances of approximately \$0 and \$790,000, 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.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Custodial Credit Risk - Investments

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

NOTE 3 - ACCOUNTS RECEIVABLE

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

	<u>2009</u>	<u>2008</u>
Federal Government		
Categorical aid	\$ 1,679,591	\$ 1,412,150
State Government		
Apportionment	7,828,425	2,762,055
Categorical aid	956,107	1,071,633
Lottery	1,153,244	1,008,431
Other state sources	5,010,449	744,000
Local Sources		
Interest	2,364,020	4,351,623
Other local sources	<u>5,322,634</u>	<u>5,100,667</u>
Subtotal	24,314,470	16,450,559
Student receivables	4,960,814	7,235,339
Less allowance for bad debt	<u>(1,757,816)</u>	<u>(1,429,168)</u>
Accounts receivables, net	<u>\$ 27,517,468</u>	<u>\$ 22,256,730</u>
Student loans	<u>\$ 770,222</u>	<u>\$ 621,628</u>

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

Receivables at June 30, 2009 and 2008 include \$907,136 for loans made to 14 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 \$75,000 per employee. Repayment terms and interest rates are: no payments due in years 1 through 5, payments of principal and interest in years 6-29, with final payment of any remaining balance in year 30. Selling the property, withdrawing cash from the equity, or leaving the District’s employment accelerates the due date of the loan. Interest is charged at 4 percent per year. As of June 30, 2009, all of the funds have been loaned out. No loans will be granted to additional employees until existing loans are paid back.

Discretely Presented Component Unit

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 4 – PREPAID EXPENSES AND OTHER ASSETS

The significant item within prepaid expense is that the District has entered into a long-term contract for the insurance of the bond construction projects throughout the District. The insurance agreement calls for an original lump-sum payment of \$10,264,301 which is being amortized over the life of the insurance coverage. The prepaid expense as of June 30, 2009 was \$7,078,461. Amortization of the prepaid balance is as follows:

2009-2010	\$ 3,247,065
2010-2011	3,145,563
2011-2012	677,016
2012-2013	7,558
2013-2014	1,259
Total	<u><u>\$ 7,078,461</u></u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2009, 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	78,486,357	123,729,738	42,357,074	159,859,021
Total Capital Assets Not Being Depreciated	<u>99,114,649</u>	<u>123,729,738</u>	<u>42,357,074</u>	<u>180,487,313</u>
Capital Assets Being Depreciated				
Land improvements	12,953,351	-	-	12,953,351
Buildings and improvements	287,580,688	42,357,074	3,525,767	326,411,995
Furniture, equipment, and vehicles	19,678,183	3,033,077	86,157	22,625,103
Total Capital Assets Being Depreciated	<u>320,212,222</u>	<u>45,390,151</u>	<u>3,611,924</u>	<u>361,990,449</u>
Less Accumulated Depreciation				
Land improvements	8,401,201	264,234	-	8,665,435
Buildings and improvements	52,489,281	7,716,829	3,197,464	57,008,646
Furniture, equipment, and vehicles	9,308,738	2,505,638	86,157	11,728,219
Total Accumulated Depreciation	<u>70,199,220</u>	<u>10,486,701</u>	<u>3,283,621</u>	<u>77,402,300</u>
Net Capital Assets Being Depreciated	<u>250,013,002</u>	<u>34,903,450</u>	<u>328,303</u>	<u>284,588,149</u>
Net Capital Assets	<u><u>\$ 349,127,651</u></u>	<u><u>\$ 158,633,188</u></u>	<u><u>\$ 42,685,377</u></u>	<u><u>\$ 465,075,462</u></u>

Depreciation expense for the year was \$10,486,701.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Capital asset activity for the District for the fiscal year ended June 30, 2008, 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	24,682,742	64,031,063	10,227,448	78,486,357
Total Capital Assets Not Being Depreciated	<u>45,311,034</u>	<u>64,031,063</u>	<u>10,227,448</u>	<u>99,114,649</u>
Capital Assets Being Depreciated				
Land improvements	10,973,536	1,979,815	-	12,953,351
Buildings and improvements	279,333,055	8,247,633	-	287,580,688
Furniture, equipment, and vehicles	20,662,450	1,450,351	2,434,618	19,678,183
Less Accumulated Depreciation				
Land improvements	8,131,701	269,500	-	8,401,201
Buildings and improvements	43,115,386	9,373,895	-	52,489,281
Furniture, equipment, and vehicles	8,492,945	2,952,974	2,137,181	9,308,738
Total Accumulated Depreciation	<u>59,740,032</u>	<u>12,596,369</u>	<u>2,137,181</u>	<u>70,199,220</u>
Net Capital Assets Being Depreciated	<u>251,229,009</u>	<u>(918,570)</u>	<u>297,437</u>	<u>250,013,002</u>
Net Capital Assets	<u>\$ 296,540,043</u>	<u>\$ 63,112,493</u>	<u>\$ 10,524,885</u>	<u>\$ 349,127,651</u>

Depreciation expense for the year was \$12,596,369.

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	2009	2008
Accrued payroll	\$ 2,508,857	\$ 1,470,404
Federal categorical aid	-	1,775
Construction	18,433,665	14,976,277
Vendor	12,683,067	9,116,302
Total	<u>\$ 33,625,589</u>	<u>\$ 25,564,758</u>

Discretely Presented Component Unit

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 7 - DEFERRED REVENUE

Deferred revenue at June 30, 2009 consisted of the following:

	<u>2009</u>	<u>2008</u>
Federal financial assistance	\$ 10,000	\$ 13,880
State categorical aid	1,387,587	542,988
Enrollment fees	3,821,366	3,952,675
Other local	6,289,041	5,668,538
Total	<u>\$ 11,507,994</u>	<u>\$ 10,178,081</u>

NOTE 8 – INTERFUND TRANSACTIONS

Interfund Receivables and Payable (Due To/Due From)

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

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. These operating transfers have been eliminated through consolidation within the entity-wide financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2009 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	\$ 687,011,723	\$ 16,400,341	\$ 16,065,000	\$ 687,347,064	\$ 9,575,000
Other Liabilities					
Compensated absences	3,316,302	21,915	-	3,338,217	-
Net OPEB obligation	2,709,003	8,175,590	6,534,170	4,350,423	-
Total Other Liabilities	693,037,028	24,597,846	22,599,170	695,035,704	9,575,000
Premiums, net of amortization	20,183,902	-	877,630	19,306,272	877,627
Total Long-term Liabilities	<u>\$ 713,220,930</u>	<u>\$ 24,597,846</u>	<u>\$ 23,476,800</u>	<u>\$ 714,341,976</u>	<u>\$ 10,452,627</u>

The changes in the District's long-term obligations during the 2008 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	\$ 683,597,226	\$ 15,659,497	\$ 12,245,000	\$ 687,011,723	\$ 16,065,000
Total Bonds and Notes Payable	<u>683,597,226</u>	<u>15,659,497</u>	<u>12,245,000</u>	<u>687,011,723</u>	<u>16,065,000</u>
Other Liabilities					
Compensated absences	2,975,755	340,547	-	3,316,302	2,303,149
Net OPEB obligation	-	9,056,503	6,347,500	2,709,003	-
Total Other Liabilities	686,572,981	25,056,547	18,592,500	693,037,028	18,368,149
Premiums, net of amortization	21,061,529	-	877,627	20,183,902	877,627
Total Long-term Liabilities	<u>\$ 707,634,510</u>	<u>\$ 25,056,547</u>	<u>\$ 19,470,127</u>	<u>\$ 713,220,930</u>	<u>\$ 19,245,776</u>

Description of Debt

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

General obligation bonds were approved by local elections in 2001 and 2005. The total amount approved by the voters in 2001 and 2005 were \$207,000,000 and \$468,000,000, respectively. All of the authorized 2001 and 2005 bonds have been issued. Interest rates on the 2001 bonds are range from 3.00 percent - 5.74 percent and the interest rates on the 2005 bonds are range from 3.50 percent – 5.00 percent. At June 30, 2009, the outstanding balances for the 2001 and 2005 bonds were \$208,069,324 and \$479,277,740, respectively.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Debt Maturity

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds
				Outstanding July 1, 2008	Interest Accretions	Redeemed	Outstanding June 30, 2009
6/4/2002	9/1/2026	5.2-5.74%	\$96,875,613	\$ 91,509,353	\$ 1,424,139	\$ 1,855,000	\$ 91,078,492
2/9/2005	9/1/2029	3.00-5.00%	69,995,132	72,734,449	1,333,078	800,000	73,267,527
4/11/2006	3/1/2031	3.50-5.00%	40,124,660	42,835,070	1,438,235	550,000	43,723,305
4/11/2006	9/1/2030	3.75-5.00%	135,429,395	134,361,478	4,050,670	12,860,000	125,552,148
12/12/2006	9/1/2038	3.50-5.00%	332,570,194	345,571,373	8,154,219	-	353,725,592
				<u>\$ 687,011,723</u>	<u>\$ 16,400,341</u>	<u>\$ 16,065,000</u>	<u>\$ 687,347,064</u>

The bonds mature through 2039 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2010	\$ 9,575,000	\$ 15,685,881	\$ 25,260,881
2011	11,200,000	15,294,608	26,494,608
2012	12,985,000	14,836,700	27,821,700
2013	14,910,000	14,289,483	29,199,483
2014	16,945,000	13,692,094	30,637,094
2015-2019	115,083,537	57,048,482	172,132,019
2020-2024	127,108,335	40,821,590	167,929,925
2025-2029	131,052,569	30,445,688	161,498,257
2030-2034	130,475,398	18,537,000	149,012,398
2035-2039	118,012,225	7,180,000	125,192,225
Total	<u>\$ 687,347,064</u>	<u>\$ 227,831,526</u>	<u>\$ 915,178,590</u>

NOTE 10 – DEFEASED DEBT

In 2006, the District defeased \$30,885,000 certificates of participation issued in 2004 by creating an irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore, removed as a liability from the District’s Long-Term Obligations. As of June 30, 2009, the amount of defeased debt outstanding but removed from the Long-Term Obligations amounted to \$29,869,679.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFIT (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 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 712 retirees and beneficiaries currently receiving benefits and 840 active plan members. Board designated activity of the Plan is presented in these financial statements as the Retiree Health Benefits Reserve Fund. Unfunded portion of annual required contributions (net OPEB obligation) is presented in the statement of net assets as a portion of long-term obligations.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2008-2009, the District contributed \$6,536,822 to the Plan, all of which was used for premiums (approximately 80 percent of current year's annual required contribution). Plan members receiving benefits contributed \$709,430. Contributions made by retirees include \$3,660 paid to the District by the retirees for premiums and approximately \$98,796 deducted from the retirees' pensions for premiums.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 8,175,590
Annual OPEB cost (expense)	(6,534,170)
Increase in net OPEB obligation	<u>1,641,420</u>
Net OPEB obligation, beginning of year	<u>2,709,003</u>
Net OPEB obligation, end of year	<u><u>\$ 4,350,423</u></u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2009 was as follows:

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2008	\$ 9,056,503	70%	\$ 2,709,003
2009	\$ 8,175,590	80%	\$ 4,350,423

Funding Status and Funding Progress

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 June 30, 2009, actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. The actuarial assumptions included a 5 percent investment rate of return (net of administrative expenses), based on the Plan being funded in a retiree benefits reserve fund invested in a long-term fixed income portfolio. Healthcare cost trend rates assumed 4 percent per year. The UAAL is being amortized at a level dollar method. The remaining amortization period at June 30, 2009, was 30 years. The actuarial value of assets was not determined in this actuarial valuation. At July 1, 2009, the District's Retiree Health Benefits Reserve Fund held net assets in the amount of \$34,564,965, which consisted of \$33,580,139 on deposit with the bank and county treasurer and receivables in the amount of \$990,638.

NOTE 12 - RISK MANAGEMENT

Insurance Coverages

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, 2009, 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, 2009

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 Cal PERS 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 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.

Claim Liabilities

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

Unpaid Claims Liabilities

The fund 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, 2007 to June 30, 2009 (in thousands):

	Workers' Compensation	Property and Liability
Liability Balance, July 1, 2007	\$ 225,947	\$ 240,415
Claims and changes in estimates	859,601	71,130
Claims payments	(216,923)	(11,545)
Liability Balance, June 30, 2008	868,625	300,000
Claims and changes in estimates	938,053	-
Claims payments	(272,532)	-
Liability Balance, June 30, 2009	\$ 1,534,146	\$ 300,000
Assets available to pay claims at June 30, 2009	\$ 7,821,334	\$ 300,000

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

CalSTRS

Plan Description

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, California 95826.

Funding Policy

Active members are required to contribute eight percent of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2008-2009 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's total contributions to CalSTRS for the fiscal years ended June 30, 2009, 2008, and 2007, were \$3,248,693, \$3,538,898, and \$3,385,035, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

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

Funding Policy

Active plan members are required to contribute seven percent of their salary (seven percent of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The District's contribution rate to CalPERS for fiscal year 2008-2009 was 9.428 percent of covered payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2009, 2008, and 2007, were \$3,221,484, \$3,067,890, and \$2,734,647, respectively, and equaled 100 percent of the required contributions for each year.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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, 2009, 2008, and 2007 amounted to \$1,772,764, \$1,771,986, and \$2,004,829, respectively, and equaled 4.517 percent of salaries subject to CalSTRS. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

Deferred Compensation

The District offers its employees a Hartford administered 457 Deferred Compensation Program (the Program). The Program, available to all permanent employees, permits them to defer a portion of pre-tax salary into investment of an individual's own choosing until future years. The deferred compensation is not available to the employees or their beneficiaries until termination, retirement, death, or an unforeseeable emergency. The District oversees the investment and administrative functions of the Hartford 457 Deferred Compensation Program. There were 46 members participating in the 457 plan at June 30, 2009.

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

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2009.

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, 2009.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Early Retirement

The District offered an early incentive retirement plan to all bargaining units who elect early retirement. The program provides six options depending on their eligibility. All options include a cash payout. A net savings of \$1,085,322 is estimated as a result of the early incentive retirement plan. As of June 30, 2009, 22 employees elected to accept the early incentive retirement. The cost of the incentives was \$426,750. 20 of the positions were eliminated. One portion of the incentive in the amount of \$10,000 will be paid in 2009-10.

Construction Commitments

As of June 30, 2009, 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	\$ 916,361	within 1 years
State funded capital outlay projects	120,719	within 2 year
2001 G.O. Bond (Measure C) construction projects	25,389	within 6 months
2005 G.O. Bond (Measure A) construction projects	139,092,143	within 4 years
	<u>\$140,154,612</u>	

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

Deferral of State Apportionments

Due to the inability of the California State legislature to enact a budget by June 30, 2009, certain apportionments owed to the District for funding of FTES, categorical programs, and construction reimbursements which are attributable to the 2008-2009 fiscal year have been deferred to the 2009-2010 fiscal year. The total amount of funding deferred into the 2009-2010 fiscal year was \$7,823,637 million. As of July 31, 2009, the entire deferred balance has been received. These deferrals of apportionment are considered permanent with future funding also being subject to deferral into future years.

NOTE 15 - 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.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

During the year ended June 30, 2009, the District made payment of \$55,000 to MacCorkle Inc. for the insurance related services, \$30,308 to School Excess Liability Fund for excess liability program and approximately \$325,000 to South Bay Regional Public Safety Training Consortium JPA.

NOTE 16 - TAX AND REVENUE ANTICIPATION NOTES

On July 6, 2007, the District issued \$5,000,000 Tax and Revenue Anticipation Notes bearing interest at 4.250 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on July 1, 2008. By May, 2008, the District had placed 100 percent of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes.

On July 1, 2008, the District issued \$13,395,000 Tax and Revenue Anticipation Notes bearing interest at 3.000 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on July 6, 2009. By May 2009, the District had placed 100 percent of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes. As the District has in substance defeased the debt, the tax anticipation notes of \$13,395,000 and related accrued interest and cash held in trust are not included in these financial statements.

	Outstanding Beginning of Year	Additions	Deletions	Outstanding End of Year
2008 3.00% TRANS	<u>\$ -</u>	<u>\$ 13,395,000</u>	<u>\$ 13,395,000</u>	<u>\$ -</u>

NOTE 17 - SUBSEQUENT EVENTS

The District issued \$29,530,000 of Tax and Revenue Anticipation Notes dated July 6, 2009. The notes mature on July 1, 2010, and yield 0.594 percent interest. The notes were sold to supplement cash flow. Repayment requirements are that a percentage of principal and interest be deposited with the Fiscal Agent each month beginning February, 2010, until 100 percent of principal and interest due is on account in May, 2010.

In October 2009, the District established an irrevocable trust fund for the Other Postemployment Benefit Plan and transferred \$5 million into the Trust to relieve the District of its post retirement medical benefits liability. The District intends to transfer funds annually as the budget allows.

***REQUIRED SUPPLEMENTARY
INFORMATION***

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING
PROGRESS
FOR THE YEAR ENDED JUNE 30, 2009**

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)
September 1, 2006	\$ -	\$ 149,530,877	\$ 149,530,877	\$ -	\$ 87,823,351	170.26%
September 8, 2009	\$ -	\$ 135,296,490	\$ 135,296,490	\$ -	\$ 92,142,686	146.83%

SUPPLEMENTARY INFORMATION

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION JUNE 30, 2009

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>
Karen Schwarz	President	2011
Patricia Miljanich	Vice President- Clerk	2011
Helen Hausman	Trustee	2009
Richard Holober	Trustee	2009
Dave Mandelkern	Trustee	2011
Virginia Medrano Rosales	Student Trustee	2009

ADMINISTRATION

Ron Galatolo	Chancellor - Superintendent
James Keller	Executive Vice Chancellor
Michael Claire	President – College of San Mateo
Tom Mohr	President – Canada College
Victoria Morrow	President – Skyline College

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION		
Student Financial Aid Cluster		
Federal Work Study Program	84.033	\$ 396,815
Pell Grant	84.063	8,016,809
Supplemental Educational Opportunity Grant (SEOG)	84.007	500,241
Federal Family Education Loans	84.032	1,313,235
Academic Competitiveness Grant (ACG)	84.375	90,550
Postsecondary Education		
TRIO Cluster		
Student Support Services	84.042A	655,559
Upward Bound	84.047A	242,194
International Education		
Undergraduate International Studies and Foreign Language	84.016	42,277
Undergraduate Education		
Minority Science and Engineering Improvement	84.120	48,769
College Cost Reduction and Access Act Hispanic Serving Institutions	84.031C	442,594
Vocational Education		
Passed through Cabrillo Community College District:		
CTEA I-B State Leadership - Bay Area Regional Consortium	84.048A	49,664
Passed through California Department of Education:		
CTEA I-C Basic Grants to States	84.048A	695,227
CTEA II Tech Prep Education	84.243	249,215
Educational Research and Improvement		
Passed through County of San Mateo:		
Fund for the Improvement of Education	84.215	237,204
Elementary and Secondary Education		
Passed through Sequoia Union High School District:		
Twenty-First Century Community Learning Centers	84.287	24,717
Special Education and Rehabilitation Services		
Passed through California Department of Development Services:		
Special Education-Grants for Infants and Families	84.181	8,090
Passed through California Department of Rehabilitation:		
Vocational Rehabilitation-Workability	84.126A	142,143
Total U.S. Department of Education		13,155,303
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Administration for Children and Families		
Passed through California Department of Education:		
Temporary Assistance for Needy Families (TANF)	93.558	78,376
Child Care and Development Block Grant	93.575	42,268
Total U.S. Department of Health and Human Services		120,644

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, 2009**

U.S. DEPARTMENT OF AGRICULTURE		
Passed through California Department of Education:		
Child and Adult Care Food Program	10.558	<u>33,591</u>
U.S. DEPARTMENT OF LABOR		
Passed through County of San Mateo/California EDD:		
WIA Dislocated Workers	17.260	2,104
Community Based Job Training Grants	17.269	<u>7,050</u>
Total U.S. Department of Labor		<u>9,154</u>
U.S. DEPARTMENT OF THE TREASURY		
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	<u>3,000</u>
NATIONAL SCIENCE FOUNDATION		
Education and Human Resources	47.076	<u>295,773</u>
Total Expenditures of Federal Awards		<u>\$ 13,617,465</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, 2009**

Program	Program Revenues				Total
	Cash Received	Accounts Receivable	Deferred Revenue ^[1]	Total Revenue	Program Expenditures
GENERAL FUND					
Disabled Students Programs & Services	1,775,024	\$ -	53,099	\$ 1,721,925	\$ 1,721,925
Extended Opportunity Programs & Services	1,799,917	-	71,503	1,728,414	1,728,414
CARE/EOPS	120,739	-	22,402	98,337	98,337
Matriculation	1,428,589	-	123,220	1,305,369	1,305,369
Foster Parent Training	35,592	38,351	-	73,943	73,943
FA Administrative Allowance	750,992	-	36,640	714,352	714,352
Block Grant	193,725	-	(36,316)	230,041	230,041
T-Com and Technology (TTIP)	108,108	-	(36,959)	145,067	145,067
CalWORKs	334,125	-	-	334,125	334,125
Middle College High School	97,476	147,392	-	244,868	244,868
CITD Economic Development	234,400	38,400	(159,992)	432,792	432,792
Transfer and Articulation	12,000	-	457	11,543	11,543
Staff Diversity	19,451	-	(3,812)	23,263	23,263
Staff Development	-	-	(15,114)	15,114	15,114
Statewide Leadership Multimedia	144,900	27,600	(8,499)	180,999	180,999
MESA/CCCP Funds for Student Success	83,988	75,266	-	159,254	159,254
RCSD CBET Program	75,432	7,840	-	83,272	83,272
Lottery-Prop 20-Instructional Materials	53,006	235,861	-	288,867	198,996
Nursing-Enrollment Growth	116,256	22,144	(22,147)	160,547	160,547
SUHSD CBET Program	17,485	18,880	-	36,365	36,365
Econ Dev Quick Start Biotech	40,000	16,781	-	56,781	56,781
Econ Dev Quick Start Multimedia Cabrillo CCD	15,800	-	-	15,800	15,800
Basic Skills 06-07 reappropriation	-	-	(325,440)	325,440	325,440
Econ Dev IDRC Judicial Careers	-	38,454	-	38,454	38,454
Econ Dev IDRC Int'l Trade Logistics	46,770	54,423	(138,937)	240,130	240,130
Econ Dev JDIF Technician Training	-	27,502	(52,577)	80,078	80,078
Garfield RCSD CBET Program	9,706	170	-	9,875	9,875
Econ Dev Health Careers Pathways	125,000	-	(79,870)	204,870	204,870
Basic Skills 07-08	-	-	(402,151)	402,151	402,151
CCC Live Caption	-	-	(6,197)	6,197	6,197
Econ Dev Incumbent Worker - Solar Energy	-	80,000	(249,084)	329,084	329,084
CTE Equip - Allied Health	-	-	(99,930)	99,930	99,930
Econ Dev IDRC Surgical Technology	264,572	50,395	-	314,967	314,967
CTE Community Collaborative Project	369,655	-	194,614	175,041	175,041
Basic Skills 08-09 appropriation	538,662	-	477,264	61,398	61,398
CTE Com Collaborative Project 09-10	399,701	-	375,651	24,050	24,050
Entrepreneurship Career Pathways	50,000	-	50,000	-	-
LACCD - CCC ESL/BSI Prof Dev Grant	-	31,250	-	31,250	31,250
State Library	9,777	1,182	(5,314)	16,273	16,273
CDE Child Development	454,953	26,197	-	481,150	481,150
Cal Grant	468,110	18,019	-	486,129	486,129
Total State Programs	\$ 10,193,911	\$ 956,107	\$ (237,489)	\$ 11,387,505	\$ 11,297,634

[1] Includes prior year and current year deferred revenue.

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, 2009**

CATEGORIES	<u>Revised Reported Data*</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
A. Summer Intersession (Summer 2008 Only)			
1. Noncredit	1	-	1
2. Credit	2,486	-	2,486
B. Summer Intersession (Summer 2009 - Prior to July 1, 2009)			
1. Noncredit	-	-	-
2. Credit	116	-	116
C. Primary Terms (Exclusive of Summer Intersection)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	15,708	-	15,708
(b) Daily Census Contact Hours	1,058	-	1,058
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	85	-	85
(b) Credit	1,208	-	1,208
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	894	-	894
(b) Daily Census Contact Hours	292	-	292
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	<u>21,850</u>	<u>-</u>	<u>21,850</u>
E. Basic Skills courses and Immigrant Education (FTES)			
1. Noncredit	40	-	40
2. Credit	2,198	-	2,198
	<u>2,238</u>	<u>-</u>	<u>2,238</u>

* Revised on October 1, 2009.

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, 2009**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311), which required reconciliation to the audited financial statements at June 30, 2009.

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET TO
THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

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

Total Fund Balance - All District Funds	\$ 418,842,288
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
The cost of capital assets is	542,477,762
Accumulated depreciation is	<u>(77,402,300)</u>
Capital assets recorded in proprietary funds.	(532,903)
A fiduciary fund is used by the District's management to account for the activities of the student financial aid services. The assets and liabilities of the financial aid fund are included with governmental activities.	235,312
Expenditures relating to issuance of debt were recognized on the modified accrual basis, but should not be recognized in accrual basis.	5,682,608
In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred.	(16,624,786)
An internal service fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.	13,156,878
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year end consist of:	
Bonds payable	687,347,064
Premiums, net of amortization	19,306,272
Net OPEB Obligation	4,350,423
Compensated absences (vacations)	<u>3,338,217</u>
Total Net Assets	<u>\$ 171,492,883</u>

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2009**

	General Unrestricted	General Restricted	Child Development	Retiree Benefits
ASSETS				
Cash and cash equivalents	\$ 8,483,641	\$ 8,582,109	\$ 179,295	\$ 11,334,204
Investments	5,736,136	-	-	22,245,935
Accounts receivable, net of allowance	13,093,110	3,776,761	58,592	990,638
Due from other funds	41,038	-	-	-
Prepaid expenses	25,885	35,355	-	-
Total Assets	\$ 27,379,810	\$ 12,394,225	\$ 237,887	\$ 34,570,777
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ 8,979,675	\$ 1,035,349	\$ 55,931	\$ 4,600
Due to other funds	90	-	-	-
Deferred revenue	3,869,640	7,151,750	15,068	1,212
Total Liabilities	12,849,405	8,187,099	70,999	5,812
FUND EQUITY				
Fund Balances				
Reserved	25,785	-	-	-
Unreserved				
Designated	14,244,896	3,940,520	-	-
Undesignated	259,724	266,606	166,888	34,564,965
Total Fund Equity	14,530,405	4,207,126	166,888	34,564,965
Total Liabilities and Fund Equity	\$ 27,379,810	\$ 12,394,225	\$ 237,887	\$ 34,570,777

See accompanying note to additional supplementary information.

Bond Interest and Redemption	COP Payment	Capital Outlay Projects	Bond Construction	COP Construction	Total Governmental Funds (Memorandum Only)
\$ 18,194,825	\$ 157,735	\$ 55,623,294	\$ 289,656,913	\$ 4,957,171	\$ 397,169,187
-	-	-	-	-	27,982,071
87,886	905	6,414,558	1,844,306	-	26,266,756
-	-	-	51,823	-	92,861
-	-	-	7,141,962	-	7,203,202
<u>\$ 18,282,711</u>	<u>\$ 158,640</u>	<u>\$ 62,037,852</u>	<u>\$ 298,695,004</u>	<u>\$ 4,957,171</u>	<u>\$ 458,714,077</u>
\$ -	\$ -	\$ 3,375,894	\$ 14,285,123	\$ 772,648	\$ 28,509,220
-	-	51,823	-	-	51,913
-	-	272,986	-	-	11,310,656
-	-	3,700,703	14,285,123	772,648	39,871,789
-	-	-	-	-	25,785
-	-	-	-	-	18,185,416
18,282,711	158,640	58,337,149	284,409,881	4,184,523	400,631,087
<u>18,282,711</u>	<u>158,640</u>	<u>58,337,149</u>	<u>284,409,881</u>	<u>4,184,523</u>	<u>418,842,288</u>
<u>\$ 18,282,711</u>	<u>\$ 158,640</u>	<u>\$ 62,037,852</u>	<u>\$ 298,695,004</u>	<u>\$ 4,957,171</u>	<u>\$ 458,714,077</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2009**

	General Unrestricted	General Restricted	Child Development	Retiree Benefits
REVENUES				
Federal revenues	\$ -	\$ 3,693,819	\$ 53,434	\$ -
State revenues	52,812,233	10,415,651	481,150	-
Local revenues	61,395,605	7,674,460	241,850	297,539
Total Revenues	<u>114,207,838</u>	<u>21,783,930</u>	<u>776,434</u>	<u>297,539</u>
EXPENDITURES				
Current Expenditures				
Academic salaries	46,855,300	4,973,147	187,560	-
Classified salaries	23,991,334	8,356,389	548,475	-
Employee benefits	23,810,308	3,338,067	296,268	-
Books and supplies	1,453,317	1,994,359	75,589	-
Services and operating expenditures	9,768,956	3,725,648	96,839	69,016
Capital outlay	132,353	269,792	15,484	-
Debt service - principal	-	-	-	-
Debt service - interest and other	-	-	-	-
Total Expenditures	<u>106,011,568</u>	<u>22,657,402</u>	<u>1,220,215</u>	<u>69,016</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,196,270</u>	<u>(873,472)</u>	<u>(443,781)</u>	<u>228,523</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	631,487	2,064,236	432,795	1,500,000
Operating transfers out	(4,612,935)	(121,265)	-	-
Other sources	9,574	411,795	-	-
Other uses	(5,542)	(1,251,134)	-	-
Total Other Financing Sources (Uses)	<u>(3,977,416)</u>	<u>1,103,632</u>	<u>432,795</u>	<u>1,500,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>4,218,854</u>	<u>230,160</u>	<u>(10,986)</u>	<u>1,728,523</u>
FUND BALANCE, BEGINNING OF YEAR	<u>10,311,551</u>	<u>3,976,966</u>	<u>177,874</u>	<u>32,836,442</u>
FUND BALANCE, END OF YEAR	<u>\$ 14,530,405</u>	<u>\$ 4,207,126</u>	<u>\$ 166,888</u>	<u>\$ 34,564,965</u>

See accompanying note to additional supplementary information.

Bond Interest and Redemption	COP Payment	Capital Outlay Projects	Bond Construction	COP Construction	Total Governmental Fund (Memorandum Only)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,747,253
156,142	-	11,103,757	-	-	74,968,933
23,640,377	1,740	1,237,522	10,758,464	13,570	105,261,127
<u>23,796,519</u>	<u>1,740</u>	<u>12,341,279</u>	<u>10,758,464</u>	<u>13,570</u>	<u>183,977,313</u>
-	-	-	142,601	-	52,158,608
-	-	73,421	2,773,508	-	35,743,127
-	-	13,605	842,713	-	28,300,961
-	-	1,019,168	3,990,473	9,334	8,542,240
-	-	558,632	33,704,593	2,583,420	50,507,104
-	-	10,093,341	101,733,075	69,516	112,313,561
16,065,000	-	-	-	-	16,065,000
16,064,135	-	-	-	-	16,064,135
<u>32,129,135</u>	<u>-</u>	<u>11,758,167</u>	<u>143,186,963</u>	<u>2,662,270</u>	<u>319,694,736</u>
(8,332,616)	1,740	583,112	(132,428,499)	(2,648,700)	(135,717,423)
-	-	1,408,773	16,116	-	6,053,407
-	-	(1,043,116)	(393,565)	-	(6,170,881)
-	-	408,771	3,415	-	833,555
-	-	-	-	-	(1,256,676)
<u>-</u>	<u>-</u>	<u>774,428</u>	<u>(374,034)</u>	<u>-</u>	<u>(540,595)</u>
(8,332,616)	1,740	1,357,540	(132,802,533)	(2,648,700)	(136,258,018)
26,615,327	156,900	56,979,609	417,212,414	6,833,223	555,100,306
<u>\$ 18,282,711</u>	<u>\$ 158,640</u>	<u>\$ 58,337,149</u>	<u>\$284,409,881</u>	<u>\$ 4,184,523</u>	<u>\$ 418,842,288</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**PROPRIETARY FUNDS
BALANCE SHEET
JUNE 30, 2009**

	Enterprise Funds			Internal Service Fund
	Bookstore	Cafeteria	Total	
ASSETS				
Cash and cash equivalents	\$ 2,443,684	\$ 245,658	\$ 2,689,342	\$ 8,121,334
Investments	2,236,692	-	2,236,692	-
Accounts receivable	315,528	42,205	357,733	-
Prepaid expenses	47,562	-	47,562	-
Stores inventories	1,832,612	-	1,832,612	-
Furniture and equipment (net)	353,856	168,118	521,974	-
Total Assets	\$ 7,229,934	\$ 455,981	\$ 7,685,915	\$ 8,121,334
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ 758,196	\$ 16,590	\$ 774,786	\$ 1,834,637
Due to other funds	-	40,948	40,948	-
Total Liabilities	758,196	57,538	815,734	1,834,637
FUND EQUITY				
Retained earnings	6,471,738	398,443	6,870,181	6,286,697
Total Liabilities and Fund Equity	\$ 7,229,934	\$ 455,981	\$ 7,685,915	\$ 8,121,334

See accompanying note to additional supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Total</u>	
OPERATING REVENUES				
Sales revenues	\$ 8,769,069	\$ 211,458	\$ 8,980,527	\$ -
Total Operating Income	<u>8,769,069</u>	<u>211,458</u>	<u>8,980,527</u>	<u>-</u>
OPERATING EXPENSES				
Classified salaries	1,765,302	20,401	1,785,703	121,604
Employee benefits	23,027	4,886	27,913	41,530
Books and supplies	6,473,648	-	6,473,648	-
Services and other operating expenditures	679,511	181,817	861,328	1,802,343
Total Operating Expenses	<u>8,941,488</u>	<u>207,104</u>	<u>9,148,592</u>	<u>1,965,477</u>
Operating Income (Loss)	<u>(172,419)</u>	<u>4,354</u>	<u>(168,065)</u>	<u>(1,965,477)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	124,563	(13,978)	110,585	(215,748)
Other sources	337,670	-	337,670	2,022,868
Total Nonoperating Revenues (Expenses)	<u>462,233</u>	<u>(13,978)</u>	<u>448,255</u>	<u>1,807,120</u>
NET INCOME (LOSS)	289,814	(9,624)	280,190	(158,357)
RETAINED EARNINGS, BEGINNING OF YEAR	<u>6,181,924</u>	<u>408,067</u>	<u>6,589,991</u>	<u>6,445,054</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 6,471,738</u>	<u>\$ 398,443</u>	<u>\$ 6,870,181</u>	<u>\$ 6,286,697</u>

See accompanying note to additional supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**PROPRIETARY FUNDS
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Bookstore</u>	<u>Cafeteria</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from user charges	\$ 8,738,704	\$ 214,114	\$ 8,952,818	\$ -
Cash paid from other funds	-	(118,958)	(118,958)	(5,054)
Cash payments to employees for services	(1,788,329)	(25,287)	(1,813,616)	(163,134)
Cash reimbursements from insurance claims	-	-	-	1,534,637
Cash payments to suppliers for goods and services	(7,132,275)	(14,248)	(7,146,523)	(1,802,343)
Net Cash Provided (Used) for Operating Activities	<u>(181,900)</u>	<u>55,621</u>	<u>(126,279)</u>	<u>(435,894)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Contribution from other funds	337,670	-	337,670	2,022,868
Net Cash Provided from Noncapital Financing Activities	<u>337,670</u>	<u>-</u>	<u>337,670</u>	<u>2,022,868</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(64,516)	(146,303)	(210,819)	-
Net Cash Used for Capital and Related Financing Activities	<u>(64,516)</u>	<u>(146,303)</u>	<u>(210,819)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	124,563	(13,978)	110,585	(215,748)
Net Cash Provided (Used) from Investing Activities	<u>124,563</u>	<u>(13,978)</u>	<u>110,585</u>	<u>(215,748)</u>
Net increase (decrease) in cash and cash equivalents	215,817	(104,660)	111,157	1,371,226
Cash and cash equivalents - Beginning	4,464,559	350,318	4,814,877	6,750,108
Cash and cash equivalents - Ending	<u>\$ 4,680,376</u>	<u>\$ 245,658</u>	<u>\$ 4,926,034</u>	<u>\$ 8,121,334</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	(172,419)	4,354	(168,065)	(1,965,477)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	90,987	29,978	120,965	-
Changes in assets and liabilities:				
Receivables	(30,365)	2,656	(27,709)	-
Due to other fund	-	(118,958)	(118,958)	(5,054)
Prepaid expenses	5,631	126,381	132,012	-
Inventories	(78,018)	-	(78,018)	-
Accrued liabilities	2,284	11,210	13,494	1,534,637
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (181,900)</u>	<u>\$ 55,621</u>	<u>\$ (126,279)</u>	<u>\$ (435,894)</u>

See accompanying note to additional supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**FIDUCIARY FUNDS
BALANCE SHEET
JUNE 30, 2009**

	Associated Students Trust	Student Representation Fee	Student Financial Aid
ASSETS			
Cash and cash equivalents	\$ 1,499,388	\$ 57,818	602,858
Accounts receivable	892,979	-	770,222
Fixed assets	10,929	-	-
Total Assets	\$ 2,403,296	\$ 57,818	\$ 1,373,080
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ 1,507,356	\$ -	\$ 939,924
Deferred revenue	-	-	197,338
Due to student groups and other	895,940	57,818	506
Total Liabilities	2,403,296	57,818	1,137,768
FUND EQUITY			
Fund Balances			
Unreserved			
Undesignated	-	-	235,312
Total Fund Equity	-	-	235,312
Total Liabilities and Fund Equity	\$ 2,403,296	\$ 57,818	\$ 1,373,080

See accompanying note to additional supplementary information.

BACC	
JPA	Total
\$ 59,160	\$ 2,219,224
-	1,663,201
-	10,929
<u>\$ 59,160</u>	<u>\$ 3,893,354</u>

\$ -	\$ 2,447,280
-	197,338
59,160	1,013,424
<u>59,160</u>	<u>3,658,042</u>

-	235,312
-	235,312
<u>\$ 59,160</u>	<u>\$ 3,893,354</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2009**

	Student Financial Aid
REVENUES	
Federal revenues	\$ 8,538,477
State revenues	486,129
Local revenues	61,812
Total Revenues	<u>9,086,418</u>
OTHER FINANCING SOURCES (USES)	
Operating transfers in	121,265
Operating transfers out	(3,791)
Other uses	(9,160,580)
Total Other Financing Sources (Uses)	<u>(9,043,106)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	43,312
FUND BALANCE, BEGINNING OF YEAR	<u>192,000</u>
FUND BALANCE, END OF YEAR	<u>\$ 235,312</u>

See accompanying note to additional supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2009

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

Schedule of Expenditures of State Awards

The accompanying schedule of expenditures of State awards includes the State grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Schedule of Workload Measures for State General Apportionment – 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 are made to community college districts. These schedules provide information regarding the attendance of students throughout the District.

Reconciliation of Annual Financial and Budget Report with Fund Financial Statements

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

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

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

Fund Financial Statements

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

*INDEPENDENT AUDITORS’
REPORTS*



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

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

We have audited the financial statements of the business-type activities of the San Mateo County Community College District (the District) for the years ended June 30, 2009 and 2008, and have issued our report thereon dated December 8, 2009. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered San Mateo County Community College District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of San Mateo County Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of San Mateo County Community College District's internal control over financial reporting.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Mateo County Community College District's 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 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*.

We noted certain matters that we reported to management of San Mateo County Community College District in a separate letter dated December 8, 2009.

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

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 8, 2009



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

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

Compliance

We have audited the compliance of San Mateo County Community College District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2009. San Mateo County Community College District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of San Mateo County Community College District's management. Our responsibility is to express an opinion on San Mateo County Community College District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about San Mateo County Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of San Mateo County Community College District's compliance with those requirements.

In our opinion, San Mateo County Community College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of San Mateo County Community College District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered San Mateo County Community College District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the San Mateo County Community College District's internal control over compliance.

A *control deficiency* in a district's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

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

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

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

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 8, 2009



REPORT ON STATE COMPLIANCE

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

We have audited the financial statements of the San Mateo County Community College District (the District) with the type of compliance requirements described in Section 400 of the California State System's Office's *California Community College District Audit Manual (CDAM)* that are applicable to community colleges in the State of California. The specific requirements are described below.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements with State laws and regulations have occurred. An audit includes examining, on a test basis, evidence about San Mateo County Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of San Mateo County Community College District's compliance with those requirements.

General Directive

Section 424: MIS Implementation - State General Apportionment Funding System

Administration

Section 435: Open Enrollment

Section 437: Student Fees - Instructional Materials and Health Fees

Apportionments

Section 423: Apportionment of Instructional Service Agreements/Contracts

Section 425: Residency Determination for Credit Courses

Section 427: Concurrent Enrollment of K-12 Students in Community College Credit Courses

Section 432: Enrollment Fee

Section 426: Students Actively Enrolled

Fiscal Operations

Section 421: Salaries of Classroom Instructors (50% Law)

Section 431: Gann Limit Calculation

Student Services

Section 428: Use of Matriculation Funds

Section 433: CalWORKs - Use of State and Federal TANF Funding

Facilities

Section 434: Scheduled Maintenance Program

In our opinion, the San Mateo County Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2009.

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

Vavrinek, Time, Day & Co., LLP

Pleasanton, California
December 8, 2009

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2009**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.033, 84.063, 84.007, 84.375, 84.032	Student Financial Aid Cluster
84.031C	Hispanic Serving Institutions
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 408,524</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 not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unqualified</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2009

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

2008-1 Finding

College of San Mateo – 8 of 10 concurrent students were enrolled in over 11 units and the college did not charge enrollment fees. 6 of 10 concurrent students did not have an application signed by their home school principal.

Canada College – 4 of 10 concurrent students were enrolled in over 11 units and the college did not charge enrollment fees. HSCI*105, course number 91403 was offered after the publication and final addendums to the Fall, 2007 class schedule and was not reasonably publicized to the general public within 30 days prior to the start of the course and was only publicized on the colleges website. In addition, the site didn't maintain dated hardcopy printouts of the web posting for review.

The District does not appear to have procedures to require K-12 principals certify that they have not recommended for college attendance more than 5% of the total number of pupils who completed the grade immediately prior to the time of recommendation.

The District cannot receive state apportionment in excess of 5% of the District's total reported FTES enrollment of special part-time and full-time students. We found that the District had exceeded this limit in the Fall semester by 6.63 FTES and 17.8 FTES in the Spring semester. It is broken down by site as follows: Skyline exceeded the limit by .06 in the Fall and 2.88 in the Spring; Canada College exceeded the limit by 5.52 FTES in the Fall and 7.89 FTES in the Spring; and College of San Mateo exceeded the limit by .66 FTES in the Fall and 2.32 FTES in the Spring.

For physical education course sections, not more than 10% of the enrollment claimed for apportionment for each course section can consist of special part-time or full-time students (Ed. Code Section 76002(a)(4)). During our testing we found that each site had exceeded this limit. Skyline had exceeded this limit by .04 FTES in the Fall and .641 FTES in the Spring, Canada had exceeded this limit by 5.33 in the Fall and 6.76 in the Spring semester, and College of San Mateo exceeded this limit by .04 in the Fall and 4.92 FTES in the Spring.

Criteria or Specific Requirement

Education Code 76300 indicates that special part-time students may be exempted as a group from paying the \$26 per unit enrollment fee. However, there is no such authority for special full time students and thus a college district cannot exempt all such students as a group.

California Code of Regulations, title 5, section 58104 indicates that if a decision to offer a course is made so late that it cannot be listed in the latest addendum to the schedule of classes that the course be reasonably well publicized to the general public and if the District chooses to advertise solely on the internet they should observe the following:

- Must be advertised for a minimum of 30 continuous days prior to the first meeting of the class.
- The District should maintain dated hardcopy printouts of the web postings on file for a minimum of at least three years.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2009

The physical education courses have limits to how much apportionment from these types of students can be claimed. Education code 76002 (a) (4), indicates that the District cannot receive state apportionment in excess of 5% of the District's total reported FTES enrollment of special part-time and full-time students.

Education Code 48800(d) indicates that recommendation of special part-time students will not result in recommendations of more than 5% of the total number of pupils who completed that grade immediately prior to the time of the recommendation. Legal Opinion M02-20, the Chancellor's Office advises colleges admitting minors as special students in summer session credit courses to obtain certification from school principals that the number of students recommended to attend college courses does not exceed the 5% statutory limit.

Education code 76002(a) (4) indicates that Districts cannot claim apportionment for special full-time and part-time students in excess of 10% of the total FTES claimed for each physical education course section.

Condition

Several instances of non-compliance over special part-time and full-time student enrollment and apportionment requirements.

Questioned Costs

- \$4,433 for the two colleges with students exceeding 11 units in missed enrollment fees.
- The total apportionment claimed for HSCI*105*91403 is 0.74.
- The District is over the 5% limit by 24.43 FTES over the fall and spring semesters.
- The District is over the 10% limit by 17.73 FTES for both fall and spring semesters.

Context

- The District does not have a process in place to assure compliance with the 5% limits over concurrent students enrolling in summer session.
- The District did not have a process to review FTES claimed for these types of students to determine compliance with the 5% and 10% limits over physical education courses.
- The sites misunderstood the compliance requirements over charging fees after these students exceed 11 units.

Effect

- For College of San Mateo and Canada College \$4,433 was lost in total tuition from the number of these students selected during our audit.
- In addition, the District may be claiming more students for apportionment than allowed for physical education courses.
- Canada's failure to provide adequate notification could jeopardize the total apportionment claimed and received for HSCI*105*91403.
- The District is over the 5% limit by 6.63 FTES in the Fall and 17.8 FTES in the Spring semesters.
- The District is over the 10% limit by 5.41 FTES in the Fall and 12.32 FTES in the Spring semesters.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2009

Cause

- The District does not have a process in place to assure compliance with the 5% limits over concurrent students enrolling in summer session.
- The District did not have a process to review FTES claimed for these types of students to determine compliance with the 5% and 10% limits over physical education courses.
- The sites misunderstood the compliance requirements over charging fees after these students exceed 11 units.

Recommendation

- The class schedules need to be updated to indicate that fees will be assessed for concurrent students who enroll in more than 11 units. The college needs to update their attendance system to automatically assess fees for special full-time students once they enroll in more than 11 units.
- The apportionment being reported for these types of students in physical education courses should be analyzed to determine compliance with limits provided in the education codes. In addition, the District should consider creating reports within their attendance system that will provide information supporting compliance with these limits as well as other provisions of the education codes over concurrently enrolled students. The District should review the apportionment being claimed for these students while preparing the 320 report removing any apportionment over the limits prior to submitting the reports to the State.
- When a decision to offer a course is made so late that it cannot be listed in the latest addendum to the schedule of classes the District needs to maintain documentation of when the class was advertised for a minimum of three years.

Current Status

Implemented.

San Mateo County Community College District

January 27, 2010

BOARD REPORT NO. 10-1-104B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: James W. Keller, Executive Vice Chancellor, 358-6790

RECEIPT AND ACCEPTANCE OF THE 2008-09 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, 2009. 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 2008-09 audit reports for KCSM-FM and KCSM-TV, which were filed with the Corporation for Public Broadcasting prior to the January 31, 2010 due date.

KCSM-FM

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

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2009

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

JUNE 30, 2009

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

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
KCSM-FM

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 June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the KCSM-FM resource of the general fund of San Mateo County Community College District and do not purport to, and do not, present fairly the financial position of the San Mateo County Community College District as of June 30, 2009, and the changes in its financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KCSM-FM as of June 30, 2009, and the changes in financial position and cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2009, on our consideration of KCSM-FM's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in assessing the results of our audit.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
October 9, 2009

5000 Hopyard Road, Suite 335 Pleasanton, CA 94588 Tel: 925.734.6600 Fax: 925.734.6611 www.vtdcpa.com

FRESNO • LAGUNA HILLS • PLEASANTON • RANCHO CUCAMONGA • PALO ALTO

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

**STATEMENT OF NET ASSETS
JUNE 30, 2009**

ASSETS

Current assets

Cash and cash equivalents	\$ 590,265
Accounts receivable	49,480
Total current assets	<u>639,745</u>

Noncurrent assets

Capital assets	443,553
Accumulated depreciation	(220,732)
Total noncurrent assets	<u>222,821</u>
TOTAL ASSETS	<u>862,566</u>

LIABILITIES

Current Liabilities

Accounts payable	<u>25,702</u>
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NET ASSETS

Investment in capital assets	222,821
Unrestricted	614,043
TOTAL NET ASSETS	<u>\$ 836,864</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 ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

OPERATING REVENUES

Direct Income		
CPB community service grants	\$	146,864
Other income		712
Business and industry		37,744
Subscription and membership		1,348,716
Facilities use		46,511
Indirect support		
San Mateo County Community College District		335,071
Total Operating Revenues		<u>1,915,618</u>

OPERATING EXPENSES

Programming and production		483,922
Broadcasting		267,216
Program information and promotion		84,277
Management and general		448,891
Fundraising support		500,596
Underwriting and grant solicitation		42,160
Total Operating Expenses		<u>1,827,062</u>
Total Operating Income		<u>88,556</u>

CHANGE IN NET ASSETS		88,556
NET ASSETS AT BEGINNING OF YEAR		748,308
NET ASSETS AT END OF YEAR	\$	<u>836,864</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 CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES	
CPB community service grants	\$ 97,384
Other income	712
Business and industry	37,744
Subscription and membership	1,348,716
San Mateo County Community College District	335,071
Facilities use	46,511
Payments to suppliers	(884,749)
Payment to /(on behalf of) employees	(909,708)
Net Cash Provided By Operating Activities	<u>71,681</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(48,887)
Net Cash Used By Capital Financing Activities	<u>(48,887)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	
	22,794
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>567,471</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 590,265</u></u>
 RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ 88,556
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	30,466
Changes in assets and liabilities	
Decrease in accounts receivable	(49,480)
Increase in accounts payable	2,139
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 71,681</u></u>
 NONCASH TRANSACTIONS	
Indirect support - San Mateo Community College District	<u><u>\$ 335,071</u></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, 2009**

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. KCSM-FM is not an entity separate from the College District and, therefore, does not present a Management Discussion and Analysis section.

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-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, 2009**

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, 2009, are classified in the accompanying financial statements as a governmental fund investment in the amount of \$590,265. 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, 2009**

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 \$590,265. The weighted average maturity of the San Mateo pooled investments at June 30, 2009, was approximately 1.0 years.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 3 – CAPITAL ASSETS

Changes in equipment are summarized as follows:

	<u>July 1, 2008</u>	<u>Additions</u>	<u>June 30, 2009</u>
Equipment	\$ 394,666	\$ 48,887	\$ 443,553
Less - Accumulated Depreciation	<u>190,266</u>	<u>30,466</u>	<u>220,732</u>
Net Equipment	<u>\$ 204,400</u>	<u>\$ 18,421</u>	<u>\$ 222,821</u>

Current year depreciation expense was \$30,466 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 from San Mateo Community College District, the entity that operates the station, in the amount of \$335,071.

INDEPENDENT AUDITORS' REPORT



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

VALUE THE DIFFERENCE

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

Governing Board
KCSM-FM
San Mateo, California

We have audited the financial statements of KCSM - FM resource of the general fund of San Mateo County Community College District as of and for the year ended June 30, 2009, which comprises the KCSM - FM basic financial statements and have issued our report thereon dated October 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered KCSM-FM'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 KCSM-FM's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the KCSM-FM's internal control over financial reporting.

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

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the Governing Board, management, the California Department of Education, the State Chancellor's Office, Federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Time, Day & Co., LLP

Pleasanton, California

October 9, 2009

BOARD REPORT NO. 10-1-105B

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

**RECEIPT AND ACCEPTANCE OF THE 2008-09
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, 2009. 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 2008-09 audit reports for the General Obligation Bond funds.

**SAN MATEO COUNTY
COMMUNITY
COLLEGE DISTRICT**

**CAPITAL OUTLAY –
BOND FUND 2005 ELECTION
FINANCIAL REPORT**

JUNE 30, 2009

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY – BOND FUND 2005 ELECTION TABLE OF CONTENTS JUNE 30, 2009

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

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the capital outlay - bond fund 2005 election of the San Mateo County Community College District, as of and for the year ended June 30, 2009 as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the capital outlay - bond fund 2005 election and are not intended to present fairly the financial position and results of operations of the San Mateo County Community College District in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the capital outlay - bond fund 2005 election of the San Mateo County Community College District at June 30, 2009, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
December 17, 2009

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY - BOND FUND 2005 ELECTION

BALANCE SHEET

JUNE 30, 2009

ASSETS

Investment	\$ 288,617,196
Accounts receivable	1,825,283
Due from other funds	51,823
Prepaid expenses	<u>7,095,972</u>
Total Assets	<u><u>\$ 297,590,274</u></u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	<u>\$ 13,910,761</u>
------------------	----------------------

FUND EQUITY

Fund balances	
Unreserved	
Undesignated	<u>283,679,513</u>
Total Liabilities and Fund Equity	<u><u>\$ 297,590,274</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
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2009**

REVENUES	
Interest and investment loss	<u>\$ (12,064,405)</u>
EXPENDITURES	
Current	
Payroll and benefits	3,758,822
Books and supplies	2,724,319
Services and operating expenditures	9,968,467
Capital outlay	<u>97,024,995</u>
Total Expenditures	<u>113,476,603</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(125,541,008)</u>
OTHER FINANCING SOURCES/(USES)	
Operating transfers in	16,116
Operating transfers out	<u>(46,585)</u>
Total Other Financing Sources (Uses)	<u>(30,469)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(125,571,477)
FUND BALANCE, BEGINNING OF YEAR	<u>409,250,990</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 283,679,513</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 NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the San Mateo County Community College District Capital Outlay - Bond Fund 2005 Election conforms to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The San Mateo County Community College District capital outlay - bond fund 2005 election accounts for financial transactions in accordance with the policies and procedures of the California College Budget and Accounting Manual.

Financial Reporting Entity

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

Fund Accounting

The District accounts for the capital outlay – bond fund 2005 election in a fund, which is considered to be a separate accounting entity from all other funds of the District. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures, as appropriate. District resources are allocated to and accounted for in individual governmental funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

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

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

Encumbrances

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2005 ELECTION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009**

Fund Balance Reserves and Designations

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

Use of Estimates

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

NOTE #2 – INVESTMENTS

Investments Authorized Under Debt Agreements - The debt agreement limits investments to the San Mateo County Investment Pool. The Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

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

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

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Capital Outlay Bond Fund and the District manages exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The fair value of deposits at the County Treasury at June 30, 2009 was \$288,617,196 and the weighted average maturity of the pool is 1.0 years.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measure by the assignment of a rating by a nationally recognized statistical rating organization. The Capital Outlay Bond Fund only invests in County Pooled Investment Funds which are not required to be rated.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2005 ELECTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

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

NOTE #3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2009, consists of the following:

Interest	<u>\$ 1,825,283</u>
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NOTE #4 – INTERFUND TRANSACTIONS

Interfund receivables/payables (Due To/Due From)

At June 30, 2009, Bond Fund 2005 Election has \$51,823 due from Capital Outlay Fund for bond projects.

Operating transfers

At June 30, 2009, Bond Fund 2005 Election transferred \$46,585 to Capital Outlay fund for heating hot water projects. Capital Outlay fund also transferred \$16,116 to the 2005 Election for construction projects.

NOTE #5 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2009, consists of the following:

Vendor payables	<u>\$ 13,910,761</u>
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NOTE #6 – FUND BALANCES

Fund balance is composed of the following elements:

Unreserved Undesignated	<u>\$ 283,679,513</u>
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SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2005 ELECTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE #7 – LONG-TERM DEBT

A. Long-Term Debt Summary

Under the modified accrual basis of accounting, liabilities for long-term debt are not reported in the individual funds of the District. However, they are reported as liabilities on the Statement of Net Assets in the Entity Wide financial statements of the District. A schedule of changes in long-term debt for the year ended June 30, 2009, is shown below:

	Balance Beginning of Year	Accretion	Deductions	Balance End of Year
General obligation bonds	<u>\$ 479,932,854</u>	<u>\$ 12,204,886</u>	<u>\$ 12,860,000</u>	<u>\$ 479,277,740</u>

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Beginning of Year	Accretion	Redeemed	Bonds End of Year
4/11/2006	9/1/2030	3.75-5.00%	\$ 135,429,395	\$ 134,361,478	\$ 4,050,670	\$ 12,860,000	\$ 125,552,148
12/12/2006	9/1/2038	3.50-5.00%	\$ 332,570,194	345,571,376	8,154,216	-	353,725,592
				<u>\$479,932,854</u>	<u>\$ 12,204,886</u>	<u>\$ 12,860,000</u>	<u>\$ 479,277,740</u>

The general obligation bonds mature through 2039 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2010	\$ 5,815,000	\$ 10,005,038	15,820,038
2011	6,835,000	9,772,438	16,607,438
2012	7,935,000	9,501,388	17,436,388
2013	9,150,000	9,154,113	18,304,113
2014	10,420,000	8,802,550	19,222,550
2015-2019	41,700,000	37,669,000	79,369,000
2020-2024	24,245,000	28,608,000	52,853,000
2025-2029	20,815,000	23,637,250	44,452,250
2030-2034	34,510,000	17,599,500	52,109,500
2035-2039	47,230,000	7,180,000	54,410,000
Total	<u>208,655,000</u>	<u>\$ 161,929,277</u>	<u>\$ 370,584,277</u>
	Accretions to date		
	<u>270,622,740</u>		
	<u>\$479,277,740</u>		

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2005 ELECTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE #8 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2009, the building fund had the following commitments with respect to unfinished capital projects:

<u>Description</u>	<u>Amount</u>
District wide projects	\$ 138,838,499
Planning	253,644
	<u>\$ 139,092,143</u>

**SAN MATEO COUNTY
COMMUNITY
COLLEGE DISTRICT**

**CAPITAL OUTLAY –
BOND FUND 2005 ELECTION
PERFORMANCE REPORT**

JUNE 30, 2009



**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

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

We have performed the agreed-upon procedures listed below, which were agreed to by the management of the San Mateo County Community College District and the Measure A Citizen's Oversight Committee, solely to review at least 25% of the expenditures of the 2005 General Obligation Bond funds for the period of July 1, 2008 through June 30, 2009, for the purpose of verifying if the use of the funds is within the scope of the published materials specifying the intended use of bond funds. We used election documents, District resolutions, the master plan and the revised master plan as guidance for the intended use of the funds. For any expenditures in question, we recommended that the District obtain the opinion of legal counsel and we informed this committee as to the issues. Management is responsible for San Mateo County Community College District's compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and is intended to meet the compliance requirements as outlined in subparagraph (c) of paragraph (3) of subdivision (b) of section 1 of Article XIII of the California Constitution. The sufficiency of these procedures is solely the responsibility of those specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below for either the purpose for which this report has been requested or for any other purpose.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the San Mateo County Community College District and the Measure A Citizen's Fiscal Oversight Committee and is not intended to be and should not be used by anyone other than those specified parties.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
December 17, 2009

Financial Summary

1. The 2005 general obligation bond funds in the amount of \$468,000,000 were authorized at an election of the registered voters of the District held on August 8, 2005. The first series of the 2005 bonds was issued in April 2006 and in the principal amount of \$135,429,395. The second series of the 2005 bonds was issued in December 2006 and in the principal amount of \$332,570,194.
2. Total expenditures and encumbrances through June 30, 2009, were \$340,864,961.

Agreed Upon Procedures Performed

1. Verify that the expenditure of funds was accounted for separately in the accounting records to allow for accountability.
2. Verify that the net funds from the sale of the General Obligation Bonds were deposited in total into the District's accounts by obtaining settlement statement for the new bond issue and verifying amounts deposited into the building and bond interest and redemption funds.
3. Select 25% of the expenditures and verify that the funds expended complied with the purpose that was specified to the registered voters of the District through election materials, district resolutions, and master plan. See supplemental information for list of expenditures reviewed.
4. Verify that the State and District policies were followed in the awarding of bids and expenditure of the funds.

Results of Procedures

1. The general obligations bond fund expenditures were accounted for separately in the capital outlay - bond fund of the District.
2. There were no bond sales related to the 2005 bond in current year.
3. Our review of the expenditures for the period July 1, 2008, through June 30, 2009, did not reveal any items that were paid from the general obligation bond funds that did not comply with the purpose of the Bonds as approved by the registered voters of the District on August 9, 2005. We did not request that management of the District consult with legal counsel on any expenditure during the current period.
4. Our review of the policies over awarding of contracts revealed no exceptions to the policies of the District or the requirements of the State as they relate to awarding of contracts. Our review of the District policies over disbursement of funds revealed no exceptions to the disbursement policies of the District.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**2005 BONDS
INVOICES SELECTED
FOR THE YEAR ENDED JUNE 30, 2009**

Invoice Date	Vendor	Exhibit A of Election Doc	Facilities Project List	Amount
A/C 47001 DW CIP2 Planning				
1/5/2009	Credit Card	21	21	\$ 1,827
11/3/2008	Credit Card	21	21	1,658
9/29/2008	Credit Card	21	21	1,540
8/25/2008	Credit Card	21	21	2,507
8/7/2008	Credit Card	10	10	1,673
1/9/2009	Glenn Claycomb	8	8	17,284
8/25/2008	Keenan & Associates	8	8	15,000
9/15/2008	Ron Winter Consulting LLC	8	8	1,100
6/25/2009	Noll & Tam	8	8	16,460
6/25/2009	Noll & Tam	8	8	10,098
5/20/2009	Sugimura & Associates Architects	8	8	25,398
5/20/2009	Sugimura & Associates Architects	8	8	13,438
				107,982
A/C 47006 DW Safety & Security Cameras				
6/25/2009	NetVersant Northern California Inc.	18	18	13,742
1/28/2009	NetXperts Inc.	19	19	45,154
4/20/2009	Teecom Design Group	8	8	2,612
4/20/2009	Teecom Design Group	8	8	1,208
3/26/2009	Teecom Design Group	8	8	1,863
3/26/2009	Teecom Design Group	8	8	2,976
12/16/2008	Teecom Design Group	8	8	1,936
11/12/2008	Teecom Design Group	8	8	1,056
11/12/2008	Teecom Design Group	8	8	968
10/17/2008	Teecom Design Group	8	8	2,024
9/3/2008	Teecom Design Group	8	8	4,136
8/29/2008	Teecom Design Group	8	8	4,514
11/5/2008	Rodan Builders Inc.	8	8	363,562
10/9/2008	Rodan Builders Inc.	8	8	160,371
				606,122

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

2005 BONDS

INVOICES SELECTED

FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)

A/C 47008 DW Small Projects				
5/26/2009	Bayside Heating & Air Conditioning	21	21	<u>29,005</u>
A/C 47201 Sky Bldg 3				
5/8/2009	Dan Sarouhan	35	35	2,970
4/4/2009	Dan Sarouhan	35	35	3,163
3/5/2009	Dan Sarouhan	35	35	2,781
7/15/2008	John Plane Construction	35	35	63,700
				<u>72,614</u>
A/C 47202 Sky Bldg 7 Allied Health				
2/4/2009	Fisher Scientific Co.	35	35	8,864
2/4/2009	Fisher Scientific Co.	35	35	14,633
2/28/2009	John Plane Construction	1	1	69,573
2/11/2009	Steinberg Architects	1	1	8,620
2/11/2009	Steinberg Architects	1	1	2,034
12/15/2008	Steinberg Architects	1	1	5,948
12/3/2008	Steinberg Architects	1	1	8,620
				<u>118,290</u>
A/C 47204 Sky Bldg 12 FMC				
9/30/2008	Keenan & Associates	35	35	97,249
6/3/2009	John Plane Construction	35	35	462,675
5/14/2009	John Plane Construction	35	35	417,572
				<u>977,496</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

2005 BONDS

INVOICES SELECTED

FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)

A/C 47209 Sky CIP2 DB Project				
5/7/2009	Claycomb; Glenn	13	13	16,726
11/6/2008	Claycomb; Glenn	13	13	17,284
12/4/2008	Claycomb; Glenn	13	13	16,726
1/15/2009	Claycomb; Glenn	13	13	17,284
9/11/2008	Claycomb; Glenn	13	13	17,284
10/9/2008	Claycomb; Glenn	13	13	16,726
9/30/2008	Keenan & Associates	35	35	259,088
2/20/2009	Keenan & Associates	35	35	82,779
6/10/2009	Swinerton Management & Consulting	35	35	97,108
5/26/2009	Swinerton Management & Consulting	35	35	98,244
4/14/2009	Swinerton Management & Consulting	35	35	88,905
3/16/2009	Swinerton Management & Consulting	35	35	87,827
3/31/2009	SMCCCD - Over Head Labor	35	35	61,869
3/15/2009	SMCCCD - Over Head Labor	35	35	128,583
6/24/2009	Hensel Phelps Construction Co.	35	35	2,647,969
6/16/2009	Hensel Phelps Construction Co.	35	35	1,295,145
1/20/2009	Hensel Phelps Construction Co.	35	35	898,380
12/15/2008	Hensel Phelps Construction Co.	35	35	685,710
9/29/2008	Hensel Phelps Construction Co.	35	35	501,831
8/7/2008	Hensel Phelps Construction Co.	35	35	627,930
				<u>7,663,396</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**2005 BONDS
INVOICES SELECTED
FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)**

A/C 47218 Sky Corporation Yard Project				
1/22/2009	Q Builders Inc.	13	13	136,334
11/20/2008	Q Builders Inc.	13	13	142,185
				278,519
A/C 47223 Sky Small Projects				
6/26/2009	Q Builders Inc.	15/35	15/35	29,781
6/26/2009	Q Builders Inc.	15/35	15/35	29,785
2/26/2009	Coulter Construction Inc.	35	35	17,038
				76,604
A/C 47226 Sky Lot 10 Expansion				
6/18/2009	Robert A. Bothman	35	35	135,584
A/C 47302 Can Bldg. 16/17/18 Modern				
9/17/2008	Krueger International	21	21	40,260
9/17/2008	Krueger International	21	21	41,448
10/1/2008	Measure Net Technology Ltd	17	17	17,812
9/16/2008	Sargent-Welch/Cenco	17	17	22,937
10/1/2008	Siemens Water Technologies	17	17	4,351
10/1/2008	R&B Wholesale Distributors Inc.	21	21	5,361
9/16/2008	Phase II Machine and Tool Inc.	21	21	2,266
9/17/2008	Krueger International	21	21	65,945
9/17/2008	Krueger International	21	21	109,599
9/16/2008	Systems and Space Inc.	21	21	73,104
8/18/2008	Big D Pacific Builders	35	35	558,510
11/5/2008	John Cudia & Associates Inc.	21	21	18,511
9/17/2008	Toron Tech	19	19	18,546
9/16/2008	PerkinElmer Las Inc.	17	17	26,976
9/16/2008	Morgan LDS Inc.	17	17	17,512
				1,023,136
A/C 47303 Can B7 FMC				
9/30/2008	Keenan & Associate	35	35	147,312
11/3/2008	TRC Lowney	35	35	29,261
8/5/2008	TRC Lowney	35	35	18,253
5/7/2009	John Plane Construction	35	35	401,242
4/22/2009	John Plane Construction	35	35	217,746
				813,813
A/C 47304 Can B5/6 Modernization				
9/30/2008	Bunton Clifford Associates Inc.	35	35	82,545
9/17/2008	Bunton Clifford Associates Inc.	35	35	88,482
				171,027

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**2005 BONDS
INVOICES SELECTED
FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)**

A/C 47306 Can B8 Admin Renovation				
1/14/2009	Swinerton Management & Consulting	35	35	15,520
11/24/2008	Swinerton Management & Consulting	35	35	19,885
10/14/2008	Swinerton Management & Consulting	35	35	18,322
12/5/2008	Swinerton Management & Consulting	35	35	14,879
3/15/2008	SMCCCD - Over Head Labor	35	35	35,759
3/15/2009	SMCCCD - Over Head Labor	35	35	35,649
3/2/2009	Schembri Construction Co. Inc.	35	35	219,040
12/16/2008	Schembri Construction Co. Inc.	35	35	670,662
				1,029,716

A/C 47312 Can Gateway Circulation & Parking				
2/26/2009	Landscape Forms	34	34	29,614
9/30/2008	Keenan & Associates	34	34	182,279
5/26/2009	Swinerton Management & Consulting	34	34	34,308
4/14/2009	Swinerton Management & Consulting	34	34	40,019
3/16/2009	Swinerton Management & Consulting	34	34	40,804
12/1/2008	Swinerton Management & Consulting	34	34	38,367
8/18/2008	Swinerton Management & Consulting	34	34	33,261
3/15/2009	SMCCCD - Over Head Labor	34	34	54,502
3/15/2009	SMCCCD - Over Head Labor	34	34	113,273
6/8/2009	Robert A. Bothman	34	34	612,167
2/27/2009	Robert A. Bothman	34	34	585,789
11/14/2008	Robert A. Bothman	34	34	789,195
9/24/2008	Robert A. Bothman	34	34	805,520
8/21/2008	Robert A. Bothman	34	34	690,310
				4,049,407

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

2005 BONDS

INVOICES SELECTED

FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)

A/C 47401 CSM CIP2 DB Project				
8/21/2008	Parsons Commercial Technology Group Inc.	32	32	22,417
11/6/2008	Parsons Commercial Technology Group Inc.	32	32	22,417
11/6/2008	Parsons Commercial Technology Group Inc.	32	32	22,417
12/8/2008	Parsons Commercial Technology Group Inc.	32	32	22,417
3/31/2009	McCarthy Insurance	32	32	243,138
9/30/2008	Keenan & Associates	32	32	484,734
3/2/2009	Bayview Environmental Services	32	32	296,809
2/11/2009	Atlas / Pellizzari Electric Inc.	32	32	17,757
1/27/2009	Parsons Commercial Technology Group	32	32	22,417
1/9/2009	Parsons Commercial Technology Group	32	32	22,417
2/9/2009	Cornerstone Earth Group Inc.	32	32	26,784
1/7/2009	Cornerstone Earth Group Inc.	32	32	33,986
9/24/2008	Bayview Environmental Services	32	32	53,322
6/18/2009	Swinerton Management & Consulting	32	32	168,431
5/26/2009	Swinerton Management & Consulting	32	32	191,728
4/14/2009	Swinerton Management & Consulting	32	32	169,533
2/17/2009	Swinerton Management & Consulting	32	32	162,439
1/14/2009	Swinerton Management & Consulting	32	32	180,983
3/15/2009	SMCCCD - Over Head Labor	32	32	665,760
6/19/2009	McCarthy Building Companies	32	32	232,650
5/20/2009	McCarthy Building Companies	32	32	194,310
10/17/2008	McCarthy Building Companies	32	32	1,138,846
8/12/2008	McCarthy Building Companies	32	32	2,439,466
6/19/2009	McCarthy Building Companies	32	32	7,824,889
5/20/2009	McCarthy Building Companies	32	32	5,487,093
3/20/2009	McCarthy Building Companies	32	32	3,491,440
2/18/2009	McCarthy Building Companies	32	32	2,825,099
12/15/2008	McCarthy Building Companies	32	32	2,302,993
6/24/2009	CIS Inc.	32	32	21,520
6/24/2009	CIS Inc.	32	32	27,960
6/18/2009	CIS Inc.	32	32	21,365
6/18/2009	CIS Inc.	32	32	27,080
5/28/2009	CIS Inc.	32	32	20,435
5/28/2009	CIS Inc.	32	32	29,092
4/23/2009	CIS Inc.	32	32	23,826
11/20/2008	CIS Inc.	32	32	19,280
5/14/2009	Cornerstone Earth Group Inc.	32	32	37,568
5/4/2009	Kleinfelder	32	32	42,456
4/17/2009	Cornerstone Earth Group Inc.	32	32	26,729
4/2/2009	Kleinfelder	32	32	42,933
				29,106,934

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

2005 BONDS

INVOICES SELECTED

FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)

A/C 47402 CSM B14 Modernization				
9/17/2008	Dell computers	19	19	88,932
9/12/2008	Dell computers	19	19	88,932
1/12/2009	Krueger International	21	21	165,925
2/2/2009	Rodan Builders Inc.	8	8	238,346
12/16/2008	Rodan Builders Inc.	8	8	261,312
12/16/2008	Rodan Builders Inc.	8	8	330,603
10/17/2008	Rodan Builders Inc.	8	8	263,178
5/28/2009	DES Architects	8	8	16,023
5/14/2009	DES Architects	8	8	22,501
1/7/2009	DES Architects	8	8	14,665
12/5/2008	Swinerton Management & Consulting	8	8	7,980
11/24/2008	Swinerton Management & Consulting	8	8	9,854
10/14/2008	Swinerton Management & Consulting	8	8	9,889
8/18/2008	Swinerton Management & Consulting	8	8	11,984
				1,530,122
A/C 47403 CSM B16 Modernization				
3/15/2009	SMCCCD - Over Head Labor	8	8	20,974
4/13/2009	Schembri Construction Co. Inc.	8	8	129,138
2/2/2009	Rodan Builders Inc.	8	8	115,501
12/16/2008	Rodan Builders Inc.	8	8	132,271
12/16/2008	Rodan Builders Inc.	8	8	169,265
				567,149

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**2005 BONDS
INVOICES SELECTED
FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)**

A/C 47404 CSM B2/3/4 Fine Arts Complex Modern				
10/16/2008	Credit Card used by ITS	19	19	6,580
12/16/2008	Oberon Inc.	8	8	1,974
12/16/2008	Oberon Inc.	8	8	2,431
10/9/2008	SMCCCD Bookstore	8	8	5,854
9/12/2008	Dell Computers	8	8	4,474
1/22/2009	Credit Card used by ITS	8	8	2,479
1/8/2009	Credit Card used by ITS	8	8	2,118
9/18/2008	Credit Card used by ITS	8	8	3,326
8/25/2008	Credit Card used by ITS	8	8	2,777
3/27/2009	Netxperts Inc.	8	8	32,558
10/9/2009	SMCCCD Bookstore	8	8	100,601
9/12/2008	SMCCCD Bookstore	8	8	34,057
12/16/2008	Krueger International	8	8	19,139
12/16/2008	Krueger International	8	8	36,308
12/16/2008	Krueger International	8	8	33,712
11/5/2008	Tanaka	8	8	15,500
9/5/2008	Tanaka	8	8	10,500
9/30/2008	Keenan & Associates	8	8	53,267
11/24/2008	Swinerton Management & Consulting	8	8	24,408
10/14/2008	Swinerton Management & Consulting	8	8	24,394
8/18/2008	Swinerton Management & Consulting	8	8	32,545
3/15/2009	SMCCCD - Over Head Labor	8	8	81,191
12/16/2008	Rodan Builders Inc.	8	8	496,800
10/17/2008	Rodan Builders Inc.	8	8	537,017
8/21/2008	Rodan Builders Inc.	8	8	568,224
4/6/2009	Beverly Prior Architects	8	8	22,750
10/2/2008	Beverly Prior Architects	8	8	12,750
8/19/2008	Beverly Prior Architects	8	8	32,445
				2,200,179

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**2005 BONDS
INVOICES SELECTED
FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)**

	A/C 47407 CSM Coastside Shoreline Station T1			
5/19/2009	Carrubba Francesco	33	33	16,402
4/21/2009	Carrubba Francesco	33	33	16,402
3/31/2009	Carrubba Francesco	33	33	16,048
3/16/2009	Carrubba Francesco	33	33	16,402
2/20/2009	Carrubba Francesco	33	33	14,062
				79,315
	A/C 47408 CSM North Gateway			
11/19/2008	Noll & Tam	8	8	114,268
	A/C 47413 KCSM Projects			
4/28/2009	Advanced System Group	8	8	779,270
	A/C 47415 CSM Southeast Infrastructure & Yard			
10/7/2008	CSW-Stuber-Stroeh Engineering Group	8, 13	8, 13	49,059
9/4/2008	CSW-Stuber-Stroeh Engineering Group	8, 13	8, 13	36,688
1/26/2009	Advance Soil Technology Inc.	8, 13	8, 13	8,223
12/8/2008	Advance Soil Technology Inc.	8, 13	8, 13	11,984
11/18/2008	Advance Soil Technology Inc.	8, 13	8, 13	15,139
				121,092
	A/C 47420 CSM B12/15/17/34 Project			
2/27/2009	Keenan & Associates	8	8	133,331
5/20/2009	Cor-O-Van Moving & Storage Co.	8	8	22,583
4/17/2009	Cor-O-Van Moving & Storage Co.	8	8	37,421
3/10/2009	Cor-O-Van Moving & Storage Co.	8	8	24,987
6/4/2009	Pankow Special Projects LP	8	8	215,733
4/27/2009	Pankow Special Projects LP	8	8	82,440
				516,494
	Total Amount of Invoices Tested			\$ 52,167,534
	Total 2005 Bond Expenditures and Transfers Out			\$ 113,523,188
	Percent Tested			46%

**SAN MATEO COUNTY
COMMUNITY
COLLEGE DISTRICT**

**CAPITAL OUTLAY –
BOND FUND 2001 ELECTION
FINANCIAL REPORT**

JUNE 30, 2009

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY – BOND FUND 2001 ELECTION TABLE OF CONTENTS JUNE 30, 2009

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

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Capital Outlay - Bond Fund 2001 Election of the San Mateo County Community College District, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the capital outlay - bond fund 2001 election and are not intended to present fairly the financial position and results of operations of the San Mateo County Community College District in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Capital Outlay - Bond Fund 2001 election of the San Mateo County Community College District at June 30, 2009, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
December 17, 2009

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY - BOND FUND 2001 ELECTION

BALANCE SHEET

JUNE 30, 2009

ASSETS

Investment	\$ 1,039,717
Accounts receivable	19,023
Prepaid expenses	45,990
Total Assets	<u>\$ 1,104,730</u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	\$ 374,362
Total Liabilities	<u>374,362</u>

FUND EQUITY

Fund balances	
Unreserved	
Undesignated	<u>730,368</u>
Total Fund Equity	<u>730,368</u>
Total Liabilities and Fund Equity	<u>\$ 1,104,730</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2001 ELECTION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2009**

REVENUES	
Interest and investment earnings (loss)	<u>\$ (458,406)</u>
EXPENDITURES	
Current	
Books and supplies	1,266,153
Services and operating expenditures	454,853
Capital outlay	<u>4,708,079</u>
Total Expenditures	<u>6,429,085</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	<u>(6,887,491)</u>
OTHER FINANCING SOURCES/(USES)	
Operating transfers out	<u>(343,565)</u>
Total Other Financing Sources (Uses)	<u>(343,565)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(7,231,056)
FUND BALANCE, BEGINNING OF YEAR	<u>7,961,424</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 730,368</u></u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY – BOND FUND 2001 ELECTION NOTES TO FINANCIAL STATEMENTS JUNE 30, 2009

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the San Mateo County Community College District Capital Outlay - Bond Fund 2001 Election conforms to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The San Mateo County Community College District capital outlay - bond fund 2001 election accounts for financial transactions in accordance with the policies and procedures of the California College Budget and Accounting Manual.

Financial Reporting Entity

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

Fund Accounting

The District accounts for the capital outlay – bond fund 2001 election in a fund, which is considered to be a separate accounting entity from all other funds of the District. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures, as appropriate. District resources are allocated to and accounted for in individual governmental funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

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

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

Encumbrances

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2001 ELECTION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009**

Fund Balance Reserves and Designations

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

Use of Estimates

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

NOTE #2 – INVESTMENTS

Investments Authorized Under Debt Agreements - The debt agreement limits investments to the San Mateo County Investment Pool. The Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

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

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

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Capital Outlay Bond Fund and the District manages exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The fair value of deposits at the County Treasury at June 30, 2009 was \$1,039,717 and the weighted average maturity of the pool is 1.0 years.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2001 ELECTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measure by the assignment of a rating by a nationally recognized statistical rating organization. The Capital Outlay Bond Fund only invests in County Pooled Investment Funds which are not required to be rated.

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

NOTE #3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2009, consists of the following:

Interest	<u>\$ 19,023</u>
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NOTE #4 – INTERFUND TRANSACTIONS

Operating transfers

At June 30, 2009, Bond Fund 2001 Election has \$343,565 transfer out to Capital Outlay fund for construction projects.

NOTE #5 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2009, consists of the following:

Vendor payables	<u>\$ 374,362</u>
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NOTE #6 – FUND BALANCES

Fund balance is composed of the following elements:

Undesignated	<u>\$ 730,368</u>
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SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND 2001 ELECTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE #7 – LONG-TERM DEBT

A. Long-Term Debt Summary

Under the modified accrual basis of accounting, liabilities for long-term debt are not reported in the individual funds of the District. However, they are reported as liabilities on the Statement of Net Assets in the Entity Wide financial statements of the District. A schedule of changes in long-term debt for the year ended June 30, 2009, is shown below:

	Balance Beginning of Year	Accretion	Deductions	Balance End of Year
General obligation bonds	<u>\$ 207,078,872</u>	<u>\$ 4,195,452</u>	<u>\$ 3,205,000</u>	<u>\$ 208,069,324</u>

General Obligation Bonds 2001 Election

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Beginning of Year	Accretion	Redeemed	Bonds End of Year
6/4/2002	9/1/2026	5.20-5.74%	\$ 96,875,613	\$ 91,509,353	\$ 1,424,139	\$ 1,855,000	\$ 91,078,492
2/9/2005	9/1/2029	3.00-5.00%	69,995,132	72,734,449	1,333,078	800,000	73,267,527
4/11/2006	3/1/2031	3.50-5.00%	40,124,660	42,835,070	1,438,235	550,000	43,723,305
				<u>\$ 207,078,872</u>	<u>\$ 4,195,452</u>	<u>\$ 3,205,000</u>	<u>\$ 208,069,324</u>

The general obligation bonds mature through 2034 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2010	\$ 3,760,000	\$ 5,680,843	\$ 9,440,843
2011	4,365,000	5,522,170	9,887,170
2012	5,050,000	5,335,312	10,385,312
2013	5,760,000	5,135,370	10,895,370
2014	6,525,000	4,889,544	11,414,544
2015-2019	31,325,000	19,379,482	50,704,482
2020-2024	24,730,000	12,213,590	36,943,590
2025-2029	16,400,000	6,808,438	23,208,438
2030-2034	24,735,000	937,500	25,672,500
Total	<u>122,650,000</u>	<u>\$ 65,902,249</u>	<u>\$ 188,552,249</u>
	Accretions to date	<u>85,419,324</u>	<u>\$208,069,324</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY – BOND FUND 2001 ELECTION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #8 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2009, the building fund 2001 election has the following commitments with respect to unfinished capital projects:

<u>Description</u>	<u>Amount</u>
District wide other projects	<u>\$ 25,389</u>

**SAN MATEO COUNTY
COMMUNITY
COLLEGE DISTRICT**

**CAPITAL OUTLAY –
BOND FUND 2001 ELECTION
PERFORMANCE REPORT**

JUNE 30, 2009



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

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the agreed-upon procedures listed below, which were agreed to by the management of the San Mateo County Community College District and the Measure C Citizen's Oversight Committee, solely to review at least 25% of the expenditures of the 2001 General Obligation Bond funds for the period of July 1, 2008 through June 30, 2009, for the purpose of verifying if the use of the funds is within the scope of the published materials specifying the intended use of bond funds. We used election documents, District resolutions, the master plan and the revised master plan as guidance for the intended use of the funds. For any expenditure in question, we recommended that the District obtain the opinion of legal counsel and we informed this committee as to the issues. Management is responsible for San Mateo County Community College District's compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and is intended to meet the compliance requirements as outlined in subparagraph (c) of paragraph (3) of subdivision (b) of section 1 of article XIII of the California Constitution. The sufficiency of these procedures is solely the responsibility of those specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below for either the purpose for which this report has been requested or for any other purpose.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the San Mateo County Community College District and the Measure C Citizen's Fiscal Oversight Committee and is not intended to be and should not be used by anyone other than those specified parties.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
December 17, 2009

Financial Summary

1. The 2001 general obligation bonds were authorized at an election of the registered voters of the District held on November 6, 2001. The bonds were authorized at an issuance of \$207,000,000 principal amount for the purpose of financing the addition and modernization of school facilities. The 2001 bonds were issued in three series with principal amounts as follows: \$96,875,613 issued June 4, 2002; \$69,995,132 issued February 9, 2005; and \$40,124,660 issued April 11, 2006.
2. Total expenditures and encumbrances through June 30, 2009, were \$214,371,618 (which included interest transfer).

Agreed Upon Procedures Performed

1. Verify that the expenditure of funds was accounted for separately in the accounting records to allow for accountability.
2. Verify that the net funds from the sale of the General Obligation Bonds were deposited in total into the District's accounts by obtaining settlement statement for the new bond issue and verifying amounts deposited into the building and bond interest and redemption funds.
3. Select 25% of the expenditures and verify that the funds expended complied with the purpose that was specified to the registered voters of the District through election materials, district resolutions, and master plan. See supplemental information for list of expenditures reviewed.
4. Verify that the State and District policies were followed in the awarding of bids and expenditure of the funds.

Results of Procedures

1. The general obligations bond fund expenditures were accounted for separately in the capital outlay - bond fund of the District.
2. There were no bond sales related to the 2001 bond in the current year.
3. Our review of the expenditures for the period July 1, 2008, through June 30, 2009, did not reveal any items that were paid from the general obligation bond funds that did not comply with the purpose of the Bonds as approved by the registered voters of the District on November 6, 2001. We did not request that management of the District consult with legal counsel on any expenditure during the current period.
4. Our review of the policies over awarding of contracts revealed no exceptions to the policies of the District or the requirements of the State as they relate to awarding of contracts. Our review of the District policies over disbursement of funds revealed no exceptions to the disbursement policies of the District.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**2001 BONDS
INVOICES SELECTED
FOR THE YEAR ENDED JUNE 30, 2009**

Date	Vendor	Item Number in Exhibit A of Election Doc	Item Number in Facilities Project List	Amount
A/C 49004 DW Prog/Proj Mgmt				
8/14/2008	Swinerton Management & Consulting	51	III D 2	\$ 54,004
9/11/2008	Swinerton Management & Consulting	51	III D 2	43,911
10/9/2008	Swinerton Management & Consulting	51	III D 2	39,536
11/20/2008	Swinerton Management & Consulting	51	III D 2	31,105
12/11/2008	Swinerton Management & Consulting	51	III D 2	26,492
1/15/2009	Swinerton Management & Consulting	51	III D 2	31,876
2/19/2009	Swinerton Management & Consulting	51	III D 2	16,978
3/12/2009	Swinerton Management & Consulting	51	III D 2	23,125
4/16/2009	Swinerton Management & Consulting	51	III D 2	11,228
5/14/2009	Swinerton Management & Consulting	51	III D 2	11,440
6/1/2009	Swinerton Management & Consulting	51	III D 2	17,151
				306,846
A/C 49015 DW Teledata Upgrade				
9/15/2008	Siemens Enterprise Communication, Inc.	30	II C	43,981
10/2/2008	Siemens Enterprise Communication	30	II C	96,040
10/16/2009	Chouinard & Myhre, Inc	30	II C	47,021
10/16/2009	Chouinard & Myhre, Inc	30	II C	64,110
12/11/2008	Axcelerate Networks, Inc.	30	II C	72,396
1/8/2009	D&B Power Associates, Inc.	30	II C	14,370
1/8/2009	D&B Power Associates, Inc.	30	II C	12,505
4/13/2009	D&B Power Associates, Inc.	30	II C	13,012
5/28/2009	D&B Power Associates, Inc.	30	II C	13,837
5/28/2009	D&B Power Associates, Inc.	30	II C	12,979
				390,251
A/C 49016 DW Comp. Maint. Mgmt. System				
9/18/2008	Maintenance Connection Inc.	36	II D	41,987
A/C 49205 Sky Bldg 5				
8/28/2008	Southland Industries	6	IT3	18,980

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

2001 BONDS INVOICES SELECTED FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)

A/C 49225 Sky Building 7 Allied Health				
2/5/2009	Pasco Scientific Co.	29	II G	3,325
2/5/2009	Triarch, Inc.	28	II F	1,674
5/2/2009	Futuremed America Inc.	29	II G	446
2/19/2009	Stanley, Dennis / Lindsey Jones	28	II F	1,082
2/19/2009	Howder, Cynthia / C& S Solutions	28	II F	3,188
2/19/2009	Northern Distributing/ Clean Source	37	II J	2,928
2/19/2009	Pasco Scientific Co.	29	II G	1,285
3/12/2009	VAH, LTD (Medical Resources Group Limited)	28	II F	561
3/12/2009	VAH, LTD (Medical Resources Group Limited)	28	II F	2,872
3/12/2009	VAH, LTD (Medical Resources Group Limited)	28	II F	2,250
3/12/2009	VAH, LTD (Medical Resources Group Limited)	28	II F	1,597
3/12/2009	VAH, LTD (Medical Resources Group Limited)	28	II F	2,034
3/12/2009	VAH, LTD (Medical Resources Group Limited)	28	II F	4,754
3/12/2009	VAH, LTD (Medical Resources Group Limited)	28	II F	2,354
3/19/2009	Another Material Handling Co	37	II J	1,584
3/19/2009	RC Medical, Inc	28	II F	1,355
3/19/2009	McKesson Medical Surgical	28	II F	1,051
3/19/2009	Pasco Scientific Co.	29	II G	2,072
3/30/2009	Turning Technologies, LLC	30	II C	4,562
4/13/2009	Pasco Scientific Co.	29	II G	7,216
4/13/2009	Pasco Scientific Co.	29	II G	816
6/4/2009	Krueger International	37	II J	10,124
6/4/2009	VAH, LTD (Medical Resources Group Limited)	28	II F	1,837
6/5/2009	Midpoint International Inc.	9	I T 6	19,577
4/13/2009	Rainin Instrument LLC	28	II F	13,020
3/26/2009	JH Technologies, Inc.	28	II F	96,595
1/8/2009	Dell Computers	30	II C	19,136
1/8/2009	Dell Computers	30	II C	19,136
3/19/2009	Little Giant Bldg. Maint. Co.	24	I P	13,950
3/5/2009	Bayside Heating & Air Conditioning	6	I T 3	10,671
2/5/2009	Dovetail Decision Consultants, Inc	51	III D 2	7,593
1/22/2009	Dovetail Decision Consultants, Inc	51	III D 2	25,808
12/11/2008	Dovetail Decision Consultants, Inc	51	III D 2	20,598
4/13/2009	Golden Project Management & Install	37	II J	9,100
4/9/2009	Dovetail Decision Consultants, Inc	51	III D 2	3,324
3/5/2009	Dovetail Decision Consultants, Inc	51	III D 2	8,474
3/5/2009	Dovetail Decision Consultants, Inc	51	III D 2	6,048
10/23/2009	John Plan Construction	13	III D 2	187,792
10/9/2008	John Plan Construction	13	III D 2	69,573
9/29/2008	Steinberg Architects	13	III D 2	9,801
9/29/2008	Steinberg Architects	13	III D 2	8,099
9/29/2008	Steinberg Architects	13	III D 2	6,780
3/19/2009	Radiometer America Inc.	28	II F	14,614
2/5/2009	VAH Ltd.	28	II F	10,603
2/5/2009	Hill-rom	28	II F	9,126
				650,382

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**2001 BONDS
INVOICES SELECTED
FOR THE YEAR ENDED JUNE 30, 2009 (CONTINUED)**

A/C 49303 CAN Bldg 9				
12/4/2008	Systems and Space, Inc	37	II J	<u>34,754</u>
A/C 49320 CAN Bldgs 16-17-18				
9/18/2008	Quest Communications Corporation	30	II C	65,877
8/28/2008	Dell Computer	30	II C	41,107
8/21/2009	SMCCCD Bookstore	30	II C	83,712
8/21/2009	SMCCCD Bookstore	30	II C	82,769
12/4/2008	Dovetail Decision Consultants, Inc.	51	III D 2	23,518
10/2/2008	Golden Project Management & Install LLC	37	II J	5,720
9/18/2008	Golden Project Management & Install LLC	37	II J	5,000
8/19/2008	Big D Pacific Builders	51	III D 2	1,482,826
5/7/2009	Noll & Tam	38	III A 1	54,699
2/5/2009	Noll & Tam	38	III A 1	35,571
2/5/2009	Noll & Tam	38	III A 1	34,840
11/25/2008	Noll & Tam	38	III A 1	27,293
2/19/2009	California Radiographics, Inc	28	II F	74,898
10/16/2008	California Radiographics, Inc	28	II F	74,898
				<u>2,092,729</u>
A/C 49409 KCSM Digital Project				
11/20/2008	Avid Technology	34	II H	<u>232,411</u>
Total Amount of Invoices Tested				<u>3,493,942</u>
Total 2001 Bond Expenditures and Transfers Out				<u>6,772,650</u>
Percent Tested				<u>52%</u>

BOARD REPORT NO. 10-1-106B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Tom Bauer, Director of Auxiliary Services, 358-6782
Jan Roecks, Director of General Services, 358-6879

APPROVAL OF PROFESSIONAL SERVICES AGREEMENT WITH MEDIFIT CORPORATE SERVICES, INC. TO OPERATE THE SAN MATEO ATHLETIC CLUB IN PARTNERSHIP WITH THE DISTRICT

In the spring of 2010 the District will be opening a state of the art fitness and aquatic center, the San Mateo Athletic Club, on the campus of the College of San Mateo (CSM). The last 18 months have involved intense efforts and planning for this fitness and aquatic center. It has been a very involved and dynamic process. In fall of 2009 the District decided to issue a Request for Proposal to qualified companies to respond with information to help us determine whether to use additional professional services moving forward into the operation phase of the fitness center.

The Request for Proposal (RFP) was designed to seek a company that could provide professional services to assist in operating a full service, professional health club. The scope of work included fitness center membership marketing, development and management, fitness program development including group exercise programs and personal training, aquatics program development marketing and management, as well as day to day operations of the center in close consultation with District staff. The market study completed for the District in 2007 to assess the feasibility for a fitness and health center at the College of San Mateo campus was made available to all respondents on the General Services website.

The RFP was comprised of seven major areas to ascertain vendor expertise:

- Contractor Background
- Fitness Center and Aquatics Programs and Services
- Fee Structures for a Fitness Center, Aquatics Center, combined Fitness and Aquatic Center, and Management Fee Structures
- Operations
- Staffing Plans based on the size and scope of this center
- Software including management systems capabilities
- Marketing plans reflecting opening of the center in spring 2010 and ongoing marketing efforts

Respondents were asked to provide written, detailed responses to a series of comprehensive questions in each of these categories.

The RFP was released on October 27, 2009. The initial due date of mid-November was extended to December 4, 2009 as two of the three vendors did not indicate their interest until early November, and the District wanted to ensure that each vendor had adequate time to respond. Three companies responded to

the RFP – Aquila, Ltd, Club One, Inc., and Medifit Corporate Services, Inc. All proposals were turned in as asked by 2:00 p.m. on December 4. The first review was made that afternoon by General Services staff to insure that all respondents had answered all questions and turned in all documents as outlined in the RFP.

A fitness center update was given to the Board of Trustees on Wednesday, December 9, 2009 while the proposals were still under extensive review. Based on feedback received at that Board meeting, all respondents were asked to modify their proposals using the following:

- A membership ratio of 40% students, 60% all others
- Target of 2500 members by year 5
- Fees of \$39/student, \$49/staff, \$59/community member
- Opening date of April 1, 2010
- Respondents were told that the District is considering operating the Aquatics Center in-house

Additionally, all respondents were asked to provide written detailed information for the following questions:

- 1) Please provide a competitive management fee with a profit sharing incentive that is tied not only to driving sales but also to controlling expenses.
- 2) Opening date is scheduled for April 1, 2010. If the contract is awarded by the Board of Trustees on January 27, 2010, please share your time and action calendar that will bring us to a successful opening day.
- 3) With a target of 2500 members in 5 years, please provide a detailed marketing and payroll budget to support this. Please detail the salary and benefit schedules for each position.
- 4) Please provide an organization chart showing your local field management support.

On December 17, 2009, Tom Bauer, Director of Auxiliary Services and Jan Roecks, Director of General Services made follow up telephone calls with each of the three vendors to clarify and confirm the detailed information that each presented to the District, including the modified parameters and additional questions.

All three respondents were invited to come to the District Office on January 5, 2010 to provide an overview to a panel of District and CSM personnel who are, and will continue to be, very involved in the fitness center. The panel was comprised of the following people:

Tom Bauer	Director of Auxiliary Services
Kathy Blackwood	Chief Financial Officer
Jim Keller	Executive Vice Chancellor
Jan Roecks	Director of General Services
Mikel Schmidt	Professor, Physical Education at College of San Mateo
Andreas Wolf	Dean, Physical Education and Athletics, College of San Mateo
Bill Callahan	Student, College of San Mateo

Each vendor was given 90 minutes to describe who they are, who their company is, and what the company can bring to the San Mateo Athletic Club. It was not a venue to discuss the financial aspects of the proposal in detail, giving more opportunity for an interactive discussion between the vendors and the panel. The panel was unanimous in their feedback that Medifit seemed to have the most experienced and versatile management team that could be the most helpful to the College and District as it develops its

fitness center programs. The panel felt that what Medifit offered would be the most compatible with the needs and goals of our instructional offerings.

The very thorough review and evaluation of all vendor responses to the RFP, follow up telephone calls with each company, and vendor presentations to District and College personnel established that Medifit was the best company to provide professional services to partner with the District to operate the San Mateo Athletic Club.

MediFit's proposal to the District was dynamic, flexible to meet the needs of the District and financially responsible. They met our primary goal of identifying a partner who will enhance the quality of life for students, faculty, staff, and the community at large through a safe and enjoyable comprehensive fitness environment operated in partnership with the District in a professional, fiscally responsible manner. MediFit's proposal creates a custom yet efficient program that not only targeted our key goals and objectives but also provided flexibility to evolve and adapt to changing needs within the College and the community. Throughout this process it was clear that MediFit would work the most collaboratively with the District as a partner and not simply a vendor. This was a critical issue for the District as this new venture will touch all aspects of college life and will integrate with our community in a brand new way. This collaborative culture was verified in reference calls to MediFit's current clients who stated that this collaborative professionalism is indeed a hallmark of MediFit's operation.

The District was very impressed with the exemplary remarks for both client and member satisfaction. MediFit conducts ongoing surveys of their membership and their clients to gauge effectiveness of their programs, facilities and partnerships. In addition to on-site surveys, MediFit uses online surveys like "SurveyMonkey.com" to reach the highest number of members for their feedback. It was clear that MediFit is constantly evaluating and improving their program offerings. MediFit's 2008 client survey results demonstrated that 96% of MediFit clients were highly or extremely satisfied and 100% of clients indicated they would recommend MediFit as a health and fitness partner. Their 2009 survey is currently underway and based on the feedback received in reference checking, MediFit is on track to meet or exceed their 2008 member satisfaction.

The District was very focused on finding a partner who is an industry leader offering innovative, award winning programs. In addition, we were focused on identifying a vendor who could achieve profitability in a reasonable amount of time and manage expenses effectively while creating a dynamic marketing and outreach program. We were seeking a partner that would exemplify the high customer service standards of this District and demonstrate the ability to partner with our academic professionals. MediFit assured us that they could meet District timelines for opening the San Mateo Athletic Club and provide regional support with an acute understanding of the Bay Area market. Not only did MediFit meet and exceed expectations in all these areas, MediFit was very excited to partner with the CSM academic team to build and enhance programming for the San Mateo Athletic Club. It is their wish to work with CSM regular and adjunct faculty to teach the group fitness and exercise classes that will be offered as part of the fitness center membership. The CSM Dean of Athletics, the faculty and student representative on the panel were very pleased and excited at the prospect of developing this partnership.

An additional key focus area for the District was that the San Mateo Athletic Club be staffed in such a way as to provide first class service to our members. MediFit's staffing plan meets the District's desired goal for a fully staffed club to benefit all members. In addition to a desire to work with CSM faculty to teach group exercise classes as part of club membership, MediFit will also employ student assistants to work in the club providing them with valuable training in fitness as well as customer service. The salary and benefits schedule for MediFit staff was reviewed by the Vice Chancellor of Human Resources and he has determined that MediFit's salaries are at or above industry standard for all positions and they offer a competitive benefits package.

The District also requested information on operating the Aquatics program. MediFit operates a number of Aquatics programs across the country (the closest is at Mariner’s Square Athletic Club, Alameda, CA). They propose working with the CSM Athletic Department and District staff in establishing programs and activities at the San Mateo Athletic Club including the following:

- Swim School – a year-round learn to swim program for children ages 6 years up to adults
- Masters Swimming and Water Polo program
- Scuba Certification
- Lifeguard Certification
- Water Safety Rescue Certification
- Pool Maintenance Certification
- High Performance Athletic Training
- Triathlon Training
- Aqua Aerobics
- Family and Lap Swimming Programs
- Host major state and regional competitions

The MediFit team will partner closely with CSM Athletic Department staff and District staff to develop these programs.

Below is a table of some key facts about MediFit from their response to the request for proposal:

About MediFit	MediFit is a privately owned management and consulting company with international interests in community and corporate fitness center staffing & management, membership/marketing, worksite health promotion, web based physical activity programming, biometric screening, physical therapy and consulting services.
Mission	MediFit makes a difference in furthering the health and productivity of members/communities at over 200 client locations by: <ul style="list-style-type: none"> ▪ <i>Creating value for our customers</i> ▪ <i>Providing exceptional customer service</i> ▪ <i>Maintaining the highest quality and safety standards</i> ▪ <i>On-going product and service innovation</i>
Core Capabilities	<ul style="list-style-type: none"> ▪ Health, Fitness and Wellness (HFW) Center Staffing & Management ▪ HFW Center Design Consultation ▪ Health Promotion ▪ Web based Physical Activity Programs
Clients	MediFit consults for and manages multiple community centers (JCCs/YMHAs) and HFW centers for over 100 clients, including 38 of the Fortune 500. <ul style="list-style-type: none"> ▪ 3 ranked in the top ten Fortune 500 companies ▪ 15 ranked from 11 to 100 in the Fortune 500 ▪ 20 ranked from 101 to 500 in the Fortune 500 ▪ Examples of the community center clients they serve include: JCC of Central NJ, YM-YWHA of North Jersey, Bronx House, and JCC of Clifton, NJ. ▪ MediFit has experience working in academic settings; current staff was involved in collegiate health center transitions (i.e. Emerson College, San Francisco State)

<p>Client Satisfaction & Results</p>	<p>MediFit clients are highly satisfied. A 2008 client survey showed 94% of their clients are highly or extremely satisfied and would recommend MediFit as a premier management company.</p> <p>In the community services division, they achieve superior results in all areas of the operation including: member acquisition, member retention and ancillary sales. Results at one of their community center clients after the first six months as compared to the same time period last year:</p> <ul style="list-style-type: none"> ▪ 74% increase in new member sales (406 vs. 233) has resulted in a net membership increase of 155% (163 vs. 64) ▪ 65% increase in registration fee revenue (\$13,704 vs. \$8,303), an increase of \$5,401 ▪ 172% increase in personal training revenue (\$32,827 vs. \$12,053), an increase of \$20,774 <p>These results demonstrate their ability to achieve measureable results in a short period of time to help our clients maximize their revenue opportunities.</p>
<p>Industry Competition <i>Multi-site Management Transitions</i></p>	<ul style="list-style-type: none"> ▪ Companies turn to MediFit for innovative, customized solutions. In the past 6 years, MediFit has transitioned 75 fitness centers from in-house and competitor programs (45 in the last 2 years) while losing only three. ▪ The two most significant transitions were multi-site clients (12 and 15 fitness centers). ▪ One client uses MediFit to manage 23 centers in North America. ▪ Nearly 40% of MediFit clients are multi-site accounts
<p>People</p>	<ul style="list-style-type: none"> ▪ 450 full time employees with a BA or BS degree in health/ fitness related fields ▪ 30% hold a Masters degree
<p>Industry Leaders</p>	<p>Vin DeProssino, CEO, Co-owner Paul Couzelis, Ph. D., President, Co-owner William Day, Ph.D., Sr. Vice President</p>
<p>In-House Experts</p>	<p>Bill Bourque - COO Craig Baitinger – V.P. Community Health and Wellness Kristine Holbrook – V.P. Worksite Health and Wellness Kurt Atherton – Senior Consultant Catherine Kolbeck – Senior Consultant Facility design, health promotion and fitness professionals, technology innovators, research and program developers, logistics and dispersed population programming specialists</p>
<p>Award Winning Client Results</p>	<ul style="list-style-type: none"> ▪ 18 Nova 7 Awards with over 40 Finalist Awards ▪ 7 C. Everett Koop Awards ▪ 6 IHPM Awards (Institute for Health and Productivity Management) ▪ 4 WELCOA Awards (Wellness Council of America) ▪ 3 NBGH Awards (National Business Group on Health) ▪ 5 Consecutive AWHP (Association for Worksite Health Promotion) Awards for Excellence in Programming and others <p style="text-align: center;">Winner of the National Health & Fitness Award for Exemplary Leadership</p>

An integral component of the MediFit response to the request for proposal is the five (5) year operating proforma. This operating proforma reflects MediFit's experience and expert opinion of how the District should expect the health, fitness, wellness and aquatics components of our operations to perform over a critical first five (5) year period.

There are several important components MediFit used in the construction of this detailed operating proforma:

- 1) Demographic/Market analysis – The MediFit management team has conducted a thorough demographic and market analysis and has combined this analysis with their nearly 30 years of Bay Area community, corporate and commercial facility management experience. This study looks at key information based on factors such as:

- a. Age
- b. Income
- c. Stratified population counts within a prescribed radius
- d. Competition (strengths, weaknesses, opportunities)
- e. Market potential based on “available likely joiners” (a value distilled from the above information)
- f. Facility location relative to market exposure, ease of access/egress and overall desirability

Once evaluated, the market study allows us to project key operating variables such as:

- a. Overall membership potential/size
- b. Breakdown of membership type (student, faculty, community, single, family, corporate, etc.)
- c. Membership fee structure (price elasticity/sensitivity for monthly dues and registration fees)
- d. Service level requirements (market demands)
- e. Ancillary service demand and fee structure (personal training, aquatics lessons, specialty group exercise, spa, etc.)

- 2) Facility and Program Capacity – The next important areas for us to consider are relative to the facility/program parameters and capacity. MediFit applies formulas based on experience and benchmarking across hundreds of sites that allow us to accurately predict what membership and program capacity will be based on project specific factors such as:

- a. Overall facility size
- b. Peak capacity of:
 - i. Locker rooms
 - ii. Equipment areas (cardio, strength, etc.)
 - iii. Group Exercise areas
 - iv. Aquatics
 - v. Parking
 - vi. Etc.
- c. Hours of operation
- d. Required use and scheduling of space (taking into account all projected program needs and requirements)

- 3) Membership Model – Upon completion of the Market, Facility and Program evaluations we are able to then accurately project membership for this specific facility in this specific market (the membership model) with sensitivity to:

- a. Timing of membership sales (membership ramp up)
- b. Membership type/category

- c. Membership value (dues, registration fees)
 - d. Membership capacity
- 4) Operating Proforma – After constructing the membership model it becomes a straightforward task to build the operating proforma with accurate projections for all revenues and expenses associated with operations. Examples of the logic used are as follows:
- a. Membership dues and associated revenue are a direct function of the timing and volume of membership for any given period.
 - b. Projected monthly or annual membership attrition is calculated based on gross membership volume combined with benchmark-based projections for like type facilities and membership demographics.
 - c. Ancillary program and service revenue is a derivative of the membership projects and membership demographics – as an example, they know through extensive benchmarking what to expect, and therefore project, as the average personal training revenue per year, per membership.
 - d. Marketing/Sales costs are driven by the market analysis and tied directly to membership projections and a benchmarked acquisition cost per membership projection.
 - e. Staffing size/costs in all areas of operations are a direct reflection of the combined analysis of facility and program size/scope, membership size/demographics along with a determination of the requisite service levels (staff experience and qualifications) and service model delivery necessary to attract and retain members in the prescribed facility and environment.
- A special note – retention (member usage) is a major focus in the MediFit/SMCCCD service model, as is attracting those individuals within our campus and surrounding community who may not be predisposed to physical activity, fitness or wellness. All staffing requirements/levels are tied directly to this service delivery model and goals.*
- f. All other operating costs are directly proportional to facility, program and staff size.
 - g. Capital reserves are inserted as a direct percentage of gross revenues based on industry benchmarks.
 - h. MediFit management fees are calculated as a percentage of overall operating revenue and expense and are directly tied to MediFit’s ability to deliver actual performance as reflected in the provided operating proforma.

In summary, using the above described process and methodology, MediFit has experienced a consistent level of success in accurately projecting the financial and functional performance of a very wide variety and number of managed sites over a significant period of time. The District is confident in MediFit’s ability to meet these goals based on all of their relevant industry experience, the flexibility they have shown throughout the process and the fact that they have tied their financial success to our financial success directly through a competitive management fee noted on the proforma and an incentive program. The proposed incentive program rewards MediFit for meeting District established budgeted goals and provides additional revenue opportunities if they exceed District established budgeted goals. The five (5) year operating proforma is attached. An actual operating budget and detailed incentive plan will be written into the contract between the District and MediFit.

MediFit’s proposal to the District fulfills both our goals and requirements for a partner in operating a state of the art, cutting edge fitness facility as well as providing us with a financially viable, successful business plan that will leave us well positioned for the future. MediFit has demonstrated they are a consultative, collaborative partner who will work strategically with the District team.

RECOMMENDATION

It is recommended that the Board of Trustees authorize the Executive Vice Chancellor to execute a professional services agreement with MediFit Corporate Services, Inc. to partner with and under supervision of the District to operate the San Mateo Athletic Club at College of San Mateo for a period of three years with the option for two (2) one (1) year renewals commensurate with the terms as outlined in this report.



**College of San Mateo
Fitness Center 5-Year Proforma**

Year	Reg. Fees	Ave.Dues	Ave. Attrition Rate
FY2010	\$ 36.65	\$ 50.10	22.0%
FY2011	\$ 36.65	\$ 52.61	30.0%
FY2012	\$ 36.65	\$ 55.24	30.0%
FY2013	\$ 36.65	\$ 58.00	30.0%
FY2014	\$ 36.65	\$ 60.90	30.0%

Operating Statistics	<u>4/1/10-12/31/10</u>	<u>1/1/11-12/31/11</u>	<u>1/1/11-12/31/12</u>	<u>1/1/11-12/31/13</u>	<u>1/1/11-12/31/14</u>
11. Beginning Members	0	1324.32	2077	2289	2437
12. New Member Sales	1488	1150	835	835	835
13. Attrition	163.68	397	623	687	731
14. Ending Members	1324.32	2077	2289	2437	2541
15. Average Members	828	1701	2183	2363	2489
Revenues					
16 Registration Fees	54,535	42,148	30,603	30,603	30,603
17 Individual Membership Dues	492,637	1,062,831	1,432,454	1,628,172	1,800,791
18 Usage Fees	9,000	12,600	13,230	13,892	14,586
19 Personal Training	189,543	347,591	421,651	453,806	476,314
20 Pilates (Speciality GE)	62,078	127,550	163,723	177,231	186,687
21 Aquatics	262,500	402,500	462,875	532,306	612,152
22 Proshop	24,831	51,020	65,489	70,892	74,675
23 Other	2,483	5,102	6,549	7,089	7,467
25 GROSS REVENUE	1,097,607	2,051,341	2,596,573	2,913,991	3,203,275
26 COST OF GOODS SOLD	154,854	295,154	365,375	394,072	414,160
27 NET REVENUE	942,753	1,756,187	2,231,198	2,519,919	2,789,115
Operating Expenses					
28 Salaries, wages, & Benefits	810,623	1,081,991	1,176,681	1,287,826	1,403,848
29 Liability Insurance	16,250	22,749	23,886	25,081	26,335
30 Utilities	75,300	105,300	110,445	115,847	121,520
31 Marketing	66,800	45,800	45,800	45,800	45,800
32 Repairs & Maintenance	78,750	109,320	114,134	119,533	125,623
33 Supplies	32,075	55,032	66,384	74,147	82,246
34 Laundry Expense	6,084	14,734	17,782	19,127	20,069
35 Billing Expense	17,341	35,740	49,481	54,754	58,949
36 Other Expenses	20,024	28,310	29,281	30,579	31,937
37 Professional Fees	45,833	52,500	55,125	57,881	60,775
38 Total Operating Expenses	1,169,080	1,551,477	1,689,000	1,830,576	1,977,101
39 Lifecycle Equipment Replacement (4% of gross revenue)	32,928	82,054	103,863	116,560	128,131
40 Net Operating Income	(259,255)	122,656	438,336	572,784	683,884

BOARD REPORT NO. 10-1-107B

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor
PREPARED BY: Janet L. Stringer, Dean, Science and Technology, Cañada College, 306-3322

ACCEPTANCE OF DYKNOW SOFTWARE GRANT FOR CAÑADA COLLEGE

Cañada College was awarded a one-time grant valued at \$17,200 from DyKnow Corporation. The grant provides 135 DyKnow Software Suite licenses, server hosting for the awarded licenses until December 31, 2010, self-paced Internet training tutorials, deployment strategy consultation and support and access to product updates through December 31, 2010. DyKnow is a leader in interactive education technology and the software will be utilized by the engineering program to enhance the on-line courses. Ten schools around the country were awarded grants through this program.

RECOMMENDATION

It is recommended that the Board of Trustees accept the grant awarded to Cañada College from DyKnow Corporation, valued at \$17,200.

BOARD REPORT NO. 10-1-108B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: José Nuñez, Vice Chancellor, Facilities Planning, Maintenance & Operations,
358-6836

**RATIFICATION OF TELECOMMUNICATIONS USE PERMITS WITH
SPRINT NEXTEL – DISTRICTWIDE**

In recent years, the Board has authorized the District to execute a series of agreements with wireless communication companies for installation of radio equipment at various District sites. The need to update relocation and access rights due to various capital improvements at each campus as well as the need to limit assignment terms for cell site vendors has led the District to update the telecommunications site use permit language and terms with Sprint Nextel.

The District currently has the following five (5) telecommunication site use permits with Sprint Nextel Districtwide:

Site	Vendor	Current Annual Lease Amount	NEW Annual Lease Amount
Cañada	Nextel Communications	\$ 43,437.11	\$ 42,000.00
Cañada	Sprint Spectrum	\$ 38,890.15	\$ 42,000.00
CSM	Nextel Communications	\$ 37,420.74	\$ 42,000.00
CSM	Sprint Spectrum	\$ 38,890.15	\$ 42,000.00
Skyline	Nextel Communications	\$ 22,973.07	\$ 42,000.00
	Total Annual Revenue	\$ 181,611.22	\$ 210,000.00

The District now seeks Board approval of use permits with Sprint Nextel for each site with an initial five-year period, including renewal options for two additional five-year terms. Sprint Nextel will pay the District \$42,000 per year per site in advance. Payments due to the District will increase annually by 5%. Additionally, Sprint Nextel will be required to pay the actual cost of utilities used each month plus an 8% administrative fee for the duration of the agreement.

RECOMMENDATION

It is recommended that the Board of Trustees ratify the use permits with Sprint Nextel Districtwide, as detailed above.

BOARD REPORT NO. 10-1-109B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: James W. Keller, Executive Vice Chancellor, 358-6790

APPROVAL OF NONRESIDENT TUITION FEE, 2010-11

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 2009-10 fiscal year was \$191 per semester unit (Board Report No. 09-1-103B). For 2010-11, the Administration recommends the fee of \$199 per semester unit, based on the "contiguous district" method prescribed by the Education Code. The increase of \$8 represents a 4% increase over last year's rate.

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 2010-11 District capital outlay fee is calculated at \$100 per semester unit. District Administration recommends the capital outlay fee for 2010-11 remain at the 2009-10 rate of \$9.

For comparison purposes, the tentative 2010-11 rates for other local community college districts are shown below:

District	Non Resident FTES	Per State Formula	Proposed Fee Per Unit		Recommended Fee
			Base Fee	Capital Outlay Fee	
Contra Costa CCD	1,744	193	185	5	190
Foothill DeAnza CCD	4,189	178	179	18	197
Ohlone CCD	442	197	197	5	202
San Francisco CCD	1,699	194	194	66	260
San Jose/Evergreen CCD	275	204	199	25	224
West Valley/Mission CCD	504	196	199	0	199
San Mateo	416	182	199	9	208
State Average		183			

RECOMMENDATION

It is recommended that the Board set the 2010-11 nonresident student tuition fee at \$199 per semester unit. It is recommended further that the Board levy a capital outlay recovery fee of \$9 per semester unit and that no exemptions be made for foreign students enrolled in six units or less, bringing the total nonresident fee to \$208 per semester unit for 2010-11.

RESOLUTION NO. 10-1

**BY THE GOVERNING BOARD OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATE OF CALIFORNIA**

RESOLUTION REGARDING BOARD ABSENCES

WHEREAS, California Education Code states a Governing Board member of a community college district may receive compensation for any meeting when absent if the Board, by resolution duly adopted, finds that at the time of the meeting, he or she is performing services outside the meeting for the community college district; he or she was ill or on jury duty; or the absence was due to a hardship deemed acceptable by the Board; and

WHEREAS, California Education Code also states a member of a Governing Board who does not attend all meetings held by the Board in any month may receive, as compensation for his or her services, an amount not greater than a pro rata share of the number of meetings actually attended based upon his or her current compensation; and

WHEREAS, at the time of the January 13, 2010 meeting of the Board, Trustee Helen Hausman was absent due to an injury suffered at the previous Board meeting;

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of the San Mateo County Community College District finds that under current law, Trustee Helen Hausman is entitled to receive the regular compensation for the meeting of January 13, 2020.

REGULARLY PASSED AND ADOPTED this 27th day of January, 2010.

Ayes:

Noes:

Attest: _____
Dave Mandelkern, Vice President-Clerk
Board of Trustees

BOARD REPORT NO. 10-1-111B

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.

At the Board meeting of January 23, 2002, the Board approved an amendment to District Rules and Regulations Section 1.30, Compensation of Board members, and authorization to adjust Board member compensation in compliance with new legislation (Board Report No. 02-1-109B).

On January 28, 2009, the Board discussed implementation of the 5% annual compensation increase and unanimously agreed to bypass an increase for 2009 because of the economic climate.

The economic situation continues to be dire, with the three Colleges and the District Office in the process of identifying a second round of cost reductions. As such, staff recommends that the Board forgo an increase in compensation for 2010.

RECOMMENDATION

It is recommended that the Board decline an increase in Board compensation for the year 2010.

BOARD REPORT NO. 10-1-112B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Barbara Christensen, Director of Community/Government Relations, 574-6510

**APPROVAL OF AMENDMENT OF BYLAWS, SAN MATEO COUNTY
COLLEGES EDUCATION HOUSING CORPORATION**

The Bylaws of the San Mateo County Colleges Education Housing Corporation were originally approved by the Board of Trustees of the College District in January, 2004. Those Bylaws delegate to the Housing Corporation Board the responsibility of amending the Bylaws as needed, subject to the approval of the Board of Trustees.

Section 3 of the Bylaws set the membership of the Corporation Board at “at least five (5) but no more than seven (7) Directors.” Recently, the Board of Trustees was asked by the Academic Senate to add a Senate member to the Housing Corporation Board and it was also suggested that a CSEA member be added to the Board. At its January 20, 2010 meeting, the Housing Corporation Board approved the amendment of Article 3 of the Bylaws to read:

“The Board will consist of at least seven (7) but no more than nine (9) Directors, with the precise number within this range to be determined by the San Mateo County Community College District Board of Trustees. One Director shall be recommended for membership by the Academic Senate of the District and a second Director shall be recommended by the CSEA chapter. The qualifications for the other Directors shall be as established by the San Mateo County Community College District from time to time.”

RECOMMENDATION

It is recommended that the Board of Trustees approve the amendment to the Bylaws of the San Mateo County Colleges Education Housing Corporation, as described above.

BOARD REPORT NO. 10-1-2C

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor
PREPARED BY: Jing Luan, Vice Chancellor, Educational Services and Planning, 358-6880

**2009 ARCC REPORT
THE COLLEGE LEVEL INDICATORS**

In 2004, AB 1417 mandated the creation of a performance measurement system for the California Community Colleges System. In 2007, the System Office (called the Chancellor's Office until 2008) collaborated with the System colleges to develop a comprehensive performance measurement report called Accountability Report for the Community Colleges (ARCC). As required by law, local governing boards should review the annual ARCC report and provide the meeting minutes to the System Office showing such review took place.

Attached is a brief explanation of the ARCC report (Exhibit A). Also attached are the individual reports for Cañada College (Exhibit B), College of San Mateo (Exhibit C) and Skyline College (Exhibit D).

There is an ARCC contact on each college campus and an ARCC contact at the district office in multi-college districts. The contacts are responsible for reviewing ARCC data, interpreting the data, and compiling self-assessments.

The ARCC contacts in our District are:

Gregory Stoup – Cañada College
John Sewart – College of San Mateo
Rob Johnstone – Skyline College
Jing Luan – District Office

The Accountability Reporting for the Community Colleges (ARCC) framework specifies that community college performance data should be aggregated, analyzed, and reported at two levels: the individual college level (college level indicators) and across the community college system (systemwide indicators). Results for the college level indicators for each of the District's Colleges are shown in the attached tables. In order to give proper context to the college level indicators, each District College also attaches a one page self assessment report, which is submitted to the System Office by the Colleges on a yearly basis.

The tables present the following data for each College:

1. Student Progress and Achievement Rate (Table 1.1)
2. Percent of Students Who Earned at Least 30 Units (Table 1.1a)
3. Persistence Rate (Table 1.2)
4. Annual Successful Course Completion Rate for Credit Vocational Courses (Table 1.3)
5. Annual Successful Course Completion Rate for Credit Basic Skills Courses (Table 1.4)
6. Improvement Rates for Credit ESL and Credit Basic Skills Courses (Table 1.5)
7. Career Development and College Preparation (CDCP) Progress and Achievement Rate (Table 1.6)
8. College Profile Summaries (e.g., headcounts, percentages of student enrollments by various demographics) (Tables 1.7, 1.8, 1.9, 1.10)
9. Summary of the Colleges' Peer Groups for Each Indicator (Table 1.11)

Tables 1.1 to 1.11 are organized under three main categories: College Performance Indicators, College Profiles, and College Peer Grouping. College Performance Indicators are further categorized as Degree/Certificate/Transfer, Vocations/Occupational/Workforce Development, and Pre-Collegiate Improvement (Basic Skills, ESL, and Enhanced Noncredit).

Because analysts of state level policy often need to know how the entire system has performed on specific indicators, the total system rates on the ARCC college level indicators are reported, and are shown in the table below. The rates in this table use the total number of students in the state that qualified for a specific cohort as the denominator.

The rates in this table should not be used to evaluate the performance of an individual college because these overall rates ignore the local contexts that differentiate the community colleges. Evaluation of individual college performance should focus on the college level information that appears on the separate pages that are attached. On those pages, Tables 1.1 to 1.11 for each college and the college's self-assessment explicitly enable analysts to evaluate a college in an equitable manner.

College Level Performance Indicator	State Rate
1. Student Progress & Achievement (2002-03 to 2007-08)	51.8%
2. Completed 30 or More Units (2002-03 to 2007-08)	71.2%
3. Fall to Fall Persistence (Fall 2006 to Fall 2007)	69.2%
4. Vocational Course Completion (2007-08)	77.7%
5. Basic Skills Course Completion (2007-08)	60.5%
6. Basic Skills Course Improvement (2005-06 to 2007-08)	51.2%
7. ESL Course Improvement (2005-06 to 2007-08)	50.1%

Note that these systemwide indicators are not simply statewide aggregations of the college level indicators presented elsewhere in this report. Some systemwide indicators cannot be broken down to a college level or do not make sense when evaluated on a college level. For example, students may transfer or attend courses across multiple community colleges during their studies and their performance

outcomes must be analyzed using data from several community colleges rather than from an individual college.

The Career Development and College Preparation (CDCP) Progress and Achievement Rate (Table 1.6) is included in each of the individual college reports as a result of legislation (SB 361, Scott, Chapter 631, Statutes of 2006) that increased funding for specific noncredit courses at those community colleges and schools of continuing education that have applied for and received approval for enhanced noncredit programs. None of the District's Colleges have CDCP courses.

Canada College

San Mateo County Community College District

College Performance Indicators

Student Progress and Achievement: Degree/Certificate/Transfer

Table 1.1:
Student Progress and
Achievement Rate

Percentage of first-time students who showed intent to complete and who achieved any of the following outcomes within six years: Transferred to a four-year college; or earned an AA/AS; or earned a Certificate (18 units or more); or achieved "Transfer Directed" status; or achieved "Transfer Prepared" status. (See explanation in Appendix B.)

	2000-2001 to 2005-2006	2001-2002 to 2006-2007	2002-2003 to 2007-2008
Student Progress and Achievement Rate	51.0%	50.7%	52.6%

Table 1.1a:
Percent of Students Who
Earned at Least 30 Units

Percentage of first-time students who showed intent to complete and who earned at least 30 units while in the California Community College System. (See explanation in Appendix B.)

	2000-2001 to 2005-2006	2001-2002 to 2006-2007	2002-2003 to 2007-2008
Percent of Students Who Earned at Least 30 Units	72.3%	71.5%	72.2%

Table 1.2:
Persistence Rate

Percentage of first-time students with a minimum of six units earned in a Fall term and who returned and enrolled in the subsequent Fall term anywhere in the system. (See explanation in Appendix B.)

	Fall 2004 to Fall 2005	Fall 2005 to Fall 2006	Fall 2006 to Fall 2007
Persistence Rate	69.8%	67.2%	64.9%

NA: This performance indicator is not applicable for schools of continuing education



Canada College

San Mateo County Community College District

College Performance Indicators

Student Progress and Achievement: Vocational/Occupational/Workforce Development

Table 1.3:
Annual Successful Course
Completion Rate for
Credit Vocational Courses

See explanation in Appendix B.

	2005-2006	2006-2007	2007-2008
Annual Successful Course Completion Rate for Vocational Courses	76.0%	78.2%	77.1%

Pre-Collegiate Improvement: Basic Skills, ESL, and Enhanced Noncredit

Table 1.4:
Annual Successful Course
Completion Rate for
Credit Basic Skills Courses

See explanation in Appendix B.

	2005-2006	2006-2007	2007-2008
Annual Successful Course Completion Rate for Basic Skills Courses	60.0%	59.2%	60.2%

Table 1.5:
Improvement Rates for ESL
and Credit Basic Skills Courses

See explanation in Appendix B.

	2003-2004 to 2005-2006	2004-2005 to 2006-2007	2005-2006 to 2007-2008
ESL Improvement Rate	41.9%	42.5%	40.9%
Basic Skills Improvement Rate	53.6%	50.8%	59.6%

Table 1.6:
Career Development and
College Preparation (CDCP)
Progress and Achievement Rate

See explanation in Appendix B.

	2003-2004 to 2005-2006	2004-2005 to 2006-2007	2005-2006 to 2007-2008
CDCP Progress and Achievement Rate	.%	.%	.%

Blank cell (% only) = No CDCP data for cohort (college may not have CDCP courses)
0% in cell = CDCP cohort data, but no outcome data as of report date



Canada College

San Mateo County Community College District

College Profile

Table 1.7:
Annual Unduplicated Headcount and Full-Time Equivalent Students (FTES)

	2005-2006	2006-2007	2007-2008
Annual Unduplicated Headcount	9,715	10,104	10,355
Full-Time Equivalent Students (FTES)*	3,753	4,551	4,018

Source: The annual unduplicated headcount data are produced by the Chancellor's Office, Management Information System. The FTES data are produced from the Chancellor's Office, Fiscal Services 320 Report.

*FTES data for 2005-2006, 2006-2007, and 2007-2008 are based on the FTES recalculation.

Table 1.8:
Age of Students at Enrollment

	2005-2006	2006-2007	2007-2008
19 or less	18.4%	19.6%	20.3%
20 - 24	23.2%	23.4%	22.8%
25 - 49	45.9%	44.3%	43.8%
Over 49	12.4%	12.7%	13.1%
Unknown	0.0%	0.0%	0.0%

Source: Chancellor's Office, Management Information System

Table 1.9:
Gender of Students

	2005-2006	2006-2007	2007-2008
Female	64.8%	63.7%	62.5%
Male	33.8%	34.2%	34.7%
Unknown	1.4%	2.1%	2.7%

Source: Chancellor's Office, Management Information System



Canada College

San Mateo County Community College District

College Profile**Table 1.10:**
Ethnicity of Students

	2005-2006	2006-2007	2007-2008
African American	3.2%	3.4%	3.4%
American Indian/Alaskan Native	0.3%	0.4%	0.3%
Asian	8.7%	8.1%	7.8%
Filipino	3.6%	3.7%	3.9%
Hispanic	40.8%	40.6%	40.4%
Other Non-White	1.7%	1.5%	1.5%
Pacific Islander	1.8%	1.7%	1.6%
Unknown/Non-Respondent	5.6%	7.1%	7.9%
White Non-Hispanic	34.2%	33.5%	33.1%

Source: Chancellor's Office, Management Information System



Canada College

San Mateo County Community College District

College Peer Grouping**Table 1.11: Peer Grouping**

	Indicator	College's Rate	Peer Group Average	Peer Group Low	Peer Group High	Peer Group
A	Student Progress and Achievement Rate	52.6	42.0	25.7	52.6	<i>A6</i>
B	Percent of Students Who Earned at Least 30 Units	72.2	73.2	72.2	73.6	<i>B6</i>
C	Persistence Rate	64.9	71.3	63.0	78.1	<i>C6</i>
D	Annual Successful Course Completion Rate for Credit Vocational Courses	77.1	75.1	62.3	84.6	<i>D1</i>
E	Annual Successful Course Completion Rate for Credit Basic Skills Courses	60.2	62.1	52.0	72.0	<i>E1</i>
F	Improvement Rate for Credit Basic Skills Courses	59.6	55.3	42.2	62.3	<i>F5</i>
G	Improvement Rate for Credit ESL Courses	40.9	29.1	0.0	70.5	<i>G1</i>

Note: Please refer to Appendices A and B for more information on these rates. The technical details of the peer grouping process are available in Appendix D.



Canada College

San Mateo County Community College District

College Self-Assessment

Students Served

As one of the San Francisco Bay Area's smaller community colleges, serving approximately 10,000 students per year, Cañada combines the intimacy of small class sizes with the comprehensive coverage of a full service college. Cañada's Silicon Valley service area workforce is expected to grow approximately 5% over the next five years, with the largest gains expected in the professional and technical services industries. Cañada's course offerings and programs are well positioned to facilitate this growth in our community.

While located in one of the most affluent communities in the state, Cañada serves a diverse and largely underserved student population. Given our service area demographics, Cañada enrolls disproportionately high levels of both Hispanic and Filipino students as well as first generation college students and those from low income households. Cañada supports these students through high quality and adaptive academic programs facilitated by a system of robust service support.

Mission and Programs

Cañada's mission is focused on student learning. The college has a planning system designed to integrate and align institutional planning process toward the goal of achieving sustained improvements in student learning. Program innovation is a significant component of this strategy. Cañada has developed several creative learning community programs to leverage unique capabilities in both instruction and student services; many of these programs target the developmental needs of our students. The college recently launched the President's Innovation Fund to serve as an investment pool to incubate and pilot such programs.

ARCC Metrics

Canada's performance in the 2009 ARCC Report highlights many of these achievements and a few perennial challenges. The report identifies year-to-year improvements in successful course completion rates for vocational course takers and overall improvements for students taking for-credit ESL courses. This gain can be attributed to the implementation of several complimentary programs designed to address these areas.

The report also contains evidence of a modest decline in both the overall student achievement rate and student persistence. There is some evidence to suggest the decline was related to changing dynamics in the surrounding labor market. We have, however, implemented several programmatic responses to address these issues. Noting evidence of higher success and persistence among students enrolled in learning communities, we have broadened their domain of coverage into every instructional division. Likewise, we have invested significant resources into our student support systems to help identify early warning signs that a student may be struggling and then respond to those challenges in an effective and timely manner.

The ARCC report identifies a modest decline in successful course completion rates for Basic Skills courses. This year Canada implemented multiple data-driven interventions targeting the student placement process and basic skills pedagogy. Preliminary findings are quite positive and point toward an expansion of these pilot programs.

Finally, the peer group analysis in the ARCC report suggests Canada's relative performance is quite positive – exceeding the peer group average in five of seven categories. We hope to build on these successes and leverage them to support on-going and sustained improvements in student learning.



College of San Mateo

San Mateo County Community College District

College Performance Indicators

Student Progress and Achievement: Degree/Certificate/Transfer

Table 1.1:
Student Progress and
Achievement Rate

Percentage of first-time students who showed intent to complete and who achieved any of the following outcomes within six years: Transferred to a four-year college; or earned an AA/AS; or earned a Certificate (18 units or more); or achieved "Transfer Directed" status; or achieved "Transfer Prepared" status. (See explanation in Appendix B.)

	2000-2001 to 2005-2006	2001-2002 to 2006-2007	2002-2003 to 2007-2008
Student Progress and Achievement Rate	60.3%	60.9%	59.5%

Table 1.1a:
Percent of Students Who
Earned at Least 30 Units

Percentage of first-time students who showed intent to complete and who earned at least 30 units while in the California Community College System. (See explanation in Appendix B.)

	2000-2001 to 2005-2006	2001-2002 to 2006-2007	2002-2003 to 2007-2008
Percent of Students Who Earned at Least 30 Units	74.3%	73.4%	73.2%

Table 1.2:
Persistence Rate

Percentage of first-time students with a minimum of six units earned in a Fall term and who returned and enrolled in the subsequent Fall term anywhere in the system. (See explanation in Appendix B.)

	Fall 2004 to Fall 2005	Fall 2005 to Fall 2006	Fall 2006 to Fall 2007
Persistence Rate	71.1%	73.9%	69.0%

NA: This performance indicator is not applicable for schools of continuing education



College of San Mateo

San Mateo County Community College District

College Performance Indicators

Student Progress and Achievement: Vocational/Occupational/Workforce Development

Table 1.3:
Annual Successful Course
Completion Rate for
Credit Vocational Courses

See explanation in Appendix B.

	2005-2006	2006-2007	2007-2008
Annual Successful Course Completion Rate for Vocational Courses	78.9%	81.4%	80.4%

Pre-Collegiate Improvement: Basic Skills, ESL, and Enhanced Noncredit

Table 1.4:
Annual Successful Course
Completion Rate for
Credit Basic Skills Courses

See explanation in Appendix B.

	2005-2006	2006-2007	2007-2008
Annual Successful Course Completion Rate for Basic Skills Courses	59.5%	62.1%	58.5%

Table 1.5:
Improvement Rates for ESL
and Credit Basic Skills Courses

See explanation in Appendix B.

	2003-2004 to 2005-2006	2004-2005 to 2006-2007	2005-2006 to 2007-2008
ESL Improvement Rate	57.7%	63.5%	61.9%
Basic Skills Improvement Rate	64.7%	62.9%	58.9%

Table 1.6:
Career Development and
College Preparation (CDCP)
Progress and Achievement Rate

See explanation in Appendix B.

	2003-2004 to 2005-2006	2004-2005 to 2006-2007	2005-2006 to 2007-2008
CDCP Progress and Achievement Rate	.%	.%	.%

Blank cell (% only) = No CDCP data for cohort (college may not have CDCP courses)
0% in cell = CDCP cohort data, but no outcome data as of report date

NA: This performance indicator is not applicable for schools of continuing education



College of San Mateo

San Mateo County Community College District

College Profile

Table 1.7:
Annual Unduplicated Headcount and
Full-Time Equivalent Students (FTES)

	2005-2006	2006-2007	2007-2008
Annual Unduplicated Headcount	17,982	17,725	18,094
Full-Time Equivalent Students (FTES)*	7,322	9,281	7,795

Source: The annual unduplicated headcount data are produced by the Chancellor's Office, Management Information System. The FTES data are produced from the Chancellor's Office, Fiscal Services 320 Report.

*FTES data for 2005-2006, 2006-2007, and 2007-2008 are based on the FTES recalculation.

Table 1.8:
Age of Students at Enrollment

	2005-2006	2006-2007	2007-2008
19 or less	28.0%	27.0%	27.8%
20 - 24	25.2%	25.2%	24.7%
25 - 49	36.8%	37.1%	36.8%
Over 49	10.0%	10.6%	10.7%
Unknown	0.0%	0.1%	0.1%

Source: Chancellor's Office, Management Information System

Table 1.9:
Gender of Students

	2005-2006	2006-2007	2007-2008
Female	51.9%	51.6%	50.6%
Male	46.4%	45.9%	46.8%
Unknown	1.7%	2.5%	2.6%

Source: Chancellor's Office, Management Information System



College of San Mateo

San Mateo County Community College District

College Profile**Table 1.10:**
Ethnicity of Students

	2005-2006	2006-2007	2007-2008
African American	3.6%	3.5%	3.6%
American Indian/Alaskan Native	0.6%	0.6%	0.5%
Asian	19.7%	19.0%	18.3%
Filipino	6.8%	6.2%	6.4%
Hispanic	18.2%	18.2%	18.4%
Other Non-White	2.7%	2.4%	2.4%
Pacific Islander	2.0%	2.1%	2.1%
Unknown/Non-Respondent	6.7%	9.7%	11.1%
White Non-Hispanic	39.7%	38.3%	37.2%

Source: Chancellor's Office, Management Information System



College of San Mateo

San Mateo County Community College District

College Peer Grouping**Table 1.11: Peer Grouping**

	Indicator	College's Rate	Peer Group Average	Peer Group Low	Peer Group High	Peer Group
A	Student Progress and Achievement Rate	59.5	55.4	42.6	68.0	<i>A4</i>
B	Percent of Students Who Earned at Least 30 Units	73.2	73.2	72.2	73.6	<i>B6</i>
C	Persistence Rate	69.0	71.3	63.0	78.1	<i>C6</i>
D	Annual Successful Course Completion Rate for Credit Vocational Courses	80.4	75.7	62.8	89.4	<i>D4</i>
E	Annual Successful Course Completion Rate for Credit Basic Skills Courses	58.5	62.1	52.0	72.0	<i>E1</i>
F	Improvement Rate for Credit Basic Skills Courses	58.9	55.3	42.2	62.3	<i>F5</i>
G	Improvement Rate for Credit ESL Courses	61.9	41.3	7.9	80.5	<i>G2</i>

Note: Please refer to Appendices A and B for more information on these rates. The technical details of the peer grouping process are available in Appendix D.



College of San Mateo

San Mateo County Community College District

College Self-Assessment

College of San Mateo, the oldest of the three colleges in the San Mateo County Community College District, opened in 1922 with only 35 students. Today, approximately 19,000 students annually attend CSM. Total College enrollment has slowly declined over the past few decades. More recently, total enrollment increased 5.5% (+546 students) between Fall 2006 – 2008. During this same time, end-of-Fall term FTES increased 1.5% (+ 60 FTES) and WSCH increased 1.6% (+ 1817 WSCH).

CSM's accreditation was recently re-affirmed and, for over a decade, the College has been engaged in a strategic planning process that culminated in the development of a new Educational Master Plan (2008). This Educational Master Plan will provide a framework for a dynamic dialog with our community as well as a purposeful internal examination of our goals and direction. It ensures that we are listening to our students and the community and are responsive to their educational needs.

The availability of additional financial resources, obtained through two voter-passed bond measures in 2001 and 2005, is transforming CSM's physical and instructional landscape. The College currently has major building construction and modernization projects underway.

One of the most dramatic changes for CSM is found in the ethnic composition of our students. In 1982, Whites represented nearly 80% of the population; today it's approximately 38%. Asians are the next largest population at 23%, followed by Hispanics at nearly 20%. CSM's ethnic composition generally mirrors that of San Mateo County as a whole, with a slightly lower rate of Hispanic (-3%) and White (-8%) participation.

CSM has a long tradition of preparing students for transfer to colleges and universities. Each year, approximately 1,100 students transfer to the UC and CSU alone. CSM also offers a comprehensive set of occupational and basic skills programs. Since 1995, CSM's transfer and degree/ certificate completion rates are consistently equivalent to or above Statewide averages.

CSM's 2007/08 ARCC data indicate a fairly consistent pattern over the past three years. Performance on most indicators have increased or slightly fluctuated downward during this period. Compared to its peer institutions, CSM is equivalent to or above average on 5 of 7 ARCC indicators: student progress/achievement rates; the percent of students earning 30 units; successful course completion rates for vocational courses; basic skills improvement rate; and ESL improvement rate.

Of special concern is the ARCC persistence indicator showing that nearly one-third (31%) of students are not returning and enrolling the subsequent year. The College has experienced an increasing number of students with skills below college-level and this population is at most risk to drop out. The College is vigorously addressing this issue through a variety of student learning and support efforts associated with its Basic Skills Initiative and Enrollment Management Plan. In addition, the College continues to use a series of external and internal indicators to introduce curricular and pedagogical innovations which will improve student academic achievement in below college-level coursework.



Skyline College

San Mateo County Community College District

College Performance Indicators**Student Progress and Achievement: Degree/Certificate/Transfer****Table 1.1:**
Student Progress and
Achievement Rate

Percentage of first-time students who showed intent to complete and who achieved any of the following outcomes within six years: Transferred to a four-year college; or earned an AA/AS; or earned a Certificate (18 units or more); or achieved "Transfer Directed" status; or achieved "Transfer Prepared" status. (See explanation in Appendix B.)

	2000-2001 to 2005-2006	2001-2002 to 2006-2007	2002-2003 to 2007-2008
Student Progress and Achievement Rate	56.7%	58.6%	55.7%

Table 1.1a:
Percent of Students Who
Earned at Least 30 Units

Percentage of first-time students who showed intent to complete and who earned at least 30 units while in the California Community College System. (See explanation in Appendix B.)

	2000-2001 to 2005-2006	2001-2002 to 2006-2007	2002-2003 to 2007-2008
Percent of Students Who Earned at Least 30 Units	69.8%	69.2%	71.8%

Table 1.2:
Persistence Rate

Percentage of first-time students with a minimum of six units earned in a Fall term and who returned and enrolled in the subsequent Fall term anywhere in the system. (See explanation in Appendix B.)

	Fall 2004 to Fall 2005	Fall 2005 to Fall 2006	Fall 2006 to Fall 2007
Persistence Rate	71.3%	76.8%	74.9%

NA: This performance indicator is not applicable for schools of continuing education



Skyline College

San Mateo County Community College District

College Performance Indicators

Student Progress and Achievement: Vocational/Occupational/Workforce Development

Table 1.3:
Annual Successful Course
Completion Rate for
Credit Vocational Courses

See explanation in Appendix B.

	2005-2006	2006-2007	2007-2008
Annual Successful Course Completion Rate for Vocational Courses	73.8%	75.0%	73.5%

Pre-Collegiate Improvement: Basic Skills, ESL, and Enhanced Noncredit

Table 1.4:
Annual Successful Course
Completion Rate for
Credit Basic Skills Courses

See explanation in Appendix B.

	2005-2006	2006-2007	2007-2008
Annual Successful Course Completion Rate for Basic Skills Courses	59.9%	65.9%	67.3%

Table 1.5:
Improvement Rates for ESL
and Credit Basic Skills Courses

See explanation in Appendix B.

	2003-2004 to 2005-2006	2004-2005 to 2006-2007	2005-2006 to 2007-2008
ESL Improvement Rate	61.2%	57.7%	51.0%
Basic Skills Improvement Rate	56.2%	55.5%	53.1%

Table 1.6:
Career Development and
College Preparation (CDCP)
Progress and Achievement Rate

See explanation in Appendix B.

	2003-2004 to 2005-2006	2004-2005 to 2006-2007	2005-2006 to 2007-2008
CDCP Progress and Achievement Rate	.%	.%	.%

Blank cell (% only) = No CDCP data for cohort (college may not have CDCP courses)
0% in cell = CDCP cohort data, but no outcome data as of report date

NA: This performance indicator is not applicable for schools of continuing education



Skyline College

San Mateo County Community College District

College Profile

Table 1.7:
Annual Unduplicated Headcount and Full-Time Equivalent Students (FTES)

	2005-2006	2006-2007	2007-2008
Annual Unduplicated Headcount	14,042	14,235	15,038
Full-Time Equivalent Students (FTES)*	5,922	7,408	6,497

Source: The annual unduplicated headcount data are produced by the Chancellor's Office, Management Information System. The FTES data are produced from the Chancellor's Office, Fiscal Services 320 Report.

*FTES data for 2005-2006, 2006-2007, and 2007-2008 are based on the FTES recalculation.

Table 1.8:
Age of Students at Enrollment

	2005-2006	2006-2007	2007-2008
19 or less	23.6%	25.3%	25.8%
20 - 24	32.1%	31.5%	31.1%
25 - 49	36.5%	35.0%	34.8%
Over 49	7.7%	8.2%	8.2%
Unknown	0.0%	0.0%	0.0%

Source: Chancellor's Office, Management Information System

Table 1.9:
Gender of Students

	2005-2006	2006-2007	2007-2008
Female	53.2%	52.6%	53.0%
Male	45.6%	45.8%	45.3%
Unknown	1.3%	1.6%	1.7%

Source: Chancellor's Office, Management Information System



Skyline College

San Mateo County Community College District

College Profile**Table 1.10:**
Ethnicity of Students

	2005-2006	2006-2007	2007-2008
African American	3.5%	3.4%	3.6%
American Indian/Alaskan Native	0.5%	0.5%	0.5%
Asian	26.1%	25.4%	24.5%
Filipino	17.7%	17.6%	18.1%
Hispanic	17.8%	18.4%	18.4%
Other Non-White	2.8%	2.6%	2.4%
Pacific Islander	2.0%	1.9%	2.1%
Unknown/Non-Respondent	5.6%	6.8%	7.6%
White Non-Hispanic	24.0%	23.5%	22.9%

Source: Chancellor's Office, Management Information System



Skyline College

San Mateo County Community College District

College Peer Grouping**Table 1.11: Peer Grouping**

	Indicator	College's Rate	Peer Group Average	Peer Group Low	Peer Group High	Peer Group
A	Student Progress and Achievement Rate	55.7	58.8	51.3	69.3	A2
B	Percent of Students Who Earned at Least 30 Units	71.8	67.0	56.2	74.0	B1
C	Persistence Rate	74.9	67.6	57.1	78.0	C5
D	Annual Successful Course Completion Rate for Credit Vocational Courses	73.5	75.7	62.8	89.4	D4
E	Annual Successful Course Completion Rate for Credit Basic Skills Courses	67.3	62.1	52.0	72.0	E1
F	Improvement Rate for Credit Basic Skills Courses	53.1	55.3	42.2	62.3	F5
G	Improvement Rate for Credit ESL Courses	51.0	41.3	7.9	80.5	G2

Note: Please refer to Appendices A and B for more information on these rates. The technical details of the peer grouping process are available in Appendix D.



Skyline College

San Mateo County Community College District

College Self-Assessment

Located on the San Francisco Peninsula in San Bruno, Skyline College is one of three colleges in the San Mateo County Community College District (SMCCCD) and primarily serves northern San Mateo County. Skyline College is engaged in essential thinking about its future and its contributions to its service area, the State of California, the nation, and an increasingly global world. Reflecting the Bay Area's increasing racial and ethnic diversity, Skyline College enrolled a student body that is 26 percent Asian, 23 percent White, 20 percent Filipino, 19 percent Hispanic, and three percent African American in fall 2007. Skyline's Educational Master Plan suggests that the College will experience even more diversity in its service area in coming years. This shift in service area demographics includes growing Hispanic, Filipino and Asian/Pacific Islander populations, which disproportionately make up the extreme pockets of poverty in the county. Students from these communities enroll at Skyline, and are clearly in need of services that would support economic sustainability.

Skyline College embraces a culture of evidence, and as such the release of the ARCC data spurred numerous campus discussions. Overall, Skyline's 2009 data suggest a strong and healthy campus, as evidenced by performance on the seven peer-grouped indicators. On four of the indicators – Percent of students who earned at least 30 units, Persistence Rate, Basic Skills Course Completion, and ESL Improvement rate, Skyline outperformed its peer average by four, seven, five and 10 percentage points, respectively. On the other three indicators - SPAR, Vocational Course Completion & Basic Skills Improvement Rate - Skyline was within three points of the peer group average.

The ARCC annual trend data reveal that the college is holding steady within three percentage points on most of the indicators. There was, however, an intriguing two-year drop in the ESL Improvement Rate from 61 percent to 51 percent. We hypothesize that this may be a coding issue and not reflective of a true drop in ESL sequence progression, but we will be investigating this with further research in the coming year. This metric is also the most variable of the seven peer-grouped indicators, and is actually the metric on which Skyline most outperforms its peer group average.

It is also worth noting that the apparent drop in Skyline's ARCC FTES from 2006-07 to 2007-08 is actually reflective of shifting of summer term FTES rather than an actual decline. In fact, FTES growth has been notable in the last two years, with campus research indicating an 8% increase from 2006-07 to 2007-08 and an estimated 10% increase from 2007-08 to 2008-09. The ARCC data on Annual Unduplicated Headcount supports this trend, reporting a 6% increase in unduplicated headcount from 2006-07 to 2007-08.

In sum, Skyline is healthy and eagerly engaged in the process of further improving our student outcomes, and expects that the campus energy placed into a host of innovative programs such as learning communities, the College Success Initiative and faculty inquiry groups will drive the ARCC indicators even higher in future years.



San Mateo County Community College District

January 27, 2010

BOARD REPORT NO. 10-1-3C

KCSM FOLLOW-UP REPORT

There is no printed report for this agenda item.