

AGENDA
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
REGULAR MEETING OF THE BOARD OF TRUSTEES
January 24, 2018
Closed Session at 5:00 p.m.; Open Meeting at 6:00 p.m.
District Office Board Room, 3401 CSM Drive, San Mateo, CA 94402

NOTICE ABOUT PUBLIC PARTICIPATION AT BOARD MEETINGS

The Board welcomes public discussion.

- *The public's comments on agenda items will be taken at the time the item is discussed by the Board.*
- *To comment on items not on the agenda, a member of the public may address the Board under "Statements from the Public on Non-Agenda Items;" at this time, there can be discussion on any matter related to the Colleges or the District, except for personnel items. No more than 20 minutes will be allocated for this section of the agenda. No Board response will be made nor is Board action permitted on matters presented under this agenda topic.*
- *If a member of the public wishes to present a proposal to be included on a future Board agenda, arrangements should be made through the Chancellor's Office at least seven days in advance of the meeting. These matters will be heard under the agenda item "Presentations to the Board by Persons or Delegations." A member of the public may also write to the Board regarding District business; letters can be addressed to 3401 CSM Drive, San Mateo, CA 94402.*
- *Persons with disabilities who require auxiliary aids or services will be provided such aids with a three day notice. For further information, contact the Executive Assistant to the Board at (650) 358-6753.*
- *Regular Board meetings are tape recorded; tapes are kept for one month.*

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

5:00 p.m. Call to Order

ANNOUNCEMENT OF CLOSED SESSION ITEMS FOR DISCUSSION

1. Conference with Legal Counsel Regarding Three Cases of Existing Litigation:
 - a. San Mateo County Community College District v LocusPoint Networks, LLC, et al, Case No. 17CIV01534
 - b. LocusPoint Networks, LLC, et al v San Mateo County Community College District, Case No. 17CIV01550
 - c. LocusPoint Networks, LLC, et al. v San Mateo County Community College District, Case No. 17CIV04899

2. Conference with Legal Counsel Regarding One Case of Potential Litigation Pursuant to Subdivision (c) of Section 54956.9

PUBLIC COMMENTS ON CLOSED SESSION ITEMS ONLY

RECESS TO CLOSED SESSION

RECONVENE TO OPEN SESSION

6:00 p.m. Call to Order

Roll Call

Pledge of Allegiance

DISCUSSION OF THE ORDER OF THE AGENDA

MINUTES

18-1-3 Approval of the Minutes of the Meeting of January 10, 2018

STATEMENTS FROM EXECUTIVES AND STUDENT REPRESENTATIVES

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

NEW BUSINESS

18-1-2A Approval of Personnel Items: Changes in Assignment, Compensation, Placement, Leaves, Staff Allocations and Classification of Academic and Classified Personnel

Approval of Consent Agenda

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

18-1-1CA Approval of Curricular Additions, Deletions and Modifications – Cañada College, College of San Mateo and Skyline College

18-1-2CA Acceptance of the AmeriCorps Student Ambassador Program Grant for October 2017-November 2018

18-1-3CA Acceptance of Pre-Apprenticeship and Enhanced On-the-Job Training (OJT) Grant Program Funds from the Workforce and Economic Development Division, California Community College Chancellor's Office

18-1-4CA Acceptance of Proposition 39 Clean Energy Workforce Grant

18-1-5CA Acceptance of San Mateo County Measure K Grant

18-1-6CA Approval of Nonresident Tuition Fee, 2018-19

18-1-7CA Approval of 2018-19 Integrated District Budget Planning Calendar

18-1-8CA Approval of District Organizational Memberships, 2017-18

18-1-9CA Denial of Claim Against the District

Other Recommendations

18-1-1B Nominations for Membership on the California Community College Trustees (CCCT) Board, 2018

18-1-100B Receipt and Acceptance of the 2016-17 District Audit Report

18-1-101B Receipt and Acceptance of the 2016-17 KCSM Audit Report

18-1-102B Receipt and Acceptance of the 2016-17 General Obligation Bond Financial and Performance Audits

18-1-103B Receipt and Acceptance of the 2016-17 Retirement Futuris Public Entity Investment Trust Audit Report

- 18-1-104B [Approval to Reject All Bids and Rebid Districtwide Classroom Security Hardware Phase 4 – Lockdown Button Installation Project](#)
- 18-1-105B [Approval to Reject all Bids and Rebid College of San Mateo Building 17 Learning Communities Modernization Project](#)
- 18-1-106B [Approval of Revisions to Board Policies – 3.05, Designation of Faculty; 6.18, Credit by Examination; 6.24, Articulation](#)
- 18-1-107B [Board Member Compensation](#)

INFORMATION REPORTS

- 18-1-3C [Purchasing and Contracts](#)
- 18-1-4C [Capital Improvement Program-Phase 3 \(CIP3\) Budget Update](#)
- 18-1-5C [2018 Contractor Prequalification Update](#)
- 18-1-6C [Discussion of Agenda for Board of Trustees Annual Retreat](#)

COMMUNICATIONS

STATEMENTS FROM BOARD MEMBERS

RECONVENE TO CLOSED SESSION (if necessary)

RECONVENE TO OPEN SESSION (if necessary)

ANNOUNCEMENT OF REPORTABLE ACTION TAKEN IN CLOSED SESSION
(if necessary)

ADJOURNMENT

**Minutes of the Study Session of the Board of Trustees
San Mateo County Community College District
January 10, 2018, San Mateo, CA**

The meeting was called to order at 5:00 p.m.

Board Members Present: President Richard Holober, Vice President Maurice Goodman, Trustee Dave Mandelkern, Trustee Thomas Mohr, Trustee Karen Schwarz

ANNOUNCEMENT OF CLOSED SESSION ITEMS FOR DISCUSSION

President Holober said that during closed session, the Board will hold a conference with legal counsel regarding four cases of existing litigation and one case of potential litigation as listed on the printed agenda.

STATEMENTS FROM THE PUBLIC ON CLOSED SESSION ITEMS ONLY

None

RECESS TO CLOSED SESSION

The Board recessed to closed session at 5:02 p.m.

RECONVENE TO OPEN SESSION

The Board reconvened to open session at 6:01 p.m.

Board Members Present: President Richard Holober, Vice President Maurice Goodman, Trustee Dave Mandelkern, Trustee Thomas Mohr, Trustee Karen Schwarz, Student Trustee Alfredo Olguin Jr.

Others Present: Chancellor Ron Galatolo, Executive Vice Chancellor Kathy Blackwood, Skyline College Interim Vice President of Instruction Jennifer Taylor-Mendoza, College of San Mateo President Michael Claire, Cañada College President Jamillah Moore, District Academic Senate President Leigh Anne Shaw

PLEDGE OF ALLEGIANCE

DISCUSSION OF THE ORDER OF THE AGENDA

None

MINUTES

It was moved by Trustee Mohr and seconded by Trustee Schwarz to approve the revised minutes of the meeting of November 8, 2017. The motion carried, all members voting Aye.

It was moved by Trustee Mohr and seconded by Trustee Schwarz to approve the minutes of the meeting of December 13, 2017. The motion carried, all members voting Aye.

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

José Nuñez, Vice Chancellor of Facilities Planning, Maintenance and Operations, announced that Energy and Sustainability Manager Joe Fullerton has been selected to receive a Sustainability Champion award from Sustainable San Mateo County.

NEW BUSINESS

APPROVAL OF PERSONNEL ITEMS: CHANGES IN ASSIGNMENT, COMPENSATION, PLACEMENT, LEAVES, STAFF ALLOCATIONS AND CLASSIFICATION OF ACADEMIC AND CLASSIFIED PERSONNEL (18-1-1A)

President Holober said staff has requested two changes to the report:

1. Under "Changes in Staff Allocation" on page 3, remove the recommended creation of a new classification titled "Director of the Wellness Center"
2. Under "Establishment to Equivalency to Minimum Qualifications" on page 4, the last two words should read "Coaching discipline" rather than "Photography discipline"

It was moved by Trustee Mandelkern and seconded by Trustee Mohr to approve the corrected report. The motion carried, all members voting Aye.

STUDY SESSION

EXPLORING RESOURCES FOR HOMELESS STUDENTS AND EMPLOYEES (18-1-1C)

Trustee Mohr said it is important to know the number of homeless students and employees in the District in order to understand the severity of the problem. He said the 2017 San Mateo County One Day Homeless Count and Survey reported that there were 1,253 homeless people in San Mateo County on the night of January 25, 2017, comprised of 637 unsheltered homeless people (living on streets, in cars, RVs, tents/encampments) and 616 sheltered homeless people (in emergency shelters and transitional housing programs). He said he would like to discuss how to go about discovering how many of these 1,253 homeless people are young people who want to go to college and how many are faculty and staff members who cannot afford housing in the area. Trustee Mohr said the County report showed that the density of homelessness varies greatly from one community to another, with higher rates in Pacifica, Redwood City and East Palo Alto. He said this would indicate that Cañada College and Skyline College would be affected more directly than College of San Mateo.

Trustee Mandelkern agreed with the need for some type of survey to discover the magnitude of the problem. He noted that there may be reticence on the part of some people to acknowledge that they are homeless and there are also different definitions of homelessness. He suggested that staff talk to people in San Francisco and San Jose who may have more experience and expertise on how to measure the depth of the problem. He also suggested soliciting observational information from others, i.e. asking students, faculty and staff if they know of any of their peers who are homeless. Trustee Mandelkern said that if it is determined that homelessness is a significant problem for District students, faculty and staff, he would like to see what short-term, tactical solutions could be put in place to address the situation fairly quickly.

Trustee Mandelkern said that in the past, he has mentioned people who are working full-time but still cannot afford to live in San Mateo County. He said he was made aware of further evidence of this close to home; there is an RV park by the SamTrans bus facility near the San Carlos airport used by SamTrans workers who cannot afford to live in the County. Some of these workers have homes to go to on the weekends and some do not.

Vice President Goodman said homelessness takes on many faces; people may be “couch surfing,” living with friends, living in vehicles or living in shelters. He said it is important to ask the right questions in the right way, ensuring that people maintain their dignity. Vice President Goodman said the correlation between homelessness and student success rates should also be examined. He said that if the District cannot provide resources that are needed, it is incumbent upon the District to connect students, faculty and staff with resources in the community.

Vice President Goodman said that during the winter break when campus buildings were closed, homeless students inquired about what options they had for use of shower facilities. He said he hopes to see short-term solutions that have a great impact, such as keeping shower facilities open during breaks. He said the District should make sure that there is a SparkPoint Center or SparkPoint-like program on each campus. Trustee Mandelkern said it could be helpful to gather data on how many students use the shower facilities and the SparkPoint Centers.

Vice President Goodman said that students informed representatives from the General Accounting Office, who conducted a student focus group while visiting Skyline College to review SparkPoint services, that they want to use SparkPoint services but do not want to be seen walking out with bags of groceries. Homeless students also reported that they do not have a place to store food. Vice President Goodman said it would be helpful to look at where the SparkPoint Centers are housed and whether there might be opportunities to provide spaces for food preparation. He said listening to students regarding their needs is essential. Trustee Mohr agreed that it is important to include students as a resource to understand the nature of homelessness and to look at it through their frame of reference. He said it is not difficult to understand how students can easily become homeless given the high cost of living in the County.

District Academic Senate President Shaw commended the Board for bringing this issue forward. She said that during the last five years, she has had one student per year who she knew was homeless. She discussed two homeless students who were in one of her classes last semester. She said they were aware of resources and were utilizing them but the services were not sufficient to solve their problems. President Shaw said she believes it would be easy for faculty and counselors

to collect data because they know who the homeless students are. Trustee Mandelkern said anecdotal evidence has value. He said the Board can request that there be focus groups on each campus to allow students to air their concerns.

Chancellor Galatolo said CCCApply contains a box to check if a student is homeless, but very few students check the box. He said staff reached out to the colleges to see if they could provide information. Cañada College and Skyline College report that they have approximately 40 homeless students and College of San Mateo estimates a homeless student population of approximately 30. Of these, half are “couch surfing,” staying with friends, etc. and half are fully unsheltered. He said he believes it might be appropriate for the Associated Students at each college to lead the charge for focus groups. He also suggested that the SparkPoint Centers could link students with County services. Chancellor Galatolo said he does not believe that there are homeless employees at the District Office and the colleges report that they are not aware of any homeless faculty or staff members.

Trustee Schwarz said President Shaw’s statement about people utilizing available resources but still being homeless is of great concern. She said the County at one time had an Adopt A Family program in which she participated and she found the same thing to be true. She asked if the County is responding in any way to the 2017 survey results as reported by Trustee Mohr. Trustee Mohr said the County does have a strategic plan. He said the number of people identified as homeless decreased by 18% since the last survey was conducted in 2015.

Trustee Mandelkern said he believes homelessness should not be seen only as a student problem. He said he would not be surprised to learn that there are District faculty and/or staff members who are homeless, much like the SamTrans workers mentioned earlier. He said homeless faculty and staff members might be reticent to report homelessness or might have varying definitions of homelessness. Trustee Mandelkern said he believes that 110 homeless students, as reported by the colleges, is a significant enough number to warrant addressing the issue. He said he believes a broad spectrum of solutions should be considered, including short-term, targeted solutions.

Maxine Turner, a member of the public, noted that many of the District’s students are not adults. She said that if these students are homeless, it could imply that their families are homeless as well and this issue might also be addressed.

President Holoher said this discussion has provided a good opening for further discussion. He said there needs to be a broader definition of homelessness and a better understanding of the scope of the problem. He said the Board will look to staff to collect data and anecdotal evidence from faculty, counselors, SparkPoint Centers, etc.

President Holoher asked if CCCApply is a state form; Chancellor Galatolo said it is. President Holoher said it might be worthwhile for the District to ask questions in a more nuanced way, e.g. is the student’s family facing a stressful situation regarding the availability of affordable housing. President Holoher said it is also important to look at who the District’s partners are. He said the District has been inclined to tackle problems that are not the sole responsibility of the District, but should be shared by cities and the County as well. He said that during positive financial periods in the past, the District has taken on responsibilities such as alcohol and drug abuse and mental health issues that should be shared with other agencies and non-profit organizations.

President Shaw said it is not only a lack of services that cause people to fall into homelessness, but the fact that there simply is not enough housing available. Regarding CCCApply, President Shaw said that students might not have been homeless when they completed the form but their status might have changed. She said a question on the WebSMART application might be needed to try to respectfully ascertain students’ living situations.

Trustee Schwarz said she agrees that the District should work with cities and the County, noting that students are part of the larger community. Trustee Mohr said the County believes that the decrease in homelessness is due to the way agencies have formed a network and are sharing the burden in various ways. Trustee Schwarz suggested that the District become part of that network.

Trustee Mandelkern said he is in favor of partnerships, but does not believe the District should ignore opportunities to be of help. For example, he said the District developed faculty/staff housing for employees without waiting for other agencies to solve the problem. Vice President Goodman said the District knows when faculty or staff members will have to vacate their units in the housing complexes and he believes they should be made aware of other low-income housing opportunities that could help employees through the transition. He said he believes that sharing of information about opportunities in the County for transitional housing, home sharing, subsidized housing, etc. should be formalized.

Trustee Mandelkern noted that Vice President Taylor-Mendoza is on the board of HIP Housing and asked if she could share comments and knowledge on this topic. Vice President Taylor-Mendoza said many District students have graduated from the Self Sufficiency Program, allowing them to complete their education or job training program. She said there is a long wait list for the Home Sharing Program but a shorter list for transitional housing. Vice President Taylor-Mendoza said she is interested not only in the resources that are available to students, but also in what a potential partnership could involve.

Student Trustee Olguin said he would be glad to assist in making sure that student voices are heard. Regarding a survey, he said that if it is determined that a person is spending a certain percentage of his/her income on housing, it should raise a red flag. He said it is very difficult for people to keep up with rising rents. Student Trustee Olguin said he believes the issue of housing has become a public health issue because people are experiencing stress over where they are going to live. He said people must be treated with respect and dignity as they are brought into the discussion so they feel they are part of what the District is doing to meet their needs.

President Holober suggested that staff investigate what similar districts around the country are doing to address the issue of homelessness to see if there are models the District can use to seek potential solutions.

EXPLORING HOUSING OPPORTUNITIES FOR STUDENTS (18-1-2C)

Chancellor Galatolo said the Board has discussed student housing at two previous meetings and at the second meeting agreed that staff should explore options. He said staff has met with three developers and has identified three potential sites, one at each campus with a total of 600 to 800 individual units measuring 480-500 square feet each. Approximately 85% of the units would house international students. The remaining 15% would be for foster youth, veterans and other needy students and would be fully underwritten by fees from the international housing. Chancellor Galatolo said there are approximately 600 foster youth in the County and providing 90 beds would be a significant step in addressing their needs. He said he envisions offering not only free housing to foster youth, but free tuition and textbooks as well as services through SparkPoint.

Chancellor Galatolo said 11 of the 114 community colleges in the state offer student housing. All are in rural areas except Sierra Community College, whose area was rural when the college opened in 1960. Some of the housing at these colleges is privately run and some is run by the institution. Chancellor Galatolo said he would recommend that District student housing be privately run, with the District offering wraparound services.

Trustee Mandelkern said he is aware that Santa Rosa Junior College had student housing at one time and he would be interested in knowing why it was shut down. Kimberlee Messina, Interim Vice Chancellor of Educational Services and Planning, said the housing at Santa Rosa was shut down approximately seven years ago. She said it was run by the college and required a significant use of resources. Trustee Mandelkern said he would be interested in learning about the experiences of the colleges that have student housing, as well as those that discontinued housing, in terms of structure, size and split between international and domestic students. He said he is concerned about the proposed 85% to 15% ratio when the District has domestic students with great needs.

Trustee Mohr said housing is catastrophic for many people in the County. He said he believes there is a need to learn what the need for student housing is, how it could be done and how it would be paid for. He said the District brings in a large number of international students who generate \$10 million per year for the District. He said the District promises these students a high quality education and being able to find high quality housing should be part of the picture. He said domestic students also have difficulty with housing and conditions in the County are driving this question.

Vice President Goodman said Santa Barbara City College partners with a program similar to HIP which provides dormitory style housing while the college offers a meal plan. He suggested that in addition to the proposed housing at the campus sites, the District could expand on its partnerships in the community to create opportunities for similar models within the community.

Trustee Schwarz said she recognizes that it is challenging for international students to find housing and it is also difficult for local foster youth, veterans and homeless students. She said she understands that international students' housing fees would provide the funding for domestic students; however, she is concerned about the 85% to 15% ratio. She said there might be a possibility that local students have a source of funding whereby they could pay a small amount for housing. Chancellor Galatolo said the proposal is structured so that revenues from international student housing would underwrite the housing for the most needy local students. He said that if the ratio is changed to raise the number of units allotted to

domestic students, the Board might consider whether to contribute funds each year toward this end. Trustee Mandelkern said he shares concern about local students. He said more time should be spent exploring different ratios of international and domestic students and the associated costs. Chancellor Galatolo said the District can look at demand elasticity to help determine appropriate costs.

President Holoher said the discussion on housing is about the Board's set of principles. He said he believes the developers' interest includes some sort of tax dodge and he believes the Board should fully vet what is in it for the developers before making a decision about whether it is something in which the Board wants to be involved. He said the District has an obligation to provide quality education to the residents of San Mateo County and this is what he is most focused on when considering housing opportunities. President Holoher said that while he understands that foster youth and veterans are particularly impacted, there are other groups of students and potential students who are just as desperately in need of housing solutions. He said he believes the concept of international and domestic student housing is worth exploring, but the Board should be concerned about what is driving it.

Trustee Mohr said he would like to see a white paper which would include what conditions the District is trying to address, at what level they would be addressed in this model, how and where it would be done, estimated costs, and who the developers would be. He said that knowing what the model would look like would make it easier for the Board to have a serious discussion regarding the priorities they want to address.

Trustee Mandelkern said he believes the creation of a white paper makes sense. He said there is also information that could be gleaned from other districts' approaches and experiences, including discussion of the pros and cons of having student housing run by the district/college versus a private entity. Trustee Mandelkern said student housing would be a big step for the District and should be thought through very carefully.

Vice President Goodman said he believes it is necessary to think outside the box to address the issue of student housing. He said that if having a ratio of 80-85% international students to 15-20% domestic students is a way to solve the housing problem, it should not be dismissed. He said partnerships with non-profit developers could also be pursued. He added that potential solutions do not need to be either/or propositions.

President Holoher said the Mayor of Foster City sent him an interesting article regarding a program in the Netherlands in which nursing homes offer free rent to college students in exchange for 30 hours per month of their time "acting as neighbors" with their aged residents, teaching them new skills and sharing their lives. He distributed copies of the article to Board members. He said he wonders if there might be interest on the part of someone in the community in talking to the District about this type of program. Trustee Mandelkern said he believes this is worth pursuing.

STATEMENTS FROM BOARD MEMBERS

Student Trustee Olguin said he has been interested in the issue of housing since he was in high school and is pleased that the Board is discussing possible ways to help students with this issue. He said he looks forward to further in-depth discussions.

Trustee Mandelkern said he is pleased that the Board has held two study sessions on the issue of housing. He said the two topics discussed at this meeting are interconnected and there is a continuum of solutions to the problem. He said there is a housing crisis in the County and the Board should address it. He said he believes the Board has given clarity and direction to staff and he looks forward to continuing the conversation. Trustee Mandelkern wished everyone a Happy New Year.

Trustee Schwarz said she met an individual at a social gathering who is involved in housing in San Francisco and who expressed interest in the District's faculty/staff housing projects. She said this individual and she will meet with a trustee from San Francisco on February 5 to discuss the District's housing. Trustee Schwarz said she receives newsletters from the Kainos Home and Training Center, whose mission is to maximize the potential of adults with developmental and intellectual disabilities. The most recent newsletter contains an article titled "Kainos Goes to College" which describes Kainos clients' positive experiences participating in adaptive PE classes at College of San Mateo.

Vice President Goodman commended his colleagues for the evolution of the conversations on housing and for being responsive to the community. He asked the Board to provide guidance to him and Trustee Schwarz on what the role of the Educational Housing Board might be. Vice President Goodman said the Board has held joint meetings with other boards in the South County and on the coast. He requested that a joint study session be held with the Jefferson Union

High School District in the North County to discuss not only partnerships, collaborations and sharing of data, but to further the conversation on race, class and equity, a topic on which a Jefferson Board member has expressed interest. Chancellor Galatolo said the new superintendent of the Jefferson Union High School District reached out to him and asked for a joint meeting. The superintendent learned about the Early College program at the Cabrillo Unified School District and wants to discuss the Early College concept, among other items. Trustee Schwarz asked for an update on the Early College program with the Cabrillo District. President Claire said the number of courses being offered at Half Moon Bay High School is expanding and the intent is to offer a transfer level math class and a class in one of the sciences next fall. Chancellor Galatolo said the District is continuing to work with the Sequoia Union High School District on the TIDE Academy as well.

Trustee Mohr said many ideas have been brought forward and he believes they should be captured and put in writing for the Board to consider when advancing their thinking and making decisions. He said that when something is put into a structure that can be easily understood, it is easier to come to a consensus on how to proceed. Trustee Mohr said transportation continues to be another major issue that needs to be addressed.

President Holober said there was a positive federal court ruling in the DACA case. He said it appears that promises from the White House regarding compassion and love are empty promises. He said the 700,000 or more young people who have known the United States as their only home are in limbo and the fight will go on. President Holober said the U.S. Department of Education has proposed new rules that will make it more difficult for former students who are burdened by student loan debt to get forgiveness on their loans. He said the rules, which were basically written by for-profit colleges, would require proving that students were intentionally lied to, which is an almost impossible standard.

President Holober said that a few weeks ago, the Federal Communications Commission repealed the net neutrality regulations that were developed after several years of painstaking information gathering by the FCC under President Obama. He said the New York Attorney General has opened an investigation after at least two million fraudulent comments were identified, including a comment that was supposedly made by President Holober's son. President Holober said two bills have been introduced in Sacramento, one by Senator Scott Wiener and one by Senator Kevin De León. The bills would, within the limits of what California can do, use regulatory and purchasing power to create standards for doing business with broadband internet companies that honor the net neutrality rules that have been repealed. Trustee Mandelkern said the District should also be concerned about this as a provider of online learning because it could impact students' ability to access important materials that they need. President Holober said he will provide more information about the bills if the Board has interest in supporting either bill.

President Holober said the annual Board retreat will be held on February 3. He said the Board has expressed a desire to play an important role in developing the agenda for the retreat and he asked Board members to think about items they would like to have on the agenda. A discussion of the retreat agenda will be held at the meeting of January 24.

ADJOURNMENT

The meeting was adjourned by consensus at 7:30 p.m.

Submitted by

Ron Galatolo
Secretary

Approved and entered into the proceedings of the January 24, 2018 meeting.

Maurice Goodman
Vice President-Clerk



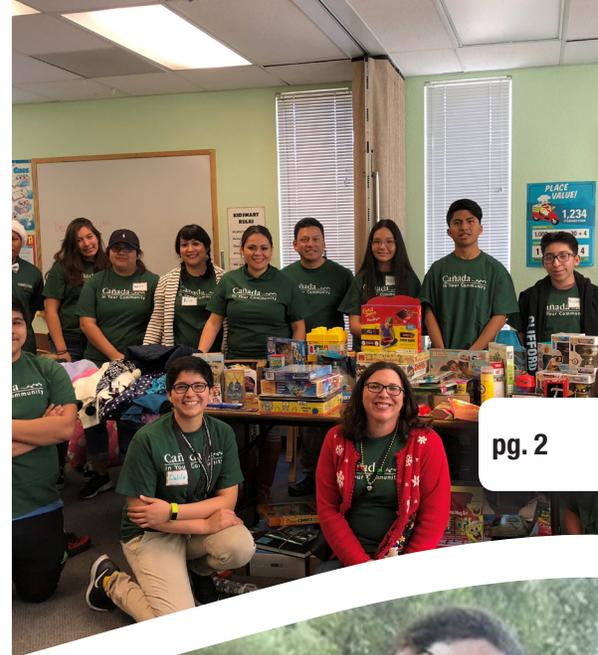
Cañada College

Report to the SMCCCD Board of Trustees

January 24, 2018

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Marketing Campaign Garnered Major Value for Colleges

Cañada College and Skyline College recently launched a joint comprehensive media campaign in partnership with iHeart Media, owner of iHeart Radio, to be the exclusive educational sponsors of the Jingle Ball concert event. This exciting marketing opportunity, promoted across multiple platforms and media channels, revolved primarily around a

contest to win tickets to Jingle Ball and a chance to meet Niall Horan, a member of One Direction. Contestants had to visit meetniall.com to enter the contest, a promotional webpage with information about Cañada College and Skyline College including buttons to apply and basic information on both college promise programs. The campaign, secured for \$15,000 each from both colleges, garnered engagements and impressions whose total media value surpassed \$575,000, a massive return on investment for a marketing campaign.

Launched with hundreds of radio broadcasts and streaming ads on the iHeart app producing hundreds of thousands of impressions and a strong web presence with call-outs of Cañada College and Skyline College on social media leading up to the event, iHeart Media saw contest engagement 50 percent higher than their average online contests. At Jingle Ball, both colleges received live call-outs on the jumbotrons in front of all 20,000 attendees, and student ambassadors actively engaged with concert-goers at outreach tables at the venue.

These campaigns proved an exceptional value, ultimately helping to promote both Cañada College and Skyline College to target audiences across San Mateo County. Beyond that, brand association with iHeart Media, a growing media resource, and Jingle Ball, one of the largest concerts of its kind in the Bay Area, helps to ensure that Cañada College and Skyline College stay relevant and top of mind in an ever-evolving media landscape.



Third Annual Jacket & Toy Drive Garners its Largest Amount of Donations



Cañada College held its Third Annual Jacket & Toy Drive, generating the largest amount of donations to date at more than 400 items!

This year, the College partnered with non-profit organizations: Bay Shore Christian Ministries, New Creation Homes, Baby Basics and Redwood City Police Activities League (PAL) to benefit families in East Palo Alto, Redwood City and North Fair Oaks. The donations were collected on campus, in partnership, with several clubs and departments, including: the Cañada College Marketing & Outreach Department, SparkPoint, ESO Adelante Program, Beta Zeta Nu (Cañada College's Chapter of Phi Theta Kappa), Office of Student Life & Leadership Development, Library and Learning Center, Business and Entrepreneurship Club and Rotaract Club. In addition, we received a monetary donation from Collection 55 Cellars in Redwood City.

Cañada College students and staff were on hand to personally deliver the toys and jackets to children, while connecting with their families at three different events in December. Children and parents also heard a brief presentation on educational opportunities available to them at Cañada College where they could sign up to receive additional information to enroll. In addition to the jackets and toys, families received information packets that included promotional material, including class schedules.

Thank you to all members of the campus community who donated toys and jackets and helped us to strengthen our partnership within the East Palo Alto & Redwood City communities.



Women's Golf Team Member Signs Letter of Intent with Portland State University



The Portland State women's golf program has signed Cañada Women's Tennis Team Sophomore, Aman Sangha, to a national letter of intent for the 2018-19 academic year. Aman is a sophomore at Cañada College and has been a team leader the past two seasons.

Aman was the Central Valley Conference Most Valuable Player in her freshman season at Cañada College with a scoring average near even-par. She won the North/South Morro Bay Invitational in each of her two seasons with the team. Other accolades include qualifying for the 2016 Women's Amateur, 2016 Rolex Invitational and the Yani Tseng Invitational. Aman attended San Mateo High School. While there, she won the Peninsula Athletic League three straight years and was league MVP.

Cañada Alum Donates Cultural Art Piece to the College



With the start of 2018, Cañada alumnus, David Lopez, reminds Cañadians why they're here and why the College is so special. David Lopez's story is heartwarming and inspirational. When he first came to this country, he struggled with English and found Cañada as his home away from home. Here, he created a strong foundation with faculty, students and staff, and garnered the English language skills he needed to procure himself a successful career.

David felt that he could never repay Cañada College for everything that it has given him. Over time, he saved up his money and created an incredible historical Aztec feather headpiece, worth hundreds of dollars, to donate and display at the Cañada College Library. David continues to come back and serve Cañada because of his faithful gratitude to the College. He worked, in collaboration with The Center for Student Life and Leadership Development, to bring on cultural performers and workshops for their Heritage Month celebrations, and has even donated another education piece of artwork. His cultural headpiece and educational history display can be seen in the Cañada Library.

Thank you, David, for your generosity and for reminding the campus community that being a Cañadian truly means supporting one another and providing a safe place for students to succeed.

Highlights from the ¡ESO! Adelante Program



The ¡ESO! Adelante Program recently completed a bustling and productive semester! The program creates a community of academic support for Latino, and high need, high potential, low resource students at Cañada and a transfer pathway to San Francisco State University (SFSU) through dedicated staff and peer mentors. This program has a partnership with SFSU and guarantees a supportive transfer experience. Some of the successes include:

- **Hired & Trained Peer Mentors:** Throughout the semester, the peer mentors engaged in cross-campus training on available student services and collaborated with other student assistants, including the Outreach Team to welcome new students!
- **Recruited and maintained inaugural cohort of program participants:** As a result of the collaborative and support training, mentors did an excellent job at referring students to appropriate services and shared successful study/student management skills.
- **Supported launch of Cañada Latinx Club:** The mentors have taken ownership of a club that aims to create a space to celebrate all Latinx cultures. The club lead a successful fundraiser during Student Senate's Latinx Celebration event and recruited four new members.
- **First SFSU visit with Cultural Exhibition:** Students received a transfer-specific presentation and enjoyed the Teotihuacan exhibit at the De Young Museum. A stronger sense of community was achieved.



The ¡ESO! Adelante Program looks forward to continuing to serve students in the new year!



Student Life Winter Training



“Your life is your legacy.” To begin Winter break with a strong start, the Student Interns and Student Senate members of the Center for Student Life and Leadership Development gathered in community for their annual winter training. The team began their weekend with the Leadership Legacy Program under the tutelage of the educational experts at Disney. In this program, students developed tools to create their own leadership legacy, progress their interpersonal communication and career skills, gain confidence in their ability to accomplish goals and stay motivated, identify and apply their core values and understand the importance of diversity as they explore as a team.



The student team continued their educational journey at the Museum of Tolerance, where they dove deeper into their understanding of equity and tolerance from a historical context. The team experienced the Human Rights Laboratory and Educational Center that challenged them to better understand discrimination. Through the Point of View Diner exercises and exhibit, students gained a greater understanding of personal responsibility with hate speech and bullying. The group also had a unique opportunity to meet with Tim Zaal in a private session to discuss white supremacy and hate, as well as a Holocaust survivor who shared her courageous story of survival and perseverance through the internment camps.

After the intense and fulfilling weekend together, students shared their ideas and hopes for what they could do to bring this experience and what they learned back to campus in 2018. Student Life is so excited bring new educational programming inspired by these experiences the new year!





President's Report to the SMCCCD Board of Trustees

President Michael Claire ~ January 19, 2018

Jam-Packed Flex Day Activities Open Spring Semester

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CSM opened the spring semester with Flex Day activities on January 11-12, with more than 20 sessions led by faculty and classified staff over the two days.

Flex Day began with a welcome address by President Mike Claire for faculty and staff in the Bayview Dining Room. His talk highlighted the profound effect one student's success can have on an entire family. He used the talk to reintroduce the guided pathways concept and introduce Anniqua Rana, who is interim dean of academic support and learning technologies and is leading this effort for CSM. Interim Dean Rana gave an overview of what to expect in the coming months.

Of particular interest was the Phantom of the Universe session in the CSM Planetarium, led by Professors Darryl Stanford and Mohsen Janatpour, which gave attendees a look into the phenomena of dark matter and spectroscopy.

More than 30 faculty and staff attended the workshop, "The Elephants in the Room: Facilitating Conversations Around Sensitive Issues." English Professor, Umoja Coordinator, and Academic Senate President Jeramy Wallace facilitated the workshop, which was part of the senate's commitment to create more professional development around educational equity and culturally responsive

College of San Mateo

pedagogy amongst CSM's educators. The workshop focused on practical strategies for responding to topics – such as race and racism, misogyny and sexism, homo- and transphobia, and ethnocentrism and nativism, to name a few – and the possible conflict arising from these conversations. The workshop fostered lively exchanges of ideas and



practices, and it concluded with role-playing where participants were asked to respond to insensitive remarks from their “students.” Several attendees asked that the college continue to organize similar workshops, which Academic Senate President Wallace confirmed will happen: “The Academic Senate passed a resolution last semester affirming our commitment to promoting educational equity at CSM, and educating our colleagues on what that means in our classrooms and elsewhere on campus is one of our top priorities for our professional development committee.”

On Friday, 30 faculty and staff were joined by two ASCSM student leaders for a spirited exchange of information on ways to reduce textbook costs. Faculty shared their experiences with open source material, the bookstore’s inclusive access program, low-cost editions, book rental, and book swaps. Bookstore manager James Peacock was able to answer questions about costs, trends in publishing, inclusive access, and to explain the constraints under which the bookstore operates. The students reminded the group that a starting point is to make sure that required texts are actually used in the class, that resale value is important, and that students differ in their preferences for online and electronic material. This flex day session served as the kick-off activity for the college’s new Textbook Taskforce, which will work with faculty and students to enhance awareness of lower cost textbook options. ■

CSM Enthusiastically Welcomes Two New Deans

Lizette Solorzano-Bricker was appointed by the Board of Trustees as dean of enrollment services and support programs in December, where she has served as the interim dean since August 2017.

Lizette comes to CSM with a broad and substantive background. Lizette is a first-generation community college student and that experience has had a deep impact on Lizette's work. After attending community college, Lizette transferred to San Diego State University where she earned a bachelor of arts degree in English. Lizette also holds a masters of arts in English composition and a master's of science in counseling and guidance from CSU San Bernardino.



Lizette has held a variety of professional positions that have prepared her well for her current one. She served as the regional coordinator of early outreach for UC Riverside; worked as the lead high school counselor for five years at Desert Mirage High School; served as an adjunct counselor and adjunct English faculty member for College of the Desert; and worked as an academic advisor for CSU East Bay.

Lizette relocated to the Bay Area and served as the Associate to Bachelor (A2B) HSI Title V Grant program supervisor from 2013 to 2015 at Cañada College. During that time Lizette managed a US Department of Education Grant and developed a transfer pathway program for Cañada. In 2015, Lizette was asked to serve as the interim dean of counseling at Cañada.

Heidi Diamond was also appointed as dean of business and technology by the Board of Trustees in December. She had served as the interim dean of business and technology since August 2017.

Heidi holds a bachelor of science degree in industrial and labor relations from Cornell University, and a master's in business administration from Baruch College.

Heidi started her California community college career at West Valley College in 2001



where she served as a professor of business, as a grants project director, and later as the chair of the Business Division. Heidi was very active in participatory governance at West Valley College; she served as the faculty accreditation liaison officer from 2008 to 2015, and also served on a variety of academic senate committees.

Heidi left West Valley to become the dean of business, design, and workforce at Cañada College in 2016. In addition to managing the division, Heidi was responsible for the oversight of several major workforce funds. Heidi managed Perkins, CTE Enhancement, CTE Data Unlocked, and Strong Workforce Program grant funds to increase certificate and degree offerings and completions in

response to labor market demands.

Heidi has continued her excellent work at CSM as interim dean. In December, CSM was awarded a \$500,000 grant from the State Chancellor's Office to further develop an introductory program that leads to high-wage employment in the building trades. ■

Historically Black Colleges and University Tour

In late October 2017, 22 college representatives making up the Historically Black Colleges and Universities (HBCUs) Caravan made their first stop on a tour of several California community colleges at the College of San Mateo. Students and faculty from the Umoja learning community coordinated the event. The college representatives felt welcomed and verbalized how grateful they were to be set up in the beautiful College Center where they were treated to drums and lunch.

Approximately 300 hundred students were able to speak to representatives and most came with their unofficial transcripts in hand. The Northern California coordinator, Dr. Karen McCord, and the various college representatives were very impressed with the diversity and number of the interested students. The representatives let our students know that an HBCU is an option for students from any and all ethnic and/ or racial groups.



The goal of the California Community Colleges HBCU Transfer Guarantee Program is to educate students about additional transfer opportunities at these institutions and develop pathways that will ultimately contribute to an increase in baccalaureate degree attainment. (Submitted by Dr. Frederick L. Gaines) ■

Fine Arts Exhibition In Full Swing

During the month of January, the CSM Fine Arts Club is hosting its annual exhibition at Twin Pines Art Gallery in Belmont. The CSM Fine Arts Club – a student-run club for all artists at College of San Mateo – includes 32 artists and more than 80 works of art. This exhibit is the art club’s biggest yet!



Presentations, exhibitions and workshops for this spring will include Alla Prima Oil Painting, Cuba Art Assists Cultural Memory, History of Day of the Dead Festivals, Paintbrush Democracy, Connecting Artists Around the World, and Do’s and Don’ts of Framing.

The Fine Arts Club has collaborated with the Sustainability Committee for the past three years by hosting a community art-making event during Earth Day. Participants have made large murals with the themes of “colors of the Earth” and “oceans.” These murals are now displayed in the Science Building and in Mana’s meeting room. The club also hosted, in partnership with Personal Counseling and Wellness Services’ Mental Health Day, a “paint out” where members of the CSM community could get together and create paintings around the theme of mental health. Over 20 students participated and exhibited their work during Mental Health Day. Finally, the club has partnered with the Honor Writer’s Project on supplying artwork for the award-winning student publication, Labyrinth.



The club has painted two large murals at CSM. The Village mural (12’ x 26’) is located in Building 18, Village room, and honors the history and legacy of our Pacific Islander, Latinx and African-American students. Art students collaborated with members of these three learning communities and worked on this mural for an entire year. The other large mural (8’ x 66’) is located in one of the major traffic corridors for the school, in the hallway leading from Beethoven parking lot and the bus stop into the arts complex. This abstract mural celebrates the visual arts and greets students and visitors alike with bright, vibrant colors and images. *(Submitted by Rebecca Alex)* ■

Another Successful Math & Science Jam

Math-Science Jam at CSM is a one-week intensive math and science program during semester intersessions that offers new and returning students the opportunity to improve placement test results in math and/or prepare for math and science courses they will be taking. The Math Jam program is funded and run by the METAS (HSI-Grant) at CSM.

A group of dedicated students attended the Math and Science Jams at CSM during the first week of January. Math Jam took place from January 2 to January 5 with 85 students participating in the program. After three full days in the program, 10 students were able to increase their math placement after taking the placement test. Science Jam sessions in physics and chemistry were also offered during the week. *(Submitted by Olivia Viveros)* ■

Peninsula Conflict Resolution Center Holds Action Summit Featuring Former NFL Player Wade Davis as the Keynote Speaker

CSM was chosen to host the Peninsula Conflict Resolution Center (PCRC)'s Action Summit on January 12 and 13. President Michael Claire opened the event for the organization, which has over 30 years of providing conflict resolution, mediation training, violence prevention and community building services.



The goal of this year's Action Summit was to bring together community partners to engage with others through civil discourse to inspire deeper understanding across barriers, design innovative strategies, promote empathy and respect in the community and create change.



Former NFL Player Wade Davis, the featured speaker for both days, is a thought leader, writer, public speaker and educator on gender, race and orientation equality. Davis played for the Tennessee Titans, Washington Redskins and the Seattle Seahawks. In 2012, Davis "invited in" the rest of the world in an interview owning his sexuality as a gay man.

Patrice O'Neil, the CEO and filmmaker of the nationally acclaimed "Not In Our Town" was the opening keynote speaker on Friday. The emcee lineup

included KALW's Ben Trefney on Friday and former KMEL DJ Chuy Gomez for Saturday's Youth Day.

Andrew Thomas, with the City Manager's Office from Sanford, Florida, was a featured panelist and provided strategies after observing the results from Trayvon Martin's case.

Another panelist, Captain Chris Hsiung, commanded the Special Operations Division at the Mountain View Police Department. Since 2012, he has managed the department social media strategy, platforms and engagement with the community. ■

UPCOMING EVENTS

CSM Fine Arts Club Exhibition

Annual Art Exhibition of CSM Art Students

January 3-30 • 12 pm - 4 pm

Twin Pine Arts Center, Belmont

Over 23 CSM students will be exhibiting drawings and paintings at Twin Pines Art Center, Belmont.

CSM Basketball vs. Chabot

Wednesday, January 24 • 5:00 pm

CSSM Gymnasium Building 08

Come out and cheer on the Bulldogs!

Creating Pathways from Youth Incarceration to Higher Education

Free tickets available via Eventbrite

Friday, January 26 • 8 am - 4:30 pm

Sheraton Grand Sacramento Hotel

1230 J Street

Sacramento, CA 95814

Please join us for a statewide conference to increase post-secondary education opportunities in California for young people impacted by the juvenile justice system.

Bulldog Bash

Wednesday, January 31 • 9:30 am - 12:30 pm

CSM College Center Building 10, Bayview Dining Room

An event hosted by College of San Mateo to support high school seniors' transition to their first year of college.

CSM Softball vs. Sierra

Thursday, February 8 • 12 pm

Sierra College

Come out and cheer on the Bulldogs!

CSM Basketball vs. Ohlone

Friday, February 9 • 4 pm

CSM College Center Building 10, Bayview Dining Room

College of San Mateo will hold its 4th Athletics Hall of Fame Induction Ceremony on Friday, February 9, 2018.

Science-In-Action Speaker Series

Wednesday, February 7 • 5-6 pm

CSM Science Building 36, Planetarium

Part of the Science-in-Action Speaker Series at CSM.

2018 Athletics Hall of Fame Induction Ceremony

Friday, February 9 • 4 pm

CSM College Center Building 10, Bayview Dining Room

College of San Mateo will hold its 4th Athletics Hall of Fame Induction Ceremony on Friday, February 9, 2018.



President's Report to the Board of Trustees

Dr. Regina Stanback Stroud



Skyline College has launched Funnelback;
a search engine that analyzes trends and statistics on our website

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TECHNOLOGY & THE COMPREHENSIVE REDESIGN

Technology is a critical and integral part of every piece of our comprehensive college redesign – and the progress we have made, and will continue to make in the months and years ahead, will reshape how we interact with students, and how students interact with the college.

This semester, we've capitalized on foundational work to take concrete first steps in our technology implementation. Here's what we've accomplished so far:

Kennedy & Company

The San Mateo County Community College District engaged consulting firm Kennedy & Company to guide us through the discovery phase to determine exactly what technologies we need and where we need them. They've already embarked on exploration by holding forums with campus stakeholders, asking questions about key needs and identifying existing holes in our capabilities that need to be filled. From here, Kennedy & Company will provide recommendations on Customer Management Systems (CMS) that can help to meet our needs. This may be a single tool that involves additional plug-ins, or it may be a combination of several different tools. The District will be looking to move to the Request For Proposal (RFP) process around April 2018.

The ultimate goal with any CMS solution, is to create streamlined user interfaces for both faculty/staff and for the students we serve. These interfaces will allow students to easily navigate between a variety of information all in one place – things like notes from their counselor, access to degree progression, and browsing student services could all be in one web-based portal. And admissions staff could have easy access to information from the entire lifespan of a student's Skyline College experience.

Ad Astra

AdAstra is a new, easy-to-use software that all faculty and staff will use to schedule events on campus and book event space. Launched in December 2017, this technology will allow faculty and staff to be more efficient and will eliminate a paper-based system that can often be slow and cumbersome.

It's now easier than ever to see exactly when a room is booked and what's available across campus at any given moment. The tool also allows us to be more accountable with our space, providing us with a mile-high view of our campus spaces at any given moment.

Funnelback

The Skyline College website launched a brand new search engine this semester. The new engine, called Funnelback, provides students, faculty and staff a vastly improved search experience. With this search engine, available on every page of the website, the campus community will now be able to quickly and efficiently find and sort any information within our site.

The advanced search function allows students to filter by professor, degrees, .pdf, class schedule, course number, phone number etc. Funnelback also offers powerful backend tools we can use to analyze trends and statistics on our website to customize the results, and ultimately provide a better, more cohesive experience to students, faculty and staff.

Article by Connor Fitzpatrick

MARKETING CAMPAIGNS GARNER MAJOR VALUE FOR COLLEGES

The Skyline College marketing department has just wrapped up a major marketing campaign to support Spring 2018 enrollment and also launched a campaign to recruit students to the Promise Scholars Program (PSP)

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for the 2018-2019 Academic Year. The multifaceted campaigns targeted potential students in San Mateo County ages 18-34 and the PSP creative focused on the tagline “We’ve got your back.”

The campaigns capitalized on a variety of media. Digital advertising included geo-fencing ads at local malls and high schools and broader format digital ads served on a wide variety of high-traffic websites – these ads could be seen on both mobile and desktop devices. Transit ads were placed on SamTrans busses, ads were placed in Saramonte Shopping Center, and print ads were secured in Pacifica Magazine.



Skyline College and Cañada College also launched a joint comprehensive media campaign in partnership with iHeart Media, owner of iHeart Radio, to be the exclusive educational sponsors of the Jingle Ball concert event. This exciting marketing opportunity, promoted across multiple platforms and media channels, revolved primarily around a contest to win tickets to Jingle Ball and a chance to meet Niall Horan, a member of One Direction. Contestants had to visit meetniall.

com to enter the contest, a promotional webpage with information about Skyline College and Cañada College including buttons to apply and basic information on both college promise programs. The campaign, secured for \$15,000 each from both colleges, garnered engagements and impressions whose total media value surpassed \$575,000, a massive return on investment for a marketing campaign.

Launched with hundreds of radio broadcasts and streaming ads on the iHeart app producing hundreds of thousands of impressions and a strong web presence with call-outs of Skyline College and Cañada College on social media leading up to the event, iHeart Media saw contest engagement 50% higher than their average online contests. At Jingle Ball, both colleges received live call-outs on the jumbotrons in front of all 20,000 attendees, and student ambassadors actively engaged at outreach tables at the venue.

These campaigns proved an exceptional value, ultimately helping to promote both Skyline College and Cañada College to target audiences across San Mateo County. Beyond that, brand association with iHeart Media, a growing media resource, and Jingle Ball, one of the largest concerts of its kind in the Bay Area, helps to ensure that our colleges stay relevant and top of mind in an ever-evolving media landscape.

Article by Connor Fitzpatrick

CLASSIFIED SENATE VOLUNTEER AND FUNDRAISING EFFORTS SUPPORT STUDENTS AND COMMUNITY

This past semester has been a busy one for our Classified Senate members! Outside of the day-to-day support we provide to the campus, we have been hard at work volunteering and fundraising!

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On Saturday, October 14, a total of 9 Classified Staff members participated in land restoration on Alcatraz Island! Our volunteer efforts included pruning and weeding a large hillside to help support the growth of native vegetation and to prevent soil erosion due to the harsh climate on the island. And as a result of our participation in this conservation and land restoration effort we received free transportation to and from the Alcatraz Island via the ferries, an insider look into the rich history of horticulture and gardening ideas spanning many different eras, and access to areas on the island that are not accessible to the public. And as an added bonus our volunteers arrived on Alcatraz before other visitors to experience the island during the most tranquil time of day and we were treated to free Audio tours! For our volunteers this was a great way to “participate in community volunteer efforts to support Golden Gate National Park conservation efforts designed to help restore Alcatraz Gardens and Landscaping” for all future visitors to enjoy.



Volunteering to support our communities didn't stop there. Classified staff members also participated in a 5K Run/Walk Fundraiser to raise awareness and funds for those in our local communities and out of state that suffered terrible tragedies due to the natural disasters that decimated lands, properties and lives. If you're still interested in donating, the link is still up and you are more than welcomed to do so. Special thanks to

Linda Bertellotti, Joe Morello, Christina Trujillo, Alana Utsumi, and the many other Classified Staff members who supported this event.

And because the staff love fundraising, we also hosted our annual See's Candy drive to support Classified Staff Scholarship Award and Classified Staff! With over \$1,000 raised thanks to the candy sellers and buyers, the Classified Staff will be able to continue to support our donation to the scholarship! Special thanks to Kathy Fitzpatrick and Jacquie Espino for supporting our efforts!

Lastly, to round out our busy year and take some time to give thanks, the Classified Senate also hosted our Annual Holiday Potluck on Thursday, November 16. With over 50 staff members participating laughs, stories, and special moments were shared over a delicious meal provided by all those in attendance. It was a great way for staff to take a break from our hectic schedules and to reconnect before the rush of what the end of the semester usually brings. Special thanks to all the staff members who took time out of their day to organize, plan, and decorate for the event.

With that, Classified are very much looking forward to the coming year as we have so much more fundraisers, volunteering, and work to do to continue to support our local communities, students, and colleagues.

From all of us to all of you, may you have a holiday break filled with love, laughter, and some R&R!

Article and photos by Michele Haggart

SKYLINE COLLEGE STUDENTS VISIT GOOGLE, AND CONNECT WITH EMPLOYERS THROUGH THE CAREER SERVICES CENTER!

Over this past semester the Career Services Center is excited to share that we have been hard at work

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connecting students to employers via the various programs and services we provide.

Since August we hosted a total of 13 Get Work Wednesdays, along with a hiring event for both Sprouts Groceries and San Francisco Unified School District. These visits allowed us to host over 32 employers from various careers and industries who were able to share with over 248 students various job announcements for both full and part-time positions. These same students also had the chance to explore various career options and industries they hadn't initially thought about as options when they engaged in conversation with these employers. Additionally, of these employers who participated in a recent survey, almost 30% of them reported that they were able to hire between 1- 3 students as a result of their participation in our Get Work Wednesdays. This is higher than what was previously reported, so we are excited to see an increase!

We are also happy to share that the connections didn't stop there. In anticipation for seasonal job opportunities, the Career Services Center also hosted a Seasonal Job fair on November 1. Despite the small scale event, approximately 40% of students in attendance reported that they learned more about their major to be able to make more informed decisions, while approximately 60% reported feeling prepared to discuss their goals.

In conjunction to connecting students with employers who visit our campus, we also recently hosted an employer visit to Google headquarters in Mountain View on November 28. The tour included free transportation to and from Google headquarters, a visit to their campus store, a tour of the headquarters, and a panel presentation consisting of Google employees ranging from positions within Human Resources, Project Managers, Google Technicians, and Technical Recruiters. Our panelists shared stories about their own career exploration, their professional and educational journeys that eventually led them to a job with Google. They also shared advice with our students around

resume and interview tips, the importance of volunteer work and establishing connections by participating in networking events and internships.



For the students who were selected to attend, it was an extraordinary experience. All students reported that attending the tour greatly contributed to career exploration, over 60% of them reported having more confidence in what they are majoring in, and over 80% of them reported that attending this tour has contributed to their potential in finding employment. Additionally, one student shared that “visiting Google HQ and having a panel discussion was very informative, especially listening to the personal journey. I felt like I was able to relate. They all came from diverse backgrounds and went through different journeys, yet they all ended up working at Google.” Another student reported that it was “especially encouraging to hear panelists’ share that they attended community college. It gave a student like me hope for success in the future.”

With that, Career Services is looking very much forward to our up-coming spring semester as we prepare to host more employer visits, our Career Fair on April 17, more resume and interview workshops, and much more to continue to support career exploration and job readiness.

Article by Michele Haggar | Photo by Will Nacouzi

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FACULTY AND STAFF CONDUCT SITE VISIT IN COSTA RICA



SMCCCD Study Abroad is excited to offer students the opportunity to participate in several short-term study abroad programs this summer: Costa Rica, South Africa, Ghana, Florence, or Brazil. These courses are two or three weeks over the summer and offer students a chance to complete three units of college credit outside the classroom walls. Classes are CSU and/or UC transferrable and are led by SMCCCD faculty.

From July 25 - August 11, 2018, students will have the opportunity to take Communications 130: Interpersonal Communication in Costa Rica with Skyline College Communication Studies Professor Brielle Plump. Professor Plump submitted a proposal for this program in the summer of 2017 and received approval from the Study Abroad Advisory Committee in September 2017. For all new Faculty-Led Study Abroad Programs, faculty and staff conduct site visits through the Faculty Travel Grant, a President's Innovation Fund Grant received by Study Abroad. In preparation for the Costa Rica Program this summer, Professor Plump, accompanied by SMCCCD Study Abroad Program Coordinator Stephanie Wells, conducted a site visit to San José, Costa Rica this past December. These visits are essential in

order to review all safety and security considerations and forge academic collaborations.

During the site visit, Professor Plump met with several academic organizations and institutions to plan for the onsite lecture series in Costa Rica next summer. For example, the Centro de Estudios para la Paz (Center for Peace Studies/CEPPA), will conduct a multi-day workshop focusing on "Creative Conflict Resolution," ideal for an Interpersonal Communication course, where relationships and everyday communication are a prime focus. With CEPPA, the students will have the space to learn more about power dynamics as they try on different approaches to conflict.

Another exciting collaboration will be with Dr. Delia Peña, an Intercultural Communication and Psychology professor at Veritas University in San José, Costa Rica. By working with Dr. Peña, students will have the opportunity to engage in deep conversations about how the culture in the US and Costa Rica differ, and how these differences influence both identity and relationships. At the end of the program, the students will return to Skyline College's campus to share these learnings with the wider community.

SMCCCD Study Abroad recognizes that study abroad can often be out of financial reach for our students, and for this reason we make it a priority to help students find and apply for scholarships for study abroad. Students can attend workshops this February to learn more about the summer study abroad programs and scholarship opportunities for study abroad.

Article by Brielle Plump and Stephanie Wells

PROMISE SCHOLARS PROGRAM UPDATE

The Skyline College Promise Scholars Program continues to build momentum as it prepares to double its cohort in fall 2018. The program, which is the college's commitment to provide a full scholarship and

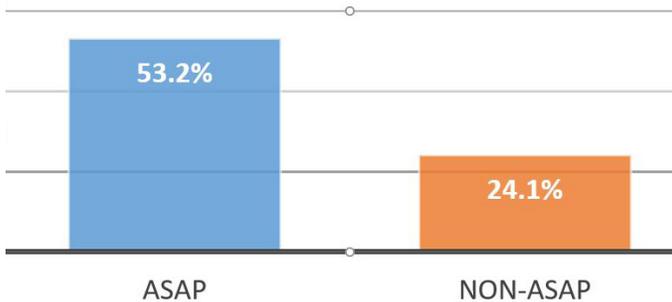
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we've got
your
back.

comprehensive support services for first-time, full-time, students for one year, is a key component of the college's comprehensive redesign aimed at empowering more students to reach their educational goal on time. All elements of the redesign are part of the College's replication of the City University of New York (CUNY) Accelerated Study in Associate Programs (ASAP) model, which will launch here on our campus beginning in fall 2018.

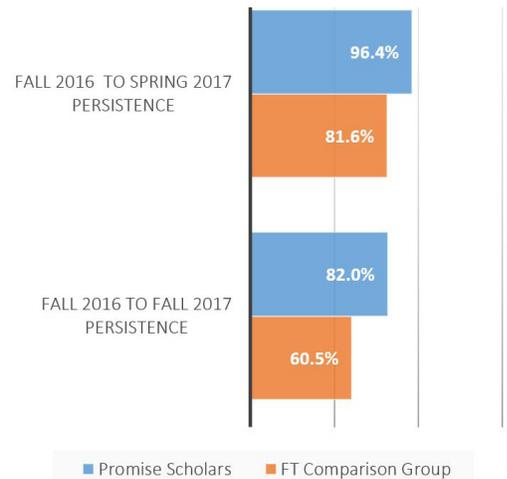
3 Year Graduation Rate



The decision to replicate the ASAP model represents a transformational opportunity for Skyline College, and one that comes as a result of years of careful study. The ASAP model itself is a successful initiative proven to increase timely graduation rates among community college students. ASAP students at CUNY graduate from college within three years at more than double the rates of students who do not participate. To date, across seven cohorts, ASAP has an average graduation rate of 53.2%, in contrast to only 24.1% graduating of comparison

group students. These results speak for themselves and provide a driving force for the work being done at Skyline College.

The Skyline College Promise Scholars Program piloted key components of the ASAP model in Fall 2016 (with 139 participating students) and in Fall 2017 (with 253 participating students). The program currently provides students with dedicated counselors, fee waivers and book support for the first full year (Fall, Spring and the following Summer semester) of college.



So far, the Promise Scholars Program has seen a positive impact on student persistence. For students who participated in the program in Fall of 2016, 96.4% persisted to the Spring 2017 semester (only 81.6% of the comparison group persisted). From Fall 2016 to Fall 2017, Promise Scholars achieved a persistence rate of 82% (only 60.5% of the comparison group persisted). While it is a little too early in the semester to report results on the Fall 2017 cohort's persistence rate, it is expected to be above 90% from the Fall 2017 to the Spring 2018 semester. Ultimately, the Program hopes to substantial increase graduation and successful transfer (CSU GE or IGETC completion) rates within both 2-year and 3-year timelines for participating students.

The Promise Scholars Program team welcomed Scholars back for the start of the Spring 2018 semester with new

SKYLINE COLLEGE BOARD REPORT

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supports and renewed access to lending library materials. Kim Davalos and Ivan Silva, both Promise Scholars Program counselors, will offer drop-in counseling to students and are excited to launch group advising sessions – a new component of the ASAP replication model – to Scholars this semester. Jessica Lopez, the Promise Scholars Program career counselor, will offer additional workshops and 1-to-1 appointments to Scholars looking to further their professional and career goals.

continue to run throughout the rest of the school year and beyond. Lauren Ford, campus recruiter, has helped strengthen relationships with surrounding high schools, and will provide on-site support for feeder high school students interested in matriculating into Skyline College and applying to the Promise Scholars Program.

The application for the Fall 2018 Promise Scholars Program is open on WebSMART, and prospective students can find information about eligibility and applying to the program here. The program has already received more than 65 applications, so please encourage interested students to apply for the program as soon as possible.

Article by Ellen Murray

we've got
your
back.

and
your
books.

and
your first
year FREE.

skyline college

PROMISE SCHOLARS PROGRAM



skylinecollege.edu/promise
 APPLY STARTING IN DECEMBER FOR FALL 2018

HERMAN@S CONNECTION TO COLLEGE MIDDLE SCHOOL CONFERENCE



In Fall 2018, the Skyline College Promise Scholars Programs will expand to serve 500 students and implement final components of the ASAP model, including monthly transportation incentives, blocked courses, and a peer mentoring program. In an effort to reach a broader range of students, the Marketing, Communications, and Public Relations team at Skyline College has launched a comprehensive marketing campaign centered around the tagline “We’ve got your back.” This campaign aims to capture a youthful, friendly tone that catches eyes and sparks imagination. With marketing collateral appearing in traditional, digital and social media, the campaign will

The 6th Annual Middle School Conference took place on Tuesday, December 12. With the primary goal of exposing middle school students to college, Skyline College hosted thirty eight middle school students at Skyline College. The Herman@s Connection to College (C2C) program serves Latino and Latina youth starting in the 8th grade. The program works directly with students at Parkway Heights Middle School and South San Francisco High School. The program seeks to provide information about college and financial aid to students at a young age.

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Students started their day with a light breakfast and a motivational welcome from Jorge Murillo, EOPS program coordinator, and former Hermano and Skyline College Puente student. Students then participated in a college panel with current Skyline College students where they heard about their personal experiences in college and offered words of encouragement. Counselors, Alberto Santellan and Suzanne Poma presented to the middle school students about college and played a fun game of BINGO. Madison Steele presented on financial aid and later in the day students enjoyed lunch, participated in a campus tour, and visited the soccer/track field.

The Middle School Conference would not have been possible without the support of Jorge Murillo, Alberto Santellan, Suzanne Poma, Madison Steele, CTE faculty, former Herman@s students, and student ambassadors. Students went home with a drawstring bag with school supplies inside. Thank you for your kind donations; Skyline College Bookstore, EOPS program and Financial Aid Department.

Article and Photo by Liliana Rivera

SPARKPOINT & NOVA JOB CENTER HIGHLIGHTED IN LOCAL MEDIA

In December 2017, a reporter from the San Mateo Daily Journal visited the SparkPoint Center at Skyline College. The article was originally intended to cover the newly launched NOVA Job Center at Skyline College and the workforce services that are offered to assist unemployed individuals in San Mateo County. However, the reporter chose to expand the article to cover the complete set of services that SparkPoint at Skyline College offers to students and community members. In particular, the article addressed the synergy of different services on offer at the SparkPoint Center, with the goal of assisting community members in San Mateo County achieve long term financial prosperity. The NOVA Job Center is a critical piece because increased income from a successful job search directly improves the financial situation of a family, enabling better housing options, increased ability to afford education, and more capital to account for in a budget.



A PROUD PARTNER OF  America's JobCenter
of CaliforniaSM

Many thanks to Anna Schuessler from the San Mateo Daily Journal for taking the time to visit us. You can read the article at the San Mateo Daily Journal Website.

The NOVA Job Center at Skyline College provides job search support for students and community members seeking immediate employment. We offer individualized one-on-one career counseling, job search workshops, labs, an advice line, and more at no cost. If you know of any students or community members who are interested in obtaining a job or internship, please invite them to stop by room 1-221A or contact us at skylinenova@smccd.edu or 650-738-7904. For more information about the NOVA Job Center, please visit the website.

Article by Kathleen Velasquez

SKYLINE COLLEGE BOARD REPORT

JANUARY 24, 2018

UPCOMING EVENTS

NOVA “GENERATING JOB LEADS” WORKSHOP

January 23, 2018
9:30 a.m. - 12:30 p.m.
Skyline College,
Building 7, Room 7-205

NOVA “RESUME FACTS” WORKSHOP

January 24, 2018
8:30 a.m.- 10:00 a.m.
Skyline College,
Building 7, Room 7-115

ETS: THE VALUE OF EQUITY IN EDUCATION

January 26, 2018
12:00 p.m.- 3:00 p.m.
Skyline College,
Building 6, 6-202

APPRECIATION RECEPTION

HOSTED BY THE PRESIDENT’S COUNCIL

February 15, 2018
4:30 p.m.- 6:00 p.m.
Skyline College,
Building 1, Art Gallery

BOARD REPORT 18-1-2A

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

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

APPROVAL OF PERSONNEL ITEMS

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

A. ADMINISTRATIVE APPOINTMENT, REAPPOINTMENT, ASSIGNMENT AND REASSIGNMENT
(NP = New position, * = New Employee)

None

B. PUBLIC EMPLOYMENT

1. New Hires (NP = New Position, * = New Employee)

College of San Mateo

Tracey Gilfether*

Library Support Specialist

Library/Academic
Support & Learning Technologies

New full-time, 12-month classified employment, effective January 22, 2018, replacing Martha Menendez who retired.

District Office

Cindy Nguyen*

International Program Specialist

International Education

New full-time, 12-month classified professional/ supervisory employment, effective December 11, 2017. This is a new position that was Board approved on September 14, 2017.

Kenneth Ennsmann*

Groundskeeper

Facilities

New full-time, 12-month classified employment, effective January 8, 2018, replacing Tibor Andrejka who was reassigned.

Robert Nolasco* Groundskeeper Facilities

New full-time, 12-month classified employment, effective January 8, 2018, replacing Robert Revo who resigned.

Laura Ciravolo* Project Engineer Facilities

New full-time, 12-month classified employment, effective January 8, 2018. This is a vacant position.

Skyline College

Yancy Aquino Professor, Biology Science, Math & Technology

New temporary academic employment, effective for the Spring 2018 semester.

Jose Cartagena Office Assistant II Business, Education & Professional Programs/Co-Op

New part-time (48%), 11-month classified employment, effective January 16, 2018, replacing Marilyn Jean who retired.

2. Re-Employment

None

C. REASSIGNMENT THROUGH THE HIRING PROCESS

None

D. TRANSFER/ADMINISTRATIVE REASSIGNMENT

District Office

Cristian Heredia Groundskeeper Facilities

Transferred from a full-time 12-month Groundskeeper position at Skyline College into this full-time, 12-month position at Cañada College, effective January 2, 2018.

E. CHANGES IN STAFF ALLOCATION

College of San Mateo

1. Recommend a change in staff allocation to increase an Administrative Assistant – HSI STEM (Funded by the HSI STEM Grant) position (4CC008) from 48% of full-time, 12-months to full-time, 12 months in the Math/Science Division, effective January 25, 2018. The increase in staff allocation will be funded through the general fund.

2. Recommend a change in staff allocation to add one full-time Counselor position (Regular Faculty Salary Schedule 80) in the Counseling Division, effective January 25, 2018.

District Office

1. Recommend a change in title for the Director of Technical Support Services to Director of Information Technology Support Services, effective February 1, 2018. In addition, recommend a change in salary schedule and grade from Grade 230S of the Classified Professional/Supervisory Salary Schedule (40) to Grade 195E of the Academic-Classified Exempt Supervisory Salary Schedule (35), effective February 1, 2018. Accordingly, recommend the corresponding title, grade, and salary schedule changes to the incumbent Yoseph Demissie, effective February 1, 2018.
2. Recommend creation of a new classification titled, "IT Tech Construction Project Specialist (Funded by Measure H)" at Grade 191S of the Classified Professional/ Supervisory Salary Schedule (40), effective February 1, 2018. In addition, recommend a change in staff allocation to add three part-time (48%), 12-month IT Tech Construction Project Specialist (Funded by Measure H) positions in the Information Technology Department, effective February 1, 2018. These positions are temporary, externally funded positions, effective February 1, 2018 through the expiration of the external funding.

F. PHASE-IN RETIREMENT

None

G. LEAVE OF ABSENCE

None

H. PUBLIC EMPLOYEE RETIREMENT AND RESIGNATION

1. Retirement

District Office

Giao Van Bui

Custodian

Facilities

Retired effective January 4, 2018 with 23 years of service. Eligible for District retiree benefits.

Skyline College

Paul Spakowski

Professor

Business, Education
Professional Programs-Auto

Retiring as Professor Emeritus effective May 25, 2018 with 28 years of service. Eligible for District retiree benefits.

2. Resignation**Cañada College****Patricia Guevarra**

Program Services Coordinator

Office of the Vice President
Student Services

Resigned effective January 2, 2018.

District Office**Rain Kermsky**

Groundskeeper

Facilities

Resigned effective January 24, 2018.

Skyline College**Elnore Mariano**

Admissions & Records Assistant III

Enrollment Services

Resigned effective January 2, 2018.

I. ESTABLISHMENT OF EQUIVALENCY TO MINIMUM QUALIFICATIONS**College of San Mateo****Carlos Sanchez**

Coaching

Physical Education/ Athletics

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

Kelly Cooper

Computer & Information Science

Business/ Technology

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

Skyline College**Jesse Raskin**

Political Science

Creative Arts/ Social Science

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

J. PROFESSIONAL EXPERT/CONTRACT POSITIONS

None

K. SHORT-TERM, NON-CONTINUING POSITIONS

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

<i>Location</i>	<i>Division / Department</i>	<i>No. of Pos.</i>	<i>Start and End Date</i>		<i>Services to be performed</i>
Cañada College	Student Services/A2B	1	12/25/2017	5/30/2018	Instructional Aide II, A2B: This is a temporary full-time position funded through the HIS Grant Associate's to Bachelor's (A2B) for December 25, 2017 through the end of the grant. This person will provide academic tutoring and instructional support to A2B students.
Cañada College	Student Services/A2B	1	12/18/2017	5/30/2018	Retention Specialist, A2B: This is a temporary full-time position funded through the HIS Grant Associate's to Bachelor's (A2B) for December 18, 2017 through the end of the grant. This person will provide assistance with on-campus outreach, and new student intake; meet with students to assess support services needed and facilitate the use of these services; assist with case management; assist with evaluating and monitoring student academic performance for early alert and academic success workshop participation; schedule new and continuing student meetings/new student orientations/appointment follow-up.
College of San Mateo	Business/Technology/Cosmetology	1	1/15/2018	6/30/2018	Cosmetology Aide: This position addresses a short-term staffing need caused by the departure of two full-time Cosmetology faculty members. The Cosmetology Aide position is essential to ensure the smooth running of CSM's Cosmetology program. The Cosmetology Aide position will provide daily classroom and lab assistance to faculty and students in order to ensure that students are well served and that faculty can dedicate time to hands on classroom demonstrations and instruction.

District Office	Enterprise Operations/ Auxiliary Services	1	2/01/2018	06/30/2018	Program Services Coordinator: Silicon Valley Intensive English Program Coordinator.
Skyline College	Vice President of Administration/Cashier	1	1/01/2018	6/30/2018	Accounting Technician: <i><u>This is an extension of a previously Board approved position.</u></i> Two part-timer hourly staffs are needed to collect fees, issue parking permits, and perform other cashiering functions during peak registration periods at the beginning and during the start of the summer session, fall and spring semesters. Part-time help is also needed intermittently to provide Cashiers office coverage when regular staffs are ill or go on vacation.

BOARD REPORT NO. 18-1-1CA

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Kimberlee Messina, Interim Vice Chancellor, Educational Services and Planning,
358-6887

**APPROVAL OF CURRICULAR ADDITIONS, DELETIONS AND MODIFICATIONS
CAÑADA COLLEGE, COLLEGE OF SAN MATEO, AND SKYLINE COLLEGE**

The addition of thirty-seven courses to, and the deletion of one course from, the College catalogs are proposed by Cañada College, College of San Mateo and Skyline College at this time. Additionally, twenty-three courses are proposed to be offered in the distance education mode. The addition of eight degrees/certificates is also proposed. Two degrees/certificates were assigned inactive status.

In addition to the courses deleted, fifteen courses were assigned inactive status, which removes them from the catalog and schedule. Since they have not been deleted, they can be more easily reinstated at a later time. If reinstatement is unlikely, these courses will be deleted in the coming years.

Furthermore, one hundred forty-six courses and thirty-one programs were modified. Six courses were reactivated.

Each of the proposed courses and programs has been reviewed by the appropriate Division Dean and approved by the College Curriculum or Instruction Committee, acting on behalf of the local Academic Senate. In addition, the Academic Senate Presidents provide oversight with respect to the necessary role of the local Senates in the review and approval process. The rigor of the approval process assures that each new course has substance and integrity in relation to its discipline and that it fills a clear student need not being served by existing course offerings.

RECOMMENDATION

It is recommended that the Board approve the attached curricular changes for the Cañada College, College of San Mateo and Skyline College catalogs.

San Mateo County Community College District

January 24, 2018

This report has been prepared in accordance with SMCCCD Rules and Regulations, Section 6.13.4 and all appropriate laws and regulations.

PREPARED BY: David M. Johnson, Interim Vice President, Instruction
Cañada College

APPROVED BY: Candice Nance, Curriculum Committee Co-Chair
Cañada College

Katherine Schertle, Curriculum Committee Co-Chair
Cañada College

Hyla Lacefield, Academic Senate President
Cañada College

Jamillah Moore, President
Cañada College

PROPOSED CURRICULAR ADDITIONS – CAÑADA COLLEGE

COURSE DESCRIPTIONS AND JUSTIFICATIONS

DIGITAL ART AND ANIMATION

433 ADVANCED SPECIAL EFFECTS AND COMPOSITING (1.5) (day or evening)

Justification: Continuation of the skills taught in MART 431 - Special Effects and Compositing. The techniques in these disciplines are many and varied, and require a full semester of classes in order to adequately cover the basics and expand into more advanced concepts. Created as a half-semester course (to be offered in the second half of the fall semester) so that students who have completed MART 431 can continue their studies. This course is part of the 3D Animation and Video Game Art Certificate and AA degree. Advisory board members are consulted regularly in order to keep instructional materials current with industry needs and expectations.

Prerequisite: None.

Recommended Preparation: Eligibility for READ 836 and ENGL 836; or ENGL 847 or ESL 400; MART 431 or equivalent experience.

Description: Continuation of the techniques presented in MART 431. Advanced techniques for the creation of special effects for film and video. Combining 2D video and animated footage with 3D footage created in commercial 3D animation software. Creating and compositing special effects through particle generation and rendering. Optimizing and outputting final footage for use in video, film, and gaming.

Classification: AA/AS Degree; Certificate; CSU transferable.

EDUCATION AND HUMAN DEVELOPMENT - EDUCATION265 POSITIVE BEHAVIOR IN INCLUSIVE SETTINGS (3.0) (day or evening)

Justification: The Education and Human Development program is expanding its course offerings to meet the needs of adults working with school-age children in a variety of settings (i.e., after school and recreational programs, academic enrichment and homework assistance, general classroom support). This class provides knowledge and application of basic Behavior Management techniques appropriate for school-age children and older.

Prerequisite: None.

Recommended Preparation: Eligibility for READ 836 and ENGL 836; or ENGL 847 or ESL 400.

Description: This course reviews positive behavior support strategies for adults working with both typically and atypically developing children. Children's behaviors are analyzed from a developmentally appropriate and culturally sensitive framework that honors individual differences in children, as well as the complexity of their behaviors and communicative intents. Through the use of functional analysis and positive behavior support plans, students in the course explore strategies used to effectively manage challenging behaviors in school-age children.

Classification: AA/AS Degree; Certificate; CSU transferable.

FASHION DESIGN AND MERCHANDISING114 TRAVEL STUDY: INTRODUCTION TO ITALIAN FASHION (3.0) (day or evening)

Justification: This course has been successfully taught the last two summers as an experimental course, and is now becoming a permanent course. FASH 114 - Travel Study: Introduction to Italian Fashion is a selective course requirement in four of our current programs (Two AS degrees and two certificates of achievement).

Prerequisite: None.

Recommended Preparation: Eligibility for READ 836 and ENGL 836; or ENGL 847 or ESL 400.

Description: An introduction to the Italian Fashion Industry from pre-World War II to the present day. Students analyze designers, fabrics, and manufacturing techniques and the implications for global fashion. The study of fashion as a form of Italian art through lectures, field trips, and guest speakers.

Classification: AA/AS Degree; Certificate; CSU transferable.

INTERIOR DESIGN361 CHIEF ARCHITECT FOR INTERIOR DESIGNERS (3.0) (day or evening)

Justification: This new course is part of the Interior Design and the Kitchen and Bath Certificates of Achievement, as well as the Associate in Science Degree in Interior Design. The course provides students with a contemporary software tool that enables designing in both 2D and 3D efficiently following the guidelines of building codes. The Advisory Committee for the Interior Design Program

acknowledges that this package is becoming an industry standard, especially for Kitchen and Bath. In order to better serve our students, this new course provides them with the necessary skills to produce drawings that show 3D models of structures, interiors, and construction details for residential spaces. This skill increases student's marketability.

Prerequisite: ARCH 110.

Recommended Preparation: None.

Description: Chief Architect software creates 3D architectural home design including kitchen and bath. The software produces floor plans, elevations, and construction documents quickly and efficiently. Drawings follow industry standards and techniques. Design tools for photo-realistic renderings and virtual tours are explored.

Classification: AA/AS Degree; Certificate; CSU transferable.

KINESIOLOGY, ATHLETICS AND DANCE – TEAM SPORTS

132.3 FLAG FOOTBALL III (1.0) (day or evening)

Justification: Cañada College currently offers TEAM 132.1 and 132.2. This is the third course in the family and will allow for students to continue their development of flag football skills. TEAM 132.3 is part of the Kinesiology AA and AA-T Degrees.

Prerequisite: TEAM 132.2.

Recommended Preparation: None.

Description: Continuation of TEAM 132.2. This course provides advanced intermediate skills in flag football, including catching, running with the ball, strategies, blocking, and rules of the game. Drills and competitions are used.

Classification: AA/AS Degree; AA-T/AS-T Degree for Transfer; CSU transferable.

SOCIOLOGY

325 HONORS COLLOQUIUM: SOCIOLOGY OF HUMAN PERSONHOOD (1.0) (day or evening)

Justification: This course introduces an innovative and influential field within sociology and the philosophy of science that is currently not offered within the district but is of increasing importance to the discipline of sociology. Students will have access to some of the newest ideas and theories within sociology and better prepare them for the sociology major.

Prerequisite: ENGL 100; Completion of, or concurrent enrollment in one of the following: ANTH 110, or COMM 180, or PHIL 100, or PLSC 150, or PSYC 100, or SOCI 100.

Recommended Preparation: None.

Description: Study of human personhood as an emergent property of social life that shapes and is shaped by social structures and culture with implications for how human flourishing and failure can be

understood within the social sciences. NOTE: This section is designed primarily for students in the Honors Transfer Program, but is open to all students. All students enrolling in this section will be required to do Honors level work. Honors credit will be earned for SOCI 325 upon completion of the course. Honors credit will also be earned for the approved, completed or concurrent companion course, upon completion of both SOCI 325 and the companion course with a grade of A or B.

Classification: AA/AS Degree; CSU transferable.

PROPOSED CURRICULAR DELETIONS – CAÑADA COLLEGE

FASHION DESIGN AND MERCHANDISING

880CA TRAVEL STUDY: INTRODUCTION TO ITALIAN FASHION

Justification: This course was offered successfully, and being replaced with a permanent course (FASH 114) which is being added to two AS Degrees and two certificates of achievement..

PROPOSED CURRICULAR INACTIVATIONS – CAÑADA COLLEGE

ACCOUNTING

672 Cooperative Education: Internship

DIGITAL ART AND ANIMATION

361 Digital Video
370 Cascading Style Sheets
373 Digital Audio I

EDUCATION AND HUMAN DEVELOPMENT – EARLY CHILDHOOD EDUCATION

335 Child Guidance
363 Mental Development and Problem Solving
382 Male Involvement in Early Childhood
384 Principles and Practices of Family Child Care
680CJ Teaching Phonological Awareness Skills to Young Children

FASHION DESIGN AND MERCHANDISING

166 Fashion Entrepreneurship

KINESIOLOGY, ATHLETICS AND DANCE - FITNESS

151 Step Aerobics

MUSIC

230 Beethoven
290 Introduction to Music and Computers

PROPOSED CURRICULAR MODIFICATIONS – CAÑADA COLLEGE**ART**

115 Art, Music and Ideas

COOPERATIVE EDUCATION

670 Cooperative Education/Work Experience

DIGITAL ART AND ANIMATION

314 Introduction to Computer Graphics
 362 Introduction to Digital Photography
 363 Advanced Digital Photography
 368 Introduction to Web Design
 369 Advanced Web Design
 376 Introduction to Digital Imaging
 377 Advanced Digital Imaging
 379 Introduction to Digital Animation
 380 Advanced Digital Animation
 400 Motion Graphics
 420 Introduction to 3D Modeling and Animation
 421 Advanced 3D Modeling and Animation

EDUCATION AND HUMAN DEVELOPMENT – EARLY CHILDHOOD EDUCATION

191 Children's Literature
 201 Child Development
 210 Early Childhood Education Principles
 212 Child, Family, and Community
 225 Care and Education for Infants and Toddlers
 240 Administration I: Business/Legal
 241 Administration II: Personnel and Leadership
 242 Adult Supervision and Mentoring
 244 Curriculum and Strategies for PreK-Kindergarten
 247 Foundations for School Success
 249 Leadership Development
 254 Teaching in a Diverse Society
 260 Children with Special Needs
 263 Curriculum and Strategies for Children with Special Needs
 275 Children's Language and Literacy Development
 313 Health, Safety and Nutrition
 333 Observation and Assessment of Young Children
 366 Practicum in Early Childhood Education
 369 Reflective Teaching Seminar

ENGLISH

827 Integrated Reading and Writing

FASHION DESIGN AND MERCHANDISING

- 134 Beginning Millinery
- 162 Advanced Flat Pattern
- 672 Cooperative Education: Internship

HUMAN SERVICES

- 672 Cooperative Education: Internship

INTERIOR DESIGN

- 672 Cooperative Education: Internship

KINESIOLOGY, ATHLETICS AND DANCE - DANCE

- 672 Cooperative Education: Internship

KINESIOLOGY, ATHLETICS AND DANCE - FITNESS

- 112 Cross-Training
- 117 Fitness Assessment, Strength and Conditioning
- 118 Beginning Fitness Center
- 119 Intermediate Fitness Center
- 304.1 Walking Fitness I
- 304.2 Walking Fitness II
- 334.1 Yoga I
- 334.2 Yoga II
- 334.3 Yoga III
- 334.4 Yoga IV
- 335.1 Pilates I
- 335.2 Pilates II
- 335.3 Pilates III
- 335.4 Pilates IV

KINESIOLOGY, ATHLETICS AND DANCE - KINESIOLOGY

- 101 Introduction to Kinesiology
- 109 Lifetime Fitness and Nutrition
- 137 Student-Athlete Skills for Success, First Year
- 138 Student-Athlete Skills for Success, Second Year

MEDICAL ASSISTING

- 672 Cooperative Education: Internship

PARALEGAL STUDIES

- 672 Cooperative Education: Internship

MUSIC

100	Fundamentals of Music
115	Art, Music and Ideas
120	Songwriting Workshop I
202	Music Appreciation
210	Histories of Popular Music and Rock
240	Music of the Americas
250	World Music
260	Music in Film, Television and Multimedia
271	Opera and Musical Theater History
301	Piano I
302	Piano II
303	Piano III
304	Piano IV
371	Guitar I
372	Guitar II
373	Guitar III
374	Guitar IV
470.1	Choir I

PHILOSOPHY

100	Introduction to Philosophy
200	Introduction to Logic

PROPOSED CURRICULAR REACTIVATIONS – CAÑADA COLLEGE**EDUCATION AND HUMAN DEVELOPMENT – EARLY CHILDHOOD EDUCATION**

213	The School Age Child
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MUSIC

402	Voice II
403	Voice III
404	Voice IV

PROPOSED TO BE OFFERED AS DISTANCE EDUCATION – CAÑADA COLLEGE**EDUCATION AND HUMAN DEVELOPMENT – EDUCATION**

265	Positive Behavior Support in Inclusive Settings
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KINESIOLOGY, ATHLETICS AND DANCE - KINESIOLOGY

101	Introduction to Kinesiology
137	Student-Athlete Skills for Success, First Year
138	Student-Athlete Skills for Success, Second Year

PROPOSED PROGRAM ADDITIONS – CAÑADA COLLEGE

Cañada College proposes to offer a Certificate of Achievement in the following programs:

EDUCATION AND HUMAN DEVELOPMENT - EDUCATION

Youth and After School – Certificate of Achievement

PROPOSED PROGRAM MODIFICATIONS – CAÑADA COLLEGE

ACCOUNTING

Accounting – Associate in Science Degree

BUSINESS

Marketing – Associate in Science Degree

Marketing – Certificate of Achievement

DIGITAL ART AND ANIMATION

3D Animation and Videogame Art – Associate in Arts Degree

3D Animation and Videogame Art – Certificate of Achievement

Digital Art and Animation – Associate in Arts Degree

Digital Art and Animation – Certificate of Achievement

Graphic Design – Certificate of Achievement

Web Design – Certificate of Achievement

EDUCATION AND HUMAN DEVELOPMENT – EARLY CHILDHOOD EDUCATION

Child and Adolescent Development – Associate in Science Degree for Transfer

Early Childhood Education – Associate in Science Degree

Early Childhood Education – Associate in Science Degree for Transfer

Early Childhood Education – Certificate of Achievement

FASHION DESIGN AND MERCHANDISING

Custom Dressmaking/Small Business Oriented – Associate in Science Degree

Custom Dressmaking/Small Business Oriented – Certificate of Achievement

Technical (Apparel Industry Oriented) – Associate in Science Degree

Technical (Apparel Industry Oriented) – Certificate of Achievement

INTERIOR DESIGN

Interior Design – Associate in Science Degree

Interior Design – Certificate of Achievement

Kitchen and Bath Design – Certificate of Achievement

KINESIOLOGY ATHLETICS AND DANCE - KINESIOLOGY

Kinesiology – Associate in Arts Degree for Transfer

Kinesiology – Associate in Arts Degree

MUSIC

Music – Associate in Arts Degree

SOCIOLOGY

Sociology – Associate in Arts Degree

San Mateo County Community College District

January 24, 2018

This report has been prepared in accordance with SMCCCD Rules and Regulations, Section 6.13.4 and all appropriate laws and regulations.

PREPARED BY: Sandra Stefani Comerford, Vice President, Instruction
College of San Mateo

APPROVED BY: Teresa Morris, Chair, Curriculum Committee
College of San Mateo

Jeremy Wallace, President, Academic Senate
College of San Mateo

Michael Claire, President
College of San Mateo

PROPOSED CURRICULAR ADDITIONS – COLLEGE OF SAN MATEO

COURSE DESCRIPTIONS AND JUSTIFICATIONS

ACCOUNTING

108 FINANCIAL STATEMENT ANALYSIS SURVEY (1) (day or evening; distance education)

Justification: Based upon the success of Accounting Cycle Survey and Time Value of Money Survey courses we identified the benefit to students of 1-unit courses that focus on one accounting topic. Students have frequently requested a Financial Statement Analysis Survey.

Prerequisite: None.

Recommended Preparation: None.

Description: Survey of financial statement analysis concepts and applications. Topics include preparation of financial statements, horizontal analysis, vertical analysis, and using ratios to analyze profitability, liquidity, ability to pay short-term and long-term debts, and common stock as an investment. This course provides foundational skills that will help students succeed in all other accounting courses. Students may use this course as preparation for future accounting classes or as a review. The Financial Accounting and Reporting (FAR) and Auditing and Attestation (AUD) sections of the CPA exam include questions based on financial statement analysis, so this course will help students prepare for the CPA exam.

Classification: AA/AS Degree; Certificate; CSU transferable.

118 PERSONAL INVESTING (3) (day or evening; distance education)

Justification: Based upon the success of Personal Financial Planning (ACTG 119) the accounting faculty have seen a clear need for an additional course focused on Personal Investing. Students have requested this new course.

Prerequisite: None.

Recommended Preparation: None.

Description: This course provides an overview of personal investing. Students will learn how to make informed decisions about investing in common stocks, fixed-income securities (bonds), mutual funds, and exchange-traded funds (ETFs). Other topics include measuring risk and return, modern portfolio concepts, market efficiency, behavioral finance, and managing a portfolio.

Classification: AA/AS Degree; Certificate; CSU transferable.

262 DEPRECIATION, BUSINESS & REPAIR EXPENSES (.5) (day or evening)

Justification: Tax practitioners preparing individual tax returns need to be knowledgeable in what is a deductible business expense and depreciation. This course will be part of a new accounting certificate.

Prerequisite: None.

Recommended Preparation: None.

Description: Introduction to the methods used to depreciate business assets, including Class Life, MACRS, Section 179, AMT adjustments, and California conformity/nonconformity. Understand ordinary and necessary business expenses and current requirements in final repair regulations. [CPE Hours: CPA, EA 8; CTEC (6 Fed), (2 CA)].

Classification: AA/AS Degree; Certificate; CSU transferable.

263 SOLE PROPRIETORSHIPS (.5) (day or evening)

Justification: Course is being converted from ACTG 665MN to a permanent course number to be part of a new accounting certificate.

Prerequisite: None.

Recommended Preparation: None.

Description: A course exploring the income tax issues for sole proprietorships. Topics include income reporting (including income from Forms 1099-MISC and 1099-K), ordinary and necessary business expenses, automobile and travel expenses, depreciation options, home office usage, and effective recordkeeping. The course will provide practice in the preparation of Schedule C, Schedule SE, Form 4562, and other related forms. [CPE Hours: CPA 8; EA, CTEC 6]

Classification: AA/AS Degree; Certificate; CSU transferable.

264 LACERTE TAX SOFTWARE BASICS (.5) (day or evening)

Justification: Course is being converted from ACTG 665MD to a permanent course number to be part of a new accounting certificate.

Prerequisite: None.

Recommended Preparation: None.

Description: Introduction to the use of Lacerte tax software to prepare basic tax returns. Primary emphasis will be on the Individual package; Partnership, Corporation, and Fiduciary packages will also be discussed. This course meets continuing education credit requirements of the California Tax Education Council (CTEC).

Classification: AA/AS Degree; Certificate; CSU transferable.

265 TAXATION OF RENTAL REAL ESTATE (1) (day or evening)

Justification: Course is being converted from ACTG 665MI to a permanent course number to be part of a new accounting certificate.

Prerequisite: None.

Recommended Preparation: None.

Description: Introduction to the use of federal Schedule E for reporting rental real estate income and expenses. Topics include vacation homes, partially-rented personal residences, rules on deducting losses, and Alternative Minimum Tax (AMT) considerations. This course meets continuing education credit requirements of the California Tax Education Council (CTEC).

Classification: AA/AS Degree; Certificate; CSU transferable.

276 VITA INTERMEDIATE (1) (day or evening)

Justification: This course follows ACTG 175. Students who have completed ACTG 175 and can take this course to learn how to prepare tax returns that are beyond basic tax returns.

Prerequisite: ACTG 175

Recommended Preparation: None.

Description: This course is for students returning for a second year to serve in the Volunteer Income Tax Assistance (VITA) program and prepare income tax returns for qualifying individuals at no cost. These returning students will have the opportunity to gain additional practical experience from preparing more challenging tax returns. These volunteers will receive 8 hours of review and update in income tax law and use of tax preparation software.

Classification: AA/AS Degree; Certificate; CSU transferable.

277 VITA ADVANCED (1) (day or evening)

Justification: This course follows ACTG 276. Students who have completed ACTG 276 can take this course to learn how to prepare complex tax returns at VITA, as well as learning how to operate a VITA center effectively.

Prerequisite: ACTG 276

Recommended Preparation: None.

Description: This course is for students returning for a third year to serve in the Volunteer Income Tax Assistance (VITA) program and prepare income tax returns for qualifying individuals at no cost. These returning students will have the opportunity to gain additional practical experience from preparing complex tax returns, as well as learning to be quality reviewers for the VITA program. These volunteers will receive 8 hours of review and update in income tax law and use of tax preparation software, as well as classroom training on quality review for Federal and California individual income tax returns.

Classification: AA/AS Degree; Certificate; CSU transferable.

278 VITA SUPERVISORY (1) (day or evening)

Justification: This course follows ACTG 276. Students who have completed ACTG 276 can take this course to learn how to prepare complex tax returns at VITA, as well as learning how to operate a VITA center effectively.

Prerequisite: ACTG 276.

Recommended Preparation: None.

Description: Students return a third year to serve in the Volunteer Income Tax Assistance (VITA) program and prepare income tax returns for qualifying individuals at no cost. These returning students will have the opportunity to gain additional practical experience from preparing complex tax returns, as well as learning to operate a VITA center effectively. These volunteers will receive 8 hours of review and update in income tax law and use of tax preparation software, as well as classroom training on quality review for Federal and California individual income tax returns.

Classification: AA/AS Degree; Certificate; CSU transferable.

COMPUTER AND INFORMATION SCIENCE**129 FRAMEWORKS/SERVER-SIDE JAVASCRIPT (3) (day or evening; distance education)**

Justification: Course was recommended by the CIS Advisory Committee. Knowledge of server-side JavaScript is essential for Web development.

Prerequisite: None.

Recommended Preparation: Eligibility for ENGL 838 or ENGL 848 or ESL 400. CIS 111.

Description: Introduction to JavaScript frameworks. Provides an overview of MVC (Model-View-Controller), MVP (Model-View-Presenter) and MVVM (Model-View-ViewModel) design patterns. Server-side JavaScript programming with package managers will be introduced. Also covered are REST (Representational State Transfer) Web Services and APIs used to obtain and process data in XML or JSON format. Overview of JavaScript templating engines for Web applications. Various open-source libraries for DOM manipulation, GUI, visualization and testing will be introduced. Intended for students with previous programming experience.

Classification: AA/AS Degree; Certificate; CSU transferable.

DIGITAL MEDIA**122 LIVE SOUND (3) (day or evening)**

Justification: The bay area has an on-going need for Audio and Video Technicians. CSM's DGME program has partnered with 4 other bay area colleges as part of the Strong Workforce development grant to create career education tracks throughout the region.

Prerequisite: DGME 118.

Recommended Preparation: None.

Description: Students in this course will learn principles and techniques of sound reinforcement, including live sound history, theory, and technology with an emphasis on the technical manipulation of

acoustics. Includes the latest networked audio systems, hands-on live sound operations for venues such as corporate conferences, theaters, and concerts. These are career skills for employment as an audio engineer or AV Equipment Technician.

Classification: AA/AS Degree; Certificate; CSU transferable.

ETHNIC STUDIES

107 INTRODUCTION TO NATIVE AMERICAN STUDIES (3) (day or evening)

Justification: The Department of Ethnic Studies is currently revising and updating our curriculum to make it more compatible with the Ethnic Studies taught in the UC system. As part of this process, we seek to add a course in Native American Studies.

Prerequisite: None.

Recommended Preparation: Eligibility for ENGL 838 or ENGL 848 or ESL 400.

Description: This course provides an introduction to the study of Native American histories, experiences, intellectual traditions, and forms of artistic expression. Students will engage with texts that confront the structural genocide underlying the construction of the U.S. settler state, and will explore Native practices of resistance, resilience, and regeneration. Course materials will include fiction, poetry, spoken word, and other creative texts, as well as historical and archival studies.

Classification: AA/AS Degree; CSU transferable

FIRE TECHNOLOGY

797 EMERGENCY MEDICAL TECHNICIAN: BASIC (11) (day or evening)

Justification: This course will replace FIRE 796. The regulatory body for this curriculum, Emergency Medical Services Authority (EMSA), has added content and hours to the instructional requirements. Our curriculum must be adjusted to meet these new requirements.

Prerequisite: Current certification in Basic Life Support (BLS) for the healthcare provider/professional rescuer through an accredited agency. Admission into the Emergency Medical Technician (EMT) course.

Recommended Preparation: None.

Description: This course provides instruction in basic life support/pre-hospital care using the National Registry curriculum. A materials fee as shown in the Schedule of Classes is payable upon registration.

Classification: AA/AS Degree; Certificate; CSU transferable.

MUSIC

210 FROM BLUES TO HIP HOP: A HISTORY OF AMERICAN POPULAR MUSIC (3) (day or evening)

Justification: This course is a survey course designed to explore American Popular Music from the 1900's to the present. This course would satisfy the General Education E5c requirement and would present an alternative to the current music offerings used to complete this requirement. Currently, the College of San Mateo music survey courses focus on Jazz, and Classical music, but do not include American Popular

music. This type of course is offered at many community colleges and universities throughout California, and would be a practical addition to the curriculum at the College of San Mateo.

Prerequisite: None.

Recommended Preparation: Eligibility for ENGL 838 or ENGL 848 or ESL 400.

Description: This course will closely examine the history and development of American popular music, and its integration with general culture and society. This course will include identification and analysis of blues, rock, R&B, Reggae, Hip Hop, Latin Rock, and other musical genres.

Classification: AA/AS Degree; CSU transferable

PSYCHOLOGY

106 PSYCHOLOGY OF PREJUDICE AND DISCRIMINATION (3) (day or evening; distance education)

Justification: Expansion of current course offering with CSU GE & UC IGETC transferability. Course fits multiple degree patterns.

Prerequisite: None.

Recommended Preparation: Eligibility for ENGL 838 or ENGL 848 or ESL 400.

Description: Exploration of the psychological underpinnings of prejudice and discrimination. Investigates fundamental aspects of the mind and society that can lead to prejudice, conditions that can trigger discrimination, and complex psychological patterns that develop among different majority and non-majority groups. Explores ethnic, racial, gender, and sexual prejudice and solutions for how to reduce prejudice among these groups and others.

Classification: AA/AS Degree; CSU transferable

230 INTRODUCTION TO CROSS-CULTURAL PSYCHOLOGY (3) (day or evening; distance education)

Justification: Expanding course options for psychology degree with potential for CSU GE & UC IGETC transferability. New course offering to expand offering related to culture and development.

Prerequisite: None.

Recommended Preparation: Eligibility for ENGL 100 or ENGL 105, or equivalent.

Description: An examination of the diversity of human thought, feeling, and behavior, and the underlying reasons for such diversity. Focuses on the way culture influences human behavior and shapes mental processes. Reviews a variety of theories and research-findings regarding cultural influences on human behavior.

Classification: AA/AS Degree; CSU transferable

301 PSYCHOLOGY OF HUMAN RELATIONSHIPS AND ADJUSTMENT (3) (day or evening; distance education)

Justification: Expanding course options for psychology degree with potential for CSU GE & UC IGETC transferability. New course offering specific to psychology majors with emphasis in health, wellness, counseling, and performance.

Prerequisite: PSYC 100

Recommended Preparation: Eligibility for ENGL 838 or ENGL 848 or ESL 400.

Description: A survey of current theoretical and applied psychological knowledge relevant to personal and social interactions and normal psychological adjustment. Examination of different psychological perspectives and theoretical foundations and how these are applied across a person's life taking into account the influence of culture, gender, ethnicity, historical, cohort, and social-economic status.

Classification: AA/AS Degree; CSU transferable

310 POSITIVE PSYCHOLOGY (3) (day or evening; distance education)

Justification: Expanding course options for psychology degree with potential for CSU GE & UC IGETC transferability. New course offering specific to psychology majors with emphasis in health, wellness, counseling, and performance or students interested in the study of well-being.

Prerequisite: None.

Recommended Preparation: Eligibility for ENGL 838 or ENGL 848 or ESL 400.

Description: Introduces positive psychology, the scientific study of human strengths, well-being and happiness. Surveys the research, theories, and ideas about human health and happiness. Students will explore topics in the field of positive psychology including but not limited to wellness, optimism, flow, happiness, and positive thinking.

Classification: AA/AS Degree; CSU transferable

320 PSYCHOLOGY OF WELLNESS: THE MIND-BODY CONNECTION (3) (day or evening; distance education)

Justification: Expanding course options for psychology degree with potential for CSU GE & UC IGETC transferability. New course offering specific to psychology majors with emphasis in health, wellness, counseling, and performance or students interested in the study of well-being.

Prerequisite: None.

Recommended Preparation: Eligibility for ENGL 838 or ENGL 848 or ESL 400.

Description: An exploration in the research, related concepts, factors and practices that contribute to overall health and wellness of brain and mind over the lifespan. It emphasizes holism: the physical, intellectual, emotional, social and self-directed spiritual components of wellness. It is interdisciplinary in nature drawing on source materials from positive, cross-cultural, clinical and health psychology, holistic health and neuroscience. The course will examine the intersection of the mind and body and reviews the scientific application of techniques that reduce stress and enhance biological, social, and psychological wellness.

Classification: AA/AS Degree; CSU transferable.

330 SPORTS PSYCHOLOGY (3) (day or evening; distance education)

Justification: Expanding course options for psychology degree with potential for UC IGETC transferability. New course offering specific to psychology majors with emphasis in sports, exercise, or areas of performance.

Prerequisite: None.

Recommended Preparation: Eligibility for ENGL 838 or ENGL 848 or ESL 400.

Description: Survey of current theoretical perspectives, research, and applications of theory and techniques specific to the field of sports psychology. Course material entails engagement of theory, scientific methodology, and experiential exercises to facilitate the understanding of research as related to optimal performance in athletics and in life. Course topics include: the history and foundations of sport and exercise psychology, personality, attribution and cognition, leadership, motivation, goal setting, neuropsychology and physiology of arousal, attention, and psychological skills training.

Classification: AA/AS Degree; CSU transferable

SOCIAL SCIENCE**333 LAWS AND ETHICS IN ADDICTION STUDIES (3) (day or evening)**

Justification: The state Accrediting Organization CAADE (California Association of Alcohol/Drug Educators) is requiring a 3 unit course in Laws and Ethics as are the C-ID curriculum guidelines. The Addiction Studies Program curriculum requirements will be revised to include the Laws and Ethics course, reducing the Behavioral Health 6 unit requirement to 3 units.

Prerequisite: None.

Recommended Preparation: None.

Description: Explores the legal, ethical, professional and personal issues in addiction prevention, interventions, and treatment of substance use disorders. Emphasis is placed on professional responsibility and patient rights as well as issues in the workplace and professional growth.

Classification: AA/AS Degree; Certificate; CSU transferable

PROPOSED CURRICULAR INACTIVATIONS – COLLEGE OF SAN MATEO**MUSIC**

455 Jazz Ensemble

SOCIAL SCIENCE

313 Alcohol and Other Drug Treatment for Incarcerated Populations

PROPOSED CURRICULAR MODIFICATIONS – COLLEGE OF SAN MATEO**ACCOUNTING**

- 164 Governmental & Nonprofit Accounting
- 169 Accounting Ethics

ART

- 381 Beginning Digital Photography

COMPUTER AND INFORMATION SCIENCE

- 364 From Data Warehousing to Big Data

DENTAL ASSISTING

- 751 Dental Clinic

DEVELOPMENTAL SKILLS

- 829 Assistive Technology - Text-to-Speech Program

DIGITAL MEDIA

- 215 History of Graphic Design

ENGLISH SECOND LANGUAGE

- 826 Writing for Non-Native Speakers II

HISTORY

- 201 United States History I
- 202 United States History II
- 310 California History

INTERDISCIPLINARY STUDIES

- 110 College 1

KINESIOLOGY

- 200 Yoga History and Culture
- 201 Yoga Pedagogy Lecture
- 202 Yoga Pedagogy Lab

MUSIC

- 290 Electronic Music I
- 424 Small Jazz Ensembles
- 425 Contemporary Jazz Combo
- 429 Wind Ensemble
- 430 Symphonic Band

- 452 Repertory Jazz Band
- 501 Studio Lessons I (Applied Music I)
- 502 Studio Lessons II (Applied Music II)
- 503 Studio Lessons III (Applied Music III)
- 504 Studio Lessons IV (Applied Music IV)

POLITICAL SCIENCE

- 310 California State and Local Government

PSYCHOLOGY

- 100 General Psychology

SOCIAL SCIENCE

- 325 Co-Occurring Disorders II: Management and Treatment

PROPOSED TO BE OFFERED AS DISTANCE EDUCATION – COLLEGE OF SAN MATEO

ACCOUNTING

- 108 Financial Statement Analysis Survey
- 118 Personal Investing

COMPUTER AND INFORMATION SCIENCE

- 129 Frameworks/Server-Side JavaScript

DEVELOPMENTAL SKILLS

- 829 Assistive Technology - Text-to-Speech Program

HISTORY

- 310 California History

POLITICAL SCIENCE

- 310 California State and Local Government

PSYCHOLOGY

- 106 Psychology of Prejudice and Discrimination
- 230 Introduction to Cross-Cultural Psychology
- 301 Psychology of Human Relationships and Adjustment
- 310 Positive Psychology
- 320 Psychology of Wellness: The Mind-Body Connection
- 330 Sports Psychology

PROPOSED PROGRAM ADDITIONS – COLLEGE OF SAN MATEO

ACCOUNTING

Accounting Essentials for Business Professionals - Certificate of Specialization
CPA Exam Prep: Business Environment and Concepts (BEC) - Certificate of Specialization
CPA Exam Prep: Financial Accounting and Reporting (FAR) - Certificate of Specialization
CPA Exam Prep: Auditing and Attestation (AUD) - Certificate of Specialization
CPA Exam Prep: Regulation (REG) - Certificate of Specialization
Personal Financial Planning - Certificate of Specialization

PROPOSED PROGRAM INACTIVATIONS – COLLEGE OF SAN MATEO

ACCOUNTING

CPA Exam Preparation: Business Environment and Regulation - Certificate of Specialization
CPA Exam Preparation: Financial Accounting and Auditing - Certificate of Specialization

PROPOSED PROGRAM MODIFICATION – COLLEGE OF SAN MATEO

ART

Fine Arts: General Studio Art – Associate in Arts Degree

San Mateo County Community College District

January 24, 2018

This report has been prepared in accordance with SMCCCD Rules and Regulations, Section 6.13.4 and all appropriate laws and regulations.

PREPARED BY: Jennifer Taylor-Mendoza, Interim Vice President, Instruction
Skyline College

APPROVED BY: Adam Windham, Curriculum Committee Co-Chair
Skyline College

Jessica Hurless, Curriculum Committee Co-Chair
Skyline College

Kathryn Browne, Academic Senate President
Skyline College

Regina Stanback Stroud, President
Skyline College

PROPOSED CURRICULAR ADDITIONS – SKYLINE COLLEGE

COURSE DESCRIPTIONS AND JUSTIFICATIONS

ACCOUNTING

158 FINANCIAL STATEMENT ANALYSIS (4.0) (day or evening; distance education)

Justification: Recent changes implemented by the Board of Accounting to the CPA educational and licensing requirements in the State of California now require applicants to complete an additional 30 semester hours of formal coursework in “accounting study” beyond the 24 semester hours of accounting subjects. This new educational and licensing requirement was implemented uniformly throughout the State of California. Presently, many four-year colleges and universities in California offer only a limited amount of formal coursework in accounting. Consequently, many graduates are currently looking for available options to supplement their accounting coursework with additional courses without pursuing more expensive graduate degrees. This course will allow many students an opportunity to expand their knowledge of accounting and fulfill CPA examination and licensing requirements. The course is also expected to contribute greatly to the accounting profession in the State of California and in the US and therefore will be suitable for those who are interested in becoming proficient in financial statement analysis.

Prerequisite: ACTG 121, or equivalent.

Recommended Preparation: None.

Description: Effective and efficient research, interpretation and analysis of financial statements and other financial information. [CPE Hours: CPA, 45 hours].

Classification: AA/AS Degree; Certificate; CSU transferable.

169 ACCOUNTING ETHICS (3.0) (day or evening; distance education)

Justification: This course will be a required course for the Accounting Associate Degree, Accounting Certificate of Achievement, Advanced Accounting Certificate of Achievement, Enrolled Agent Exam Preparation Certificate of Achievement, and Individual Tax Preparer Career Certificate at Skyline College. Recent changes implemented by the Board of Accounting to the CPA educational and licensing requirements in the State of California now require applicants to complete 3.0 semester units of formal coursework in accounting ethics or accountants' professional responsibilities. No new licensee in the State of California can be exempt from this requirement. As this new educational and licensing requirement was implemented uniformly throughout the State of California, many four-year colleges and universities in California started to incorporate accounting ethics and accountants' professional responsibility courses in their existing accounting and taxation programs. Those who earned college degrees in accounting or taxation in the previous years and were not immediately licensed as CPAs in the State are now facing the dilemma of how to fulfill this new educational requirement. As such, in our opinion, offering this course at Skyline College will allow our students to fulfill the required education in accounting ethics and accountants' professional responsibility. This course is expected to contribute greatly in the accounting profession in the State of California and in the US and therefore will be suitable for those who are interested in the increased ethical and professional responsibility that licensed CPAs face in their everyday practice.

Prerequisite: None.

Recommended Preparation: None.

Description: The study of ethical problems that arise within the contexts of the accounting profession. Topics include major ethical theories and the professional code of conduct for accountants, auditors, and tax preparers. The course is intended to meet the education requirement to sit for the CPA exam and meets the California Board of Accountancy accounting ethics course requirement for CPA licensure. [CPE Hours: CPA, 48 hours]

Classification: AA/AS Degree; Certificate; CSU transferable.

AUTOMOTIVE TECHNOLOGY**880SB AUTOMOTIVE CAREERS (1.0) (day or evening)**

Justification: This course is designed primarily for concurrent enrollment high school students. We want to expose curious students to all the career options available to them that are associated with transportation and automotive technology. The students will be given a chance to build mechanical and electrical projects with the goal of introducing them to careers that involve working skilled hands-on jobs.

Prerequisite: None.

Recommended Preparation: None.

Description: Exploration of the many opportunities and options for careers in the automotive and transportation industry. Students will explore mechanical function, dexterity and aptitude to enhance and excite mechanical and automotive interest.

Classification: Not degree applicable; not transferable.

COSMETOLOGY

701 COSMETOLOGY CORE CONCEPTS (6.0) (day)

Justification: This course has been created as part of the curriculum re-design of the Cosmetology program.

Prerequisite: Admission to the Cosmetology program by special application.

Recommended Preparation: Eligibility for ENGL 846 or ESOL 400, or equivalent.

Description: One of three courses in the first semester of the Cosmetology sequence. Topics include history and career opportunities, life skills, professional image, communicating for success, infection control, skin care, nail care, basic makeup, and basic hairstyling. Students will work towards California Board of Barbering and Cosmetology minimum practical operations in subjects learned.

Classification: AA/AS Degree; Certificate; not transferable.

702 COSMETOLOGY HAIR DESIGN CONCEPTS (6.0) (day)

Justification: This course has been created as part of the curriculum re-design of the Cosmetology program.

Prerequisite: Admission to the Cosmetology program by special application.

Recommended Preparation: Eligibility for ENGL 846 or ESOL 400, or equivalent.

Description: One of three courses in the first semester of the Cosmetology sequence. Topics include properties of hair and scalp, scalp care and conditioning, principles of hair design, men's and women's haircutting, and basic styling techniques. Students will work towards California Board of Barbering and Cosmetology minimum practical operations in subjects learned.

Classification: AA/AS Degree; Certificate; not transferable.

703 COSMETOLOGY CHEMICAL CONCEPTS (3.0) (day)

Justification: This course has been created as part of the curriculum re-design of the Cosmetology program.

Prerequisite: Admission to the Cosmetology program by special application.

Recommended Preparation: Eligibility for ENGL 846 or ESOL 400, or equivalent.

Description: One of three courses in the first semester of the Cosmetology sequence. Topics include basics of chemistry, chemical texture services, and hair color basics. Students will work towards California Board of Barbering and Cosmetology minimum practical operations in subjects learned.

Classification: AA/AS Degree; Certificate; not transferable.

704 COSMETOLOGY INTERMEDIATE CONCEPTS (6.0) (day)

Justification: This course has been created as part of the curriculum re-design of the Cosmetology program.

Prerequisite: COSM 701, COSM 702 and COSM 703, or equivalent.

Recommended Preparation: None.

Description: One of two courses in the second semester of the Cosmetology sequence. Topics include advanced skin care, advanced nail care, hair removal, advanced hair color, and advanced hair cutting. Students will continue working towards California Board of Barbering and Cosmetology minimum practical operations in subjects learned.

Classification: AA/AS Degree; Certificate; not transferable.

ENGINEERING

680SA AUTONOMOUS SYSTEMS ENGINEERING ACADEMY (4.0) (day or evening)

Justification: ENGR 680SA is a pilot course serving as an entry-level project-based course designed for students to explore the engineering pathway. The curriculum is based on curriculum developed at UC Irvine for a set of similar courses (ENGR 7A and 7B).

Prerequisite: MATH 130, or equivalent.

Recommended Preparation: Eligibility for ENGL 100 or ENGL 105, or equivalent.

Description: Introduction to engineering disciplines and the engineering design process. Involves the design, manufacture, and construction of a Quadcopter drone system equipped with sensors for data collection and flight control. CAD tools, electronics, and the Arduino microcontroller system are an integral part of the course.

Classification: AA/AS Degree; CSU transferable.

ENVIRONMENTAL SCIENCE AND TECHNOLOGY

101 ENVIRONMENTAL SCIENCE LABORATORY (1.0) (day or evening)

Justification: This course will add a lab option in Environmental Science. As an offering in an interdisciplinary field, this course is in high demand and will be applicable to students who have a variety of goals.

Prerequisite: Completion of or concurrent enrollment in ENVS 100.

Recommended Preparation: Eligibility for ENGL 846 or ESOL 400, or equivalent.

Description: Applied exercises that introduce the interdisciplinary aspects of environmental and natural resource issues and their impact on humans as well as how humans impact the natural environment. Exploration of causes of environmental issues in a natural sciences, social sciences, business and engineering context. Study of sustainability and potential solutions to environmental problems. Field trips are required.

Classification: AA/AS Degree; CSU transferable.

INTERNATIONAL BUSINESS

115 COMPUTERIZED LOGISTICS (3.0) (day or evening)

Justification: This is a core course for the Global Trade and Logistics Certificate of Achievement, which is currently in development.

Prerequisite: None.

Recommended Preparation: Eligibility for ENGL 100 or ENGL 105, or equivalent.

Description: Introduction to available software programs used in the logistics sector. Students will learn about areas of supply chain management, manufacturing, planning and control, and logistics industry. Course content will introduce industry practices and standards using software applications for enterprise resource planning, demand planning, and warehouse management.

Classification: AA/AS Degree; Certificate; CSU transferable.

PROPOSED CURRICULAR MODIFICATIONS – SKYLINE COLLEGE

BUSINESS

123 Statistics
210 International Finance

COMMUNICATION STUDIES

140 Small Group Communication

COMPUTER SCIENCE

252 Data Structures: C++

ENGINEERING

260 Circuits and Devices

FAMILY AND CONSUMER SCIENCE

310 Nutrition

MATHEMATICS

201 Math in Society
241 Applied Calculus I

MUSIC

100 Fundamentals of Music
202 Music Appreciation
204 Music History
377 Guitar I
378 Guitar II
379 Guitar III

- 380 Guitar IV
- 383.1 Guitar Ensemble I
- 383.2 Guitar Ensemble II
- 383.3 Guitar Ensemble III
- 383.4 Guitar Ensemble IV
- 410.1 Voice for the Musical Theater Production I
- 410.2 Voice for the Musical Theater Production II
- 410.3 Voice for the Musical Theater Production III
- 410.4 Voice for the Musical Theater Production IV
- 430.1 Concert Band I
- 430.2 Concert Band II
- 430.3 Concert Band III
- 430.4 Concert Band IV
- 440.1 Symphony Orchestra I
- 440.2 Symphony Orchestra II
- 440.3 Symphony Orchestra III
- 440.4 Symphony Orchestra IV
- 450.1 Jazz Band I
- 450.2 Jazz Band II
- 450.3 Jazz Band III
- 450.4 Jazz Band IV

WELLNESS

- 700 Massage Theory and Practice I
- 703 Holistic Health Science
- 704 Massage Techniques and Clinical/Spa Experience

PROPOSED CURRICULAR REACTIVATIONS – SKYLINE COLLEGE

COMPUTER SCIENCE

- 284 Introduction to Object-Oriented Programming: Java
- 286 Data Structures: Java

PROPOSED TO BE OFFERED AS DISTANCE EDUCATION – SKYLINE COLLEGE

ACCOUNTING

- 158 Financial Statement Analysis
- 169 Accounting Ethics

COMMUNICATION STUDIES

- 140 Small Group Communication

COMPUTER SCIENCE

- 252 Data Structures: C++
- 284 Introduction to Object-Oriented Programming: Java
- 286 Data Structures: Java

ENGINEERING

260 Circuits and Devices

PROPOSED PROGRAM ADDITIONS– SKYLINE COLLEGE

Skyline College proposes to offer an Associate Degree for Transfer in the following program:

POLITICAL SCIENCE

Political Science for Transfer – Associate in Arts Degree for Transfer – 18-19 units in the major area + Certified completion of the California State University General Education Breadth (CSU GE Breadth) pattern OR the Intersegmental General Education Transfer Curriculum (IGETC/CSU) pattern, and other requirements for the Associate Degree for Transfer.

PROPOSED PROGRAM MODIFICATIONS – SKYLINE COLLEGE**ACCOUNTING**

Accounting – Associate in Science Degree

Accounting – Certificate of Achievement

Accounting Computer Specialist – Career Certificate

Advanced Accounting – Certificate of Achievement

Enrolled Agent Exam Preparation – Certificate of Achievement

Individual Tax Preparer – Career Certificate

BOARD REPORT NO. 18-1-2CA

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor
PREPARED BY: Dr. Regina Stanback Stroud, President, Skyline College, 650-738-4111

**ACCEPTANCE OF THE AMERICORPS STUDENT AMBASSADOR PROGRAM GRANT FOR
OCTOBER 2017 – NOVEMBER 2018**

The Foundation for California Community Colleges has agreed to reimburse Skyline College in the amount \$27,200.00 to implement the AmeriCorps Student Ambassador Program. This program will recruit four to six Skyline College students, enroll them as AmeriCorps members and train them to serve as advocates for health and wellness and career exploration activities that are linked to increased success in college and career. SparkPoint and Career Services staff will serve as supervisors for the students in the program.

Work-based learning (WBL) ambassadors will educate college faculty, staff and students about the value and availability of WBL opportunities through presentations at meetings or in classrooms, or participation in a campus career fair. Through a continuum of one-on-one coaching, WBL ambassadors will hold an “intake” meeting with students to learn more about the student’s interests, skills, and readiness for WBL; determine which type of WBL facilitator is the best fit for the student; work with the student to prepare a tailored WBL plan that communicates the student’s needs and interests with a WBL facilitator; support the student as he/she works with the facilitator organization, including answering questions the student has about filling out forms and helping the student prepare a resume; meet with students who secure WBL opportunities to assess the impact of the experience and the effectiveness of the assistance provided; and provide mentoring to WBL completers on how to become volunteer peer ambassadors for WBL.

Wellness ambassadors will provide a peer-based approach to raise awareness of the availability of public benefits and the value of healthy behavioral choices. They will increase students’ access to resources and support systems by networking with on-campus support programs and off-campus agencies and organizations. They will also coordinate workshops on health, nutrition, and mental health; network and partner with campus resources such as health centers, foster youth liaisons, homeless youth liaisons, wellness centers, food pantries, and mental health counselors; organize and deliver presentations, campus resource tables, and health and wellness fairs on campus; establish partnerships with local community resources such as food banks and housing programs, public assistance, and clinics to increase access to these resources; coordinate and collaborate with existing on-campus student support programs; and implement activities on and off campus to increase awareness of student support programs.

The following are the measurable outcomes for the initial year of this program:

1. Work-Based Learning Activities
 - a. Provide 2 class presentations, table sessions or other small gatherings per month.
 - b. Each member will provide one-on-one peer coaching with 20 students.
 - c. Each member will complete 1 mid-term and 1 final evaluation for any student who secures WBL opportunity.

2. Health and Wellness
 - a. Connect with at least 10 community partners.
 - b. Each member will participate/plan at least 10 on-campus presentations or workshops.
 - c. Each member will complete one-on-one informational conversations with 100 students.
 - d. Each member will complete surveys with at least 15 students.
3. Member Development
 - a. Each member will receive 8 hours of orientation, 10 hours of ongoing supervisory training and 10 hours of training from experts.
 - b. Each member will complete 900 hours of service within their 12-month enrollment period (including training hours).

RECOMMENDATION

It is recommended that the Board of Trustees approve the acceptance of the AmeriCorps Student Ambassador Program Grant in the amount of \$27,200.00 for one year from October 2017-November 2018.

BOARD REPORT NO. 18-1-3CA

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Heidi Diamond, Dean of Business and Technology, College of San Mateo, 574-6532

**ACCEPTANCE OF PRE-APPRENTICESHIP AND ENHANCED ON-THE-JOB
TRAINING (OJT) GRANT PROGRAM FUNDS FROM THE WORKFORCE AND
ECONOMIC DEVELOPMENT DIVISION, CALIFORNIA COMMUNITY COLLEGE
CHANCELLOR'S OFFICE**

College of San Mateo has been awarded a \$497,209 Pre-Apprenticeship and Enhanced OJT Grant. The funding period extends from January 18, 2018 to June 30, 2020.

The purpose of the Pre-Apprenticeship and Enhanced OJT Grant is to collaborate with the San Mateo County Union Community Alliance to grow and sustain the Trades Introduction Program (TIP) as an ongoing program that serves San Mateo's Building Trades, their affiliated unions and their joint apprenticeship programs. The TIP program is a workforce development program that produces the following innovative career trades outcomes:

- a model for recruiting new applicants for joint apprenticeship programs in San Mateo County,
- the requisite training to prepare graduates for successful apprenticeship applications,
- a high percentage of graduate placements in apprenticeship programs, and
- a high quality applicant pool prepared to succeed in apprenticeship programs.

College of San Mateo is committed to collaborating with Pre-Apprenticeship and Apprenticeship organizations to foster successful apprenticeship training models in multi-craft trade occupations and industries that serve students.

RECOMMENDATION

It is recommended that the Board of Trustees authorize acceptance of the grant funds for \$497,209.00 from the Workforce and Economic Development Division, California Community College Chancellor's Office for the CSM Pre-Apprenticeship and Enhanced OJT Grant program.

BOARD REPORT NO. 18-1-4CA

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Jennifer Mendoza-Taylor, Interim Vice President of Instruction, Skyline College,
738-4321

ACCEPTANCE OF PROPOSITION 39 CLEAN ENERGY WORKFORCE GRANT

The San Mateo County Community College District has been awarded a \$1,091,554 Proposition 39 Clean Energy Workforce Grant from the Workforce and Economic Development Division of the California Community Colleges Chancellor's Office. The District will serve as the fiscal agent and Skyline College will host and be the lead administrator of this grant. The grant's funding period begins January 18, 2018 and concludes on January 31, 2019.

The focus of this grant is to contribute to the State's job growth and economic vitality through regional training programs that result in the measurable and successful transition of CTE students from community colleges to careers in the Energy, Construction, and Utilities sector. San Mateo County Community College District will lead a robust regional collaborative to attract and develop a highly skilled energy efficiency workforce. The following colleges/districts intend to participate in this regional collaboration: Skyline College, College of San Mateo, College of Marin, City College of San Francisco, Foothill College, West Valley-Mission Community College District, Contra Costa Community College District, Hartnell College, and Peralta Community College District.

The funding will support the following: 1) a full-time Regional Proposition 39 Director; 2) clean energy education programs at participating colleges; 3) a full-time Climate Corps Fellow based on each partner campus to support timely and effective program implementation; 4) curriculum development, alignment, regional collaboration, and scaling of programs through professional development; 5) an average of eight paid student internships per campus for students studying clean energy career pathways; and 6) regional staff support to further develop clean energy programs and curriculum as identified by labor market scans and industry advisors.

The Regional Proposition 39 Director and project team will support curriculum development, faculty train-the-trainer workshops, growth and facilitation of a regional Industry Advisory Council, leverage existing networks, and grow the base of supporting industry partnerships. The result of these efforts will be increased student participation, meaningful work-based learning experiences to build the energy, construction, and utilities pipeline, industry-aligned curriculum, and measurable graduate success in energy, construction, and utilities careers.

RECOMMENDATION

It is recommended that the Board of Trustees authorize the acceptance of the grant funds in the amount of \$1,091,554 from the Workforce and Economic Development Division of the California Community Colleges Chancellor's Office as described above.

BOARD REPORT NO. 18-1-5CA

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor
PREPARED BY: Dr. Regina Stanback Stroud, President of Skyline College, 738-4111

ACCEPTANCE OF SAN MATEO COUNTY MEASURE K GRANT

The Hermanos and Hermanas Connection to College (C2C) program at Skyline College was created to support Latino/a youth complete high school graduation. Through culturally-relevant curriculum, dedicated counseling support, family engagement, and resources, the program intends to provide comprehensive support to close the achievement gap among Latino/a youth. The grant will help support the expansion of additional students enrolled in the Herman@s C2C program at South San Francisco Unified School District. The program's expected outcomes are to add an additional cohort in Fall 2017 and Spring 2018, increase completion rates of high school, and increase the percentage of students who enroll in college.

Funding will allow the enrollment of two new cohorts of students starting in the fall of 2017 and in the spring of 2018. Grant funding will specifically contribute to opportunities such as:

- o College and university site visits
- o Guest speakers
- o Family events
- o Student conferences
- o Fort Miley Ropes Course
- o Mentoring component
- o Laptops for students

Based on Skyline College's application to San Mateo County's Measure K Grant, the College was subsequently awarded the grant for \$10,000.

RECOMMENDATION

It is recommended that the Board of Trustees accept the Measure K Grant award of \$10,000 in effort to support the expansion of the Herman@s Connection to College program.

BOARD REPORT NO. 18-1-6CA

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

APPROVAL OF NONRESIDENT TUITION FEE, 2018-19

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.

The nonresident tuition fee is composed of two parts: the tuition fee and an assessment for capital outlay.

San Mateo County Community College District's fee for the 2017-18 fiscal year was \$236 per semester unit (Board Report No. 17-1-3CA). The base rate was set at \$228 and Capital Outlay Fee at \$8 for a total of \$236.

For 2018-19, the Administration recommends the total Nonresident Tuition Fee of \$241 per semester unit:

- To stay competitive in the international student recruitment market, District Administration recommends the tuition fee of \$233 for 2018-19, an increase of \$5 or 2.2% equivalent to California Consumer Price Index (CACPI) increase as projected for FY 2018-19.
- 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 2018-19 District capital outlay fee can be set at any recommended amount not to exceed calculated rate of \$33. To stay competitive in the international student recruitment market, District Administration recommends staying with the existing fee of \$8.00 for 2018-19.

For comparison purposes, the tentative 2017-18 rates for other local community college districts are shown below:

District	Non Resident FTES FY16-17	Per State Formula	Proposed Fee Per Unit		Recommended
			Base Fee	Capital Outlay Fee	
Chabot/Las Positas CCD	447	288	258	17	275
Contra Costa CCD	2400	274	233	26	259
Foothill DeAnza CCD*	4614	282	233	12	245
Ohlone CCD	692	233	233	3	236
San Francisco CCD	1068	336	<i>information not available at this time</i>		
San Jose/Evergreen CCD	836	340	233	4	237
West Valley/Mission CCD	615	287	258	0	258
San Mateo	1640	332	233	8	241
State Average		258			
Comparable 12 state average		424			

*Foothill DeAnza CCD quarter rate converted to semester rate, relative to other district rates on chart.

RECOMMENDATION

It is recommended that the Board set the 2018-19 nonresident student tuition fee at \$233 per semester unit. It is recommended further that the Board continue to levy a capital outlay recovery fee of \$8 per semester unit and that no exemptions be made for foreign students enrolled in six units or less, bringing the total nonresident fee to \$241 per semester unit for 2018-19.

BOARD REPORT NO. 18-1-7CA

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

APPROVAL OF 2018-19 INTEGRATED DISTRICT BUDGET PLANNING CALENDAR

The budget development process for 2018-19 requires formulation of a budget calendar. Included in the 2018-19 calendar is consultation with the District Committee for Budget and Finance, which is a subcommittee of the District Participatory Governance Council in matters relating to finance.

The calendar provides timelines for planning, discussions and decisions by the Board, and concludes with adoption of the Final Budget for 2018-19 in September 2018.

RECOMMENDATION

It is recommended that the Board of Trustees approve the attached 2018-19 Integrated District Budget Planning Calendar.

Integrated District Budget Planning Calendar, 2018-19

<u>Date</u>	<u>Campus & District Review/Action</u>	<u>Committee for Budget and Finance Consultation</u>	<u>Board Review/Action</u>
September 2017	Colleges Finalize Spring 2018 Schedule of Classes		
September	College Budget and Planning committees convene <ul style="list-style-type: none"> • Review priorities, budget goals for current year and accomplishments from past year 	District Committee on Budget and Finance convenes	
September - October	Develop program plans and discuss strategies Review external audit reports and audit findings	Discuss Resource allocation model	
October - November	College Budget and Planning committees <ul style="list-style-type: none"> • Develop college budget goals for 2018-19 • Review District prelim resource allocation Faculty Obligation Number report due to the State 	College/site presentations of allocation model	
October – December	College Budget and Planning committees <ul style="list-style-type: none"> • Submit hiring priorities • Committees submit tentative recommendation for 2018-19 that includes number of positions to be funded 	Review of Budget Calendar, discussion of budget strategies, new resource allocation, and budget development process	
January	“P1” First Principal Apportionment	Review apportionment and District Controller certifies to State Controller	
January 10	Governor’s 2018-19 Budget Proposal		
January – February	College Budget and Planning committees <ul style="list-style-type: none"> • Review 2017-18 expenditures 	Review/revise draft of Budget and Planning Calendar Review and reassess estimates of 2018-19 Governor’s Budget proposal and discussion of District revenue and expenditure implications (inform DPGC at its next meeting)	Approval of 2018-19 Budget Calendar, review of Governor’s Budget, review of State and District revenue and expenditure implications, and discussion of program and operational priorities Presentation of prior year external audit reports and audit findings
January – February	Chancellor’s Council <ul style="list-style-type: none"> • Discussions of budget strategies and allocations 	Continuing discussion of District revenue and expenditure options	Board retreat (February 3) – Review of preliminary District revenue assumptions and expenditure plans as well as budget priorities

<u>Date</u>	<u>Campus & District Review/Action</u>	<u>Committee for Budget and Finance Consultation</u>	<u>Board Review/Action</u>
January/ February	Ongoing State budget hearings Legislative Analyst's Office Review of Governor's Proposed Budget		
February	Colleges Finalize Summer Session 2018 Schedule of Classes	Review of preliminary 2018-19 District revenue assumptions and expenditure plans	District Participatory Governance Council receives budget updates. Board policy discussions/decision regarding budget adjustments
February	Discussion of budget priorities at Colleges and with Chancellor's Cabinet	Review of 2017-18 Mid-Year Budget Report	Approval of 2017-18 Mid-Year Budget Report
March - May	Departments submit budget requests for 2018-19 to College Budget Committees College Budget committees review requests		
March	Colleges Finalize Fall 2018 Schedule of Classes	Review of Board budget priorities and Districtwide allocations	Review/approval of 2018-19 budget priorities and Districtwide allocations.
Mid-March - April	Run preliminary position control worksheets for 2018-19 Colleges ongoing review of position control		
March – April	College Budget and Planning committees <ul style="list-style-type: none"> Preliminary current year 2017-18 ending balance estimates Colleges prepare for current year external audit		Budget updates with Board; review budget assumptions for Tentative budget Board Goals for 2018-2019
Mid-May	Governor's May Revise		
May	Review of Governor's May Revise	Review of Governor's May Revise (inform DPGC at its next meeting).	Governor's May Revise; budget priorities, goals and objectives.
May	Site Tentative Budgets completed. Work resumes developing final budget after tentative budget is loaded.	Review of Fiscal Management Self-Assessment Checklist	
June	District Office completes budget input and prepares Tentative Budget document	Review of 2018-19 Tentative Budget	
June 28	Submit 2018-19 Tentative Budget		Adoption of 2018-19 Tentative Budget and 2018-19 Gann Limit
June	"P2" Second Principal Apportionment	Review apportionment and District Controller certifies to State Controller	
June-August	Final adjustments to budget are made.	District Committee on Budget and Finance is updated throughout the	

<u>Date</u>	<u>Campus & District Review/Action</u>	<u>Committee for Budget and Finance Consultation</u>	<u>Board Review/Action</u>
		summer on major budget changes	
End of June	Enactment of 2018-19 State Budget		
July	County finalizes assessed values		
August	Legislative Trailer Bills		
August	State Budget Workshop (held after Advance)		
August	2017-18 books are closed. District Office completes budget input and prepares 2018-19 Final Budget document		
September 2018	Submit 2018-19 Final Budget		Public hearing and Adoption of 2018-19 Final Budget

BOARD REPORT NO. 18-1-8CA

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor
PREPARED BY: Kathy Blackwood, Executive Vice Chancellor, 358-6790

APPROVAL OF DISTRICT ORGANIZATIONAL MEMBERSHIPS, 2017-18

In Board policy 8.54, the District encourages, to the extent possible within financial restraints, college and staff affiliations with professional and educational organizations and associations to provide quality education to students and for the effectiveness and efficiency of the District and College operations.

The policy also states that all applications for membership shall be submitted to the Chancellor or his/her designee, and a list of all organizational memberships shall be submitted to the Board for approval. Attached is the list of all organizational memberships which the Executive Vice Chancellor has received as of December 31, 2017. Memberships requested since the last report to the Board are highlighted on the attachment.

RECOMMENDATION

It is recommended that the Board approve and accept all organizational memberships listed on the attached.

SMCCCD Organizational Memberships as of 2018 - (New 2017 Memberships highlighted in Gray)

AAA Northern California, Nevada and Utah
Academic Senate for California Community Colleges
Access Text Network
Accreditation Council of Business Programs
Accreditation Review Council on Education in Surgical Technology and Surgical Assisting (ARC/STSA)
Accrediting Commission for Community and Junior Colleges
Adult Learning Satellite Service (PBS) (KCSM)
AIGA
Alliance for Community College Innovation (formerly Comm. Coll. Leadership Inst./Leag. for Innovation in the Comm. College)
Alliance for Mentally Ill of San Mateo County
American Association for Higher Education
American Association for Women in Community Colleges (AAWCC)
American Association of Community and Junior Colleges
American Association of Community Colleges
American Association of Colleges & Universities (AAC&U)
American Association of University Women (AAUW)
American College Health Association
American Council on Education
American Council on Teaching of Foreign Language
American Design Drafting Association
American International Recruitment Council (AIRC)
American Payroll Association
American Political Science Association
American Public Television (formerly American Program Service) (KCSM)
American Society for Training and Development
American Society for Travel Agents
American Society of Civil Engineers (ASCE)
American Theatre Association
Art Hazards

Asian American Manufacturer's Association
Asian Business Association
Asian Pacific Islander Council
Associated Bodywork & Massage Professionals (ABMP)
Association for Education Communications and Technology (KCSM)
Association of American Colleges & Universities
Association of America's Public Television Stations (KCSM)
Association of Chief Human Resources Officers/Affirmative Action Officers
Association of College and University Telecommunications Administrators
Association of College Business Officers
Association of Collegiate Schools of Architecture
Association of Community and Continuing Education (ACCE)
Association of Community College Trustees
Association of Departments of English
Association of Instructional Administrators (AIA)
Association of Physical Plant Administrators
Association of Title IX Administrators
Auxiliary Organizations Association (Bookstore)
Base 11
Bay Area Faculty Diversity Internship Project (BAFDIP)
Bay Area Shared Information Consortium (BASIC)
Bay Area World Trade Center
Bay Association of College Stores (Bookstore)
Belmont Chamber of Commerce
Board of Registered Nursing
Brisbane Chamber of Commerce
Burlingame Chamber of Commerce
California Association for Alcohol/Drug Educators
California Association for Counseling and Development
California Association for Institutional Research
California Association of College Stores (Bookstore)

SMCCCD Organizational Memberships as of 2018 - (New 2017 Memberships highlighted in Gray)

California Association of Community College Registrars & Admin. Officers (CACCRAO)
California Association for Micro Enterprise Opportunity
California Association of Nurserymen
California Association of School Business Officials (CASBO)
California Association of Student Financial Aid Administrators (CASFAA)
California Association on Postsecondary Education and Disability
California Colleges for International Education
California Community College Admin. of Occupational Education
California Community College Association of Student Trustees (CCCAST)
California Community College Athletic Directors' Association
California Community College Baseball Coaches Association
California Community College Women's Basketball Coaches Association
California Community College Chief Information Systems Officers' Association
California Community College Council for Staff and Organizational Development (4C/SD) (CCCCSD)
California Community College Fastpitch Coaches Association (3CFCA)
California Community College Football Coaches Association
California Community College Internal Auditors
California Community College Men's Basketball Coaches Association
California Community College Mental Health and Wellness Association
California Community College Police Chiefs' Association
California Community College Soccer Coaches Association
California Community College Softball Coaches Association
California Community College Tennis Coaches Association

California Community College Track and Field Association
California Community College Women's' Basketball Coaches Association
California Community College Women's' Volleyball Coaches Association
California Community College Wrestling Coaches Association
California Community Colleges Chief Instructional Officers
California Community Colleges Chief Student Services Administrators Association (CCCCSSAA)
California Community Colleges EOPS Association
California Community Colleges Matriculation Professionals Association
California Cooperative Education Association
California Corporate College
California Landscape Contractors' Association
California Library Association
California Media & Library Educators' Association
California Newspaper Publishers Association
California Organization of Associate Degree Nursing Program Directors
California Public Employers Labor Relations Association (CPELRA) (HR §350)
California State Employees' Charitable Campaign (KCSM)
Center for International Trade Development
Chief Instructional Officers of the CCC
Childcare Coordinating Council
Coast Conference
College and University Personnel Association
College Art Association
Collegiate Stores Corporation (CSC) (Bookstore)
Commission on Accreditation of Allied Health Education (CAAHEP)
Commission on Dental Accreditation American Dental Association (ADA)
Committee on Allied Health Education and Accreditation (CAAHEP)

SMCCCD Organizational Memberships as of 2018 - (New 2017 Memberships highlighted in Gray)

Committee on Chemistry in the Two-year Colleges
Committee on the Accreditation for Respiratory Care (CoARC)
Community College Alliance of MESA Directors (CCAMD)
Community College Bacculaureate Association
Community College Business Officers (CCBO)
Community College Consortium - Computers, Reading and Language Arts
Community College Facility Coalition (CCFC)
Community College Humanities Association
Community College Leadership Development Initiative Foundation
Community Colleges for Int'l Dev (CCID)
Comprehensive College Bacculaureate Association (CCBA) (2009)
Council for Higher Education Accreditation
Council for Opportunity in Education (COE)
Council for Research Development (2010)
Council for the Arts - Palo Alto and Mid-Peninsula
Council of Chief Librarians - California Community Colleges
Council of Supply Chain Management Professionals
Daly City/Colma Chamber of Commerce
Daly City Partnership
Downtown Business Group of Redwood City
EDUCOM National Learning Infrastructure Initiative
English Council of California Two-year Colleges
Forum on Education Abroad
Foster City Chamber of Commerce
Foundation for California Community Colleges - UMOJA Consortium
Higher Education Recruitment Consortium
Hire-Ed
Hispanic Association of Colleges & Universities
Honors Transfer Council of California
Housing Leadership Council of San Mateo County

IIE Network
Institute of International Education
Instructional Technology Council
Intercollegiate Tennis Coaches' Association
International Accounts Payable Professionals, Inc.
International Consortium for Educational Economic Development
International Association of Campus Law Enforcement Administrators (IACLEA)
Joint Review Committee for Respiratory Therapy
Joint Review Committee on Education in Radiology Technology
Journalism Association of Community Colleges
League for Innovation
Learning Assessment Retention Consortium
Learning Resources Network
Library Orientation Exchange(LOEX), Eastern Michigan University
Menlo Park Chamber of Commerce
Middle College High School Consortium
Modern Language Association of America
Multimedia Development Group
Music Association, California Community Colleges
NAFSA: Association of International Educators
National Alliance of Business
National Asian Pacific Islander Council (NAPIC)
National Association for Community College Entrepreneurship (NACCE)
National Association of Basketball Coaches
National Association of College Auxiliary Services (Bookstore)
National Association of College Stores (Bookstore)
National Association of Colleges and Employers (NACE)
National Association of Community College Teacher Education Programs (NACCTEP) (SKY \$300)
National Association of Foreign Student Affairs

SMCCCD Organizational Memberships as of 2018 - (New 2017 Memberships highlighted in Gray)

National Association of Minority Engineering Program Administrators
National Association of Public Television Stations
National Association of Student Financial Aid Administrators (NASFAA)
National Association of Student Personnel Administrations
National Association of Small Business International Trade Educators
National Association of Veterans Program Administrators (NAVPA)
National Collegiate Honors Council
National Commission for Cooperative Education
National Community College Council for Research and Planning
National Community Colleges Hispanic Council
National Council for Continuing Education & Training
National Council for Marketing & Public Relations
National Council for Occupational Education
National Council of Teachers of English
National Council on Black American Affairs (NCBAA)
National Council on Student Development
National Fire Protection Association
National Institute for Staff and Organizational Development
National Kitchen & Bath Association
National Public Radio (KCSM)
National Soccer Coaches Association of America
Non-Profit Gallery Association
North American Council for Staff Program and Organizational Development, NCSPOD
Northern California Chief Business Officials
Northern California Community College Computer Consortium
Northern California Community College Consortium - Affirmative Action
Northern California Football Alliance
Northern California Intersegmental Articulation
Northern California Track & Cross Country Coaches Association

Northern California World Trade Center
Online Learning Consortium
Overseas Association for College Admission Counseling
Pacific Association College Registrars & Admissions Officers (PACRAO)
Pacific Bell Providers' Consortium
Pacific Coast College Health Association (for District Health Council)
Pacifica Chamber of Commerce
Palo Alto Chamber of Commerce
President's Round Table
Public Agency Risk Managers Association (PARMA)
Public Radio Program Directors Association (KCSM)
Public Television Programmer's Association (KCSM)
Professional and Organizational Development (POD) Network in Higher Education
Radio Research Consortium (KCSM)
Recording for the Blind and Dyslexic
Redwood City Chamber of Commerce
Redwood City Downtown Business Group
RP Group
SACNAS
San Bruno Chamber of Commerce
San Bruno Rotary Club
San Carlos Chamber of Commerce
San Francisco African American Chamber of Commerce
San Francisco Black Chamber of Commerce
San Francisco Chamber of Commerce
San Francisco Hispanic Chamber of Commerce
San Francisco Legal Assistant Association
San Mateo Chamber of Commerce
San Mateo Consortium of Quality Programs
San Mateo Council of Non Profits
San Mateo County Economic Development Association (SAMCEDA)

SMCCCD Organizational Memberships as of 2018 - (New 2017 Memberships highlighted in Gray)

San Mateo County Employer Advisory Council
San Mateo County Fire Training Officers' Association
San Mateo County School Boards Association
School Employers' Association of Northern California
School Project for Utility Rate Reduction (SPURR) - dues are built into gas costs.
Silicon Valley Leadership Group
Society for College and University Planning (SCUP)
Society of Hispanic Professional Engineers
South San Francisco Chamber of Commerce
Specialty Equipment Market Association (SEMA)
State Association of Fire Educators
STEMconnector
StudyCalifornia
Teachers of English to Speakers of Other Languages
The Democracy Commitment
Transfer Center Directors Association of California Community Colleges
Tutor Tutor
U.S. Green Building Council
Western Association for College Admission Counseling
Western Intercollegiate Consortium on Education in Radiologic Technology
Western Regional Council on Black American Affairs
Western Regional Honors Council
Westop
Women in International Trade (Northern California Chapter)
Women in Logistics Northern California (WIL)
Workforce Alliance
World Affairs Council of Northern California

BOARD REPORT NO. 18-1-9CA

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor
PREPARED BY: Kathy Blackwood, Executive Vice Chancellor, 358-6790

DENIAL OF CLAIM AGAINST THE DISTRICT

On December 8, 2017, the District received a claim from Ruth Lorenz seeking reparation for further services not covered under her insurance plan. Ms. Lorenz alleges that she sustained injuries on October 21, 2017 when she slipped and fell down stairs at Skyline College.

RECOMMENDATION

It is recommended that the Board of Trustees deny the Claim against the District by Ruth Lorenz and refer the matter to the District's insurance and legal advisors.

BOARD REPORT NO. 18-1-1B

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor
PREPARED BY: Mitchell Bailey, Chief of Staff, 574-6510

NOMINATIONS FOR MEMBERSHIP ON THE CALIFORNIA COMMUNITY COLLEGE TRUSTEES (CCCT) BOARD, 2018

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. Each district may nominate only members of its own board.

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

The election of members of the CCCT board will take place between March 10 and April 25, 2018. Each member district board of trustees will have one vote for each open seat on the CCCT board. CCCT board members are elected for three-year terms. No CCCT board member shall serve more than three terms consecutively.

For 2018, five persons will be elected to the board. There are three incumbents eligible to run for re-election and two vacancies due to trustees who have reached their three term limit.

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

RECOMMENDATION

It is recommended that the Board determine interest of any Board member to be nominated to serve on the CCCT board for 2018. If any Board member consents to be nominated, it is recommended that the Board approve the nomination.



**CCCT BOARD
NOMINATION FORM
2018**

Must be returned to the League office **postmarked no later than February 15, 2018**, along with the statement of candidacy and biographic sketch form. **Faxed and/or electronically mailed material will not be accepted.**

Mail to:
**CCCT Board Nominations
 Community College League of California
 2017 "O" Street
 Sacramento, CA 95811**

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

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

Signature of Clerk or Secretary of Governing Board



CCCT BOARD
BIOGRAPHIC SKETCH FORM

Must be returned to the League office **postmarked no later than February 15, 2018**, along with the nomination form and statement of candidacy. **Faxed and/or electronically mailed material will not be accepted.**

PERSONAL

Name: _____ Date: _____

Address: _____

City: _____ Zip: _____

Phone: _____ (home) _____ (office)

E-Mail: _____

EDUCATION

Certificates/Degrees: _____

PROFESSIONAL EXPERIENCE

Present Occupation: _____

Other: _____

COMMUNITY COLLEGE ACTIVITIES

College District Where Board Member: _____

Years of Service on Local Board: _____

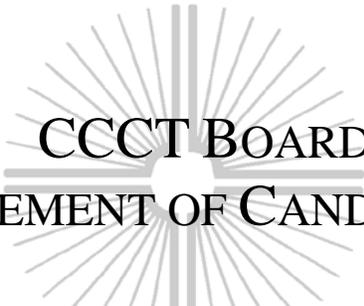
Offices and Committee Memberships Held on Local Board: _____

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

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

CIVIC AND COMMUNITY ACTIVITIES

OTHER



CCCT BOARD
STATEMENT OF CANDIDACY

Must be returned to the League office **postmarked no later than February 15, 2018** along with the nomination form and biographic sketch form. **Faxed and/or electronically mailed material will not be accepted.**

CANDIDATE'S NAME: _____ DATE: _____

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

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



**CALIFORNIA COMMUNITY COLLEGE TRUSTEES
2017-18 BOARD ROSTER**

SALLY BIGGIN
Redwoods CCD

PAMELA HAYNES
Los Rios CCD

STEPHEN BLUM
Ventura County CCD

ANDRA HOFFMAN
Los Angeles CCD

KENNETH BROWN
El Camino CCD

LOUISE JAFFE
Santa Monica CCD

LAURA CASAS
Foothill DeAnza CCD

SUSAN KEITH
Citrus CCD

STEPHAN CASTELLANOS
2nd Vice President
San Joaquin Delta CCD

JIM MORENO
President-Elect
Coast CCD

JANET CHANIOT
Mendocino-Lake CCD

DOUGLAS OTTO
Immediate, Past-President
Long Beach CCD

JESSICA CISNEROS
Student Member
Contra Costa CCD

MARISA PEREZ
Cerritos CCD

DON EDGAR
Sonoma County CCD

ANN RANSFORD
President
Glendale CCD

MARY FIGUEROA
Riverside CCD

LOREN STECK
Monterey Peninsula CCD

ADRIENNE GREY
1st Vice President
West Valley-Mission CCD

LINDA WAH
Pasadena CCD

DON EDGAR
Sonoma County CCD

JERRY HART
Imperial CCD

BRENT HASTEY
Yuba CCD

CCCT BOARD TERMS (2018-2020)

<u>Election</u>	<u>Seat</u>	<u>First Elected/Appointed</u>	<u>Next Election</u>	<u>Terms Left for Incumbent</u>
2018	Chaniot*	2009	2018	0
	Edgar	2015	2018	2
	Hastey	2015	2018	2
	Otto*	2009	2018	0
	Ransford	2012	2018	1
2019	Wah	2013	2019	1
	Biggin	2013	2019	1
	Hart*	2010	2019	0
	Jaffe*	2009	2019	0
	Keith	2013	2019	1
	Brown	2016	2019	2
	Figueroa	2016	2019	2
2020	Blum	2014	2020	1
	Casas*	2011	2020	0
	Castellanos*	2011	2020	0
	Grey	2014	2020	1
	Haynes	2014	2020	1
	Hoffman	2016	2020	2
	Moreno*	2011	2020	0
	Perez	2017	2020	2
	Steck	2017	2020	2
* Board member is unable to seek reelection due to three-term limit.				

San Mateo County Community College District

January 24, 2018

BOARD REPORT NO. 18-1-100B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

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

RECEIPT AND ACCEPTANCE OF THE 2016-17 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 Crowe Horwath LLP. The audit was based upon the fiscal year ending June 30, 2017. 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 2016-17 audit report for the District, which was filed by Crowe Horwath LLP with the State Department of Education, the State Controller, and the State Chancellor's Office prior to the December 31, 2017 due date.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENTS
June 30, 2017

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017

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SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017

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(Continued)

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the fiduciary activities and the discretely presented component unit of San Mateo County Community College District, as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise San Mateo County Community College District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the San Mateo County Community Colleges Educational Housing Corporation, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

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

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the fiduciary activities and the discretely presented component unit of the San Mateo County Community College District, as of June 30, 2017, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the District implemented in the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, "Accounting for Financial Reporting for Postemployment Benefits Other than Pensions". This Statement replaces the requirements of GASB Statements No. 45, "Accounting and Reporting for Employers Post Employment Benefits Other than Pensions", as amended, and GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." Based on the implementation of Statement No. 75, the District's July 1, 2016 net position was restated decreasing net position by \$93,008,372 because of the recognition of the net OPEB liability. Note disclosures and required supplementary information requirements about OPEB are also discussed. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 21 and the Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability and Related Ratios, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 64 to 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the San Mateo County Community College District's basic financial statements. The accompanying schedule of expenditure of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of expenditures of federal awards and other supplementary information as listed in the table of contents, except for the Organization, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the information on page 68 titled Organization, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information on page 68 titled Organization has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2017 on our consideration of San Mateo County Community College 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Mateo County Community College District's internal control over financial reporting and compliance.


Crowe Horwath LLP

Sacramento, California
December 8, 2017

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Introduction

The District was established in 1922, and operates three Colleges: Cañada College, College of San Mateo and Skyline College. Located between San Francisco and Silicon Valley, the District Colleges provide community college educational services to residents of the County of San Mateo, California. Combined, the three Colleges of the District serve approximately 40,000 students annually and offer the first two years of college-level instruction in a wide variety of transfer programs as well as more than 120 career and technical education (CTE) programs. Students can earn either Associate in Arts or Science degrees or receive Certificates of Proficiency in their chosen fields. Additionally, Skyline College offers one of only fifteen baccalaureate programs in California Community College System, where students can earn a Bachelor's of Science in Respiratory Care. Distance education courses are available at all three Colleges as well as courses and programs serving concurrently enrolled students. Noncredit, short courses are offered for a fee through the Community Education Program.

This section of The San Mateo County Community College District's (the District) Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2017. The discussion has been prepared by management and should be read in conjunction with the financial statements and the notes which follow this section.

The annual report consists of three basic financial statements that provide information on the District as a whole:

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

Each one of these statements will be discussed.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

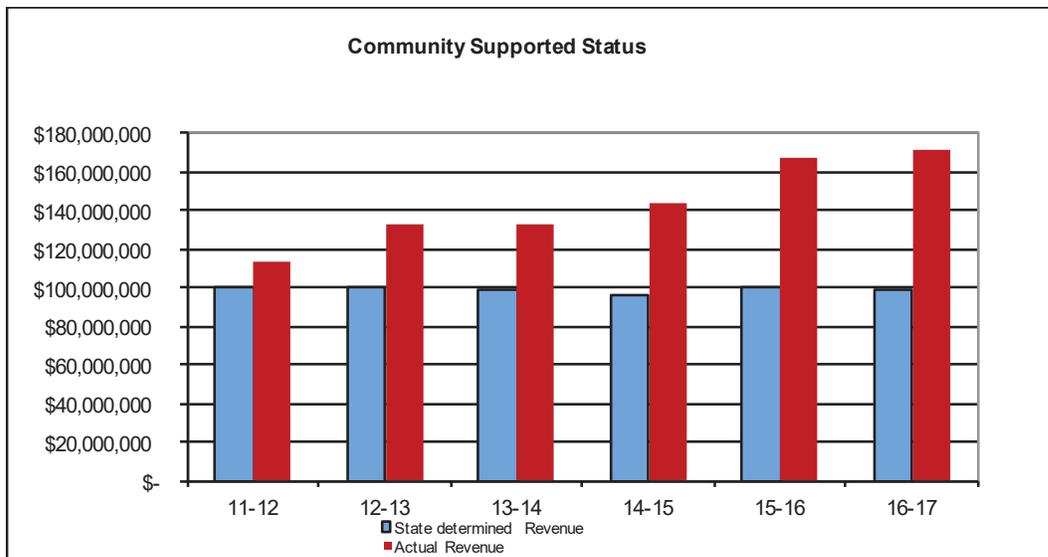
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Reporting for the District as a Whole

Economic position of the District within the State

The District continues its community-supported status for the seventh year (since 2011-12). When the State sets the District's revenue limit (determining how many students we are funded to serve) and deducts from that revenue limit the local property taxes and student fees, there is no need for State apportionment to sum to our revenue limit. This means that the District has somewhat more resources and is no longer subject to the state borrowing funds by delaying apportionment payments. The District is now firmly in community supported status and anticipates to receive upwards of \$46 million in 2017/18 in excess of what the District would have received had we been subject to the state's revenue limit. In addition to an increase in property taxes, the District is receiving funds from the dissolution of Redevelopment Agencies (RDAs). As fewer of the property taxes are being diverted to RDAs, more of them come to the District. The former RDAs are also slowly beginning the process of selling off their property, which brings some one-time funds to District coffers. All in all, the District's revenues have increased and, with a steady real estate market, show every sign of continued increase.



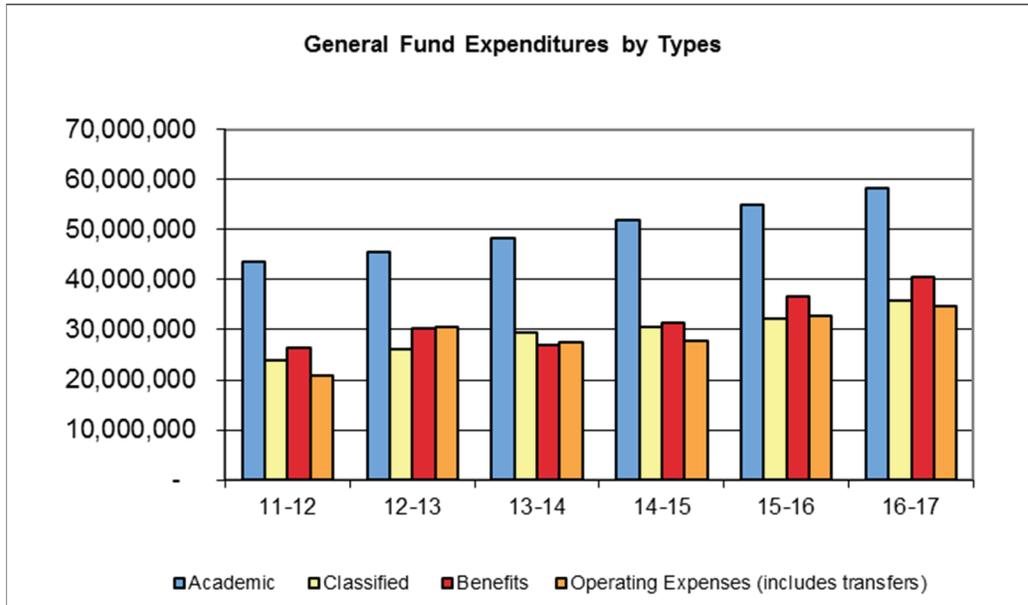
Salaries and Benefits

The expenditure projection for salaries includes annual increases for movement on step and column placements and longevity service increments. Fiscal year 2017-18 includes a salary adjustment for all employee groups. The budget includes January 1, 2018 increases in non-capped health premium rates for employees and retirees. On average, the rates increased 4.5% across all medical plans. Dental and vision insurance premiums remained unchanged. For pensions, the PERS rate increased from 13.89% to 15.53% for classified employees and the STRS rate increased from 12.58% to 14.43% for faculty and other academic employees. The District's Workers' Compensation costs have also remained low allowing the District to reduce internal charge percentage from 0.74% to 0.71% while Unemployment Insurance Contribution Rate remained unchanged at 0.575%.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017



Other Postemployment Benefits

To comply with Governmental Accounting Standards Board Statement 45, in 2009-10, the District began charging itself an amount to cover the future retiree medical benefit costs for current employees. These charges appear as part of the benefit expenses in all funds. After making 2017-18 contributions and transfers to the Other Post-Employment Benefits trust (OPEB), the District is projecting to have 97% of its OPEB liability funded by the end of FY 2017/18. The current OPEB Liability as of June 30, 2017 is funded at 83%.

- The District adopted Governmental Accounting Standards Board Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in 2016-17. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.
- GASB Statement 75 requires the liability of employers and non-employer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. As a result of GASB 75 implementation District was required to recognize all of the OPEB liability rather than amortize it over 30 years. This resulted in increase in liability and corresponding reduction in Net Position of \$93 million.

The District engaged an actuarial service to calculate the Net OPEB Liability as of July 1, 2016. Using a standard actuarial "roll-forward" methodology to estimate the Net OPEB Liability as of June 30, 2017, the amount was \$20 million. The District is planning on transferring additional \$12.2 million in FY 2017-18 to

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

the Trust Fund. The Fiduciary Net Position of this trust at June 30, 2017 was \$97 million. See Note 14 in the Financial Statements for additional detail. In addition, District set aside \$8 million in a reserve fund for Post Retirement Benefits to cover retiree health liabilities. These set aside funds as well as Trust Fund proceeds result in District's OPEB Liability being almost fully funded.

Bond construction

As of June 30, 2017, \$501.8 million of the \$502 million Measure A November 2005 general obligation (GO) bond (with interest) and \$26.7 million of the \$388 million Measure H November 2014 GO bond have been spent or encumbered by contract. The projects planned under the 2005 GO bond are substantially completed with students and staff occupying the new and renovated buildings at CSM, Skyline and Cañada College.



CAN B23N – Math, Science & Technology



CAN B1N – Center for Kinesiology & Wellness

Various projects were completed throughout the year including the installation of two athletic Team Houses.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2017

College of San Mateo



CSM New Synthetic Turf for Softball Field



CSM New Synthetic Turf

Various projects were completed throughout the year including campus wide asphalt repairs and north campus tree removal for fire mitigation.



SKY B12N – Environmental Science Groundbreaking (October 3, 2017)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017



SKY B12N – Environmental Science

Various projects were completed throughout the year including B5 Learning Commons Classroom and signage upgrade.

Districtwide:

Various small and medium size projects were completed throughout the year including Districtwide Earthquake Preparedness Program, Emergency Annunciation System Upgrade, Network Core Switch Upgrade, Electric Vehicle Charging Station Expansion, and Classroom Security Hardware Upgrade, Phase 2.

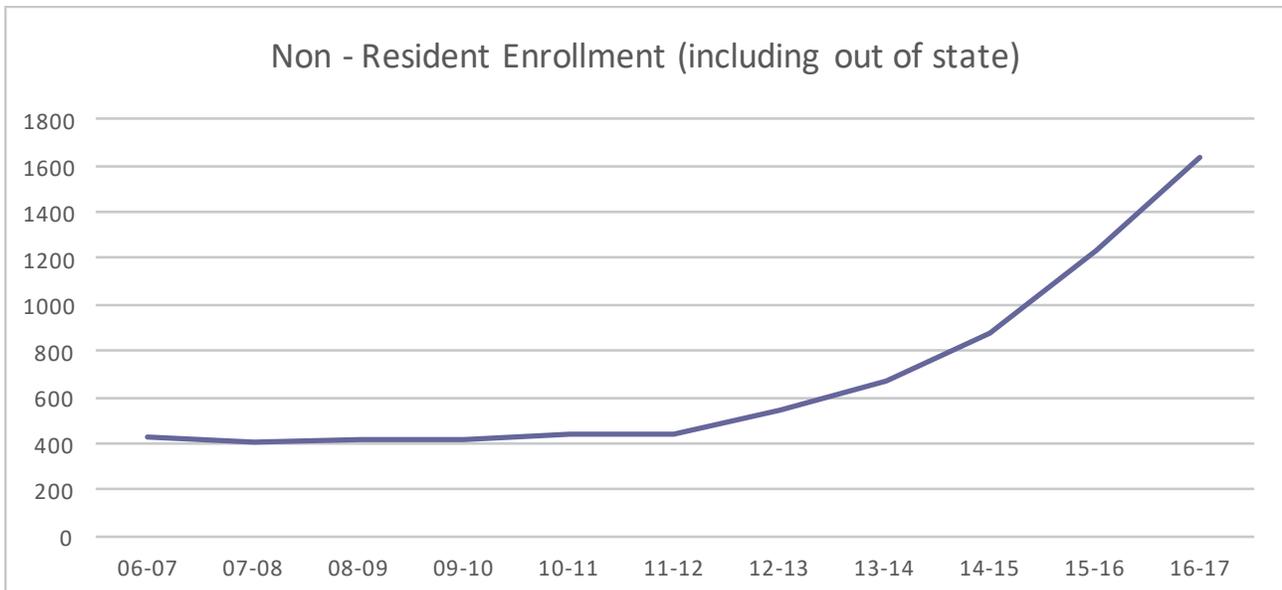
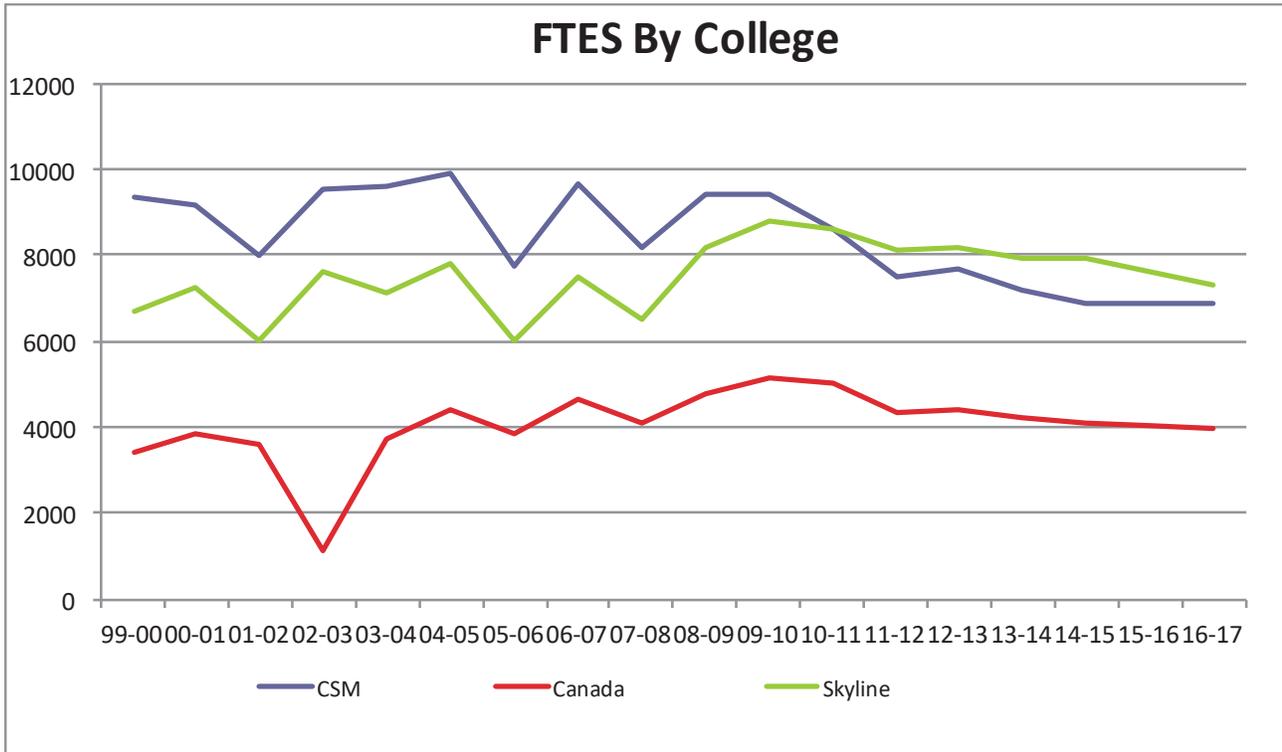
Enrollment:

For the District, enrollment no longer drives funding, since property taxes and fees primarily determine funding. Historically, the District's enrollment goes up when unemployment goes up and goes down when the economy recovers. The District's enrollment declined with the recession, however, because the state cut the funds provided for enrollment. In 2016/17, the District's enrollment continued to decline as was anticipated due to the robust economy in San Mateo County. However, the international student enrollment is increasing rapidly, and we anticipate educating close to 1,200 international students in 2017/18. The chart below shows the history of Full Time Equivalent Students (FTES) in the District.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2017



PERS and STRS Pensions. The District participates in the Public Employees Retirement System (CalPERS) and State Teachers Retirement System (CalSTRS). The District and the employee each pay a percentage of the employee’s salary into one of these systems. The State of California has contributed to these systems as well. The rates that are paid are set by the CalPERS Board for CalPERS and by the State legislature for CalSTRS. Over the years, the employee

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2017

rates for both systems have not changed, but the CalPERS Board has decreased or increased the employer rate as deemed necessary. Now, the employee rate for CalSTRS as well as the employer rates for both systems are increasing each year. At this time, both systems are underfunded in terms of their total liability. Last year, the CalPERS Board projected (subject to change) and the State legislature set CalSTRS employer rates that are projected to near 24% by 2021. We anticipate these increases to cost the District at least \$9 million annually by 2021.

	CalPERS	CalSTRS
2013-14	11.44%	8.25%
2014-15	11.77%	8.88%
2015-16	11.85%	10.73%
2016-17	13.89%	12.58%
2017-18	15.53%	14.43%
2018-19	18.10%	16.28%
2019-20	20.80%	18.13%
2020-21	23.80%	19.10%

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

	CalSTRS	CalPERS	Total
Net Pension Liability	\$ 80,881,000,000	\$ 19,750,061,846	
SMCCCD Share	0.092%	0.370%	
SMCCCD Liability	\$ 74,125,000	\$ 72,981,000	\$ 147,106,000

This means that on the District’s 6/30/2017 Statement of Net Position, the District will record an additional \$23 million of liability.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Table 1 Statement of Net Position

*SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
AS OF JUNE 30, 2017, and 2016*

	(In Thousands)	(In Thousands)
	2017	2016
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 70,536	\$ 157,375
Accounts Receivable, net	13,777	11,738
Inventories	3,650	3,345
Prepaid Expenditures and other assets	1,822	1,153
Total Current Assets	89,785	173,611
Noncurrent Assets		
Restricted Cash and Cash Equivalents	297,396	212,387
OPEB Asset		59,740
Depreciable Capital Assets, Net	565,366	586,001
Nondepreciable Capital Assets	49,965	37,539
Total Noncurrent Assets	912,727	895,667
TOTAL ASSETS	1,002,512	1,069,278
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	14,212	15,143
Deferred outflows - pensions	33,888	13,210
TOTAL ASSETS & DEFERRED LOSS ON REFUNDING	\$ 1,050,612	\$ 1,097,631
 LIABILITIES		
Current Liabilities		
Accounts Payable & Accrued Expenses	\$ 23,061	\$ 14,906
Accrued Interest	8,879	9,176
Unearned Revenue	16,403	11,913
Compensated absences	3,308	2,985
Long-Term Debts, Current Portion	43,931	40,350
Total Current Liabilities	95,582	79,330
Noncurrent Liabilities		
Compensated Absences	1,736	1,424
Long Term Debt - Non- Current Portion	815,485	838,753
Net OPEB Liability	19,908	
Aggregate net pension obligation	147,106	123,911
Total Noncurrent Liabilities	984,235	964,088
TOTAL LIABILITIES	1,079,817	1,043,418
 DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pensions	12,215	12,035
 NET POSITION		
Net Invested in capital assets	181,221	160,996
Restricted for:		
Debt Service	51,816	54,209
Capital Projects	13,723	10,685
Educational Programs	12,296	15,057
Other activities	22,033	11,313
Unrestricted	(322,509)	(210,082)
TOTAL NET POSITION	(41,420)	42,178
TOTAL LIABILITIES AND NET POSITION	\$ 1,050,612	\$ 1,097,631

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Net Position

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

- Cash and cash equivalents consist of cash in the Local Agency Investment Fund (LAIF) of the State Treasurer's Office, San Mateo County Investment Pool, Special Deposit Bond with Wells Fargo Bank, proceeds from the District's General Obligation construction bond, Institutional Investment Pool and Certificates of Deposit with various banks.
- Accounts receivable primarily consists of revenues from local, state, and federal sources 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 benefits, salaries and amounts owed to local vendors which the District incurred but for which payments were not issued as of the end of the fiscal year.
- Unearned revenues represent cash received during the fiscal year from state, federal grants, state apportionment and student fees which were not earned as of 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 bonds payable.
- According to GASB Statements, equity is reported as Net Position, rather than Fund Balance. The District's Net Position is classified as follows:
 - Net Investment in capital assets, represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets.
 - Restricted Net Position consists of expendable and nonexpendable portions. Restricted expendable Net Position includes resources which the District is contractually obligated to expend in accordance with restrictions imposed by external third parties.
 - Unrestricted Net Position represents resources used for transactions relating to the educational and general operations of the District.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Statement of Revenues, Expenses and Change in Net Position

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

Table 2 – Statement of Revenues, Expenses, and Change in Net Position

***SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2017 and 2016***

	(In Thousands) 2017	(In Thousands) 2016
OPERATING REVENUES		
Net Student Tuition and Fees	\$ 22,462	\$ 19,545
Auxiliary Enterprise Sales and Charges	9,874	9,728
Other Sales and Charges	1,758	1,692
TOTAL OPERATING REVENUES	34,094	30,965
OPERATING EXPENSES		
Salaries	110,023	113,133
Employee benefits	55,858	42,595
Supplies, Materials, and Other Operating Expenses and Services	35,850	30,846
Student Aid	18,960	20,630
Depreciation	27,104	26,468
TOTAL OPERATING EXPENSES	247,795	233,672
OPERATING LOSS	(213,701)	(202,707)
NONOPERATING REVENUES (EXPENSES)		
Local Property Taxes, Levied for General Purposes	135,523	125,380
Local Property Taxes, Levied for Special Purposes	50,928	47,018
State Taxes and Other Revenues	6,145	16,418
State Grants, Apportionments and Contracts, Noncapital	50,320	45,855
Investment Income	1,804	4,068
Interest Expense	(33,705)	(37,501)
Gain (Loss) on Disposal of Asset	(82)	(86)
Other Non-Operating Revenues (Expenses)	7,713	18,916
TOTAL NON-OPERATING REVENUES (EXPENSES)	218,646	220,068
INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES	4,945	17,361
State revenues, capital	3,461	2,844
Local revenues, capital	1,004	342
TOTAL OTHER REVENUES AND EXPENSES	4,465	3,186
CHANGE IN NET POSITION	9,410	20,547
NET POSITION, BEGINNING OF YEAR	42,178	(26,235)
RESTATEMENT	-	47,866
Cumulative effect of GASB 75 implementation	(93,008)	
NET POSITION, BEGINNING OF YEAR AS RESTATED	(50,830)	21,631
NET POSITION, END OF YEAR	\$ (41,420)	\$ 42,178

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

Explanatory information for the statement is as follows:

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

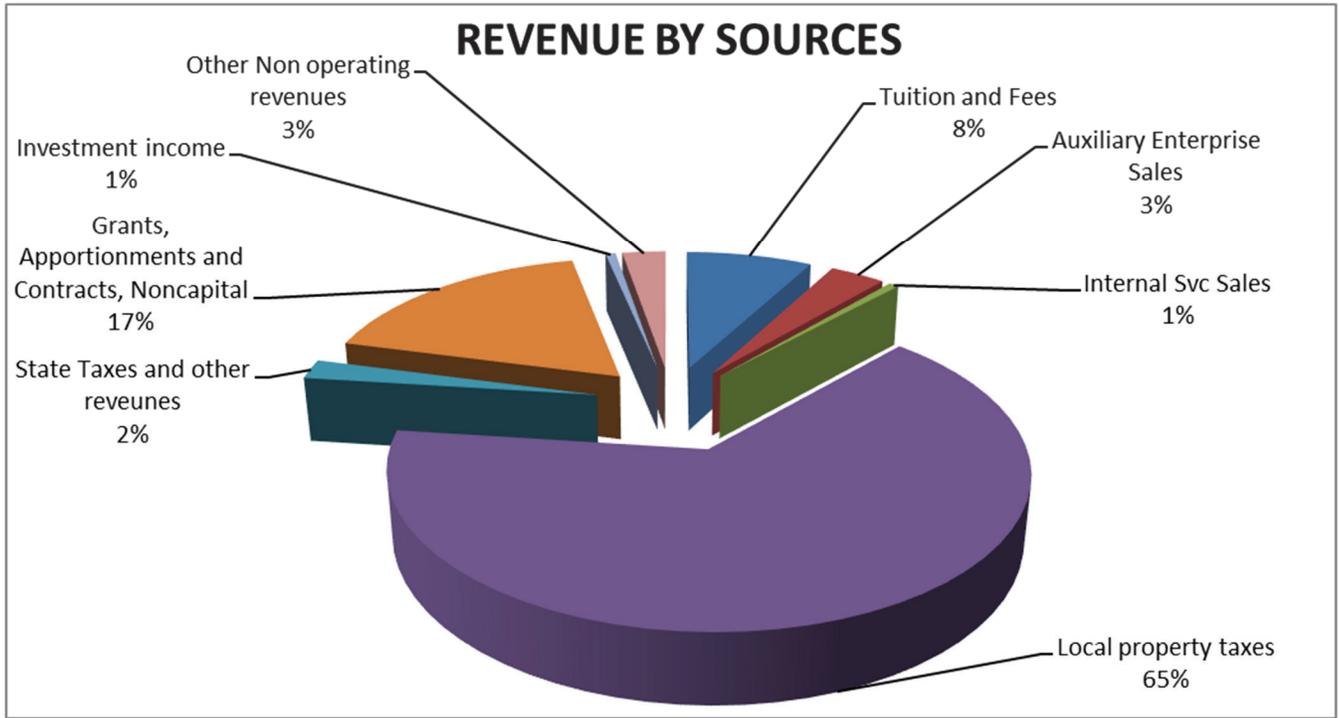
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Below is an illustration of District revenues by source:

Graph 1. Revenue by Sources



SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

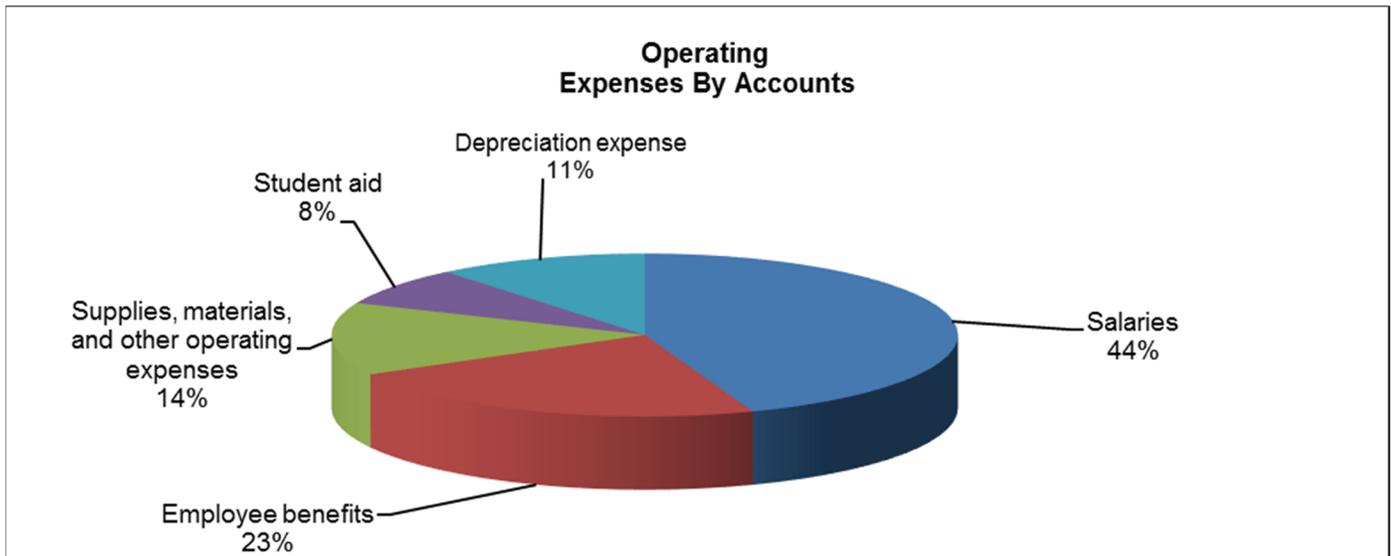
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Revenues and expenses changed mainly due to the following:

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

Graph 2. Operating Expenses By Accounts



Following are explanatory comments for the Statement of Operating Expenses by Account:

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Cash Flows

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

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

Table 3 – Statement of Cash Flows

***SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2017 and 2016***

	(In Thousands)	(In Thousands)
	2017	2016
CASH FLOWS (USED IN) PROVIDED BY:		
Operating Activities	\$ (196,050)	\$ (187,270)
Noncapital financing activities	253,426	243,505
Capital financing activities	(60,842)	(48,089)
Investing activities	1,636	3,465
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,830)	11,611
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	369,762	358,151
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 367,932	\$ 369,762

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Economic Factors and the 2016-17 Budget

Being community supported, the District's revenues primarily consist of property tax revenues and student fees and are relatively predictable. The County Assessor's Office has stated that the property tax base went up 7.89% county-wide in 2016-17, which means our projected property tax revenues in 2017/18 are 7.89% higher. This puts the District on a very solid financial footing. The District continues to build multi-year financial plans and has planned balanced budgets through 2019/20.

Construction Planning 2017-18 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. In the past several years District has experienced a decline in State Capital Outlay funds for projects on all three campuses due to the fact that the State failed to approve an educational facilities bond since 2006. However, with the passage of Proposition 51 \$9.1 Billion state wide education facilities bond in November 2016, District is forecasting to receive approximately \$44M for much needed facilities upgrades. These funds will come over time, however, Governor Brown has been very reluctant to authorize the sale of these bonds, so the timing is still uncertain.

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

Cañada College:

- Parking Lot and Roadway Light Upgrade, Phase 2 (LED)
- Campus wide Americans with Disabilities Act (ADA) Mitigation
- Building 1N Kinesiology and Wellness Center
- Building 9 Envelope Repairs
- Building 13 Roofing Replacement and HVAC Upgrades
- Building 23N Math/Science/Technology
- Building 3 Central Utility Plant Upgrades
- Parking Lot 6 Expansion
- South Plaza

College of San Mateo:

- Parking Lot and Street Light Upgrade, Phase 2 (LED)
- Building 6 Aquatics Center Pool System Upgrade
- Building 3 Humanities and Arts Renovation
- Building 17 Student Life and Learning Communities Renovation
- Building 36 Fume Hood Controls Upgrades
- District Office IT Server Room Fire Suppression System

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Skyline College:

- Building 1N Social Science and Creative Arts
- Building 12N Environmental Science
- Parking Lot L Expansion Building 5 Center of Transformative Teaching and Learning (CTTL)
- Building 14 Loma Chica Child Development Center
- Building 19 Pacific Heights Renovation Parcel B ADA Access

District Wide:

- Districtwide Utility Measurement & Verification
- Districtwide Classroom Security Hardware Upgrade, Phase 3, 4, and 5
- Districtwide UPS Device (MDF/IDF) Replacement
- Districtwide Symetra UPS Device (MPOE) Replacement
- Districtwide Telephone System Replacement
- Districtwide Network Switch Upgrade
- Districtwide Evacuation Map Upgrade
- Districtwide ADA Transition Plan Upgrade
- Districtwide Fire Alarm Panel Replacement

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

Staff and Faculty Housing

In response to regional housing costs that are among the highest in the country, the San Mateo County Community College District has undertaken initiatives to assist faculty and staff with high housing expenses. The District currently owns and operates 104 housing units at its College of San Mateo and Cañada College campuses, which are available to faculty and staff who meet the definition of first-time homebuyers. Employees are eligible to live in these units for up to seven years and pay rent that is well below market rate. Residents of the employee housing program are strongly encouraged to save the money from their reduced rent to apply toward a down payment to buy housing in the area. The District also has a second loan program for first-time homebuyers that will supplement the employees' down payment savings up to \$150,000 and a closing cost grant for \$1,000.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Locations

College Vista, located on the College of San Mateo campus, is a two and three-story complex with 44 units built on a 2-acre site with stunning views of the South Bay.



Cañada Vista, located at Cañada College, consists of two three-story residential buildings with 60 units on 3.3 acres overlooking mountain views.



Skyline Vista is in the planning and development stages and will be located at Skyline College. This development will have 30 units and is tentatively scheduled to open in Spring 2020.



Contacting the District's Financial Management Office

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for funding received. Questions or concerns about this report or requests for additional financial information should be addressed to Kathy Blackwood, Executive Vice Chancellor, by phone at 650-358-6869 or by e-mail at blackwoodk@smccd.edu.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
June 30, 2017

	<u>2017</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 70,536,100
Accounts receivables, net	13,776,725
Inventory	3,650,425
Prepaid expenses	<u>1,822,288</u>
Total current assets	<u>89,785,538</u>
Noncurrent assets:	
Restricted cash and cash equivalents	297,395,785
Nondepreciable capital assets	49,964,940
Depreciable capital assets, net	<u>565,365,851</u>
Total noncurrent assets	<u>912,726,576</u>
Total assets	<u>1,002,512,114</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow of resources - pensions	33,887,663
Deferred outflow of resources - debt refundings	<u>14,212,239</u>
Total deferred outflows of resources	<u>48,099,902</u>
Total assets and deferred outflows of resources	<u><u>\$ 1,050,612,016</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 23,060,879
Interest payable	8,879,029
Unearned revenue	16,403,358
Compensated absences payable - current portion	3,308,027
Long-term debt - current portion	<u>43,931,430</u>
Total current liabilities	95,582,723
Noncurrent liabilities:	
Compensated absences payable - noncurrent portion	1,735,406
Bonds and notes payable - noncurrent portion	815,485,225
Net OPEB liability	19,907,887
Net pension liability	<u>147,106,000</u>
Total liabilities	<u>1,079,817,241</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions	<u>12,215,000</u>
NET POSITION	
Net investment in capital assets	181,220,531
Restricted for capital projects	13,723,026
Restricted for debt service	51,815,869
Restricted for educational programs	12,296,218
Restricted for other activities	22,032,696
Unrestricted	<u>(322,508,565)</u>
Total net position	<u>(41,420,225)</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 1,050,612,016</u></u>

See accompanying notes to the basic financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the Year Ended June 30, 2017

	<u>2017</u>
Operating revenues:	
Tuition and fees	\$ 31,406,255
Less: Fee waivers and allowance	<u>(8,944,240)</u>
Net tuition and fees	<u>22,462,015</u>
Auxiliary enterprise sales and charges:	
Bookstore	4,410,595
Cafeteria	385,068
Fitness center	5,078,171
Other sales and charges	<u>1,758,382</u>
Total operating revenues	<u>34,094,231</u>
Operating expenses:	
Salaries	110,023,343
Employee benefits	55,857,693
Supplies, materials, and other operating expenses	35,850,214
Student financial aid	18,960,228
Depreciation	<u>27,103,655</u>
Total operating expenses	<u>247,795,133</u>
Loss from operations	<u>(213,700,902)</u>
Non-operating revenues (expenses):	
Local property taxes,levied for general purposes	135,522,657
Local property taxes,levied for special purposes	50,927,754
State taxes and other revenues	6,145,166
Federal grants and contracts, noncapitl	21,113,583
State grants, apportionment,contracts, noncapital	27,032,584
Local grants and contracts, noncapital	2,173,654
Investment income	1,803,542
Interest expense on capital asset-related debt	(33,704,897)
Loss on disposal of asset	(81,742)
Other non-operating (expense) revenues	<u>7,714,319</u>
Total non-operating revenues	<u>218,646,620</u>
Income before capital contributions	4,945,718
Capital contributions:	
State revenues, capital	3,460,920
Local revenues, capital	<u>1,003,735</u>
Change in net position	<u>9,410,373</u>
Net position, July 1, 2016	42,177,774
Cumulative effect of GASB 75 implementation	<u>(93,008,372)</u>
Net position, beginning of year, as restated	<u>(50,830,598)</u>
Net position, end of year	<u>\$ (41,420,225)</u>

See accompanying notes to the basic financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2017

	<u>2017</u>
Cash flows from operating activities:	
Tuition and fees	\$ 22,096,971
Payments to suppliers	(37,335,766)
Payments to / on behalf of employees	(171,065,228)
Payments to students	(19,020,657)
Auxiliary sales and charges	<u>9,274,968</u>
Net cash used in operating activities	<u>(196,049,712)</u>
Cash flows from noncapital financing activities:	
Property taxes, levied for general purposes	135,522,657
Property taxes, levied for special purposes	50,927,754
State taxes and other apportionments	6,578,790
Federal grants and contracts	21,531,405
State grants, apportionment, contracts, noncapital	29,562,277
Local grants and contracts	2,173,654
Proceeds from issuance of TRANs	25,000,000
Repayment of TRANs	(25,000,000)
Other receipts and disbursements	<u>7,129,370</u>
Net cash provided by noncapital financing activities	<u>253,425,907</u>
Cash flows from capital and related financing activities:	
State apportionment for capital purposes	3,460,920
Purchase of capital assets	(14,424,723)
Principal paid on capital debt	(31,894,840)
Interest paid on capital debt	(18,987,131)
Local property taxes and other revenues for capital purposes	<u>1,003,735</u>
Net cash used in capital and related financing activities	<u>(60,842,039)</u>
Cash flows from investing activities:	
Interest received from investments	<u>1,635,551</u>
Net cash provided by investing activities	<u>1,635,551</u>
Net change in cash and cash equivalents	(1,830,293)
Cash and cash equivalents, beginning of year	<u>369,762,178</u>
Cash and cash equivalents, end of year	<u>\$ 367,931,885</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2017

	<u>2017</u>
Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	\$ (213,700,902)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	27,103,655
Changes in assets and liabilities:	
Receivables, net	(2,722,292)
Inventory and prepaid assets	(974,292)
Deferred outflows - pensions	(20,677,785)
Accounts payable	4,333,685
Unearned revenue	(60,429)
Compensated absences	634,365
Net OPEB liability	(13,360,717)
Net pension liability	23,195,000
Deferred inflows - pensions	<u>180,000</u>
Total adjustments	<u>17,651,190</u>
Net cash used in operating activities	<u>\$ (196,049,712)</u>
Cash and cash equivalents consist of the following:	
Cash and cash equivalents	\$ 70,536,100
Restricted cash and cash equivalents	<u>297,395,785</u>
Total cash and cash equivalents	<u>\$ 367,931,885</u>
Non-cash transactions:	
Amortization of premiums	\$ 2,590,043
Accretion of interest	\$ 15,474,654
Amortization of deferred loss on refunding	\$ 931,319
Additions to capital assets - change in accounts payable	\$ 3,160,963

See accompanying notes to the basic financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2017

		<u>Agency Funds</u>	
	<u>OPEB Trust Fund</u>	<u>Associated Students Trust</u>	<u>Student Representation Fee</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,696,497	\$ 167,420
Investments:			
Mutual funds – fixed income	48,077,511	-	-
Mutual funds – equity	42,467,543	-	-
Mutual funds – real estate	6,752,278	-	-
Accounts receivable	-	137,310	-
Fixed assets	-	420	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 97,297,332</u>	<u>\$ 1,834,227</u>	<u>\$ 167,420</u>
LIABILITIES AND NET POSITION			
Accounts payable	\$ 235,713	\$ 905,100	\$ -
Due to student groups and other	-	929,127	167,420
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>235,713</u>	<u>\$ 1,834,227</u>	<u>\$ 167,420</u>
Net Position restricted for OPEB	<u>97,061,619</u>		
Total liabilities and net position	<u>\$ 97,297,332</u>		

See accompanying notes to the basic financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2017

	OPEB Trust Fund
Additions	
Employer contributions	\$ 15,230,215
Net investment income:	
Dividends and other income	2,789,489
Realized and unrealized losses, net	6,253,815
Investment fees	<u>(337,684)</u>
Total additions	<u>23,935,835</u>
Deductions	
Retiree benefits	<u>7,230,215</u>
Net increase in net position	<u>16,705,620</u>
Net Position restricted for OPEB:	
Net position, beginning of year	<u>80,355,999</u>
Net position, end of year	<u><u>\$ 97,061,619</u></u>

See accompanying notes to the basic financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
EDUCATIONAL HOUSING CORPORATION
STATEMENT OF FINANCIAL POSITION
June 30, 2017

	<u>2017</u>
ASSETS	
Cash and cash equivalents	\$ 147,248
Due from District	<u>64,363</u>
Total assets	<u><u>\$ 211,611</u></u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable	\$ 35,379
Unearned rent	17,405
Rent security deposits	<u>133,449</u>
Total liabilities	186,233
Unrestricted net assets	<u>25,378</u>
Total liabilities and net assets	<u><u>\$ 211,611</u></u>

See accompanying notes to the basic financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
EDUCATIONAL HOUSING CORPORATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

	<u>2017</u>
Revenues:	
Rental income	\$ 1,539,681
Other local income	<u>10,525</u>
Total revenues	<u>1,550,206</u>
Expenses:	
Operating expenses	387,894
Transfer to District	<u>1,158,124</u>
Total expenses	<u>1,546,018</u>
Change in net assets	4,188
Net assets, beginning of year	<u>21,190</u>
Net assets, end of year	<u><u>\$ 25,378</u></u>

See accompanying notes to the basic financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
EDUCATIONAL HOUSING CORPORATION
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2017

	<u>2017</u>
Cash flow from operating activities:	
Change in net assets	\$ 4,188
Changes in assets and liabilities	
Accounts receivable	(57,363)
Accounts payable	19,917
Unearned rent	3,840
Rent security deposits	<u>(4,631)</u>
Net cash flows used in operating activities	<u>(34,049)</u>
Net change in cash and cash equivalents	(34,049)
Cash and cash equivalents, beginning of year	<u>181,297</u>
Cash and cash equivalents, end of year	<u><u>\$ 147,248</u></u>

See accompanying notes to the basic financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - ORGANIZATION

San Mateo County Community College District (the "District") was established in 1922 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering post secondary educational services to residents of San Mateo County and surrounding areas. The District operates under a locally elected five-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates three college campuses located in the cities of San Mateo, San Bruno, and Redwood City, California. While the District is a political subdivision of the State of California, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Codification Section (Cod. Sec.) 2100.101. The District is classified as a state instrumentality under Internal Revenue Code Section 115.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity: The decision to include potential component units in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America and GASB Cod. Sec. 2100. The three criteria for requiring a legally separate, tax-exempt organization to be presented as a component unit are the "direct benefit" criterion, the "entitlement/ability to access" criterion, and the "significance" criterion. The District identified the following potential component units:

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

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

The *San Mateo County Community Colleges Educational Housing Corporation* (the Housing Corp.) is a non-profit organization under IRS Code Section 501(c)(3). The Housing Corp. meets the criteria of the governing authority's ability to significantly influence operations and accountability for fiscal matters and the criteria for inclusion in the District's reporting entity. Its purpose is to operate staff and faculty housing. The financial activity of the Housing Corp. is reported as a separate discretely presented component unit. Individually-prepared financial statements are not prepared for the Housing Corp.

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

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation and Accounting: For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. Under this model, the District's financial statements provide a comprehensive entity-wide perspective at the District's financial position and activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when the obligation has been incurred. All significant intra-agency transactions have been eliminated. The budgetary and financial accounts of the District are recorded and maintained in accordance with the Chancellor's Office's *Budget and Accounting Manual*.

Fiduciary funds for which the District acts only as an agent or trust are not included in the business-type activities of the District. These funds are reported in the Statement of Fiduciary Net Position and Statement of Change in Fiduciary Net Position at the fund financial statement level.

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.

Accounts Receivable: Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon a five-year average ratio over actual revenues. The allowance was estimated at \$2,537,065 as of June 30, 2017.

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

Inventory: Inventory consists primarily of bookstore merchandise and supplies held for resale at each of the colleges. Inventories are stated at lower of cost or market, utilizing the first in, first out method. The cost is recorded as an expense as the inventory is consumed.

Capital Assets and Depreciation: Capital assets are long-lived assets of the District as a whole and include land, construction-in-progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of \$5,000 for equipment and \$100,000 for land, buildings and improvements. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at acquisition value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District capitalizes interest paid on obligations related to the acquisition, construction or rehabilitation of District capital assets. Interest cost and interest capitalized totaled \$33,704,897 and \$1,649,305, respectively, for the year ended June 30, 2017.

Unearned Revenue: Revenue from Federal, State and local special projects and programs is recognized when qualified expenditures have been incurred. Tuition, fees and other support received but not earned are recorded as unearned revenue until earned.

Postemployment Benefits Other Than Pensions (OPEB): For purpose of measuring the net OPEB liability, information about the fiduciary net position of the Other Postemployment Benefit Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and interest-earning investment contracts that are reported at cost. The Plan is included in the District's financial report and separately presented as a fiduciary fund. Separate financial statements are also prepared for the Plan and may be obtained by contacting San Mateo County Community College District.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported, which is in the statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. The District has recognized a deferred outflow of resources related to recognition of the pension liability reported in the Statement of Net Position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability reported which is in the Statement of Net Position.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) program of CalSTRS and Public Employers Retirement Fund B (PERF B) a program of CalPERS, and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in aggregate.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	<u>\$ 11,898,598</u>	<u>\$ 21,989,065</u>	<u>\$ 33,887,663</u>
Deferred inflows of resources	<u>\$ 10,022,000</u>	<u>\$ 2,193,000</u>	<u>\$ 12,215,000</u>
Net pension liability	<u>\$ 74,125,000</u>	<u>\$ 72,981,000</u>	<u>\$ 147,106,000</u>
Pension expense	<u>\$ 9,427,854</u>	<u>\$ 9,652,004</u>	<u>\$ 19,079,858</u>

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 District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

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

Net Position: The District's net position is classified as follows:

Net investment in capital assets: This represents the District's total investment in capital assets, net of associated outstanding debt obligations related to those capital assets and deferred outflows of resources. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position: Restricted expendable net position include resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. Nonexpendable restricted net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. At June 30, 2017 there is no balance of nonexpendable restricted net position.

Unrestricted net position: Unrestricted net position represents resources derived from student tuition and fees, State apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources, and then towards unrestricted resources.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On-Behalf Payments: GASB Statement 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' and Public Employees' Retirement System on behalf of all Community Colleges in California. The new government-wide conversion entries relating to the pension reporting requirements of GASB 68 rely on Local Educational Agencies (LEAs) having recognized the state's on-behalf pension contribution in their funds. Prior to the issuance of GASB 68, the district recorded this entry at the consolidation entry level for GASB 35 business-type activity reporting.

Classification of Revenues and Expenses: The District has classified its revenues as either operating or nonoperating revenues. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Cod. Sec. Co5.101 including State appropriations, local property taxes, and investment income. Nearly all the District's expenses are from exchange transactions. Revenues and expenses are classified according to the following criteria:

Operating revenues and expenses: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises. All expenses are considered operating expenses except for interest expense on capital related debt.

Nonoperating revenues and expenses: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as Pell grants, most Federal, State and local grants and contracts and Federal appropriations, gifts and contributions, and other revenue sources described in GASB Cod. Sec. Co5.101, such as State appropriations and investment income. Interest expense on capital related debt is a non-operating expense.

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

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

The voters of the District passed General Obligation Bonds in 2001, 2005 and 2014 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bonds, property taxes are assessed on the property within the District specifically for the repayment of the debts incurred. The taxes are billed and collected as noted above and remitted to the District when collected.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California Franchise Tax Codes.

New Accounting Pronouncements: In June 2015, the GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This Statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions in GASB Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. Based on the implementation of Statement No. 75, the District's July 1, 2016 net position was restated decreasing net position by \$93,008,372 because of the recognition of the net OPEB liability.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 3 - CASH AND CASH EQUIVALENTS

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.

Summary of Cash and Cash Equivalents: Cash and cash equivalents of the District as of June 30, 2017 consisted of the following:

	<u>2017</u>
Cash in County Treasury	\$ 323,262,336
Cash with fiscal agent	27,177,886
Cash on hand and in banks	650,736
Cash in revolving	70,000
Certificates of deposit	<u>16,770,927</u>
Total cash and cash equivalents	<u><u>\$ 367,931,885</u></u>

Cash and cash equivalents of the Fiduciary Funds as of June 30, consisted of the following:

	<u>2017</u>
Cash on hand and in banks	\$ 420,760
Cash in County Treasury	<u>1,443,157</u>
Total cash and cash equivalents	<u><u>\$ 1,863,917</u></u>

Cash and cash equivalents of the Educational Housing Corporation as of June 30, consisted of the following:

	<u>2017</u>
Cash on hand and in banks	<u>\$ 147,248</u>
Total cash and cash equivalents	<u><u>\$ 147,248</u></u>

Cash in County Treasury: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The District is considered to be an involuntary participant in an external investment pool. The District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value by the County Treasurer for the entire 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.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial risk classifications is required.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

The District's deposits in the fund are considered to be highly liquid. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County Treasurer has indicated that there are no derivatives in the pool as of June 30, 2017.

Cash with Fiscal Agent: Cash with Fiscal Agent represents bond funds to be used in the future. At June 30, 2017, the funds are held with a bank in a money market account and recorded at fair value.

Custodial Credit Risk - Deposits and Certificate of Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC") and are collateralized by the respective financial institution. At June 30, 2017, the carrying amount of the District's cash in banks was \$1,218,744 and the bank balance was \$1,226,299. The bank balance amount insured was \$647,248. At June 30, 2017, certificates of deposit totaling \$16,770,927 and were fully insured by the FDIC.

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the District. All cash held by the financial institutions that is not insured is collateralized.

NOTE 4 - INVESTMENTS - OPEB TRUST

The District's OPEB (the "Trust") Trust fund, a fiduciary fund, has adopted an internally developed investment policy that is governed by the standards established in the California Constitution. In addition, the Trust has written investment policies regarding the type of investments that may be made specifically for the Trust and the amount, which may be invested in any one financial institution or amounts that may be invested in long-term instruments. Management believes the Trust has complied with the provisions of statutes pertaining to the types of investments held, institutions in which deposits were made, and security requirements.

The fair values of the Trust's individual investments as of June 30, consisted of the following:

	<u>2017</u>
Mutual funds – fixed income	\$ 48,077,511
Mutual funds – equity	42,467,543
Mutual funds – real estate	<u>6,752,278</u>
 Total investments	 <u><u>\$ 97,297,332</u></u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 4 - INVESTMENTS - OPEB TRUST (Continued)

During the fiscal year ended as of June 30, the Trust's investments (including gains and losses on investments bought and sold as well as held during the year) consisted of the following:

	<u>2017</u>
Dividend and other	\$ 2,789,489
Realized gains (losses)	1,121,049
Unrealized gains (losses)	5,132,766
Investment fees	<u>(337,684)</u>
Total investment income, net	<u>\$ 8,705,620</u>

Custodial Credit Risk: The California Government Code requires California banks and savings and loan associations to secure the Trust's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the Trust. All cash held by financial institutions is entirely insured or collateralized.

Credit Risk: The Trust's investment policy requires all fixed income investments to be of investment grade quality or higher at purchase; that is, at the time of purchases, rated no lower than "BBB" by Standard and Poor's. The Trust Board, at their discretion, may impose a higher standard on an individual investment manager basis as circumstances or investment objectives dictate. At June 30, 2017, the Trust investments consisted of open-end mutual funds, therefore there are no credit ratings to disclose.

Interest Rate Risk: The Trust's investments consisted of open and closed-end mutual funds, therefore, there are no significant interest rate risk related to the investments held, as there are no maturities related to the mutual funds held.

Fair Value of Financial Instruments: The following methods and assumptions were used by the Trust to estimate the fair value of its financial instruments at June 30, 2017.

Fair Value Hierarchy: Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 4 - INVESTMENTS - OPEB TRUST (Continued)

Assets Recorded at Fair Value: The following table presents information about the District's assets measured at fair value on a recurring basis:

	June 30, 2017			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
OPEB Investments:				
Mutual funds - fixed income	\$ 48,077,511	\$ 48,077,511	\$ -	\$ -
Mutual funds - equity	42,467,543	42,467,543	-	-
Mutual funds – real estate	<u>6,752,278</u>	<u>6,752,278</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 97,297,332</u>	<u>\$ 97,297,332</u>	<u>\$ -</u>	<u>\$ -</u>

Mutual funds were valued at closing prices from securities exchanges and are classified as Level 1 investments.

During the year ended June 30, 2017, there were no significant transfers in or out of Level 1.

There were no assets or liabilities measured at fair value on a non-recurring basis at June 30, 2017.

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivables for the District as of June 30, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. The accounts receivable are as follows:

	<u>2017</u>
Federal Government	
Categorical aid	\$ 1,244,841
State Government	
Categorical aid	1,136,023
Lottery	1,651,277
Local sources	
Interest	900,570
Financial aid receivables	1,721,105
Student receivables	3,223,795
Other local sources	<u>6,436,179</u>
Subtotal	<u>16,313,790</u>
Less allowance for bad debt	<u>(2,537,065)</u>
Total accounts receivable, net	<u>\$ 13,776,725</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - ACCOUNTS RECEIVABLE (Continued)

As of June 30, 2017, receivables from other local sources includes \$1,157,539, for loans made to District employees to purchase houses. All full time employees who purchase a home and contribute at least 20 percent of the purchase price are eligible to receive loans of up to \$100,000 per employee. Repayment terms and interest rates are: no payments due in years 1 through 5, payments of principal and interest in years 6-10, with final payment of any remaining balance in year 10. Selling the property, withdrawing cash from the equity, or leaving the District's employment accelerates the due date of the loan. Interest is charged at 4 percent per year. As of June 30, 2017, all of the funds have been loaned out. No loans will be granted to additional employees until existing loans are paid back or the Board authorizes additional amounts to be loaned out.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District consists of the following at June 30, 2017:

	Balance July 1, <u>2016</u>	Additions and <u>Transfers</u>	Deductions and <u>Transfers</u>	Balance June 30, <u>2017</u>
Non-depreciable:				
Land	\$ 20,628,292	\$ -	\$ -	\$ 20,628,292
Construction in progress	16,910,580	19,118,088	(6,692,020)	29,336,648
Depreciable:				
Land improvements	128,855,451	2,420,205	-	131,275,656
Buildings and improvements	658,135,141	1,860,518	-	659,995,659
Furniture, equipment and vehicles	<u>31,069,803</u>	<u>2,269,635</u>	<u>(4,054,216)</u>	<u>29,285,222</u>
Total	<u>855,599,267</u>	<u>25,668,446</u>	<u>(10,746,236)</u>	<u>870,521,477</u>
Less accumulated depreciation:				
Land improvements	30,720,993	6,119,844	-	36,840,837
Buildings and improvements	178,543,898	19,151,534	-	197,695,432
Furniture, equipment and vehicles	<u>22,794,614</u>	<u>1,832,277</u>	<u>(3,972,474)</u>	<u>20,654,417</u>
Total	<u>232,059,505</u>	<u>27,103,655</u>	<u>(3,972,474)</u>	<u>255,190,686</u>
Capital assets, net	<u>\$623,539,762</u>	<u>\$ (1,435,209)</u>	<u>\$ (6,773,762)</u>	<u>\$615,330,791</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 7 - ACCOUNTS PAYABLE

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

	<u>2017</u>
Vendor and other	\$ 7,623,352
Payroll related liabilities	7,574,554
Construction	5,796,629
Workers' compensation	2,066,000
Federal	<u>344</u>
Total	<u>\$ 23,060,879</u>

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

The accounts payable of the Educational Housing Corporation consists of local vendor payables.

NOTE 8 - UNEARNED REVENUE

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

	<u>2017</u>
State categorical aid	\$ 6,596,259
Enrollment fees	2,468,948
Other local	<u>7,338,151</u>
Total	<u>\$ 16,403,358</u>

NOTE 9 - TAX AND REVENUE ANTICIPATION NOTES

On July 14, 2016, the District issued \$25,000,000 Tax and Revenue Anticipation Notes bearing interest at .06 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on April 30, 2017. By April 30, 2017, the District had fully repaid 100 percent of principal and interest. The District was not required to make any additional payments on the notes.

TRANS activity for the District consists of the following at June 30, 2017:

	Outstanding July 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Outstanding June 30, <u>2017</u>
2017 2.00% TRANS	\$ -	\$ 25,000,000	\$ (25,000,000)	\$ -
Total	<u>\$ -</u>	<u>\$ 25,000,000</u>	<u>\$ (25,000,000)</u>	<u>\$ -</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 10 - LONG TERM LIABILITIES

The long-term liabilities activity for the year ended June 30, 2017, is as follows:

	<u>Restated July 1, 2016</u>	<u>Additions</u>	<u>Payments and Reductions</u>	<u>June 30, 2017</u>	<u>Current Portion</u>
General obligation bonds	\$ 644,384,027	\$ -	\$ 32,571,029	\$ 611,812,998	\$ 35,388,929
Unamortized bond premiums	49,070,723	-	2,590,043	46,480,680	5,936,071
Accreted interest	185,648,323	20,663,625	5,188,971	201,122,977	2,606,430
Net pension liability	123,911,000	23,195,000	-	147,106,000	-
Net OPEB liability	33,268,604	-	13,360,717	19,907,887	-
Compensated absences	<u>4,409,068</u>	<u>4,000,206</u>	<u>3,365,841</u>	<u>5,043,433</u>	<u>3,308,027</u>
Total	<u>\$1,040,691,745</u>	<u>\$ 47,858,831</u>	<u>\$ 57,076,601</u>	<u>\$1,031,473,975</u>	<u>\$ 47,239,457</u>

On June 4, 2002, the District issued \$96,857,613 of General Obligation Bonds Series 2001A. The Bonds were issued to finance the acquisition, construction and modernization of certain District property and facilities. The Current Interest Bonds of \$53,335,000 were refunded during the fiscal year ended June 30, 2012. Capital Appreciation Bonds of \$18,045,613 mature September 1, 2016 through September 1, 2026 with interest accreting at an average 5.55% compounded semiannually each year and due upon maturity.

Unamortized premiums and accreted interest on the capital appreciation bonds were \$207,962 and \$19,437,193 at June 30, 2017, respectively.

The following is a schedule of future payments as of June 30, 2017 for the Series 2001A Capital Appreciation Bonds:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,652,600	\$ 2,007,400	\$ 3,660,000
2019	1,681,431	2,298,569	3,980,000
2020	1,705,547	2,609,453	4,315,000
2021	1,727,950	2,952,051	4,680,001
2022	1,750,545	3,304,454	5,054,999
2023-2027	<u>7,911,500</u>	<u>19,683,500</u>	<u>27,595,000</u>
Totals	<u>\$ 16,429,573</u>	<u>\$ 32,855,427</u>	<u>\$ 49,285,000</u>

On February 9, 2005, the District issued \$69,995,132 of General Obligation Bonds Series 2001B. The Bonds were issued to finance the acquisition, construction and modernization of certain District property and facilities. The Current Interest Bonds of \$22,375,000 were refunded during the fiscal years ended June 30, 2012 and 2015. Capital Appreciation Bonds of \$23,095,132 mature September 1, 2021 through September 1, 2028 with interest accreting at an average 4.78% compounded semiannually each year and due upon maturity.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 10 - LONG TERM LIABILITIES (Continued)

Unamortized premiums and accreted interest on the capital appreciation bonds were \$467,700 and \$18,527,724 at June 30, 2017, respectively.

The following is a schedule of future payments as of June 30, 2017 for the Series 2001B Capital Appreciation Bonds:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ -	\$ -
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	2,127,124	2,367,876	4,495,000
2023-2027	10,574,196	16,015,804	26,590,000
2028-2029	<u>10,393,812</u>	<u>21,551,188</u>	<u>31,945,000</u>
Totals	<u>\$ 23,095,132</u>	<u>\$ 39,934,868</u>	<u>\$ 63,030,000</u>

On April 11, 2006, the District issued \$40,124,660 of General Obligation Bonds Series 2001C. The Bonds were issued to finance the acquisition, construction and modernization of certain District property and facilities. The Current Interest Bonds of \$7,500,000 were partially refunded during the fiscal year ended June 30, 2015 with the remaining bonds maturing during the year ended June 30, 2016. Capital Appreciation Bonds of \$25,469,660 mature September 1, 2016 through March 30, 2031 with interest accreting at an average 4.90% compounded semiannually each year and due upon maturity.

Unamortized premiums and accreted interest on the capital appreciation bonds were \$152,817 and \$17,584,580 at June 30, 2017, respectively.

The following is a schedule of future payments as of June 30, 2017 for the Series 2001C Capital Appreciation Bonds:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 852,840	\$ 587,160	\$ 1,440,000
2019	857,978	672,022	1,530,000
2020	868,823	761,177	1,630,000
2021	872,212	852,788	1,725,000
2022	874,686	950,314	1,825,000
2023-2027	4,426,854	6,443,146	10,870,000
2028-2031	<u>15,865,900</u>	<u>35,739,100</u>	<u>51,605,000</u>
Totals	<u>\$ 24,619,293</u>	<u>\$ 46,005,707</u>	<u>\$ 70,625,000</u>

On April 11, 2006, the District issued \$135,429,395 of General Obligation Bonds Series 2005A. The Bonds were issued to finance the acquisition, construction and modernization of certain District property and facilities. The Current Interest Bonds of \$61,795,000 matured during the fiscal year ended June 30, 2015. Capital Appreciation Bonds of \$73,634,395 mature September 1, 2015 through September 1, 2030 with interest accreting at an average 4.86% compounded semiannually each year and due upon maturity.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 10 - LONG TERM LIABILITIES (Continued)

Unamortized premiums and accreted interest on the capital appreciation bonds were \$758,703 and \$45,870,272 at June 30, 2017, respectively.

The following is a schedule of future payments as of June 30, 2017 for the Series 2005A Capital Appreciation Bonds:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 4,853,489	\$ 3,341,511	\$ 8,195,000
2019	4,794,584	3,755,416	8,550,000
2020	4,757,204	4,167,796	8,925,000
2021	4,707,415	4,602,585	9,310,000
2022	4,658,602	5,061,398	9,720,000
2023-2027	22,639,195	32,875,805	55,515,000
2028-2031	<u>17,353,317</u>	<u>36,806,683</u>	<u>54,160,000</u>
Totals	<u>\$ 63,763,806</u>	<u>\$ 90,611,194</u>	<u>\$ 154,375,000</u>

On December 12, 2006, the District issued \$332,570,194 of General Obligation Bonds Series 2005B. The Bonds were issued to finance the acquisition, construction and modernization of certain District property and facilities. The Current Interest Bonds of \$41,155,000 were partially refunded during the fiscal years ended June 30, 2012 and 2015. The remaining Current Interest Bonds of \$6,865,000 matured during the fiscal year ending June 30, 2017. Capital Appreciation Bonds of \$163,005,194 mature September 1, 2020 through September 1, 2038 with interest accruing at an average 4.58% compounded semiannually each year and due upon maturity.

Unamortized premiums and accreted interest on the capital appreciation bonds were \$5,541,294 and \$99,703,208 at June 30, 2017, respectively.

The following is a schedule of future payments as of June 30, 2017 for the Series 2005B General Obligation Bonds:

Years Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ -	\$ -
2019	-	-	-
2020	-	-	-
2021	4,689,965	4,030,035	8,720,000
2022	4,957,819	4,687,181	9,645,000
2023-2027	28,754,435	35,710,565	64,465,000
2028-2032	38,756,367	71,118,633	109,875,000
2033-2037	60,025,748	151,234,252	211,260,000
2038-2039	<u>25,820,860</u>	<u>80,279,140</u>	<u>106,100,000</u>
Totals	<u>\$ 163,005,194</u>	<u>\$ 347,059,806</u>	<u>\$ 510,065,000</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 10 - LONG TERM LIABILITIES (Continued)

On April 26, 2012, the District issued \$107,595,000 of 2012 General Obligation Refunding Bonds. Proceeds were used to refund portions of the outstanding Series 2001A General Obligation Bonds, Series 2001B General Obligation Bonds, and Series 2005B General Obligation Bonds. The 2012 Refunding Bonds are general obligations of the District payable solely from ad valorem property taxes. The 2012 Refunding Bonds mature through September 1, 2026 and bear interest at rates ranging from 2.00% to 5.00% with interest due annually on September 1. For financial reporting purposes, the refunded debt has been considered defeased and therefore removed from the District's financial statements. On June 30, 2017, \$97,925,000 of bonds outstanding are considered defeased.

Unamortized premiums on the 2012 Refunding Bonds were \$12,159,071 as of June 30, 2017.

The following is a schedule of the future payments as of June 30, 2017 for the 2012 Refunding Bonds:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 13,110,000	\$ 3,717,525	\$ 16,827,525
2019	14,490,000	3,193,125	17,683,125
2020	16,495,000	2,613,525	19,108,525
2021	9,645,000	1,953,725	11,598,725
2022	5,945,000	1,517,925	7,462,925
2023-2027	<u>27,335,000</u>	<u>3,671,250</u>	<u>31,006,250</u>
Totals	<u>\$ 87,020,000</u>	<u>\$ 16,667,075</u>	<u>\$ 103,687,075</u>

On May 27, 2015, the District issued \$127,000,000 of General Obligation Bonds Series 2014A. The Bonds were issued to finance the acquisition, construction and modernization of certain District property and facilities. The General Obligation Bonds Series 2014A mature September 1, 2016 through September 1, 2045 and bear interest at rates ranging from 3.00% to 5.00% with interest due semiannually on September 1 and March 1.

Unamortized premiums on the 2015 General Obligation Bonds Series 2014A were \$11,304,815 as of June 30, 2017.

The following is a schedule of future payments as of June 30, 2017 for the Series 2005B General Obligation Bonds:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 14,135,000	\$ 4,620,825	\$ 18,755,825
2019	10,385,000	4,078,500	14,463,500
2020	-	3,977,156	3,977,156
2021	-	4,135,438	4,135,438
2022	-	4,135,438	4,135,438
2023-2027	2,725,000	20,792,688	23,517,688
2028-2032	7,700,000	20,531,906	28,231,906
2033-2037	15,985,000	18,039,356	34,024,356
2038-2042	28,220,000	12,683,131	40,903,131
2043-2046	<u>34,970,000</u>	<u>3,695,750</u>	<u>38,665,750</u>
Totals	<u>\$ 114,120,000</u>	<u>\$ 96,690,188</u>	<u>\$ 210,810,188</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 10 - LONG TERM LIABILITIES (Continued)

On September 4, 2014, the District issued \$121,805,000 of 2014 General Obligation Refunding Bonds. Proceeds were used to refund portions of the outstanding Series 2001B General Obligation Bonds, Series 2001C General Obligation Bonds, and Series 2005B General Obligation Bonds. The 2014 Refunding Bonds are general obligations of the District payable solely from ad valorem property taxes. The 2014 Refunding Bonds mature September 1, 2015 through September 1, 2038 and bear interest at rates ranging from 2.00% to 5.00% with interest due annually on September 1. For financial reporting purposes, the refunded debt has been considered defeased and therefore removed from the District's financial statements.

Unamortized premiums on the 2014 Refunding Bonds were \$15,888,318 as of June 30, 2017.

The following is a schedule of the future payments as of June 30, 2017 for the 2012 Refunding Bonds:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 785,000	\$ 4,975,900	\$ 5,760,900
2019	1,050,000	4,960,200	6,010,200
2020	480,000	5,270,500	5,750,500
2021	495,000	5,256,100	5,751,100
2022	515,000	5,236,300	5,751,300
2023-2027	11,750,000	26,625,350	38,375,350
2028-2032	46,555,000	22,864,000	69,419,000
2033-2037	40,720,000	10,948,250	51,668,250
2038-2039	<u>17,410,000</u>	<u>1,374,975</u>	<u>18,784,975</u>
Totals	<u>\$ 119,760,000</u>	<u>\$ 87,511,575</u>	<u>\$ 207,271,575</u>

NOTE 11 - RISK MANAGEMENT

Insurance Coverage: The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ending June 30, 2017, 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.

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

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

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 11 - RISK MANAGEMENT (Continued)

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

Claim Liabilities: The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2014 to June 30, 2017:

	<u>Workers' Compensation</u>
Liability Balance, July 1, 2015	\$ 2,218,000
Claims and changes in estimates	998,165
Claims payments	<u>(1,220,165)</u>
Liability Balance, June 30, 2016	1,996,000
Claims and changes in estimates	1,753,424
Claims payments	<u>(1,683,424)</u>
Liability Balance, June 30, 2017	<u>\$ 2,066,000</u>
Assets available to pay claims at June 30, 2017	<u>\$ 7,635,134</u>

NOTE 12 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at <http://www.calstrs.com/comprehensive-annual-financial-report>.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

(Continued)

NOTE 12 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any three consecutive years of credited service.

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for three consecutive years of credited service.

Contributions: Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method.

A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members – Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2016-17. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 9.205 percent of applicable member earnings for fiscal year 2016-17.

In general, member contributions cannot increase unless members are provided with some type of "comparable advantage" in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this "comparable advantage," the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 12 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Effective July 1, 2014, with the passage of AB 1469, member contributions for those under the 2% at 60 benefit structure increase from 8.0 percent to a total of 10.25 percent of applicable member earnings, phased in over the next three years. For members under the 2% at 62 benefit structure, contributions will increase from 8.0 percent to 9.205 percent of applicable member earnings, again phased in over three years, if there is no change to normal cost.

Employers – 12.58 percent of applicable member earnings for fiscal year 2016-17.

In accordance with AB 1469, employer contributions will increase from 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The legislation also gives the board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

The CalSTRS employer contribution rate increases effective for fiscal year 2015-16 through fiscal year 2045-46 are summarized in the table below:

<u>Effective Date</u>	<u>Prior Rate</u>	<u>Increase</u>	<u>Total</u>
July 01, 2015	8.25%	2.48%	10.73%
July 01, 2016	8.25%	4.33%	12.58%
July 01, 2017	8.25%	6.18%	14.43%
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

The District contributed \$6,005,598 to the plan for the fiscal year ended June 30, 2017.

State – 8.828 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year for fiscal year 2016-17.

Also as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2046-2047. The CalSTRS state contribution rates effective for fiscal year 2016-17 and beyond are summarized in the table below.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 12 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

As shown in the subsequent table, the state rate will increase to 4.811 percent on July 1, 2017, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions.

<u>Effective Date</u>	<u>Base Rate</u>	<u>AB 1469 Increase For 1990 Benefit Structure</u>	<u>SBMA Funding (1)</u>	<u>Total State Appropriation to DB Program</u>
July 01, 2016	2.017%	4.311%	2.50%	8.828%
July 01, 2017	2.017%	4.811%(2)	2.50%	9.328%
July 01, 2018 to June 30, 2046	2.017%	(3)	2.50%	(3)
July 01, 2046 and thereafter	2.017%	(3)	2.50%	4.571%(3)

(1) This rate does not include the \$72 million reduction in accordance with Education Code Section 22954.

(2) During its April 2017 meeting, the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2017.

(3) The CalSTRS board has limited authority to adjust state contribution rates from July 1, 2017, through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.

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

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amounts recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District as of June 30, were as follows:

	<u>2017</u>
District's proportionate share of the net pension liability	\$ 74,125,000
State's proportionate share of the net pension liability associated with the District	<u>42,202,000</u>
Total	<u>\$ 116,327,000</u>

At June 30, 2017, the net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2017, the District's proportion was .092 percent, which was a decrease of .013 percent from its proportion measured as of June 30, 2015.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 12 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

For the year ended June 30, 2017, the District recognized pension expense of \$9,427,854 and revenue and pension expense of \$3,616,980 for support provided by the State. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 1,808,000
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	5,893,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	8,214,000
Contributions made subsequent to measurement date	<u>6,005,598</u>	<u>-</u>
Total	<u>\$ 11,898,598</u>	<u>\$ 10,022,000</u>

\$6,005,598 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2018	\$ (1,374,183)
2019	\$ (1,374,183)
2020	\$ 1,334,068
2021	\$ 511,567
2022	\$ (1,698,933)
2023	\$ (1,527,336)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2016 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 12 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions: The total pension liability for the 2016-17 STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015 and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2015
Experience Study	July 1, 2006, through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 – June 30, 2010 experience analysis and June 30, 2015 Actuarial Program Valuations for more information.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in 2012 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	6.30%
Private Equity	13%	9.30%
Real Estate	13%	5.20%
Inflation Sensitive	4%	3.80%
Fixed Income	12%	0.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Cash / Liquidity	2%	(1.00%)

* 20-year geometric average

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 12 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability as of June 30, 2017 calculated using the discount rate of 7.60 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
District's proportionate share of the net pension liability - 2017	<u>\$ 106,683,000</u>	<u>\$ 74,125,000</u>	<u>\$ 47,085,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 13 - NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at:

- <https://www.calpers.ca.gov/docs/forms-publications/cafr-2016.pdf>

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

(Continued)

NOTE 13 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer’s benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when agencies first join the PERF, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to \$863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2017 were as follows:

Members – The member contribution rate was 6.0 or 7.0 percent of applicable member earnings for fiscal year 2016-17.

Employers – The employer contribution rate was 13.888 percent of applicable member earnings for fiscal year 2016-17.

The District contributed \$6,760,065 to the plan for the fiscal year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$72,981,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2016, the District’s proportion was 0.370 percent, which was an increase of 0.007 percent from its proportion measured as of June 30, 2015.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 13 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

For the year ended June 30, 2017, the District recognized pension expense of \$9,652,004. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 3,139,000	\$ -
Changes of assumptions	-	2,193,000
Net differences between projected and actual earnings on investments	11,324,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	766,000	-
Contributions made subsequent to measurement date	<u>6,760,065</u>	<u>-</u>
Total	<u>\$ 21,989,065</u>	<u>\$ 2,193,000</u>

\$6,760,065 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2018	\$ 2,107,618
2019	\$ 2,107,620
2020	\$ 5,754,762
2021	\$ 3,066,000

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2016 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 13 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Actuarial Methods and Assumptions: The total pension liability for the 2016-17 Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2015
Experience Study	June 30, 1997, through June 30, 2011
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.65%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS’ website.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<u>Asset Class</u>	<u>Long-Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return</u>
Global Equity	51%	5.25%
Global Debt Securities	20%	0.99%
Inflation Assets	6%	0.45%
Private Equity	10%	6.83%
Real Estate	10%	4.50%
Infrastructure & Forestland	2%	4.50%
Liquidity	1%	(0.55)%

* 10-year geometric average

Discount Rate: The discount rate used to measure the total pension liability was 7.65 percent in fiscal year 2016-17. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS’ website.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 13 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan’s asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability as of June 30, 2017 calculated using the discount rate of 7.65 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	1% Decrease <u>(6.65%)</u>	Current Discount Rate <u>(7.65%)</u>	1% Increase <u>(8.65%)</u>
District’s proportionate share of the net pension liability - 2017	<u>\$108,888,000</u>	<u>\$ 72,981,000</u>	<u>\$ 43,081,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description: In addition to the pension benefits described in Notes 12 and 13, the District provides postemployment health care benefits (OPEB) for retired employees in accordance with negotiated contracts with the various bargaining units of the District. The Other Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the San Mateo County Community College District. The District provides the OPEB benefits through a single employer defined benefit OPEB plan that is administered by Benefit Trust Company. OPEB provisions are established and amended per contractual agreement with employee groups. The plan does issue separate financial statements, which are produced by the District and available upon request. The following is a description of the current retiree benefit plan:

Academic Employees: Employees of the San Mateo County Community College District, upon meeting the years of District service requirement and the “Magic 75” which is employee’s Age plus Years of District service, will qualify for retiree benefits as indicated in their union contract. Retiree Benefits package may differ depending on hire date. The years of District service required are 10 years if hired prior to September 8, 1993 and 20 years if hired on or after September 8, 1993.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

CSEA & All Non-represented Employees: Employees of the San Mateo County Community College District, upon meeting the years of District service requirement and the "Magic 75" which is employee's Age plus Years of District service, will qualify for retiree benefits as indicated in their union contract. Retiree Benefits package may differ depending on hire date. The years of District service required are 10 years if hired prior to July 1, 1992 and 20 years if hired on or after July 1, 1992.

AFCSME Employees: Employees of the San Mateo County Community College District, upon meeting the years of District service requirement and the "Magic 75" which is employee's Age plus Years of District service, will qualify for retiree benefits as indicated in their union contract. Retiree Benefits package may differ depending on hire date. The years of District service required are 10 years if hired prior to July 1, 1992 and 20 years if hired on or after July 1, 1992.

Benefit Payments: The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. The Plan is included in the District's financial report and separately presented as a fiduciary fund. Separate financial statements are also prepared for the Plan and may be obtained by contacting the San Mateo County Community College District.

During the year ended June 30, 2010 the District signed an irrevocable trust (the Trust) agreement. The District appointed a Board of Authority with authority to establish and amend benefits terms under the plan and make decisions on behalf of the District with respect to the *Futuris Public Entity Investment Trust Program*. The Benefit Trust Company was appointed as the custodian and trustee to administer the *Futuris Public Entity Investment Trust*.

Employees covered by benefit term: The following is a table of plan participants at June 30, 2017:

	<u>Number of Participants</u>
Inactive Employees/Dependents Receiving Benefits	686
Inactive Employees/Dependents Entitled to but not yet Receiving Benefits	-
Active Employees	<u>947</u>
	<u><u>1,633</u></u>

Contributions: Eligible employees are not permitted to make contributions to the Trust. The Plan administrator shall, on behalf of the employer, make all contributions to the Trustee. All contributions shall be paid to the Trustee for investment and reinvestment pursuant to the terms of the trust agreement. The District does not have contractually required contributions rates, but contributes in an amount sufficient to fully fund the Net OPEB obligation over a period not to exceed 30 years. Contributions to the Trust from the District were \$15,230,215 for the year ended June 30, 2017.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Plan Investments: The plan discount rate of 7% was determined using the following asset allocation and assumed rate of return:

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Rate Return*</u>
Fixed Income	50%	4%
Equities	50%	8%

*Geometric average

Rolling periods of time for all asset classes in combination we used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Additionally, the historic 20 year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 25 basis points. It was further assumed that contributions to the plan would be sufficient to fully fund the obligation over a period not to exceed 30 years.

Actuarial Assumptions: The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2017
Measurement date	June 30, 2017
Census data	The census data was provided by the District as of June 30, 2016
Actuarial cost methods	Entry age actuarial cost method
Inflation rate	2.75%
Investment rate of return	7.00%
Discount rate	7.00%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Participation rates	100% for certificated and classified employees.
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used. For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2017

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, July 1, 2016	<u>\$113,624,603</u>	<u>\$ 80,355,999</u>	<u>\$ 33,268,604</u>
Changes for the year:			
Service cost	3,269,290	-	3,269,290
Interest	7,305,828	-	7,305,828
Employer contributions	-	15,230,215	(15,230,215)
Net investment income	-	9,043,305	(9,043,305)
Administrative expense	-	(337,685)	337,685
Benefit payments	<u>(7,230,215)</u>	<u>(7,230,215)</u>	<u>-</u>
Net change	<u>3,344,903</u>	<u>16,705,620</u>	<u>(13,360,717)</u>
Balance, June 30, 2017	<u>\$116,969,506</u>	<u>\$ 97,061,619</u>	<u>\$ 19,907,887</u>

Fiduciary Net Position as a % of the Total OPEB Liability, at June 30, 2017: 83%

Sensitivity of the net pension liability to assumptions: The following presents the net OPEB liability calculated using the discount rate of 7 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (6 percent) and 1 percent higher (8):

	Discount Rate 1% Lower (6%)	Valuation Discount Rate (7%)	Discount Rate 1% Higher (8%)
Net OPEB liability	<u>\$ 32,545,120</u>	<u>\$ 19,907,887</u>	<u>\$ 9,263,614</u>

The following table presents the net OPEB liability calculated using the health care cost trend rate of 4.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (3.0 percent) and 1 percent higher (5.0 percent):

	Health Care Trend Rate 1% Lower (3.0%)	Valuation Health Care Trend Rate (4.0%)	Health Care Trend Rate 1% Higher (5.0%)
Net OPEB liability	<u>\$ 3,068,448</u>	<u>\$ 19,907,887</u>	<u>\$ 40,865,489</u>

OPEB Expense: For the year ended June 30, 2017, the District recognized OPEB expense of \$1,869,498.

(Continued)

NOTE 15 - 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.

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.

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

Construction Commitments: As of June 30, 2017, the District has approximately \$243.4 million in outstanding commitments on construction contracts. The projects are funded through a combination of general obligation bonds and capital project apportionments from the State Chancellor's Office.

NOTE 16 - JOINT POWER AGREEMENTS

The District participates in joint ventures under joint power agreements with the following joint powers authorities (JPAs): School Excess Liability Fund (SELF) and San Mateo County School Insurance Group (SMCSIG). There have been no significant reductions in insurance coverage from the prior year. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes. The JPAs arrange for and provide property, liability, workers' compensation, dental, vision, and excess liability coverage for their members. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

Each JPA is governed by a board consisting of representatives from the members. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the boards. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA. The District's share of year end assets, liabilities, or fund equity is not calculated by the JPA's. Separately issued financial statements can be requested from each JPA.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 16 - JOINT POWER AGREEMENTS (Continued)

Condensed financial information of the JPAs for the most recent year available is as follows:

	SELF <u>June 30, 2016</u>	SMCSIG <u>June 30, 2016</u>
Total assets	\$ 138,820,266	\$ 22,030,490
Total deferred outflows of resources	\$ 266,414	\$ 443,058
Total liabilities	\$ 117,306,926	\$ 10,785,422
Total deferred inflow of resources	\$ 245,133	\$ 282,729
Net position	\$ 21,534,621	\$ 11,405,397
Total revenues	\$ 13,898,598	\$ 40,626,795
Total expenses	\$ 24,553,606	\$ 39,473,157
Change in net position	\$ (10,655,008)	\$ 1,153,638

REQUIRED SUPPLEMENTARY INFORMATION

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF CHANGES IN NET OPEB LIABILITY
 For the Year Ended June 30, 2017

	<u>2017</u>
Total OPEB liability	
Service Cost	\$ 3,269,290
Interest	7,305,828
Benefit payments	<u>(7,230,215)</u>
Net change in total OPEB liability	3,344,903
Total OPEB liability, beginning of year	<u>113,624,603</u>
Total OPEB liability, end of year (a)	<u><u>\$116,969,506</u></u>
Plan fiduciary net position	
Employer contributions	15,230,215
Actual Investment Income	9,043,304
Administrative expense	(337,684)
Benefits payment	<u>(7,230,215)</u>
Change in plan fiduciary net position	16,705,620
Fiduciary trust net position, beginning of year	<u>80,355,999</u>
Fiduciary trust net position, end of year (b)	<u>\$ 97,061,619</u>
Net OPEB liability, ending (a) - (b)	<u>\$ 19,907,887</u>
Covered payroll	\$83,799,966
Plan fiduciary net position as a percentage of the total OPEB liability	83%
Net OPEB liability as a percentage of covered payroll	24%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 For the Year Ended June 30, 2017

State Teacher's Retirement Plan

	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.105%	0.105%	0.092%
District's proportionate share of the net pension liability	\$ 60,122,504	\$ 70,426,000	\$ 74,125,000
State's proportionate share of the net pension liability associated with the District	<u>37,062,000</u>	<u>37,248,000</u>	<u>42,202,000</u>
Total net pension liability	<u>\$ 97,184,504</u>	<u>\$107,674,000</u>	<u>\$116,327,000</u>
District's covered payroll	\$ 46,781,000	\$ 48,554,000	\$ 45,675,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	128.52%	145.05%	162.29%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

All years prior to 2015 are not available.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2017

Public Employers Retirement Fund B

	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability	0.358%	0.363%	0.37%
District's proportionate share of the net pension liability	\$ 40,542,482	\$ 53,485,000	\$ 72,981,000
District's covered payroll	\$ 37,548,000	\$ 40,172,000	\$ 44,332,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	107.98%	133.14%	164.62%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

All years prior to 2015 are not available.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2017

State Teachers' Retirement Plan

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 4,311,554	\$ 4,900,874	\$ 6,005,598
Contributions in relation to the contractually required contribution	\$ 4,311,554	\$ 4,900,874	\$ 6,005,598
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered payroll	\$ 48,554,000	\$ 45,675,000	\$ 47,739,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%

All years prior to 2015 are not available.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2017

Public Employers Retirement Fund B

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 4,728,591	\$ 5,252,004	\$ 6,760,065
Contributions in relation to the contractually required contribution	\$ 4,728,591	\$ 5,252,004	\$ 6,760,065
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered payroll	\$ 40,172,000	\$ 44,332,000	\$ 48,676,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%

All years prior to 2015 are not available.

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability and Related Ratios

The Schedule of Changes in Net OPEB liability is presented to illustrate the elements of the District's Net OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

B - Schedule of the District's Proportionate Share of the Net Pension Liability

The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

C - Schedule of the District's Contributions (Pensions)

The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

D - Changes of Benefit Terms (Pensions)

There are no changes in benefit terms reported in the Required Supplementary Information.

E - Changes of Assumptions (Pensions)

The discount rate for Public Employer's Retirement Fund was 7.50, 7.65 and 7.65 percent in June 30, 2013, 2014 and 2015 actuarial reports, respectively. There are no changes in assumptions reported for the State Teachers' Retirement Plan and the OPEB liability.

SUPPLEMENTARY INFORMATION

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
ORGANIZATION
June 30, 2017

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>Members</u>	<u>Office</u>	<u>Term Expires</u>
Thomas Mohr	President	2018
Richard Holober	Vice President-Clerk	2018
Karen Schwarz	Trustee	2020
Maurice Goodman	Trustee	2020
Dave Mandelkern	Trustee	2020
Alfredo Olguin Jr.	Student Trustee	2018

ADMINISTRATION

Mr. Ron Galatolo
Chancellor

Ms. Kathy Blackwood
Executive Vice Chancellor

Mr. Michael Claire
President, College of San Mateo

Dr. Jamillah Moore
President, Cañada College

Dr. Regina Stanback-Stroud
President, Skyline College

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 For the Year Ended June 30, 2017

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Grant Number	Sub-recipient Award Amount	Federal Expend- itures
<u>Department of Education</u>				
<i>Direct Programs:</i>				
Student Financial Aid Cluster:				
Federal Work Study Program	84.033	-	\$ -	\$ 400,545
Pell Grant Program	84.063	-	-	13,341,295
SEOG	84.007	-	-	471,735
Direct Student Loans	84.268	-	-	<u>1,632,105</u>
Subtotal Student Financial Aid Cluster			-	<u>15,845,680</u>
TRIO Cluster:				
Student Support Services	84.042A	-	-	750,485
Upward Bound	84.047A	-	-	<u>249,857</u>
Subtotal TRIO Cluster			-	<u>1,000,342</u>
Higher Education Program:				
Higher Education -Institutional Aid HSI STEM	84.031C	-	86,139	1,160,706
Higher Education -Institutional Aid HSI Coop	84.031S	-	-	<u>1,221,898</u>
Subtotal Higher Education			86,139	2,382,604
Minority Science and Engineering Improvement	84.120	-	71,333	297,176
<i>Passed through California Community Colleges</i>				
<i>Chancellor's Office:</i>				
CTEA I-C Basic Grants to States	84.048A	16-C01-052	-	628,005
<i>Passed through California Department of</i>				
<i>Rehabilitation:</i>				
Vocational Rehabilitation-Workability	84.126A	29824	-	<u>38,488</u>
Total Department of Education			<u>157,472</u>	<u>20,192,295</u>
<u>Department of Health and Human Services</u>				
<i>Passed through California Community Colleges</i>				
<i>Chancellor's Office:</i>				
Temporary Assistance for Needy Families Cluster (TANF)	93.558	Not available	-	88,556
<i>Passed through California Department of Education/CDTC:</i>				
Child Care Development Cluster:				
Child Care and Development Block Grant	93.575	16-17-3939, 16-17-4047, CCTR6255	-	29,016
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR6252	-	<u>18,324</u>
Subtotal Child Care Development Cluster			-	<u>47,340</u>
Total Department of Health and Human Services			-	<u>135,896</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 For the Year Ended June 30, 2017

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grant Number</u>	<u>Sub-recipient Award Amount</u>	<u>Federal Expend- itures</u>
<u>Department of Agriculture</u>				
<i>Passed through California Department of Education:</i>				
Child and Adult Care Food program	10.558	1754-0A	\$ -	\$ 25,834
<i>Passed through California Department of Food and Agriculture</i>				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-0415-SF	-	5,508
Total Department of Agriculture			-	31,342
<u>National Science Foundation</u>				
<i>Direct Program:</i>				
Education and Human Resources	47.076	-	77,786	407,020
<i>Passed through University of New Haven:</i>				
Engineering Grants	47.041	EEC-1360987	-	8,925
Total National Science Foundation			77,786	415,945
<u>National Aeronautics and Space Administration</u>				
<i>Direct Program:</i>				
Minority University Research And Education Program	43.008	-	-	1,035
<u>Small Business Administration</u>				
<i>Passed through Humboldt State University Sponsored Programs Foundation:</i>				
Small Business Development Centers	59.037	F0908, F0129	-	114,597
<i>Passed through California Community Colleges Chancellor's Office:</i>				
State Trade and Export Promotion Pilot Grant Program	59.061	F16-0059	-	28,674
Total Small Business Administration			-	143,271
<u>Department of the State</u>				
<i>Passed through International Research and Exchanges Board::</i>				
Academic Exchange Programs - Undergraduate Programs	19.009	FY17-YALI-BE-SKY-01	-	73,213
<u>Federal Communications Commission</u>				
TV Broadcaster Relocation Fund	32-U01	DA 17 - 282	-	14,588
<u>Department of Transportation</u>				
<i>Passed through San Francisco Bay Area Rapid Transit District:</i>				
Public Transportation Research, Technical Assistance, and Training	20.514	Not Available	-	104,783
Total Federal Programs			\$ 235,258	\$ 21,112,368

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
For the Year Ended June 30, 2017

	Program Revenues				Total Program Expenditures
	Cash Received*	Accounts Receivable	Unearned Revenue	Total Revenue	
<u>General Fund</u>					
Disabled Students Programs and Services	\$ 1,957,562	\$ -	\$ 10,215	\$ 1,947,347	\$ 1,947,347
Extended Opportunity Programs and Services	1,730,757	-	-	1,730,757	1,730,757
CARE/EOPS	151,312	-	-	151,312	151,312
Student Success and Support Program	6,559,799	-	1,112,193	5,447,606	5,447,606
Foster Parent Training	42,034	37,841	-	79,875	79,875
Foster Care CSEC Workshops	2,550	500	-	3,050	3,050
FA Administrative Allowance	878,859	-	-	878,859	878,859
AB1725 Staff Diversity	62,379	-	60,319	2,060	2,060
T-Com and Technology (TTIP)	12,694	-	12,694	-	-
CalWORKS	407,994	1	-	407,995	407,995
Canada/RCS D CBET Program	7,627	42,373	-	50,000	50,000
Staff Development	14,745	-	14,123	622	622
MESA/CCCP Funds for Student Success	85,192	58,241	-	143,433	143,433
Lottery-Prop 20-Instructional Materials	64,744	807,230	-	871,974	810,181
Nursing-Enrollment Growth	110,179	9,621	-	119,800	119,800
YEP	(15,000)	15,000	-	-	-
CCCCO-CEP-CAA	580,000	137,754	-	717,754	717,754
CCCCO-Strong Workforce Program 60%	2,076,866	-	1,838,800	238,066	238,066
CCCCO-FA Awareness	15,000	-	7,410	7,590	7,590
EI Cam-Sect Nav-Retail	-	13,400	-	13,400	13,400
CCCD CTE Enhancement CAN	5,325	-	-	5,325	5,325
CCCD CTE Enhancement CSM	52,015	1	-	52,016	52,016
Peralta CCD Prop. 39 Improvement Funds	18,912	40,712	-	59,624	59,624
Student Equity	2,890,505	-	552,061	2,338,444	2,338,444
Cabrillo CCD DSN/BEC Mini-Grant	15,780	3,160	-	18,940	18,940
Assessment, Remediation AD Nursing	73,453	6,347	-	79,800	79,800
SCCCD Innovation and Effectiveness	350,000	-	272,778	77,222	77,222
RSCCD CTE Data Unlocked Initiative	150,000	-	127,859	22,141	22,141
Deputy Navigator - Global 15-16	(161,727)	220,000	-	58,273	58,273
Deputy Navigator - Global 16-17	120,000	110,393	-	230,393	230,393
Deputy Navigator - Retail 15-16	(127,605)	180,000	-	52,395	52,395
Deputy Navigator - Retail 16-17	120,000	132,592	-	252,592	252,592
FHDACCD - DSN Energy 14-15	12,000	-	-	12,000	12,000
Basic Skills 15-16 appropriation	193,948	-	-	193,948	193,948
Basic Skills 16-17 appropriation	270,000	-	189,754	80,246	80,246
SBDC - HSUSPF GO - Biz	4,855	2,645	-	7,500	7,500
UC Regents Puente Program	4,500	1,500	-	6,000	6,000
UC Regents Puente Program - Canada	4,500	-	-	4,500	4,500
IEPI CCC Leadership Development	50,000	-	30,498	19,502	19,502
SMC HSA CalFresh	8,836	-	-	8,836	8,836
Feather River CCD IDRC Skyline	5,000	-	5,000	-	-
FHDACCD SB1070 CTE SWPC	10,000	20,000	-	30,000	30,000
FHDACCD - DSN Energy	5,000	-	-	5,000	5,000
Full-Time Student Success Grant	430,388	-	96,188	334,200	334,200
SJECCD Calif Career Pathways Trust	122,331	23,207	-	145,538	145,538
Cabrillo CCD DSN Sm Bus Mini-Grant	8,179	-	-	8,179	8,179
Cabrillo CCD Strong Workforce 40%	-	25,918	-	25,918	25,918
Cabrillo CCD DSN Sm Bus Mini-Grant	15,000	3,947	-	18,947	18,947
Baccalaureate Pilot Degree Program	331,573	-	190,967	140,606	140,606
SMUHSD - ACCEL AEBG - 12/31/17	223,394	-	9,277	214,117	214,117
SMUHSD - ACCEL AEBG - 12/31/18	483,580	-	329,024	154,556	154,556
Cabrillo CCD DSN Freelance Mgmt	9,814	-	-	9,814	9,814
Ohlone CCD DSN Biotech Summer	11,759	6,487	-	18,246	18,246
Chabot - LP CCD IDRC Skyline Auto	-	6,724	-	6,724	6,724
Promise Innovation Grant CCCCCO	1,500,000	-	1,444,506	55,494	55,494

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF STATE FINANCIAL AWARDS
 For the Year Ended June 30, 2017

	Program Revenues				Total Program Expenditures
	Cash Received*	Accounts Receivable	Unearned Revenue	Total Revenue	
CDE Child Development	\$ 253,926	\$ 2,893	\$ 139,832	\$ 116,987	\$ 116,987
CalSTRS On-Behalf Payments	348,308	-	-	348,308	348,308
SCCCD IEPI Assessment	300,000	-	292,593	7,407	7,407
Sierra College CCC Maker Grant	20,000	20,000	-	40,000	40,000
Proposition 39	640,020	-	-	640,020	-
Scheduled Maintenance	2,820,900	-	-	2,820,900	-
Cal Grant	<u>1,140,305</u>	<u>14,768</u>	<u>5,359</u>	<u>1,149,714</u>	<u>1,149,714</u>
 Total	 <u>\$ 27,480,067</u>	 <u>\$ 1,943,255</u>	 <u>\$ 6,741,450</u>	 <u>\$ 22,681,872</u>	 <u>\$ 19,159,159</u>

*Cash received includes funds received in prior years.

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF WORKLOAD MEASURES FOR STATE
 GENERAL APPORTIONMENT ANNUAL ATTENDANCE
 Annual Attendance as of June 30, 2017

<u>Categories</u>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
A. Summer Intersession (Summer 2016 only)			
1. Noncredit	9	-	9
2. Credit	2,032	-	2,032
B. Summer Intersession (Summer 2016 - Prior to July 1, 2017)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	11,064	-	11,064
b. Daily Census Contact Hours	479	-	479
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	49	-	49
b. Credit	536	-	536
3. Alternative Attendance Accounting Procedure			
a. Weekly Census Procedure Courses	2,024	-	2,024
b. Daily Census Procedure Courses	199	-	199
c. Noncredit Independent Study/Distance Ed	-	-	-
D. Total FTES	<u>16,392</u>	<u>-</u>	<u>16,392</u>
Supplementary Information:			
E. In-Service Training Courses (FTES)	-	-	-
H. Basic Skills Courses and Immigrant Education			
a. Noncredit	37	-	37
b. Credit	1,229	-	1,229
<u>CCFS 320 Addendum</u>			
CDCP	-	-	-
Center FTES			
a. Noncredit	-	-	-
b. Credit	-	-	-

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
(CCFS-311) WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2017.

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2017

General fund		\$ 47,559,303
Debt service fund		53,012,421
Special revenue funds		16,672,717
Capital projects funds		209,642,303
Internal service fund		7,716,514
Auxiliary funds		<u>12,362,334</u>
Total fund balances - business-type activity funds		346,965,592
 Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. However, capital assets, net of accumulated depreciation are added to total net assets.		
Total District capital assets	\$ 615,330,791	
less Special revenue fund capital assets	<u>(248,506)</u>	615,082,285
 In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:		
Deferred outflows of resources relating to pensions	\$ 33,887,663	
Deferred inflows of resources relating to pensions	<u>(12,215,000)</u>	21,672,663
 Unmatured interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred.		
		(8,879,029)
 Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2017 consisted of:		
General obligation bonds	\$ (611,812,998)	
Unamortized bond premiums	(46,480,680)	
Accreted interest	(201,122,977)	
Net pension liability	(147,106,000)	
Net OPEB liability	(19,907,887)	
Compensated absences	(5,043,433)	
Accounts payable	<u>1,000,000</u>	(1,030,473,975)
 Losses on refundings of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding of the debt.		
		<u>14,212,239</u>
Total net position - business-type activities		<u>\$ (41,420,225)</u>

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
For the Year Ended June 30, 2017

	Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional salaries:							
Contract or regular	1100	\$ 24,285,494	\$ -	\$ 24,285,494	\$ 24,347,423	\$ -	\$ 24,347,423
Other	1300	<u>18,881,707</u>	<u>-</u>	<u>18,881,707</u>	<u>18,882,292</u>	<u>-</u>	<u>18,882,292</u>
Total instructional salaries		<u>43,167,201</u>	<u>-</u>	<u>43,167,201</u>	<u>43,229,715</u>	<u>-</u>	<u>43,229,715</u>
Non-instructional salaries:							
Contract or regular	1200	-	-	-	13,375,672	-	13,375,672
Other	1400	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,334,175</u>	<u>-</u>	<u>1,334,175</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>14,709,847</u>	<u>-</u>	<u>14,709,847</u>
Total academic salaries		<u>43,167,201</u>	<u>-</u>	<u>43,167,201</u>	<u>57,939,562</u>	<u>-</u>	<u>57,939,562</u>
<u>Classified Salaries</u>							
Non-instructional salaries:							
Regular status	2100	-	-	-	28,511,170	-	28,511,170
Other	2300	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,450,791</u>	<u>-</u>	<u>2,450,791</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>30,961,961</u>	<u>-</u>	<u>30,961,961</u>
Instructional aides:							
Regular status	2200	1,999,090	-	1,999,090	2,090,217	-	2,090,217
Other	2400	<u>473,775</u>	<u>-</u>	<u>473,775</u>	<u>511,570</u>	<u>-</u>	<u>511,570</u>
Total instructional aides		<u>2,472,865</u>	<u>-</u>	<u>2,472,865</u>	<u>2,601,787</u>	<u>-</u>	<u>2,601,787</u>
Total classified salaries		<u>2,472,865</u>	<u>-</u>	<u>2,472,865</u>	<u>33,563,748</u>	<u>-</u>	<u>33,563,748</u>
Employee benefits	3000	20,022,533	-	20,022,533	39,526,449	-	39,526,449
Supplies and materials	4000	-	-	-	1,855,268	-	1,855,268
Other operating expenses	5000	24,365	-	24,365	11,572,616	-	11,572,616
Equipment replacement	6420	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures prior to exclusions		<u>\$ 65,686,964</u>	<u>\$ -</u>	<u>\$ 65,686,964</u>	<u>\$144,457,643</u>	<u>\$ -</u>	<u>\$144,457,643</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
For the Year Ended June 30, 2017

	Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to exclude:							
Instructional staff-retirees' benefits and retirement incentives	5900	\$ 4,289,139	\$ -	\$ 4,289,139	\$ 4,289,139	\$ -	\$ 4,289,139
Student health services above amount collected	6441	-	-	-	6,699	-	6,699
Student transportation	6491	-	-	-	18,485	-	18,485
Noninstructional staff-retirees' benefits and retirement incentives	6740	-	-	-	2,941,076	-	2,941,076
Objects to exclude:							
Rents and leases	5060	-	-	-	89,625	-	89,625
Lottery expenditures		-	-	-	-	-	-
Academic salaries	1000	-	-	-	2,571,288	-	2,571,288
Classified salaries	2000	-	-	-	-	-	-
Employee benefits	3000	-	-	-	-	-	-
Supplies and materials:							
Software	4100	-	-	-	-	-	-
Books, magazines and periodicals	4200	-	-	-	-	-	-
Instructional supplies and materials	4300	-	-	-	-	-	-
Noninstructional supplies and materials	4400	-	-	-	-	-	-
Total supplies and materials		-	-	-	-	-	-
Other operating expenses and services	5000	-	-	-	-	-	-
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Equipment:							
Equipment - additional	6410	-	-	-	-	-	-
Equipment - replacement	6420	-	-	-	-	-	-
Total equipment		-	-	-	-	-	-
Total capital outlay		-	-	-	-	-	-
Other outgo	7000	-	-	-	-	-	-
Total exclusions		<u>4,289,139</u>	<u>-</u>	<u>4,289,139</u>	<u>9,916,312</u>	<u>-</u>	<u>9,916,312</u>
Total for ECS 84362, 50% Law		<u>\$ 61,397,825</u>	<u>\$ -</u>	<u>\$ 61,397,825</u>	<u>\$ 134,541,331</u>	<u>\$ -</u>	<u>\$ 134,541,331</u>
Percent of CEE (instructional salary cost /Total CEE)		<u>45.63 %</u>	<u>-</u>	<u>45.63 %</u>	<u>100.00%</u>	<u>-</u>	<u>100.00%</u>
50% of current expense of education		-	-	-	<u>\$ 67,270,666</u>	-	<u>\$ 67,270,666</u>

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 PROPOSITION 55 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
 For the Year Ended June 30, 2017

EPA Proceeds: \$ 1,640,671

<u>Activity Classification</u>	<u>Activity Code (0100-5900)</u>	<u>Salaries and Benefits (1000-3000)</u>	<u>Operating Expenses (4000-5000)</u>	<u>Capital Outlay (6000)</u>	<u>Total</u>
Instructional Activities	0100-5900	\$ 1,359,821	\$ -	\$ -	\$ 1,359,821
Course and curriculum development		-	-	-	-
Media	6130	142,780	-	-	142,780
Counseling and guidance		-	-	-	-
Custodial services	6530	138,070	-	-	138,070
Grounds maintenance and repairs		-	-	-	-
Planning, policy making and coordination		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures		<u>\$ 1,640,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,640,671</u>
Revenues less expenditures					<u>\$ -</u>

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
June 30, 2017

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of San Mateo Community College District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, Cost Principles for Educational Institutions or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

<u>Description</u>	<u>CFDA Number</u>	<u>Amount</u>
Total federal revenues per Statement of Revenues, Expenses, and Change in Net Position		\$ 21,113,583
Unrestricted federal - other		<u>(1,215)</u>
Total Federal Programs		<u>\$ 21,112,368</u>

B - Schedule of State Financial Awards

The accompanying Schedule of State Financial Awards includes State grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented to comply with reporting requirements of the California Community College Chancellor's Office.

C - Schedule of Workload Measures for State General Apportionment

Full-time equivalent students is a measurement of the number of students 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. This schedule provides information regarding the annual attendance measurements of students throughout the District.

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

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

E - Reconciliation of Governmental Funds to the Statement of Net Position

This schedule provides the information necessary to reconcile the fund balances to the audited financial statements.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
June 30, 2017

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

F - Reconciliation of ECS 84362 (50 Percent Law) Calculation

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

G - Proposition 55 Education Protection Account (EPA) Expenditure Report

This schedule provides information about the District's EPA proceeds and summarizes how the EPA proceeds were spent.

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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

Report on Compliance with State Laws and Regulations

We have audited the compliance of San Mateo County Community College District with the types of compliance requirements described in Section 400 of the *California State Chancellor's Office's California Community College Contracted District Audit Manual (CDAM)* that are applicable to community colleges in the State of California for the year ended June 30, 2017:

- Salaries of Classroom Instructors (50 Percent Law)
- Apportionment for Instructional Service Agreements/Contracts
- State General Apportionment Funding System
- Residency Determination for Credit Courses
- Students Actively Enrolled
- Dual Enrollment of K-12 Students in Community College Credit Courses
- Student Equity
- Student Success and Support Program (SSSP)
- Scheduled Maintenance Program
- Gann Limit Calculation
- Open Enrollment
- Proposition 39 Clean Energy
- Intersession Extension Program
- Disabled Student Programs and Services (DSPS)
- To Be Arranged Hours (TBA)
- Proposition 1D and 51 State Bond Funded Projects
- Proposition 55 Education Protection Account Funds

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations, as listed above.

Auditor's Responsibility

Our responsibility is to express an opinion on San Mateo County Community College District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *California State Chancellor's Office's California Community College Contracted District Audit Manual* (Audit Manual). Those standards and the Audit Manual require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on San Mateo County Community College District's compliance with the state laws and regulations listed above 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 in compliance with state laws and regulations. However, our audit does not provide legal determination of San Mateo County Community College District's compliance with those requirements.

(Continued)

Basis for Qualified Opinion on Compliance with State Laws and Regulations

As described in Finding 2017-001 in the accompanying Schedule of Audit Findings and Questioned Costs, San Mateo County Community College District did not comply with the requirements regarding Salaries of Classroom Instructors (50 Percent Law). Compliance with such requirements is necessary, in our opinion, for San Mateo County Community College District to comply with state laws and regulations referred to above.

Qualified Opinion on Compliance with State Laws and Regulations

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, San Mateo County Community College District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations for the year ended June 30, 2017.

Other Matter

San Mateo County Community College District's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Audit Findings and Questioned Costs. San Mateo Community College District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Purpose of this Report

This report is intended solely to describe the scope of our testing of compliance and the results of that testing based on requirements of the *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
December 8, 2017

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the fiduciary activities and the discretely presented component unit of San Mateo County Community College District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise San Mateo County Community College District's basic financial statements, and have issued our report thereon dated December 8, 2017. The financial statements of San Mateo County Community Colleges Educational Housing Corporation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instance of reportable noncompliance associated with San Mateo County Community Colleges Educational Housing Corporation.

Internal Control Over Financial Reporting

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

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

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

(Continued)

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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
December 8, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major Federal Program

We have audited San Mateo County Community College District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of San Mateo County Community College District's major federal programs for the year ended June 30, 2017. San Mateo County Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of San Mateo County Community College District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of San Mateo County Community College District's compliance.

Opinion on Each Major Federal Program

In our opinion, San Mateo County Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

(Continued)

Report on Internal Control Over Compliance

Management of San Mateo County Community College District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered San Mateo County Community College District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 San Mateo County Community College District's internal control over compliance.

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

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

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

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
December 8, 2017

FINDINGS AND RECOMMENDATIONS

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2017

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.033, 84.063, 84.007 and 84.268 84.031C and 84.031S	Student Financial Aid Cluster Higher Education Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ Yes X** No

STATE AWARDS

Type of auditor's report issued on compliance for state programs: Qualified - 50 Percent Law

**The District did not qualify as a low risk auditee due to the material weakness in internal control noted in the District's June 30, 2016 audit. The material weakness as described in prior year finding 2016-001 on page 93 of this report, related to financial accounting for the District's OPEB asset and a 2014 bond refunding. The finding did not involve grant activities or expenditures.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2017-001 STATE COMPLIANCE - SIGNIFICANT DEFICIENCY - SALARIES OF CLASSROOM INSTRUCTORS (50 PERCENT LAW) (30000)

Criteria

Education Code Section 84362, commonly known as the 50 Percent Law, requires that a minimum of 50 percent of the district's Current Expense of Education (CEE) be expended during each fiscal year for "Salaries of Classroom Instructors."

Condition

The District failed to meet the required 50 percent minimum.

Effect

Less than 50 percent of the District's Current Expense of Education (CEE) was expended for salaries of classroom instructors, thereby the District is not in compliance with Education Code Section 84362.

Cause

The District has chosen to not be in compliance with the 50 Percent Law.

Fiscal Impact

Not determinable.

Recommendation

The District should come into compliance with the 50 Percent Law by expending a higher amount of the District's CEE for salaries of classroom instructors, or by reducing non-instructional costs.

Views of Responsible Officials

If the District chooses to come into compliance with the 50 Percent Law, the District will either increase instructional expenditures or reduce non-instructional expenditures.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2017

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Fully Implemented</u>
<p>2016-001</p> <p><u>Condition:</u> The District's statement of net position prepared for the year ended June 30, 2015 did not include the net OPEB asset. The information about the net asset was only presented in the notes to the financial statements.</p> <p>In addition, the 2014 General Obligation Refunding Bond activity was not reflected correctly in the District's financial statements.</p> <p><u>Recommendation:</u> We recommend that the District implement controls to ensure any net OPEB asset or liability and all debt activity are recorded correctly in the financial statements.</p>	Implemented	
<p>2016-002</p> <p><u>Condition:</u> The District failed to meet the required 50 percent minimum.</p> <p><u>Recommendation:</u> The District should come into compliance with the 50 Percent Law by expending a higher amount of the District's CEE for salaries of classroom instructors, or by reducing non-instructional costs.</p>	Not implemented.	See current year finding 2017-001.

BOARD REPORT NO. 18-1-101B

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

RECEIPT AND ACCEPTANCE OF THE 2016-17 KCSM AUDIT REPORT

Attached are copies of the audit of KCSM-FM financial records, prepared by the Board-approved firm of Crowe Horwath LLP. The audits were based upon the fiscal year ending June 30, 2017. 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 2016-17 audit reports for KCSM-FM, which were filed with the Corporation for Public Broadcasting prior to the January 31, 2018 due date.

KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED AS A PROGRAM OF THE
SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS

June 30, 2017 and 2016

KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED AS A PROGRAM OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
June 30, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
KCSM-FM
San Mateo, California

Report on the Financial Statements

We have audited the accompanying financial statements of KCSM-FM (a public telecommunications entity operated as a program of the San Mateo County Community College District), as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the KCSM-FM's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 from material misstatement.

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

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

(Continued)

Opinion

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, 2017 and 2016, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of KCSM-FM are intended to present the financial position, the change in financial position, and cash flows of only that portion of the San Mateo County Community College District that is attributable to the transactions of the program. They do not purport to, and do not, present fairly the financial position of San Mateo County Community College District as of June 30, 2017 and 2016, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2017 on our consideration of the KCSM-FM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KCSM-FM's internal control over financial reporting and compliance.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
December 8, 2017

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Introduction

The San Mateo County Community College District's (the District) Annual Financial Report presents management's discussion and analysis of KCSM-FM financial activities during the fiscal years ended June 30, 2017 and June 30, 2016. The discussion has been prepared by management and is best read in conjunction with the financial statements and the notes following this section.

There are three basic financial statements that provide information KCSM-FM's financial activities as a whole. These statements are:

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

Financial Overview Summary

Compared with the prior year balance, total net position increased by almost \$32,000, and ended at almost \$1.6 million as of June 30, 2017.

- The increase in net position was mainly due to an increase in subscriptions and CPB Community Service Grants.
- Net noncurrent assets decreased by over \$27,000 due to depreciation.

Reporting for the District and KCSM-FM as a Whole

Economic position of the District with the State

The District continues its community-supported status for the seventh year (since 2011-12). When the State sets the District's revenue limit (determining how many students we are funded to serve) and deducts from that revenue limit the local property taxes and student fees, there is no need for State apportionment to sum to our revenue limit. This means that the District has somewhat more resources and is no longer subject to the state borrowing funds by delaying apportionment payments. The District is now firmly in community supported status and anticipates to receive upwards of \$46 million in 2017/18 in excess of what the District would have received had we been subject to the state's revenue limit. In addition to an increase in property taxes, the District is receiving funds from the dissolution of Redevelopment Agencies (RDAs). As fewer of the property taxes are being diverted to RDAs, more of them come to the District. The former RDAs are also slowly beginning the process of selling off their property, which brings some one-time funds to District coffers. All in all, the District's revenues have increased and, with a steady real estate market, show every sign of continued increase.

KCSM-FM is one of the few all Jazz stations in the country. The station is funded mostly by listener contributions - 74%. In 2017 the station continued its growth in increasing the number of on-going monthly contributions (sustainers). This has allowed KCSM to experiment and introduce a "silent" drive, one which is less obtrusive and highly appreciated by our listeners. This year we are working with academia and the Digital Media department to introduce an alternative on-air stream that will allow students to run and operate their own radio station. This is part of a concerted effort to strengthen the link between the radio station and the campus, as well as be actively supportive of the Digital Media department and the student body. We also continue to develop partnerships with jazz organizations in the San Francisco Bay Area, providing added exposure to the music genre by executing live broadcasts from venues like the San Jose Summer Fest, the Winter Fest, and the Café Stritch and to deliver live jazz performances to our listeners worldwide.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2017

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT -KCSM FM

STATEMENT OF NET POSITION

JUNE 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets		
Cash & Cash equivalents	\$ 1,432,461	\$ 1,414,766
Accounts Receivable	103,230	47,315
Prepaid Expenses	-	3,225
Total Current Assets	1,535,691	1,465,306
Noncurrent Assets		
Capital Assets	531,296	536,847
Accumulated Depreciation	(456,264)	(434,339)
Total Noncurrent Assets	75,032	102,508
TOTAL ASSETS	1,610,723	1,567,814
LIABILITIES		
Current Liabilities		
Accounts Payable	38,362	26,847
TOTAL LIABILITIES	38,362	26,847
Net POSITION		
Invested in Capital Assets	75,032	102,508
Unrestricted	1,497,329	1,438,459
TOTAL NET POSITION	\$ 1,572,361	\$ 1,540,967

Net Position

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

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2017

- Invested in Capital Assets: this represents KCSM-FM’s total investment in capital assets, net of accumulated depreciation and any liabilities issued to acquire the capital assets.
- Unrestricted Net Position: this includes resources from fees, District support, and other services. These resources are used for transactions relating to the general operations of KCSM-FM and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose.

Statement of Revenues, Expenses and Change in Net Position

The Statement of Revenues, Expenses and Change in Net Position shown below consists of operating and non-operating results of KCSM-FM. Operating revenues represent all revenues from exchange transactions, in which each party gives and receives essentially equal value. Non-operating revenue consisted on nonexchange transactions including support received from the District.

***SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT -KCSM FM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2017 and 2016***

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
District Income		
Business and Industry	100,407	109,776
Facilities Use	7,079	24,758
Other Sales	-	34,734
Indirect Support		
San Mateo County Community College District	284,175	300,805
TOTAL OPERATING REVENUES	<u>391,661</u>	<u>470,073</u>
OPERATING EXPENSES		
Programming and Production	765,430	794,970
Broadcasting	334,170	319,861
Program Information and Promotion	150,893	222,122
Management and General	690,104	715,222
Fundraising Support	158,994	197,332
Underwriting and Grant Solicitation	105,252	145,951
TOTAL OPERATING EXPENSES	<u>2,204,843</u>	<u>2,395,458</u>
OPERATING LOSS	<u>(1,813,182)</u>	<u>(1,925,385)</u>
NON-OPERATING REVENUES		
Subscription and Membership	1,651,704	1,572,502
CPB Community Service Grants	192,872	169,587
TOTAL NON-OPERATING REVENUES	<u>1,844,576</u>	<u>1,742,089</u>
CHANGE IN NET POSITION	31,394	(183,296)
NET POSITION, BEGINNING OF YEAR	<u>1,540,967</u>	<u>1,724,263</u>
NET POSITION, END OF YEAR	<u>\$ 1,572,361</u>	<u>\$ 1,540,967</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM

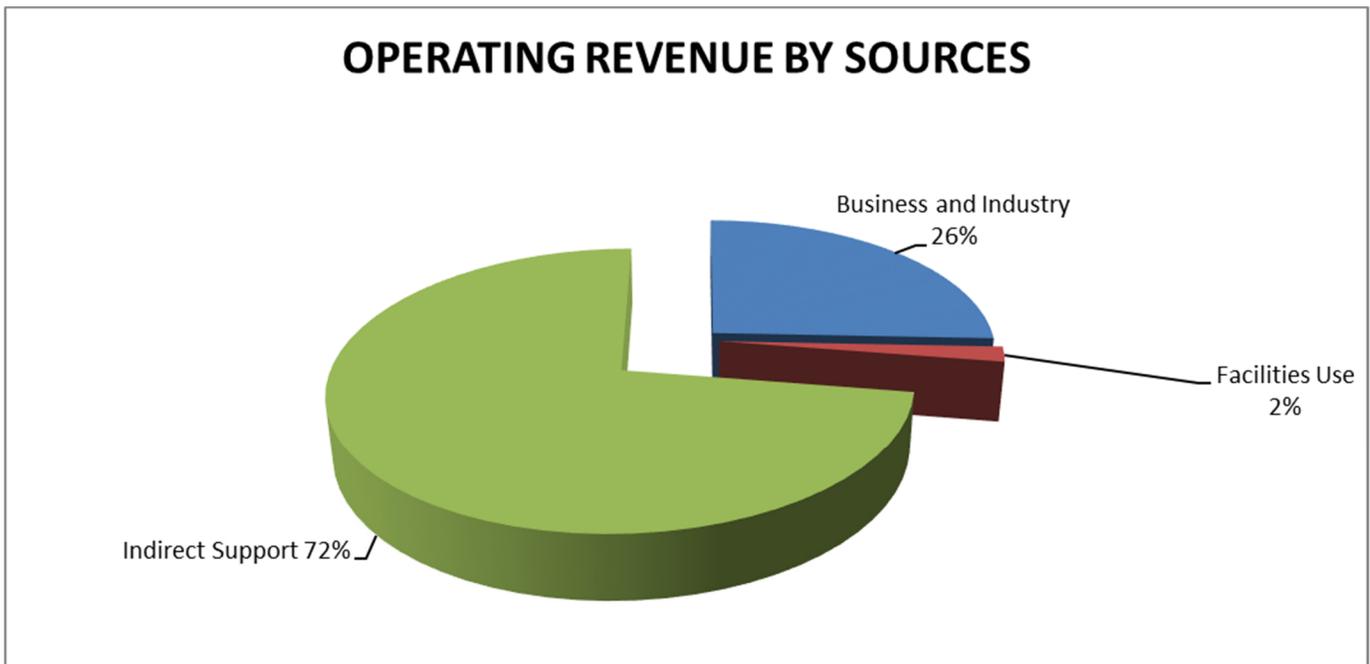
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Explanatory information for the statement is as follows:

- CPB community service grants: Payment from Corporation for Public Broadcasting designated to help provide a non-commercial, educational program stream to our community.
- Other income: Income that does not fit in other categories, like gifts, donations, sales of tapes and videos.
- Business and industry: Financial support from companies and corporations to support the station's operations.
- Subscriptions and membership: Financial support from individuals to support the operations of the station.
- Facilities use: Payment for services provided by KCSM, such as facility rental.
- Indirect support: Expenses or facilities paid by the San Mateo County Community College District.

Below is an illustration of District operating revenues by source:



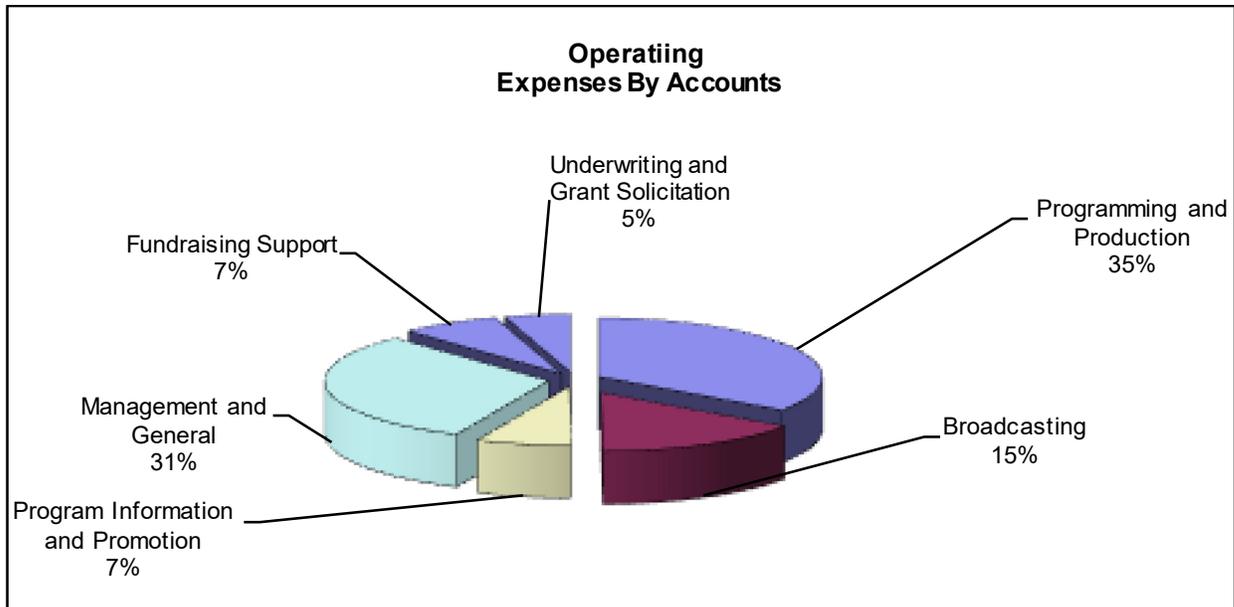
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Revenues and expenses changed mainly due to the following:

- Operating loss sources represents ending of a production contract as well as a decrease in business and industry and merchandise sales.
- Operating expenses declined primarily because of decreases in the cost of fundraising support, underwriting, programming and broadcasting due to retirement vacancies.



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

- Programming and production: Expenses incurred to purchase, schedule, and produce and prepare programs for broadcast.
- Broadcasting: Expenses incurred to prepare, store, check quality, verify automation asset management, play out, and monitor program streams. Also included in this category is maintenance, repair, design and installation of equipment necessary for technical operations of the station. All costs for transmission such as rent, and power are accounted in this area.
- Program information and promotions: Expenses for all labor and costs to maintain the website; and design, outsource production of, and procurement of promotional materials.
- Management and general: Expenses for management services such as station manager, accounting, administrative and legal services. Also included in this area is depreciation.
- Fundraising support: All costs for pledge premiums, membership administrative services and database management costs.
- Underwriting and grant solicitation: Expenses for costs incurred for underwriting solicitation, and other solicitations from organizational support for the station.
- Depreciation of capital assets is computed and recorded by the straight-line method. KCSM-FM maintains a capitalization threshold of \$5,000 for equipment and \$100,000 for building improvements. Useful lives of the assets are estimated as follows:
 - 5 to 10 years for equipment
 - 25 to 50 years for improvements
 - 25 to 50 years for buildings

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Cash Flows

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

- The main cash receipts from operating and non-operating activities consist of subscriptions and memberships, District support and CPB grants. Cash outlays include payment of salaries, benefits, supplies, programming, production and operating expenses.
- Cash from investing activities consists of Interest from County Investment Pool.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT - KCSM FM
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Business and industry	\$ 44,492	\$ 109,776
Facilities use	7,079	24,758
Other sales	-	34,734
District support	284,175	300,805
Payments to suppliers	(302,275)	(724,918)
Payment to /(on behalf of) employees	(1,860,352)	(1,634,187)
Net Cash Used By Operating Activities	<u>(1,826,881)</u>	<u>(1,889,032)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Subscription and membership	1,651,704	1,572,502
CPB community service grants	192,872	169,587
	<u>1,844,576</u>	<u>1,742,089</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	17,695	(146,943)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,414,766</u>	<u>1,561,709</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,432,461</u>	<u>\$ 1,414,766</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Economic Factors and the 2017-18 Budget

Being community supported, the District's revenues primarily consist of property tax revenues and student fees and are relatively predictable. The County Assessor's Office has stated that the property tax base went up 7.89% county-wide in 2016-17, which means our projected revenues in 2017/18 are 7.89% higher. This puts the District on very solid financial footing. The District continues to build multi-year financial plans and has planned balanced budgets through 2019/20.

KCSM FM: This fiscal year we have seen sustainerships and renewals growing at a steady rate of 5%. Underwriting so far is pacing flat as we try to replace underwriting staff who are no longer with the station, and to rebuild the fundraising department to a level required to maintain a strong financial standing as well as increase support from corporate and commercial partners. We are also consolidating positions left vacant by retiring staff, in line with our continued efforts to maximize our resources and work smarter. This has allowed us to venture out into the community and produce live broadcasts from numerous venues, as well as elevate the station profile in our market.

Contacting the Financial Management Office

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of KCSM-FM's finances and to show the District's accountability for funding received. Questions or concerns about this report or requests for additional financial information should be addressed to Kathy Blackwood, Executive Vice Chancellor, by phone at 650-358-6869 or by e-mail at blackwoodk@smccd.edu.

KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED AS OF PROGRAM OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,432,461	\$ 1,414,766
Accounts receivable	103,230	47,315
Prepaid expenses	<u>-</u>	<u>3,225</u>
Total current assets	<u>1,535,691</u>	<u>1,465,306</u>
Noncurrent assets		
Capital assets	531,296	536,847
Accumulated depreciation	<u>(456,264)</u>	<u>(434,339)</u>
Total noncurrent assets	<u>75,032</u>	<u>102,508</u>
Total assets	<u>1,610,723</u>	<u>1,567,814</u>
LIABILITIES		
Current Liabilities		
Accounts payable	<u>38,362</u>	<u>26,847</u>
Total liabilities	<u>38,362</u>	<u>26,847</u>
NET POSITION		
Investment in capital assets	75,032	102,508
Unrestricted	<u>1,497,329</u>	<u>1,438,459</u>
Total net position	<u>\$ 1,572,361</u>	<u>\$ 1,540,967</u>

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

KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED AS A PROGRAM OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENTS OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenues		
Direct income		
Business and industry	\$ 100,407	\$ 109,776
Facilities use	7,079	24,758
Other sales	-	34,734
Indirect support		
San Mateo County Community College District	<u>284,175</u>	<u>300,805</u>
Total operating revenues	<u>391,661</u>	<u>470,073</u>
Operating expenses		
Programming and production	765,430	794,970
Broadcasting	334,170	319,861
Program information and promotion	150,893	222,122
Management and general	690,104	715,222
Fundraising support	158,994	197,332
Underwriting and grant solicitation	<u>105,252</u>	<u>145,951</u>
Total operating expenses	<u>2,204,843</u>	<u>2,395,458</u>
Loss from operations	<u>(1,813,182)</u>	<u>(1,925,385)</u>
Non-Operating revenues		
Memberships and donations	1,651,704	1,572,502
CPB community service grants	<u>192,872</u>	<u>169,587</u>
Total non-operating revenues	<u>1,844,576</u>	<u>1,742,089</u>
Change in net position	31,394	(183,296)
Net position, beginning of year	<u>1,540,967</u>	<u>1,724,263</u>
Net position, end of year	<u>\$ 1,572,361</u>	<u>\$ 1,540,967</u>

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

KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED AS A PROGRAM OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Business and industry	\$ 44,492	\$ 109,776
Facilities use	7,079	24,758
Other sales	-	34,734
District support	284,175	300,805
Payments to suppliers	(302,275)	(724,918)
Payment to (on behalf of) employees	<u>(1,860,352)</u>	<u>(1,634,187)</u>
Net cash used in operating activities	(1,826,881)	(1,889,032)
Cash flows from financing activities		
Memberships and donations	1,651,704	1,572,502
CPB community service grants	<u>192,872</u>	<u>169,587</u>
Net cash provided by financing activities	1,844,576	1,742,089
Net change in cash and cash equivalents	17,695	(146,943)
Cash and cash equivalents at beginning of year	<u>1,414,766</u>	<u>1,561,709</u>
Cash and cash equivalents at end of year	<u>\$ 1,432,461</u>	<u>\$ 1,414,766</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating Loss	\$ (1,813,182)	\$(1,925,385)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	27,476	28,560
Changes in assets and liabilities		
Increase in accounts receivable	(55,915)	(3,083)
Decrease (increase) in prepaid expense	3,225	(3,225)
Increase in accounts payable	<u>11,515</u>	<u>14,101</u>
Net cash used in operating activities	<u>\$ (1,826,881)</u>	<u>\$ (1,889,032)</u>

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

KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED AS A PROGRAM OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: KCSM-FM is a public telecommunications radio station operated as a program of the 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).

For financial reporting purposes, San Mateo County Community College District is considered a special-purpose government engagement only in business-type activities. Accordingly, KCSM-FM's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Net Position: KCSM-FM's net position is classified as follows:

Net investment in capital assets – this represents KCSM-FM's total investment in capital assets, net of accumulated depreciation and any liabilities issued to acquire the capital assets.

Unrestricted net position – this includes resources from fees, District support, and other services. These resources are used for transactions relating to the general operations of KCSM-FM and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose.

Classifications of Revenues and Expenses: Operating revenue includes activities that have the characteristics of exchange transactions, such as sales and services of auxiliary enterprises, and District Support. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as local grants, and gifts and contributions. Operating expenses are those expenses directly attributable to the operations of KCSM-FM.

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 acquisition value at the date of donation. 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.

(Continued)

KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED AS A PROGRAM OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Flows: For the purposes of the statement of cash flows, KCSM-FM considers all investments with a maturity of three 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, 2017 and 2016, are classified in the accompanying financial statements in the amount of \$1,432,461 and \$1,414,766, respectively. Cash accounts maintained by KCSM-FM are held by San Mateo County Community College District in pooled amounts at the County Treasury.

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

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:

<u>Authorized Investment Type Issuer</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	7 years	None	None
U.S Agency Securities	7 years	None	40%
Banker's Acceptance	180 days	30%	10%
Commercial Paper	270 days	40%	5%
Negotiable Certificates of Deposit	5 years	15%	5%
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None

(Continued)

KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED AS A PROGRAM OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Mortgage Backed Securities/CMO's	5 years	20%	10%
Medium-Term Notes	5 years	30%	5%
Mutual Funds	N/A	10%	5%
Money Market Mutual Funds	N/A	20%	10%
CA Municipal Obligations	5 years	30%	5%
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Local Government Investments (LGIPs)	N/A	10%	5%

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 \$ 1,432,461 as of June 30, 2017 and \$1,414,766 as of June 30, 2016. The fair value of this investment at June 30, 2017 and June 30, 2016 is approximately \$1,428,491 and \$1,419,095, respectively, with a weighted average maturity of approximately 1.46 years and 1.61 years respectively.

NOTE 3 – CAPITAL ASSETS

Changes in equipment are summarized as follows as of June 30, 2017:

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
Equipment	\$ 536,847	\$ -	\$ 5,551	\$ 531,296
Less - Accumulated Depreciation	<u>434,339</u>	<u>27,476</u>	<u>5,551</u>	<u>456,264</u>
Net Equipment	<u>\$ 102,508</u>	<u>\$ 27,476</u>	<u>\$ -</u>	<u>\$ 75,032</u>

Changes in equipment are summarized as follows as of June 30, 2016:

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>
Equipment	\$ 536,847	\$ -	\$ -	\$ 536,847
Less - Accumulated Depreciation	<u>405,779</u>	<u>28,560</u>	<u>-</u>	<u>434,339</u>
Net Equipment	<u>\$ 131,068</u>	<u>\$ 28,560</u>	<u>\$ -</u>	<u>\$ 102,508</u>

Depreciation expense for the years ended June 30, 2017, and June 30, 2016 were \$27,476 and \$28,560 respectively, and is included in management and general expenses.

(Continued)

KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED AS A PROGRAM OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

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 the College District totaling \$284,175 for the year ended June 30, 2017 and \$300,805 for the year ended June 30, 2016. This consisted of licensee indirect costs as agreed upon under the terms of a signed memorandum of understanding.

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

KCSM-FM
San Mateo County Community College District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KCSM-FM a resource of the San Mateo County Community College District as of and for the year ended June 30 2017, and the related notes to the financial statements, which collectively comprise KCSM-FM's financial statements, and have issued our report thereon dated December 8, 2017. The financial statement of KCSM-FM do not purport to present fairly the financial position of San Mateo County Community College District as of June 30, 2017, the changes in its position, or its cash flows, thereof for the year then ended.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether KCSM-FM's financial statements are free 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*.

(Continued)

Purpose of this Report

The purpose of this report is solely 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 effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 8, 2017

BOARD REPORT NO. 18-1-102B

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

**RECEIPT AND ACCEPTANCE OF THE 2016-17
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 Crowe Horwath LLP. The audits were based upon the fiscal year ending June 30, 2017. 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 2016-17 audit reports for the General Obligation Bond funds.

**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT
MEASURE A
2005 GENERAL OBLIGATION BONDS**

FINANCIAL STATEMENTS
June 30, 2017 and 2016

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS

FINANCIAL STATEMENTS
June 30, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of San Mateo County Community College District (the "District") Measure A General Obligation Bond Activity included in the Measure A Bond Fund of the District (the "Measure A Bond Fund") as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure A General Obligation Bond Activity of the San Mateo County Community College District as of June 30, 2017 and 2016, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the District's Measure A Bond Fund, 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, 2017 and 2016, the changes in its financial position, or, where applicable, its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2017, 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 for the Measure A Bond Fund. 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 for the Measure A Bond Fund. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the San Mateo County Community College District's internal control over financial reporting and compliance for the Measure A Bond Fund.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
December 8, 2017

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS
BALANCE SHEETS
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 864,902	\$ 3,492,992
Accounts receivable	3,537	17,125
Prepaid expenditures	<u>-</u>	<u>11,017</u>
Total assets	<u>\$ 868,439</u>	<u>\$ 3,521,134</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 75,396	\$ 421,255
Due to the District	<u>-</u>	<u>3,061</u>
Total liabilities	<u>75,396</u>	<u>424,316</u>
Fund balance:		
Nonspendable	-	11,017
Restricted – capital projects	<u>793,043</u>	<u>3,085,801</u>
Total fund balance	<u>793,043</u>	<u>3,096,818</u>
Total liabilities and fund balance	<u>\$ 868,439</u>	<u>\$ 3,521,134</u>

See accompanying notes to the financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 MEASURE A - 2005 GENERAL OBLIGATION BONDS
 STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
 For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Interest income	\$ <u>7,641</u>	\$ <u>121,517</u>
Expenditures		
Current:		
Salaries and benefits	9,309	2,409,403
Supplies and materials	6,893	3,858,181
Capital construction and improvements	<u>2,295,214</u>	<u>10,325,254</u>
Total expenditures	<u>2,311,416</u>	<u>16,592,838</u>
Change in fund balance	(2,303,775)	(16,471,321)
Restricted & Nonspendable fund balance, beginning of year	<u>3,096,818</u>	<u>19,568,139</u>
Restricted & Nonspendable fund balance, end of year	<u>\$ 793,043</u>	<u>\$ 3,096,818</u>

See accompanying notes to the financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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.

The financial statements represent the Measure A Bond Fund of the District and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Due to District: At June 30, 2016, an interfund payable balance totaling \$3,061 was due to the District's general fund for the reimbursement of payments to vendors. There was no balance due at June 30, 2017.

Restricted Fund Balance: Restricted fund balance includes resources which are legally or contractually restricted by external third parties. Fund balance is restricted for capital projects of the Measure A Bond Fund in accordance with the Bond Project List for Measure A General Obligation Bonds.

Accounting Estimates: The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions 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 during the reporting period. Actual results could differ from those estimates.

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid.

Reclassifications: Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 presentation. The reclassifications did not affect the total fund balance of the Bond Fund or the change in fund balance for the year ended June 30, 2016.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 MEASURE A - 2005 GENERAL OBLIGATION BONDS
 NOTES TO FINANCIAL STATEMENTS
 For the Years Ended June 30, 2017 and 2016

NOTE 2 – CASH

Policies and Practices: The Measure A Bond Fund is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State: U.S. Treasury instrument; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreement; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

Investment in County Treasury: The Measure A Bond Fund is considered to be an involuntary participant in an external investment pool as the Measure A Bond Fund is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The Measure A Bond Fund's investment in the pool is reported in the accounting financial statement at amounts based upon the Measure A Bond Fund'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.

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

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

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Measure A Bond Fund manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The fair value of the Measure A Bond Fund's deposits at the County Treasury, at June 30, 2017 and 2016, was \$864,902 and \$3,492,992, respectively, and the weighted average maturity of the pool was 532 and 595 days, respectively.

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

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 and 2016 consisted of \$3,537 and \$17,125, respectively, due from the County for interest income and other local sources.

NOTE 4 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2017 and 2016 consisted of \$75,396 and \$421,255, respectively, in vendor payables.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 5 – FUND BALANCE CLASSIFICATION

Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications are nonspendable, restricted, committed, assigned and unassigned. The nonspendable fund balance reflects amounts that are not in spendable form, such as prepaid expenditures in the Bond Fund. The remaining fund balance of the Measure A General Obligation Bonds is restricted, as described below.

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

NOTE 6 – PURPOSE OF BOND ISSUANCE

Bond Authorization: The Measure A Bonds are issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Trustees of the District on November 8, 2006 (the “Bond Resolution”).

The District received authorization at an election held on November 8, 2005, to issue bonds of the District in an aggregate principal amount not to exceed \$468,000,000 to finance specific acquisition, construction and modernization projects approved by the voters. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2005 Authorization). The Bonds represent the first and second series of the authorized bonds to be issued under the 2005 Authorization.

Purpose of Bonds: The proceeds of the Bonds may be used to prepare College of San Mateo, Cañada College, and Skyline College students for universities and high demand jobs; upgrade nursing, health, career, science, computer and biotechnology labs; improve accessibility for disabled students; make earthquake safety improvements; repair/modernize libraries, classrooms, and aging facilities; and other projects in the Bond Projects Lists.

NOTE 7 – GENERAL OBLIGATION BOND ISSUANCES

The Bonds are general obligations of the District, and San Mateo County is obligated to levy ad valorem taxes for the payment of and interest on, the principal of the Bonds. The Bond Interest and Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the payment of interest and redemption of principal of the bonds issued by the District.

In April 2006, the District issued Measure A General Obligation Bonds, Series A, in the amount of \$135,429,395.

In December 2006, the District issued Measure A General Obligation Bonds, Series B, in the amount of \$332,570,194.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 MEASURE A - 2005 GENERAL OBLIGATION BONDS
 NOTES TO FINANCIAL STATEMENTS
 For the Years Ended June 30, 2017 and 2016

NOTE 8 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2017 and 2016, the Measure A Bond Fund had the following commitments with respect to unfinished capital projects:

	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
<u>2017</u>		
District wide projects	\$ 102,923	Within 1 year
CSM projects	651,758	Within 1 year
Cañada projects	<u>7,885</u>	Within 1 year
	<u>\$ 762,566</u>	
<u>2016</u>		
District wide projects	\$ 1,171,224	Within 1 year
Skyline projects	121,878	Within 1 year
CSM projects	592,089	Within 1 year
Cañada projects	<u>260,257</u>	Within 1 year
	<u>\$ 2,145,448</u>	

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Mateo County Community College District (the "District") Measure A General Obligation Bond Activity included in the Measure A Bond Fund of the District (the "Measure A Bond Fund") as of and for the year ended June 30, 2017, and the related notes to the financial statements and have issued our report thereon dated December 8, 2017. The financial statements present only the District's Measure A Bond Fund and do not purport to and do not, present fairly the financial position of the District as of June 30, 2017, and the changes in its financial position for the year then ended.

Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
December 8, 2017

**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT
MEASURE A
2005 GENERAL OBLIGATION BONDS**

PERFORMANCE AUDIT
June 30, 2017

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS

PERFORMANCE AUDIT
June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

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

We have conducted a performance audit of the San Mateo County Community College District (the "District"), Measure A General Obligation Bond funds for the year ended June 30, 2017.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

Our audit was limited to the objectives listed on page 3 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure A General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for San Mateo County Community College District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of San Mateo County Community College District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal controls.

The results of our tests indicated that, in all significant respects, San Mateo County Community College District expended Measure A General Obligation Bond funds for the year ended June 30, 2017 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
December 8, 2017

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS
BACKGROUND

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55 percent of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establishes and appoints members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT MEASURE A GENERAL OBLIGATION BONDS

The San Mateo County Community College District Measure A General Obligation Bonds. Bonds are issued pursuant to the Constitution and laws of the State of California, including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Trustees of the District on November 8, 2006.

The District received authorization for the Measure A Bonds at an election held on November 8, 2005, to issue bonds of the District in an aggregate principal amount not to exceed \$468,000,000. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2005 Authorization).

The Bonds are being issued to finance the acquisition, construction and modernization of certain District property and facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. A summary of the text of the ballot language was as follows:

"To prepare College of San Mateo, Cañada College, and Skyline College students for universities and high demand jobs; upgrade nursing, health, career, science, computer and biotechnology labs; improve accessibility for disabled students; make earthquake safety improvements; repair/modernize libraries, classrooms, and aging facilities; and other projects in the Bond Projects Lists, shall San Mateo County Community College District be authorized to issue \$468,000,000 in bonds at interest rates within legal limits and with oversight by a Citizens' Advisory Committee?"

In April 2006, the District issued Measure A General Obligation Bonds, Series A, in the amount of \$135,429,395.

In December 2006, the District issued Measure A General Obligation Bonds, Series B, in the amount of \$332,570,194.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION

OBJECTIVES OF THE AUDIT

The objective of our performance audit was to determine that the District expended Measure A General Obligation Bond funds for the year ended June 30, 2017 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE OF THE AUDIT

The District provided to us a list of all Measure A General Obligation Bond project expenditures for the year ended June 30, 2017 (the "List"). An approximate total of 491 transactions were identified, representing \$2,311,416 in expenditures from July 1, 2016 through June 30, 2017.

METHODOLOGY

We performed the following procedures to the List of Measure A General Obligation Bond project expenditures for the year ended June 30, 2017:

- Verified the mathematical accuracy of the expenditures list.
- Reconciled the List to total bond expenditures as reported by the District in the Measure A Bond Fund's audited financial statements for the year ended June 30, 2017.
- Selected a sample of 30 expenditures totaling \$1,246,286. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. Verified that the expenditures were for authorized projects, and were to repair, upgrade and construct facilities and expand college education centers.

CONCLUSION

The results of our tests indicated that, in all significant respects, the San Mateo County Community College District expended Measure A General Obligation Bond funds for the year ended June 30, 2017 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT
MEASURE H
2014 ELECTION GENERAL OBLIGATION BONDS**

FINANCIAL STATEMENTS
June 30, 2017 and 2016

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE H - 2014 ELECTION GENERAL OBLIGATION BONDS

FINANCIAL STATEMENTS
June 30, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of San Mateo County Community College District (the "District") Measure H General Obligation Bond Activity included in the Measure H Bond Fund of the District (the "Measure H Bond Fund") as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure H General Obligation Bond Activity of the San Mateo County Community College District as of June 30, 2017 and 2016, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the District's Measure H Bond Fund, 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, 2017 and 2016, the changes in its financial position, or, where applicable, its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report December 8, 2017, 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 for the Measure H Bond Fund. 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 for the Measure H Bond Fund. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the San Mateo County Community College District's internal control over financial reporting and compliance for the Measure H Bond Fund.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
December 8, 2017

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS
BALANCE SHEETS
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 106,206,308	\$ 125,010,580
Accounts receivable	320,169	277,848
Prepaid expenditures	<u>696,557</u>	<u>7,227</u>
Total assets	<u>\$ 107,223,034</u>	<u>\$ 125,295,655</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 4,368,555	\$ 692,248
Due to the District	<u>-</u>	<u>155,589</u>
Total liabilities	<u>4,368,555</u>	<u>847,837</u>
 Fund balance:		
Nonspendable	696,557	7,227
Restricted – capital projects	<u>102,157,922</u>	<u>124,440,591</u>
Total fund balance	<u>102,854,479</u>	<u>124,447,818</u>
Total liabilities and fund balance	<u>\$ 107,223,034</u>	<u>\$ 125,295,655</u>

See accompanying notes to financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS
 STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
 For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Interest income	\$ <u>625,887</u>	\$ <u>1,395,362</u>
Expenditures		
Current:		
Salaries and benefits	3,505,512	391,707
Supplies and materials	1,119,110	85,845
Capital construction and improvements	<u>17,594,604</u>	<u>1,335,632</u>
Total expenditures	<u>22,219,226</u>	<u>1,813,184</u>
Change in fund balance	(21,593,339)	(417,822)
Restricted & Nonspendable fund balance, beginning of year	<u>124,447,818</u>	<u>124,865,640</u>
Restricted & Nonspendable fund balance, end of year	<u>\$102,854,479</u>	<u>\$ 124,447,818</u>

See accompanying notes to financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the San Mateo County Community College District's (the "District") Measure H Bond Fund (the "Measure H Bond Fund") conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Measure H Bond Fund accounts for financial transactions in accordance with the policies and procedures of the California College Budget and Accounting Manual.

Financial Reporting Entity: The financial statements include only the Measure H Bond Fund of the District used to account for Measure H projects. This Measure H Bond Fund was established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2014. These financial statements are not intended to present fairly the financial position and results of operations of the San Mateo County Community College District in compliance with accounting principles generally accepted in the United States of America.

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.

The financial statements represent the Measure H Bond Fund of the District and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Due to District: At June 30, 2016, an interfund payable balance totaling \$155,589 was due to the District's general fund for the reimbursement of payments to vendors. There was no balance due at June 30, 2017.

Fund Balance: Restricted fund balance includes resources which are legally or contractually restricted by external third parties. Fund balance is restricted for capital projects of the Measure H Bond Fund in accordance with the Bond Project List for Measure H General Obligation Bonds.

Accounting Estimates: The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions 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 during the reporting period. Actual results could differ from those estimates.

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid.

Reclassifications: Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 presentation. The reclassifications did not affect the total fund balance of the Bond Fund or the change in fund balance for the year ended June 30, 2016.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS
 NOTES TO FINANCIAL STATEMENTS
 For the Years Ended June 30, 2017 and 2016

NOTE 2 – CASH

Policies and Practices: The Measure H Bond Fund is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State: U.S. Treasury instrument; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreement; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

Investment in County Treasury: The Measure H Bond Fund is considered to be an involuntary participant in an external investment pool as the Measure H Bond Fund is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The Measure H Bond Fund's investment in the pool is reported in the accounting financial statement at amounts based upon the Measure H Bond Fund'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.

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

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

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Measure H Bond Fund manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The fair value of the Measure H Bond Fund's deposits at the County Treasury, at June 30, 2017 and 2017, was \$106,206,308 and \$125,010,580, respectively, and the weighted average maturity of the pool was 532 days and 595 days, respectively.

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

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 and 2016 consisted of \$320,169 and \$277,848, respectively, due from the County for interest income.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 4 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2017 and 2016 consisted of \$4,368,555 and \$692,248, respectively, in vendor payables.

NOTE 5 – FUND BALANCE CLASSIFICATION

Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications are nonspendable, restricted, committed, assigned and unassigned. The nonspendable fund balance reflects amounts that are not in a spendable form, such as prepaid expenditures in the Bond Fund. The remaining fund balance of the Measure H General Obligation Bonds is restricted, as described below.

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

NOTE 6 – PURPOSE OF BOND ISSUANCE

Bond Authorization: The general obligation bonds associated with Measure H Bonds were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Trustees of the District on July 23, 2014 (the “Bond Resolution”).

The District received authorization at an election held on November 11, 2014, to issue bonds of the District in an aggregate principal amount not to exceed \$388,000,000 to provide financing for the specific school facilities projects listed in the Bond Project List approved by the voters. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District.

Purpose of Bonds: The proceeds of the Bonds may be used to prepare College of San Mateo, Cañada College and Skyline College students for universities and high- demand jobs; modernize math and science classrooms and labs; upgrade computer, biotechnology and job training facilities; upgrade access for disabled students; ensure classrooms meet earthquake, fire and safety requirements; and replace aging infrastructure with energy efficient systems.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS
 NOTES TO FINANCIAL STATEMENTS
 For the Years Ended June 30, 2017 and 2016

NOTE 7 – GENERAL OBLIGATION BOND ISSUANCES

The Bonds are general obligations of the District, and San Mateo County is obligated to levy ad valorem taxes for the payment of and interest on, the principal of the Bonds. The Bond Interest and Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the payment of interest and redemption of principal of the bonds issued by the District.

In May 2015, the District issued Measure H General Obligation Bonds, Series A, in the amount of \$127,000,000.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2017 and 2016, the Measure H Bond Fund had the following commitments with respect to unfinished capital projects:

	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
<u>2017</u>		
Districtwide projects	\$ 1,554,520	Within 4 years
Skyline projects	133,550,936	Within 5 years
CSM projects	1,931,963	Within 1 year
Cañada projects	<u>81,458,988</u>	Within 4 years
	<u>\$ 218,496,408</u>	
<u>2016</u>		
Districtwide projects	\$ 1,898,722	Within 1 year
Skyline projects	2,758,339	Within 1 year
CSM projects	2,121,484	Within 1 year
Cañada projects	<u>1,574,590</u>	Within 1 year
	<u>\$ 8,353,135</u>	

As the noted commitments exceed available assets as of the year ended June 30, 2017, the District plans on issuing additional bonds and use such future proceeds to meet commitments as they become due.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Mateo County Community College District (the "District") Measure H General Obligation Bond Activity included in the Measure H Bond Fund of the District (the "Measure H Bond Fund") as of and for the year ended June 30, 2017, and the related notes to the financial statements and have issued our report thereon dated December 8, 2017. The financial statements present only the District's Measure H Bond Fund and do not purport to and do not, present fairly the financial position of the District as of June 30, 2017, and the changes in its financial position for the year then ended.

Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 8, 2017

**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT
MEASURE H
2014 GENERAL OBLIGATION BONDS**

PERFORMANCE AUDIT
June 30, 2017

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE H - 2014 GENERAL OBLIGATION BONDS

PERFORMANCE AUDIT
June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

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

We have conducted a performance audit of the San Mateo County Community College District (the "District"), Measure H General Obligation Bond funds for the year ended June 30, 2017.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

Our audit was limited to the objectives listed on page 3 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure H General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for San Mateo County Community College District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of San Mateo County Community College District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal controls.

The results of our tests indicated that, in all significant respects, San Mateo County Community College District expended Measure H General Obligation Bond funds for the year ended June 30, 2017 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
December 8, 2017

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE H - 2014 GENERAL OBLIGATION BONDS
BACKGROUND

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55 percent of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establishes and appoints members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT MEASURE H GENERAL OBLIGATION BONDS

The San Mateo County Community College District Measure H General Obligation Bonds are issued pursuant to the Constitution and laws of the State of California, including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Trustees of the District on March 25, 2015.

The District received authorization for the Measure H Bonds at an election held on November 4, 2014, to issue bonds of the District in an aggregate principal amount not to exceed \$388,000,000. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2014 Authorization).

The Bonds are being issued to finance the acquisition, construction and modernization of certain District property and facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. A summary of the text of the ballot language was as follows:

"To prepare College of San Mateo, Cañada College, and Skyline College students for universities and high demand jobs; modernize math and science classrooms and labs; upgrade computer, biotechnology and job training facilities; upgrade access for disabled students; ensure classrooms meet earthquake, fire and safety requirements; and replace aging infrastructure with energy efficient systems, shall San Mateo County Community College District be authorized to issue \$388,000,000 in bonds at interest rates within legal limits, with annual independent audits, Citizens' Oversight and all proceeds benefiting your local community colleges?"

In May 2015, the District issued Measure H General Obligation Bonds, Series A, in the amount of \$127,000,000.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE H - 2014 GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION

OBJECTIVES OF THE AUDIT

The objective of our performance audit was to determine that the District expended Measure H General Obligation Bond funds for the year ended June 30, 2017 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE OF THE AUDIT

The District provided to us a list of all Measure H General Obligation Bond project expenditures for the year ended June 30, 2017 (the "List"). An approximate total of 5,887 transactions were identified, representing \$22,219,226 in expenditures from July 1, 2016 through June 30, 2017.

PROCEDURES PERFORMED

We performed the following procedures to the List of Measure H General Obligation Bond project expenditures for the year ended June 30, 2017:

- Verified the mathematical accuracy of the expenditures list.
- Reconciled the List to total bond expenditures as reported by the District in Measure H Bond Fund's audited financial statements for the year ended June 30, 2017.
- Selected a sample of 40 expenditures totaling \$6,978,000. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. Verified that the expenditures were for authorized projects, and were to repair, upgrade and construct facilities and expand college education centers.

CONCLUSION

The results of our tests indicated that, in all significant respects, the San Mateo County Community College District expended Measure H General Obligation Bond funds for the year ended June 30, 2017 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

San Mateo County Community College District

January 24, 2018

BOARD REPORT NO. 18-1-103B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

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

**RECEIPT AND ACCEPTANCE OF THE 2016-17 RETIREMENT FUTURIS PUBLIC
ENTITY INVESTMENT TRUST AUDIT REPORT**

Attached is a copy of the audit of the Retirement Futuris Public Entity Investment Trust for the San Mateo County Community College District, prepared by the Board-approved firm of Crowe Horwath LLP. The audit was based upon the fiscal year ending June 30, 2017. 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 2016-17 audit report for the Retirement Futuris Public Entity Investment Trust.

**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS
PUBLIC ENTITY INVESTMENT TRUST**

FINANCIAL STATEMENTS

June 30, 2017

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST

FINANCIAL STATEMENTS
June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

The Retirement Board of Authority of the
San Mateo County Community College District
Retirement Futuris Public Entity Investment Trust
San Mateo, California

Report on the Financial Statements

We have audited the accompanying financial statements of San Mateo County Community College District Retirement Futuris Public Entity Investment Trust (the "Trust"), a fiduciary fund of San Mateo County Community College District (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Trust's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Mateo County Community College District Retirement Futuris Public Entity Investment Trust, a fiduciary fund of San Mateo County Community College District, as of June 30 2017 and the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Emphasis of Matter

As discussed in Note 1, the financial statements present only the District's Trust, 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, 2017, the change in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, the Trust implemented Governmental Accounting Standards Board (GASB) Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans". The statement replaced the requirement of GASB Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans". Note disclosures and required supplementary information requirements about OPEB were enhanced related to the measurement of the OPEB liabilities for which assets have been accumulated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information, such as the Schedule of Changes in Net OPEB Liability and Related Ratios, and Schedule of Money-Weighted Rate of Return of OPEB Plan Investments on pages 9 - 11, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2017 on our consideration of the District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the Trust. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance for the Trust. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Mateo County Community College District's internal control over financial reporting and compliance for the Trust.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
December 8, 2017

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
STATEMENT OF TRUST NET POSITION
As of June 30, 2017

	<u>2017</u>
ASSETS	
Investments:	
Mutual funds – fixed income	\$ 48,077,511
Mutual funds – equity	42,467,543
Mutual funds – real estate	<u>6,752,278</u>
Total assets	<u>97,297,332</u>
LIABILITIES	
Accounts payable	<u>235,713</u>
Total liabilities	<u>235,713</u>
NET POSITION	
Net position restricted for other postemployment benefits	<u>\$ 97,061,619</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
STATEMENT OF CHANGE IN TRUST NET POSITION
For the Year Ended June 30, 2017

	<u>2017</u>
Additions	
Employer contributions	\$ 15,230,215
Net investment income:	
Dividends and other income	2,789,489
Realized and unrealized losses, net	6,253,815
Investment fees	<u>(337,684)</u>
Total additions	<u>23,935,835</u>
Deductions	
Retiree benefits	<u>7,230,215</u>
Net increase	16,705,620
Net position restricted for other postemployment benefits:	
Net position, beginning of the year	<u>80,355,999</u>
Net position, end of the year	<u>\$ 97,061,619</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following information of the San Mateo County Community College District Retirement Futuris Public Entity Investment Trust (the "Trust"), a fiduciary fund of the San Mateo County Community College District (the "District"), provides only general information of the Trust's provisions. Readers should refer to the Trust agreement for a more complete description. These financial statements include only the resources of the Trust and are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

Organization: The Trust is a contributory single-employer defined benefit healthcare plan trust administered by the San Mateo County Community College District through a third party. The Trust provides medical insurance benefits to eligible retirees and their spouses. Membership consists of 686 retirees and beneficiaries currently receiving benefits and 947 active plan members. The Trust is a governmental plan that is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Basis of Accounting: The accompanying financial statements are presented on the accrual basis of accounting. Contributions are recognized as revenue in the period in which contributions are due, pursuant to formal commitments as well as statutory or contractual commitments. Benefits and refunds of contributions are recognized when due and payable under the provisions of the Trust.

The financial statements of the Trust have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America. In the U.S. the Governmental Accounting Standards Board (GASB) is the established and recognized standard-setting body for governmental accounting and financial reporting. The financial statements have been prepared consistent with GASB Codification Po50, *Postemployment Benefit Plans Other than Pension Plans*.

New Accounting Pronouncements: In June 2015, the GASB issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, which replaces GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. GASB Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The GASB Statement follows the framework for financial reporting of defined benefit OPEB plans in GASB Statement No. 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and required supplementary information (RSI) related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments.

Funded Status and Funding Progress: Actuarial valuations of an ongoing plan involve 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, investment returns, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the Trust and the annual required contributions of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plan Description: The District provides postemployment health care benefits (OPEB) for retired employees in accordance with negotiated contracts with the various bargaining units of the District. The Other Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan. During the year ended June 30, 2010 the District signed an irrevocable trust (the Trust) agreement. The District appointed a Board of Authority with authority to establish and amend benefits terms under the plan and make decisions on behalf of the District with respect to the Futuris Public Entity Investment Trust Program. The Benefit Trust Company was appointed as the custodian and trustee to administer the Futuris Public Entity Investment Trust. OPEB provisions are established and amended per contractual agreement with employee groups. Management of the Plan is vested in the Retirement Board of Authority, which consists of five members. The following is a description of the current retiree benefit plan:

Plan membership: At June 30, 2017, Plan membership consisted of the following:

	<u>Number of Participants</u>
Inactive Employees/Dependents Receiving Benefits	686
Inactive Employees/Dependents Entitled to but not yet Receiving Benefits	-
Active Employees	<u>947</u>
	<u><u>1,633</u></u>

Academic Employees: Employees of the San Mateo County Community College District, upon meeting the years of District service requirement and the "Magic 75" which is employee's Age plus Years of District service, will qualify for retiree benefits as indicated in their union contract. Retiree Benefits package may differ depending on hire date. The years of District service required are 10 years if hired prior to September 8, 1993 and 20 years if hired on or after September 8, 1993.

CSEA & All Non-represented Employees: Employees of the San Mateo County Community College District, upon meeting the years of District service requirement and the "Magic 75" which is employee's Age plus Years of District service, will qualify for retiree benefits as indicated in their union contract. Retiree Benefits package may differ depending on hire date. The years of District service required are 10 years if hired prior to July 1, 1992 and 20 years if hired on or after July 1, 1992.

AFCSME Employees: Employees of the San Mateo County Community College District, upon meeting the years of District service requirement and the "Magic 75" which is employee's Age plus Years of District service, will qualify for retiree benefits as indicated in their union contract. Retiree Benefits package may differ depending on hire date. The years of District service required are 10 years if hired prior to July 1, 1992 and 20 years if hired on or after July 1, 1992.

Benefit Payments: The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. The Plan is included in the District's financial report and separately presented as a fiduciary fund.

During the year ended June 30, 2010 the District signed an irrevocable trust (the Trust) agreement. The District appointed a Board of Authority with authority to establish and amend benefits terms under the plan and make decisions on behalf of the District with respect to the Futuris Public Entity Investment Trust Program. The Benefit Trust Company was appointed as the custodian and trustee to administer the Futuris Public Entity Investment Trust.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions: Eligible employees are not permitted to make contributions to the Trust. The Plan administrator shall, on behalf of the employer, make all contributions to the Trustee. All contributions shall be paid to the Trustee for investment and reinvestment pursuant to the terms of the trust agreement. The District does not have contractually required contributions rates, but contributes in an amount sufficient to fully fund the Net OPEB obligation over a period not to exceed 30 years. Contributions to the Trust from the District was \$15,230,215 for the year ended June 30, 2017.

Investment Options: Benefit Trust Company (“BTC”), the Asset Custodian, maintains the Trust’s investments in various mutual funds, and is the record keeper. BTC contracted with Morgan Stanley Smith Barney as the investment advisor. Funds allocated to the Asset Custodian are invested according to the investment policy statement (IPS) developed and approved by the Retirement Board in a combination of equity and fixed income investments.

Investment Valuation: Investments are reported at fair value based upon market prices, when available, or estimates of fair value, and unrealized and realized gains and losses are included in the Statement of Change in Trust Net Position.

Net OPEB Liability of the Trust:

The components of the net OPEB liability of the Trust at June 30, 2017, were as follows:

Total OPEB Liability	\$ 116,969,506
Fiduciary Net Position	<u>97,061,619</u>
Net OPEB Liability	<u>\$ (19,907,887)</u>
Fiduciary Net Position as a percentage of the total OPEB Liability	83%

Actuarial Assumptions: Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimations are made about the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation

In the June 30, 2017 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses), based on assumed long return on plan assets assuming 100% funding through the Trust. Healthcare cost trend rates were 4.0 percent. An inflation rate of 2.75% and an expected payroll increase of 2.75% were utilized. The average hire age for eligible employees is 38 and the average retirement is 61. The actuarial present value of projected benefit payments is added for all employees to get the actuarial present value of total projected benefits and estimates present value of all future retiree health benefits for all employees and retirees. Participation rates were noted at 100% for certificated and classified employees. Mortality rates for certificated employees were based on the 2009 CalSTRS mortality tables. Mortality rates for classified employees were based on the 2014 CalPERS active mortality for miscellaneous employees.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plan Investments: The plan discount rate of 7% was determined using the following asset allocation and assumed rate of return:

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Rate Return*</u>
Fixed Income	50%	4%
Equities	50%	8%

*Geometric average

Rolling periods of time for all asset classes in combination we used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Additionally, the historic 20 year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 25 basis points. It was further assumed that contributions to the plan would be sufficient to fully fund the obligation over a period not to exceed 30 years

Money-weighted rate of return on OPEB plan investments for the year ending June 30, 2017 was 7%.

Sensitivity of the net pension liability to assumptions: The following presents the net OPEB liability calculated using the discount rate of 7 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (6 percent) and 1 percent higher (8):

	Discount Rate 1% Lower (6%)	Valuation Discount Rate (7%)	Discount Rate 1% Higher (8%)
Net OPEB liability	<u>\$ 32,545,120</u>	<u>\$ 19,907,887</u>	<u>\$ 9,263,614</u>

The following table presents the net OPEB liability calculated using the health care cost trend rate of 4.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (3.0 percent) and 1 percent higher (5.0 percent):

	Health Care Trend Rate 1% Lower (3.0%)	Valuation Health Care Trend Rate (4.0%)	Discount Trend Rate 1% Higher (5.0%)
Net OPEB liability	<u>\$ 3,068,448</u>	<u>\$ 19,907,887</u>	<u>\$ 40,865,489</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plan Termination: In the event of Plan termination, the net position of the Trust would be allocated as prescribed in the Trust documents, generally to pay in the order indicated below:

- District's remaining retiree medical benefit liabilities.
- Reasonable expenses of administering the Trust.

Any assets remaining in the Trust after paying off the above liabilities shall revert back to the District.

NOTE 2 – INVESTMENTS

The Trust has adopted an internally developed investment policy that is governed by the standards established in the California Constitution. In addition, the Trust has written investment policies regarding the type of investments that may be made specifically for the Trust and the amount, which may be invested in any one financial institution or amounts that may be invested in long-term instruments. Management believes the Trust has complied with the provisions of statutes pertaining to the types of investments held, institutions in which deposits were made, and security requirements.

The fair values of the Trust's individual investments at June 30, 2017, are as follows:

	<u>2017</u>
Mutual funds – fixed income	\$ 48,077,511
Mutual funds – equity	42,467,543
Mutual funds – real estate	<u>6,752,278</u>
Total investments	<u>\$ 97,297,332</u>

During the fiscal year ended June 30, 2017, the Trust's investments (including gains and losses on investments bought and sold as well as held during the year) appreciated as follows:

	<u>2017</u>
Dividend and other	\$ 2,789,489
Realized gains, net	1,121,048
Unrealized gains, net	5,132,767
Investment fees	<u>(337,684)</u>
Total investment income	<u>\$ 8,705,620</u>

Custodial Credit Risk: The California Government Code requires California banks and savings and loan associations to secure the Trust's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the Trust.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2017

NOTE 2 – INVESTMENTS (Continued)

Credit Risk: The Trust's investment policy requires all fixed income investments to be of investment grade quality or higher at purchase; that is, at the time of purchases, rated no lower than "BBB" by Standard and Poor's. The Trust Board, at their discretion, may impose a higher standard on an individual investment manager basis as circumstances or investment objectives dictate. At June 30, 2017, the Trust investments consisted of open-end mutual funds, therefore there are no credit ratings to disclose.

The OPEB Trust investments consisted of open and closed-end mutual funds, therefore, there are no significant interest rate risk related to the investments held, as there are no maturities related to the mutual funds held.

Fair Value of Financial Instruments: The following methods and assumptions were used by the Trust to estimate the fair value of its financial instruments at June 30, 2017.

Fair Value Hierarchy: Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets Recorded at Fair Value: The following table presents information about the District's assets measured at fair value on a recurring basis as of June 30, 2017:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>2017</u>				
Investments:				
Mutual funds - fixed income	\$ 48,077,511	\$ 48,077,511	\$ -	\$ -
Mutual funds - equity	42,467,543	42,467,543	-	-
Mutual funds – real estate	<u>6,752,278</u>	<u>6,752,278</u>	-	-
Total	<u>\$ 97,297,332</u>	<u>\$ 97,297,332</u>	<u>\$ -</u>	<u>\$ -</u>

Mutual funds were valued at closing prices from securities exchanges and are classified as Level 1 investments.

During the year ended June 30, 2017, there were no significant transfers in or out of Level 1.

There were no assets or liabilities measured at fair value on a non-recurring basis at June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
REQUIRED SUPPLEMENTARY INFORMATION
For the year ended June 30, 2017

I. SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

For the Year Ended June 30, 2017

	<u>2017</u>
Total OPEB liability	
Service Cost	\$ 3,269,290
Interest	7,305,828
Benefit payments	<u>(7,230,215)</u>
Net change in total OPEB liability	3,344,903
Total OPEB liability, beginning of year	<u>113,624,603</u>
Total OPEB liability, end of year (a)	<u>\$ 116,969,506</u>
Plan fiduciary net position	
Employer contributions	15,230,215
Actual Investment Income	9,043,304
Administrative expense	(337,684)
Benefits payment	<u>(7,230,215)</u>
Change in plan fiduciary net position	16,705,620
Fiduciary trust net position, beginning of year	<u>80,355,999</u>
Fiduciary trust net position, end of year (b)	<u>\$ 97,061,619</u>
Net OPEB liability, ending (a) - (b)	<u>\$ 19,907,887</u>
Covered payroll	\$ 83,799,966
Plan fiduciary net position as a percentage of the total OPEB Liability	83%
Net OPEB liability as a percentage of covered payroll	24%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
REQUIRED SUPPLEMENTARY INFORMATION
For the year ended June 30, 2017

I. SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS (Continued)

Valuation date	June 30, 2017
Measurement date	June 30, 2017
Census data	The census was provided by the District as of June 30, 2016
Actuarial cost method	Entry age actuarial cost method
Inflation rate	2.75%
Investment rate of return / discount rate	7%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Participation rates	100% for certificated and classified employees.
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used. For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used.
Spouse relevance	To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.
Spouse ages	To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.
Turnover	For certificated employees the 2009 CalSTRS termination rates were used. For classified employees the 2009 CalPERS termination rates for school employees were used.
Retirement rates	For certificated employees the 2009 CalSTRS retirement rates were used. For classified employees the 2009 CalPERS retirement rates for school employees were used.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
REQUIRED SUPPLEMENTARY INFORMATION
For the year ended June 30, 2017

II. SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN OF OPEB PLAN INVESTMENTS

Money-weighted rate of return on OPEB plan investments	7%
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This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of San Mateo County Community College Retirement Futuris Public Entity Investment Trust (the "Trust"), a fiduciary fund of San Mateo County Community College District as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2017.

Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 8, 2017

BOARD REPORT NO. 18-1-104B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: José D. Nuñez, Vice Chancellor, Facilities Planning, Maintenance and Operations, 358-6836
Chris Strugar-Fritsch, Director of Capital Projects, 378-7342

APPROVAL TO REJECT ALL BIDS AND REBID DISTRICTWIDE CLASSROOM SECURITY HARDWARE PHASE 4 – LOCKDOWN BUTTON INSTALLATION PROJECT

The goal of the Districtwide Classroom Security Hardware project is to provide the capability to lock designated classrooms, labs and conferences rooms from within the room in the case of an emergency. The Phase 4 Lockdown Button project scope involves retrofitting electrified doors with lockdown buttons which when operated will cut power to the door and disable card-key access from the exterior.

The Facilities Planning Department, with the support of Swinerton Management & Consulting, advertised this construction opportunity (Bid #86762) through the Planet Bids online bidding system to all of the District’s pre-qualified C-7 and C-28 license contractors. In accordance with state public bidding requirements, a formal Advertisement to Bid was published in a local newspaper for two consecutive weeks on October 20, 2017 and October 27, 2017. A total of four contractors, three of whom were prequalified, attended one of the mandatory pre-bid conferences held on October 30 and 31, 2017.

On November 21, 2017, the District held a public bid opening and received two bids for this project as follows:

Contractor	Total Bid
Securitas Electronic Security, Inc.	\$ 207,289.35
Netronix Integration, Inc.	\$ 656,361.59

After bid opening, Facilities conducted a due diligence investigation of the bid results to ascertain the lowest responsive, responsible bid that meets all the requirements of the project. In addition to pricing, bidders were evaluated for their conformance with bidding requirements. Upon completion of the due diligence review process, neither bid was deemed to be responsive.

This project will be funded by Measure H general obligation bonds.

RECOMMENDATION

It is recommended that the Board of Trustees reject all bids of Bid #86762, and authorize Facilities to rebid the Districtwide Classroom Security Hardware Phase 4 - Lockdown Button Installation Project.

BOARD REPORT NO. 18-1-105B

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: José D. Nuñez, Vice Chancellor, Facilities Planning, Maintenance and Operations, 358-6836
Chris Strugar-Fritsch, Director of Capital Projects, 378-7342

**APPROVAL TO REJECT ALL BIDS AND REBID COLLEGE OF SAN MATEO BUILDING 17
LEARNING COMMUNITIES MODERNIZATION PROJECT**

The 2015 Facilities Master Plan Amendment report identified Building 17 at College of San Mateo as needing modernization/renovation in order to provide additional space for student support services. The Building 17 Modernization project was created to respond to that need by modernizing the building to create spaces for student Learning Communities. The Project would allow Building 17 to become a centralized home for the Learning Communities including Puente Project, Umoja, Mana, Honors Project and Project Change. The space will be called “The Village” and will include individual areas for each community surrounding a central shared gathering space. The Village will be directly adjacent to the existing Center for Student Life area in Building 17. Building area needed for this project will be achieved by vacating faculty offices and relocating faculty members to Building 10.

Cody Anderson Wasney Architects was hired to work with the College administration, faculty, staff and students, as well as with Facilities, to program and design the project to best meet the needs of the Learning Communities within the confines of the existing building structure. The architect completed the design plans and specifications, submitted those to the Division of the State Architect, obtained final approval and issued the DSA approved documents for bidding.

The Facilities Planning Department bid this project initially on June 14, 2017 immediately upon receiving DSA permit approval; however, only two bids were received and the low bid was over the project budget. Therefore, on June 28, 2017, the Board approved Board Report 17-6-7CA to reject all bids with the plan to rebid the project during the more favorable autumn bidding period.

The Facilities Planning Department, with the support of Swinerton Management and Consulting, advertised rebidding this construction project through the Planet Bids online bidding system to all of the District’s prequalified B license General Building contractors. In addition, a formal Advertisement to Bid was published in a local newspaper for two consecutive weeks on October 19 and 26. A total of eight prequalified general contractors attended at least one of the two mandatory pre-bid conferences held on October 25 and November 2.

On November 21, 2017, the District received five bids for this project as follows:

Contractor	Total Bid
D.L. Falk Construction, Inc.	\$3,928,100.
Rodan Builders, Inc.	\$3,929,455.
Build Group, Inc.	\$4,550,476.
Zolman Construction, Inc.	\$4,648,420.
Coulter Construction, Inc.	\$4,957,003.

The lowest bid received exceeds the project budget target for construction costs; therefore, Facilities is seeking approval to reject all bids and re-bid the project through an alternative procurement process.

This project will be funded by Measure H general obligation bonds.

RECOMMENDATION

It is recommended that the Board of Trustees reject all bids and authorize Facilities to re-bid the College of San Mateo Building 17 Learning Communities Modernization Project.

BOARD REPORT NO. 18-1-106B

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor
PREPARED BY: Mitchell Bailey, Chief of Staff, 574-6510

**APPROVAL OF REVISIONS TO BOARD POLICIES:
3.05 – DESIGNATION OF FACULTY
6.18 – CREDIT BY EXAMINATION
6.24 – ARTICULATION**

The Districtwide Participatory Governance Council has reviewed the following policies, and has advised the Chancellor on revisions to the policies. The Chancellor concurs with these recommendations and recommends the following revisions:

- Policy 3.05 – Updated title to include faculty qualifications. No changes are recommended to the content of the policy.
- Policy 6.18 – No changes are recommended to the content of the policy.
- Policy 6.24 – No changes are recommended to the content of the policy.

RECOMMENDATION

It is recommended that the Board approve the revisions to the above referenced Board Policies as outlined in the attached documents.

**CHAPTER 3: Certificated Personnel
BOARD POLICY NO. 3.05**

**BOARD POLICY
San Mateo County Community College District**

Subject: 3.05 Designation of Faculty and Faculty Qualifications
Revision Date: 11/10; Revised – xx
Policy References: Education Code Sections 87400 et seq., 87419.1, 87600 et seq., 87482.8
Title 5, Section 51025

1. A member of the faculty is an instructor, counselor, librarian, nurse or other employee whose position requires that s/he meets the minimum qualifications or equivalencies for community colleges as adopted by the State Board of Governors and the District Board of Trustees.
2. Faculty members are classified as hourly, first-year contract, second-year contract, third-year/fourth-year contract or tenured and will be so notified of their classification.
3. Reemployment and classification of faculty shall be in accordance with the collective bargaining agreement with the American Federation of Teachers (AFT), Local 1493.
4. Academic titles shall be conferred upon faculty members based upon the schedule below:

3.05 Designation of Faculty (continued)

**CHART OF ACADEMIC TITLES
REGULAR FACULTY**

Grade Step	1 B.A.	2 M.A.	3 M.A.w/45un	4 M.A.w/60un	5 PhD/EdD/JD
1					
2					
3	ASSISTANT PROFESSOR				
4					
5					
6					
7	ASSOCIATE PROFESSOR				
8					
9					
10					
11					
12					
13					
14					
15	PROFESSOR				
16					
17					
18					
19					
20					
21	PROFESSOR				
22					
23					

ADJUNCT FACULTY Grade Step	1 LECTURE	2 LABORATORY	3 SPECIAL
1			
2			
3	INSTRUCTOR		
4			
5			
6			
7	ASSISTANT PROFESSOR		
8			
9			
10			

CHAPTER 6: Educational Program
BOARD POLICY NO. 6.18 (BP 4235)

BOARD POLICY
San Mateo County Community College District

Subject: 6.18 Credit by Examination
Revision Date: 6/10; ~~Reviewed – xx~~
Policy Reference: Title 5 Section 55050

The Board shall adopt and publish procedures pertaining to credit by examination in accordance with the provisions of Title 5, Section 55050.

1. The Board may grant credit to any student who satisfactorily passes an examination approved or conducted by appropriate authorities of the College. Such credit may be granted only to a student who is registered at the College and in good standing and only for a course listed in the College Catalog.
2. Faculty will determine which courses are eligible for credit by examination. The list of such courses will be maintained by District administration and be made available across the District.
3. The nature and content of the examination shall be determined solely by faculty in the discipline who normally teach the course for which credit is to be granted. The faculty shall determine that the examination adequately measures mastery of the course content as set forth in the course outline of record. The faculty may accept an examination conducted at a location other than the College for this purpose.
4. A separate examination shall be conducted for each course for which credit is to be granted. Credit may be awarded for prior experience or prior learning only in terms of individually identified courses for which examinations are conducted.
5. A student may challenge a course for credit by examination only one time.
6. The student's academic record shall be clearly annotated to reflect that credit was earned by examination.
7. Grading shall be according to the regular grading system. Students shall be offered a "pass-no pass" option if that option is ordinarily available for the course.
8. A maximum of 12 units toward an Associate degree or 6 units toward a certificate may be earned by courses for which credit has been earned by examination.
9. Units for which credit is given shall not be counted in determining the twelve (12) semester hours of credit in residence required for an associate degree.
10. The District may charge a student a fee for administering an examination provided the fee does not exceed the enrollment fee which would be associated with enrollment in the course for which the student seeks credit by examination.

**CHAPTER 6: Educational Program
BOARD POLICY NO. 6.24 (BP 4050)**

**BOARD POLICY
San Mateo County Community College District**

Subject: BP 6.24 Articulation
Revision Date: 5/10; Reviewed – xx
Policy References: Title 5, Section 51022(b); Education Code section 66720-66744; ACCJC
Accreditation Standard II.A.10

In order to assure students the opportunity to move seamlessly from one educational institution to the next level, the Colleges will establish procedures that provide appropriate articulation of the District's educational programs with local high schools and with the various California State University campuses and University of California campuses.

BOARD REPORT NO. 18-1-107B

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor
PREPARED BY: Mitchell Bailey, Chief of Staff, 574-6560

BOARD MEMBER COMPENSATION

SB 214, which was adopted by the Legislature and signed by the Governor in October 2001, allows the Board to adopt a 5% increase in compensation on an annual basis. Any increase that is approved by the Board is effective as of the date approved by the Board and may not be retroactive.

In January of 2009, 2010, 2011 and 2012, the Board discussed implementation of the 5% annual compensation increase and unanimously agreed to bypass an increase because of the economic climate. Subsequently, the Board has approved a 5% increase in Board member compensation each year.

RECOMMENDATION

Board determined.

BOARD REPORT NO. 18-1-3C

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor
PREPARED BY: Kathy Blackwood, Executive Vice Chancellor, 358-6790

PURCHASING AND CONTRACTS

The Board recently requested clarification about contracts that are brought to them for approval. In the past, staff has presented all bids and new grant awards for Board approval, but has not included the actual contract language. Since January, at the Board's request, staff has included copies of certain contracts when submitting them for acceptance.

Staff is recommending that contract language be included with the request for approval in the following instances:

- Annual membership dues over \$25,000
- Lease agreements over \$25,000
- Purchases of products or equipment over the legal bid limit of \$90,200
- Contracts or agreements for services (except public works projects) in excess of the \$90,200 legal bid limit
- Public works projects over \$175,000

In addition, staff will continue to regularly submit warrant listings for approval which, in turn, ratify underlying contracts related to those warrants.

The attached presentation will provide additional information regarding staff's recommendation.

Purchasing and Contracts

January 24, 2018

Purchasing Limits

- **Purchases under \$2,000**
- Purchase and selection of vendor is at the discretion of the Requestor/Requisitioner. Procurement card purchases are subject to procurement card guidelines
- **Purchases between \$2,000 and \$5,000**
- One written quote should be obtained for purchases of goods and services when the *total dollar amount of the order* is between \$2,000 and \$5,000. Purchases between \$3,500 and \$5,000 made with Federal grant funds require three written quotes.
- **Purchases between \$5,001 and \$20,000**
- Three written quotes should be obtained for purchases of goods or services when the *total dollar amount of the order* is between \$5,001 and \$20,000.
- **Purchases between \$20,001 and \$90,200**
- For purchases of goods or services when the *total dollar amount of the order* is between \$20,001 and the legal bid limit of \$90,200, a *Request for Quotations (RFQ)* is required and should be forwarded to multiple vendors. Purchasing may be able to assist with the RFQ process.
- **Purchases over \$90,200 except Public Works Projects and Professional Services**
- The formal bid process is required for purchases of goods or services when the *total dollar amount of the order* exceeds the legal bid limit of \$90,200. It is illegal to split or separate purchases to avoid competitive bidding.

Typical Contracts

- Independent Contracts
- Standard Service Contracts
- Educational Services Agreements
- Construction Contracts for Public Works Projects
 - \$0-\$45,000 - No Bid Requirements
 - \$45,001-\$175,000 - Informal Bid
 - Over \$175,000 - Formal Bid

Contract Standardization

- Contracts are required from all entities performing services for the District, regardless of dollar amount.
- All contracts have standard fillable fields (date, term, dollar amount, etc.) and have been approved by County or General Counsel
- Construction contracts have been developed by specialized construction attorneys
- Insurance limits have been developed with our insurance brokers
- Exceptions to contract language are reviewed by County or General Counsel
- Business processes and a Contracts Management System are in place to track contracts

Warrant Listing

- Comes to Board every other month
- Lists every check issued over \$10,000 excluding Salary Warrants and Bookstore (summarized)
- Board ratifies underlying contracts

Contracts Resulting from Bids

- All bids come to Board for approval of the award
- Timing of Bid or RFP evaluation and selection process may not result in a finalized contract when Board is asked to approve the award
- It may take several weeks to finalize a contract
- Staff may request authority to enter into a contract so that contract finalization can proceed and work may begin in advance of contract ratification at a future board meeting
- Some contracts exceed 300 pages with exhibits

Board Approval Requirements

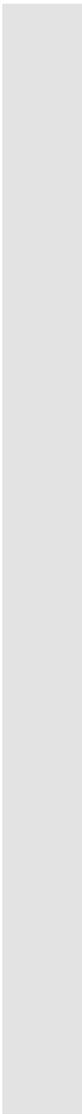
- Annual membership dues over \$25,000.
- Lease agreements.
- Purchases of products or equipment over the legal bid limit of \$90,200.
- Contracts or agreements for services (except public works projects), including Independent Contractors, in excess of the legal bid limit of \$90,200.
- Public Works Projects over \$175,000.

Contracts that come to the Board

- All contracts above the bid limit will come to the Board in some form:
 - All bids where BID evaluation, selection and contract negotiations have been finished prior to the Board meeting will include the proposed contract with the request for approval of the award
 - Contracts finalized after Board approval of the Bid award will come to the Board for ratification
 - Initial contracts but not renewals will come to the Board



Questions?



BOARD REPORT NO. 18-1-4C

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor
PREPARED BY: José D. Nuñez, Vice Chancellor, Facilities Planning and Operations, 358-6836

CAPITAL IMPROVEMENT PROGRAM-PHASE 3 (CIP3) BUDGET UPDATE

On September 9, 2015, staff presented an information report on current market conditions and the 2015 CIP3 project budget estimates (Board Report No. 15-9-C). The report described an overheated Bay Area construction market, higher than historical market escalation rates, and the impacts to the CIP3 program budgets.

Subsequently, the Bay Area construction market has continued to experience extraordinary cost escalation and market conditions have necessitated significant restructuring of the planned project schedules and budgets. Initial program planning and budget projections relied upon historical cost data from CIP1 and CIP2 projects and informal market surveys of sister college districts. Upon completion of the 2015 professional services procurement process and project programming, professional cost estimators provided costs per square foot for the various planned project types and delivery methods. These initial square foot costs were indicative of unprecedented cost escalation and market pressure and indicated budget realignment was required.

In 2016 and 2017, projects utilizing the design-build delivery method were awarded (Board Report Nos. 16-9-100B Cañada College B1N Kinesiology and Wellness; 16-11-100B Skyline College B12N Environmental Science; 17-1-100B Cañada College 23N Math/Science/Technology; 17-4-100B Skyline College B1N Social Science and Creative Arts). As the projects moved through program validation and the subsequent design phases, more detailed building data including actual building square footage, structural, mechanical, electrical and life safety systems designs to meet programmatic requirements and construction challenges, resulted in more detailed and accurate cost estimates. These cost estimates indicate that the budget shortfall is greater than indicated in 2015.

Staff will provide an overview of the progression of the project planning and budgeting process, taking into account the effect of the extraordinary cost escalation on the current local Bay Area construction market.

BOARD REPORT NO. 18-1-5C

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: José D. Nuñez, Vice-Chancellor, Facilities Planning and Operations, 574-6512
Yanely Pulido, Construction Procurement, Risk and Contracts Manager,
Department of General Services 358-6863

2018 CONTRACTOR PREQUALIFICATION UPDATE

The District has required prequalification of prospective bidders on public works projects subject to public bidding requirements since April 2000, when the Board of Trustees approved use of Public Contract Code Section 20111.5. Under these provisions, only prequalified bidders are eligible to submit bids for District construction projects. During the first two phases of the Capital Improvement Program (CIP), the process provided the District with a pool of highly qualified contractors using an extensive application process. This process has been refined through more than a decade of use, and continues to deliver a robust pool of reputable firms, an integral component of successful project delivery.

The 2018 prequalification process began in September 2017. Notifications of the application process were placed on the District's Facilities website, in legal advertisements, through emails to previously prequalified contractors, and other informal outreach efforts by individual staff members. A non-mandatory prequalification conference was held on October 4, 2017 to give applicants information about the process and to answer contractor questions. Five firms attended the non-mandatory conference. The deadline for application submission was November 3, 2017. Contractors were officially notified of their prequalification status promptly upon completion of the evaluation process.

San Mateo County Community College District requires its prequalified contractors to meet certain applicable criteria, such as:

- Construction Experience
- Contractor's License/Department of Industrial Relations (DIR) Registration and Compliance
- Work History
- Litigation and Arbitration History
- Disqualification from Previous Projects
- Compliance with Statutory Requirements
- Documented Safety Record
- Prevailing Wage Requirements
- Project Personnel
- Benefits and Retirement Programs
- Insurance Requirements and Bonding Information
- Financial Information

Submitted applications are reviewed for thoroughness and completeness. The contractor's license must be confirmed on the Contractors State License Board website. Other qualitative documents that staff reviews include: project experience, certified payroll examples, résumés of key personnel, certified financial statements, letter from a surety company confirming bonding capacity, claims and litigation history, and current Certificates of Insurance.

A total of 110 applications were submitted for consideration for 2018 prequalification. This is a 7% decrease from the 2017 pool of 118 submitted applications.

As of January 12, 2018, staff has evaluated the 110 submitted applications. One hundred (100) firms met all published criteria and have been included in the 2018 pool as publicized on the District's Facilities website.

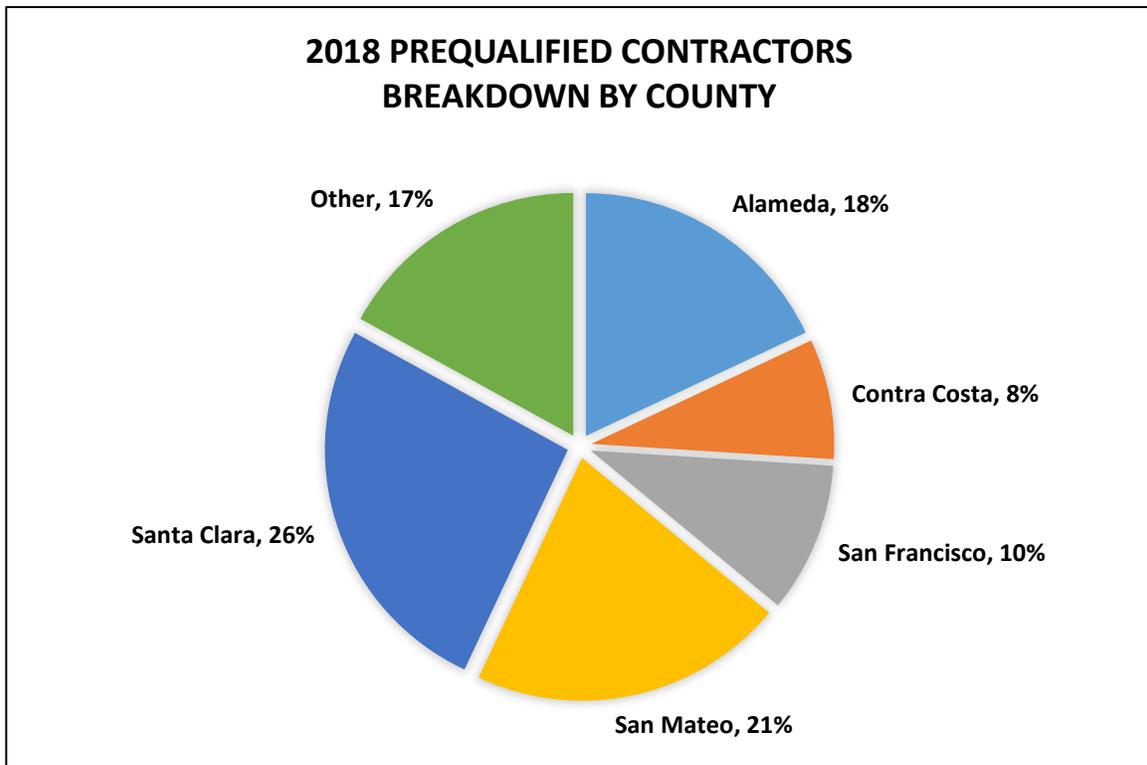
Ten applications have been deemed ineligible either due to a deficiency in their submittal, exceeding the District's Experience Modification Rate (EMR) threshold or significant litigation/claims history. These firms have been notified of their standing and have been given the opportunity to appeal.

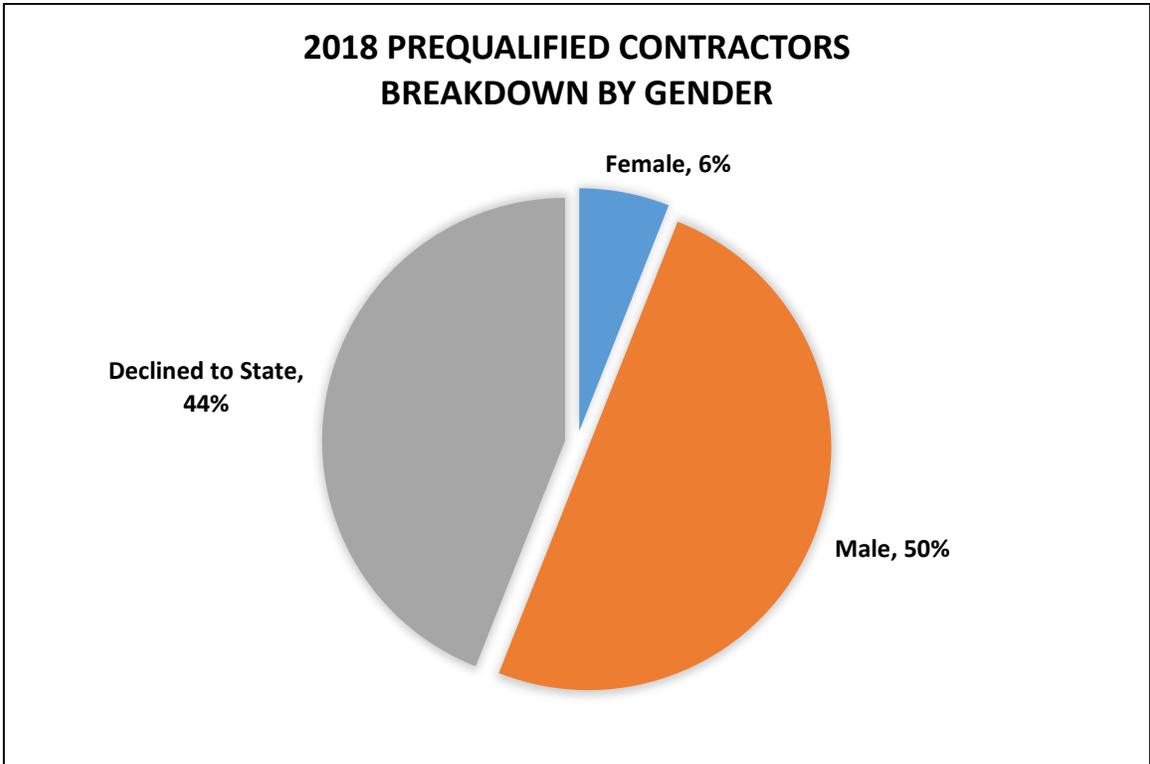
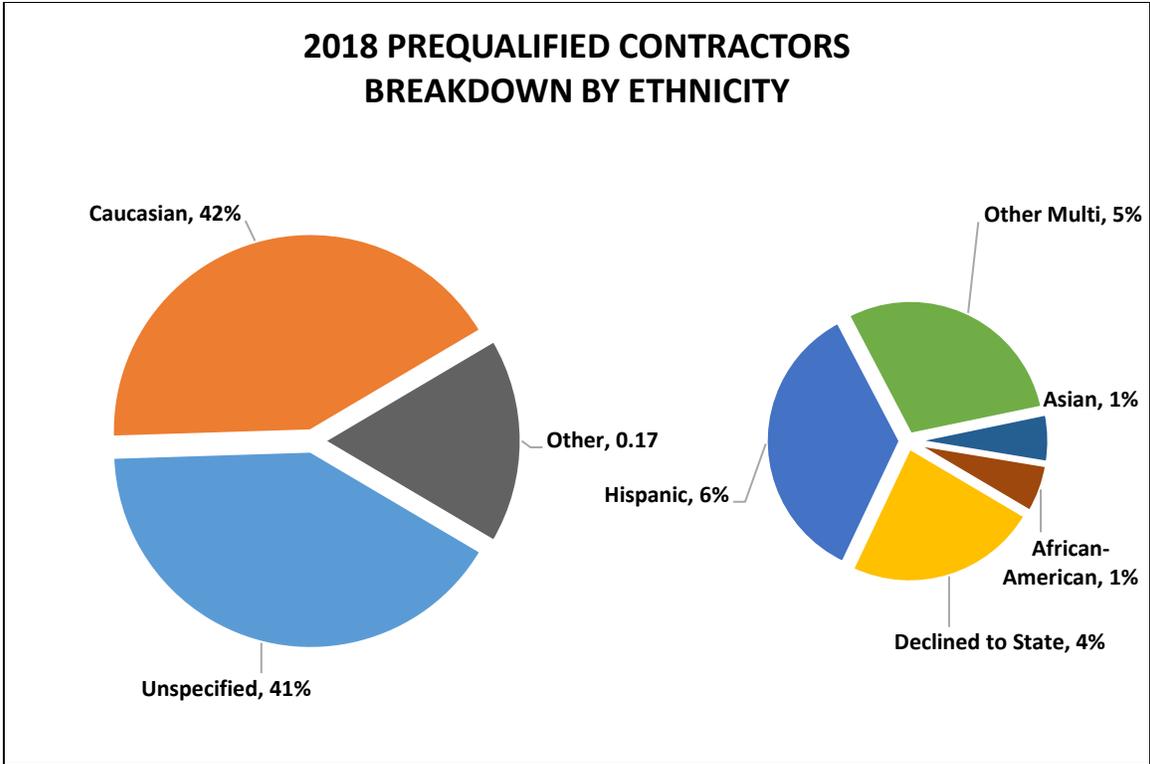
The following statistics apply for the 100 valid applicants who have met the criteria and are prequalified for 2018:

2018 Contractor Prequalification Statistics

Construction Contractor's License Classification Summary	
#	License Type
45	A – General Engineering Contractor
65	B – General Building Contractor
3	C-2 – Insulation and Acoustical Contractor
8	C-4 – Boiler, Hot Water Heating and Steam Fitting Contractor
1	C-6 – Cabinet, Millwork and Finish Carpentry Contractor
7	C-7 – Low Voltage Systems Contractor
5	C-8 – Concrete Contractor
3	C-9 – Drywall Contractor
20	C10 – Electrical Contractor
3	C12 – Earthwork and Paving Contractors
1	C13 – Fencing Contractor
2	C15 – Flooring and Floor Covering Contractors
5	C16 – Fire Protection Contractor
2	C17 – Glazing Contractor
16	C20 – Warm-Air Heating, Ventilating and Air-Conditioning Contractor
8	C21 – Building Moving/Demolition Contractor
2	C22 - Asbestos Abatement (NEW! Classification Effective Jan 2016)
2	C23 – Ornamental Metal Contractor
8	C27 – Landscaping Contractor
4	C28 – Lock and Security Equipment Contractor
1	C31 - Construction Zone Traffic Control Contractor
6	C33 – Painting and Decorating Contractor
1	C35 – Lathing and Plastering Contractor
10	C36 – Plumbing Contractor
4	C38 – Refrigeration Contractor
8	C39 – Roofing Contractor
2	C42 – Sanitation System Contractor

7	C43 – Sheet Metal Contractor
1	C45 – Electrical Sign Contractor
2	C51 – Structural Steel Contractor
1	C53 – Swimming Pool Contractor
1	C57 – Water Well Drilling Contractor
1	C60 – Welding Contractor
6	C61 – Limited Specialty
1	D-10 – Elevated Floors
1	D-16 – Hardware, Locks and Safes
1	D-28 – Doors, Gates and Activating
1	D-30 – Pile Driving and Pressure
1	D-34 – Prefabricated Equipment
1	D-35 – Pool and Spa Maintenance
1	D-42 – Non-Electric Sign Installation
1	D-65 – Weatherization and Energy
5	ASB – Asbestos Certification
12	HAZ - Hazardous Substance Removal Certification





San Mateo County Community College

January 24, 2018

District **BOARD REPORT NO. 18-1-6C**

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor
PREPARED BY: Mitchell Bailey, Chief of Staff, 574-6510

DISCUSSION OF AGENDA FOR BOARD OF TRUSTEES ANNUAL RETREAT

The Board will discuss items to be included on the agenda for their Annual Retreat of February 3, 2018.