

**AGENDA**  
**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**REGULAR MEETING OF THE BOARD OF TRUSTEES**  
**January 23, 2019**  
**Closed Session at 4:00 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.*

---

**4:00 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 – Anticipated Litigation: Significant exposure to litigation pursuant to Gov. Code, § 54956.9, subd. (d)(2): One case
3. Employee Discipline, Dismissal, Release

**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

- 19-1-1 [Approval of the Minutes of the Special Closed Session of November 28, 2018](#)
- 19-1-2 [Approval of the Minutes of the Special Closed Session of December 12, 2018](#)
- 19-1-3 [Approval of the Minutes of the Regular Meeting of December 12, 2018](#)

## STATEMENTS FROM EXECUTIVES AND STUDENT REPRESENTATIVES

## STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

## NEW BUSINESS

- 19-1-2A [Approval of Personnel Items: Changes in Assignment, Compensation, Placement, Leaves, Staff Allocations and Classification of Academic and Classified Personnel](#)
- 19-1-3A [Approval of Revisions to Student Assistant Schedule and Employment Policy](#)
- 19-1-4A [Public Hearing on the District's Initial Proposal to the California School Employees Association, Chapter 33](#)
- 19-1-5A [Public Hearing on California School Employees Association, Chapter 33 Initial Contract Proposal to the District](#)
- 19-1-6A [Public Hearing on the District's Initial Proposal to the San Mateo Community College Federation of Teachers, Local 1493, AFT, AFL-CIO](#)
- 19-1-7A [Public Hearing on San Mateo Community College Federation of Teachers, Local 1493, AFT, AFL-CIO Initial Proposal to the District](#)
- 19-1-8A [Receipt of District's Initial Contract Proposal to the Local 829, Council 57, American Federation of State, County and Municipal Employees, AFL-CIO and Setting of Public Hearing](#)
- 19-1-9A [Receipt of Local 829, Council 57, American Federation of State, County and Municipal Employees, AFL-CIO Initial Contract Proposal to the San Mateo County Community College District and Setting of Public Hearing](#)

### **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.*

- 19-1-1CA [Approval of 2019-20 Integrated District Budget Planning Calendar](#)
- 19-2-2CA [Approval of Curricular Additions, Deletions and Modifications – College of San Mateo and Skyline College](#)
- 19-1-3CA [Declaration of Surplus Property](#)
- 19-1-4CA [Approval of Non-Resident Tuition Fee, 2019-20](#)
- 19-1-5CA [Approval of Board of Trustees Support for Cañada College's Application for a "Currently and Formerly Incarcerated Students Reentry Program" Grant](#)

## **Other Recommendations**

- 19-1-1B [Nominations for Membership on the California Community College Trustees \(CCCT\) Board, 2019](#)
- 19-1-102B [Receipt and Acceptance of the 2017-18 District Audit Report](#)
- 19-1-103B [Receipt and Acceptance of the 2017-18 KCSM Audit Report](#)
- 19-1-104B [Receipt and Acceptance of the 2017-18 General Obligation Bond Financial and Performance Audits](#)
- 19-1-105B [Receipt and Acceptance of the 2017-18 Retirement Futuris Public Entity Investment Trust Audit Report](#)
- 19-1-106B [Adoption of Resolution 19-3 Regarding Awareness of Human Trafficking in the Bay Area](#)
- 19-1-107B [Approval of Sole Source Purchase of Software Subscription and Services from OneLogin](#)
- 19-1-108B [Ratification of Sole Source Services Agreement between San Mateo County Community College District and Strategic Energy Innovations](#)
- 19-1-109B [Consideration of Board Member Compensation](#)

## **INFORMATION REPORTS**

- 19-1-2C [2019 Contractor Prequalification](#)
- 19-1-3C [Update on Skyline College Building 1N, Social Science and Creative Arts](#)
- 19-1-4C [Accreditation Update and Timeline](#)

## **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 Special Closed Session of the Board of Trustees  
San Mateo County Community College District  
November 28, 2018, San Mateo, CA**

**The meeting was called to order at 4:00 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 (1) hold a conference with legal counsel regarding one case of anticipated litigation as listed on the printed agenda and (2) consider employee discipline, dismissal, release.

**STATEMENTS FROM THE PUBLIC ON CLOSED SESSION ITEMS ONLY**

None

**RECESS TO CLOSED SESSION**

The Board recessed to Closed Session at 4:01 p.m.

**RECONVENE TO OPEN SESSION**

The Board reconvened to Open Session at 7:48 p.m.

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

**REPORT OF ACTION TAKEN DURING CLOSED SESSION**

President Holober said the Board took no action during closed session.

**ADJOURNMENT**

The meeting was adjourned by consensus at 7:50 p.m.

Submitted by

Ron Galatolo, Secretary

Approved and entered into the proceedings of the January 23, 2019 meeting.

Karen Schwarz  
Vice President-Clerk

**Minutes of the Special Closed Session of the Board of Trustees  
San Mateo County Community College District  
December 12, 2018, San Mateo, CA**

**The meeting was called to order at 2:00 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 (1) hold a conference with legal counsel regarding one case of anticipated litigation as listed on the printed agenda and (2) consider employee discipline, dismissal, release.

**STATEMENTS FROM THE PUBLIC ON CLOSED SESSION ITEMS ONLY**

None

**RECESS TO CLOSED SESSION**

The Board recessed to Closed Session at 2:01 p.m.

**RECONVENE TO OPEN SESSION**

The Board reconvened to Open Session at 4:04 p.m.

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

**REPORT OF ACTION TAKEN DURING CLOSED SESSION**

President Holober said the Board took no action during closed session.

**ADJOURNMENT**

The meeting was adjourned by consensus at 4:05 p.m.

Submitted by

Ron Galatolo, Secretary

Approved and entered into the proceedings of the January 23, 2019 meeting.

Karen Schwarz  
Vice President-Clerk

**Minutes of the Regular Meeting of the Board of Trustees  
San Mateo County Community College District  
December 12, 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 A. Nuris, Trustee Karen Schwarz

**ANNOUNCEMENT OF CLOSED SESSION ITEMS FOR DISCUSSION**

President Holober said that during closed session, the Board will (1) hold a conference with legal counsel regarding four cases of existing litigation and one case of anticipated litigation as listed on the printed agenda and (2) consider employee discipline, dismissal, release.

**PUBLIC COMMENTS ON CLOSED SESSION ITEMS ONLY:** None

**RECESS TO CLOSED SESSION**

The Board recessed to Closed Session at 5:01 p.m.

**RECONVENE TO OPEN SESSION**

The Board reconvened to Open Session at 6:00 p.m.

**Board Members Present:** President Richard Holober, Vice President Maurice Goodman, Trustee Dave Mandelkern, Trustee Thomas A. Nuris, Trustee Karen Schwarz

**Others Present:** Chancellor Ron Galatolo, Executive Vice Chancellor Kathy Blackwood, Skyline College President Regina Stanback Stroud, College of San Mateo President Michael Claire, Cañada College President Jamillah Moore, District Academic Senate President Leigh Anne Shaw

**PLEDGE OF ALLEGIENCE**

**DISCUSSION OF THE ORDER OF THE AGENDA**

President Holober said there was a request from staff to remove the following items from the agenda:

Public Hearing on Certification of Final Subsequent Environmental Impact Report (SEIR) Mitigation Monitoring and Reporting Program (MMRP) for College of San Mateo Building 20 Demolition Project (18-12-101B)

Adoption of Resolution No. 18-30 Certifying the Final Subsequent Environmental Impact Report for College of San Mateo Building 20 Demolition Project, and Adoption of Resolution No. 18-31 Accepting and Adopting the CEQA Findings of Fact and Mitigation Monitoring and Reporting Plan, and Approving the College of San Mateo Building 20 Demolition Project (18-12-102B)

The Board agreed to remove the items from the agenda.

**ANNOUNCEMENT OF REPORTABLE ACTION TAKEN IN CLOSED SESSION**

President Holober announced that the Board took no reportable action during closed session.

**SWEARING IN OF RE-ELECTED AND NEWLY ELECTED TRUSTEES**

**Swearing In of Newly Elected Trustee: Thomas A. Nuris**

Dr. Floyd Gonella conducted the swearing in ceremony for Trustee Nuris. Dr. Gonella said he has known Trustee Nuris for many years, as an outstanding student leader at Serramonte High School, through law school, as a member of the Bar, and as a member of the Board of Trustees of the Jefferson Union High School District for 33 years.

Trustee Nuris said he was 15 years old when he met Dr. Gonella. He said they have worked together for many years, during which time Dr. Gonella was Superintendent of the Jefferson Union High School District and later San Mateo County Superintendent of Schools. Trustee Nuris said people still call on Dr. Gonella for advice because of his wealth of

knowledge and experience. Trustee Nuris introduced Dr. Gonella's wife, Margaret Taylor, who is the former Director of the San Mateo County Health Department.

Trustee Nuris introduced his wife, Liberty, and son Matthew. He said his other two sons, both of whom attended Skyline College, were working and unable to attend the meeting. Trustee Nuris thanked the Board and others for their support and said he will do his best as a trustee.

President Holober welcomed Trustee Nuris. He said he is impressed with Trustee Nuris' acumen, knowledge and experience.

Vice President Goodman congratulated Trustee Nuris and said he looks forward to working with him. He said he believes the North County is well represented.

Trustee Schwarz welcomed Trustee Nuris and said it is a pleasure to reconnect with him. She said it was also a pleasure to see Dr. Gonella, with whom she worked when she was a board member on the San Mateo County Board of Education.

Trustee Mandelkern welcomed Trustee Nuris and said he looks forward to working with him during the coming years.

Student Trustee Topete Eng Goon said she looks forward to working with Trustee Nuris and thanked him for his service to students.

#### Swearing In of Re-Elected Trustee: Richard Holober

The swearing in ceremony for President Holober was conducted by AFT President Paul Rueckhaus, CSEA President Annette Perot and AFSCME President John Cuevas. President Holober thanked Executive Assistant Ginny Brooks for another year of work and thanked his fellow Board members for working together on some difficult issues during the past year. He introduced and welcomed Wayne Lee, Mayor of Millbrae.

President Holober said the election season was long and exhausting. He thanked the voters who voted for him and said he appreciates their confidence in him. He also thanked the voters who did not vote for him for participating in the political system and casting the votes they believed were appropriate. He said this was a contest he would have preferred to avoid. He noted that a campaign is stressful to anyone who is close to the candidate and he gave special thanks to Sarah Ritthaler.

President Holober said he believes the Board should work for the benefit of students first and foremost. In doing that work, he said he believes the Board honors the values of the community which includes, among other things, economic justice, diversity, equity and opportunities for students, staff, faculty and the community. He said this includes putting resources to work to lift up the standards of the community, including the standards of contractors who do work for the District. President Holober said the Board ultimately reports to the people of San Mateo County and he will try to continue to be collaborative as well as independent. He said he believes leadership is a tightrope walking act and the challenge is to try to navigate it without falling off on one side or the other and to stay true to the straight and narrow course, which for him includes balancing collaboration with all stakeholders as well as recognizing his role as an independent voice of the entire community.

President Holober thanked the three unions for their support. He said there is nothing he cherishes more than having the confidence of employees as manifested through the labor organizations' support of his reelection. He said he was proud to be supported by working families of San Mateo County as manifested through endorsements by the Central Labor Council and the Building Trades Council. He said he was endorsed by 35 local elected officials. He said that while it was a nonpartisan race, he was endorsed by the Democratic Party and was also proud of the endorsement by the Bay Area Municipal Elections Committee which fights for LGBT rights in the political arena. President Holober thanked Valerie Leghorn who worked as his day-to-day staff person and Aryan Keshishian who was his campaign consultant. Trustee Holober said he personally knocked on 3,000 doors, talking with many voters and learning from them. He said volunteers for his campaign knocked on approximately 2,000 additional doors and made approximately 10,000 telephone calls on his behalf.

President Holober said he is excited to continue to serve at a time when the District can do important things for students and the community to promote educational excellence, access, affordability and success. He said the District has done

many great things for students and now has a moment when even more can be done. He outlined some of the issues he wants to continue to pursue:

- Expand the First Year Promise Scholarship Program, which provides free tuition and helps to cover the cost of textbooks and transportation, to provide free tuition for all first year students.
- Continue to move forward with Guided Pathways, a very innovative approach to get students to focus and move quickly toward completion and success.
- Continue to expand professional development opportunities for faculty and staff in order to nurture their great talent and empower them to do even greater things for students.
- Work on restoring labor relations. Start a new chapter with a labor relations environment that includes respect and teamwork. Provide a sense of due process and justice for people who are facing potential disciplinary action and provide an opportunity for them to have their day before an independent arbitrator who can render a final decision.
- Take the opportunity to increase the number of full-time faculty from the ranks of part-time faculty. The District has excellent part-timers but many are racing up and down the Peninsula and to and from the East Bay in order to cobble together a full-time income.
- Work with the labor organizations to make sure that jobs that belong in the bargaining units are not placed outside the bargaining units.
- Do more to address declining enrollment, which is primarily cyclical, based on the economy. Consider being more lenient in terms of some of the cutoff numbers, thereby allowing more classrooms to open and providing opportunities for students to take advantage of the colleges' excellent offerings.

President Holober said he has only the most positive admiration for Tom Mohr. He said former Trustee Mohr brought tremendous value as a trustee, President of Cañada College, and throughout his 50-plus years in education. He said he is happy to serve with Trustee Nuris but would have preferred a different situation; however, the voters have the last word. He said he wishes Tom Mohr all the best.

President Holober said he has always worked hard to strive for consensus and the Board has been able to achieve that most of the time. He said there are times when consensus is not reached but that is the nature of democracy. He said that bringing five Board members together provides a diversity in points of view, experiences and outlooks, and that enriches the District. He said he believes the key is to listen to and hear each other, treat each other with courtesy and respect, keep differences focused on issues and not on any personal invectives, and try as hard as possible to reach accommodations, knowing that there will be occasions when this is not possible.

President Holober said the District is a phenomenal college district and his own family has been one of the tens of thousands of success stories that the District has produced and continues to produce. He said there are many positive things ahead for the District. He said the District will continue to strive and be a model for academic achievement, access and affordability. He said he is eager to continue the work he is doing for the District and for San Mateo County.

Trustee Mandelkern congratulated President Holober and thanked him for leading the Board through a challenging year. He said Trustee Holober led the Board skillfully and always brought the Board together to remain focused on ensuring the success of students.

A brief reception was held to celebrate the swearing in of Trustees Holober and Nuris.

### **ORGANIZATION OF THE BOARD OF TRUSTEES**

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

President Holober called for nominations for President. It was moved by Trustee Mandelkern and seconded by Trustee Nuris to elect Vice President Goodman to serve as President. There were no other nominations. Trustee Holober announced that Vice President Goodman has been elected President by acclamation. President Goodman then presided over the remainder of the meeting.

President Goodman made the following statement:

"I am deeply grateful for the privilege and trust given to me by my colleagues. I will work diligently to represent this body in a dignified and trustworthy manner. For nearly a decade and a half as an elected official, I have been intentional and unapologetic in the manner in which I express and highlight my blackness. I do so to ensure that we are seen despite

our modest demographics in San Mateo County. I understand the historical nature of my mere presence on the Board and even more to be appointed president. I am deeply humbled. I would like to talk about what this means to my children sitting in the audience and to the countless students who we serve, and who we have served, who have never seen a person of color in this seat – but I won't because we have an opportunity gap in our communities and we have a lot of work to do.

"I would like to talk about all of the strong, resilient black men and women whose shoulders I stand on to be here today, not to downplay the many non-black individuals who have played a substantial role in taking me from being a student to a trustee – but I won't because we have a housing and food insecurity problem in our community. So let's get to work.

"I really want to talk about the love of my life, my soulmate; without her, I wouldn't be here (and I know I definitely wouldn't be matching!) – but I won't because we have some of the highest paid employees in the area and many of them can't make ends meet and have little or no quality of life due to long commutes. We have a lot of work to do.

"I could also talk about the great work we have already done in our district like the Promise, Guided Pathways, the equity work we are doing at all of our colleges, our sports, our great faculty and staff – but I won't because we have numerous students within our district who live in fear because of the national rhetoric and policies that come from Washington, D.C. We have work to do.

"There are so many things I want to say right now to express my gratitude for what this district and our faculty and staff, who are now my friends and my family, have done for me. I will do so over the next year and beyond. Since we are family, I want you to hold me accountable and I, along with my colleagues, will hold the administration and each other accountable, to hold ourselves to the mission and vision of this great district."

President Goodman called for nominations for Vice President-Clerk. It was moved by Trustee Holober to elect Trustee Mandelkern to serve as Vice President-Clerk. Trustee Mandelkern declined the nomination and moved to elect Trustee Schwarz to serve as Vice President-Clerk. The motion was seconded by Trustee Nuris. There were no other nominations. President Goodman announced that Trustee Schwarz has been elected Vice President-Clerk by acclamation. Vice President Schwarz said she looks forward to working with President Goodman during the coming year. She suggested that she accompany President Goodman to attend agenda setting meetings so that the Vice President can be better informed about the items for upcoming Board meetings.

Trustee Holober said he looks forward to serving under the leadership of President Goodman and Vice President Schwarz. He said each brings an added amount of value, perspective, knowledge, life history and commitment to the District and its students.

President Goodman called for nominations for Secretary of the Board. It was moved by Trustee Holober and seconded by Vice President Schwarz to re-elect Chancellor Galatolo to serve as Secretary. There were no other nominations. President Goodman announced that Chancellor Galatolo has been elected Secretary by acclamation.

President Goodman called for nominations for a Representative of the Board to serve on the County Committee on School District Organization. It was moved by Vice President Schwarz and seconded by Trustee Holober to appoint Trustee Mandelkern to serve as Board Representative. President Goodman announced that Trustee Mandelkern has been appointed as the representative by acclamation.

President Goodman called for nominations for representatives of the Board to serve on the Board of Directors of the San Mateo County Community Colleges Foundation for two-year terms. It was moved by Trustee Mandelkern and seconded by Vice President Schwarz to appoint Trustee Holober and Trustee Nuris to serve as Board representatives. President Goodman announced that Trustees Holober and Nuris have been appointed as the representatives by acclamation.

On behalf of the Board, President Goodman presented an award to Trustee Holober in appreciation for his outstanding service as Board President during the past year. He thanked Trustee Holober for his leadership and guidance.

#### **ANNOUNCEMENT**

President Goodman said there was a request to adjourn this meeting in memory of College of San Mateo student, Leuea Loto, who was killed in a tragic shooting incident on Thanksgiving Day. The Board agreed to adjourn the meeting in Mr. Loto's memory.

**MINUTES**

It was moved by Trustee Holober and seconded by Trustee Mandelkern to approve the minutes of the meeting of November 14, 2018. The motion carried, with Trustee Nuris abstaining and all other members voting Aye.

**STATEMENTS FROM EXECUTIVES**

Chancellor Galatolo congratulated President Goodman on his election as Board President. He said he appreciates Vice President Schwarz's suggestion regarding agenda setting as it will create continuity between the two positions. Chancellor Galatolo thanked Trustee Holober for serving as president during a challenging year with many issues, many of which will carry over to the new year. He also congratulated Trustee Holober on his reelection. He gave a warm welcome to Trustee Nuris and said the District will be looking to him for guidance. He said Trustee Nuris is joining a family in one of the most respected districts in the state. He thanked Trustee Nuris for committing time to the Board and the Foundation.

Skyline College President Stanback Stroud congratulated Trustee Holober on his reelection and welcomed Trustee Nuris to the Board. She said she is particularly excited to have representation from the North County. She congratulated President Goodman as he takes on the presidency of the Board. She said it is meaningful for her as an African American woman to see President Goodman sit at the dais. She said it is historic for the District and amazing for the community. President Stanback Stroud introduced Dr. Michael Reiner, the new Director of Guided Pathways at Skyline College.

College of San Mateo President Claire congratulated Trustee Holober on his reelection. He congratulated President Goodman and said he has always enjoyed working with him. He recognized Dr. Sandra Stafani Comerford, Vice President of Instruction, who is retiring.

Cañada College President Moore congratulated Trustee Holober and welcomed Trustee Nuris. She congratulated President Goodman and said she is happy to be part of history. President Moore thanked Chancellor Galatolo and the Board, as well as Vice Chancellor José Nuñez and Director of Public Safety Bill Woods, for the smooth process when the difficult decision was made to close the campuses due to poor air quality. She said this was done as smoothly as possible to make sure that everyone was informed.

Executive Vice Chancellor Blackwood thanked everyone who attended her retirement party. She said next week will be her last week of work but she will return for the upcoming Board retreat.

District Academic Senate President Shaw extended a warm welcome to Trustee Nuris on behalf of the faculty at the three colleges. She congratulated President Goodman and said faculty have great confidence in his leadership. She noted the long standing and positive relationship that faculty have had with Vice President Schwarz. She congratulated Trustee Holober on his reelection. She said she has enjoyed working with Vice President Comerford and wishes her all the best. President Shaw said the Academic Senate had a joint meeting with AFT to discuss expanding professional development opportunities and said they look forward to continue working together.

President Shaw read a resolution in honor of Executive Vice Chancellor Blackwood which was approved by the District Academic Senate on December 10; a copy of the resolution is attached to the minutes.

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

None

**NEW BUSINESS****APPROVAL OF PERSONNEL ITEMS: CHANGES IN ASSIGNMENT, COMPENSATION, PLACEMENT, LEAVES, STAFF ALLOCATIONS AND CLASSIFICATION OF ACADEMIC AND CLASSIFIED PERSONNEL (18-12-1A)**

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

**RECEIPT OF DISTRICT'S INITIAL CONTRACT PROPOSAL TO SAN MATEO COMMUNITY COLLEGE FEDERATION OF TEACHERS, LOCAL 1493, AFT, AFL-CIO AND SETTING OF PUBLIC HEARING (18-12-2A)**

It was moved by Vice President Schwarz and seconded by Trustee Nuris to accept receipt of the proposal. The motion carried, all members voting Aye.

**RECEIPT OF SAN MATEO COMMUNITY COLLEGE FEDERATION OF TEACHERS, LOCAL 1493, AFT, AFL-CIO INITIAL CONTRACT PROPOSAL TO THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT AND SETTING OF PUBLIC HEARING (18-12-3A)**

It was moved by Trustee Holober and seconded by Vice President Schwarz to accept receipt of the proposal. The motion carried, all members voting Aye.

**RECEIPT OF DISTRICT'S INITIAL CONTRACT PROPOSAL TO CALIFORNIA SCHOOL EMPLOYEES ASSOCIATION, CHAPTER 33 AND SETTING OF PUBLIC HEARING (18-12-4A)**

It was moved by Trustee Nuris and seconded by Vice President Schwarz to accept receipt of the proposal. The motion carried, all members voting Aye.

Staff asked that the public hearing date for all four proposals be set for January 23. The Board concurred.

**RECEIPT OF CALIFORNIA SCHOOL EMPLOYEES ASSOCIATION, CHAPTER 33 INITIAL CONTRACT PROPOSAL TO THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT AND SETTING OF PUBLIC HEARING (18-12-5A)**

It was moved by Trustee Holober and seconded by Trustee Nuris to accept receipt of the proposal. The motion carried, all members voting Aye.

**APPROVAL OF CONSENT AGENDA**

President Goodman said the consent agenda consists of board reports 18-12-1CA through 18-12-4CA as listed on the printed agenda. Student Trustee Topete Eng Goon requested that item 18-12-2CA be removed from the consent agenda for discussion. It was moved by Vice President Schwarz and seconded by Trustee Holober to approve items 1CA, 3CA and 4CA. The motion carried, all members voting Aye.

**ACCEPTANCE OF GRANT FROM THE SAGA FOUNDATION TO CAÑADA COLLEGE (18-12-2CA)**

It was moved by Trustee Mandelkern and seconded by Vice President Schwarz to approve the acceptance of the grant. Student Trustee Topete Eng Goon noted that SparkPoint services are currently available to veteran students and asked how the services will be expanded through this grant. President Stanback Stroud said that because resources are limited, the Colleges take advantage of opportunities for categorical funding that is aimed at a specific student population in order to maximize the services available to that group. President Moore added that the additional funds will also allow families of veterans who want to utilize SparkPoint services to do so. After this discussion, the motion carried, all members voting Aye.

**Other Recommendations**

**APPROVAL OF SKYLINE COLLEGE EDUCATION MASTER PLAN (18-12-100B)**

It was moved by Vice President Schwarz and seconded by Trustee Mandelkern to approve the Plan as presented. Vice President Schwarz said the Education Master Plan is impressive and she asked about the process that was undertaken to update it. President Stanback Stroud said Jacquie Honda, Interim Dean of Planning, Research and Institutional Effectiveness, took a leadership role, engaging faculty and staff throughout the campus, as well as the community-at-large to determine their needs. She said the Education Master Plan is tied to the District Strategic Plan, student success metrics and the foundation of equity. Chancellor Galatolo added that the Education Master Plan is integral to the upcoming accreditation visit. After this discussion, the motion carried, all members voting Aye.

**APPROVAL OF CONTRACT AWARDS FOR CONSTITUENT RELATIONSHIP MANAGEMENT (CRM) SOFTWARE AND IMPLEMENTATION SERVICES FOR STUDENT SUCCESS TO APEX IT AND ENROLLMENT RX (18-12-103B)**

It was moved by Trustee Holober and seconded by Trustee Nuris to approve the contract awards as presented. Aaron McVean, Vice Chancellor of Educational Services and Planning, said District Strategic Plan Goal #3 focuses on increasing the use of technology to increase student success and learning. In pursuit of that goal, the District formed a Technology Taskforce in spring 2017. The taskforce had representation from the three campuses and was co-chaired by President Claire and Bruce Griffin, former Chief Technology Officer. The taskforce identified three areas of need: (1) operational efficiency through integrated and transparent business processes, (2) expanded use of data, and (3) greater ease of use for students and employees. In September 2017, the Board approved a contract with Kennedy and Company to assist in developing the RFP that would be used to identify CRM software and implementation services. In March 2018, the District received seven proposals. Over several months, a Districtwide team heard presentations, went through

several rounds of interviews, and narrowed the selection to two vendors. It was determined that the Apex IT/Enrollment Rx solution best suits the District's needs. The ultimate cost of this project will also include Salesforce licensing, the costs of which were not included in the responses to the RFP but are not expected to exceed \$1.8 million over five years. The District is recommending that the Board approve the award and contracts for Implementation Fees and Software licensing to Apex IT and Enrollment Rx. Staff anticipates bringing the Salesforce licensing agreements to the Board in early 2019.

Karrie Mitchell, District Vice President of Planning, Research and Institutional Effectiveness, said a CRM system can be used to help students complete admissions applications and matriculation steps; keep track of current students with a case management approach; allow faculty members to alert counselors about students who are struggling; and provide opportunities to communicate with alumni and workforce partners. The CRM system uses historical and ongoing student data to provide direct resources that are automated and customized to the student. It can benefit recruitment and admissions teams and assist with retention and completion initiatives.

Trustee Mandelkern asked if staff checked with other users of the software to question whether their experience was positive. Vice Chancellor McVean said staff checked with other users who reported a major increase in efficiency.

Student Trustee Topete Eng Goon asked how much training will be needed and if the cost of the project includes training. Vice President Mitchell said part of the implementation cost includes a training component and work is proceeding on an onboarding process for new employees.

Trustee Nuris asked how the success of the program will be assessed in order to determine whether it is providing a benefit. Vice President Mitchell said the Strategic Plan metrics dealing with retention, persistence and completion will be measured. She said other institutions using the CRM system have seen increases in these numbers and the District expects to see the same.

After this discussion, the motion to approve the award and contracts for Implementation Fees and Software licensing to Apex IT and Enrollment Rx carried, all members voting Aye.

**APPROVAL OF CONTRACT AWARD FOR SKYLINE COLLEGE FITNESS PARKLAND AND ACCESSIBLE ROUTE TO COLLEGE RIDGE PROJECT (18-12-104B)**

It was moved by Vice President Schwarz and seconded by Trustee Holober to approve the contract award as presented. Trustee Holober asked if the project is covered by the District's Project Labor Agreement. Chris Strugar-Fritsch, Director of Capital Projects, said it is. The motion carried, all members voting Aye.

**AUTHORIZATION TO AUGMENT THE DESIGN-BUILD CONTRACT FOR CAÑADA COLLEGE BUILDING 1N, NEW KINESIOLOGY AND WELLNESS/AQUATICS CENTER (18-12-105B)**

It was moved by Trustee Nuris and seconded by Vice President Schwarz to approve the contract augmentation as presented. Trustee Holober asked if the project is covered by the District's Project Labor Agreement. Mr. Strugar-Fritsch said it is. Trustee Holober said he recalls that at some point he voted against an earlier proposal with a cost of approximately \$88 million because he believes in the need to be forthright with the voters of San Mateo County and this project, which absorbs a huge amount of the bond funds that voters approved, was not on the list of voter approved projects. He said that while he realizes that the District is perfectly within its rights to use generic language to the effect of "and other projects as we may choose," he does not feel comfortable with not itemizing a large project that he believes was known about from the beginning. Trustee Holober said he is now in a dilemma because the work is going to be done and he wants it to be done right. He said the initial decision is in the past and he is pleased that the work will be done under the PLA. He said he will continue to urge his colleagues to staff the facilities that are for the public to the maximum degree with District employees rather than contracting out to a management company which may in turn contract out to a janitorial company. He said he will continue to press for looking very closely at what the Board can do to augment the number of jobs at the athletic club for District employees.

Trustee Mandelkern said the interior uses of the building seem to have changed somewhat based on this proposal. He said he sees in the proposal information about an aquatic center, studios for dance and yoga, cycling, gymnasium, track, weight training and Enterprise locker rooms and facilities. He said he does not see much mention of lecture classrooms or faculty and staff offices. He asked what percentage of the building will be for classroom instructional use and faculty and staff office use. José Nuñez, Vice Chancellor of Facilities Planning, Maintenance and Operations, said the entire building is an academic building and part of the utilization will be the Enterprise function. He said there will be one

general lecture classroom and six or seven studios where all Kinesiology trainings will take place. Chancellor Galatolo said the basketball and volleyball courts are NCAA courts for use by existing teams. He said the building will be tri-purpose, similar to the San Mateo Athletic Club: (1) students who take courses as part of their degree or for personal interest will have better facilities to use, (2) student athletes will have better facilities, with one room designated exclusively for them, and (3) with memberships, the District has taken what was a very expensive cost center and turned it into a revenue center, with profits put back into supporting domestic students and expanding courses, not only in physical education, but in the rest of the college as well. Chancellor Galatolo said he believes this project does a considerable amount to advance the interest of students.

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

**APPROVAL OF CONTRACT AWARD FOR SHUTTLE SERVICE TO AND FROM CAÑADA COLLEGE TO TRANSMETRO, INC. (18-12-106B)**

It was moved by Vice President Schwarz and seconded by Trustee Holoher to approve the contract award as presented. The motion carried, all members voting Aye.

**APPROVAL OF REVISIONS TO BOARD POLICIES: 3.20 EVALUATION OF FACULTY; 3.25 WAGES, HOURS AND OTHER TERMS AND CONDITIONS OF EMPLOYMENT; 3.90 POST-RETIREMENT CONTRACT; 8.49 USE OF UNMANNED AERIAL SYSTEMS ON DISTRICT PROPERTY (18-12-107B)**

It was moved by Trustee Holoher and seconded by Trustee Nuris to approve the revisions as presented. The motion carried, all members voting Aye.

**INFORMATION REPORTS**

**PROCESS FOR SELECTING NOMINEES FOR APPOINTMENT TO BOARDS AND COMMITTEES (18-12-1C)**

Trustee Holoher recommended that the District use the model used by cities and some school districts in the County. This would entail the Board of Trustees interviewing and selecting applicants for appointment to the Bond Oversight Committee and Educational Housing Corporation Board of Directors. He said that if needed, a screening process could be used to narrow the number of candidates. Trustee Mandelkern agreed, stating that he believes the Board should undertake a process that ensures transparency in the application and selection process. Trustee Nuris asked if there have been situations where multiple people have wanted to serve or if it can be difficult to find people willing to serve who fit into specific and required categories. Trustee Holoher said it is not possible to know if multiple people might want to serve because an application process has not been in place. President Goodman said the question arose because a member of the community expressed interest in serving when a vacancy occurred but another candidate was recommended to the Board for approval. He said that presenting only one candidate took the choice away from the Board to decide on the appointment in a public manner.

It was agreed that staff will publicize openings and will include the role and responsibilities of the position. They will bring brief biographies and statements of interest to the Board for consideration. Chief of Staff Bailey said he will likely announce the vacancies in January and likely bring the report to the Board in February.

**BOND OVERSIGHT COMMITTEE 2017 ANNUAL REPORT TO THE COMMUNITY (18-12-2C)**

The Board accepted the report.

**DISTRICT FINANCIAL SUMMARY FOR THE QUARTER ENDING SEPTEMBER 30, 2018 (18-12-3C)**

The Board accepted the report. Student Trustee Topete Eng Goon said she is grateful for non-resident students who contribute so much to the District. Chancellor Galatolo said their contribution expands opportunities for domestic students as well.

**FIRST QUARTER REPORT OF AUXILIARY OPERATIONS, 2018-19 (18-12-4C)**

The Board accepted the report.

**COMMUNICATIONS**

None

## **STATEMENTS FROM BOARD MEMBERS**

The Board presented a Resolution of Honor to Executive Vice Chancellor Blackwood, a copy of which is attached to the minutes. Executive Vice Chancellor Blackwood thanked the Board for this honor. She said it has been an honor and privilege to work at the District and to be able to help move forward the wonderful things the District does for students.

Student Topete Eng Goon shared information on military servicemen and servicewomen in honor of Veterans Day which was celebrated last month. She said more than 30 percent of the military is composed of minorities. There are more African American men and women in the military than in the workforce. Eight states offer free college tuition to veterans. More than three in ten (31%) military women are black, including Black Hispanics. This is almost twice the share of active-duty men who are black (16%), as well as more than twice the proportion of civilian women ages 18-44 who are black (15%).

Student Topete Eng Goon said she attended the Student Equity Summit at Skyline College. She said students from all three colleges were in attendance and she applauded the efforts of everyone who worked on the event, particularly Michael Stokes, TRiO Director at Skyline College. She added the President Stanback Stroud gave an inspiring speech at the beginning of the program.

Trustee Mandelkern congratulated President Goodman on his historic and well-deserved election as President of the Board. He said President Goodman has been an outstanding trustee and he looks forward to his leadership in 2019. Trustee Mandelkern congratulated Vice President Schwarz on her election as Vice President-Clerk. He said he has enjoyed working with her for 16 years and thanked her for her leadership. He congratulated Trustee Holober once again on his reelection and Trustee Nuris on his election. He said he looks forward to working with both of them during the coming year.

Trustee Mandelkern said he attended the San Mateo County Labor Council luncheon and appreciated the opportunity to engage with members of the District's bargaining units and people from the building trades. He said he also attended the retirement party for Executive Vice Chancellor Blackwood. He said it is wonderful to have employees who contribute so much but hard to say goodbye to outstanding talent. Trustee Mandelkern complimented Executive Vice Chancellor Blackwood on two items in particular: (1) the transparency and clarity with which she presented the budget to the public so that taxpayers were able to understand the District's finances, and (2) the sense of transparency she brought to the negotiating process, explaining the numbers and then being willing to listen and work collaborative and openly with the bargaining units.

Trustee Mandelkern said there are sometimes questions about why the District focuses on issues of justice, equity and diversity. He said he recently came across an example that exemplifies why this is important. He said it has been reported that facial recognition, which is being used on an increasingly frequent basis, works well for white people but not so well for people of color. This raises the question of how to make sure the technology is used in a way that is fair, equitable and accessible. Trustee Mandelkern said his takeaway is to question whether the same problem would occur if more people of color were involved in the areas of software development and engineering technology. He said he thinks not. He said he believes there is a need for more diversity of opinions, experiences and backgrounds. Trustee Mandelkern said this brought home to him why it is important for the District to make itself affordable and accessible and to offer opportunities to all members of the community, particularly in areas such as STEM where people can become engaged in software development and technology jobs that exist in the community.

Vice President Schwarz said she appreciates Trustee Mandelkern's comments on an issue that the Board might not have been informed about otherwise. She said she encourages Trustee Nuris to attend meetings of the District and College Academic Senates and listen to faculty members discuss important issues and work to build consensus. She said the focus of the most recent District Academic Senate meeting that she attended was how to help colleagues in Paradise who were affected by the wildfires.

Vice President Schwarz said she is involved in Human Trafficking awareness. She said the United States Senate has designated January 11 as Human Trafficking Awareness Day and she would like to request that the Board adopt a resolution at the January 23<sup>rd</sup> meeting encouraging all faculty, staff, administrators, students and San Mateo County residents to support the national and local fight against human trafficking.

Trustee Nuris said he will do his best to learn the names of people and what their positions are, and to hear from them how they feel he can do his job better. He said he became a member of the Board because of redistricting and

will, therefore, be spending a good deal of time in the North County, including visiting the feeder high schools where there is a captive population of students. He said that during this time of declining enrollment, it is important to go where the students are. He said he knows the District is already making inroads in this area and he will do what he can to enhance that effort.

Trustee Nuris said he plans to visit each campus after the holidays and would like to meet with the Presidents individually. Trustee Nuris thanked everyone for the warm welcome given to him.

President Goodman thanked Executive Vice Chancellor Blackwood for the work she has done for students and for the District, as well as for spending time with him when he was first elected to the Board. He congratulated Trustee Holober on his reelection to the Board and Vice President Schwarz on her election as Vice President-Clerk. President Goodman welcomed Trustee Nuris and said he looks forward to working with him.

Trustee Holober said it has been a pleasure to work with Executive Vice Chancellor Blackwood. He said she brought a tremendous amount of knowledge and transparency that has helped people fully understand the complexity of the budget. He wished her well and said she has been a great asset to the District.

Trustee Holober said the District has conducted surveys when considering placing bond measures on the ballot and the surveys have shown that the colleges are well regarded and have had a tremendous impact in the community. He said he conducted an informal survey while talking to people in the center of the County during his campaign and heard exactly the same responses. He said there were minor complaints here and there about matters such as parking and fines, but the colleges are held overall in positive regard. Trustee Holober said the amount of impact that the District has had on people's lives and those of their families is remarkable. He said he was told about students who believe that the instruction they received at the District's colleges was better than the instruction they received at the University of California campuses to which they transferred. He said the District has much to be proud of.

Trustee Holober said he is interested in attending the annual Community College National Legislative Summit which will be held in Washington, D.C. in February. He said he also intends to attend the Progress Seminar in April.

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

President Holober called the meeting to order at 8:45 p.m.

Present: President Richard Holober, Vice President Ron Galatolo, Secretary Maurice Goodman, Directors Dave Mandelkern, Thomas Nuris and Karen Schwarz

#### **Approval of Minutes of the December 13, 2017 meeting**

It was moved by Director Mandelkern and seconded by Director Schwarz to approve the minutes as presented. The motion carried, all members voting Aye.

#### **Naming of Officers for 2019**

President Holober said that in accordance with the bylaws of the Financing Corporation, the officers for 2019 will be:

President – Board of Trustees President Maurice Goodman  
 Vice President – District Chancellor Ron Galatolo  
 Secretary – Board of Trustees Vice President-Clerk Karen Schwarz  
 Treasurer – District Chief Financial Officer Bernata Slater  
 Board of Trustees members Richard Holober, Dave Mandelkern and Thomas Nuris will serve as Directors.

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

President Holober announced that the next scheduled meeting of the Financing Corporation will be held on December 11, 2019.

It was moved by Director Nuris and seconded by Director Schwarz to adjourn the meeting. The meeting was adjourned at 8:47 p.m.

**ADJOURNMENT OF BOARD OF TRUSTEES MEETING**

The Board adjourned by consensus at 8:48 p.m. in memory of Leuea Loto.

Submitted by

Ron Galatolo, Secretary

Approved and entered into the proceedings of the January 23, 2018 meeting.

Karen Schwarz  
Vice President-Clerk

**RESOLUTION ADOPTED BY THE DISTRICT ACADEMIC SENATE ON  
DECEMBER 10, 2018**

**“Whereas**, Kathy Blackwood has served the San Mateo County Community College District most admirably in her capacity as Executive Vice Chancellor, making transparent the budgetary picture and processes for all faculty to rely on and trust, even in the complex and ever-shifting community college landscape;

**Whereas**, Kathy Blackwood’s approach to steering the fiscal ship of the San Mateo County Community College District has been long-visioned while being carefully crafted and thoughtful, allowing the District to meet its fiscal obligations while also allowing for innovation and expansion of services that help our students succeed at our colleges;

**Whereas**, Kathy Blackwood’s presentations on the budget have always been informative and supported by rich context and scenarios so as to make the information accessible to participants with budget expertise as well as to those without;

**Whereas**, Kathy Blackwood has always made herself fully accessible to faculty and college committees, listening openly to concerns and providing options and solutions that have ably aided our three-college District in navigating the often unclear waters of Community Supported funding status;

**Whereas**, Kathy Blackwood’s professional, respectful, and unflappable demeanor, no doubt aided by her ever-present knitting tasks, has resulted in an overall positive feeling in budget discussions that is unlikely to exist in any other community college district, so much as to lead many people to exit a budget meeting commenting, “That was a really great budget meeting;” and

**Whereas**, Estimating a knitting rate of twelve hours per pair of socks, Kathy Blackwood’s tenure with the San Mateo County Community College District might just be equal to the knitting of approximately 20,650 socks, and thus warrants a well-deserved retirement;

**Resolved**, That the District Academic Senate for San Mateo County Community College District thank Kathy Blackwood for her steadfast and admirable service, which has enabled faculty to provide quality, well-funded offerings and support to the students of our community; and

**Resolved**, That the District Academic Senate for San Mateo County Community College District wish Kathy Blackwood a long and restful retirement spent enjoying family, friends, and many more knitting projects to come.”

**RESOLUTION ADOPTED BY THE BOARD OF TRUSTEES ON  
DECEMBER 12, 2018**

“**WHEREAS**, Kathy Blackwood has been a valued and important member of the District's senior executive team for nearly 15 years, during her time with the District, Ms. Blackwood has held several key leadership roles including District Budget Officer, Chief Financial Officer and Executive Vice Chancellor; and

**WHEREAS**, Ms. Blackwood provides valuable guidance and counsel to the District and the Board of Trustees; and

**WHEREAS**, throughout her time with the District, Ms. Blackwood has coordinated and led a number of critical initiatives and programs, including the adoption of the District Strategic Plan and the implementation of the Promise Scholars Program; and

**WHEREAS**, Ms. Blackwood is arguably the most respected community college Chief Business Officer in the state, and is regularly called upon to be a member of important state committees and task forces relating to funding, budgeting and business matters, and was celebrated by the Association of Chief Business Officials with their highest honor, the Walter Star Robie Award; and

**WHEREAS**, many in the District and throughout the state have been fortunate to call Ms. Blackwood a colleague, mentor and friend; and

**WHEREAS**, Ms. Blackwood spent nearly 15 years at the Foothill-DeAnza Community College District prior to joining the San Mateo County Community College District; and

**WHEREAS**, after 30 years of service to the California Community College system, Kathy Blackwood has announced her retirement;

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Trustees of the San Mateo County Community College District congratulates Kathy Blackwood on her retirement, commends her for her many years of dedicated service, applauds her contributions to the San Mateo County Community College District, and wishes her well in her future endeavors.”

# President's Report to the Board of Trustees

**Dr. Regina Stanback Stroud**



*Alec Roa (left), Luis Hernandez (middle), Justin Tom (right),  
transfer students from Skyline College.*

## SKYLINE COLLEGE BOARD REPORT

### JANUARY 23, 2019

#### DEAR CALIFORNIA HIGH SCHOOL STUDENT, GO TO COMMUNITY COLLEGE!



Skyline College graduate Alec Roa wrote a compelling article posted on the jobs/networking website LinkedIn. Writing about the reasons why it's advantageous for high school students to attend a community college, Roa says "My experience at Skyline College influenced a great deal of my article. Thank you Skyline College!"

His article, edited for length, is below. A link to the full article is located at the end of this section.

#### Dear California High School Student, go to community college!

Something that will instantly remove the negative stigma and shame your peers cast upon you for attending a community college out of high school is receiving your bachelor's degree from a university you want to go to, in a field you enjoy and find yourself debt free in the process. If you are an outlier that worked hard enough to get accepted to a top 25 school and are fortunate enough to have parents that are a part of the top 10% of earners in California disregard this article. However, if you are a part of the majority that does not fall into these two categories, I would highly advise you to read this article thoroughly. Three years ago I entered community college with the negative narrative of community college blasted in my ears, it is a narrative that most high school

students are constantly fed. Three years later, I left my community college with acceptances from UCLA, UC Berkeley, UC San Diego, and UC Santa Barbara. I left my community college with an Associate's degree. I left my community college with friendships and social capital I was told I would miss out on. I left my community college with valuable life skills and direction. However, best of all I left my community college with \$0 of debt thus far, along with scholarships and financial aid that will ultimately cover 100% of all my expenses at UCLA. I'm going to list various arguments in 3 separate categories that will hopefully open your eyes to the best-kept secret in higher education.

#### 1. Finances

Instead of pulling out a high-interest loan for the first two years of my education I was actually getting paid to go to community college (Yes, I actually made a profit). Finances Argument 1: You will save thousands of dollars Private Universities in California range from 30k-60k annually, the highly sought after University of California (UC) education averages at around 33k annually, the California State University (CSU) option which is undeniably the cheapest choice for a student still exceeds 10k annually when you factor in all expenses. When you compare these three options to a California community college, there is no question which is the smartest fiscal option. A full-time California community college student will only pay around 1-2k annually.

#### *Finances Argument 2: Financial Aid is for Everyone*

Most individuals are under the impression that financial aid is only awarded to those who attend a 4-year institution. This is a common misconception that is merely a myth. The first step starts with filling out a Free Application for Federal Student Aid (FAFSA) no matter what your income level is. After that, your community college will assess your eligibility for two primary forms of aid. First, the California community college system offers what is known as the Board of Governors (BOG) Fee Waiver. The (BOG) waives your per-unit enrollment fee (the current rate is \$46) at any community college

## SKYLINE COLLEGE BOARD REPORT

### JANUARY 23, 2019

---

in California. It is important to note that you do not have to be in extreme poverty to receive this waiver, in fact, one million California community college students receive the (BOG) waiver throughout the state annually. If you demonstrate even more financial need on your (FAFSA) the second form of aid you can receive is a Federal Pell grant on top of your BOG Fee Waiver. The Pell grant does not need to be repaid and can award you up to \$5,840 per academic year for any expenses.

#### ***Finances Argument 3: Scholarships and Financial Programs***

Scholarships are readily available regardless if you are at a community college or a 4-year university. It does take some effort in researching and applying in order to receive scholarship money, nevertheless a great deal of community college students receive at least one scholarship to aid their education. There are various financial programs offered at specific California community colleges. Scholarships are given on both a financial need and merit basis. Additionally, there are government funded programs that are present at virtually every California community college such as TRiO and SparkPoint. These two great government-funded programs can aid with a broad range of needs. These needs consist of the basics such as school supplies and books, groceries, financial planning, to even helping you get your first credit card.

#### **2. Academics**

I was taking the same exact course as the students at San Francisco State just at a remarkably lower price tag.

#### ***Academics Argument 1: General Education is General Education***

The first two years at a 4-year institution you will be forced to take “general education” courses regardless of your field of study. The general education courses at 4-year universities in California are the same exact courses that you can take at any California community college to fulfill your requirements.

#### ***Academics Argument 2: Academic Flexibility***

Community College gives you much more academic flexibility. What is academic flexibility? Simply put academic flexibility is the ability to do what you wish to do with little to no consequences. In other words, there is significantly less pressure to commit to a particular field of study or commit to school altogether. When you are investing thousands of dollars in a course or a semester, it is tough to back out and switch paths. Whereas in community college you have the freedom to test the waters to see what you truly want to do in the future. You do not like a course, that is fine. You rather do a trade program, that is fine. You want to work full time for a semester, that is fine. Community college gives you the option to find your unique individual path.

#### ***Academics Argument 3: Professors are highly qualified.***

A full-time position at a California community college is a highly sought after position with a multitude of qualified candidates. Even young part-time professors have their masters finished at a minimum. These professors are highly motivated to help you develop as a student, with loads of one on one attention.

#### ***Academics Argument 4: Accessibility to professors***

Community college professors have one single job and that is to teach you. With this being said you will get the luxury of constantly interacting with your professors on a daily basis.

#### ***Academics Argument 5: You can still get a degree!***

I like to compare an Associate’s Degree to a minor, understanding that an (AA) by itself will most likely not hold a great deal of weight in the job market. However, when you supplement an Associates Degree with a Bachelor’s Degree (BA), you naturally become a much more attractive candidate in the job market. Employers love a candidate that is diverse with a multitude of skills. Community college gives you this extra opportunity to help diversify yourself for the job market, also if you end up not finishing your bachelor’s degree for any reason you will at least have something to fall back on.

## SKYLINE COLLEGE BOARD REPORT

### JANUARY 23, 2019

### 3. Chances of getting into the 4 year university of your choice

The UC system has a program for transfers at California community colleges which is arguably the best-kept secret in California higher education. This program is called “TAG” which stands for Transfer Admission Guarantee (yes, you read that right “guarantee”).

Everybody is different and we all have unique personal goals, so I will divide this specific argument into 3 parts that suit 3 distinct students. High school student #1 you got rejected to every school you applied to and are debating school altogether. High school student #2 you got into a couple impacted schools with 50-75% acceptance rates across the board. High school student #3 you got into a multitude of great schools 35-50% acceptance rates, but feel admissions at the elite universities got it wrong, you only want to go to one of the top 5 Universities in California you know you belong at.

Read the rest of this article here: <https://bit.ly/2CoViFg>

Article by Alec Roa, originally published in LinkedIn

### SKYLINE COLLEGE STUDENTS EXCEL IN THE INTERNSHIP JOB SHADOW PROGRAM



On Wednesday December 5, 2018, the Internship Job Shadow Program (IJSP) held a student recognition event to reflect on program learning experiences, recognize accomplishments of our student interns and to celebrate the end of the semester with a fun, “ugly” sweater workshop.

The Bay Area Entrepreneur Center of Skyline College (BAEC) is in its fourth year of serving students through the Internship Job Shadow Program. The fall cohort consisted of seven amazing student interns, all of whom shadowed under various programs across the campus. In addition to learning industry-related skills, the students completed and presented a team project where they set out to identify and solve problems in their world.

With support from Career and Workforce Programs, the BAEC provided this internship program for students to engage in a real-world career setting. This IJSP is a great way for students to benefit from hands-on career exploration while they pursue their education at Skyline College. The IJSP empowers students to define success for themselves. This program supports students in developing and enhancing the skills they will need to be successful, whether they decide to continue their education, contribute meaningfully to the workforce, pursue entrepreneurship as a career or all three! We are excited to announce that one of our student interns, Peter Wang, has been offered a job because of his participation in the Internship Job Shadow Program this fall!

Article by Terri Wade and Pcyeta Stroud | Photo by Ling Chien

### SMCCCD RECEIVES COMMUNITY COLLEGE FACILITY COALITION DESIGN AWARD



The San Mateo County Community College District had the distinction of receiving the Award of Honor

## SKYLINE COLLEGE BOARD REPORT

### JANUARY 23, 2019

for a Project in Design at the 2018 Community College Facility Coalition (CCFC) Design Awards. The College was given the Award of Honor for its new Environmental Sciences Building project, which is currently under construction. This annual awards ceremony recognizes projects that incorporate outstanding institutional features that will enhance the community college learning environment. Jurors said, “This is an ambitious project that recognizes that the college is of the community.” The San Mateo County Community College District was joined at the awards ceremony by DES Architects + Engineers, and XL Construction and Swinerton Management & Consulting.

Article by Kristin Moorhouse

### **SMCCCD STUDY ABROAD PROGRAM PREPARES TO SEND STUDENTS TO FLORENCE, ITALY**



On Saturday, January 12, 2019, the San Mateo County Community College District (SMCCCD) Study Abroad Program participated in the Northern California Study Abroad Consortium (NCSAC) Pre-Departure Orientation at American River College in Sacramento. The orientation was in preparation for students’ upcoming semester abroad in Florence, Italy. SMCCCD will send 19 students to Florence for the Spring 2019 semester as part of a cohort of 111 students from the consortium. Faculty and students depart for Italy on February 2, 2019 and return May 3, 2019. Other participating districts include Contra Costa Community College District, Los Rios Community College District and Santa Rosa Junior College. The program is offered in partnership with the American Institute for Foreign

Study (AIFS). San Mateo County Community College District has participated in the consortium since 1986. This semester, students in the program will have the opportunity to take courses in Art, History, Biology, and English. College of San Mateo Professor of Fine Arts, Rebecca Alex, will teach four courses in Florence: Drawing I, Drawing II, Old Masters’ Aesthetics and Techniques, and Italian Life and Culture. Alex’s art courses were very popular and filled early on. Students enrolled in her courses have expressed excitement to draw and paint in the home of the Renaissance and world-famous scientists and artists. Alex has arranged to hold many of her classes inside the museums and gardens of Florence, and students will have the opportunity to draw sculptures like Michelangelo’s David in person. In the Old Masters’ course, students will make their own paints and materials and will create with the mediums of the historical periods they study. Professor Alex has collaborated with a local Art Historian in Florence to develop art history lectures to accompany the studio art components of the Old Masters’ class.

We want to congratulate two students, Valentin Viera from Skyline College and Ileri Vargas Tello from Cañada College, who were selected to receive scholarships from AIFS. As part of their scholarship, they will share their experiences in Florence with fellow students when they return to campus next semester.

SMCCCD Study Abroad is the district-wide study abroad program housed in the Global Learning Programs and Services Division at Skyline College. For more information about studying or interning abroad, faculty teach abroad opportunities, community travel for lifelong learners, visiting international faculty presenters and student scholarship opportunities, please contact Zaid Ghori at (650) 738-7088 or [ghoriz@smccd.edu](mailto:ghoriz@smccd.edu). You can also learn more by visiting the SMCCD Study Abroad Facebook page or Instagram page @ [smccd\\_study\\_abroad](https://www.instagram.com/smccd_study_abroad).

Article by Stephanie Wells | Photo by Zaid Ghori

## SKYLINE COLLEGE BOARD REPORT

### JANUARY 23, 2019

#### SPRING 2019 INTERNATIONAL STUDENT ORIENTATION



Skyline College started the spring 2019 semester by welcoming over 50 new international students from 20 different countries. In an effort to ease the new students' transition, the International Student Program (ISP) hosted a three-day orientation from January 7 - 9, 2019 where the attendees received valuable information on the following topics: F-1 visa regulations, employment, cultural adjustment, safety and security, immigration laws, health insurance coverage, and academic expectations.

The orientation also included the following activities: a student ambassadors panel, campus tour, raffle, placement testing, and class registration. The new students were successfully guided through the registration process by the student ambassadors and were ready and prepared for their first day at Skyline College on January 14, 2019.

For many students, it is their first time away from home, so orientation is an opportunity to become acquainted with their new environment and to make new friends. The International Student Orientation is an important event that helps to facilitate international students' success and it wouldn't be possible without the student ambassadors who helped to prepare for and support the ISP team during this event. ISP will continue to provide services and programs for international students as well as for the entire Skyline College community. The next ISP event will be the International Student Mixer on

February 1 and everyone is invited to be a part of this welcome party!

Article by Clair Yeo-Sugajski | Photo by Zaw Min Khant

#### WINTER 2019 CHEMISTRY JAM



Chemistry plays a vital role in our daily lives, whether we are aware of it or not; from the medication we take to cooking, eating or even the gasoline we use to fuel our cars it all involves some aspect of chemistry. While this is, true and can be exciting for some to fully understand the role chemistry plays in our lives. It can still be challenging for students to understand the fundamental concepts, thus creating a persistent struggle for our students to excel in their first semester of chemistry. To address this challenge, at the beginning of the spring 2019 semester the Chemistry Department launched its first free Chemistry Jam workshop with the support of the President's Innovation Funds.

The workshop ran for six days, with a total of 18 Skyline College and High School students participating. Students who participated in the workshop wanted to develop studying techniques, note taking skills, build confidence to ask questions during lectures, improve laboratory skills, and understand concepts that will better prepare them for their first chemistry course. Throughout the workshop students engaged in inquiry-based learning thereby stimulating and motivating them throughout the learning process. Built into each concept was hands-on laboratory activity which allowed each student the ability to apply the concepts learned when carrying out these activities.

## SKYLINE COLLEGE BOARD REPORT

### JANUARY 23, 2019

Working in groups students carried out a variety of measurements using different laboratory equipment, which they then apply concepts of unit conversion learned to convert from one unit of measurement to another. By far reaction stoichiometry is one most challenging concepts. Student participants were able to get a better understanding of limiting and excess reactants by looking at the reaction of sodium bicarbonate (baking soda) and acetic acid (vinegar). By comparing the amount of carbon dioxide generated when varying amounts of baking soda react with a given amount of vinegar, immediately each student was able to identify the limiting and excess reactant in each reaction mixture.

A student participant entering Chemistry 410 this spring semester shared, “This was a great workshop, it helped to build my confidence and provided me with resources that will help me succeed this spring.” We encourage students who plan to enroll in chemistry for the fall semester to participate in the next workshop beginning July 29-August 2, 2019.

Article by Safiyyah Forbes | Photo by Brittney Sneed

### **ENGINEERING DEPARTMENT PILOTS STEM RESEARCH INTERNSHIP PROGRAM**



Earlier this winter, the Science, Math and Technology Division along with the Engineering Department piloted the inaugural STEM Pathways Research Scholars Program to empower students of historically underrepresented minority backgrounds. The program focused on introductory research skills, academic engagement, internship applications, transfer

preparedness, teamwork, and developing a stronger sense of self-reliance and sense of community within our campus STEM programs.

Held January 2-11, 2019 in the Base11 Innovation Center, the program supported twenty-six participants (mostly first year and rising second year students). Program activities helped students develop skills in electronics, microcontroller programming, signal conditioning, data acquisition and supplemental topics in MATLAB programming and simulations. Activities in the first week prepared the scholars for STEM research: exploring the research process, analyzing scientific papers, and developing and delivering technical presentation in STEM. The university transfer process was also explored to reduce students’ transfer anxiety and become “4-year ready”. During the second week the scholars were given semi open-ended design projects to create a device that used sensors to measure physical stimulus and provide a designated output. On-hand physics and engineering lab equipment were used to facilitate device manufacturing. Students presented their projects and live demonstrations on the second to last day of the program. The program concluded with a tour of San Francisco State University’s School of Engineering to gain insight on research in seismic/structural engineering, bio-electronics, intelligent computing, and embedded systems as well as an orientation on the transfer process for engineering students.

Toward helping students prepare stronger internship applications, members of Workforce and Career Programs, Steven Lopez and Lauren Dekelaita, held a session on framing resumes for technical jobs and using LinkedIn profiles to enhance their Skyline Alumni and STEM network. Surgical Technology Lead, Alice Erksine and the Dean of Science, Math and Technology, Ray Hernandez, shared related experience and equipment demonstrations on measurement devices and sensor technology that are used in the medical industry.

## SKYLINE COLLEGE BOARD REPORT

### JANUARY 23, 2019

---

During recruitment, program benefits and incentives were highlighted, including compensation for work performed (\$600) as well as the opportunity to gain introductory research experience. Upon selection of student participants, priority consideration was given to students from underrepresented minority backgrounds. Upon completion of the program, a post-program survey was administered with a brief wrap up meeting. Skyline College aims to use the experiences of these scholars to further strengthen the program for future cohorts.

The STEM Pathways Research Scholars program is part of Skyline College's newly funded grant project Strengthening Pathways to Success in STEM (SP2S - STEM Pathways Program): a collaborative project between Skyline College's Engineering department and San Francisco State University. The project is funded through a five-year \$3,750,000 grant from the Department of Education Hispanic Serving Institution (HSI) Title V Program. With a large focus on supporting the college's upcoming and highly anticipated STEM center, the STEM Pathways project is designed to improve and expand STEM educational opportunities and improve overall academic achievement for underrepresented and low-income students.

Article by Maryam Khan and Nick Langhoff

## SKYLINE COLLEGE BOARD REPORT

JANUARY 23, 2019

### UPCOMING EVENTS

#### **INTERNATIONAL STUDENT MIXER**

February 1, 2019  
3:00 p.m. - 4:30 p.m.  
Building 4, Room 4-240  
Multicultural Center Hosting Gallery

#### **ACCREDITATION FORUM**

February 6, 2019  
2:00 p.m. - 3:00 p.m.  
TBD

#### **INSTALLATION & ARTWORKS**

**BY CHRISTOPHER BURCH**  
February 11 - March 15, 2019  
Building 1  
Skyline College Art Gallery

#### **MY HISTORICALLY BLACK PURPOSE (READING WITH AMEER WALTON)**

February 12, 2019  
11:00 a.m. - 12:30 p.m.  
TBD

#### **BLACK HISTORY MONTH POETRY CORNER**

February 13, 2019  
1:00 p.m. - 2:00 p.m.  
Building 5  
Skyline College Library

#### **APPRECIATION RECEPTION HOSTED BY THE PRESIDENT'S COUNCIL**

February 13, 2019  
4:30 p.m. - 6:00 p.m.  
Building 1  
Skyline College Art Gallery

#### **MOBILE BLACK HISTORY MUSEUM**

February 20, 2019  
11:00 a.m. - 1:00 p.m.  
Building 4, Room 4-240  
Multicultural Center Hosting Gallery

#### **CAPITAL PROJECTS TOWN HALL OPEN FORUM**

February 21, 2019  
2:00 p.m. - 3:30 p.m.  
Building 6, Fireside Dining Room

#### **19TH ANNUAL PRESIDENT'S BREAKFAST**

March 21, 2019  
7:00 a.m. - 8:30 a.m.  
Lake Merced Golf Club  
Daly City, CA



# President's Report to the SMCCCD Board of Trustees

President Michael Claire ~ January 18, 2019

## Inside...

CSM Career and Workforce Hub Launches New Series of Career Brochures . . . . .	1
Honor Society Newsletter, Labyrinth, Wins First Place in the Nation – Again! . . . . .	2
CSM Launches Facilities Management Certificate Program . . . . .	3
CSM Student Wins 2019 Latinos in Technology Scholarship . . . . .	4
Mike Claire Joins Board of San Mateo Credit Union . . . . .	4
CSM Hosts San Mateo Leadership Program Education Day . . . . .	5
Upcoming Events . . . . .	7

“**Student Voice**

*“College has taught me that if you don’t stand for something, you can fall for anything.”*

*- Oscar, second year CSM student*

”

## CSM Career and Workforce Hub Launches New Series of Career Brochures



CSM’s Career and Workforce Hub helps to guide students into programs that lead to jobs. One way to do that is to provide students with marketing materials that capture the excitement and growth potential in career programs.

With the funding available from the State of California Strong Workforce Initiative, the Hub has partnered with Community Relations & Marketing to create a new lineup of brochures to promote some of the most exciting career programs at CSM.

So far, the Hub has created brochures to promote careers in Accounting, Entrepreneurship, Computer Information Science, Electronics Technology and Fire Technology. A new brochure for Cosmetology is on the way, with more materials planned this spring along with videos and digital promotion campaigns.

Each career brochure features a snapshot of topics covered in the program, examples of job titles the program leads to, salary and job growth statistics, alumni profiles and lists of the companies where CSM's graduates work. The pieces are now a vital part of student recruitment for CSM. ■

## Honor Society Newsletter, Labyrinth, Wins First Place in the Nation – Again!

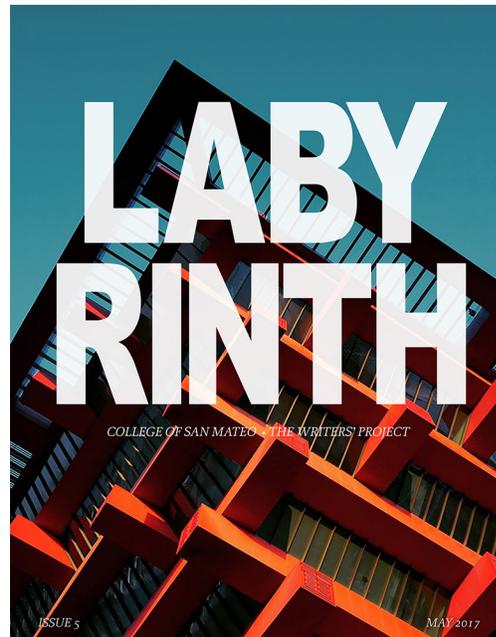
For the second time in three consecutive years, CSM's Honors Project publication, Labyrinth, has won first place in a national honors newsletter competition. The National Collegiate Honors Council awarded Labyrinth first place among all public and private universities and colleges in the nation. The awards were announced at NCHC's annual national conference in Boston in November 2018.

Labyrinth has been recognized three years in a row: first place in 2016, second place in 2017, and first place again in 2018. This accomplishment is even more impressive given the scope of the competition – honors programs from the nation's top universities.

In its award letter to the CSM Honors Project, the National Collegiate Honors Council wrote, "We are so thankful for the work you have done to raise the standard of honors education, and are so proud to celebrate your accomplishments!"

Labyrinth is planned, created, edited and produced by students from CSM's Honors Project, under the guidance of faculty advisors David Laderman and Jill Kolongowski. Two issues are published each academic year, each featuring stories, essays, poetry, visual art, illustration, photography and academic papers.

Labyrinth is viewable online at [CollegeofSanMateo.edu/honorsproject](http://CollegeofSanMateo.edu/honorsproject). ■



## CSM Launches Facilities Management Certificate Program

As part of its work to identify career paths for students, the Division of Business and Technology has created a new certificate program in facilities management. With nearly 800 job openings in the Bay Area in the past year, and average salaries over \$90,000, there is an opportunity to bring more students into this growing field. The program is off to a great start, with 22 students enrolled in the initial Essentials of Facilities Management course for Spring 2019.



The new program was formally launched November 19 with a Facilities Management Certificate Program and Orientation dinner to introduce students, community members and industry partners to CSM's program. More than 65 people attended, including faculty, CSM and adult school students, industry professionals, IFMA professionals, CSM facilities management employees, CSM Climate Corp Fellows, JobTrain employees and the Career, Workforce and ACCEL team. The Career and Workforce team enrolled interested individuals on the spot and they continue to offer enrollment support after the event.

A new course is being taught this spring by Christian Pellecchia, vice president of operations for Slatter Construction and an active member of the International Facility Management Association. As part of the class, students will have a free one-year

membership in the International Facility Management Association and the opportunity to attend regular IFMA meetings. Christian and our Career and Workforce team will help students connect with job and internship opportunities throughout the semester.



## CSM Student Wins 2019 Latinos in Technology Scholarship



CSM student Oscar Franco has been named a 2019 Latinos In Technology Scholar by the Silicon Valley Community Foundation. The scholarship provides LatinX students in STEM fields with funding of up to \$10,000 per year for three years when they transfer to a four-year university. The scholarship can total as much as \$30,000.

A graduate of San Mateo High School, Oscar is completing his third year at CSM. He has applied to a number of UCs and CSUs to enter in fall 2019 as a biology major. He is also exploring biology-based internships for the summer before transferring.

Oscar learned of the Latinos In Technology scholarship from CSM's

MESA (Mathematics, Engineering, Science, Achievement) program. MESA supports students with access to funding sources, internships, tutoring, field trips and special events designed to encourage first-generation and underprivileged students to pursue careers in STEM fields. The scholarship is available to LatinX STEM majors in certain Northern California counties with at least a 3.0 GPA.

To learn more about MESA, visit [CollegeofSanMateo.edu/mesa](http://CollegeofSanMateo.edu/mesa). ■

## Mike Claire Joins Board of San Mateo Credit Union

President Mike Claire has been appointed to the Board of Directors for the San Mateo Credit Union. The five member board sets general policies and works with the CEO to ensure that the credit union fulfills its mission and accomplishes its strategic goals. The

San Mateo Credit Union has assets of more than \$1 billion and serves more than 90,000 members.

According to President Claire, “The San Mateo Credit Union has been a great partner to all three colleges in our district.

Their mission of serving the community, and

particularly underserved members of the community, is consistent with the mission of our colleges and our district.”



President Claire will serve a three year term. ■

## CSM Hosts San Mateo Leadership Program Education Day

As part of its ongoing engagement with community leadership, CSM hosted the 2019 San Mateo Leadership Program for its education day on December 7, 2018. Operated by the San Mateo Chamber of Commerce, the Leadership Program immerses local leaders in an intensive program of seminars on local government, business and services. The program also develops leadership skills and connects participants to professional networks in San Mateo County.



President Mike Claire, himself a graduate of the Leadership Program, hosted lunch, presented on community college education, and gave a campus tour for the class. Local

school superintendents participated in a panel discussion on challenges faced in the schools, including Dr. Maggie MacIsaac, Burlingame City School District; Louann Carlomagno, Hillsborough City School District; Dr. Joan Rosas, San Mateo-Foster City Elementary School District; and Dr. Kevin Skelly, San Mateo Union High School District. ■



# UPCOMING EVENTS

## **Eclipse of the Wolf Moon Viewing**

**Saturday, January 20 • 6:30 pm - 10:00 pm**

CSM Plaza of the Sun

The first supermoon of 2019 will pass through the shadow of the Earth, which results in a lunar eclipse.

The Astronomy Department and San Mateo County Astronomical Society will set up telescopes for public viewing of the lunar eclipse in the CSM Plaza of the Sun (north of the planetarium).

## **CSM Student Artist Reception**

**Monday, January 28 • 2:15 pm - 3:30 pm**

CSM CSM Building 1

CSM art student Barbara Plant was asked to create a large painting for Personal Counseling and Wellness Services. Her beautiful landscape, Drifting Dreams, sets a relaxing and welcoming mood for students.

## **CSM Basketball vs. Chabot**

**Wednesday, January 30 • 5:00 pm**

CSM Gymnasium, Building 8

Come out and cheer on the Bulldogs!

## **CSM Softball vs. Siskiyou**

**Saturday, February 2 • 11:00 am**

CSM Softball Field

Come out and cheer on the Bulldogs!

## **Employer Tabling: Meet Local Businesses and Organizations**

**Wednesday, February 6 • 11:00 am - 1:30 pm**

pm

Bayview Dining Room, Building 10

On selected Wednesdays, local employers set up information tables where students can learn more about local businesses and organizations, as well as jobs, internships, and volunteer opportunities available.

## **The Sky Tonight Planetarium Shows**

**Friday, February 8 • 7:30 pm - 9:30 pm**

CSM Planetarium

Come for a live presentation about what's visible in the night sky tonight, followed by a full dome immersive movie about fascinating topics in astronomy! The 50-minute show runs twice, at 7:30 and 8:30 pm.

## **Free 2018 Income Tax Preparation (VITA)**

**Saturdays, February 9 - March 30**

**(excluding February 16) • 9:00 am - 12:30 pm**

CSM South Hall Building 14, Room 104

CSM Accounting students will prepare non-complex income tax returns for free for individuals/families with income less than \$55,000. No appointment necessary.

## **CSM Jazz Ensembles Concert**

**Sunday, February 10 • 7:30 pm - 9:30 pm**

CSM Theatre Building 3

The award-winning College of San Mateo Jazz Ensemble presents an evening of contemporary and classic jazz compositions, with a special guest: the Aragon High School Jazz Ensemble, directed by Kevin Gallagher. This concert benefits fire victims, so please attend!

# Olive Hill Press

January 18, 2019 • Volume 7, No. 3



## in this issue:

- Fourth Annual Jacket & Toy Drive Supports Redwood City Community **pg. 2**
- Students Celebrate College's 50th Anniversary with Talent Showcase **pg. 3**
- Business Hub Provides Students with a High Tech Classroom Setting **pg. 4**
- Cañada Students Participate in Equity Summit **pg. 5**
- Campus Community Connects Through Hip-Hop Hour **pg. 6**
- Theatre Arts Department Debuts "Red, White, and True" **pg. 7**
- Hackathon Series Helps Students Learn How to Code **pg. 8**



## Fourth Annual Jacket & Toy Drive Supports Redwood City Community



Cañada College held its Fourth Annual Jacket & Toy Drive, generating donations to serve 115 families. This year, the College partnered with SparkPoint Redwood City to benefit families in 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, Beta Zeta Nu (Cañada College's Chapter of Phi Theta Kappa), Office of Student Life & Leadership Development, Library and Learning Center, and Counseling Department. In addition, the College 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 on December 14. 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 Redwood City & North Fair Oaks communities.



## Students Celebrate College's 50th Anniversary with Talent Showcase



The members of Associated Students of Cañada College (ASCC) celebrated the College's 50th Anniversary with a showcase displaying student talent from all over campus. From piano to ballet performances, students were able to come together in celebration of their hard work this Fall semester.



The College has a long history of keeping school spirit alive through a variety of activities. The annual showcase, in particular, serves as a last hoorah of the year and provides students of all backgrounds the chance to participate. Students had the opportunity to express themselves through song, others through dance and everything in between.



The ultimate goal of this year's showcase was to celebrate the last 50 years of the College and how diverse the student body has become. This evening event was also a time for students to de-stress as finals were on the horizon. Student Senate President Johnny Yang mentioned the 50th Anniversary Showcase was about bringing members of the College together like one big family. Because each individual student has so many events going on in their lives, it is hard to bring many members of different interests together. ASCC hopes to do so through holding a wider variety of events and make themselves more known on campus.



## Business Hub Provides Students with a High Tech Classroom Setting



The Business, Design & Workforce Division recently opened its new Business HUB, located in Building 13, Room 217. The innovative new space, geared to provide students a spot for work and collaboration, is quite the milestone for division Dean Leonor Cabrera and her team. The original proposal consisted of updating the old Business Skills Lab to mirror a start-up environment. For about four years, the Business, Accounting and Computer Business Office advocated for Innovation funds to complete the project and many members of the campus community helped to make this project become a reality.

The new HUB consists of high-tech equipment where desktop computers were replaced with laptops that students can utilize in the HUB to work. Not only is there a larger space for collaboration among students, but professors are able to benefit from the new center. In fact, two podcast rooms have been incorporated, allowing professors to record content for their classes. For professors like Candice Nance, the Hub has provided a multi-faceted space where students are not hidden behind clunky computer monitors. It has made modules more streamlined to provide students with an inviting, refreshing atmosphere. These spaces can also double as a quiet study space for students looking to get work done.

For the actual design of the space, the Division partnered with KI designers to select every single detail of the room. Thanks to this wonderful partnership, the HUB has six-sided desks that can easily be separated and put together along with couches, tables and chairs for informal work or general lounging. Instructional aides are also available to assist students with academics.

Next, the Cañada College Interior Design Club will bring additional flair to the Hub with fresh paint and other finishing décor details. An official opening ceremony of the Business HUB will take place in early Spring 2019.

## Cañada Students Participate in Equity Summit



Cañada College student leaders from BTO Peer Mentorship Program, ¡ESO! Adelante, STEM Peer Mentor Program and the Student Senate attended the Student Leadership and Equity Summit at Skyline College. This half-day summit focused on educating student leaders about the importance of effort, equity, and professionalism in their roles on campus. The event started with a keynote address from Lasana Hotep, dean of equity programs at Skyline College, who reminded student leaders of Frederick Douglass's words: "if there is no struggle, there is no progress." Next, three breakout sessions connected students to the significance of equity on campus, in their work as student leaders, and in their future careers. The summit ended with closing remarks from College of San Mateo Director of Equity, Jeremiah Sims. He encouraged student leaders to think critically about inequitable systems and the impact on students. Cañada's student leaders took away some valuable information from the summit:

"I enjoyed the Student Leadership & Equity Summit because it brought together all three schools [and] we all got to see that every student that has a big or small role in their community college has a leadership role." – Jennifer Guerrero Sandoval, English major

"The most important thing that I was reminded of was how to express my point of view by recognizing the positive side of any matter first and then communicate how it can be improved. This can be done by focusing more on the strengths that are already there than on the ones that are missing." – Laura Hincapie Vanegas, Pre-Nursing major

"I had a great experience attending the Student Leadership & Equity Summit at Skyline College. It was an opportunity to increase my cultural awareness and social responsibility, and as student leaders we can support and create more equity and inclusive communities." – Vanessa Giraldo Ruiz, Interior Design major

"I learned how important it is to know the difference between equality and equity. No matter how many times the society tries to point out the importance of bringing equality to life, it is the equity we are really missing... Also... respecting someone's name and taking time to pronounce it right." – Wimeshi Delay, Pre-Nursing major

"I felt the most valuable thing that I learned at the Summit was that as a unit we make more change and more progress in other people's lives than we do just by ourselves." – Natalia Fonseca, Economics and Computer Science major

"We impact people's lives. We impact our communities. Our impact is much bigger than we think." – Madee Reyes, Sociology major

"I think the greatest takeaway from the event emphasizes how we need to listen, first and foremost, to our communities (especially those who are most marginalized) and their needs, and let their answers guide our action." – Aly Davies, Computer Science major

The students look forward to the opportunity to attend more events surrounding equity and social justice.

## Campus Community Connects Through Hip-Hop Hour

Hip-Hop Hour was a four-session series introducing students to the history of hip-hop and its relevance to society today. It has provided students and employees the opportunity to breakdown the various aspects of hip-hop and see how this music style can be used in an academic setting. Originally, this group was meant to be a part of the Promise Scholars Program but received so much across-campus support that it was opened to everyone on campus.

In order to get everyone engaged in the conversations, multiple exercises were used so students could begin to think critically about the music they listen to every day. “Pass the Aux” was one of the most favored activities because participants were able to pick a song they felt was relatable to the given theme. From there, they were able to see how others could relate hip-hop to their personal lives and academia. Another exercise was titled “Is this Hip-Hop?” and aimed to determine the influence a certain song contained. This was all about connecting students so they could build off each other’s ideas while understanding the constant evolution of hip-hop. Retention Specialist Jose Zelaya explained how it was insightful to see the similarities and differences between his interpretations of the music genre and those of the younger generation. This only proved that everyone participating in Hip-Hop Hour was able to learn about the technique of dialogue along with thinking more critically about music and culture.

From the Hip-Hop Hour sessions, students gradually gained confidence in being able to speak. This confidence also translated into classrooms because students now understand the power in the words they speak. Often times, college campuses can feel oppressive for those in marginalized communities. Being able to connect through a common channel, in this case hip-hop, has made students feel represented. They are able to perform better since they see more relatable aspects in a non-traditional space and can bring “their whole selves” into the room.

Hip-Hop Hour has gotten a large amount of positive feedback from the College as well as from outside communities. In fact, the NASPA (National



Association of Student Personnel Administrators) has invited the Cañada team who organized Hip-Hop Hour to present the idea at their upcoming conference! A huge thank you to Joshua Forman-Ortiz, Candice Johnson, Marisol Quevedo, Julian Taylor and Jose Zelaya for creating the opportunity for students and faculty to connect through music.

## Theatre Arts Department Debuts “Red, White, and True”

THE CAÑADA COLLEGE THEATRE ARTS DEPT. PRESENTS

**RED, WHITE AND TRUE**

ORIGINAL MONOLOGUES WRITTEN AND PERFORMED BY STUDENTS.

**LOCATION:**  
FLEX THEATRE  
CAÑADA COLLEGE CAMPUS  
BUILDING 3, ROOM 129  
REDWOOD CITY

**PERFORMANCES:**  
WED 12/05 | 12:45 p.m. (Donation Only)  
THURS 12/06 | 12:45 p.m. (Donation only)  
SAT 12/08 | 8 p.m.  
SUN 12/09 | 2 p.m.

**PRICING**

<b>\$5</b> STUDENTS	<b>\$10</b> SENIORS	<b>\$15</b> GEN. ADMISSION
------------------------	------------------------	-------------------------------

Cañada College

For reasonable accommodations, contact: Disability Resource Center - 650-306-3259(v)  
or 650-306-3161(TTD/TTY) 5 days prior to event

Cañada College hosted its production of “Red, White, and True” which ran December 5-9. With the help of writer and producer, Rick Najera, students were able to tell their own stories of what it is like to be walking history. Being in the Hollywood business for more than 20 years, Rick knew there would be great power in encouraging students to express themselves without the struggle of fitting a specific role.

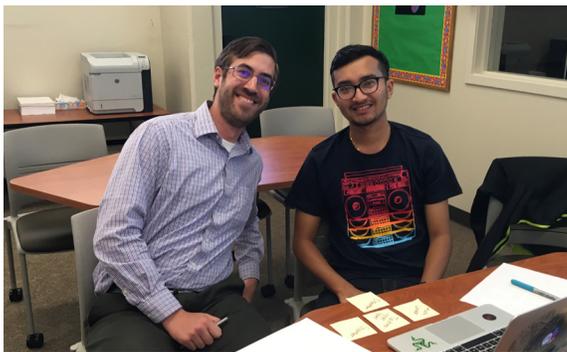
In today’s society, there is the stigma that people must wait for a network or film to come out about experiences similar to theirs in order to feel included. Especially in marginalized communities, Hollywood does not seem to give them the spotlight. One of Rick’s main hopes with the production of “Red, White, and True” was that students would take care of their own story and realize they have done great things in their lives.

Rick mentioned, “there is power in talking to people and seeing them as human. Here, through theater and speaking, is where titles are changed... minorities are turned into friends.” For this series of monologues, it was important to let students know their stories are important, truthful, and relevant to society. They were shown that when one has

the opportunity to write their own piece, they learn more about the power of using one’s voice and give writing its own definition. For some it may be through spoken word, others through a conversation-like dialogue. No matter the style, students in this theater course were motivated to embrace themselves and others as a whole and avoid stereotypes.

One of the greatest aspects of “Red, White, and True” is that the skills students learned on and off-stage that can also be applied in the classroom. The skills and discipline to memorize and improvise can be especially helpful for in-class discussions or presentation projects. Community colleges, such as Cañada College, provides the additional benefit of being low-cost. Anyone interested in subjects such as theater are given the freedom to explore and take the class without it being a burden financially. Even with losing a week of practice due to the local fires, the class was still able to put on an incredible show of vulnerability and courage.

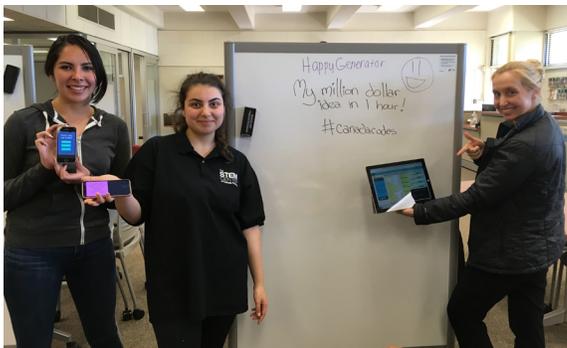
## Hackathon Series Helps Students Learn How to Code



The Science and Technology Division hosted a series of Hackathons this semester. The idea began with a small group of employees who attended a Silicon Valley leadership conference where the Office of Education and Emily Tomford, a Computer Science Specialist, were able to create a partnership with the College in hopes of teaching the community coding skills.



Since then, events have been held for various organizations throughout the Redwood City community and Cañada began hosting the event with the goal to introduce a wide range of people to the concepts of coding, particularly through hacking. In this case, hacking is used to go into an already existing program with hopes of modifying it. The software used for the Hackathon Series was specially designed to be more visually representative in order to help those with no Computer Science background.



Being able to visually assemble logic sentences makes it easier for students to see how the coding takes place and can be an inspiration as to where coding concepts can be useful. For example, a major use of coding is to alter the way things appear. One student during the second Hackathon session was working on a digital art piece. The student accidentally made the wrong effect but surprisingly, the “mistake” ended up being better than the original intention. Interim Dean of Science and Technology, Adam Windham, highlighted how “mistakes have value” in coding and are a part of the learning process. Since no raw materials are being wasted, students are encouraged to experiment and try multiple times.



The Hackathon series has aimed to undo the damage that only people with a certain intelligence level can code. It has been embedded in so many that Computer Science is off-limits to the average person when in reality, there are many variations that can be used to help anyone. The ultimate goal for the Office of Education and Tomford is to use programming to make the world a better place. That being said, organizations and events, such as the Hackathon, strive to appeal to a wide range of audiences and encourage all genders, ages, and ethnicities to participate.

**BOARD REPORT 19-1-2A**

TO: Members of the Board of Trustees  
FROM: Ron Galatolo, Chancellor  
PREPARED BY: David Feune, Director, Human Resources, (650) 358-6775

**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)

**Cañada College**

**David Reed** Dean, Academic Support & Learning Technologies Academic Support & Learning Technologies

Reassigned from a full-time, 12-month Learning Center Manager (Grade 189E of the Academic-Classified Exempt Supervisory Salary Schedule 35) into this full-time, 12-month position at Grade AD of the Management salary schedule 20, effective December 21, 2018. This is a new position that was Board approved on August 9, 2017.

**Julian Branch** Director of Workforce Development Business, Design & Workforce  
(Funded by the Menlo Park Redevelopment Project and Strong Workforce Grant)

New full-time, 12-month temporary, grant-funded academic supervisory employment, effective January 14, 2019, replacing Alexander Kramer who transferred.

**PUBLIC EMPLOYMENT**

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

**Cañada College**

**Jose Zelaya\*** Retention Specialist Counseling  
(Funded by the HSI Grant)

New full-time, 12-month temporary classified employment, effective January 2, 2019, replacing Marisol Quevedo who was reassigned.

**Nimsi Garcia\*** Program Services Coordinator ESO/ TRIO  
(Funded by the ESO Grant)

New full-time, 12-month temporary classified employment, effective January 4, 2019, replacing Sunny Martin who was reassigned.

**Janet Ramirez\*** Transition Coordinator Academic Support  
(Funded by AB 104 Adult Education Block Grant) & Learning Technologies

New full-time, 12-month temporary classified employment, effective January 8, 2019, replacing Caroline Ouyang who resigned.

**Chai Saechao\*** Counselor Counseling

New temporary academic employment, effective for the Spring 2019 semester.

## 2. Re-Employment

None

### B. REASSIGNMENT THROUGH THE HIRING PROCESS

#### Cañada College

**Jacky Ip** Division Assistant Academic Support  
& Learning Technologies

Reassigned from a full-time, 12-month Office Assistant II (Grade 18 of the Classified Salary Schedule 60) into this full-time, 12-month position at Grade 27 of the same salary schedule, effective January 9, 2019, replacing Matthew Lee who was reassigned.

#### District Office

**Noemi Diaz** Compensation and Benefits Manager Human Resources

Reassigned from a full-time, 12-month Payroll Analyst (Grade 195S of the Classified Professional/ Supervisory Salary Schedule 40) into this full-time, 12-month position at Grade 192E of the Academic-Classified Exempt Supervisory Salary Schedule 35, effective February 1, 2019, replacing Cassandra Jackson who resigned.

**Laura Brugioni** Community, Continuing & Corporate Education Auxiliary Services  
Operations Manager

Reassigned from a full-time, 12-month Accounting Technician (Grade 24 of the Classified Salary Schedule 60) into this full-time, 12-month position at Grade 180E of the Academic-Classified Exempt Supervisory Salary Schedule 35, effective January 8, 2019. This is a new position that was Board approved on October 24, 2018.

### C. TRANSFER/ADMINISTRATIVE REASSIGNMENT

None

**D. CHANGES IN STAFF ALLOCATION****Cañada College**

1. Recommend a change in staff allocation to add one full-time, 12-month Office Assistant II position (Grade 18 of the Classified Salary Schedule 60) in the Kinesiology, Athletics and Dance Department, effective January 24, 2019.
2. Recommend a change in staff allocation to add one full-time, 12-month Program Services Coordinator position (Grade 27 of the Classified Salary Schedule 60) in the Kinesiology, Athletics and Dance Department, effective January 24, 2019.
3. Recommend a change in staff allocation to add one full-time, 12-month Director of Wellness position (Grade 193E of the Academic-Classified Exempt Supervisory Salary Schedule 35) in the Kinesiology, Athletics and Dance Department, effective January 24, 2019.

**College of San Mateo**

1. Recommend a change in staff allocation to add one full-time, 12-month Office Assistant II position (Grade 18 of the Classified Salary Schedule 60) in Admissions and Records, effective January 24, 2019.
2. Recommend a change in staff allocation to add one full-time, 12-month Office Assistant II position (Grade 18 of the Classified Salary Schedule 60) in the Counseling Division, effective January 24, 2019.
3. Recommend a change in staff allocation to add one part-time (48%), 12-month Staff Assistant position (Grade 21 of the Classified Salary Schedule 60) in the Counseling Division, effective January 24, 2019.

**District Office**

1. Recommend creation of a new classification titled, "Director of Constituent Relationship Management System" at Grade 197E of the Academic-Classified Exempt Supervisory Salary Schedule 35, effective January 24, 2019. In addition, recommend a change in staff allocation to add one full-time, 12-month Director of Constituent Relationship Management System position in Information Technology Systems, effective January 24, 2019. This position will support the implementation and ongoing operations of the Constituent Relationship Management System, which was approved by the Board.
2. Recommend a change in staff allocation to add one full-time, 12-month Senior Programmer II position (Grade 220S of the Classified Professional/ Supervisory Salary Schedule 40) in Information Technology Services, effective January 24, 2019. This position will support the implementation and ongoing operations of the Constituent Relationship Management System, which was approved by the Board.
3. Recommend a change in staff allocation to add one full-time, 12-month Systems Administrator position (Grade 210S of the Classified Professional/ Supervisory Salary Schedule 40) in Information Technology Services, effective January 24, 2019. This position will support the implementation and ongoing operations of the Constituent Relationship Management System, which was approved by the Board.
4. Recommend a change in staff allocation to add one full-time, 12-month Senior Programmer I position (Grade 210S of the Classified Professional/ Supervisory Salary Schedule 40) in Information Technology Services, effective January 24, 2019. This position will support the implementation and ongoing operations of the Constituent Relationship Management System, which was approved by the Board.

**Skyline College**

1. Recommend a change in staff allocation to delete on full-time, 12-month Office Assistant II position (2C0228) at Grade 18 of the Classified Salary Schedule 60 and add one full-time, 12-month Staff Assistant position at Grade 21 of the same salary schedule in the President's Office, effective January 24, 2019.

**F. PHASE-IN RETIREMENT**

None

**G. LEAVE OF ABSENCE**

None

**H. PUBLIC EMPLOYEE RETIREMENT AND RESIGNATION****1. Retirement****District Office**

**Kanjana Srisupatpongsa** Assistant Project Director Auxiliary Services

Retired effective December 30, 2018 with 12 years of District service. Not eligible for District retiree benefits.

**Skyline College**

**Eric Brenner** Librarian Academic Support & Learning Technologies

At its meeting on June 21, 2018, the Board approved Eric Brenner's retirement, effective May 25, 2018 with 27 years of District service and eligibility for District retiree benefits. A correction is being made to this item. The number of years of District service is 33.5 years.

**2. Post-Retirement****College of San Mateo**

**Jacquelin Gamlin** Counselor Counseling

Recommend approval for a post-retirement contract for 6 FLCs beginning with the Spring 2019 semester.

**3. Resignation****Skyline College**

**Tia Holiday** Program Services Coordinator Student Equity & Support Programs

Resignation effective January 11, 2019.

**Chanel Rogge**

Instructional Aide II

Academic Support  
& Learning Technologies

Resignation effective January 2, 2019.

**Jacqueline Honda**Interim Dean, Planning, Research  
And Institutional EffectivenessPlanning, Research and  
Institutional Effectiveness

Resignation effective December 31, 2018.

**I. ESTABLISHMENT OF EQUIVALENCY TO MINIMUM QUALIFICATIONS**

None

**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	Auxiliary Services/ Bookstore	5	01/01/2019 05/01/2019	02/08/2019 05/31/2019	<b>Cashier/ Clerk:</b> <i>Previously requested position</i> The positions will be for short-/term bookstore clerks and cashiers hired at peak periods covering both the beginning and end of semesters. These short-term staff will assist with pricing, stocking shelves, cashiering, customer service, shipping and receiving and other duties as assigned in preparing the bookstore before, during, and after school rush periods.
College of San Mateo	Counseling/ EOPS	1	01/02/2019	03/31/2019	<b>Retention Specialist:</b> <i>Previously requested position</i> The employee will provide assistance with on-campus and community outreach and new student intake; meet with students to assess support service needs 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	Counseling / CalWORKS	1	01/02/2019	03/31/2019	<b>Retention Specialist:</b> <i>Previously requested position</i> The employee will provide assistance with on-campus and community outreach and new student intake; meet with students to assess support service needs 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	Financial Aid / Admissions & Records	1	01/07/2019	03/29/2019	<b>Financial Aid Assistant:</b> <i>Previously requested position</i> This person will be responsible for helping students at the Learning Center and/or computer labs with their FAFSA/Dream Act application. In addition, this person will be helping students at the front counter, answering phones and processing CCPG/BOGG applications.
College of San Mateo	Auxiliary Services/ Bookstore	5	01/01/2019 05/01/2019	02/08/2019 05/31/2019	<b>Cashier/ Clerk:</b> <i>Previously requested position</i> The positions will be for short-term bookstore clerks and cashiers hired at peak periods covering both the beginning and end of semesters. These short-term staff will assist with pricing, stocking shelves, cashiering, customer service, shipping and receiving and other duties as assigned in preparing the bookstore before, during, and after school rush periods.
College of San Mateo	International Education Program	1	01/02/19	03/31/2019	<b>Office Assistant II:</b> <i>Previously requested position</i> This individual will be filling the position previously filled by

					LoShan "Rosanne" Leung who is currently on assignment as a "Detail - Program Services Coordinator". This position is the front desk person for the Center for Global Engagement and supports the International Education Program with duties including, but not restricted to answering student and applicant inquiries, processing of admissions documents, filing, scanning, answering phones, events, scheduling the international student counselor appointments, monitoring international ambassador work hours and other general office tasks.
District Office	Enterprise Operations/ Auxiliary Services	2	01/07/2019	06/28/2019	<b>Office Assistant II:</b> Provide Silicon Valley Intensive English Program (SVIEP) with English-Mandarin and English-Japanese speaking administrative support, which will greatly assist with the SVIEP international population during this period of transition. We are planning to hire a full-time Program Services Coordinator in July 2019.
Skyline College	Auxiliary Services/ Bookstore	5	01/01/2019 05/01/2019	02/08/2019 05/31/2019	<b>Cashier/Clerk:</b> <i>Previously requested position</i> The positions will be for short-term bookstore clerks and cashiers hired at peak periods covering both the beginning and end of semesters. These short-term staff will assist with pricing, stocking shelves, cashiering, customer service, shipping and receiving and other duties as assigned in preparing the bookstore before, during, and after school rush periods.
Skyline College	Counseling/ Assessment	1	01/14/2019	06/30/2019	<b>Office Assistant II:</b> <i>Previously requested position</i> Provide follow up core clerical assistant services to Assessment Center staff especially in providing SSSP core services of Orientation, Assessment, Counseling/ Advising and follow-up services as related to student services. Assist with entering and retrieving data using different software. Make and

					follow-up with student phone calls and email inquiry. Planning support in preparation for AB705.
Skyline College	Business, Education & Professional Programs/ Bay Area Entrepreneur Center	1	01/29/2019	06/30/2019	<b>Office Assistant II:</b> Assist the Bay Area Entrepreneur Center (BAEC) director and/or designee in the planning and implementation for the BAEC front desk and office operations.
Skyline College	Science/ Math/ Technology Respiratory Care	1	01/01/2019	04/30/2019	<b>Program Services Coordinator:</b> <i>Previously requested position</i> Provide program services support for students receiving S-STEM grants and coordinate support for EPIC tutoring program.

**BOARD REPORT NO. 19-1-3A**

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor-Superintendent

PREPARED BY: David Feune, Director, Human Resources (650) 358-6775

**APPROVAL OF REVISIONS TO STUDENT ASSISTANT SALARY SCHEDULE**

The SMCCCD Student Assistant Salary Schedule was last adjusted in January of 2018 to include salaries ranging from a minimum of \$12.00 per hour (Level A) to a maximum of \$17.75 per hour (Level D). The local minimum wage for non-profit agencies that are tax-exempt increases to \$13.50 per hour, effective January 1, 2019. Accordingly, the student assistant rates are proposed to be increased by \$1.50 per hour for each category.

**RECOMMENDATION**

It is recommended that the Board of Trustees approve the revised Student Assistant Salary Schedule, effective January 1, 2019.



## Student Assistant Salary Schedule

Effective January 1, 2019

Category	Hourly Rate	
<p><b>Level A (Entry level)</b> Under direct supervision, tasks assigned are entry-level, typically routine, and have limited responsibility. Students in Level A positions are assigned duties which primarily consist of such tasks as the following:</p> <ul style="list-style-type: none"> <li>• duplicating</li> <li>• alphabetizing/sorting</li> <li>• stocking (store clerk)</li> <li>• filing</li> <li>• receptionist duties</li> <li>• taking messages</li> <li>• bulk mailings</li> <li>• making deliveries</li> <li>• routine data entry</li> <li>• facilities maintenance</li> </ul>	<b>\$13.50</b>	<b>\$14.50</b>
<p><b>Level B (Intermediate level)</b> Under direct supervision, tasks performed require some specialized knowledge, skills, training, and/or experience. Students in Level B positions are assigned duties which primarily consist of such tasks as the following:</p> <ul style="list-style-type: none"> <li>• tutoring</li> <li>• cashiering</li> <li>• scanning to WebExtender</li> <li>• routine correspondence</li> <li>• preparation of spreadsheets</li> <li>• data analysis for reports</li> <li>• laboratory assistant</li> <li>• complex data entry/retrieval</li> <li>• customer service</li> <li>• perform detailed calculations</li> </ul>	<b>\$15.00</b>	<b>\$16.00</b>
<p><b>Level C (Specialist level)</b> Under general supervision, tasks assigned are complex within the scope of student assignments, with specialized skills or abilities. This level may include responsibility for coordinating the work of lower-level student employees. Students in Level C positions are assigned duties which primarily consist of such tasks as the following:</p> <ul style="list-style-type: none"> <li>• operate complex equipment</li> <li>• preparation of presentations</li> <li>• student services support</li> <li>• database setup &amp; maintenance</li> <li>• language translations</li> <li>• accounting assistant</li> <li>• program coordinator</li> <li>• laboratory instructional aide</li> <li>• high school outreach</li> <li>• classroom/community presentations</li> </ul>	<b>\$17.00</b>	<b>\$18.00</b>
<p><b>Level D (Technical level)</b> Under limited supervision, tasks assigned require proficiency necessary to perform highly complex tasks, which require specialized technical knowledge, previous experience, a high degree of independence, responsibility and creativity within the scope of student assignments. This level may include responsibility for coordinating the work of lower-level student employees. Students in Level D positions are assigned duties which primarily consist of such tasks as the following:</p> <ul style="list-style-type: none"> <li>• creation of interactive forms</li> <li>• web page preparation</li> <li>• directed technical services</li> <li>• programming</li> <li>• equipment maintenance/repair</li> <li>• accounting specialist</li> <li>• technical writing</li> <li>• use of complex software</li> <li>• audio/video services</li> <li>• troubleshooting</li> </ul>	<b>\$18.25</b>	<b>\$19.25</b>

**BOARD REPORT NO. 19-1-4A**

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

**PUBLIC HEARING ON THE DISTRICT'S INITIAL PROPOSAL  
TO THE CALIFORNIA SCHOOL EMPLOYEES ASSOCIATION, CHAPTER 33**

Notice is hereby given that the Board of Trustees will hold a public hearing on the District's initial contract proposal to the California School Employees Association, Chapter 33, received by the Board of Trustees on December 12, 2018. At its December 12, 2018 meeting, the Board set a public hearing date for January 23, 2019.

**DATE:** Wednesday, January 23, 2019

**TIME:** 6:00 p.m.

**LOCATION:** SMCCCD District Office Board Room (3401 CSM Dr., San Mateo, CA 94402)

The contract between the District and CSEA expires on June 30, 2019, and both parties wish to negotiate a successor agreement. A copy of the District's proposal is attached and by reference made a part of this agenda item. As has occurred in the past, the District will negotiate in good faith CSEA's proposals.

**RECOMMENDATION**

It is recommended that the Board of Trustees hold a public hearing at this meeting as required by the Educational Employment Relations Act.



3401 CSM Drive, San Mateo, CA 94402  
P: (650) 574-6550 F: (650) 574-6574  
www.smccd.edu

---

## San Mateo County Community College District Initial Proposal for the Successor Agreement with the California School Employees Association, Chapter 33

December 12, 2018

### GENERAL FRAMEWORK

The District recognizes that the California School Employees Association, Chapter 33 contract expires on June 30, 2019, and is prepared to negotiate any and all provisions of the contract for inclusion in a successor agreement.

The concepts upon which the District wishes to negotiate any items in the contract are reinforced by the following concepts and values:

- Alignment with the District's commitment to 'Students First' as manifested in the District's Strategic Plan
- Commitment to an equity-minded environment and culture that embraces and promotes diversity and inclusion, supports students and employees in achieving their potential, and embodies the fulfillment of a social justice mission
- Fiscally responsible, prudent and economically sustainable

### ECONOMIC MATTERS

The District has no proposals regarding any economic items in the current contract which will expire on June 30, 2019. However, the District would intend to negotiate any economic items presented in a fair and equitable manner and within the financial constraints of available District resources.

### NON-ECONOMIC MATTERS

The District has no proposals regarding any non-economic items in the current contract which will expire on June 30, 2019. However, the District would intend to negotiate any non-economic items presented in a fair and equitable manner and within the financial constraints of available District resources.

### GENERAL CLEANUP OF CONTRACT LANGUAGE

The District wishes to negotiate on the clarification and updating of other general contract language as appropriate.

### RESERVATIONS

The District reserves the right to add to or modify its proposals during the negotiation process.

**BOARD REPORT NO. 19-1-5A**

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

**PUBLIC HEARING ON CALIFORNIA SCHOOL EMPLOYEES ASSOCIATION, CHAPTER 33  
INITIAL CONTRACT PROPOSAL TO THE DISTRICT**

Notice is hereby given that the Board of Trustees will hold a public hearing on the California School Employees Association, Chapter 33's (CSEA) initial contract proposal to the District, received by the Board of Trustees on December 12, 2018. At its December 12, 2018 meeting, the Board set a public hearing date for January 23, 2019.

**DATE:** Wednesday, January 23, 2019

**TIME:** 6:00 p.m.

**LOCATION:** SMCCCD District Office Board Room (3401 CSM Dr., San Mateo, CA 94402)

The contract between the District and CSEA expires on June 30, 2019, and both parties wish to negotiate a successor agreement. A copy of the CSEA's proposal is attached and by reference made a part of this agenda item.

**RECOMMENDATION**

It is recommended that the Board of Trustees hold a public hearing at this meeting as required by the Educational Employment Relations Act.

October 29, 2018

Ron Galatolo, Chancellor  
San Mateo County Community College District  
3401 CSM Drive  
San Mateo, CA 94402

Re: Initial Proposal

Dear Mr. Galatolo,

The California School Employees Association (CSEA) and its local Chapter #33 are submitting its "initial bargaining proposals" in accordance with California Government Code Section 3547 for the upcoming 2019-22 successor contract negotiations.

CSEA respectfully submits the following bargaining proposals:

**Article 2: Membership Dues or Service Fees**

CSEA has an interest in revising the language in this article due to changes in applicable laws.

**Article 3: Definitions**

CSEA has an interest in clarifying the language around some of the definitions in this section.

**Article 4: Organizational Rights**

CSEA has an interest in improving the language around release time and electronic mail.

**Article 5: Hours and Overtime**

CSEA has an interest in improving the language related to overtime and compensatory time.

**Article 6: Vacation**

CSEA has an interest in enhancing the language around vacation accrual and requests.

**Article 7: Holidays**

CSEA has an interest in increasing the number of Holidays provided by the District.

**Article 8: Pay and Allowances**

CSEA has an interest in a fair and equitable salary increase, abolishing the "Total Compensation Formula," and clarifying and enhancing the language around a number of other sections in this article.

**Article 9: Health and Welfare Benefits**

CSEA has an interest in enhancing the health benefit package offered by the District

Article 10: Leaves

CSEA has an interest in enhancing the language around leaves and updating the language to reflect the new child bonding section in the education code.

Article 11: Transfers and Reassignments

CSEA has an interest in improving the language and process around transfers and reassignments

Article 12: Grievance Procedures

CSEA has an interest in improving the language in this article including final and binding arbitration as the final step of the grievance process.

Article 13: Safety

CSEA has an interest in improving the language around safety procedures.

Article 14: Performance Evaluation Procedures

CSEA has an interest in improving the language around performance evaluation and personnel files.

Article 20: Disciplinary Procedures

CSEA has an interest in enhancing the language around disciplinary procedures including final and binding arbitration as the final step of the discipline process.

Article 21: Duration

CSEA has an interest in updating the duration of the Contract to reflect the new term.

Sincerely,

David Wood

**BOARD REPORT NO. 19-1-6A**

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

**PUBLIC HEARING ON THE DISTRICT'S INITIAL PROPOSAL TO THE SAN MATEO COMMUNITY COLLEGE FEDERATION OF TEACHERS, LOCAL 1493, AFT AFL-CIO**

Notice is hereby given that the Board of Trustees will hold a public hearing on the District's initial contract proposal to the San Mateo Community College Federation of Teachers, Local 1493, AFT AFL-CIO (AFT), received by the Board of Trustees on December 12, 2018. At its December 12, 2018 meeting, the Board set a public hearing date for January 23, 2019.

**DATE:** Wednesday, January 23, 2019

**TIME:** 6:00 p.m.

**LOCATION:** SMCCCD District Office Board Room (3401 CSM Dr., San Mateo, CA 94402)

The contract between the District and AFT expires on June 30, 2019, and both parties wish to negotiate a successor agreement. A copy of the District's proposal is attached and by reference made a part of this agenda item. As has occurred in the past, the District will negotiate in good faith AFT's proposals.

**RECOMMENDATION**

It is recommended that the Board of Trustees hold a public hearing at this meeting as required by the Educational Employment Relations Act.



3401 CSM Drive, San Mateo, CA 94402  
P: (650) 574-6550 F: (650) 574-6574  
www.smccd.edu

---

**San Mateo County Community College District  
Initial Proposal for the Successor Agreement with the  
San Mateo Community College Federation of Teachers, Local 1493,  
AFT AFL-CIO**

**December 12, 2018**

**GENERAL FRAMEWORK**

The District recognizes that the San Mateo Community College Federation of Teachers, Local 1493, AFT AFL-CIO contract expires on June 30, 2019, and is prepared to negotiate any and all provisions of the contract for inclusion in a successor agreement.

The concepts upon which the District wishes to negotiate any items in the contract are reinforced by the following concepts and values:

- Alignment with the District's commitment to 'Students First' as manifested in the District's Strategic Plan
- Commitment to an equity-minded environment and culture that embraces and promotes diversity and inclusion, supports students and employees in achieving their potential, and embodies the fulfillment of a social justice mission
- Fiscally responsible, prudent and economically sustainable

**ECONOMIC MATTERS**

The District has no proposals regarding any economic items in the current contract which will expire on June 30, 2019. However, the District would intend to negotiate any economic items presented in a fair and equitable manner and within the financial constraints of available District resources.

**NON-ECONOMIC MATTERS**

The District has no proposals regarding any non-economic items in the current contract which will expire on June 30, 2019. However, the District would intend to negotiate any non-economic items presented in a fair and equitable manner and within the financial constraints of available District resources.

**GENERAL CLEANUP OF CONTRACT LANGUAGE**

The District wishes to negotiate on the clarification and updating of other general contract language as appropriate.

**RESERVATIONS**

The District reserves the right to add to or modify its proposals during the negotiation process.

**BOARD REPORT NO. 19-1-7A**

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

**PUBLIC HEARING ON SAN MATEO COMMUNITY COLLEGE FEDERATION OF  
TEACHERS, LOCAL 1493, AFT, AFL-CIO INITIAL PROPOSAL TO THE DISTRICT**

Notice is hereby given that the Board of Trustees will hold a public hearing on the San Mateo Community College Federation of Teachers, Local 1493, AFT, AFL-CIO (AFT) initial contract proposal to the District, received by the Board of Trustees on December 12, 2018. At its December 12, 2018 meeting, the Board set a public hearing date for January 23, 2019.

**DATE:** Wednesday, January 23, 2019

**TIME:** 6:00 p.m.

**LOCATION:** SMCCCD District Office Board Room (3401 CSM Dr., San Mateo, CA 94402)

The contract between the District and AFT expires on June 30, 2019, and both parties wish to negotiate a successor agreement. A copy of the AFT's proposal is attached and by reference made a part of this agenda item.

**RECOMMENDATION**

It is recommended that the Board of Trustees hold a public hearing at this meeting as required by the Educational Employment Relations Act.



November 19, 2018

To: Mitchell Bailey, Chief of Staff  
Chancellor's Office  
San Mateo County Community College District

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

Re: Contract Proposals for the 2019-2022 Contract of Academic Employees in the  
San Mateo County Community College District

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

## AFT Proposals 2019-22 Contract

New language in bold (except Article and section Titles and section numbers)

~~Deleted language in strikethrough~~

### ARTICLE 1: RECOGNITION

**1.7 COMMUNICATION WITH MEMBERS: The district will not communicate with unit members regarding negotiations.**

### ARTICLE 2: ORGANIZATIONAL RIGHTS

**2.4 LIST OF UNIT EMPLOYEES AND JOB INFORMATION: The Union shall have the right to be provided with a listing of all bargaining unit employees, their date of employment, and their primary job site within a reasonable time following request by the Union. **The District will provide to the Union the name, job title, department, work location, work, home, personal cellular telephone number, personal email address, and home address of any new employee within 30 days of hire or by the first pay period of the month following hire. The District will provide to the Union this information every 120 days for all employees.** Thereafter, the Union will be provided with a current listing of additions and deletions to the bargaining unit within a reasonable time after request.**

**2.6 REASSIGNED TIME FOR UNION BUSINESS: The Union will receive the equivalent of ~~24~~ **12** FLCs per semester of reassigned time for organizational activities. In addition, the District shall provide the equivalent of ~~24~~ **12** FLCs per semester for the purpose of negotiations and the processing of grievances. The Union will notify the District as early as possible of the name(s) of the person(s) who will be credited with this reassigned time so that necessary modifications of schedules may be made. In addition, the Union can buy up to an additional nine (9) FLCs per semester.**

**2.7 AGENCY SHOP** Language needs to be updated post-Janus

**2.8 EMPLOYEE ORIENTATION: The District will provide the Union 10 days advance notice of any new employee orientation. The Union will participate in these new employee orientations.**

### ARTICLE 6: WORKLOAD

**Define the role of faculty coordinators**

### ARTICLE 7: HOURS OF EMPLOYMENT

**7.2 DEFINITION OF ACADEMIC YEAR: The academic year consists of two (2) separate instructional semesters, each of which begin on the first day of instruction **or flex day** and end on the last day of final examinations.**

**7.5 Workweek for Full-time Instructional Faculty:** Full-time instructional faculty shall be present on campus in scheduled classes, offices or performing other assigned professional duties ~~for a minimum of twenty-five (25) hours per week, prorated for regular and contract faculty with less than a full-time assignment.~~ A faculty member may be assigned to less than a five-day per week schedule.

#### **7.11.2 Renumber as 7.11.2.1**

**Add 7.11.2.2 In addition to the flex pay outlined in 7.11.2.1, part-time faculty who attend flex activities on the designated college flex days will be paid for their attendance according to the special rate schedule.**

### **ARTICLE 8: PAY AND ALLOWANCES**

**8.5.1** From Step 1 through Step 8, employees will advance at the rate of one step per year. Two years of service at Step 9 are required for advancement to Step 11. Three years of service at Step 11 are required for advancement to Step 14. Four years of service at Step 14 are required for advancement to Step 18. Five years of service at Step 18 are required for advancement to Step 23. **Two years of service at Step 23 are required for advancement to Step 25.**

**8.8 PART-TIME SALARY SCHEDULE:** The part-time employees' salary schedule is listed in Appendix B. It applies to academic employees with assignments of sixty percent (67%) or less of full time for the college year. It also serves as the basis of compensation for summer session assignments ~~and of additional compensation for full-time academic employees assigned beyond their regular full-time assignments.~~ **Compensation for full time academic employees assigned beyond their regular full time assignments will be according to the Regular Faculty Overload Salary Schedule.** Summer Session compensation will be based on the part-time employee **and regular faculty overload** salary schedules in effect during the previous Spring semester.

**8.14 LARGE CLASS PAY:** A large class for the purpose of additional compensation under the terms of this Article is defined as having ~~40~~ **70** or more students enrolled at census.

Deans will engage in a collaborative process with department faculty to determine which courses can be appropriately designated as "large classes". Eligible courses are those that meet general education, UC, and CSU requirements, those that meet graduation requirements, major requirements, and vocational courses required for a certificate, degree, or transfer. (Ineligible courses are television courses, open skills labs, Cooperative Education, all matriculation activities, team sports, team taught courses, independent study, and all courses numbered in the 600's and 700's.

Assignment to teach a large class is voluntary.

~~Additional compensation is at the special rate of pay and does not affect the FLC for the course. The compensation is consideration for the extra time needed for required paperwork.~~

~~Additional weekly compensation for large classes:~~

~~70-94 students 3 hours~~

~~95-119 students 4 hours~~

~~120-144 students 5 hours~~

~~145-169 students 6 hours~~

~~AFT and the District agree to the above for a trial period of four (4) semesters beginning with the Fall 2005 semester. This agreement may be extended by mutual consent.~~

~~This shall remain in effect until June 30, 2015.~~

**Teaching large classes result in additional preparation time and/or time grading, time, spent with individual students, etc. Faculty with such assignments shall be granted additional credit for such classes. Credit for oversize classes will be granted on the basis of actual enrollment on the first census for the class. Credit for oversize classes will be assigned using the following formula:**

<b>Number of Students</b>	<b>Lecture Hour Equivalents</b>
<b>40 or less</b>	<b>1.0</b>
<b>41- 55</b>	<b>1.2</b>
<b>56- 70</b>	<b>1.4</b>
<b>71- 85</b>	<b>1.6</b>
<b>86- 100</b>	<b>1.8</b>
<b>101- 115</b>	<b>2.0</b>
<b>116- 130</b>	<b>2.2</b>
<b>131- 145</b>	<b>2.4</b>
<b>146- 160</b>	<b>2.6</b>

**Hourly salaries of adjunct part-time teaching oversized classes will be multiplied by the appropriate Lecture Hour Equivalent as listed above.**

**This section also applies to online courses.**

**Compensate faculty for TBA Hours at the appropriate hourly rate.**

**Compensate part-time faculty for attending division meetings, attending committee meetings, and doing other professional responsibilities outside of teaching (e.g. program review, annual plans, SLO, etc.)**

**Define what constitutes lecture, lab and special rate.**

**District will reimburse faculty for tuition for courses taken.**

## **COMPENSATION**

Goals:

1. Formula for raises based on Property Taxes increase
2. Increase in Medical Cap
3. Improve program for Part-time medical benefits
4. Define Parity for part-timers
5. Create a salary schedule for part-time faculty that mirrors the salary schedule for regular faculty (steps and columns) bases on parity definition

## **ARTICLE 9: HEALTH AND WELFARE BENEFITS**

**Add language regarding medical coverage and benefits for faculty teaching in the District Study Abroad Program.**

## **ARTICLE 11: LEAVES OF ABSENCE**

**11.1.5 Needs to be updated to reflect new legislation.**

**11.9 MATERNITY/CHILD BONDING LEAVE:** The Board of Trustees shall grant **one month of paid** maternity and/or child bonding leave ~~without pay~~ to members of the unit **who qualify** in accordance with the Family Medical Leave Act, the California Family Rights Act, and the District Policy on Leaves of Absence. Accumulated sick leave may be used for any period of time **after the one month of paid leave** that the employee must be absent from work as prescribed by the physician in accordance with the provisions of the Family Medical Leave Act and the California Family Rights Act.. Such leave shall run concurrently with sick leave, extended leave and any other leave granted under the provisions of this Agreement. As with other leave without pay, no sick leave benefits shall accrue to employees on an unpaid portion of maternity/child bonding leave.

**11.14 FAMILY MEDICAL LEAVE ACT (FMLA) AND CALIFORNIA FAMILY RIGHTS ACT (CFRA) BENEFITS:** ~~Family care leave.~~ In accordance with the provisions of the Family Medical Leave Act and the California Family Rights Act and the District Policy on Leaves of Absence **family care leave** ~~and~~ will be applied concurrently with employee sick leave, extended leave, industrial accident/injury leave and/or other applicable paid District leaves.

**11.16 Public Service Leave (new)** Every unit member who is elected or appointed to a public office, either Local, State or Federal or who serves as an elected officer of any local community college district public employee organization, or of any statewide or national public employee organization, shall have the right, upon request, to a paid leave of absence of up to ten (10) days in any academic year without loss of

**compensation for the purpose of enabling the employee to attend periodic, stated, special, or regular meetings of the body of the organization on which the employee serves.**

### **Article 13: PROFESSIONAL DEVELOPMENT PROGRAM**

**13.3 LEVEL OF FUNDING FOR PROGRAM:** The level of funding will be ~~two one~~ percent (2 1%) of the District budget for regular academic and third- and fourth-year tenure track academic employees of the unit plus \$50,000 from a combination of Partnership for Excellence and Faculty Development funds, to the extent those funds are available, for extended leaves.

### **ARTICLE 14: LAYOFFS**

**14.1 UNION WILL BE NOTIFIED OF POTENTIAL LAYOFFS:** When it is reasonably certain that faculty layoffs are to be recommended in specific areas, the Union will be notified of the contemplated action and the reasons therefore. It is understood that the Education Code prohibits the retention of a junior employee when a more senior employee who holds an FSA and is competent to perform the service is laid off.

### **Article 17: GRIEVANCE PROCEDURE**

Add binding arbitration as the last step of the grievance procedures.

**17.5.3** The function of the arbitrator shall be: a) To hold a hearing concerning the grievance, and b) To render an ~~advisory~~ award within thirty (30) days after the close of the hearing.

**17.5.4** **The decision of the arbitrator shall be final and binding on all parties.**

~~**17.6** **LEVEL IV:** Either the grievant or the responding party may appeal the advisory award of the arbitrator to the Board of Trustees within ten (10) working days after the receipt of such advisory award.~~

~~17.6.1 The Board of Trustees shall render its decision within twenty (20) working days after receipt of the appeal at this level, or twenty (20) working days after receipt of the transcript of the arbitration hearing, whichever comes later. The decision of the Board of Trustees shall be final and binding on all parties, except that no rights of the grievant to further legal action shall be abrogated.~~

### **ARTICLE 18: SUMMER SESSION EMPLOYMENT**

**18.1 CONTRACT ARTICLES THAT APPLY DURING SUMMER SESSION:**

**Add Article 19: Part-Time Employment**

## ARTICLE 19: PART-TIME EMPLOYMENT

19.2.4 When feasible, each College Division will make reasonable efforts to provide part-time faculty with ~~the same or similar faculty load as~~ an assignment of at least the same or similar faculty load **as the highest load ever assigned to each part-time faculty, in the previous term,** if **provided that** the part-time faculty member has received two (2) consecutive satisfactory evaluations or has been given an assignment for six (6) semesters with no negative evaluations.

19.2.6 If, during any semester, there are more part-time faculty members than there are available assignments, and if all of the criteria for determining assignments that are defined in 19.2.1 and 19.2.2 above have been met to the satisfaction of the appropriate administrator then the remaining available assignments shall be offered to those part-time faculty members who are most senior according to the Seniority Lists as described in 19.1, with the most senior part-timers being offered at least the same faculty load as **the highest load each part-timer ever had in the previous term,** before a part-time faculty member with less seniority is offered an assignment.

19.2.9 **After assignments have been determined as provided in all preceding sections of this article, if there are any remaining classes to be assigned, or if additional classes become available at any time,** ~~As provided in 19.2, 19.2.4, 19.2.6 and 19.2.8, when additional classes become available, after all the criteria for determining assignments that are defined in 19.2.1 and 19.2.2 have been met~~ classes will be offered to the most senior part-time faculty members until their faculty load request is met (not to exceed 67% of full time or as prescribed by law.)

## APPENDIX F: FACULTY LOAD CREDIT (FLC) ALLOCATION

Make the following changes:

### LABORATORY ASSIGNMENT SCHEDULE:

Biological and Physical Sciences	<del>1 .80</del> FLC per hour
<b>Art laboratory classes</b>	<b>1 FLC per hour</b>
<b>Music classes</b>	<b>1 FLC per hour</b>
<b>Physical Education/Athletics</b>	<b>1 FLC per hour</b>

Define what “a majority of their teaching load in laboratory assignment” means.

## APPENDIX G: EVALUATIONS

Determine how are full-time temporary faculty evaluated.

New Language:

I. Add the following language on class assignment:

### **Class Assignment**

**Before teaching schedules are assigned, each faculty member shall be provided an opportunity to present in writing his/her schedule preferences with regard to courses to be taught, day and evening classes (minimization of time period between the Instructor's first and last class each day and maximization of the time period between the end of the Instructor's last class one day and the beginning of the Instructor's first class the following day), off-campus classes, number of different course preparations, maximum consecutive hours of lecture/laboratory hours, the desire for overload, and room preferences.**

**The administrator shall not arbitrarily disregard the faculty member's preferences. When the work assignment for each teaching faculty member is prepared, primary consideration will be given to the preferences, qualifications, seniority, experience, and job performance of the faculty member. At the request of the affected faculty member(s), the administrator will put in writing the reasons for denying the preference and forward the response to the affected faculty member(s) and a copy to the Union. If the faculty member, after discussing the schedule with his/her administrator, is not satisfied, he/she may appeal to the appropriate Vice President.**

**The assignment for a regular teaching faculty member shall be limited to a maximum of three (3) different preparations during any semester unless the faculty member agrees to accept additional preparations or additional preparations are needed to complete the employee's full annual load. Laboratories that are part of a lecture course and are delivered separately from the lecture course constitute a different preparation than the lecture course.**

II. Add the following language on class cancellation:

**XX.X CLASS CANCELLATION: Scheduled classes shall be cancelled only after written notification by the appropriate administrator/designee is sent to the instructor. The written notification is to be issued on or around twenty days before the first day of instruction.**

#### **XX.X.1 Without the Consent of the Instructor**

**XX.X.1.1 A class may be cancelled within twenty (20) days before the class starts if the enrollment is less than 50% of the class enrollment minimum;**

**XX.X.1.2 During the first two weeks of instruction, a class may be cancelled if enrollment is less than 60% of the class enrollment minimum;**

**XX.X 1.3 Classes shall not be cancelled after the second week of instruction without the consent of the instructor.**

**XX.X.2 With the Consent of the Instructor: Classes may be cancelled with the consent of the instructor at any time.**

## **XX.X REASSIGNMENT OF FACULTY WITH CANCELED CLASSES**

**XX.X.1 A faculty member, whose regular load (1.0) has been displaced through cancellation and the immediate dean shall consult and agree on the alternative(s) to complete the faculty member's regular load.**

**XX.X.2 If no agreement can be reached between the dean and the faculty member, the faculty member may choose among any unstaffed instructional assignment in one of the faculty members FSA's.**

**XX.X.3 If no such unstaffed instructional assignment which falls within the normal work assignment exists, then the faculty member and the division Dean will collaboratively choose an instructional assignment in one of the faculty members FSA's, first among those staffed by academic adjunct faculty or second among those staffed as an overload by a full time faculty member.**

**XX.X.4 If none of the above is chosen, the dean may assign any instructional assignment to the faculty member in one of his/her FSA's.**

**XX.X.5 In the situation where the above alternatives do not exist or are not chosen, the faculty member shall work with the dean a plan to make up the deficit within three (3) years.**

III. Add the following new articles:

### **Article XX: Academic Freedom**

**1. The District and AFT are unequivocally and unalterably committed to the principle of academic freedom in its true sense which includes freedom to study, freedom to learn and freedom to teach and provide educational professional services to students. Freedom of expression and academic freedom support the District's belief in inquiry, informed debate and the search for truth. Freedom of expression and academic freedom are necessary to provide students and employees with a variety of ideas, to encourage them to engage in critical thinking and to help them understand conflicting ideas and opinions.**

**2. Academic freedom encompasses the right of an instructor to teach and discuss in the classroom unpopular and controversial subjects, and for counselors, librarians and other academic employees to provide relevant and appropriate student services.**

**3. Interference with or censure of an academic employee by District officials or by outside individuals or groups because of the faculty member's introduction of unpopular and controversial subjects or provision of relevant and appropriate educational professional services to students is precluded by the principle of academic freedom.**

**4. The parties acknowledge the fundamental need to protect faculty from censorship or restraint which might interfere with their obligation to pursue truth in the performance of their teaching or other educational functions. The District's faculty have the right to express their opinions on issues directly or indirectly related to their professional activities, and any other issues, whether these opinions are expressed in the classroom, in shared governance or labor relations matters, elsewhere on campus, at college-related functions or in other media or settings. The rights of academic freedom and freedom of expression apply to the reasonable use of District computing resources, including e-mail and internet access.**

**5. Employment by the District does not in any way restrict or limit the Federal First Amendment and California Constitutional rights of expression that faculty enjoy as members of their communities. Faculty members are free to speak and write publicly on any issue, as long as they do not indicate they are speaking on behalf of the District.**

**6. Protecting freedom of expression and academic freedom is the responsibility of the college community. Therefore, in a climate of openness and mutual respect, free from distortion and doctrinal obligation, the District protects and encourages the exchange of ideas, including unpopular ones which are presented in a spirit of free and open dialogue and debate.**

**7. Academic freedom does not include use of discriminatory, discourteous, offensive, abusive conduct or language while in performance of District employment.**

**8. Faculty members shall maintain the exclusive right and responsibility to determine the grades they assign on the basis of their professional judgment. The grades given to each student for any course of instruction taught shall be determined by the instructor of the course, and the determination of the student's grade by the instructor--in the absence of mistake, fraud, bad faith, or incompetence--shall be final.**

#### **ARTICLE XX: COMPLAINTS AGAINST A UNIT MEMBER**

**If a student or other person files a complaint about a unit member, the District shall notify the unit member and AFT in writing within five (5) working days of its receipt of the complaint.**

**This notification shall include the specific nature of the complaint and the District's intention to investigate.**

**The unit member shall have the right to provide a written response to the complaint. If the member prepares a written response, it shall be attached to the document(s) in any folder such documents are held. Further, the affected unit member shall have the right to request a meeting with his or her Dean/Immediate Supervisor and other affected parties to attempt to settle the allegations informally.**

**If the complaint leads to a misconduct investigation, the procedures and protections of Article (Investigations of Unit Members) shall apply.**

**The unit member and AFT shall be notified of the District's intention to take disciplinary action and shall promptly receive copies of all materials/documents (including the investigative report or summary) utilized by management and the Governing Board as a basis for the proposed disciplinary action.**

**Any complaint not called to the attention of the employee may not be used as the basis for any reprimand, discipline or discharge.**

## **Article XX: INVESTIGATIONS OF UNIT MEMBERS**

### **Mutual Respect For A Fair Investigative Process**

**The parties understand and agree that the District has the authority and obligation to investigate complaints, reports and/or other credible information that a unit member has engaged in misconduct. The parties further understand and agree that unit members are entitled to be presumed innocent of wrongdoing during the investigation process and are entitled to certain protections during the investigation process.**

### **Misconduct Investigation Defined**

**A misconduct investigation is a District-initiated investigation of a unit member into allegations that the unit member has violated District policy and/or law, based on information received from a formal or informal complaint made by an identifiable author; a report of misconduct; manager observations; or other credible sources of information. An investigation is initiated at the point that the District determines to go beyond meeting with the accuser and the accused to interview other potential witnesses. An anonymous accusation shall not form the basis for initiating an investigation.**

### **Non-Investigatory Interviews**

**The parties understand and agree that in the day-to-day operation of the District, managers and unit members meet regularly to share information. These are not investigatory interviews. However, the parties further understand and agree that, if a manager reasonably expects that such a meeting may elicit information that warrants discipline, the manager shall notify the unit member in advance. The unit member so notified shall have the right to bring the AFT Grievance Officer or his/her designee to the meeting. In addition, a unit member may act independently to bring the appropriate AFT Grievance Officer or his/her designee to the meeting if the unit member reasonably believes that it could lead to discipline.**

## **Notice of Investigation**

**An employee who is under investigation shall be sent a notification no later than five (5) business days before his/her appointment for an investigatory interview. The notification is intended to provide employees subject to misconduct investigations with a description of the subject matter of the investigatory interview, and shall include the following:**

**a. An introductory statement that:**

- 1. The District takes a neutral stance when investigating possible misconduct and no findings of wrong-doing have been made;**
- 2. The District maintains the confidentiality of the investigation to the fullest extent possible;**
- 3. No findings will be made prior to completion of the investigation, and the investigation will not be closed until after the scheduled date of the employee's interview;**
- 4. The information received could lead to discipline and the employee is entitled to have representation at the meeting;**
- 5. The investigation is confidential and the employee should refrain from discussing it with other members of the campus community while the investigation is pending (except for the purpose of receiving representation during the investigation or exercising other rights as recognized under the Educational Employment Relations Act (EERA));**
- 6. Every effort will be made to complete the investigation within ninety (90) days of when the District first received the complaint or information triggering the investigation. Where this is not possible two things will occur: the employee will receive a status update on where the District is in its investigation and when it expects to be completed; and the District and the AFT will have a check-in meeting in person or by telephone;**
- 7. The employee will receive notice of the findings of the investigation, and whether the allegations investigated were or were not sustained;**
- 8. In the event the investigation leads to disciplinary action, the employee will be afforded all of the pre-discipline due process rights to which he/she is entitled. This includes providing the employee, and AFT with the employee's consent, with a copy of the information relied upon to issue the charges; and**
- 9. District policy and law prohibit retaliation of any kind against anyone the employee believes to have provided information or otherwise cooperated in the investigation, and that such conduct constitutes an independent basis for serious discipline up to and including termination.**

**b. A summary of the subject matter of the interview including:**

- 1. If appropriate, and at the discretion of the Vice Chancellor of Human Resources or his/her designee, the name of the complainant(s), or individual(s) whose concerns caused the District to initiate an investigation. To the extent the Collective Bargaining Agreement (CBA) provides for greater notice, the CBA prevails;**

- 2. What allegedly occurred. The employee shall be entitled to a description of the subject matter or allegations of the investigation;**
- 3. When the incident(s) allegedly occurred. The notice will be as specific as possible, based on the information available at the time the Notice is given; and**
- 4. Where the incident(s) allegedly occurred. The notice will be as specific as possible, based on the information available at the time the Notice is given.**

#### **Placement On Paid Administrative Leave Of Absence While An Investigation Is Pending**

**Placement of a member on Paid Administrative Leave of Absence while an investigation into alleged misconduct is pending shall conform to the following standards and procedures:**

- a. Placement on Paid Administrative Leave of Absence while an investigation is pending constitutes a non-disciplinary action;**
- b. Placement on Paid Administrative Leave of Absence shall not be automatic and it is not an action that the District takes lightly. The District will not take this step unless:**
  - 1. The allegations, if true, indicate that the employee poses a safety threat to him/herself or others;**
  - 2. The allegations, if true, involve harassment, retaliation and/or dishonesty; and/or**
  - 3. Other extenuating circumstances with the written approval of the Chancellor, which approval will state the nature of the extenuating circumstance.**
- c. The notice placing an employee on Paid Administrative Leave of Absence will provide information about the Leave, including but not limited to:**
  - 1. The basis or bases on which he/she is being placed on Paid Administrative Leave of Absence;**
  - 2. That, as this investigation could lead to discipline, the employee is entitled to representation during his/her investigatory interview;**
  - 3. That placement on Paid Administrative Leave of Absence constitutes a directive not to attend work or perform work duties and that the employee is not to be present at work or in the work area without prior written consent; and**
  - 4. That placement on Paid Administrative Leave of Absence does not constitute a directive to stay away from public events or public areas of campus.**

#### **Completion of Investigation and Notice of Completion**

**Every effort will be made to complete the investigation within ninety (90) days, and where this is not possible, the member under investigation will receive a status update on where the District is in its investigation and when it expects to be completed.**

## **ARTICLE XX: JUST CAUSE AND PROGRESSIVE DISCIPLINE**

### **Just Cause**

**A faculty member shall not be reprimanded, suspended, or dismissed without just cause.**

**The purpose of this article is to provide additional guidance and oversight for a faculty member experiencing difficulties in his/her work and to substantiate efforts at improvement.**

**If a faculty member receives a notice of discipline, the District shall include in that notice the faculty member's right to request AFT representation regarding the issue.**

**If a faculty member receives a written recommendation for a suspension or dismissal, the District shall include in the written recommendation the faculty member's right to request AFT representation prior to any further meeting(s) regarding the issue. In addition, the District shall notify AFT at the same time as the faculty member of the written recommendation for a suspension or dismissal.**

**The following just cause guidelines shall be recognized:**

- a. The faculty member shall be adequately informed of the potential consequences of his/her conduct.**
- b. A fair and objective investigation should reveal the necessity for disciplinary action.**
- c. Rules and penalties should be applied fairly and equitably.**
- d. Disciplinary action should be appropriate and reasonably related to the nature of the offense.**
- e. Progressive discipline shall be utilized except for conduct which is of such a nature that progressive discipline normally would not result in corrective conduct. The elements of progressive discipline shall be administered in a timely manner.**

**Steps in the discipline process include (exceptions to the due process steps may occur when the nature of the conduct warrants an exception):**

**Step 1: If discipline/corrective action is being considered, the manager shall discuss with the faculty member his/her actions/omissions for further fact finding prior to issuing an oral reprimand.**

**Step 2: If an oral reprimand does not result in corrected conduct, a counseling letter may be issued.**

**Step 3: Prior to administering subsequent discipline, a faculty member shall be provided notice and an opportunity to be heard. Notice shall include a**

**statement of the incident(s) or misconduct which form the basis for the disciplinary action and a statement of the discipline to be imposed. Such notice shall be given within five (5) working days of the decision to administer the discipline.**

**Step 4: If suspension without pay is recommended as a disciplinary action, the offense shall be severe or preceded by at least two (2) related written reprimands issued within the last two (2) years prior to the proposed suspension.**

#### **Corrective Action**

**Throughout the progressive discipline process, when supporting information indicates that improvement is needed, the District may initiate a work plan that should set forth observable and measureable performance goals. Such goals are to be met within a specific, achievable time frame. If such a plan is contemplated, the AFT shall be notified. At the faculty member's request, the AFT shall participate in developing the work plan.**

#### **Article XX: ADDITIONAL FACULTY RIGHTS**

**EVALUATION OF ADMINISTRATORS: Annual Evaluations for administrators with responsibility for instruction or student services will include an opportunity for the faculty within the unit, division, or college to provide anonymous performance feedback. College administration and/or Human Resources will oversee the evaluation process, evaluation content, and all other matters related to the evaluation of administrators.**

**BOARD REPORT NO. 19-1-8A**

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

**RECEIPT OF DISTRICT'S INITIAL CONTRACT PROPOSAL TO THE LOCAL 829, COUNCIL 57, AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES, AFL-CIO AND SETTING DATE OF PUBLIC HEARING**

The current collective bargaining agreement between the District and the Local 829, Council 57, American Federation of State, County and Municipal Employees, AFL-CIO (AFSCME) expires on June 30, 2019. The parties wish to negotiate a successor agreement.

Government Code Section 3547 (from the "Educational Employment Relations Act") provides that:

*(a) All initial proposals of exclusive representatives and of public school employers, which relate to matters within the scope of representation, shall be presented at a public meeting of the public school employer and thereafter shall be public records.*

*(b) Meeting and negotiating shall not take place on any proposal until a reasonable time has elapsed after the submission of the proposal to enable the public to become informed and the public has the opportunity to express itself regarding the proposal at a meeting of the public school employer.*

*(c) After the public has had the opportunity to express itself, the public school employer shall, at a meeting which is open to the public, adopt its initial proposal.*

As required by the Educational Employment Relations Act, staff is submitting the accompanying District proposal to the Board prior to holding a public hearing on the proposal.

**RECOMMENDATION**

It is recommended that the Board receive the initial proposal from the District to the Local 829, Council 57, American Federation of State, County and Municipal Employees, AFL-CIO and set a public hearing on the proposal at the next regularly scheduled Board meeting.



3401 CSM Drive, San Mateo, CA 94402  
P: (650) 574-6550 F: (650) 574-6574  
www.smccd.edu

---

**San Mateo County Community College District  
Initial Proposal for the Successor Agreement with the  
Local 829, Council 57, American Federation of State, County and  
Municipal Employees, AFL-CIO**

**January 23, 2019**

**GENERAL FRAMEWORK**

The District recognizes that the Local 829, Council 57, American Federation of State, County and Municipal Employees, AFL-CIO contract expires on June 30, 2019, and is prepared to negotiate any and all provisions of the contract for inclusion in a successor agreement.

The concepts upon which the District wishes to negotiate any items in the contract are reinforced by the following concepts and values:

- Alignment with the District's commitment to 'Students First' as manifested in the District's Strategic Plan
- Commitment to an equity-minded environment and culture that embraces and promotes diversity and inclusion, supports students and employees in achieving their potential, and embodies the fulfillment of a social justice mission
- Fiscally responsible, prudent and economically sustainable

**ECONOMIC MATTERS**

The District has no proposals at this time regarding any economic items in the current contract which will expire on June 30, 2019. However, the District will negotiate in good faith in response to any economic items presented in a fair and equitable manner and within the financial constraints of available District resources.

**NON-ECONOMIC MATTERS**

The District has no proposals at this time regarding any non-economic items in the current contract which will expire on June 30, 2019. However, the District will negotiate in good faith in response to any non-economic items presented in a fair and equitable manner.

**GENERAL CLEANUP OF CONTRACT LANGUAGE**

The District wishes to negotiate on the clarification and updating of other general contract language as appropriate.

**RESERVATIONS**

The District reserves the right to add to or modify its proposals during the negotiation process consistent with the procedure set forth in Government Code section 3547(d).

**BOARD REPORT NO. 19-1-9A**

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

**RECEIPT OF LOCAL 829, COUNCIL 57, AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES, AFL-CIO INITIAL CONTRACT PROPOSAL TO THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT AND SETTING DATE OF PUBLIC HEARING**

The current collective bargaining agreement between the District and the Local 829, Council 57, American Federation of State, County and Municipal Employees, AFL-CIO (AFSCME) expires on June 30, 2019. The parties wish to negotiate a successor agreement.

Government Code Section 3547 (from the “Educational Employment Relations Act”) provides that:

*(a) All initial proposals of exclusive representatives and of public school employers, which relate to matters within the scope of representation, shall be presented at a public meeting of the public school employer and thereafter shall be public records.*

*(b) Meeting and negotiating shall not take place on any proposal until a reasonable time has elapsed after the submission of the proposal to enable the public to become informed and the public has the opportunity to express itself regarding the proposal at a meeting of the public school employer.*

*(c) After the public has had the opportunity to express itself, the public school employer shall, at a meeting which is open to the public, adopt its initial proposal.*

AFSCME has submitted an initial proposal to the District, which staff transmits with this report to the Board. This is done prior to holding a public hearing on the proposal as required by the Educational Employment Relations Act.

**RECOMMENDATION**

It is recommended that the Board receive the initial proposal from the Local 829, Council 57, American Federation of State, County and Municipal Employees, AFL-CIO and set a public hearing on the proposal at the next regularly scheduled Board meeting.

**Local 829**

80 Swan Way, Suite 110  
Oakland, California 94621-1438  
(510) 577-9694  
(800) 244-8122  
(510) 383-9613 FAX

January 17, 2019

*Sent Via Email to: [baileym@smccd.edu](mailto:baileym@smccd.edu)*

Ron Galatolo  
Chancellor  
San Mateo County Community College District  
3401 CSM Drive  
San Mateo, CA 94402

Re: Initial Sunshine Bargaining Proposal for Successor Agreement – AFSCME Local 829

Dear Chancellor Galatolo:

The American Federation of State, County and Municipal Employees (AFSCME), Local 829 Bargaining Unit hereby submits the follow initial proposal for a successor agreement with the San Mateo County Community College District. We propose that the Agreement remain in full force and effect until after the parties reach a complete negotiated and ratified agreement.

AFSCME Local 829 Bargaining Unit reserves the right to create, add, delete, amend and modify its proposals and/or open articles of the contract during the negotiations process. Articles that are not opened for negotiations shall remain in full force and effect.

AFSCME is prepared to negotiate in good faith the following contract articles:

Article 2 – Membership Dues or Service Fees

AFSCME intends to modify, revise and update this article to reflect current law.

Article 3 – Definitions

AFSCME has an interest to modify the language to include additional definitions.

Article 4 – Organization Rights

AFSCME has an interest to modify and clarify the language.

Article 5 – Hours and Overtime

AFSCME intends to improve and clarify the language.

Article 6 – Vacation

AFSCME has an interest to modify, clarify and enhance the language.

Article 7 – Holidays

AFSCME proposes to improve and clarify the language.

Article 8 – Pay and Allowances

AFSCME has an interest to modify, clarify and enhance language, increase pay and allowances, and to eliminate the Total Compensation Formula.

*American Federation of State County and Municipal Employees, AFL-CIO*

**Article 9 – Health and Welfare Benefits**

AFSCME proposes to enhance all relevant benefits pertaining to Health and Welfare Benefits.

**Article 10 – Leaves**

AFSCME intends to modify this section to ensure the provisions are compliance with state and federal laws as it relates to the Pregnancy Disability Leave, Family and Medical Leave Act, California Family Rights Act and all other leaves pursuant to law.

**Article 11 – Transfers/Promotions/Reassignments**

AFSCME intends to modify and improve language.

**Article 12 – Grievance Procedure**

AFSCME intends to enhance, modify and clarify the language.

**Article 13 – Safety**

AFSCME intends to improve and strengthen the safety language.

**Article 15 – Miscellaneous**

AFSCME intends to improve and clarify language.

**Article 16 – Disciplinary Procedures**

AFSCME intends to modify, improve and clarify language to ensure due process.

**Article 17 – Duration**

AFSCME proposes to negotiate a three-year agreement.

**Article 18 – Layoffs, Seniority, Bumping Rights and Re-Employment**

AFSCME has an interest to modify the language pursuant to the California Education Code.

**New Proposed Article 19 – Professional Growth**

AFSCME proposes to create a new professional growth article.

**New Proposed Article 20 – Performance Evaluations**

AFSCME proposes to create a new performance evaluation article.

AFSCME proposes to clean up typos and to review MOU's to incorporated into the Agreement.

We look forward to meeting with you and your team.

Sincerely,



Jo Bates

Business Agent

cc: John Cuevas, Chapter President, SMCCCD  
Joe Puckett, Chapter Vice President, SMCCCD  
Michael Floyd, AFSCME Business Agent  
AFSCME Bargaining Unit Members  
Mitchell Bailey, Chief of Staff, SMCCCD

**BOARD REPORT NO. 19-1-1CA**

TO: Members of the Board of Trustees  
FROM: Ron Galatolo, Chancellor  
PREPARED BY: Bernata Slater, Chief Financial Officer, 358-6795

**APPROVAL OF 2019-20 INTEGRATED DISTRICT BUDGET PLANNING CALENDAR**

The budget development process for 2019-20 requires the formulation of a budget calendar. Included in the 2019-20 calendar is consultation with the District Committee on 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 concluding with the adoption of the Final Budget for 2019-20 in September 2019.

**RECOMMENDATION**

It is recommended that the Board of Trustees approve the attached 2019-20 Integrated District Budget Planning Calendar.

**Integrated District Budget Planning Calendar, 2019-20**

<b>Date</b>	<b>Campus &amp; District Review / Action</b>	<b>Committee on Budget and Finance Consultation</b>	<b>Board Review / Action</b>
September 2018	Colleges: <ul style="list-style-type: none"> <li>• Finalize Spring 2019 Schedule of Classes</li> </ul>		
September	College Budget and Planning Committees convene: <ul style="list-style-type: none"> <li>• Review priorities, budget goals for current year and accomplishments from past year</li> </ul>	District Committee on Budget and Finance convenes	
September - October	Colleges: <ul style="list-style-type: none"> <li>• Develop program plans and discuss strategies</li> </ul> District Office: <ul style="list-style-type: none"> <li>• Review external audit reports</li> </ul>		
October – November	College Budget and Planning Committees: <ul style="list-style-type: none"> <li>• Develop college budget goals for 2019-20</li> <li>• Review District preliminary resource allocation</li> </ul> District Office: <ul style="list-style-type: none"> <li>• Faculty Obligation Number due to the State</li> </ul>		
October – December	College Budget and Planning Committees: <ul style="list-style-type: none"> <li>• Submit hiring priorities</li> <li>• Submit tentative recommendations for 2019-20 that includes number of positions to be funded</li> </ul>	Review budget planning calendar Discuss: <ul style="list-style-type: none"> <li>• Budget strategies</li> <li>• New resource allocation, if any</li> <li>• Budget development process</li> <li>• Resource Allocation Model</li> </ul>	
January	2018-19 “P1” First Principal Apportionment: <ul style="list-style-type: none"> <li>• Chief Financial Officer certifies CCFS-320 (FTES Report)</li> </ul>	Review CCFS-320 (FTES Report)  College/Site presentations of Resource Allocation Model	Approve 2019-20 Integrated District Budget Planning Calendar  Accept 2017-18 external audit reports

Date	Campus & District Review / Action	Committee on Budget and Finance Consultation	Board Review / Action
January 10	<b>Governor's 2019-20 Budget Proposal</b>		
January – February	College Budget and Planning Committees: <ul style="list-style-type: none"> <li>• Review 2018-19 expenditures to date</li> </ul> Chancellor's Council: <ul style="list-style-type: none"> <li>• Discuss budget strategies and allocations</li> </ul>	Revise budget planning calendar, as appropriate  Review and reassess 2019-20 estimates impacted by Governor's Budget Proposal <ul style="list-style-type: none"> <li>• Discuss revenue and expenditure implications</li> <li>• Inform District Participatory Governance Council</li> </ul>	
January - February	<b>Ongoing State Budget Hearings Legislative Analyst's Office Review of Governor's Proposed Budget</b>		
February	Colleges: <ul style="list-style-type: none"> <li>• Finalize Summer 2019 Schedule of Classes</li> </ul> 2017-18 Recalc Apportionment received from State (final adjustments from prior year)	Review of 2018-19 Mid-Year Budget Report  Review of preliminary 2019-20 assumptions	Review of Governor's Proposed Budget  Review of preliminary State and District revenue assumptions and implications  Review of District expenditure plans and implications  Discuss budget priorities  Discuss program and operational priorities  Acceptance of 2018-19 Mid-Year Budget Report
March	Colleges: <ul style="list-style-type: none"> <li>• Finalize Fall 2020 Schedule of Classes</li> </ul>	Review of Board 2019-20 budget priorities and district-wide allocations	

<b>Date</b>	<b>Campus &amp; District Review / Action</b>	<b>Committee on Budget and Finance Consultation</b>	<b>Board Review / Action</b>
March – April	District Budget Officer: <ul style="list-style-type: none"> <li>Run preliminary position control report for 2019-20</li> </ul> Colleges: <ul style="list-style-type: none"> <li>On-going review of position control</li> <li>Prepare for current year external audit</li> </ul> College Budget and Planning Committees: <ul style="list-style-type: none"> <li>Review preliminary 2018-19 ending balance estimates</li> </ul>		Receive budget updates, as needed  Review budget assumptions for 2019-20 Tentative Budget  Establish Board Goals for 2019-20
March – May	Departments: <ul style="list-style-type: none"> <li>Submit budget requests for 2019-20 to College Budget Committees</li> </ul> College Budget Committees: <ul style="list-style-type: none"> <li>Review departmental budget requests for 2019-20</li> </ul>		
April	2018-19 “P2” Second Principal Apportionment: <ul style="list-style-type: none"> <li>Chief Financial Officer certifies CCFS-320 (FTES Report)</li> </ul>	Review CCFS-320 (FTES Report)	
Mid May	<b>Governor’s May Revise</b>		
May	Review of Governor’s May Revise  Site tentative budgets completed  Work begins on developing final budget  District Budget Officer: <ul style="list-style-type: none"> <li>Prepare Fiscal Management Self-Assessment Checklist</li> </ul>	Review of Governor’s May Revise <ul style="list-style-type: none"> <li>Inform District Participatory Governance Council</li> </ul> Review Fiscal Management Self-Assessment Checklist	Receive Governor’s May Revise Budget Update

Date	Campus & District Review / Action	Committee on Budget and Finance Consultation	Board Review / Action
June	District Office: <ul style="list-style-type: none"> <li>• Completes 2019-20 Tentative Budget input and document</li> <li>• Complete 2019-20 GANN Limit Calculation</li> </ul>	Review of 2019-20 Tentative Budget	Adopt the 2019-20 Tentative Budget  Adopt the 2019-20 GANN Limit Calculation
June 30	State Budget Adopted		
June-August	Adjustments to 2019-20 Final Budget	Receive updates to any significant changes from 2019-20 Tentative Budget to 2019-20 Final Budget	
July	2018-19 Annual Principal Apportionment: <ul style="list-style-type: none"> <li>• Chief Financial Officer certifies CCFS-320 (FTES Report)</li> </ul> County: <ul style="list-style-type: none"> <li>• Finalizes 2019-20 Assessed Valuation</li> </ul>		
August	Legislative Trailer Bills State Budget Workshop		
August	District Office: <ul style="list-style-type: none"> <li>• Close 2018-19 books</li> <li>• Completes 2019-20 Final Budget input and document</li> </ul> 2019-20 Advanced Apportionment received from State		
September	Accreditation site visits (tentative)	Review CCFS-320 (FTES Report)	Public Hearing and adopt 2019-20 Final Budget

**BOARD REPORT NO. 19-1-2CA**

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Aaron McVean, Vice Chancellor, Educational Services and Planning,  
358-6803

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

The addition of fifteen courses to and the deletion of one course from the College catalogs are proposed by College of San Mateo and Skyline College at this time. Additionally, seventeen courses are proposed to be offered in the distance education mode.

In addition to the course deleted, twenty-six courses and ten degrees and certificates 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 and programs will be deleted in the coming years.

Furthermore, fifty-five courses were modified.

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 College of San Mateo and Skyline College catalogs.

San Mateo County Community College District

January 23, 2019

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

PREPARED BY: Mike Holtzclaw, 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**

665MX TACKLING K-1S AND COMMON TAX DEDUCTIONS (.5) (day or evening)

Justification: Tax professional require continuing education hours to renew their licenses. This course provides part of the hours and the education for the renewal.

Prerequisite: None.

Recommended Preparation: ACTG 264, working knowledge of the Lacerte tax software, or ACTG 181 basic experience with preparation of individual tax returns.

Description: A course exploring partner distributions, taxable and non-taxable income from partnership Schedule K-1s, differences between Publicly Traded Partnerships and others, limitations on Limited Partners, treatment of Passive Activity Losses, basis, recourse and non-recourse debt. The course will include the review of the foreign tax credit, itemized deductions, and foreign bank reporting requirements under the current tax laws. Students will learn what forms must be filed, when forms are due, where to file the forms, as well as the ethical requirements and civil and criminal penalties that may be assessed for non-compliance. [CPE Hours: CPA 8; EA, CTEC 6]

Classification: AA/AS Degree; CSU transferable.

## **BUSINESS MICROCOMPUTER APPLICATIONS – WINDOWS PLATFORM**

216 WORD PROCESSING (3) (day or evening; distance education)

Justification: This course will be replacing two-eight week modules (BUSW 214/215). It will include the same types of subjects to be covered. The course is being submitted to allow students to register for a three-unit course, rather than two one and one-half courses and will provide better continuity and learning.

Prerequisite: None.

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

Description: (Formerly BUSW 214 and BUSW 215) Introduction to Word for Windows software. Topics include overview of document formats, preparation (creating, formatting, editing, saving and printing) of both single and multi-page documents; outlines, tables of content, tables, multiple windows and file management. Also includes graphics, charts, columns, templates, macros, mail-merge, labels, sorting forms, and software linking.

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

418 SPREADSHEETS (3) (day or evening; distance education)

Justification: This course will be replacing two eight-week modules from previous semesters. It will include the same types of subjects to be covered. The course is being submitted to allow students to register for a three-unit course, rather than two one and one-half unit courses and will provide better continuity and learning.

Prerequisite: None.

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

Description: (Formerly BUSW 415 and BUSW 416) Creation and use of spreadsheets, including spreadsheet design, use of menu systems, basic and advanced formulas and functions, relative and absolute addressing, formatting, printing and graphing. Also includes design and optimization of large and complex spreadsheets, database features, macros, and linking of spreadsheets with other software programs.

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

420 CLOUD APPLICATIONS FOR BUSINESS (3) (day or evening; distance education)

Justification: This course is needed to prepare students for administrative positions at startups and other businesses who utilize online applications, such as Google Suite, Box, social media, etc.

Prerequisite: None.

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

Description: Examines the role of end-user in administering and managing web-based productivity and marketing tools to assist in collaboration, communication, scheduling, marketing, and networking. The course includes contemporary cloud based applications, such as Office 365, Google Docs, DropBox, and social media applications.

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

**452 MICROSOFT PROJECT FUNDAMENTALS (3) (day or evening; distance education)**

Justification: This course will be replacing two-eight week modules (BUSW 450/451) previous semesters. It will include the same types of subjects to be covered. The course is being submitted to allow students to register for a three-unit course, rather than two one and one-half courses and will provide better continuity and learning.

Prerequisite: Eligibility for ENGL 838 or ENGL 848 or ESL 400.

**Recommended Preparation:**

Description: (Formerly BUSW 450 and BUSW 451) Introduction to project management software for tracing tasks, costs, and resources. Covers baselines, updating and tracking, detailed customized reports, integrating with other applications and collaboration.

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

**DIGITAL MEDIA****133 RADIO PRODUCTION LAB II (2) (day or evening)**

Justification: Converting experimental course into permanent course.

Prerequisite: DGME 119

Recommended Preparation: None.

Description: Students gain experience with more complex radio programming and production projects in the context of community-interest radio.

Classification: AA/AS Degree; CSU

**MATHEMATICS****825 JUST-IN-TIME SUPPORT FOR PATH TO CALCULUS (2) (day or evening)**

Justification: This is the new support class for Math 225. This class is being added in response to AB 705.

Prerequisite: None.

Recommended Preparation: None.

Description: A review of the core prerequisite skills, competencies, and concepts needed in pre-calculus. Intended for majors in science, technology, engineering, and mathematics who are concurrently enrolled in MATH 225, Path to Calculus, at College of San Mateo. Topics include: a review of computational skills developed in intermediate algebra, factoring, operations on rational and radical expressions, absolute value equations and inequalities, exponential and logarithmic expressions and equations, functions including composition and inverses, an in-depth focus on quadratic functions, and a review of topics from geometry.

Classification: Not degree applicable; not transferable.

830 JUST-IN-TIME SUPPORT FOR ANALYTICAL TRIGONOMETRY (1) (day or evening)

Justification: This is a new course designed to support students in Math 130 as part of the AB 705 redesign.

Prerequisite: None.

Recommended Preparation: None.

Description: A review of the core prerequisite skills, competencies, and concepts needed in trigonometry. Intended for students who are concurrently enrolled in MATH 130, Analytical Trigonometry, at College of San Mateo and have a Math placement below transfer-level.

Classification: Not degree applicable; not transferable.

841 JUST-IN-TIME SUPPORT FOR APPLIED CALCULUS (1) (day or evening)

Justification: This is the new Just-In-Time support course for Math 241 - Applied Calculus. This course is part of our overall changes in response to AB 705.

Prerequisite: None.

Recommended Preparation: None.

Description: A review of the core prerequisite skills, competencies, and concepts needed in algebra. Intended for students who are concurrently enrolled in MATH 241, Applied Calculus I, at College of San Mateo. Topics include: a review of computational skills developed in intermediate algebra, factoring, operations on rational and radical expressions, absolute value equations and inequalities, exponential and logarithmic expressions and equations, functions including composition and inverses, and an in-depth focus on quadratic functions.

Classification: Not degree applicable; not transferable.

**PROPOSED CURRICULAR INACTIVATIONS – COLLEGE OF SAN MATEO****BUSINESS MICROCOMPUTER APPLICATIONS – WINDOWS PLATFORM**

114	Windows Fundamentals I
115	Windows Fundamentals II
214	Word Processing I Using Word for Windows
215	Word Processing II Using Word for Windows
383	Business Presentations I Using PowerPoint for Windows
384	Business Presentations II Using PowerPoint for Windows
415	Spreadsheet I Using Excel for Windows
416	Spreadsheet II Using Excel for Windows
450	Microsoft Project Fundamentals I
451	Microsoft Project Fundamentals II

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

100	Introduction to Business
-----	--------------------------

**CAREER AND LIFE PLANNING**

126 Career I: Career Assessment & Exploration

**COMPUTER AND INFORMATION SCIENCE**

133 NoSQL Databases  
363 Enterprise Database Management  
364 From Datawarehousing to Big Data  
379 Introduction to XML and JSON

**DIGITAL MEDIA**

119 Radio Production Lab

**ENGLISH SECOND LANGUAGE**

400 Composition for Multilingual Students  
810 Phonics for Multilingual Students  
826 Writing for Multilingual Students II  
827 Writing for Multilingual Students III  
828 Writing for Multilingual Students IV  
856 Reading for Multilingual Students II  
857 Reading for Multilingual Students III  
858 Reading for Multilingual Students IV  
895 Reading Improvement for Multilingual Students  
897 Intermediate Vocabulary for Multilingual Students  
898 Comprehensive Grammar Review for Multilingual Students

**POLITICAL SCIENCE**

215 Contemporary Issues in American Politics

**PSYCHOLOGY**

110 Courtship, Marriage and the Family  
200 Developmental Psychology  
300 Social Psychology

**REAL ESTATE**

141 Real Estate Appraisal: Basic  
200 Real Estate Economics  
215 Commercial and Investment Property  
220 Real Estate Property Management

**TEAM SPORTS**

118 Advanced Basketball  
119 Tournament Basketball

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

**BUSINESS MICROCOMPUTER APPLICATIONS – WINDOWS PLATFORM**

- 216 Word Processing
- 418 Spreadsheets
- 420 Cloud Applications for Business
- 452 Microsoft Project Fundamentals

**CAREER AND LIFE PLANNING**

- 126 Career I: Career Assessment & Exploration

**PSYCHOLOGY**

- 110 Courtship, Marriage and the Family
- 200 Developmental Psychology
- 300 Social Psychology

**REAL ESTATE**

- 141 Real Estate Appraisal: Basic
- 200 Real Estate Economics
- 215 Commercial and Investment Property
- 220 Real Estate Property Management

San Mateo County Community College District

January 23, 2019

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, Vice President, Instruction  
Skyline College

APPROVED BY: Jessica Hurless, Curriculum Committee 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**

#### **AUTOMOTIVE TECHNOLOGY**

526 AUTOMATIC TRANSMISSION PRINCIPLES, REPAIR AND DIAGNOSIS (4.5) (day or evening)

Justification: AUTO 526 combines old and new automatic transmission technology into one comprehensive theory, troubleshooting and repair course, integrating electronics and computer controls. The course is designed for entry-level students to advanced experienced technicians. The level of this course would be appropriate for motivated high school students. This is a required course for an Automotive Technician Associate degree.

Prerequisite: None.

Recommended Preparation: AUTO 710, or AUTO 711 and AUTO 523 or equivalent.

Description: Automatic Transmissions/Transaxles operational theory, hydraulics, gears, electrical & computer controls are demystified. Troubleshooting, diagnosis, and repair methods and techniques are reinforced with hands-on exercises.

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

#### **BIOLOGY**

310 NUTRITION (3.0) (day or evening)

Justification: Nutrition is being moved from under Family and Consumer Sciences to the Biology department to provide consistency across the District's three colleges.

Prerequisite: None.

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

Description: Comprehensive introduction to scientific principles of nutrition and the interrelationships of metabolism; nutrient functions, structure and food sources; health consequences of nutrient excesses, deficiencies and diet related chronic diseases. Emphasis is placed on evaluating the nutrient content of foods, and evaluation of personal dietary habits using current dietary guidelines and nutritional assessment methods.

Classification: AA/AS Degree; CSU transferable.

## **BUSINESS**

162 MONEY TALKS: PERSONAL FINANCE (3.0) (day or evening)

Justification: BUS. 162 will replace a selected topics offering with a permanent course that will be an elective for the Business Management Associate degree and the Business Administration certificate of achievement.

Prerequisite: None.

Recommended Preparation: Completion of MATH 110, or MATH 111 and MATH 112, or equivalent.

Description: A basic orientation in personal financial planning designed to develop an understanding of the role of personal finance through financial ratio analysis. Topics will include cash flow management techniques and their application to financial planning, analyzing financial risk and return fundamentals, credit fundamentals and develop an understanding of capital budgeting techniques and valuation

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

391 RETAIL MANAGEMENT (3.0) (day or evening)

Justification: This course will support a Retail Management certificate that is currently in development.

Prerequisite: None.

Recommended Preparation: None.

Description: Retail operations from a managerial perspective. Topics include, innovations impacting retail, exposure to various types of retailers including consumer buying behavior, retail marketing approaches, merchandising, store management, store layout and design and customer service.

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

## **COSMETOLOGY**

799 BRAIDING AND NATURAL HAIR CARE (NON-LICENSURE) (2.0) (day or evening)

Justification: This course will offer natural haircare opportunities to non-licensure students and will apply as an elective to the Cosmetology certificate of achievement.

Prerequisite: None.

Recommended Preparation: None.

Description: Intended for non-licensure students. Covers all aspects and types of hair braiding and natural hair care, designed to help individuals master various braiding and natural hair care techniques and skills. Students will understand the business of hair braiding and natural hair care. Students will leave this course with a holistic understanding of braiding as a practice.

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

## **NETWORK ENGINEERING TECHNOLOGIES**

880SA CCNA CERTIFICATION EXAM PREPARATION (3.0) (day or evening)

Justification: This course is designed to provide students with industry recognized employment skills and certifications by preparing them to take the CCNA certification exam. The addition of this course allows Skyline to present a complete CCNA certificate program.

Prerequisite: NETX 430 and NETX 431, or equivalent training or experience.

Recommended Preparation: None.

Description: Designed to assist students in preparing to take the Cisco CCNA certification exam for network routing and switching.

Classification: Not degree applicable; not transferable.

## **PROPOSED CURRICULAR DELETIONS – SKYLINE COLLEGE**

### **AUTOMOTIVE TECHNOLOGY**

880SA INTRODUCTION TO AUTOMOTIVE CAREERS

Justification: AUTO 880SA is an older version of an experimental course currently offered as AUTO 880SB, which itself is intended to be banked.

## **PROPOSED CURRICULAR INACTIVATIONS – SKYLINE COLLEGE**

### **AUTOMOTIVE TECHNOLOGY**

880SB Automotive Careers

## **ENERGY SYSTEMS TECHNOLOGY MANAGEMENT**

- 402 Introduction to Residential Construction
- 410 Introduction to Solar Installation and Integration
- 421 Principles of Building Science, How Houses Work
- 425 Commercial and Residential Building Performance Concepts
- 426 Building Performance Retrofitting
- 427 Introduction to Whole Home Heating, Ventilation, and Cooling (HVAC)
- 428 Field Training and Exam Preparation for Energy Efficiency
- 441 Solar Thermal Technology and Design

445	Commercial Solar Photovoltaics (PV) Finance and Sales
450	Fundamentals of Construction Management
455	Project Site Management Exploration
490	Capstone Project in Energy Systems Technology Management
491	Climate Protection Professional I
492	Climate Protection Professional II
665	Selected Topics in Energy Systems Technology Management

## **PROPOSED CURRICULAR MODIFICATIONS – SKYLINE COLLEGE**

### **ARABIC**

111	Elementary Arabic I
-----	---------------------

### **ART**

130	Art Appreciation
205	Drawing II
217	Intermediate Life Drawing
352	Black and White Photography II
353	Black and White Photography III

### **AUTOMOTIVE TECHNOLOGY**

708	Automotive Principles Lab
786	Automotive Air Conditioning Systems
860	Automotive Air Conditioning Systems (Apprenticeship)

### **BUSINESS**

100	Introduction to Business
161	Creativity and Innovation in Entrepreneurship

### **CHINESE**

111	Elementary Chinese I
-----	----------------------

### **COSMETOLOGY**

706	Cosmetology Advanced Concepts
-----	-------------------------------

### **DEVELOPMENTAL SKILLS**

828	Technology Tools for Writing
830	Introduction to Assistive Computer Technology
831	Technology Tools for Reading
832	Technology Tools for Note Taking

### **ENGLISH**

100	Composition
105	Composition with Support

**FILM**

440 Film Study and Appreciation

**HISTORY**

108 Survey of American History  
201 United States History I  
203 The United States Since 1945  
244 African American History

**JOURNALISM**

110 Mass Media and Society

**MATHEMATICS**

275 Ordinary Differential Equations  
841 Just-In-Time Support for Applied Calculus I

**PROPOSED TO BE OFFERED AS DISTANCE EDUCATION – SKYLINE COLLEGE**

**BUSINESS**

162 Money Talks: Personal Finance  
391 Retail Management

**ENGLISH**

105 Composition with Support

**HISTORY**

203 The United States Since 1945

**JOURNALISM**

110 Mass Media and Society

**PROPOSED PROGRAM INACTIVATIONS – SKYLINE COLLEGE**

**ENERGY SYSTEMS TECHNOLOGY MANAGEMENT**

**Energy Efficiency** – Associate in Science Degree  
**Entrepreneurship and Small Business Management in Energy Systems Technology** – Associate in Science Degree  
**Solar Technology and Business** – Associate in Science Degree  
**Residential Energy Efficiency** – Certificate of Achievement  
**Solar Installation** – Certificate of Achievement  
**Solar Technology and Business** – Certificate of Achievement  
**Solar Energy Technology** – Certificate of Specialization

**Construction Management** – Career Certificate

**Solar Installation** – Career Certificate

**Residential Energy Assessment and Retrofitting** – Skills Certificate

**BOARD REPORT NO. 19-1-3CA**

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Susan Harrison, Director of General Services, 650-358-6879  
 Bob Domenici, Purchasing Services Supervisor, 650-358-6728

**DECLARATION OF SURPLUS PROPERTY**

In accordance with Education Code Sections 81450 and 81452, property that becomes surplus to the needs of the District will be declared as such by the Board with the method of disposal dictated by the value of this property. Board Policy 8.02 delegates the disposal to the Chancellor, Executive Vice Chancellor, or designee, in compliance with state or local laws and regulations.

The vehicles listed below are from the College of San Mateo Facilities, Public Safety and the District Office and are no longer operational or too costly to repair.

<b>Category</b>	<b>Quantity</b>	<b>Year</b>	<b>Make</b>	<b>Model</b>	<b>Sales</b>
Vehicles	1	2001	Dodge	Dakota	\$ 600
Vehicles	1	2004	Nissan	Altima	\$3,080
Vehicles	1	2010	Nissan	Altima	\$5,508
<b>Total</b>					<b>\$9,188</b>

**RECOMMENDATION**

It is recommended that the Board of Trustees declare the items listed above as surplus to the needs of the District's and the Colleges' services and programs.

**BOARD REPORT NO. 19-1-4CA**

TO: Members of the Board of Trustees  
FROM: Ron Galatolo, Chancellor  
PREPARED BY: Bernata Slater, Chief Financial Officer, 358-6795

**APPROVAL OF NONRESIDENT TUITION FEE, 2019-2020**

Education Code Section 76140 requires community college districts to establish the nonresident tuition fee for the forthcoming fiscal year no later than March 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 2018-19 fiscal year was \$241 per semester unit** (Board Report No. 18-1-6CA). The base rate was set at \$233 and Capital Outlay Fee at \$8 for a total of \$241 (applicable to all nonresident students).

For 2019-20, the statewide rate for noresident tuition is \$265 compared to the district average cost of \$362 per Option 1. Under these circumstances, the district has the following options for the tuition fee:

1. District average cost of \$362: The district expense of education in the preceding fiscal year increased by the projected increase in the Consumer Price Index divided by the total FTES in the preceding fiscal year.
2. District average cost with 10% or more noncredit FTES: This is not applicable to the district.
3. Statewide average cost of \$265: The statewide expense of education in the preceding fiscal year increased by the projected percent increase of the Consumer Price Index divided by the statewide total FTES in the preceding year.
4. Highest statewide average cost of \$265: The highest statewide average for the succeeding fiscal year, current fiscal year, or past four fiscal years.
5. Contiguous District: An amount not to exceed the fee established by the governing board of any contiguous district. (See comparison table on next page.)
6. Between the statewide average expense of education and the district expense of education: Fees adopted must be greater than the statewide average (\$265) and less than the district average expense of education (\$362).
7. Comparable states average of \$414: No greater than the 2017-18 average nonresident tuition fees of public community colleges in at least 12 states comparable to California's cost of living.

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 2019-20 district capital outlay recovery fee can be set at any recommended amount not to exceed the calculated rate of \$33. To stay competitive in the international student recruitment market, district administration recommends maintaining the existing fee of \$8 for the 2019-20 fiscal year.

Upon analysis of these options and in discussion with the leadership of the international student program, the administration **recommends a total Nonresident Tuition Fee of \$273 per semester unit for the 2019-20 fiscal year.** This rate is comprised of a \$265 base rate (Option 3) and an \$8 capital outlay fee per semester unit.

**For comparison purposes, the tentative FY 2019-20 rates for other local community college districts are shown below:**

District	Non Resident FTES FY18-19	Per State Formula	Proposed Fee Per Unit		Recommended
			Base Fee	Capital Outlay Fee	
Chabot/Las Positas CCD*	438	265	265	17	282
Contra Costa CCD	2410	227	<i>information not available at this time</i>		
Foothill DeAnza CCD*	4441	307**	<i>information not available at this time</i>		
Ohlone CCD*	666	286	265	0	265
Peralta CCD*	1847	300	<i>information not available at this time</i>		
San Francisco CCD*	1074	294	<i>information not available at this time</i>		
San Jose/Evergreen CCD	785	356	<i>information not available at this time</i>		
West Valley/Mission CCD	461	322	265	0	265
<b>San Mateo</b>	<b>1771</b>	<b>362</b>	<b>265</b>	<b>8</b>	<b>273</b>
State Average		265			
Comparable 12 state average		414			

\*SMCCCD contiguous districts

\*\*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 FY2019-2020 nonresident student tuition fee at \$265 per semester unit (an increase from the current fee of \$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 \$273 per semester unit for the 2019-20 fiscal year (an increase from the current total of \$241).

**BOARD REPORT NO. 19-1-5CA**

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Dr. Tammy Robinson, Vice President of Instruction, Cañada College, 306-3298

**APPROVAL OF BOARD OF TRUSTEES SUPPORT FOR CAÑADA COLLEGE'S  
APPLICATION FOR A CURRENTLY AND FORMERLY INCARCERATED STUDENTS  
REENTRY PROGRAM GRANT**

Cañada College intends to submit an application for a *Currently and Formerly Incarcerated Students Reentry Program* grant from the California Community Colleges Chancellor's Office. Assembly Budget Trailer Bill 1809 provides one-time funding of \$5,000,000 to establish or support programs serving formerly incarcerated students enrolled in community college, or providing face-to-face instruction to community college students in prison or jail. The minimum award amount of each grant is \$100,000 and the minimum college match required is \$50,000. The grant term is July 1, 2019 through December 31, 2021.

A major goal of Cañada College is to provide face-to-face instruction to potential community college students in the juvenile halls and/or jails. The grant will focus on the students' reentry into their communities by providing support services, encouragement and structure in order for this underrepresented group to succeed. Cañada College will provide clear educational and career guidance and academic support that leads to the development of job skills, attainment of a college certificate and/or Associate degree. This will also align with the students' ability to transfer to a four-year university. The primary purpose of this application is to provide funding for program development and implementation of educational support services for currently and formerly incarcerated students. Undertaking the work supported by this grant furthers the District's social justice mission.

The grant application instructions state: "Have support from your Board of Trustees and off-campus community or criminal justice organizations with which you partner. If available, include letter(s) of support." Accordingly, Cañada College is seeking formal support from the Board for its application in the form of the attached letter, to be submitted with the grant application. The College is also working to obtain letters of formal support from the San Mateo County Sheriff's Office and Probation Department.

**RECOMMENDATION**

It is recommended that the Board express support for Cañada College's application for a *Currently and Formerly Incarcerated Students Reentry Program* grant and that the President of the Board sign the attached letter formalizing that support.



*Board of Trustees*  
3401 CSM Drive, San Mateo, CA 94402  
P: (650) 574-6550 F: (650) 574-6566  
www.smccd.edu

---

January 23, 2019

California Community Colleges Chancellor's Office  
1102 Q Street, 6th Floor  
Sacramento, CA 95811

Dear Chancellor's Office Grant Funders:

The Board of Trustees of the San Mateo County Community College District is in full support of Cañada College's application to establish a new program serving incarcerated and formerly incarcerated students enrolled at the College. A major goal of the College is to provide face-to-face instruction to potential community college students in the juvenile halls and/or jails. This CCCCO grant will allow Cañada College to facilitate students' reentry into their communities by providing support services, encouragement and structure in order for this underrepresented population to succeed educationally, economically and personally.

Cañada College will provide clear educational and career guidance and academic support that leads to the development of job skills, attainment of a college certificate and/or Associate degree. This will also align with the students' ability to transfer to a four-year university. The primary purpose of Cañada College's application is to provide funding for program development and implementation of educational support services for currently and formerly incarcerated students.

Research indicates that as educational levels increase, recidivism decreases, producing citizens and employees who contribute to the greater community. Further, serving this population of students is in complete alignment of the San Mateo County Community College District's mission of achieving social justice through educational equity.

We are pleased that Cañada College is initiating a new program to support incarcerated and formerly incarcerated men and women reentering the community with marketable job skills and an opportunity to improve the quality of life for themselves and their families. We offer our complete support for this grant and urge the CCCCO to award Cañada College the maximum amount available to fund this worthwhile and life-changing program.

Sincerely,

Maurice Goodman  
President, Board of Trustees

**BOARD REPORT NO. 19-1-1B**

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, 2019**

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.

Nominations for membership on the CCCT board will be accepted from January 1 through February 15, 2019. Nominations are to be made by member district boards of trustees, and 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, 2019. 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 full terms consecutively.

For 2019, seven persons will be elected to the board. There are five 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 2019. If any Board member consents to be nominated, it is recommended that the Board approve the nomination.

San Mateo County Community College District

January 23, 2019

**BOARD REPORT NO. 19-1-102B**

TO: Members of the Board of Trustees  
FROM: Ron Galatolo, Chancellor  
PREPARED BY: Bernata Slater, Chief Financial Officer, 358-6795

**RECEIPT AND ACCEPTANCE OF THE 2017-18 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 LLP. The audit was based upon the fiscal year ending June 30, 2018. 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 2017-18 audit report for the District, which was filed by Crowe LLP with the State Department of Education, the State Controller, and the State Chancellor's Office prior to the December 31, 2018 due date.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**FINANCIAL STATEMENTS**  
June 30, 2018

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2018

CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
REQUIRED SUPPLEMENTARY INFORMATION:	
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	4
BASIC FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION.....	22
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION.....	23
STATEMENT OF CASH FLOWS.....	24
STATEMENT OF FIDUCIARY NET POSITION.....	26
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION.....	27
DISCRETELY PRESENTED COMPONENT UNIT - EDUCATIONAL HOUSING CORPORATION STATEMENT OF FINANCIAL POSITION.....	28
DISCRETELY PRESENTED COMPONENT UNIT - EDUCATIONAL HOUSING CORPORATION STATEMENT OF ACTIVITIES.....	29
DISCRETELY PRESENTED COMPONENT UNIT - EDUCATIONAL HOUSING CORPORATION STATEMENT OF CASH FLOWS.....	30
NOTES TO THE BASIC FINANCIAL STATEMENTS.....	31
REQUIRED SUPPLEMENTARY INFORMATION:	
SCHEDULE OF CHANGES IN NET OPEB LIABILITY.....	65
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY.....	66
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS (PENSION).....	68
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION.....	70

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2018

CONTENTS  
(Continued)

SUPPLEMENTARY INFORMATION:

ORGANIZATION.....	71
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS.....	72
SCHEDULE OF STATE FINANCIAL AWARDS.....	74
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT.....	76
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS.....	77
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION.....	78
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION.....	79
PROPOSITION 55 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT.....	81
NOTE TO SUPPLEMENTARY INFORMATION.....	82
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS.....	84
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.....	86
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE.....	88
FINDINGS AND RECOMMENDATIONS:	
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS.....	90
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS.....	94



## 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, 2018 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 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. 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 opinion.

---

(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, 2018, 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.

**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, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 65 to 69 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 opinion 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 14, 2018 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 LLP

Sacramento, California  
December 14, 2018

## SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

---

#### **Introduction**

The San Mateo County Community College District ("District") was established in 1922, and operates three colleges: Cañada College, College of San Mateo, and Skyline College. Located between San Francisco and the Silicon Valley, the District's colleges provide community college educational services to residents of the County of San Mateo, California. In total the three Colleges of the District serve approximately 33,000 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 an Associate in Arts or Science degree or receive Certificates of Proficiency in their chosen fields. Additionally, Skyline College offers one of only fifteen baccalaureate programs in the 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 District's Community Education Program.

This section of the District's Annual Financial Report presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2018. The discussion and analysis 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 in the following pages.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

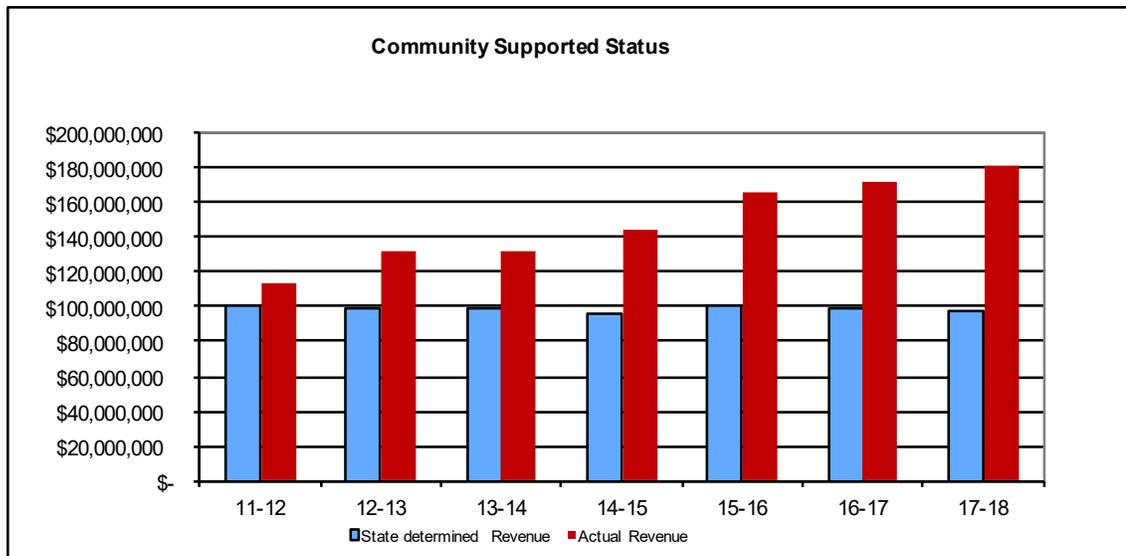
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2018**

**Economic Position of the District within the State**

The District continues its community-supported status for the eighth consecutive year (since FY 2011-12). When the State sets the District's revenue limit (determining how many students the District is funded to serve) and deducts from the revenue limit local property taxes, student fees, funds received from the Education Protection Account, and an on-going allocation since FY 2015-16 for full-time faculty hiring, there is no need for State apportionment to sum to the revenue limit. This means that the District has more resources than it would normally receive as a revenue limit district and is no longer subject to the State's budgetary constraints for general apportionment resources. The District is now firmly in community-supported status and anticipates to receive upwards of \$63 million in FY 2018/19 in excess of what the District would have received had it been subject to the District's revenue limit as established by the State. In addition to an increase in property taxes, the District continues to receive funds from the dissolution of Redevelopment Agencies (RDAs). As fewer property taxes are diverted to RDAs, more of this revenue is redirected to the District. The former RDAs are also slowly beginning the process of selling assets, which brings additional one-time resources to the District's coffers. All in all, the District's revenues have steadily increased; however, with the real estate market showing the signs of slowing, the District has lowered future property tax revenue projections to account for this forecasted economy. With this modest reduction in projected property tax revenue the District still projects a balanced budget for the next three fiscal years.

Below is a historical graphical depiction of the District's revenue limit compared to actual revenues received as a community-supported District:



**Salaries and Benefits**

The expenditure projection for salaries includes annual increases for movement on step and column placements and longevity service increments. FY 2018-19 includes a salary adjustment for all employee groups. The budget includes increases in non-capped health premium rates for employees and retirees effective January 1, 2019, as well as, increases in the capped rates as negotiated in the collective bargaining agreements. On average, the rates increased 5.2% across all medical plans. Dental and vision insurance premiums remained unchanged.

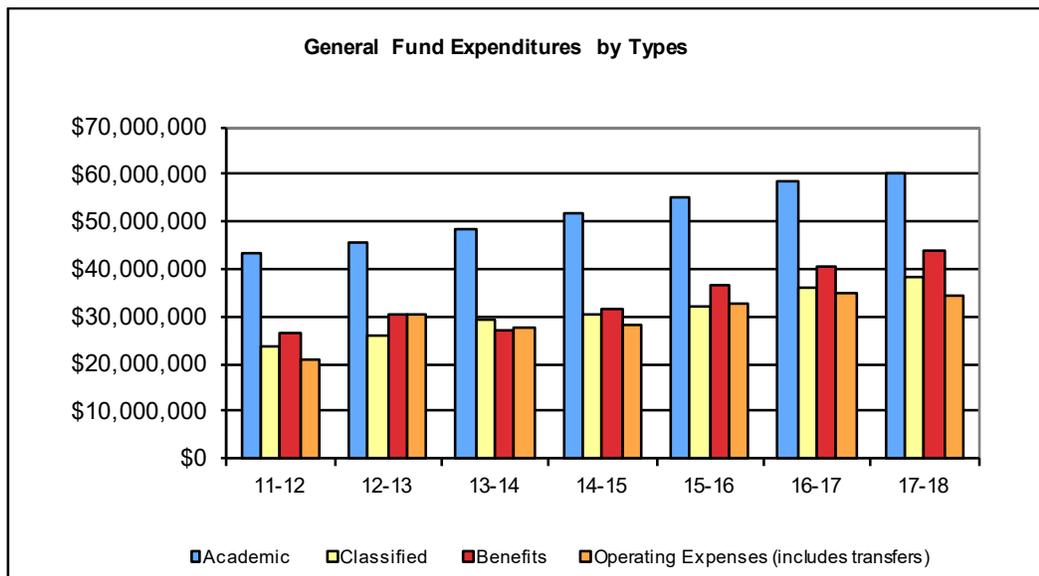
## SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2018**

For pensions, the PERS employer rate increased from 15.53% to 18.06% for classified employees and the STRS employer rate increased from 14.43% to 16.28% for faculty and other academic employees. The District's Workers' Compensation costs have also remained low allowing the District to retain an internal charge percentage at a low 0.71% rate while the unemployment insurance contribution rate remained unchanged at 0.575%.

Below is a historical graphical depiction of general fund expenditures by expenditure type:



#### **Other Postemployment Benefits**

To comply with Governmental Accounting Standards Board Statement 45, in FY 2009-10, the District assessing an amount to cover the future retiree medical benefit costs for current employees. These charges appear as part of benefit expenses in all funds. After making the FY 2018-19 contributions and transfers to the Other Post-Employment Benefits trust (OPEB), the District is projecting to have 97% of its OPEB liability funded by June 30, 2019. The actuarially determined OPEB liability as of June 30, 2018 is funded at 95%.

The District adopted Governmental Accounting Standards Board Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in FY 2016-17. This Statement replaced 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 plans. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, established 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 Statement 75 implementation, the District was required to recognize all of the OPEB liability rather than amortize it over 30 years.

## SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

This resulted in an increase in liability and corresponding reduction in the District's net position of \$93 million in FY 2016/17. The implementation of GASB Statement 75 caused a similar effect on all community college districts' net position.

The District engaged an actuarial service to calculate the net OPEB liability as of July 1, 2018. Using a standard actuarial "roll-forward" methodology to estimate the net OPEB liability as of June 30, 2018, the amount was \$6.1 million. The District is planning to transfer an additional \$2.6 million in FY 2018-19 to the Trust Fund. The fiduciary net position of the trust at June 30, 2018 was \$115 million. (See Note 13 in the financial statements for additional details.) In addition, the District set aside \$8 million in a reserve fund for post retirement benefits to cover retiree health liabilities. These set aside funds coupled with trust fund proceeds will result in the District's OPEB liability being fully-funded.

#### **Bond construction**

As of June 30, 2018, all of the funds from the Measure A November 2005 General Obligation (GO) Bond (with interest) have been completely spent. With regards to the Measure H November 2014 GO bond, \$269 million of the \$388 million authorization has either been spent or encumbered by contract.

Below is a sample of projects funded:



CAN B23N – Math, Science & Technology



CAN B1N – Center for Kinesiology & Wellness

Various projects were completed throughout the year including:

- Campuswide Accessibility Compliance
- Cañada Building 9 Envelope Destructive Testing
- Cañada Vista Roofing Replacement
- Cañada Building 13 Partial Roofing Replacement

College of San Mateo

## SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018



CSM Building 17 – Renderings Hallway

Various projects were completed throughout the year including:

- Building 6 Aquatic Center Pool Heating System Upgrade
- Building 36 Fume Hood controls Upgrade
- District Office IT Server Room Fire Suppression System



SKY B12N – Environmental Science



SKY B14 Child Development Center

Various projects were completed throughout the year including:

- Parking Lot L Expansion

#### Districtwide:

Various small and medium size projects were completed throughout the year including:

- Districtwide Classroom Security Hardware Upgrade, Phase 3 and 5.
- Districtwide Utility Measurement & Verification
- Districtwide Exterior Lighting, Phase 2

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2018**

---

**Enrollment:**

For the District, enrollment is no longer the main driver of funding since property taxes and fees primarily determine its resource as a community supported district. Historically, community college districts enrollment increases when unemployment increases and decreases when the economy recovers. Accordingly, the District's enrollment has declined during the current economic climate in the Bay Area. In FY2017-18, the District's enrollment continued to decline as anticipated due to the robust economy in San Mateo County. However, the District's international student enrollment remains strong and the District anticipates educating close to 1,700 international students in FY 2018-19.

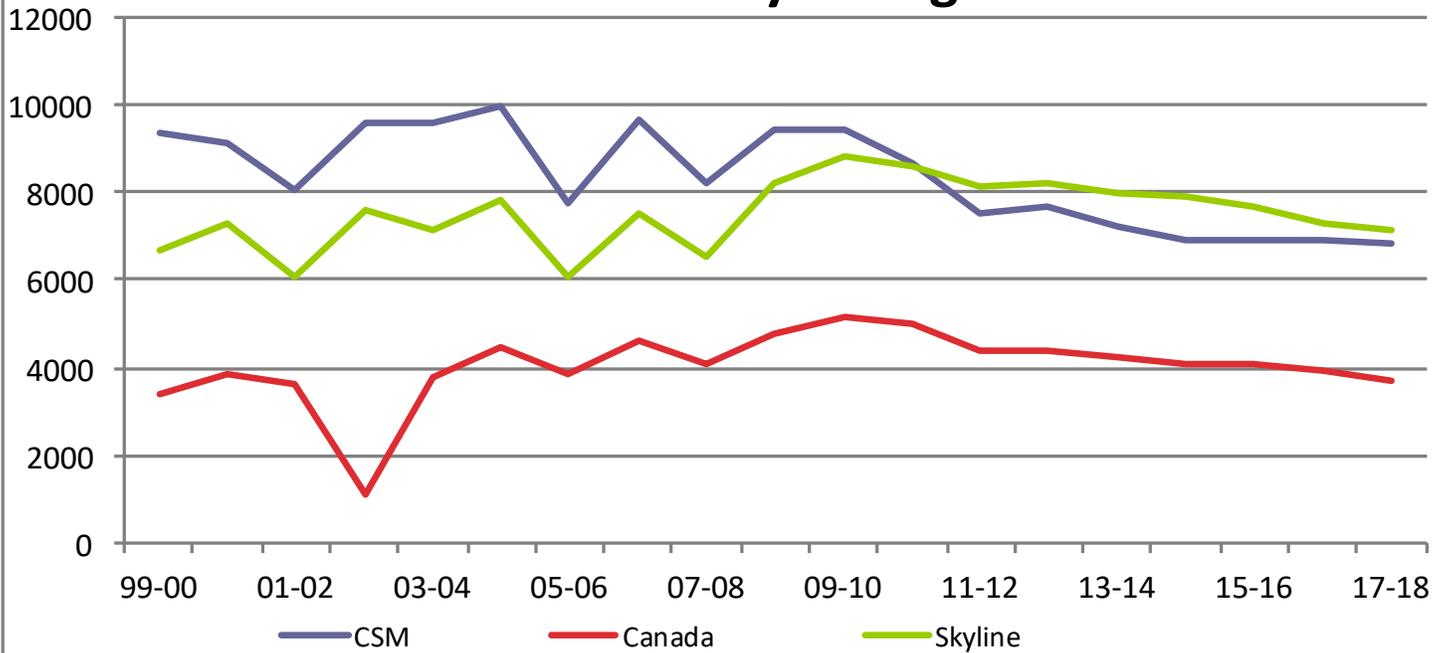
Below is a historical graphical depiction illustrating Full Time Equivalent Students (FTES) enrolled in the District's colleges:

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

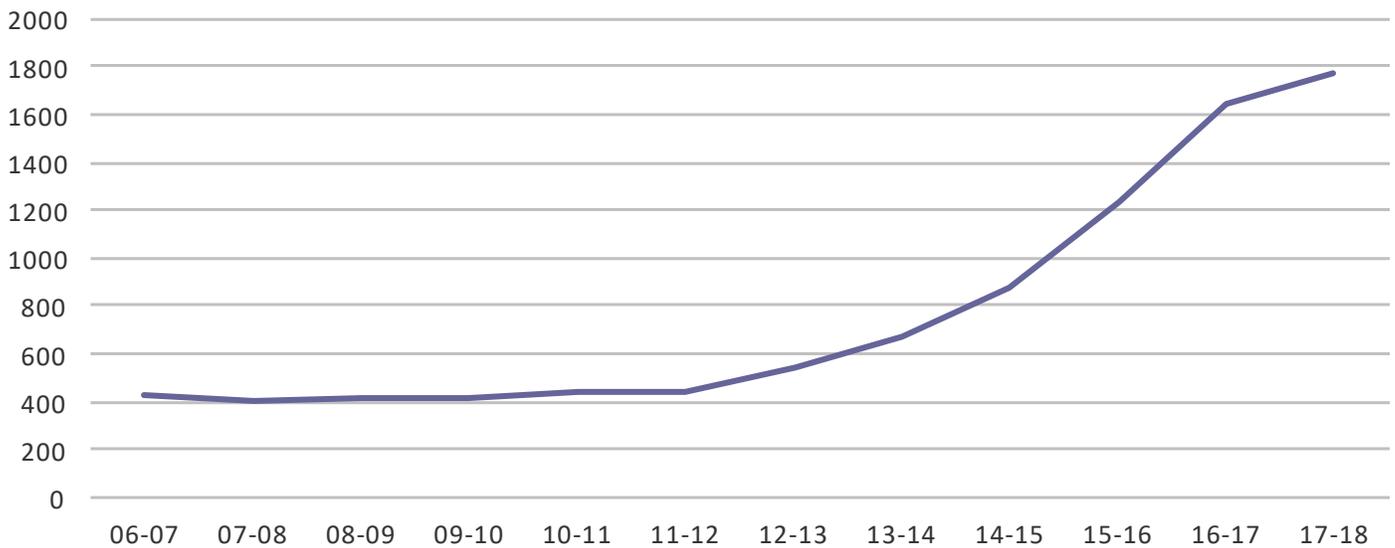
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2018**

**FTES By College**



**Non - Resident Enrollment (including out of state)**



## SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

**PERS and STRS Retirement 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 contributes 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. For many years, the employee rate for both systems did not change, but the CalPERS Board has decreased or increased the employer rate as deemed necessary. For the past few years, the employee rate for CalSTRS as well as the employer rates for both systems have increased significantly. At this time, both systems are underfunded in terms of their actuarially determined liability. The employer rate for CalPERS is projected (subject to change) to steadily increase to almost 24% by FY 2020-21 while the employer rate for CalSTRS will increase to over 19% by FY 2020-21. Management anticipates these increases to cost the District at least \$9 million annually by FY 2020-2021.

Below is a chart illustrating the employer rates for the PERS and STRS Retirement Pensions as known and projected:

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

Effective FY 2014-15, GASB Statement 68 required the District to record its share of the pension systems' total liabilities for retirement benefits. The rationale is that public employers have pooled to create these systems and thus are jointly responsible for any shortfall in the systems' reserves. Each of the systems have less funding than their actuarial studies determined is needed to provide benefits for current and future retirees. Below is a chart illustrating the effect of GASB Statement 68:

	<b>CalSTRS</b>	<b>CalPERS</b>	<b>Total</b>
Net Pension Liability	\$ 92,480,000,000	\$ 23,873,000,000	
SMCCCD Share	0.093%	0.382%	
SMCCCD Liability	\$ 85,792,000	\$ 91,241,000	\$ 177,033,000

Accordingly, the District's net position as of June 30, 2018 will reflect an additional \$30 million liability for a total of \$177 million.

## SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

**Table 1 Statement of Net Position**

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSITION - PRIMARY GOVERNMENT  
AS OF JUNE 30, 2018, and 2017**

	(In Thousands) <b>2018</b>	(In Thousands) <b>2017</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 63,960	\$ 70,536
Accounts Receivable, net	12,728	13,777
Inventories	3,655	3,650
Prepaid Expenditures and other assets	5,917	1,822
<b>Total Current Assets</b>	<b>86,260</b>	<b>89,785</b>
<b>Noncurrent Assets</b>		
Restricted Cash and Cash Equivalents	251,386	297,396
OPEB Asset		
Depreciable Capital Assets, Net	601,583	565,366
Nondepreciable Capital Assets	37,539	49,965
<b>Total Noncurrent Assets</b>	<b>890,508</b>	<b>912,727</b>
<b>TOTAL ASSETS</b>	<b>976,768</b>	<b>1,002,512</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on refunding	13,261	14,212
Deferred outflows - pensions	54,232	33,888
Deferred outflows - OPEB	944	-
<b>TOTAL ASSETS &amp; DEFERRED LOSS ON REFUNDING</b>	<b>\$ 1,045,205</b>	<b>\$ 1,050,612</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable & Accrued Expenses	\$ 26,589	\$ 23,061
Accrued Interest	8,240	8,879
Unearned Revenue	18,796	16,403
Compensated absences	3,634	3,308
Long-Term Debts, Current Portion	42,608	43,931
<b>Total Current Liabilities</b>	<b>99,867</b>	<b>95,582</b>
<b>Noncurrent Liabilities</b>		
Compensated Absences	1,807	1,736
Long Term Debt - Non- Current Portion	790,525	815,485
Net OPEB Liability	6,151	19,908
Aggregate net pension obligation	177,033	147,106
<b>Total Noncurrent Liabilities</b>	<b>975,516</b>	<b>984,235</b>
<b>TOTAL LIABILITIES</b>	<b>1,075,383</b>	<b>1,079,817</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows - pensions	11,523	12,215
<b>NET POSITION</b>		
Net Invested in capital assets	193,930	181,221
Restricted for:		
Debt Service	49,265	51,816
Capital Projects	13,833	13,723
Educational Programs	6,622	12,296
Other activities	3,877	22,033
Unrestricted	(309,228)	(322,509)
<b>TOTAL NET POSITION</b>	<b>(41,701)</b>	<b>(41,420)</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,045,205</b>	<b>\$ 1,050,612</b>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT****MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

---

**Statement of 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. The following are explanatory remarks regarding 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, a special deposit bond with Wells Fargo Bank, proceeds from the District's general obligation bonds, 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 June 30, 2018.
- 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 June 30, 2018.
- Unearned revenues represent cash received during FY 2017-18 from the State, Federal grants, and student fees which were not "earned" as of June 30, 2018.
- Long-term liabilities include obligations to be paid over a period longer than one year. The current portion represents payments due within the next 12 months. The District has compensated absences payable and construction bonds payable in its long-term liabilities.
- According to the Governmental Accounting Standards Board, equity is to be 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 both 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, 2018

**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 revenues, 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, 2018 and 2017***

	(In Thousands)	(In Thousands)
	<b>2018</b>	<b>2017</b>
<b>OPERATING REVENUES</b>		
Net Student Tuition and Fees	\$ 23,332	\$ 22,462
Auxiliary Enterprise Sales and Charges	9,610	9,874
Other Sales and Charges	1,921	1,758
<b>TOTAL OPERATING REVENUES</b>	<b>34,863</b>	<b>34,094</b>
<b>OPERATING EXPENSES</b>		
Salaries	127,870	110,023
Employee benefits	56,452	55,858
Supplies, Materials, and Other Operating Expenses and Services	41,869	35,850
Student Aid	20,177	18,960
Depreciation	27,354	27,104
<b>TOTAL OPERATING EXPENSES</b>	<b>273,722</b>	<b>247,795</b>
<b>OPERATING LOSS</b>	<b>(238,859)</b>	<b>(213,701)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Local Property Taxes, Levied for General Purposes	145,713	135,523
Local Property Taxes, Levied for Special Purposes	52,708	50,928
State Taxes and Other Revenues	8,241	6,145
State Grants, Apportionments and Contracts, Noncapital	51,667	50,320
Investment Income	3,146	1,804
Interest Expense	(40,840)	(33,705)
Gain (Loss) on Disposal of Asset	(90)	(82)
Other Non-Operating Revenues (Expenses)	16,078	7,713
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>236,623</b>	<b>218,646</b>
<b>INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES</b>	<b>(2,236)</b>	<b>4,945</b>
State revenues, capital	1,584	3,461
Local revenues, capital	372	1,004
<b>TOTAL OTHER REVENUES AND EXPENSES</b>	<b>1,956</b>	<b>4,465</b>
<b>CHANGE IN NET POSITION</b>	<b>(280)</b>	<b>9,410</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>(41,420)</b>	<b>42,178</b>
<b>RESTATEMENT</b>	<b>-</b>	<b>-</b>
<b>Cumulative effect of GASB 75 implementation</b>		<b>(93,008)</b>
<b>NET POSITION, BEGINNING OF YEAR AS RESTATED</b>	<b>(41,420)</b>	<b>(50,830)</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ (41,700)</b>	<b>\$ (41,420)</b>

## SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2018**

---

The following are explanatory remarks regarding the statement:

- Tuition and fees include enrollment, health, non-resident tuition, and other student fees, less scholarship discounts and allowances as defined by GASB Statement 35.
- Auxiliary enterprise sales and charges consist of bookstore and cafeteria sales, community and contract instruction, and fitness center income.
- Internal services include premiums and self-insurance charges for general liability and workers compensation.
- State apportionments, non-capital includes state apportionment, apprenticeship, and child development apportionment. (This is not to be confused with general apportionment as the District does not receive this type of revenue given its community funded status.)
- 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 enters into contracts.
- Net investment income includes interest from the San Mateo County Investment Pool managed by the County Treasurer, certificates of deposit, bond proceeds, and the Local Agency Investment Fund (LAIF).
- State and local revenues - capital includes State scheduled maintenance funding and proceeds from the issuance of general obligation bonds issuance. These revenues relate mainly to construction activities.

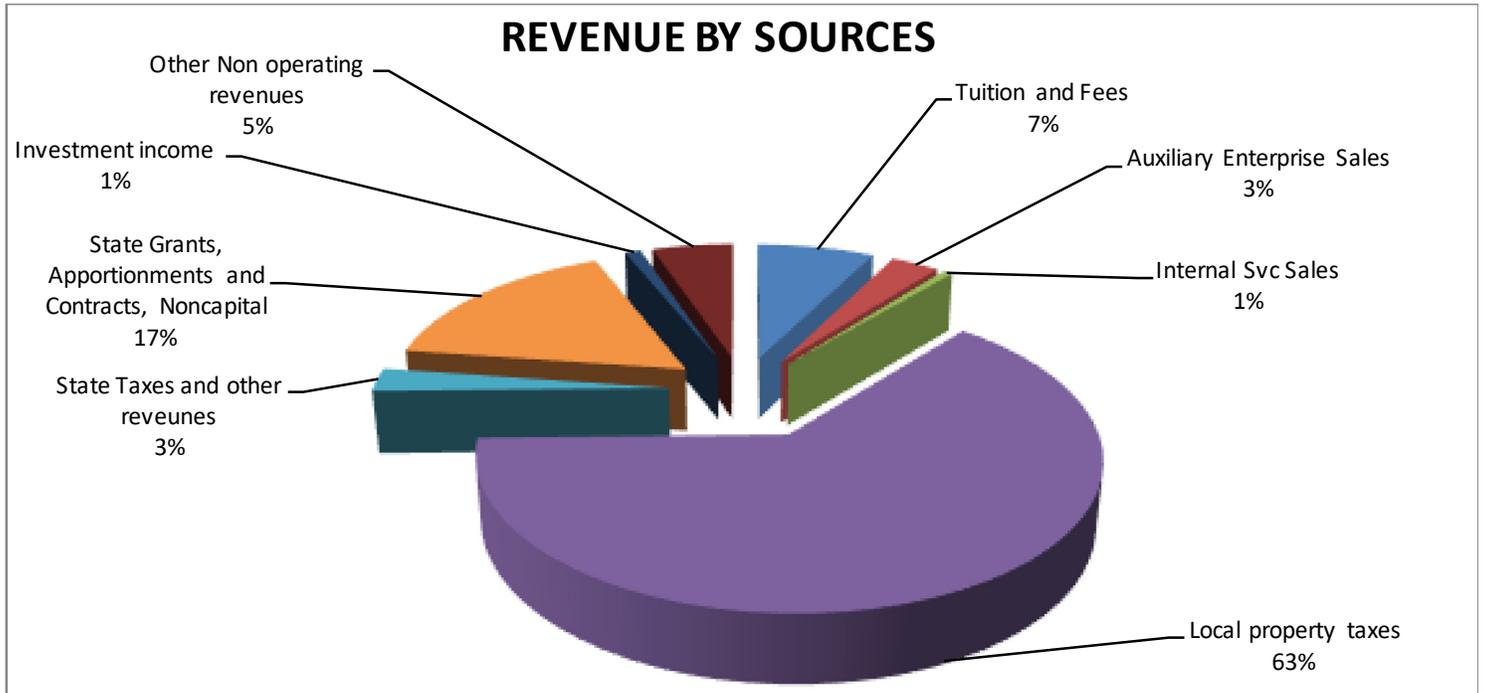
**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2018**

Below is an illustration of District revenues by source:

**Graph 1. Revenue by Sources**



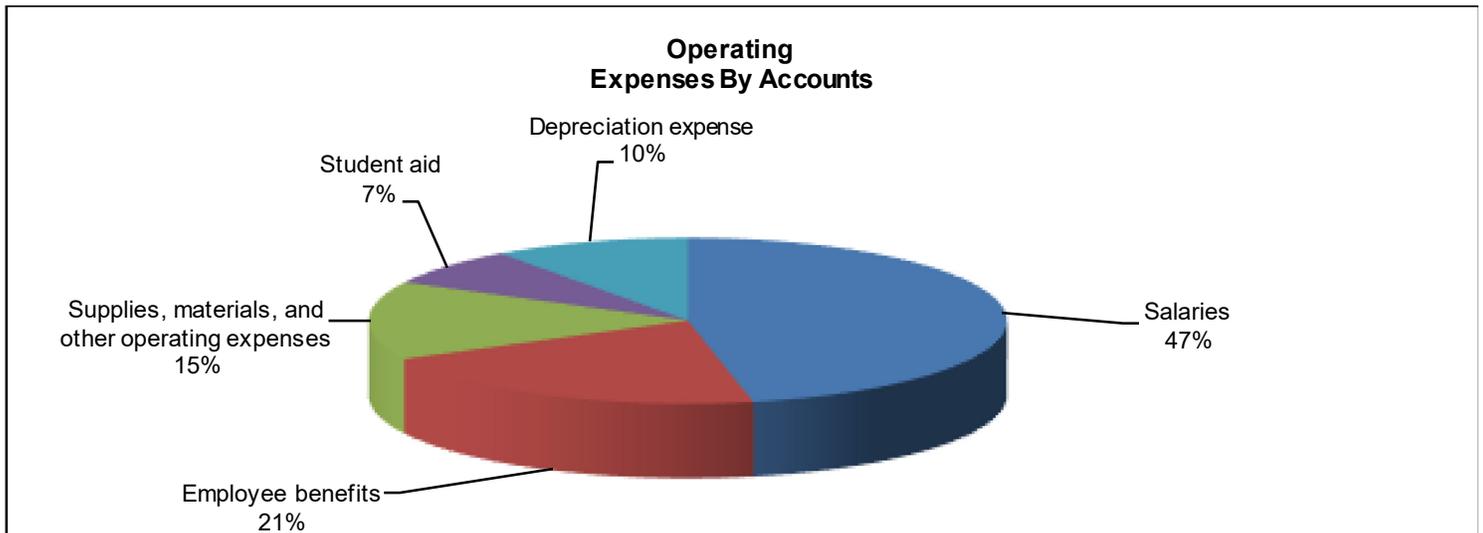
## SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

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 state grants and apportionments.

#### **Graph 2. Operating Expenses By Accounts**



The following are explanatory remarks regarding the above graph:

- 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, 2018

#### 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 the County Investment Pool, the institutional investment pool, certificates of deposits, general obligation bonds, and the 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, 2018 and 2017***

	(In Thousands) <b>2018</b>	(In Thousands) <b>2017</b>
<b>CASH FLOWS (USED IN) PROVIDED BY:</b>		
Operating Activities	\$ (214,530)	\$ (196,050)
Noncapital financing activities	272,245	253,426
Capital financing activities	(113,483)	(60,842)
Investing activities	3,183	1,636
	(52,586)	(1,830)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(52,586)	(1,830)
<b>CASH &amp; CASH EQUIVALENTS, BEGINNING OF YEAR</b>	367,932	369,762
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 315,346	\$ 367,932

## SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

---

#### **Economic Factors and the FY 2018-19 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 increased 8.03% county-wide in FY 2017-18. Accordingly, the District's has projected property tax revenues in FY 2018-19 to increase 8.03%. 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 FY 2020-21.

#### **Construction Planning FY 2018-19 and Beyond**

The District continues to revise and update its master schedule and the master budget associated with the Capital Improvement Program to coincide with funding and programming requirements. In the past several years, the District has experienced a decline in State Capital Outlay funds for projects due to the fact that the State has failed to approve an educational facilities bond since 2006. However, with the passage of Proposition 51, a \$9.1 billion statewide education facilities bond, in November 2016, the District is forecasting to receive approximately \$64 million for facilities upgrades. The current Governor has been reluctant to authorize the sale of these bonds, so the timing is uncertain. The California Community College System and the K-12 System continue to advocate strongly for the issuance of these bonds.

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

#### **Cañada College:**

- Building 1N Kinesiology and Wellness Center
- Building 23N Science and Technology
- Building 3 Central Utility Plant Upgrades
- Building 9 Envelope Repairs
- Building 13 HVAC Repairs
- Cañada Vista Envelope Repairs
- Parking Lot 6 Expansion

#### **College of San Mateo:**

- Building 2/3/4 Roofing Replacement
- Building 3 Theater Seating and Partial AV System Replacement
- Building 17 Student Life and Learning Communities Renovation
- Building 20 Edison Lot Expansion
- Campuswide Interior LED Lighting Upgrade

#### **Skyline College:**

- Building 1N Social Science and Creative Arts
- Building 12N Environmental Science
- Building 5 Center of Transformative Teaching and Learning (CTTL)
- Building 7 STEM Center
- Building 14 Loma Chica Child Development Center
- Building 19 Pacific Heights Renovation
- Parkland and Accessible Route to College Ridge

## SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

---

#### **Districtwide:**

- Districtwide Classroom Security Hardware Upgrade, Phase 4
- Districtwide UPS Device (MDF/IDF) Replacement
- Districtwide Symetra UPS Device (MPOE) Replacement
- Districtwide Telephone System Replacement
- Districtwide Network Switch Upgrade
- Districtwide Firewall Network Switch Upgrade
- Districtwide Wireless Access Point Replacement
- Districtwide ADA Transition Plan Upgrade
- Districtwide Fire Alarm Panel Replacement
- Districtwide Server Replacement
- Districtwide Emergency Alert System Speaker Coverage Replacement
- Districtwide Video Server Upgrade
- Districtwide Video Camera 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 the high cost of housing. The District currently owns and operates 104 housing units at its College of San Mateo and Cañada College, and a third complex with 30 units is under development at Skyline College. 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 employees' down payment savings up to \$150,000 with a closing cost grant for \$1,000.

#### **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.



## SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

---

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



**College Ridge** is in the development stages and will be located at Skyline College. This development will have 30 units and is tentatively scheduled to open in late 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 illustrate the District's accountability for funding it receives. Questions or concerns about this report or requests for additional financial information should be addressed to Bernata Slater, Chief Financial Officer, by phone at 650-358-6795 or by e-mail at [slaterb@smccd.edu](mailto:slaterb@smccd.edu).

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2018

	<u>2018</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 63,960,272
Accounts receivables, net	12,728,136
Inventory	3,655,004
Prepaid expenses	<u>5,916,841</u>
Total current assets	<u>86,260,253</u>
Noncurrent assets:	
Restricted cash and cash equivalents	251,385,922
Nondepreciable capital assets	90,014,021
Depreciable capital assets, net	<u>549,108,152</u>
Total noncurrent assets	<u>890,508,095</u>
Total assets	<u>976,768,348</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflow of resources - pensions	54,232,488
Deferred outflow of resources - OPEB	944,072
Deferred outflow of resources - debt refundings	<u>13,260,548</u>
Total deferred outflows of resources	<u>68,437,108</u>
Total assets and deferred outflows of resources	<u>\$ 1,045,205,456</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 26,588,542
Interest payable	8,240,479
Unearned revenue	18,796,112
Compensated absences payable - current portion	3,634,257
Long-term debt - current portion	<u>42,608,389</u>
Total current liabilities	<u>99,867,779</u>
Noncurrent liabilities:	
Compensated absences payable - noncurrent portion	1,807,173
Bonds and notes payable - noncurrent portion	790,524,707
Net OPEB liability	6,150,492
Net pension liability	<u>177,033,000</u>
Total noncurrent liabilities	<u>975,515,372</u>
Total liabilities	<u>1,075,383,151</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources - pensions	<u>11,523,000</u>
<b>NET POSITION</b>	
Net investment in capital assets	193,930,253
Restricted for capital projects	49,265,273
Restricted for debt service	13,833,094
Restricted for educational programs	6,622,100
Restricted for other activities	3,877,061
Unrestricted	<u>(309,228,476)</u>
Total net position	<u>(41,700,695)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,045,205,456</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, 2018

	<u>2018</u>
Operating revenues:	
Tuition and fees	\$ 31,863,233
Less: Fee waivers and allowance	<u>(8,531,505)</u>
Net tuition and fees	<u>23,331,728</u>
Auxiliary enterprise sales and charges:	
Bookstore	4,025,607
Cafeteria	315,532
Fitness center	5,269,367
Other sales and charges	<u>1,920,500</u>
Total operating revenues	<u>34,862,734</u>
Operating expenses:	
Salaries	127,869,550
Employee benefits	56,451,874
Supplies, materials, and other operating expenses	41,869,457
Student financial aid	20,177,357
Depreciation	<u>27,353,842</u>
Total operating expenses	<u>273,722,080</u>
Loss from operations	<u>(238,859,346)</u>
Non-operating revenues (expenses):	
Local property taxes,levied for general purposes	145,713,030
Local property taxes,levied for special purposes	52,707,973
State taxes and other revenues	8,241,127
Federal grants and contracts, noncapital	22,606,030
State grants, apportionment,contracts, noncapital	25,542,513
Local grants and contracts, noncapital	3,518,876
Investment income	3,145,522
Interest expense on capital asset-related debt	(40,839,880)
Loss on disposal of asset	(90,238)
Other non-operating (expense) revenues	<u>16,077,870</u>
Total non-operating revenues	<u>236,622,823</u>
Loss before capital contributions	(2,236,523)
Capital contributions:	
State revenues, capital	1,584,264
Local revenues, capital	<u>371,789</u>
Change in net position	<u>(280,470)</u>
Net position, beginning of year	<u>(41,420,225)</u>
Net position, end of year	<u>\$ (41,700,695)</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, 2018

---

	<u>2018</u>
Cash flows from operating activities:	
Tuition and fees	\$ 23,898,850
Payments to suppliers	(40,048,172)
Payments to / on behalf of employees	(189,734,719)
Payments to students	(20,177,357)
Auxiliary sales and charges	<u>11,531,006</u>
Net cash used in operating activities	<u>(214,530,392)</u>
Cash flows from noncapital financing activities:	
Property taxes, levied for general purposes	145,713,030
Property taxes, levied for special purposes	52,707,973
State taxes and other apportionments	8,241,127
Federal grants and contracts	22,606,030
State grants, apportionment, contracts, noncapital	25,986,865
Local grants and contracts	3,518,876
Other receipts and disbursements	<u>13,471,440</u>
Net cash provided by noncapital financing activities	<u>272,245,341</u>
Cash flows from capital and related financing activities:	
State apportionment for capital purposes	1,584,264
Purchase of capital assets	(51,235,462)
Principal paid on capital debt	(35,388,929)
Interest paid on capital debt	(28,814,939)
Local property taxes and other revenues for capital purposes	<u>371,789</u>
Net cash used in capital and related financing activities	<u>(113,483,277)</u>
Cash flows from investing activities:	
Interest received from investments	<u>3,182,637</u>
Net cash provided by investing activities	<u>3,182,637</u>
Net change in cash and cash equivalents	(52,585,691)
Cash and cash equivalents, beginning of year	<u>367,931,885</u>
Cash and cash equivalents, end of year	<u><u>\$ 315,346,194</u></u>

---

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2018

---

	<u>2018</u>
Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	\$ (238,859,346)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	27,353,842
Changes in assets and liabilities:	
Receivables, net	567,122
Inventory and prepaid assets	(4,099,132)
Deferred outflows - pensions and OPEB	(21,288,897)
Accounts payable	3,527,663
Unearned revenue	2,392,754
Compensated absences	397,997
Net OPEB liability	(13,757,395)
Net pension liability	29,927,000
Deferred inflows - pensions	<u>(692,000)</u>
Total adjustments	<u>24,328,954</u>
Net cash used in operating activities	<u>\$ (214,530,392)</u>
Cash and cash equivalents consist of the following:	
Cash and cash equivalents	\$ 63,960,272
Restricted cash and cash equivalents	<u>251,385,922</u>
Total cash and cash equivalents	<u>\$ 315,346,194</u>
Non-cash transactions:	
Amortization of premiums	\$ 2,606,430
Accretion of interest	\$ 17,647,871
Amortization of deferred loss on refunding	\$ 951,691

---

See accompanying notes to the basic financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2018

	<u>Agency Funds</u>		
	<u>OPEB Trust Fund</u>	<u>Associated Students Trust</u>	<u>Student Representation Fee</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 1,679,136	\$ 188,735
Investments:			
Mutual funds – fixed income	57,689,388	-	-
Mutual funds – equity	52,064,399	-	-
Mutual funds – real estate	5,355,347	-	-
Accounts receivable	-	168,394	-
Fixed assets	-	6,758	-
	<u>-</u>	<u>6,758</u>	<u>-</u>
Total assets	<u>\$ 115,109,134</u>	<u>\$ 1,854,288</u>	<u>\$ 188,735</u>
<b>LIABILITIES AND NET POSITION</b>			
Accounts payable	\$ 196,293	\$ -	\$ -
Due to student groups and other	-	1,854,288	188,735
	<u>-</u>	<u>1,854,288</u>	<u>188,735</u>
Total liabilities	<u>196,293</u>	<u>\$ 1,854,288</u>	<u>\$ 188,735</u>
Net position restricted for OPEB	<u>114,912,841</u>		
Total liabilities and net position	<u>\$ 115,109,134</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, 2018

---

	<u>OPEB Trust Fund</u>
<b>Additions</b>	
Employer contributions	\$ 19,422,945
Net investment income:	
Dividends and other income	3,854,180
Realized and unrealized losses, net	2,173,854
Investment fees	<u>(376,812)</u>
Total additions	<u>25,074,167</u>
<b>Deductions</b>	
Retiree benefits	<u>7,222,945</u>
Net increase in net position	<u>17,851,222</u>
<b>Net Position restricted for OPEB:</b>	
Net position, beginning of year	<u>97,061,619</u>
Net position, end of year	<u><u>\$ 114,912,841</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, 2018

---

	<u>2018</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 134,392
Due from District	<u>54,657</u>
Total assets	<u><u>\$ 189,049</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
Liabilities:	
Unearned rent	\$ 28,186
Rent security deposits	<u>130,755</u>
Total liabilities	158,941
Unrestricted net assets	<u>30,108</u>
Total liabilities and net assets	<u><u>\$ 189,049</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, 2018

---

	<u>2018</u>
Revenues:	
Rental income	\$ 1,436,241
Other local income	<u>8,738</u>
Total revenues	<u>1,444,979</u>
Expenses:	
Operating expenses	408,249
Transfer to District	<u>1,032,000</u>
Total expenses	<u>1,440,249</u>
Change in net assets	4,730
Net assets, beginning of year	<u>25,378</u>
Net assets, end of year	<u><u>\$ 30,108</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, 2018

---

	<u>2018</u>
Cash flow from operating activities:	
Change in net assets	\$ 4,730
Changes in assets and liabilities	
Accounts receivable	9,706
Accounts payable	(35,379)
Unearned rent	10,781
Rent security deposits	<u>(2,694)</u>
Net cash flows used in operating activities	<u>(12,856)</u>
Net change in cash and cash equivalents	(12,856)
Cash and cash equivalents, beginning of year	<u>147,248</u>
Cash and cash equivalents, end of year	<u><u>\$ 134,392</u></u>

---

See accompanying notes to the basic financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018

---

**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](http://www.smcccfoundation.org).

---

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018

---

**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 or construction of capital assets.

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 \$2,365,837 as of June 30, 2018.

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, 2018

---

**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 \$40,839,880 and \$1,140,145, respectively, for the year ended June 30, 2018.

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 net pension liability and net OPEB 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 net 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, 2018

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	<u>\$ 24,048,405</u>	<u>\$ 30,184,083</u>	<u>\$ 54,232,488</u>
Deferred inflows of resources	<u>\$ 10,449,000</u>	<u>\$ 1,074,000</u>	<u>\$ 11,523,000</u>
Net pension liability	<u>\$ 85,792,000</u>	<u>\$ 91,241,000</u>	<u>\$ 177,033,000</u>
Pension expense	<u>\$ 12,302,155</u>	<u>\$ 17,083,065</u>	<u>\$ 29,385,220</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, 2018 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, 2018

---

**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 measurements 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. San Mateo County is on the Teeter Plan, which means that the District receives the property taxes that are owed to the District, regardless of the taxes actually collected by the County.

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, 2018

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

California Promise Grant: Student tuition and fee revenue is reported net of allowances and fee waivers approved by the Board of Governors through the California Promise Grant 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.

---

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018

---

**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, 2018 consisted of the following:

	<u>2018</u>
Cash in County Treasury	\$ 280,284,575
Cash with fiscal agent	26,953,379
Cash on hand and in banks	252,811
Cash in revolving	70,000
Certificates of deposit	<u>7,785,429</u>
Total cash and cash equivalents	<u><u>\$ 315,346,194</u></u>

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

	<u>2018</u>
Cash on hand and in banks	\$ 188,735
Cash in County Treasury	<u>1,679,136</u>
Total cash and cash equivalents	<u><u>\$ 1,867,871</u></u>

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

	<u>2018</u>
Cash on hand and in banks	<u>\$ 134,392</u>
Total cash and cash equivalents	<u><u>\$ 134,392</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, 2018

---

**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, 2018.

Cash with Fiscal Agent: Cash with Fiscal Agent represents bond funds to be used in the future. At June 30, 2018, 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, 2018, the carrying amount of the District's cash in banks was \$645,938 and the bank balance was \$645,938. The bank balance were fully insured. At June 30, 2018, certificates of deposit totaling \$7,785,429 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>2018</u>
Mutual funds – fixed income	\$ 57,689,388
Mutual funds – equity	52,064,399
Mutual funds – real estate	<u>5,355,347</u>
 Total investments	 <u><u>\$ 115,109,134</u></u>

---

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018

**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>2018</u>
Dividend and other	\$ 3,854,180
Realized gains (losses)	712,143
Unrealized gains (losses)	1,461,711
Investment fees	<u>(376,812)</u>
 Total investment income, net	 <u>\$ 5,651,222</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, 2018, 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, 2018.

**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, 2018

**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, 2018			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
OPEB Investments:				
Mutual funds - fixed income	\$ 57,689,388	\$ 57,689,388	\$ -	\$ -
Mutual funds - equity	52,064,399	52,064,399	-	-
Mutual funds – real estate	<u>5,355,347</u>	<u>5,355,347</u>	<u>-</u>	<u>-</u>
Total	<u>\$115,109,134</u>	<u>\$115,109,134</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, 2018, 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, 2018.

**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>2018</u>
Federal Government	
Categorical aid	\$ 1,203,937
State Government	
Categorical aid	1,748,396
Lottery	742,578
Local sources	
Interest	1,231,951
Financial aid receivables	773,026
Student receivables	1,848,832
Other local sources	<u>7,545,253</u>
Subtotal	<u>15,093,973</u>
Less allowance for bad debt	<u>(2,365,837)</u>
Total accounts receivable, net	<u>\$ 12,728,136</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018

**NOTE 5 - ACCOUNTS RECEIVABLE** (Continued)

As of June 30, 2018, receivables from other local sources includes \$871,108, 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 \$150,000 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, 2018, the District had over \$4 million available for new loans.

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the District consists of the following at June 30, 2018:

	Balance July 1, <u>2017</u>	Additions and <u>Transfers</u>	Deductions and <u>Transfers</u>	Balance June 30, <u>2018</u>
Non-depreciable:				
Land	\$ 20,628,292	\$ -	\$ -	\$ 20,628,292
Construction in progress	29,336,648	51,235,462	(11,186,381)	69,385,729
Depreciable:				
Land improvements	131,275,656	5,802,507	-	137,078,163
Buildings and improvements	659,995,659	4,089,416	(1,710,058)	662,375,017
Furniture, equipment and vehicles	<u>29,285,222</u>	<u>1,294,458</u>	<u>(408,706)</u>	<u>30,170,974</u>
Total	<u>870,521,477</u>	<u>62,421,843</u>	<u>(13,305,145)</u>	<u>919,638,175</u>
Less accumulated depreciation:				
Land improvements	36,840,837	6,325,412	-	43,166,249
Buildings and improvements	197,695,432	19,165,540	(1,692,957)	215,168,015
Furniture, equipment and vehicles	<u>20,654,417</u>	<u>1,862,890</u>	<u>(335,569)</u>	<u>22,181,738</u>
Total	<u>255,190,686</u>	<u>27,353,842</u>	<u>(2,028,526)</u>	<u>280,516,002</u>
Capital assets, net	<u>\$615,330,791</u>	<u>\$ 35,068,001</u>	<u>\$ (11,276,619)</u>	<u>\$639,122,173</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018

---

**NOTE 7 - ACCOUNTS PAYABLE**

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

	<u>2018</u>
Vendor and other	\$ 9,349,263
Payroll related liabilities	3,867,163
Construction	11,428,556
Workers' compensation	1,930,000
Federal	<u>13,560</u>
Total	<u>\$ 26,588,542</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>2018</u>
State categorical aid	\$ 10,151,382
Enrollment fees	2,239,428
Other local	<u>6,405,302</u>
Total	<u>\$ 18,796,112</u>

---

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018

**NOTE 9 - LONG TERM LIABILITIES**

The long-term liabilities activity for the year ended June 30, 2018, is as follows:

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Payments and Reductions</u>	<u>June 30, 2018</u>	<u>Current Portion</u>
General obligation bonds	\$ 611,812,998	\$ -	\$ 35,388,929	\$ 576,424,069	\$ 33,258,993
Unamortized bond premiums	46,480,680	-	2,606,430	43,874,250	2,623,388
Accreted interest	201,122,977	17,647,871	5,936,071	212,834,777	6,726,008
Net pension liability	147,106,000	29,927,000	-	177,033,000	-
Net OPEB liability	19,907,887	-	13,757,395	6,150,492	-
Compensated absences	<u>5,043,433</u>	<u>4,268,361</u>	<u>3,870,364</u>	<u>5,441,430</u>	<u>3,634,257</u>
Total	<u>\$1,031,473,975</u>	<u>\$ 51,843,232</u>	<u>\$ 61,559,189</u>	<u>\$1,021,758,018</u>	<u>\$ 46,242,646</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 \$184,855 and \$20,462,673 at June 30, 2018, respectively.

The following is a schedule of future payments as of June 30, 2018 for the Series 2001A Capital Appreciation Bonds:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,681,431	\$ 2,298,569	\$ 3,980,000
2020	1,705,547	2,609,453	4,315,000
2022	1,727,950	2,952,050	4,680,000
2022	1,750,545	3,304,455	5,055,000
2023	1,771,959	3,678,041	5,450,000
2024-2027	<u>6,139,541</u>	<u>19,683,501</u>	<u>25,823,042</u>
Totals	<u>\$ 14,776,973</u>	<u>\$ 34,526,069</u>	<u>\$ 49,303,042</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, 2018

**NOTE 9 - LONG TERM LIABILITIES (Continued)**

Unamortized premiums and accreted interest on the capital appreciation bonds were \$428,725 and \$19,863,101 at June 30, 2018, respectively.

The following is a schedule of future payments as of June 30, 2018 for the Series 2001B Capital Appreciation Bonds:

Year Ending June 30,	Principal	Interest	Total
2019	\$ -	\$ -	\$ -
2020	-	-	-
2021	-	-	-
2022	2,127,124	2,367,876	4,495,000
2023	2,126,338	2,623,662	4,750,000
2024-2028	13,668,047	23,736,953	37,405,000
2029	<u>5,173,623</u>	<u>11,206,377</u>	<u>16,380,000</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 \$140,082 and \$18,889,714 at June 30, 2018, respectively.

The following is a schedule of future payments as of June 30, 2018 for the Series 2001C Capital Appreciation Bonds:

Year Ending June 30,	Principal	Interest	Total
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	879,786	1,055,214	1,935,000
2024-2028	5,714,427	9,440,573	15,155,000
2029-2031	<u>13,698,541</u>	<u>31,686,459</u>	<u>45,385,000</u>
Totals	<u>\$ 23,766,453</u>	<u>\$ 45,418,547</u>	<u>\$ 69,185,000</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, 2018

**NOTE 9 - LONG TERM LIABILITIES (Continued)**

Unamortized premiums and accreted interest on the capital appreciation bonds were \$703,525 and \$45,912,425 at June 30, 2018, respectively.

The following is a schedule of future payments as of June 30, 2018 for the Series 2005A Capital Appreciation Bonds:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	4,617,174	5,537,826	10,155,000
2024-2028	22,428,171	35,576,829	58,005,000
2029-2031	<u>12,947,167</u>	<u>28,567,833</u>	<u>41,515,000</u>
Totals	<u>\$ 58,910,317</u>	<u>\$ 87,269,683</u>	<u>\$ 146,180,000</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 accreting at an average 4.58% compounded semiannually each year and due upon maturity.

Unamortized premiums and accreted interest on the capital appreciation bonds were \$5,079,519 and \$107,706,864 at June 30, 2018, respectively.

The following is a schedule of future payments as of June 30, 2018 for the Series 2005B General Obligation Bonds:

Years Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ -	\$ -
2020	-	-	-
2021	4,689,965	4,030,035	8,720,000
2022	4,957,819	4,687,181	9,645,000
2023	5,244,307	5,430,693	10,675,000
2024-2028	29,997,011	35,710,565	65,707,576
2029-2033	43,726,115	86,268,885	129,995,000
2034-2038	61,357,834	164,572,166	225,930,000
2039	<u>13,032,143</u>	<u>41,717,857</u>	<u>54,750,000</u>
Totals	<u>\$ 163,005,194</u>	<u>\$ 342,417,382</u>	<u>\$ 505,422,576</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018

**NOTE 9 - 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, 2018, \$84,815,000 of bonds outstanding are considered defeased.

Unamortized premiums on the 2012 Refunding Bonds were \$11,036,696 as of June 30, 2018.

The following is a schedule of the future payments as of June 30, 2018 for the 2012 Refunding Bonds:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	6,225,000	1,280,125	7,505,125
2024-2027	<u>21,110,000</u>	<u>2,391,125</u>	<u>23,501,125</u>
Totals	<u>\$ 73,910,000</u>	<u>\$ 12,949,550</u>	<u>\$ 86,859,550</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 \$10,899,866 as of June 30, 2018.

The following is a schedule of future payments as of June 30, 2018 for the Series 2005B General Obligation Bonds:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	205,000	4,130,313	4,335,313
2023-2028	3,520,000	20,889,813	24,409,813
2029-2033	9,130,000	20,174,469	29,304,469
2034-2038	18,045,000	17,264,331	35,309,331
2039-2043	31,305,000	11,147,281	42,452,281
2044-2046	<u>27,395,000</u>	<u>2,136,624</u>	<u>29,531,624</u>
Totals	<u>\$ 99,985,000</u>	<u>\$ 92,069,363</u>	<u>\$ 192,054,363</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018

**NOTE 9 - 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 \$15,400,982 as of June 30, 2018.

The following is a schedule of the future payments as of June 30, 2018 for the 2012 Refunding Bonds:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	535,000	5,215,700	5,750,700
2024-2028	14,775,000	26,729,350	41,504,350
2029-2033	50,810,000	20,536,250	71,346,250
2034-2038	41,535,000	8,870,325	50,405,325
2039	<u>8,780,000</u>	<u>460,950</u>	<u>9,240,950</u>
Totals	<u>\$ 118,975,000</u>	<u>\$ 82,535,675</u>	<u>\$ 201,510,675</u>

**NOTE 10 - 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, 2018, 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. The District has an Owner-Contolled Insurance Program (OCIP) that covers its capital projects.

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, 2018

**NOTE 10 - 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, 2016 to June 30, 2018:

	<u>Workers' Compensation</u>
Liability Balance, July 1, 2016	\$ 1,996,000
Claims and changes in estimates	1,753,424
Claims payments	<u>(1,683,424)</u>
Liability Balance, June 30, 2017	2,066,000
Claims and changes in estimates	1,526,794
Claims payments	<u>(1,662,794)</u>
Liability Balance, June 30, 2018	<u>\$ 1,930,000</u>
Assets available to pay claims at June 30, 2018	<u>\$ 7,882,650</u>

**NOTE 11 - 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 <https://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 (DB) 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)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018

---

**NOTE 11 - 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 2017-18. 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 2017-18.

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, 2018

**NOTE 11 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2017, valuation adopted by the board in May 2018, the increase in normal cost was greater than 1 percent. Therefore, contribution rates for CalSTRS 2% at 62 members will increase by 1 percent effective July 1, 2018.

*Employers* – 14.43 percent of applicable member earnings for fiscal year 2017-18.

Pursuant to AB 1469, employer contributions will increase from a prior rate of 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 CalSTRS 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 CalSTRS 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 2017-18 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, 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, 2021 to June 30, 2046	8.25%	*	*
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

\*The Teachers' Retirement Board (the "board") cannot adjust the employer rate by more than 1 percent in a fiscal year, and the increase to the contribution rate above the 8.25 percent base contribution rate cannot exceed 12 percent for a maximum of 20.25 percent.

The District contributed \$7,433,405 to the plan for the fiscal year ended June 30, 2018.

*State* – 9.328 percent of the members' creditable earnings from the fiscal year 2017-18.

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 2045-2046. The CalSTRS state contribution rates effective for fiscal year 2017-18 and beyond are summarized in the table below.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018

**NOTE 11 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

As shown in the subsequent table, the state rate will increase to 5.311 percent on July 1, 2018, 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>Total State Appropriation Rate</u>	<u>Base Structure</u>	<u>AB 1469 1990 Benefit Funding (1)</u>	<u>Increase For SBMA to DB Program</u>
July 01, 2018	2.017%	5.311%(2)	2.50%	9.828%
July 01, 2019 to June 30, 2046	2.017%	(3)	2.50%	(3)
July 01, 2046 and thereafter	2.017%	(4)	2.50%	4.571%(3)

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

(2) In May 2018 the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2018.

(3) The CalSTRS board has limited authority to adjust state contribution rates annually 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.

(4) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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

At June 30, 2018, 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:

District's proportionate share of the net pension liability	\$ 85,792,000
State's proportionate share of the net pension liability associated with the District	<u>50,754,000</u>
<b>Total</b>	<b><u>\$ 136,546,000</u></b>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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 0.093 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2016

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018

---

**NOTE 11 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

For the year ended June 30, 2018, the District recognized pension expense of \$12,302,155 and revenue and pension expense of \$4,924,557 for support provided by the State. At June 30, 2018, 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	\$ 317,000	\$ 1,496,000
Changes of assumptions	15,894,000	-
Net differences between projected and actual earnings on investments	-	2,285,000
Changes in proportion and differences between District contributions and proportionate share of contributions	404,000	6,668,000
Contributions made subsequent to measurement date	<u>7,433,405</u>	<u>-</u>
Total	<u>\$ 24,048,405</u>	<u>\$ 10,449,000</u>

\$7,433,405 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$ (625,634)
2020	\$ 2,713,367
2021	\$ 1,482,867
2022	\$ (754,800)
2023	\$ 1,347,700
2024	\$ 2,002,500

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, 2017 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, 2018

**NOTE 11 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

**Actuarial Methods and Assumptions:** The total pension liability for the 2017-18 STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016 and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Experience Study	July 1, 2010, through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

During the 2016-17 measurement period, CalSTRS completed an experience study for the period starting July 1, 2010, and ending June 30, 2015. The experience study was adopted by the board in February 2017. As a result of the study, certain assumptions used in determining the NPL of the STRP changed, including the price inflation, wage growth, discount rate and the mortality tables used in the actuarial valuation of the NPL. The changes to the assumptions as a result of the experience study follow:

<u>Assumption</u>	<u>Measurement Period</u>	
	As of June 30, <u>2017</u>	As of June 30, <u>2016</u>
Consumer price inflation	2.75%	3.00%
Investment rate of return	7.10%	7.60%
Wage growth	3.50%	3.75%

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 Cal STRS board in February 2017 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:

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018

**NOTE 11 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

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

\* 20-year geometric average

**Discount Rate:** The discount rate used to measure the total pension liability was 7.10 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 AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 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 7.10 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 (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	<u>\$ 125,970,000</u>	<u>\$ 85,792,000</u>	<u>\$ 53,185,000</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 12 - 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.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018

---

**NOTE 12 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B** (Continued)

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-2017.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.

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 B, 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, 2018 were as follows:

*Members* – The member contribution rate was 6.50 or 7.50 percent of applicable member earnings for fiscal year 2017-18.

*Employers* – The employer contribution rate was 15.531 percent of applicable member earnings.

The District contributed \$8,137,083 to the plan for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$91,241,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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, 2017, the District’s proportion was 0.38 percent, which was an increase of 0.01 percent from its proportion measured as of June 30, 2016.

---

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018

**NOTE 12 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B** (Continued)

For the year ended June 30, 2018, the District recognized pension expense of \$17,083,065. At June 30, 2018, 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	\$ 3,269,000	\$ -
Changes of assumptions	13,327,000	1,074,000
Net differences between projected and actual earnings on investments	3,156,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,295,000	-
Contributions made subsequent to measurement date	<u>8,137,083</u>	<u>-</u>
Total	<u>\$ 30,184,083</u>	<u>\$ 1,074,000</u>

\$8,137,083 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$ 6,175,833
2020	\$ 9,733,833
2021	\$ 6,791,834
2022	\$ (1,728,500)

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, 2017 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.

Actuarial Methods and Assumptions: The total pension liability for the 2017-18 Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018

**NOTE 12 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B** (Continued)

Valuation Date	June 30, 2016
Experience Study	June 30, 1997, through June 30, 2011
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
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, 2016 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.

During the 2016-17 measurement period, the financial reporting discount rate for the Plan was lowered from 7.65 percent to 7.15 percent.

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 Years of 1 - 10 (1)</u>	<u>Expected Real Rate of Return Years of 11+ (2)</u>
Global Equity	47%	4.90%	5.38%
Fixed Income	19	0.80	2.27
Inflation of Assets	6	0.60	1.39
Private Equity	12	6.60	6.63
Real Estate	11	2.80	5.21
Infrastructure & Forestland	3	3.90	5.36
Liquidity	2	(0.40)	(0.90)

\* 10-year geometric average

(1) An expected inflation rate of 2.50% used for this period

(2) An expected inflation rate of 3.00% used for this period

**Discount Rate:** The discount rate used to measure the total pension liability was 7.15 percent in fiscal year 2017-18. 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, 2018

**NOTE 12 - 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 rounded 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 adjusted to account for assumed administrative expenses.

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, 2018 calculated using the discount rate of 7.15 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 (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease <u>(6.15%)</u>	Current Discount Rate <u>(7.15%)</u>	1% Increase <u>(8.15%)</u>
District’s proportionate share of the net pension liability	<u>\$134,245,000</u>	<u>\$ 91,241,000</u>	<u>\$ 55,566,000</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 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Plan Description: In addition to the pension benefits described in Notes 11 and 12, 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, 2018

**NOTE 13 - 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, 2018 (measurement date):

	<u>Number of Participants</u>
Inactive Employees/Dependents Receiving Benefits	687
Inactive Employees/Dependents Entitled to but not yet Receiving Benefits	-
Active Employees	<u>977</u>
	<u><u>1,664</u></u>

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. 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 \$19,422,945 for the year ended June 30, 2018.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018

**NOTE 13 - 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	25%	4%
Equities	75%	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, 2018 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, 2018 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, 2018
Census data	The census data was provided by the District as of June 30, 2018
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, 2018

**NOTE 13 - 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, 2017	<u>\$116,969,506</u>	<u>\$ 97,061,619</u>	<u>\$ 19,907,887</u>
Changes for the year:			
Service cost	3,359,195	-	3,359,195
Interest	7,957,577	-	7,957,577
Employer contributions	-	19,422,945	(19,422,945)
Net investment income	-	6,028,034	(6,028,034)
Administrative expense	-	(376,812)	376,812
Benefit payments	<u>(7,222,945)</u>	<u>(7,222,945)</u>	<u>-</u>
Net change	<u>4,093,827</u>	<u>17,851,222</u>	<u>(13,757,395)</u>
Balance, June 30, 2018	<u>\$121,063,333</u>	<u>\$114,912,841</u>	<u>\$ 6,150,492</u>

Fiduciary Net Position as a % of the Total OPEB Liability, at June 30, 2018: 95%

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 and net OPEB asset 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>\$ 19,336,881</u>	<u>\$ 6,150,492</u>	<u>\$ (4,923,225)</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>\$ (11,867,708)</u>	<u>\$ 6,150,492</u>	<u>\$ 28,575,126</u>

OPEB Expense: For the year ended June 30, 2018, the District recognized OPEB expense of \$4,813,321.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018

---

**NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)*OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At June 30, 2018, 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	\$ -	\$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	944,072	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	<u>-</u>	<u>-</u>
Total	<u><u>\$ 944,072</u></u>	<u><u>\$ -</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended <u>June 30,</u>	
2019	\$ (236,018)
2020	\$ (236,018)
2021	\$ (236,018)
2022	\$ (236,018)

*See required supplementary information following the notes to the basic financial statements, which presents multi-year trend information on whether assets are increasing or decreasing over time relative to the plan liabilities.*

---

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2018

---

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

Grants: The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District.

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, 2018, the District has approximately \$213.7 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 15 - 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.

---

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2018

---

**NOTE 15 - JOINT POWER AGREEMENTS (Continued)**

Condensed financial information of the JPAs for the most recent year available is as follows:

	SELF <u>June 30, 2017</u>	SMCSIG <u>June 30, 2017</u>
Total assets	\$ 126,226,732	\$ 24,180,075
Total deferred outflows of resources	\$ 353,399	\$ 482,864
Total liabilities	\$ 104,103,406	\$ 11,568,295
Total deferred inflow of resources	\$ 47,698	\$ 54,871
Net position	\$ 22,429,027	\$ 13,039,773
Total revenues	\$ 14,641,179	\$ 43,968,233
Total expenses	\$ 13,746,773	\$ 42,333,857
Change in net position	\$ 894,406	\$ 1,634,376

**NOTE 16 - SUBSEQUENT EVENTS**

General Obligation Bonds: In November 2018, the District issued \$261,000,000 and \$33,665,000, related to the 2014 Series B General Obligation Bonds and 2018 General Obligation Refunding Bonds, with interest rates between 3.75% - 5.00% and 3.75% - 4.00%, maturing in September 2039 and September 2038, respectively.

Additionally, in November 2018, the District issued \$22,725,000, related to the 2018 General Obligation Refunding Bonds (June 2019 Forward Delivery), with an interest rate of 5.00%, maturing in September 2040. The District expects to deliver the 2019 Forward Delivery Refunding Bonds, in book-entry form, to DTC (Depository Trust Company) on or about the Settlement Date for the account of the Underwriter pursuant to the Forward Delivery Purchase Contract. The Delayed Delivery Contract restricts the ability of the purchasers of the 2019 Forward Delivery Refunding Bonds to transfer their interests in the 2019 Forward Delivery Refunding Bonds prior to the Settlement Date and no representation is made that any such transfer will be permitted.

**REQUIRED SUPPLEMENTARY INFORMATION**

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY  
For the Year Ended June 30, 2018

	<u>2017</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 3,269,290	\$ 3,359,195
Interest	7,305,828	7,957,577
Benefit payments	<u>(7,230,215)</u>	<u>(7,222,945)</u>
Net change in Total OPEB liability	3,344,903	4,093,827
Total OPEB Liability, beginning of year	<u>113,624,603</u>	<u>116,969,506</u>
Total OPEB Liability, end of year (a)	<u>\$116,969,506</u>	<u>\$121,063,333</u>
Plan fiduciary net position		
Employer contributions	15,230,215	19,422,945
Actual Investment Income	9,043,304	6,028,034
Administrative expense	(337,684)	(376,812)
Benefits payment	<u>(7,230,215)</u>	<u>(7,222,945)</u>
Change in plan fiduciary net position	16,705,620	17,851,222
Fiduciary trust net position, beginning of year	<u>80,355,999</u>	<u>97,061,619</u>
Fiduciary trust net position, end of year (b)	<u>\$ 97,061,619</u>	<u>\$114,912,841</u>
Net OPEB liability, ending (a) - (b)	<u>\$ 19,907,887</u>	<u>\$ 6,150,492</u>
Covered payroll	\$83,799,966	91,765,187
Plan fiduciary net position as a percentage of the total OPEB liability	83%	95%
Net OPEB liability as a percentage of covered payroll	24%	7%

*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, 2018

State Teacher's Retirement Plan

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportion of the net pension liability	0.105%	0.105%	0.092%	0.093%
District's proportionate share of the net pension liability	\$ 60,122,504	\$ 70,426,000	\$ 74,125,000	\$ 85,792,000
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>	<u>50,754,000</u>
Total net pension liability	<u>\$ 97,184,504</u>	<u>\$107,674,000</u>	<u>\$116,327,000</u>	<u>\$136,546,000</u>
District's covered payroll	\$ 46,781,000	\$ 48,554,000	\$ 45,675,000	\$ 47,739,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	128.52%	145.05%	162.29%	179.71%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%

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, 2018

---

Public Employers Retirement Fund B

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportion of the net pension liability	0.358%	0.363%	0.37%	0.38%
District's proportionate share of the net pension liability	\$ 40,542,482	\$ 53,485,000	\$ 72,981,000	\$ 91,241,000
District's covered payroll	\$ 37,548,000	\$ 40,172,000	\$ 44,332,000	\$ 48,676,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	107.98%	133.14%	164.62%	187.45%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%

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.

---

See accompanying note to required supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
For the Year Ended June 30, 2018

---

State Teachers' Retirement Plan

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 4,311,554	\$ 4,900,874	\$ 6,005,598	\$ 7,433,405
Contributions in relation to the contractually required contribution	<u>\$ (4,311,554)</u>	<u>\$ (4,900,874)</u>	<u>\$ (6,005,598)</u>	<u>\$ (7,433,405)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 48,554,000	\$ 45,675,000	\$ 47,739,000	\$ 51,514,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%

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, 2018

---

Public Employers Retirement Fund B

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 4,728,591	\$ 5,252,004	\$ 6,760,065	\$ 8,137,083
Contributions in relation to the contractually required contribution	<u>\$ (4,728,591)</u>	<u>\$ (5,252,004)</u>	<u>\$ (6,760,065)</u>	<u>\$ (8,137,083)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 40,172,000	\$ 44,332,000	\$ 48,676,000	\$ 52,393,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%

All years prior to 2015 are not available.

---

See accompanying note to required supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2018

---

**NOTE 1 - PURPOSE OF SCHEDULES****A - Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability**

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 B was 7.50, 7.65, 7.65 and 7.15 percent in the June 30, 2013, 2014, 2015, and 2016 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

<u>Assumptions</u>	<u>Measurement Period</u>		
	As of June 30 <u>2017</u>	As of June 30, <u>2016</u>	As of June 30, <u>2015</u>
Consumer price inflation	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.60%	7.60%
Wage growth	3.50	3.75%	3.75%

**SUPPLEMENTARY INFORMATION**

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
ORGANIZATION  
June 30, 2018

---

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>
Richard Holober	President	2018
Maurice Goodman	Vice President-Clerk	2020
Karen Schwarz	Trustee	2020
Dave Mandelkern	Trustee	2020
Thomas Mohr	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, 2018

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	-	\$ -	\$ 464,396
Pell Grant Program	84.063	-	-	13,422,299
SEOG	84.007	-	-	431,424
Direct Student Loans	84.268	-	-	<u>1,359,498</u>
Subtotal Student Financial Aid Cluster			-	<u>15,677,617</u>
TRIO Cluster:				
Student Support Services	84.042A	-	-	764,381
Upward Bound	84.047A	-	-	<u>279,325</u>
Subtotal TRIO Cluster			-	<u>1,043,706</u>
Higher Education Program:				
Higher Education -Institutional Aid HSI STEM	84.031C	-	-	1,791,699
Higher Education -Institutional Aid HSI Coop	84.031S	-	<u>40,197</u>	<u>1,488,644</u>
Subtotal Higher Education			<u>40,197</u>	<u>3,280,343</u>
Minority Science and Engineering Improvement	84.120	-	72,824	410,833
<i>Passed through California Community Colleges</i>				
<i>Chancellor's Office:</i>				
CTEA I-C Basic Grants to States	84.048A	17-C01-052	-	<u>623,900</u>
Total Department of Education			<u>113,021</u>	<u>21,036,399</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		-	88,553
Title IV-E Foster Care	93.658		-	34,317
<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, CCTR7254	-	27,015
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR7254	-	<u>14,554</u>
Subtotal Child Care Development Cluster			-	<u>41,569</u>
Total Department of Health and Human Services			-	<u>164,439</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
For the Year Ended June 30, 2018

<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	\$ -	\$ 25,381
<i>Passed through California Department of Food and Agriculture</i>				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-0600-001-SF	-	5,508
Total Department of Agriculture			-	30,889
<u>National Science Foundation</u>				
<i>Direct Program:</i>				
Education and Human Resources	47.076	-	66,074	613,026
<u>Small Business Administration</u>				
<i>Passed through Humboldt State University Sponsored Programs Foundation:</i>				
Small Business Development Centers	59.037	F0229, F0129	-	132,040
<i>Passed through California Community Colleges Chancellor's Office:</i>				
State Trade and Export Promotion Pilot Grant Program	59.061	F16-0059	-	5,000
Total Small Business Administration			-	137,040
<u>Department of the State</u>				
<i>Passed through International Research and Exchanges Board::</i>				
Academic Exchange Programs - Undergraduate Programs	19.009		-	143,455
<u>Federal Communications Commission</u>				
TV Broadcaster Relocation Fund	32-U01	DA 17-282	-	242,084
<u>Corporation for National and Community Service</u>				
<i>Passed through Foundation for California Community Colleges:</i>				
Americorps State and National	94.006	AMC-007-17	-	11,960
<u>Department of Labor</u>				
<i>Passed through City of Sunnyvale NOVA Workforce Services::</i>				
WIOA Adult Program	17.258		-	100,456
WIOA Dislocated Worker Program	17.260		-	61,947
Total Department of Labor			-	162,403

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
 For the Year Ended June 30, 2018

<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 Transportation</u>				
<i>Passed through San Francisco Bay Area Rapid Transit District:</i>				
Public Transportation Research, Technical Assistance, and Training	20.514		<u>-</u>	<u>64,335</u>
Total Federal Programs			<u>\$ 179,095</u>	<u>\$ 22,606,030</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF STATE FINANCIAL AWARDS  
For the Year Ended June 30, 2018

	Program Revenues				Total Program Expenditures
	Cash Received*	Accounts Receivable	Unearned Revenue	Total Revenue	
<u>General Fund</u>					
Disabled Students Programs and Services	\$ 2,006,248	\$ -	\$ 17,355	\$ 1,988,893	\$ 1,988,893
Extended Opportunity Programs and Services	1,732,197	-	-	1,732,197	1,732,197
CARE/EOPS	145,687	6,000	-	151,687	151,687
Student Success and Support Program	5,401,779	-	647,337	4,754,442	4,754,442
Foster Parent Training	33,132	9,231	-	42,363	42,363
Foster Care CSEC Workshops	2,550	1,700	-	4,250	4,250
FA Administrative Allowance	843,227	-	-	843,227	843,227
AB1725 Staff Diversity	110,319	-	82,188	28,131	28,131
T-Com and Technology (TTIP)	12,694	-	12,694	-	-
CalWORKS	410,212	-	-	410,212	410,212
Canada/RCSD CBET Program	-	50,000	-	50,000	49,490
Staff Development	14,123	-	10,096	4,027	4,027
MESA/CCCP Funds for Student Success	54,997	95,033	-	150,030	150,030
Lottery-Prop 20-Instructional Materials	698,478	373,100	-	1,071,578	714,095
Nursing-Enrollment Growth	(9,621)	129,421	-	119,800	119,800
YEP	(15,000)	15,000	-	-	-
CCCCO-CEP-CAA	419,595	312,651	-	732,246	732,246
CCCCO-Strong Workforce Program 60% 16-17	1,838,800	-	1,005,048	833,752	833,752
CCCCO-Strong Workforce Program 60% 17-18	2,500,405	-	2,394,272	106,133	106,133
CCCCO-FA Awareness	7,410	-	-	7,410	7,410
SBDC-HSUSPF GO-Biz	21,680	10,320	-	32,000	32,000
FHDACCD SB1070 CTE SWPC	15,000	-	-	15,000	15,000
SCCCD IEPI Assessment	292,593	-	164,075	128,518	128,518
Zero Textbook Cost Degree Grant	-	26,659	-	26,659	26,659
Student Equity	1,978,537	-	550,997	1,427,540	1,427,540
Cabrillo CCD DSN/BEC Mini-Grant	4,800	2,000	-	6,800	6,800
Assessment, Remediation AD Nursing	(6,347)	86,147	-	79,800	79,800
SCCCD Innovation and Effectiveness	322,778	-	111,246	211,532	211,532
RSCCD CTE Data Unlocked Initiative	127,859	-	86,359	41,500	41,500
Deputy Navigator - Global 16-17	69,607	-	-	69,607	69,607
Deputy Navigator - Global 17-18	98,744	101,256	-	200,000	200,000
Deputy Navigator - Retail 16-17	47,408	-	-	47,408	47,408
Deputy Navigator - Retail 17-18	-	200,000	-	200,000	200,000
Hunger Free Campus Support CCCCCO	39,057	-	15,740	23,317	23,317
Basic Skills 16-17 appropriation	189,754	-	-	189,754	189,754
Basic Skills 17-18 appropriation	733,958	-	416,609	317,349	317,349
Guided Pathways Grant CCCCCO	491,602	-	463,261	28,341	28,341
Community College Completion Grant	256,500	-	42,000	214,500	214,500
UC Regents Puente Program - Canada	1,500	-	-	1,500	1,500
IEPI CCC Leadership Development	30,498	-	19,297	11,201	11,201
SMC HSA CalFresh	-	-	-	-	-
Feather River CCD IDRC Skyline	5,000	-	5,000	-	-
Emergency Aid for Dreamer Students	110,498	-	-	110,498	110,498
CAI-Pre-Apprenticeship OJT Grant	-	96,766	-	96,766	96,766
Full-Time Student Success Grant	580,600	-	6,500	574,100	574,100
SJECCD Calif Career Pathways Trust	119,277	64,211	-	183,488	183,488
Solano CCD Pathways Gig Economy	-	3,858	-	3,858	3,858
Solano CCD Entrepreneur Champion	-	7,500	-	7,500	7,500
Cabrillo CCD DSN Sm Bus Mini-Grant	10,999	-	-	10,999	10,999
Cabrillo CCD Strong Workforce 40%	587,528	112,708	-	700,236	700,236
Cabrillo CCD DSN Sm Bus Mini-Grant	6,554	-	245	6,309	6,309
Baccalaureate Pilot Degree Program	190,967	-	-	190,967	190,967
SMUHSD - ACCEL AEBG - 12/31/17	9,277	-	-	9,277	9,277
SMUHSD - ACCEL AEBG - 12/31/18	329,024	-	30,747	298,277	298,277

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF STATE FINANCIAL AWARDS  
For the Year Ended June 30, 2018

	Program Revenues				Total Program Expenditures
	Cash Received*	Accounts Receivable	Unearned Revenue	Total Revenue	
CDE Child Development	\$ 308,797	\$ 320	\$ 147,046	\$ 162,071	\$ 162,071
SMUHSD - ACCEL AEBG - 12/31/19	483,580	-	419,031	64,549	64,549
Campus Safety CCCCCO 1718	50,755	-	50,755	-	-
Ohlone CCD DSN Biotech Summer	4,429	-	-	4,429	4,429
Ohlone CCD DSN Biotech	9,500	5,090	-	14,590	14,590
ECCCD RHT CTE Data Unlocked	-	10,000	-	10,000	10,000
Promise Innovation Grant CCCCCO	1,444,506	-	797,507	646,999	646,999
Chabot-LP CCD IDRC Skyline Auto	14,526	-	-	14,526	14,526
CalSTRS On-Behalf Payments	429,619	-	-	429,619	429,619
Innovation in Higher Education	2,700,000	-	2,700,000	-	-
Sierra College CCC Maker Grant	10,000	82,881	-	92,881	92,881
Proposition 39	567,226	-	-	567,226	8,428
Proposition 39 Clean Energy Workforce Prog	-	306,498	-	306,498	306,498
Verteran Resource Center 1718	127,231	-	122,565	4,666	4,666
Scheduled Maintenance	1,017,038	-	-	1,017,038	1,368,336
Cal Grant	<u>1,231,777</u>	<u>13,138</u>	<u>5,691</u>	<u>1,239,224</u>	<u>1,239,224</u>
<b>Total</b>	<b><u>\$ 31,271,468</u></b>	<b><u>\$ 2,121,488</u></b>	<b><u>\$ 10,323,661</u></b>	<b><u>\$ 23,069,295</u></b>	<b><u>\$ 22,503,802</u></b>

\*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, 2018

<u>Categories</u>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
A. Summer Intersession (Summer 2017 only)			
1. Noncredit	5	-	5
2. Credit	1,935	-	1,935
B. Summer Intersession (Summer 2017 - Prior to July 1, 2018)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	10,454	-	10,454
b. Daily Census Contact Hours	400	-	400
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	36	-	36
b. Credit	491	-	491
3. Alternative Attendance Accounting Procedure			
a. Weekly Census Procedure Courses	2,143	-	2,143
b. Daily Census Procedure Courses	245	-	245
c. Noncredit Independent Study/Distance Ed	-	-	-
D. Total FTES	<u>15,709</u>	<u>-</u>	<u>15,709</u>
Supplementary Information:			
E. In-Service Training Courses (FTES)	-	-	-
H. Basic Skills Courses and Immigrant Education			
a. Noncredit	41	-	41
b. Credit	779	-	779
<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, 2018

---

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2018.

---

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
June 30, 2018

General fund	\$ 48,326,716	
Debt service fund	51,137,868	
Special revenue funds	10,274,889	
Capital projects funds	162,978,032	
Internal service fund	7,964,030	
Auxiliary funds	<u>11,784,131</u>	
Total fund balances - business-type activity funds		292,465,666
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	\$ 639,122,173	
less Auxiliary fund capital assets	<u>(204,145)</u>	
		638,918,028
In government funds, deferred outflows and inflows of resources relating to pensions and OPEB 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	\$ 54,232,488	
Deferred outflows of resources relating to OPEB	944,072	
Deferred inflows of resources relating to pensions	<u>(11,523,000)</u>	
		43,653,560
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.		
		(8,240,479)
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, 2018 consisted of:		
General obligation bonds	\$ (576,424,069)	
Unamortized bond premiums	(43,874,250)	
Accreted interest	(212,834,777)	
Net pension liability	(177,033,000)	
Net OPEB liability	(6,150,492)	
Compensated absences	<u>(5,441,430)</u>	
		(1,021,758,018)
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>13,260,548</u>
Total net position - business-type activities		<u>\$ (41,700,695)</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, 2018

	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	\$ 24,693,951	\$ -	\$ 24,693,951	\$ 24,801,085	\$ -	\$ 24,801,085
Other	1300	<u>18,402,253</u>	<u>-</u>	<u>18,402,253</u>	<u>18,398,009</u>	<u>-</u>	<u>18,398,009</u>
Total instructional salaries		<u>43,096,204</u>	<u>-</u>	<u>43,096,204</u>	<u>43,199,094</u>	<u>-</u>	<u>43,199,094</u>
Non-instructional salaries:							
Contract or regular	1200	-	-	-	14,681,224	-	14,681,224
Other	1400	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,721,284</u>	<u>-</u>	<u>1,721,284</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>16,402,508</u>	<u>-</u>	<u>16,402,508</u>
Total academic salaries		<u>43,096,204</u>	<u>-</u>	<u>43,096,204</u>	<u>59,601,602</u>	<u>-</u>	<u>59,601,602</u>
<u>Classified Salaries</u>							
Non-instructional salaries:							
Regular status	2100	-	-	-	30,436,664	-	30,436,664
Other	2300	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,559,723</u>	<u>-</u>	<u>2,559,723</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>32,996,387</u>	<u>-</u>	<u>32,996,387</u>
Instructional aides:							
Regular status	2200	2,191,461	-	2,191,461	2,255,986	-	2,255,986
Other	2400	<u>555,527</u>	<u>-</u>	<u>555,527</u>	<u>582,779</u>	<u>-</u>	<u>582,779</u>
Total instructional aides		<u>2,746,988</u>	<u>-</u>	<u>2,746,988</u>	<u>2,838,765</u>	<u>-</u>	<u>2,838,765</u>
Total classified salaries		<u>2,746,988</u>	<u>-</u>	<u>2,746,988</u>	<u>35,835,152</u>	<u>-</u>	<u>35,835,152</u>
Employee benefits	3000	21,389,199	-	21,389,199	42,773,539	-	42,773,539
Supplies and materials	4000	-	-	-	2,033,900	-	2,033,900
Other operating expenses	5000	35,497	-	35,497	11,271,285	-	11,271,285
Equipment replacement	6420	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures prior to exclusions		<u>\$ 67,267,888</u>	<u>\$ -</u>	<u>\$ 67,267,888</u>	<u>\$151,515,478</u>	<u>\$ -</u>	<u>\$151,515,478</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION  
For the Year Ended June 30, 2018

	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	\$ 4,460,506	\$ -	\$ 4,460,506	\$ 4,460,506	\$ -	\$ 4,460,506
Student health services above amount collected	6441	-	-	-	51,855	-	51,855
Student transportation	6491	-	-	-	47,681	-	47,681
Noninstructional staff-retirees' benefits and retirement incentives	6740	-	-	-	2,763,098	-	2,763,098
Objects to exclude:							
Rents and leases	5060	-	-	-	96,330	-	96,330
Lottery expenditures		-	-	-	2,774,687	-	2,774,687
Academic salaries	1000	-	-	-	-	-	-
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>4,460,506</u>	<u>-</u>	<u>4,460,506</u>	<u>10,194,157</u>	<u>-</u>	<u>7,419,470</u>
Total for ECS 84362, 50% Law		<u>\$ 62,807,382</u>	<u>\$ -</u>	<u>\$ 62,807,382</u>	<u>\$ 141,321,321</u>	<u>\$ -</u>	<u>\$ 144,096,008</u>
Percent of CEE (instructional salary cost /Total CEE)		<u>44.44 %</u>	<u>-</u>	<u>44.44 %</u>	<u>100.00%</u>	<u>-</u>	<u>100.00%</u>
50% of current expense of education		-	-	-	<u>\$ 70,660,661</u>	<u>-</u>	<u>\$ 72,048,004</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, 2018

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	<u>6530</u>	<u>138,070</u>	<u>-</u>	<u>-</u>	<u>138,070</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, 2018

---

**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.

**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.

**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, 2018:

- 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 (CCAP and Non-CCAP)
- Student Equity
- Student Success and Support Program (SSSP)
- Scheduled Maintenance Program
- Gann Limit Calculation
- Open Enrollment
- Proposition 39 Clean Energy Fund
- Intersession Extension Program
- Apprenticeship Related and Supplemental Instruction (RSI)
- 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 2018-001 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, 2018.

***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 LLP

Sacramento, California  
December 14, 2018



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, 2018, 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 14, 2018. 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 opinion 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 LLP

Sacramento, California  
December 14, 2018



## 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, 2018. 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, 2018.

---

(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 LLP

Sacramento, California  
December 14, 2018

**FINDINGS AND RECOMMENDATIONS**

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2018

**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	Student Financial Aid Cluster

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 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, 2018

---

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, 2018

---

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, 2018

---

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2018-001 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 expended more on non-instructional costs than instructional costs in the Current Expense of Education.

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

The District will monitor this issue as it implements the student-centered priorities outlined in the Board-approved Strategic Plan.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2018

---

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Fully Implemented</u>
<b>2017-001</b>		
<u>Condition:</u> The District failed to meet the required 50 percent minimum.	Not implemented.	See current year finding 2018-001
<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.		

---

San Mateo County Community College District

January 23, 2019

**BOARD REPORT NO. 19-1-103B**

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Bernata Slater, Chief Financial Officer, 358-6795

**RECEIPT AND ACCEPTANCE OF THE 2017-18 KCSM AUDIT REPORT**

Attached are copies of the audits of KCSM-FM financial records, prepared by the Board-approved firm of Crowe LLP. The audits were based upon the fiscal year ending June 30, 2018. 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 2017-18 audit reports for KCSM-FM, which were filed with the Corporation for Public Broadcasting prior to the January 31, 2019 due date.

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

**FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

KCSM-FM  
A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED AS A PROGRAM OF THE  
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS  
June 30, 2018 and 2017

CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	3
FINANCIAL SECTION	
STATEMENTS OF NET POSITION .....	10
STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION.....	11
STATEMENTS OF CASH FLOWS.....	12
NOTES TO FINANCIAL STATEMENTS.....	13
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	17



## 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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 and 2017, 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 14, 2018 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 LLP

Sacramento, California  
December 14, 2018

***SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM******MANAGEMENT'S DISCUSSION AND ANALYSIS******JUNE 30, 2018***

---

**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, 2018 and June 30, 2017. 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 \$155,000, and ended at over \$1.7 million as of June 30, 2018.

- The increase in net position was mainly due to an increase in subscriptions and underwriting revenue.
- Net noncurrent assets decreased by over \$23,000 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 eight 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 close to \$56 million in 2018/19 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 a handful of all-Jazz stations left in the country. The station is funded mostly by listener contributions - 74%. In 2017, the station saw a dramatic increase in the number of on-going monthly contributions (sustainers). This has allowed KCSM to continue to execute "silent" pledge drives, which are less obtrusive and highly appreciated by our listeners. We believe our efforts to modify and improve the fund drive process has produced incremental revenue to the station, as we consistently meet or exceed our pledge drive goals. This year we continue to work with 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, the San Francisco Conservatory of Music, and the Café Stritch to deliver live jazz performances to our listeners worldwide. We have also identified our biggest opportunity for audience growth to be outside of KCSM's designated market area, and we are focusing efforts to cast a bigger net through our desk top player and dedicated app, where we have been able to increasingly reach a newer audience nationally and overseas.

***SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM******MANAGEMENT'S DISCUSSION AND ANALYSIS******JUNE 30, 2018***


---

***SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT -KCSM FM  
STATEMENT OF NET POSITION  
JUNE 30, 2018 and 2017***

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,699,720	1,432,461
Accounts receivable	11,005	103,231
Prepaid expenses		
Total current assets	<u>1,710,725</u>	<u>1,535,692</u>
<b>Noncurrent Asset</b>		
Capital Asset	531,296	531,295
Accumulated Depreciation	(479,841)	(456,264)
Total noncurrent assets	<u>51,455</u>	<u>75,032</u>
Total assets	<u>1,762,180</u>	<u>1,610,723</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	35,337	38,362
Total Liabilities	<u>35,337</u>	<u>38,362</u>
<b>Net Position</b>		
Investment in Capital assets	51,455	75,032
Unrestricted	1,675,388	1,497,330
Total net position	<u>1,726,843</u>	<u>1,572,362</u>

**Net Position**

The Statement of Net Position above includes all assets and liabilities of KCSM-FM using the accrual basis of accounting, which is similar to the accounting basis used by private companies. Net 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.

***SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM******MANAGEMENT'S DISCUSSION AND ANALYSIS******JUNE 30, 2018***

- According to GASB Statements, equity is reported as Net Position rather than Fund Balance. KCSM-FM's net position is classified as follow
  - 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, 2018 and 2017***

	<b>2018</b>	<b>2017</b>
<b>OPERATING REVENUES</b>		
<b>District Income</b>		
Business and Industry	63,398	100,407
Facilities Use	11,885	7,079
Other Sales	141	-
<b>Indirect Support</b>		
San Mateo County Community College District	278,436	284,175
<b>TOTAL OPERATING REVENUES</b>	<b>353,860</b>	<b>391,661</b>
<b>OPERATING EXPENSES</b>		
Programming and Production	710,451	765,430
Broadcasting	265,671	334,170
Program Information and Promotion	196,217	150,893
Management and General	531,954	690,104
Fundraising Support	178,959	158,994
Underwriting and Grant Solicitation	33,280	105,252
<b>TOTAL OPERATING EXPENSES</b>	<b>1,916,532</b>	<b>2,204,843</b>
<b>OPERATING LOSS</b>	<b>(1,562,672)</b>	<b>(1,813,182)</b>
<b>NON-OPERATING REVENUES</b>		
Subscription and Membership	1,556,921	1,651,704
CPB Community Service Grants	160,233	192,872
<b>TOTAL NON-OPERATING REVENUES</b>	<b>1,717,154</b>	<b>1,844,576</b>
<b>CHANGE IN NET POSITION</b>	<b>154,482</b>	<b>31,394</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>1,572,361</b>	<b>1,540,967</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 1,726,843</b>	<b>\$ 1,572,361</b>

***SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM***

***MANAGEMENT'S DISCUSSION AND ANALYSIS***

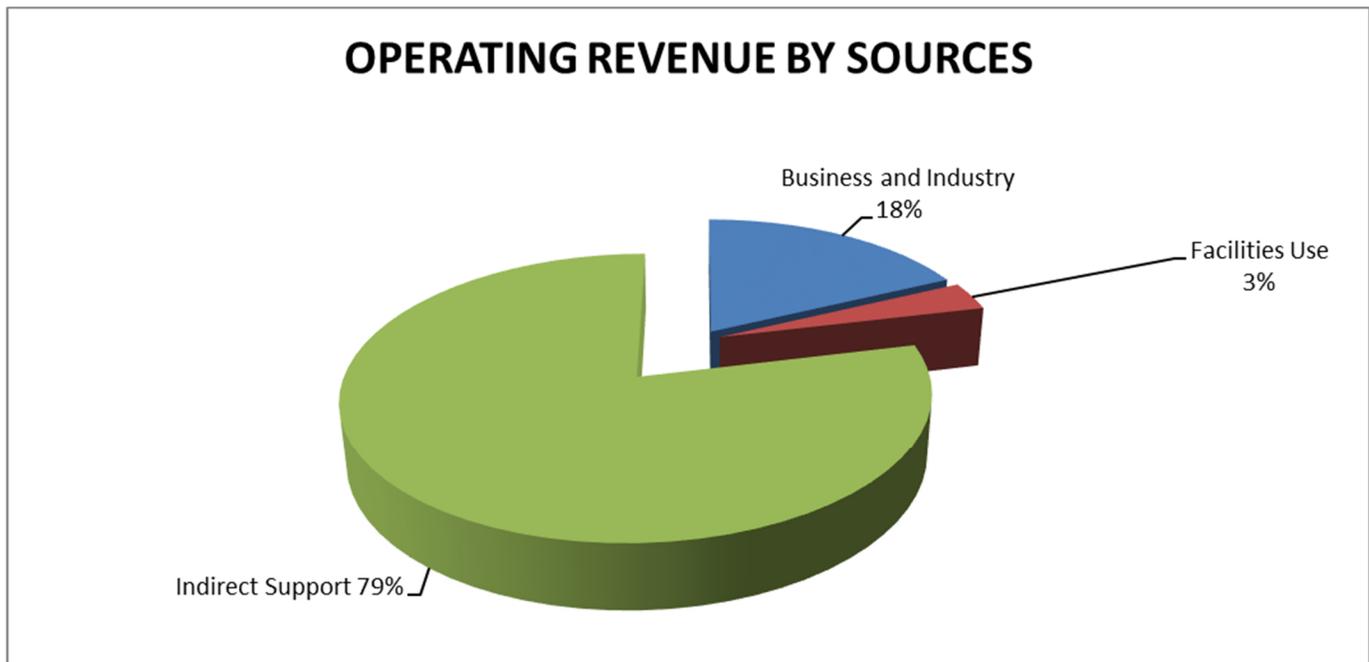
***JUNE 30, 2018***

---

Explanatory information for the statement is as follows:

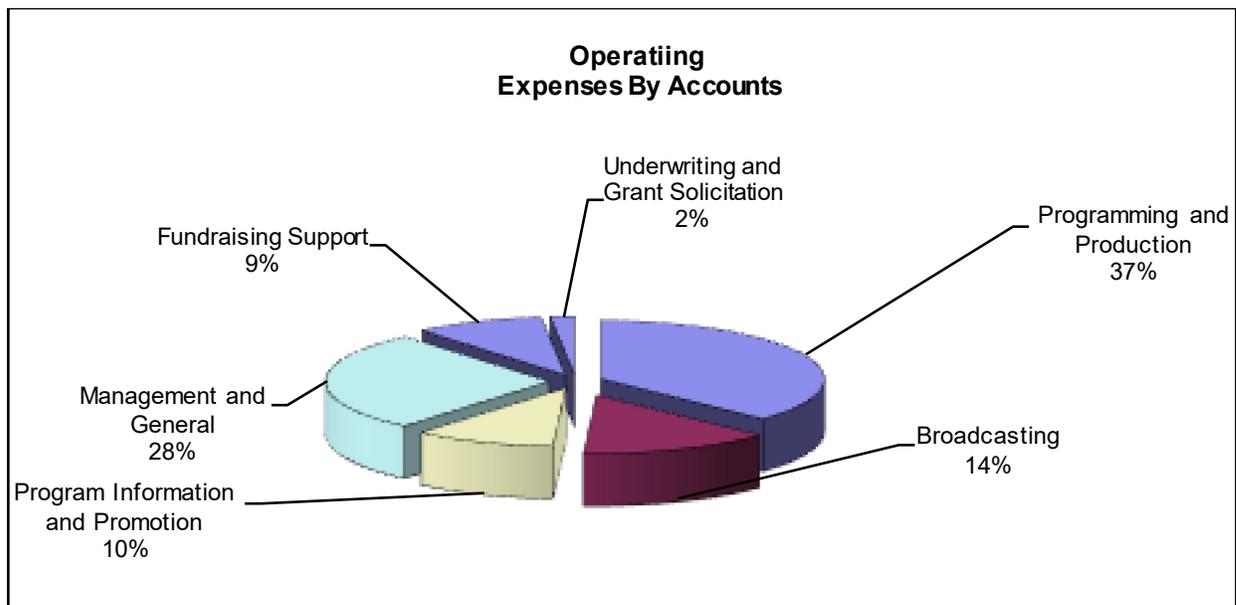
- CPB community service grants: Payment from Corporation for Public Broadcasting designated to help provide a non-commercial, educational program stream to our community.
- Other income: Income that does not fit in other categories, like gifts, donations, sales of tapes and videos.
- Business and industry: 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:



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.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM****MANAGEMENT'S DISCUSSION AND ANALYSIS****JUNE 30, 2018**

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, 2018*****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, 2018 and 2017***

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Business and industry	\$ 155,623	\$ 44,492
Facilities use	11,885	7,079
Other sales	141	-
District support	278,436	284,175
Payments to suppliers	(335,810)	(302,275)
Payment to /(on behalf of) employees	(1,560,170)	(1,860,352)
<b>Net Cash Used By Operating Activities</b>	<b>(1,449,895)</b>	<b>(1,826,881)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Subscription and membership	1,556,921	1,651,704
CPB community service grants	160,233	192,872
	<b>1,717,154</b>	<b>1,844,576</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>267,259</b>	<b>17,695</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,432,461</b>	<b>1,414,766</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,699,720</b>	<b>\$ 1,432,461</b>

***SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM***

***MANAGEMENT'S DISCUSSION AND ANALYSIS***

***JUNE 30, 2018***

---

**Economic Factors and the 2018-19 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 8.03% county-wide in 2017-18, which means our projected revenues in 2018/19 are 8.03% 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 2020/21.

KCSM FM: This fiscal year we are focusing once again on controlling costs and increasing revenue. Because of these efforts we have seen considerable growth in sustainerships, growing at a rate of 33% over the previous year. Underwriting is on a growth curve as well, as we have replaced underwriting staff and are rebuilding the fundraising department to a level required to sustain growth increase support from corporate and commercial partners. We have also consolidated 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.

Additionally, we have been replacing old technologies, like our transmitter and our traffic system, to improve productivity, efficiency, and cost controls.

**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 Bernata Slater, Chief Financial Officer, by phone at 650-358-6795 or by e-mail at [slaterb@smccd.edu](mailto:slaterb@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, 2018 and 2017

---

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,699,720	\$ 1,432,461
Accounts receivable	<u>11,005</u>	<u>103,230</u>
Total current assets	<u>1,710,725</u>	<u>1,535,691</u>
Noncurrent assets		
Capital assets	531,296	531,296
Accumulated depreciation	<u>(479,841)</u>	<u>(456,264)</u>
Total noncurrent assets	<u>51,455</u>	<u>75,032</u>
Total assets	<u>1,762,180</u>	<u>1,610,723</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	<u>35,337</u>	<u>38,362</u>
Total liabilities	<u>35,337</u>	<u>38,362</u>
<b>NET POSITION</b>		
Investment in capital assets	51,455	75,032
Unrestricted	<u>1,675,388</u>	<u>1,497,329</u>
Total net position	<u>\$ 1,726,843</u>	<u>\$ 1,572,361</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, 2018 and 2017

---

	<u>2018</u>	<u>2017</u>
<b>Operating revenues</b>		
Direct income		
Business and industry	\$ 63,398	\$ 100,407
Facilities use	11,885	7,079
Other sales	141	-
Indirect support		
San Mateo County Community College District	<u>278,436</u>	<u>284,175</u>
Total operating revenues	<u>353,860</u>	<u>391,661</u>
<b>Operating expenses</b>		
Programming and production	710,451	765,430
Broadcasting	265,671	334,170
Program information and promotion	196,217	150,893
Management and general	531,954	690,104
Fundraising support	178,959	158,994
Underwriting and grant solicitation	<u>33,280</u>	<u>105,252</u>
Total operating expenses	<u>1,916,532</u>	<u>2,204,843</u>
Loss from operations	<u>(1,562,672)</u>	<u>(1,813,182)</u>
<b>Non-operating revenues</b>		
Memberships and donations	1,556,921	1,651,704
CPB community service grants	<u>160,233</u>	<u>192,872</u>
Total non-operating revenues	<u>1,717,154</u>	<u>1,844,576</u>
Change in net position	154,482	31,394
Net position, beginning of year	<u>1,572,361</u>	<u>1,540,967</u>
<b>Net position, end of year</b>	<u>\$ 1,726,843</u>	<u>\$ 1,572,361</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>		
Business and industry	\$ 155,623	\$ 44,492
Facilities use	11,885	7,079
Other sales	141	-
District support	278,436	284,175
Payments to suppliers	(335,810)	(302,275)
Payment to (on behalf of) employees	<u>(1,560,170)</u>	<u>(1,860,352)</u>
Net cash used in operating activities	(1,449,895)	(1,826,881)
<b>Cash flows from financing activities</b>		
Memberships and donations	1,556,921	1,651,704
CPB community service grants	<u>160,233</u>	<u>192,872</u>
Net cash provided by financing activities	1,717,154	1,844,576
Net change in cash and cash equivalents	267,259	17,695
Cash and cash equivalents at beginning of year	<u>1,432,461</u>	<u>1,414,766</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 1,699,720</u>	<u>\$ 1,432,461</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (1,562,672)	\$(1,813,182)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	23,577	27,476
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	92,225	(55,915)
Decrease in prepaid expense	-	3,225
(Decrease) increase in accounts payable	<u>(3,025)</u>	<u>11,515</u>
Net cash used in operating activities	<u>\$ (1,449,895)</u>	<u>\$ (1,826,881)</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, 2018 and 2017

---

**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, 2018 and 2017

---

**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, 2018 and 2017, are classified in the accompanying financial statements in the amount of \$1,699,720 and \$1,432,461, 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%
Collaterized Time Deposits	270 days	40%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	92 days	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, 2018 and 2017

**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 \$1,699,720 as of June 30, 2018 and \$1,432,461 as of June 30, 2017. The fair value of this investment at June 30, 2018 and June 30, 2017 is approximately \$1,692,037 and \$1,428,491, respectively, with a weighted average maturity of approximately 0.91 years and 1.46 years respectively.

**NOTE 3 – CAPITAL ASSETS**

Changes in equipment are summarized as follows as of June 30, 2018:

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
Equipment	\$ 531,296	\$ -	\$ -	\$ 531,296
Less - Accumulated Depreciation	<u>456,264</u>	<u>23,577</u>	<u>-</u>	<u>479,841</u>
Net Equipment	<u>\$ 75,032</u>	<u>\$ 23,577</u>	<u>\$ -</u>	<u>\$ 51,455</u>

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>

Depreciation expense for the years ended June 30, 2018, and June 30, 2017 were \$23,577 and \$27,476 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, 2018 and 2017

---

**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 \$278,436 for the year ended June 30, 2018 and \$284,175 for the year ended June 30, 2017. 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  
San Mateo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KCSM-FM a resource of the San Mateo County Community College District as of and for the year ended June 30 2018, and the related notes to the financial statements, which collectively comprise KCSM-FM's financial statements, and have issued our report thereon dated December 14, 2018. 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, 2018, 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.

A handwritten signature in black ink that reads "Crowe LLP". The letters are cursive and somewhat stylized.

Crowe LLP

Sacramento, California  
December 14, 2018

**BOARD REPORT NO. 19-1-104B**

TO: Members of the Board of Trustees  
FROM: Ron Galatolo, Chancellor  
PREPARED BY: Bernata Slater, Chief Financial Officer, 358-6795

**RECEIPT AND ACCEPTANCE OF THE 2017-18  
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 LLP. The audits were based upon the fiscal year ending June 30, 2018. 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 2017-18 audit reports for the General Obligation Bond funds.

**SAN MATEO COUNTY  
COMMUNITY COLLEGE DISTRICT  
MEASURE A  
2005 GENERAL OBLIGATION BONDS**

**FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MEASURE A - 2005 GENERAL OBLIGATION BONDS

FINANCIAL STATEMENTS  
June 30, 2018 and 2017

CONTENT

INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS:	
BALANCE SHEETS .....	3
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE.....	4
NOTES TO FINANCIAL STATEMENTS .....	5
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	9



## 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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 and 2017, 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 14, 2018, 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 LLP

Sacramento, California  
December 14, 2018

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MEASURE A - 2005 GENERAL OBLIGATION BONDS  
BALANCE SHEETS  
June 30, 2018 and 2017

---

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash	\$ -	\$ 864,902
Accounts receivable	<u>547</u>	<u>3,537</u>
Total assets	<u>\$ 547</u>	<u>\$ 868,439</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Accounts payable	<u>\$ 547</u>	<u>\$ 75,396</u>
Fund balance:		
Restricted – capital projects	<u>-</u>	<u>793,043</u>
Total liabilities and fund balance	<u>\$ 547</u>	<u>\$ 868,439</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, 2018 and 2017

---

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Interest income	\$ <u>7,205</u>	\$ <u>7,641</u>
<b>Expenditures</b>		
Current:		
Salaries and benefits	20,561	9,309
Supplies and materials	12,963	6,893
Capital construction and improvements	<u>766,724</u>	<u>2,295,214</u>
Total expenditures	<u>800,248</u>	<u>2,311,416</u>
Change in fund balance	(793,043)	(2,303,775)
Restricted fund balance, beginning of year	<u>793,043</u>	<u>3,096,818</u>
Restricted fund balance, end of year	<u>\$ -</u>	<u>\$ 793,043</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, 2018 and 2017

---

**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.

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.

---

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MEASURE A - 2005 GENERAL OBLIGATION BONDS  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2018 and 2017

---

**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. The cash held in the County Treasury are classified within level 2 of the fair value hierarchy because they are valued using broker or dealer quotations, or alternative pricing sources with reasonable level of price transparency.

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, 2018 and 2017, was \$0 and \$864,902, respectively, and the weighted average maturity of the pool was 332 and 532 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, 2018 and 2017 consisted of \$547 and \$3,537, respectively, due from the County for interest income and other local sources.

---

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MEASURE A - 2005 GENERAL OBLIGATION BONDS  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2018 and 2017

---

**NOTE 4 – ACCOUNTS PAYABLE**

Accounts payable at June 30, 2018 and 2017 consisted of \$547 and \$75,396, 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 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 July 27, 2005 (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.

---

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 MEASURE A - 2005 GENERAL OBLIGATION BONDS  
 NOTES TO FINANCIAL STATEMENTS  
 For the Years Ended June 30, 2018 and 2017

---

**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.

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

As of June 30, 2018, there were no commitments with respect to unfinished capital projects.

As of June 30, 2017, 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>	



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 years ended June 30, 2018, and the related notes to the financial statements and have issued our report thereon dated December 14, 2018. 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, 2018, 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 LLP

Sacramento, California  
December 14, 2018

**SAN MATEO COUNTY  
COMMUNITY COLLEGE DISTRICT  
MEASURE A  
2005 GENERAL OBLIGATION BONDS**

**PERFORMANCE AUDIT**  
June 30, 2018

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MEASURE A - 2005 GENERAL OBLIGATION BONDS

PERFORMANCE AUDIT  
June 30, 2018

CONTENT

INDEPENDENT AUDITOR'S REPORT .....	1
BACKGROUND:	
LEGISLATIVE HISTORY .....	2
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT MEASURE A GENERAL OBLIGATION BONDS .....	2
PERFORMANCE AUDIT:	
OBJECTIVES .....	3
SCOPE .....	3
METHODOLOGY .....	3
CONCLUSION .....	3



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, 2018.

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, 2018 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.

A handwritten signature in black ink that reads "Crowe LLP".

Crowe LLP

Sacramento, California  
December 14, 2018

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 July 27, 2005.

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, 2018 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, 2018 (the "List"). An approximate total of 242 transactions were identified, representing \$800,248 in expenditures from July 1, 2017 through June 30, 2018.

**METHODOLOGY**

We performed the following procedures to the List of Measure A General Obligation Bond project expenditures for the year ended June 30, 2018:

- 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, 2018.
- Selected a sample of 18 expenditures totaling \$614,265. 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, 2018 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, 2018 and 2017

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MEASURE H - 2014 ELECTION GENERAL OBLIGATION BONDS

FINANCIAL STATEMENTS  
June 30, 2018 and 2017

CONTENT

INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS:	
BALANCE SHEETS .....	3
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE.....	4
NOTES TO FINANCIAL STATEMENTS.....	5
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	9



## 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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 and 2017, 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 14, 2018, 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 LLP

Sacramento, California  
December 14, 2018

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS  
 BALANCE SHEETS  
 June 30, 2018 and 2017

---

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash	\$ 54,625,592	\$ 106,206,308
Accounts receivable	491,733	320,169
Prepaid expenditures	<u>4,341,416</u>	<u>696,557</u>
Total assets	<u>\$ 59,458,741</u>	<u>\$ 107,223,034</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 9,740,326	\$ 4,368,555
Due to the District	<u>46,661</u>	<u>-</u>
Total liabilities	<u>9,786,987</u>	<u>4,368,555</u>
Fund balance:		
Nonspendable	4,341,416	696,557
Restricted – capital projects	<u>45,330,338</u>	<u>102,157,922</u>
Total fund balance	<u>49,671,754</u>	<u>102,854,479</u>
Total liabilities and fund balance	<u>\$ 59,458,741</u>	<u>\$ 107,223,034</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, 2018 and 2017

---

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Interest income	\$ <u>1,090,973</u>	\$ <u>625,887</u>
 <b>Expenditures</b>		
Current:		
Salaries and benefits	3,335,295	3,505,512
Supplies and materials	1,059,794	1,119,110
Capital construction and improvements	<u>49,878,609</u>	<u>17,594,604</u>
Total expenditures	<u>54,273,698</u>	<u>22,219,226</u>
Change in fund balance	(53,182,725)	(21,593,339)
Restricted & Nonspendable fund balance, beginning of year	<u>102,854,479</u>	<u>124,447,818</u>
Restricted & Nonspendable fund balance, end of year	<u>\$ 49,671,754</u>	<u>\$102,854,479</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, 2018 and 2017

---

**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, 2017, there was no balance due to the District's general fund for the reimbursement of payments to vendors. The balance due at June 30, 2018 was \$46,661.

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.

---

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2018 and 2017

---

**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. The cash held in the County Treasury are classified within level 2 of the fair value hierarchy because they are valued using broker or dealer quotations, or alternative pricing sources with reasonable level of price transparency.

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, 2018 and 2017, was \$54,625,592 and \$106,206,308, respectively, and the weighted average maturity of the pool was 332 days and 532 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, 2018 and 2017 consisted of \$491,733 and \$320,169, 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, 2018 and 2017

---

**NOTE 4 – ACCOUNTS PAYABLE**

Accounts payable at June 30, 2018 and 2017 consisted of \$9,740,326 and \$4,368,555, 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 4, 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, 2018 and 2017

---

**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, 2018 and 2017, 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>2018</u>		
Districtwide projects	\$ 2,800,017	Within 2 years
Skyline projects	122,779,200	Within 4 years
CSM projects	449,946	Within 1 year
Cañada projects	<u>62,306,033</u>	Within 2 years
	<u>\$ 188,335,196</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>\$ 218,496,407</u>	

As the noted commitments exceed available assets as of the year ended June 30, 2018, the District plans on issuing additional bonds and use such future proceeds to meet commitments as they become due.

**NOTE 9 – SUBSEQUENT EVENTS**

In November 2018, the District issued \$261,000,000, related to the 2014 Series B General Obligation Bonds, with interest rates between 3.75% - 5.00% maturing in September 2039.

---



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, 2018, and the related notes to the financial statements and have issued our report thereon dated December 14, 2018. 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, 2018, 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 LLP

Sacramento, California  
December 14, 2018

**SAN MATEO COUNTY  
COMMUNITY COLLEGE DISTRICT  
MEASURE H  
2014 GENERAL OBLIGATION BONDS**

**PERFORMANCE AUDIT**  
June 30, 2018

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MEASURE H - 2014 GENERAL OBLIGATION BONDS

PERFORMANCE AUDIT  
June 30, 2018

CONTENT

INDEPENDENT AUDITOR'S REPORT .....	1
BACKGROUND:	
LEGISLATIVE HISTORY .....	2
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT MEASURE H GENERAL OBLIGATION BONDS .....	2
PERFORMANCE AUDIT:	
OBJECTIVES .....	3
SCOPE .....	3
METHODOLOGY .....	3
CONCLUSION .....	3



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, 2018.

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, 2018 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.

A handwritten signature in black ink that reads "Crowe LLP".

Crowe LLP

Sacramento, California  
December 14, 2018

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 July 23, 2014.

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, 2018 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, 2018 (the "List"). An approximate total of 5,725 transactions were identified, representing \$54,273,698 in expenditures from July 1, 2017 through June 30, 2018.

**PROCEDURES PERFORMED**

We performed the following procedures to the List of Measure H General Obligation Bond project expenditures for the year ended June 30, 2018:

- 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, 2018.
- Selected a sample of 34 expenditures totaling \$14,603,302. 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, 2018 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 23, 2019

**BOARD REPORT NO. 19-1-105B**

TO: Members of the Board of Trustees  
FROM: Ron Galatolo, Chancellor  
PREPARED BY: Bernata Slater, Chief Financial Officer, 358-6795

**RECEIPT AND ACCEPTANCE OF THE 2017-18 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 LLP. The audit was based upon the fiscal year ending June 30, 2018. 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 2017-18 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, 2018 and 2017

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST

FINANCIAL STATEMENTS  
June 30, 2018 and 2017

CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS:	
STATEMENTS OF TRUST NET POSITION .....	3
STATEMENTS OF CHANGE IN TRUST NET POSITION .....	4
NOTES TO FINANCIAL STATEMENTS .....	5
REQUIRED SUPPLEMENTARY INFORMATION:	
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS .....	12
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN OF OPEB PLAN INVESTMENTS .....	14
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	15



## 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 years ended June 30, 2018 and 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 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 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, 2018 and 2017, 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.

---

(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, 2018 and 2017, 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 Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that 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 12 - 14 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 14, 2018 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 LLP

Sacramento, California  
December 14, 2018

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
 STATEMENTS OF TRUST NET POSITION  
 As of June 30, 2018 and 2017

---

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Investments:		
Mutual funds – fixed income	\$ 57,689,388	\$ 48,077,511
Mutual funds – equity	52,064,399	42,467,543
Mutual funds – real estate	<u>5,355,347</u>	<u>6,752,278</u>
Total assets	115,109,134	97,297,332
<b>LIABILITIES</b>		
Accounts payable	<u>196,293</u>	<u>235,713</u>
<b>NET POSITION</b>		
Net position restricted for OPEB	<u>\$ 114,912,841</u>	<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  
 STATEMENTS OF CHANGE IN TRUST NET POSITION  
 For the years ended June 30, 2018 and 2017

---

	<u>2018</u>	<u>2017</u>
<b>Additions</b>		
Employer contributions	\$ 19,422,945	\$ 15,230,215
Net investment income:		
Dividends and other income	3,854,180	2,789,489
Realized and unrealized losses, net	2,173,854	6,253,815
Investment fees	<u>(376,812)</u>	<u>(337,684)</u>
Total additions	25,074,167	23,935,835
<b>Deductions</b>		
Retiree benefits	<u>7,222,945</u>	<u>7,230,215</u>
Net increase in net position	17,851,222	16,705,620
<b>Net position restricted for OPEB:</b>		
Net position, beginning of the year	<u>97,061,619</u>	<u>80,355,999</u>
Net position, end of the year	<u>\$ 114,912,841</u>	<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 years ended June 30, 2018 and 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 687 retirees and beneficiaries currently receiving benefits and 977 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*.

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.

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 Retirement Board of Authority with authority to 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:

---

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
NOTES TO FINANCIAL STATEMENTS  
For the years ended June 30, 2018 and 2017

---

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Plan membership: At June 30, 2018 and 2017, Plan membership consisted of the following:

	<u>Number of Participants</u>	
	<u>2018</u>	<u>2017</u>
Inactive Employees/Dependents Receiving Benefits	687	686
Inactive Employees/Dependents Entitled to but not yet Receiving Benefits	-	-
Active Employees	<u>977</u>	<u>947</u>
	<u><u>1,664</u></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 Collective Bargaining agreement. 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 Collective Bargaining agreement. 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 Collective Bargaining agreement. 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.

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 \$19,422,945 and \$15,230,215 for the years ended June 30, 2018 and 2017, respectively.

---

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
NOTES TO FINANCIAL STATEMENTS  
For the years ended June 30, 2018 and 2017

---

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 of Authority 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, 2018 and 2017, were as follows:

	<u>2018</u>	<u>2017</u>
Total OPEB liability	\$ 121,063,333	\$ 116,969,506
Fiduciary Net Position	<u>114,912,841</u>	<u>97,061,619</u>
Net OPEB liability	<u>\$ (6,150,492)</u>	<u>\$ (19,907,887)</u>
Fiduciary Net Position as a percentage of the Total OPEB liability	95%	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% 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%. 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 years ended June 30, 2018 and 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>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Fixed Income	25%	50%	4%	4%
Equities	75%	50%	8%	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 years ending June 30, 2018 and 2017 was 7% and 7%, respectively.

Sensitivity of the net pension liability to assumptions: The following presents the net OPEB liability calculated using the discount rate of 7%. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (6%) and 1% higher (8):

	<u>Discount Rate 1% Lower (6%)</u>	<u>Valuation Discount Rate (7%)</u>	<u>Discount Rate 1% Higher (8%)</u>
<u>June 30, 2018</u>			
Net OPEB liability	<u>\$ 19,336,881</u>	<u>\$ 6,150,492</u>	<u>\$ (4,923,225)</u>
<u>June 30, 2017</u>			
Net OPEB liability	<u>\$ 32,545,120</u>	<u>\$ 19,907,887</u>	<u>\$ 9,263,614</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
NOTES TO FINANCIAL STATEMENTS  
For the years ended June 30, 2018 and 2017

---

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The following table presents the net OPEB liability calculated using the health care cost trend rate of 4.0%. 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% lower (3.0%) and 1% higher (5.0%):

	Health Care Trend Rate 1% <u>Lower (3.0%)</u>	Valuation Health Care Trend Rate (4.0%)	Discount Trend Rate 1% <u>Higher (5.0%)</u>
<u>June 30, 2018</u>			
Net OPEB liability	<u>\$ (11,867,708)</u>	<u>\$ 6,150,492</u>	<u>\$ 28,575,126</u>
<u>June 30, 2017</u>			
Net OPEB liability	<u>\$ 3,068,448</u>	<u>\$ 19,907,887</u>	<u>\$ 40,865,489</u>

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, 2018 and 2017, are as follows:

	<u>2018</u>	<u>2017</u>
Mutual funds – fixed income	\$ 57,689,388	\$ 48,077,511
Mutual funds – equity	52,064,399	42,467,543
Mutual funds – real estate	<u>5,355,347</u>	<u>6,752,278</u>
Total investments	<u>\$ 115,109,134</u>	<u>\$ 97,297,332</u>

---

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
NOTES TO FINANCIAL STATEMENTS  
For the years ended June 30, 2018 and 2017

---

**NOTE 2 – INVESTMENTS** (Continued)

During the fiscal years ended June 30, 2018 and 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>2018</u>	<u>2017</u>
Dividend and other	\$ 3,854,180	\$ 2,789,489
Realized gains, net	712,143	1,121,048
Unrealized gains, net	1,461,711	5,132,767
Investment fees	<u>(376,812)</u>	<u>(337,684)</u>
Total investment income	<u>\$ 5,651,222</u>	<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% 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% of an agency's total deposits and collateral is considered to be held in the name of the Trust.

**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 Retirement Board of Authority, at their discretion, may impose a higher standard on an individual investment manager basis as circumstances or investment objectives dictate. At June 30, 2018 and 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, 2018 and 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  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
NOTES TO FINANCIAL STATEMENTS  
For the years ended June 30, 2018 and 2017

---

**NOTE 2 – INVESTMENTS** (Continued)

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, 2018 and 2017:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>2018</u>				
Investments:				
Mutual funds - fixed income	\$ 57,689,388	\$ 57,689,388	\$ -	\$ -
Mutual funds - equity	52,064,399	52,064,399	-	-
Mutual funds – real estate	<u>5,355,347</u>	<u>5,355,347</u>	-	-
Total	<u>\$ 115,109,134</u>	<u>\$ 115,109,134</u>	<u>\$ -</u>	<u>\$ -</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 years ended June 30, 2018 and 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, 2018 and 2017.

---

**REQUIRED SUPPLEMENTARY INFORMATION**

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
REQUIRED SUPPLEMENTARY INFORMATION  
For the years ended June 30, 2018 and 2017

**I. SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**

For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service cost	\$ 3,359,195	\$ 3,269,290
Interest	7,957,577	7,305,828
Benefit payments	<u>(7,222,945)</u>	<u>(7,230,215)</u>
Net change in Total OPEB liability	4,093,827	3,344,903
Total OPEB liability, beginning of year	<u>116,969,506</u>	<u>113,624,603</u>
Total OPEB liability, end of year (a)	<u>\$ 121,063,333</u>	<u>\$ 116,969,506</u>
Plan fiduciary net position		
Employer contributions	19,422,945	15,230,215
Actual investment income	6,028,034	9,043,304
Administrative expense	(376,812)	(337,684)
Benefits payment	<u>(7,222,945)</u>	<u>(7,230,215)</u>
Change in plan fiduciary net position	17,851,222	16,705,620
Fiduciary trust net position, beginning of year	<u>97,061,619</u>	<u>80,355,999</u>
Fiduciary trust net position, end of year (b)	<u>\$ 114,912,841</u>	<u>\$ 97,061,619</u>
Net OPEB liability, ending (a) - (b)	<u>\$ 6,150,492</u>	<u>\$ 19,907,887</u>
Covered payroll	\$ 91,765,187	\$ 83,799,966
Plan fiduciary net position as a percentage of the Total OPEB liability	95%	83%
Net OPEB liability as a percentage of covered payroll	7%	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 years ended June 30, 2018 and 2017

---

**I. SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS (Continued)**

Valuation date	June 30, 2017
Measurement date	June 30, 2018 and 2017
Census data	The census was provided by the District as of June 30, 2018 and 2017
Actuarial cost method	Entry age actuarial cost method
Inflation rate	2.75%
Investment rate of return / 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.
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.

---

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
REQUIRED SUPPLEMENTARY INFORMATION  
For the years ended June 30, 2018 and 2017

---

**II. SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN OF OPEB PLAN INVESTMENTS**

Money-weighted rate of return on OPEB plan investments	<u>2018</u> 7%	<u>2017</u> 7%
--	-------------------	-------------------

*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 years ended June 30, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2018.

**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 LLP

Sacramento, California  
December 14, 2018

**BOARD REPORT NO. 19-1-106B**

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

**ADOPTING RESOLUTION REGARDING AWARENESS OF HUMAN TRAFFICING  
IN THE BAY AREA**

At the Board's meeting of December 12, 2018, Vice President Schwarz brought to the Board's attention the continued deplorable act of human trafficking, and noted the prevalence of this despicable act in the Bay Area. At that meeting, Vice President Schwarz asked the Board to consider a demonstration of support for human trafficking awareness and the Board agreed.

Human trafficking is a crime in which force, fraud or coercion is used to compel a person to perform labor, services or commercial sex. It affects all populations: adults, children, men, women, foreign nationals and U.S. citizens, and all economic classes. Human trafficking is a human rights violation, a violation of both federal and California law, and a violation of basic human decency and dignity. It promotes the breakdown of families and communities, fuels organized crime, deprives countries of human capital, undermines public health and imposes large economic costs.

The FBI has identified California in general and the San Francisco Bay Area in particular as an area of high prevalence for human trafficking. Although human trafficking is illegal, victims often do not recognize their victimization, do not know that help is available, or where to see assistance.

**RECOMMENDATION**

It is recommended that the Board of Trustees adopt Resolution No. 19-3, regarding Awareness of Human Trafficking in the Bay Area, and encourage all members of the District and broader community to be aware of and support efforts to end human trafficking and support individuals who have been victims of human trafficking.

**RESOLUTION NO. 19-3  
BY THE GOVERNING BOARD OF THE  
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
STATE OF CALIFORNIA**

---

**RESOLUTION REGARDING AWARENESS OF HUMAN TRAFFICKING  
IN THE BAY AREA**

**WHEREAS**, the United States Senate designated January 11 as National Human Trafficking Awareness Day in 2007 and, beginning in 2010 by Presidential Proclamation, each January has been designated National Slavery and Human Trafficking Prevention Month; and

**WHEREAS**, human trafficking is modern day slavery and involves adult or child commercial sexual exploitation and labor exploitation; and

**WHEREAS**, human trafficking is a human rights violation, and a violation of both federal and California law, it also promotes the breakdown of families and communities, fuels organized crime, deprives countries of human capital, undermines public health, and imposes large economic costs; and

**WHEREAS**, the crime of human trafficking is present in every country and every U.S. state, and forced labor, commercial sexual exploitation and involuntary domestic servitude have been found to exist within local communities; and

**WHEREAS**, the FBI has identified California and the San Francisco Bay Area as an area of high prevalence for human trafficking. Although human trafficking is illegal, victims often do not recognize their victimization, do not know that help is available, or where to seek assistance; and

**WHEREAS**, public awareness about human trafficking still needs to reach broader communities and communicate more information about the nuances of this crime;

**NOW THEREFORE, BE IT PROCLAIMED**, that the Board of Trustees of the San Mateo County Community College encourages all faculty, staff, administrators, students and San Mateo County residents to support the national and local fight against human trafficking.

**REGULARLY PASSED AND ADOPTED** this 23<sup>rd</sup> day of January 2019.

Ayes:

Noes:

Abstentions:

Attest: \_\_\_\_\_

Karen Schwarz  
Vice President-Clerk, Board of Trustees

**BOARD REPORT NO. 19-1-107B**

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Jasmine Robinson, IT Director of Web Services, 358-6788  
Edgar Coronel, IT Director of Administrative Systems  
Sue Harrison, Director, General Services, 358-6879

**APPROVAL OF SOLE SOURCE PURCHASE OF SOFTWARE SUBSCRIPTION AND SERVICES  
FROM ONELOGIN**

Single sign-on services allow employees and students to login to applications -- such as the CRM, Adobe, Canvas, and the like -- using a single user name and password. The services also provide convenient password recovery via security questions, email, text message or mobile app.

In 2017, after researching single sign-on solutions, ITS identified OneLogin as a reliable, cost-effective, industry standard solution, with little dependency on internal IT infrastructure. Single application licensing was purchased and significant IT resources were spent on the successful integration of OneLogin to Canvas and the District's existing directory systems.

Further licensing is needed in order to expand OneLogin to additional applications such as Adobe, the SalesForce CRM, Regroup (the District's new emergency notification system), and other existing and potential cloud based applications. As such, IT recommends changing its OneLogin licensing from the single application model to an enterprise-wide model. The enterprise-wide licensing will allow IT to immediately begin adding more applications and more users and building a dashboard of applications, available through OneLogin for faculty, staff and students.

Because OneLogin has already been successfully integrated and implemented with selected applications, a competitive bidding process in search of a different single sign-on solution would not result in advantage to the District.

**RECOMMENDATION**

It is recommended that the Board of Trustees approve the sole source purchase of software subscription and services from OneLogin for all three colleges and the district office for a period of five years in the amount of \$336,600 (\$67,320 per year) plus additional implementation costs not to exceed \$7,500 for ten applications at \$750 per application. After the five-year period, ongoing annual subscription fees will apply.

**BOARD REPORT NO. 19-1-108B**

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Sue Harrison, Director, General Services, 358-6879  
Joseph Fullerton, Energy and Sustainability Manager, Facilities Planning and Operations, 358-6848

**RATIFICATION OF SOLE SOURCE AGREEMENT BETWEEN SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT AND STRATEGIC ENERGY INNOVATIONS**

The District received \$300,000 in grant funding from the Bay Area Air Quality Management District through the Climate Protection Program to train energy and facilities professionals. The grant, accepted by the District in July 2018 (Board Report No. 18-7-112B), was developed in partnership with Strategic Energy Innovations (SEI) to provide this training through the existing Climate Protection Professional Certificate program at Skyline College and another through the new Facilities Management Certificate program at the College of San Mateo

The grant stipulates that SEI will recruit, help place, provide wrap-around services, and contract employment to a cohort of up to 22 fellows over two years as part of this contract. They will also provide administration services relative to the grant requirements. The District has entered into a sole source agreement with SEI to provide these services

**RECOMMENDATION**

It is recommended that the Board ratify the sole source agreement with SEI, effective November 7, 2018 through December 31, 2020 in the amount of \$295,061.27 for implementation of activities for the Bay Area Air Quality Management District Climate protection Program grant. Funding for the contract is provided through the grant funds approved by the Board in July 2018.

**BOARD REPORT NO. 19-1-109B**

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. 19-1-2C**

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 & Contracts Manager, Department of General Services, 358-6863

**2019 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 2019 prequalification process began in September 2018. 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 3, 2018 to give applicants information about the process and to answer contractor questions. Two firms attended the non-mandatory conference. The deadline for application submission was November 7, 2018. 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 126 applications were submitted for consideration for 2019 prequalification. This is a 15% increase from the 2018 pool of 110 submitted applications.

As of January 14, 2019, staff has evaluated the 126 submitted applications. One hundred and ten (110) firms met all published criteria and have been included in the 2019 pool as publicized on the District's Facilities website.

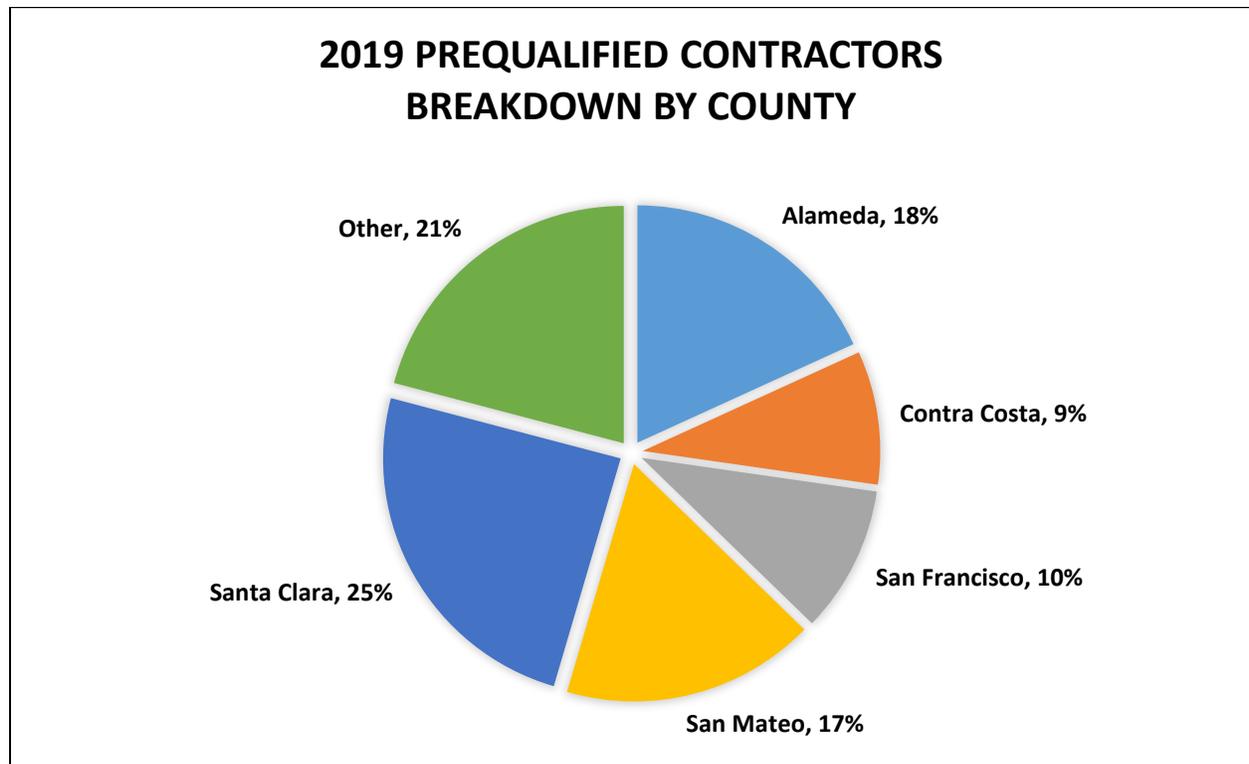
Sixteen (16) applications have been deemed ineligible either due to a deficiency in their submittal, exceeding the District's Experience Modification Rate (EMR) threshold or significant litigation/claims history. These firms have been notified of their standing and have been given the opportunity to appeal.

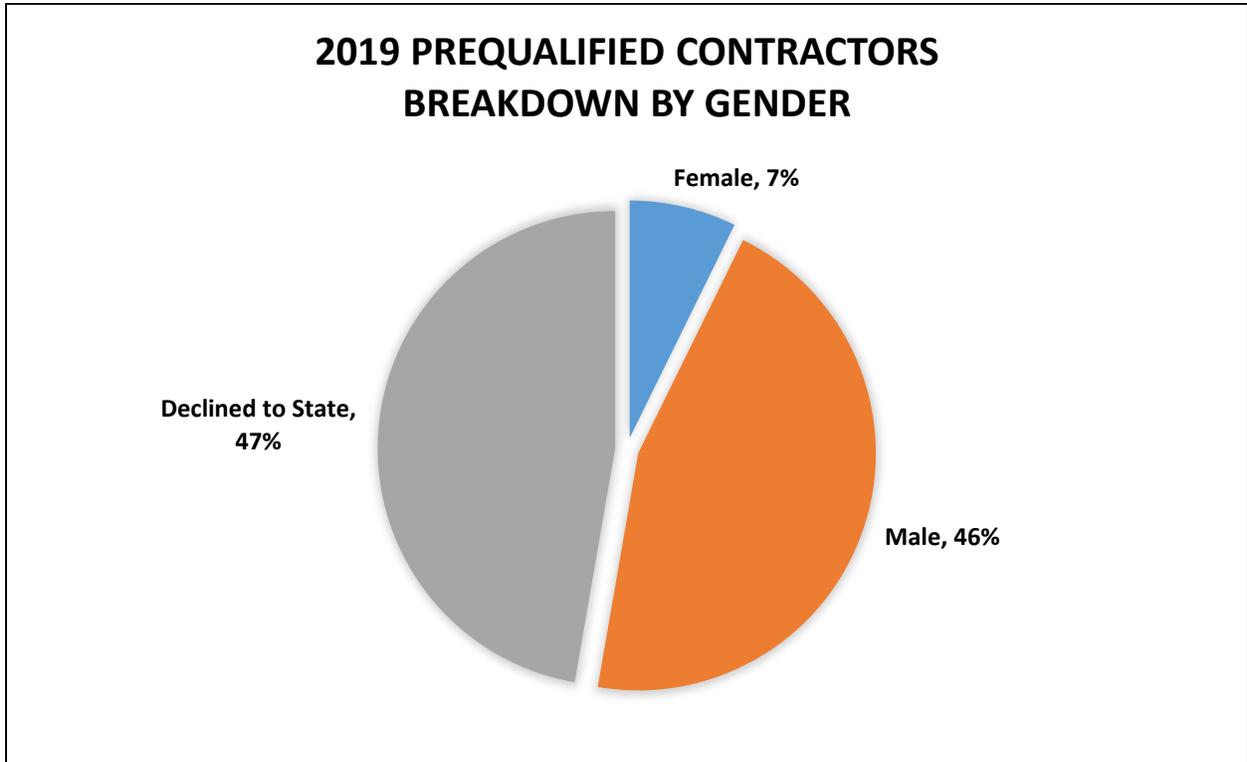
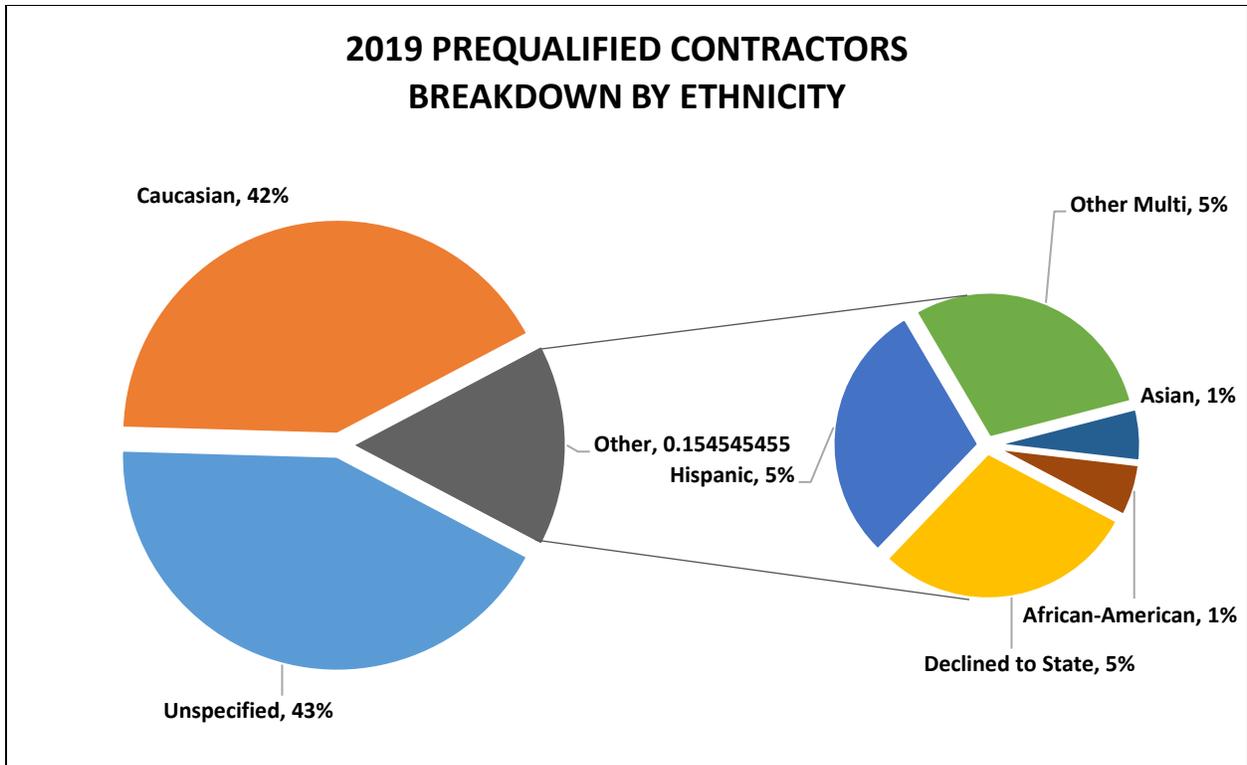
The following statistics apply for the 110 valid applicants who have met the criteria and are prequalified for 2019:

### **2019 Contractor Prequalification Statistics**

<b>Construction Contractor's License Classification Summary</b>	
<b>#</b>	<b>License Type</b>
<b>48</b>	A – General Engineering Contractor
<b>74</b>	B – General Building Contractor
<b>3</b>	C-2 – Insulation and Acoustical Contractor
<b>7</b>	C-4 – Boiler, Hot Water Heating and Steam Fitting Contractor
<b>1</b>	C-6 – Cabinet, Millwork and Finish Carpentry Contractor
<b>6</b>	C-7 – Low Voltage Systems Contractor
<b>7</b>	C-8 – Concrete Contractor
<b>2</b>	C-9 – Drywall Contractor
<b>24</b>	C10 – Electrical Contractor
<b>3</b>	C12 – Earthwork and Paving Contractors
<b>2</b>	C13 – Fencing Contractor
<b>2</b>	C15 – Flooring and Floor Covering Contractors
<b>4</b>	C16 – Fire Protection Contractor
<b>2</b>	C17 – Glazing Contractor
<b>17</b>	C20 – Warm-Air Heating, Ventilating and Air-Conditioning Contractor
<b>7</b>	C21 – Building Moving/Demolition Contractor
<b>2</b>	C22 - Asbestos Abatement (NEW! Classification Effective Jan 2016)
<b>2</b>	C23 – Ornamental Metal Contractor
<b>10</b>	C27 – Landscaping Contractor
<b>3</b>	C28 – Lock and Security Equipment Contractor
<b>3</b>	C31 - Construction Zone Traffic Control Contractor
<b>4</b>	C33 – Painting and Decorating Contractor
<b>1</b>	C35 – Lathing and Plastering Contractor
<b>12</b>	C36 – Plumbing Contractor
<b>3</b>	C38 – Refrigeration Contractor
<b>8</b>	C39 – Roofing Contractor
<b>1</b>	C42 – Sanitation System Contractor

9	C43 – Sheet Metal Contractor
1	C45 – Electrical Sign Contractor
1	C51 – Structural Steel Contractor
2	C53 – Swimming Pool Contractor
1	C57 – Water Well Drilling Contractor
5	C61 – Limited Specialty
2	D-16 – Hardware, Locks and Safes
1	D-21– Machinery and Pumps
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-49 – Tree Services
1	D-65 – Weatherization and Energy
6	ASB – Asbestos Certification
11	HAZ - Hazardous Substance Removal Certification





**BOARD REPORT NO. 19-1-3C**

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

**UPDATE ON SKYLINE COLLEGE BUILDING 1N, SOCIAL SCIENCE AND CREATIVE ARTS**

This report provides information to the Board of Trustees regarding the Skyline College Building 1N Social Science and Creative Arts (SKY B1) capital project status as well as outlining economic constraints that staff is currently experiencing with this project.

The SKY B1 project covers the demolition and reconstruction of the existing Building 1. The new ~120,000 SF facility would include a new 520-seat main theater, a 60-seat flexible theater, a 220-seat choral room, music practice rooms, several large lecture halls, an art gallery, sculpture studios, classroom and laboratory facilities for 2D and 3D design studios, photography dark room and laboratory, digital media art studios, art history classrooms, ceramics classroom and studio, and faculty offices. The existing structure also houses the campus boiler plant and main point of entry (MPOE) for electrical, gas, water and IT infrastructure. Accordingly, connected to this project, a new campus boiler plant and MPOE and other highly complex systems would be constructed. The new facility would also include other highly complex systems.

When Measure H was approved in November 2014, the SKY B1 project was originally budgeted for a total project cost of approximately \$110M. Subsequently, on April 19, 2017, staff recommended and the Board of Trustees approved a contract award to the design build entity of Turner/Snohetta/DLR in the amount not to exceed \$120M for the design and construction of the project (Board Report No. 17-4-100B). The project has recently completed the design development phase and the current cost estimate reflects a total project cost well in excess of \$175M. Throughout the programing and design phases, District and College staff have worked diligently and deliberately to value engineer the project to stay within the original budget. The Turner/Snohetta/DLR team has worked extensively with the Skyline College president, executive leadership team, dean and faculty to evaluate the program needs and to identify efficiencies within the program. Five separate schemes were explored in order to reduce the cost of the project. The team has eliminated ~30,000 square feet of space in the proposed building by relocating the social science department to Pacific Heights. The team has further considered relocating the sculpture and ceramics programs from the new building to Pacific Heights. The music and art programs have also reduced and/or consolidated some of their respective space. Despite all of these efforts, the project is still significantly over budget. While the reprograming of the project engaged the academic end users, President Stanback Stroud has advised that if the value engineering ideas are implemented and the project is constructed, the compromises in the programs will result in a:

- significant decrease in the number of required classrooms
- disconnect of the arts programs by relocating ceramics and sculpture
- suboptimal space for the social science department and also disconnecting it from the creative arts division

Based on these factors, staff believes the recently completed value engineering analysis fails to meet the academic needs of the College. Essentially, completion of the project with the proposed reprogramming would result in fragmentation of the social science and arts programs and would not allocate sufficient space for future program growth.

Last January, staff advised the Board of Trustees of the Capital Improvement Program budget challenges due to the overheated Bay Area construction market (Board Report 18-1-4C). At that time, staff reported that since 2014, construction costs have escalated 32.4% and the revised project estimate increased to \$160M. This year, the construction market has continued to experience escalation of 7% annually with no sign of a plateau in sight. By the time this project is fully designed and DSA permits are issued (18 to 24 months from now), based on current trends, it is possible the project cost could increase an additional 10% to 15%, pushing the total project cost to nearly \$200M. Given the initial allocation of \$110M, continuing the project at this time will exceed the Measure H funding allocated to SKY B1, requiring the District to identify additional funding sources, such as a COP, of approximately \$90M. As a result, District and Skyline College administration believe it is in the best interest of the college to put the SKY B1 project on hold until sufficient funding has been identified to support the design and construction of the project so it adequately meets the academic program needs of Skyline College.

The funds originally assigned to the SKY B1 project will be reallocated for various other capital projects districtwide as well as to provide required matching funds for State Capital Outlay projects.

**BOARD REPORT NO. 19-1-4C**

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Dr. Aaron D. McVean, Vice Chancellor of Educational Services and Planning,  
358-6803

**ACCREDITATION UPDATE AND TIMELINE**

In the fall of 2019, the District and its Colleges will host comprehensive external evaluation visits from September 30<sup>th</sup> to October 3<sup>rd</sup> as part of the regular cycle of evaluation by the Accrediting Commission for Community and Junior Colleges (ACCJC). ACCJC member institutions undergo a comprehensive review for reaffirmation of accreditation every seven years to determine whether they continue to meet ACCJC’s expectations and are engaged in sustainable efforts to improve educational quality and institutional effectiveness. As part of the process, and in compliance with Standard IV.C.13, this report serves as an update of the accreditation process for the Board of Trustees.

Each of the colleges of the District began a two-year self-evaluation process in the fall of 2017 by designating a committee that is responsible for the overall planning and supervision of the self-evaluation process and the preparation of the Institutional Self-Evaluation Report (ISER). Dozens of individuals across multiple committees have been involved in writing the ISER over the past several months. Each of the colleges is in the process of finalizing their respective ISERs for submission to the ACCJC in August. New to the District for this accreditation cycle, each college’s ISER will also include a Quality Focused Essay (QFE), a required component of the ISER that “provides the opportunity for member institutions to be innovative and to propose new ideas and projects that will improve student learning and/or student achievement at the institutional level.”

The timeline for the Board of Trustees to review and adopt the ISERs prior to submission to the ACCJC is presented below.

<b>Activity</b>	<b>Date</b>
Institutional Self-Evaluation Reports (ISERs) Submitted to ACCJC	August 1, 2019
Board Adoption of College ISERs and QFEs – Second Reading (Action)	July 24, 2019
Board Adoption of College ISERs and QFEs – First Reading (Report)	April 24, 2019