

**AGENDA**  
**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**REGULAR MEETING OF THE BOARD OF TRUSTEES**  
**Wednesday, January 22, 2020**  
**Closed Session at 4:30 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 and potential or existing litigation. 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.*

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**4:30 p.m.      Call to Order**

**CLOSED SESSION ITEMS FOR DISCUSSION**

1. Conference with Legal Counsel – Anticipated Litigation: Significant exposure to litigation pursuant to Gov. Code, § 54956.9, subd. (d)(2): Three cases
2. Employee Discipline, Dismissal, Release
3. Conference with Labor Negotiator  
Agency Negotiator: Mitchell Bailey  
Employee Organizations: AFT and CSEA
4. Public Employment: Interim Chancellor Compensation

**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**

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

### **DISCUSSION OF THE ORDER OF THE AGENDA**

#### **AUDIT PRESENTATIONS**

- 20-1-100B     [Receipt and Acceptance of the 2018-19 District Audit Report](#)
- 20-1-101B     [Receipt and Acceptance of the 2018-19 KCSM Audit Report](#)
- 20-1-102B     [Receipt and Acceptance of the 2018-19 General Obligation Bond Financial and Performance Audit Reports](#)
- 20-1-103B     [Receipt and Acceptance of the 2018-19 Retirement Futuris Public Entity Investment Trust Audit Report](#)

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

- 20-1-3C        [Presentation by U.S. Naval Sea Cadet Corps, Band of the West](#)
- 20-1-4C        [Contemporary Conversation Regarding Race, Class, Gender, Privilege and Equity: San Mateo County Complete Count Census Efforts](#)

#### **STATEMENTS FROM EXECUTIVES AND STUDENT REPRESENTATIVES**

#### **STATEMENTS FROM OTHER REPRESENTATIVE GROUPS**

AFT, Local 1493  
CSEA, Chapter 33  
AFSCME, AFL-CIO, Local 829, Council 57

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

#### **NEW BUSINESS**

- 20-1-5A        [Approval of Personnel Items: Changes in Assignment, Compensation, Placement, Leaves, Staff Allocations and Classification of Academic and Classified Personnel](#)
- 20-1-6A        [Approval of Revision to Miscellaneous Pay Rates Salary Schedule](#)
- 20-1-7A        [Approval of Revision to Executive Salary Schedule](#)
- 20-1-8A        [Approval of Chancellor Search Screening Committee Nominations](#)

## **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.*

- 20-1-1CA [Approval of Curricular Additions, Deletions and Modifications – College of San Mateo and Skyline College](#)
- 20-1-2CA [Approval of 2020-21 Integrated District Budget Planning Calendar](#)
- 20-1-3CA [Approval of Contract with Folger Graphics to Print and Deliver Class Schedules and Postcards](#)
- 20-1-4CA [Adoption of the 2020-2021 Academic Calendar](#)
- 20-1-5CA [Adoption of Resolution Nos. 20-01 through 20-07 in Support of San Mateo County School Districts’ Bond and Parcel Tax Measures](#)

## **Other Recommendations**

- 20-1-104B [Consideration of Board Member Compensation](#)
- 20-1-105B [Adoption of Resolution Supporting San Mateo County Complete Count Census Efforts](#)
- 20-1-106B [Nominations for Membership on the California Community College Trustees \(CCCT\) Board, 2020](#)

## **INFORMATION REPORTS**

- 20-1-5C [2020 Contractor Prequalification Update](#)
- 20-1-6C [Bond Oversight Committee Annual Report to the Community](#)
- 20-1-7C [Discussion of Potential Topics for Board Retreat Agenda](#)

## **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**

**BOARD REPORT NO. 20-1-100B**

TO: Members of the Board of Trustees  
FROM: Michael Claire, Interim Chancellor  
PREPARED BY: Bernata Slater, Chief Financial Officer, 358-6755

**RECEIPT AND ACCEPTANCE OF THE 2018-19 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, 2019. 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 2018-19 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, 2019 due date.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**FINANCIAL STATEMENTS**  
June 30, 2019

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2019

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SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2019

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## INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities, the fiduciary activities and the discretely presented component unit of San Mateo County Community College District, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise San Mateo County Community College District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

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(Continued)

## **Opinions**

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, 2019, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 2 to the financial statements, the District early implemented Governmental Accounting Standards Board (GASB) Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period". Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 22 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 68 to 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

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

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of expenditures of federal awards and other supplementary information as listed in the table of contents, except for the Organization, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the information on page 74 titled Organization, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information on page 74 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 6, 2019 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 6, 2019

# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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### **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 32,000 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 of Science degree 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, 2019. 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

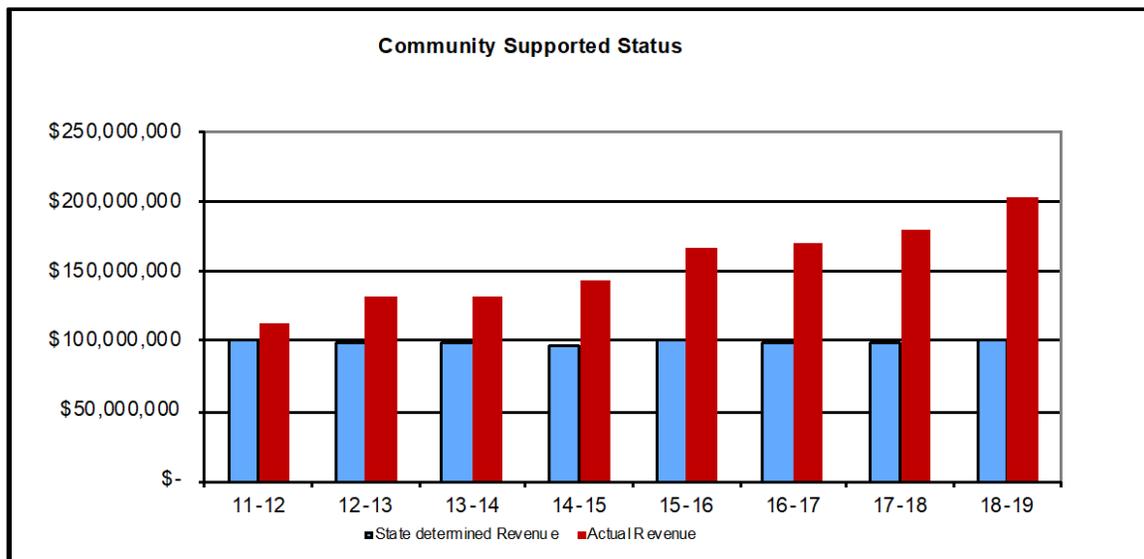
## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

### Economic Position of the District within the State

The District continues its community-supported status for the ninth consecutive year (FY 2011-12 through FY 2019-20). 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 \$65 million in FY 2019-20 in excess of what the District would have received had it been subject to the revenue limit 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 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 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:



### 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. FY 2019-20 includes a salary adjustment for AFSCME and non-represented employees. Negotiations for compensation for AFT and CSEA are ongoing and once settled will be allocated accordingly. The budget includes increases in the District's share of health premium rates for employees and retirees effective January 1, 2020. On average, the rates increased approximately 1.09% across all medical plans. Dental and vision insurance premiums remained unchanged.

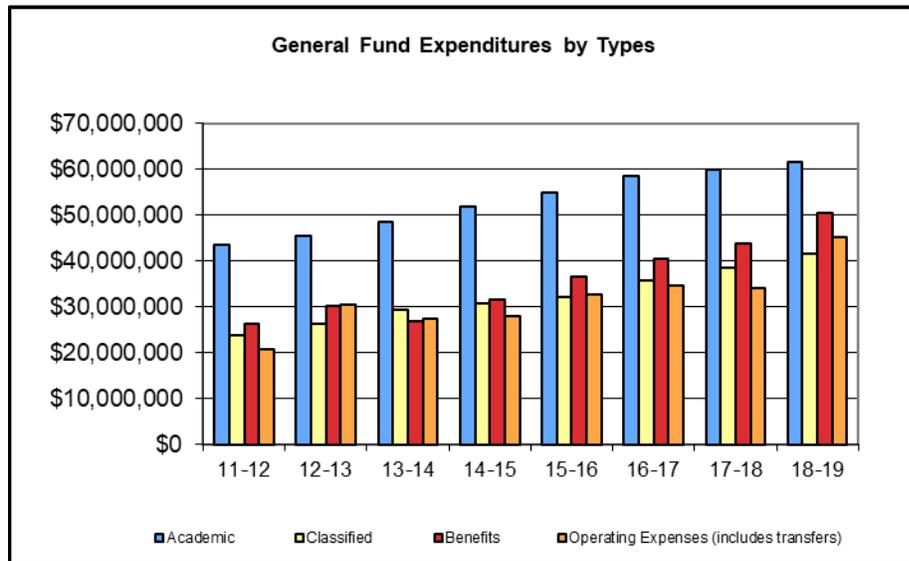
# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

For pensions, the PERS employer rate increased from 18.06% to 19.72% for classified employees and the STRS employer rate increased from 16.28% to 17.1% for faculty and other academic employees. The District's Workers' Compensation costs have remained low allowing the District to retain an internal charge percentage at a rate of .71% of payroll while the unemployment insurance contribution rate remained unchanged at 0.055%.

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



### Other Postemployment Benefits

To comply with Governmental Accounting Standards Board Statement 45, in FY 2009-10, the District began assessing an amount to cover the future retiree medical benefit costs for current employees. These charges appear as part of benefit expenses across all funds.

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, 2019**

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The District made an additional contribution of \$2.6 million in FY 2018-19 and contracted to prepare an Actuarial Study as of June 30, 2019. This recent study estimated that the District has fully funded its OPEB liability of \$109.6 million. The fiduciary net position of the trust at June 30, 2019 was \$123 million. (See Note 13 in the financial statements for additional details.) Given this funding status, the District engaged with its RBOA (Retirement Board of Authority) and Actuarial Services of Total Compensation Services to develop a disbursement plan moving forward. Preliminary conversations occurred in October 2019 with the RBOA considering potential cost increases of medical benefits, employee and retiree demographics, market fluctuations, and additional contributions the District anticipates making to the OPEB Fund in order to maintain a fully-funded status.

# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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### **Bond construction**

As of June 30, 2019, \$215 million of the \$388 million authorization for the Measure H November 2014 General Obligation Bond Program has either been spent or encumbered by contract. Below is a sample of projects funded:



*Building 1 Progress*



*Building 23 Ribbon Cutting Ceremony*

College of San Mateo



*Building 3 Theater Seating*



*Building 17 Progress*

# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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Various projects were completed throughout the year including:

- Building 2/3/4 Roofing Replacement
- Building 3 Humanities and Arts Theater Seating Replacement
- Campus-wide Interior LED Lighting Upgrade



*Building 12 Glass Install*



*Building 14 Play Yard*

Various projects were completed throughout the year including:

- Building 5 Center of Transformative Teaching and Learning (CTTL)
- Building 14 Loma Chica Child Development Center
- Building 19 Pacific Heights Renovation

# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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### **Enrollment:**

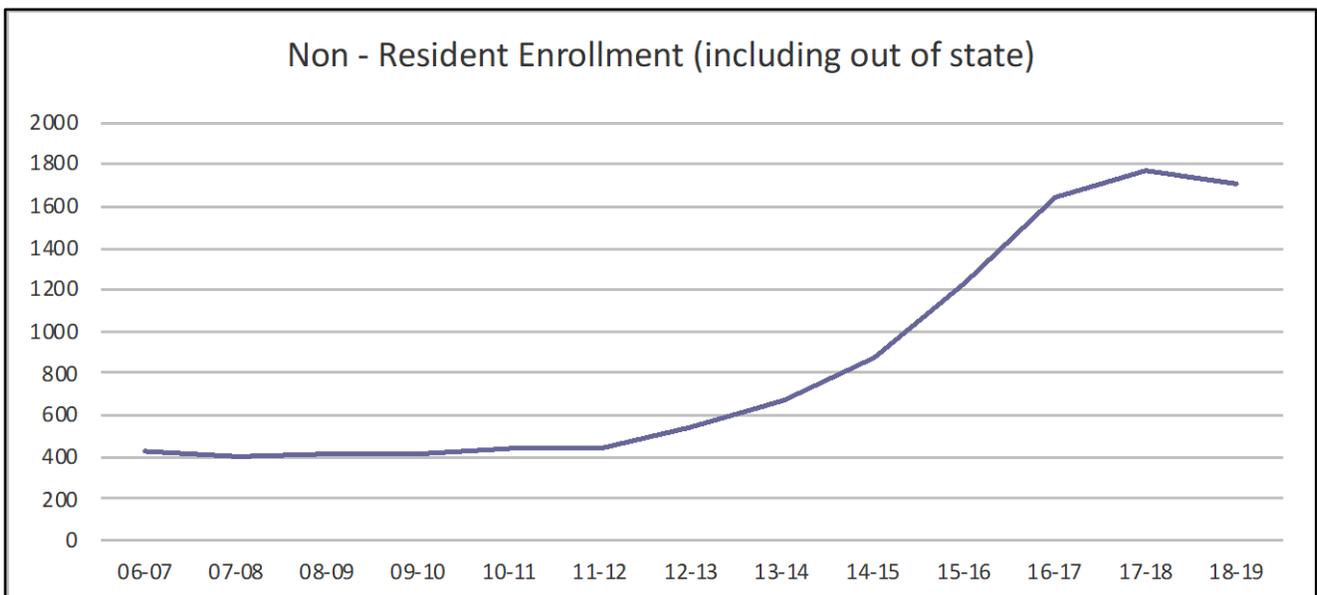
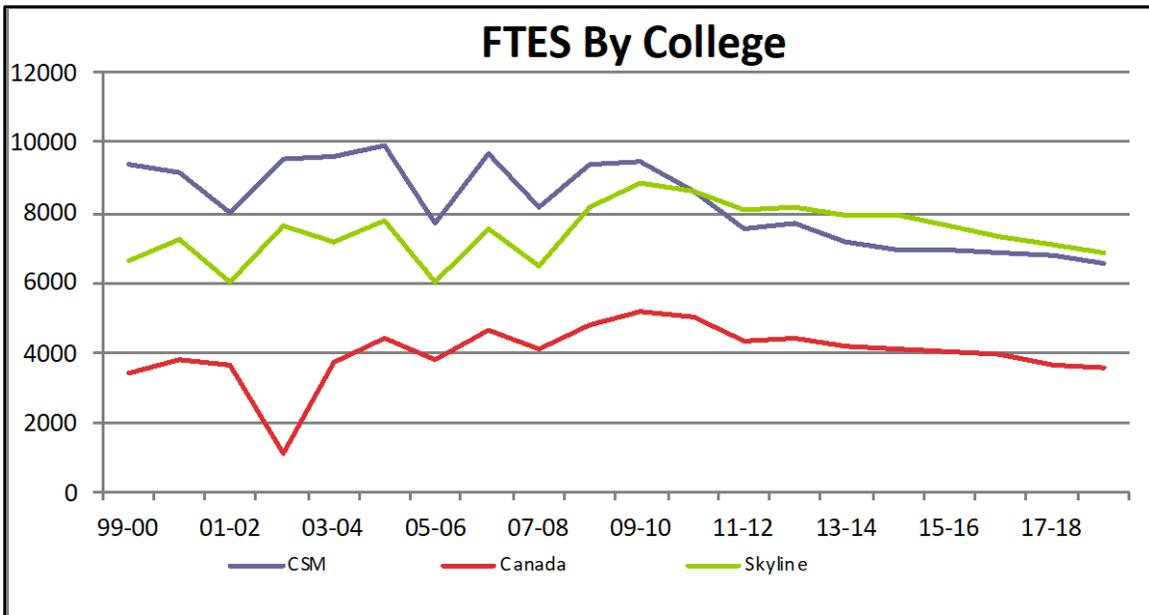
For the District, enrollment is no longer the main driver of funding since property taxes and fees primarily determine its resource as a community-supported district. Historically, community college districts' enrollment increases when unemployment increases and decreases when the economy recovers. Accordingly, the District's enrollment has declined during the current economic climate in the Bay Area. In FY 2018-19, the District's resident enrollment continued to decline as anticipated due to the robust economy in San Mateo County while international student enrollment declined slightly from the prior year and the District anticipates educating close to 1,000 international students in FY 2019- 20.

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, 2019**



**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2019**

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**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, pursuant to AB 1469, the legislation gives the CalSTRS Board limited authority to adjust employer contribution rates 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 24.6% by FY 2021-22 while the employer rate for CalSTRS will increase to over 18% by FY 2021-22. Management anticipates these increases to cost the District at least \$7.5 million annually by FY 2021-22.

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>	19.72%	17.10%
<b>2020-21</b>	22.70%	18.40%
<b>2021-22</b>	24.60%	18.10%

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	\$ 91,907,000,000	\$ 26,663,000,000	
SMCCCD Share	0.100%	0.397%	
SMCCCD Liability	\$ 91,907,000	\$ 105,853,000	\$ 197,760,000

Accordingly, the District's net position as of June 30, 2019 will reflect an additional \$21 million liability for a total of \$198 million.

# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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### **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, 2019.
- 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, 2019.
- Unearned revenues represent cash received during FY 2018-19 from the State, Federal grants, and student fees which were not "earned" as of June 30, 2019.
- 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, 2019

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### **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.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2019**

***SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION - PRIMARY  
FOR THE YEARS ENDED JUNE 30, 2019 and 2018***

	(In Thousands)	(In Thousands)
	<b>2019</b>	<b>2018</b>
<b>OPERATING REVENUES</b>		
Net Student Tuition and Fees	\$ 22,944	\$ 23,332
Auxiliary Enterprise Sales and Charges	10,010	9,610
Other Sales and Charges	1,908	1,921
<b>TOTAL OPERATING REVENUES</b>	<b>34,862</b>	<b>34,863</b>
<b>OPERATING EXPENSES</b>		
Salaries	135,998	127,870
Employee benefits	70,645	56,452
Supplies, Materials, and Other Operating Expenses and Services	36,976	41,869
Student Aid	19,622	20,177
Depreciation	27,467	27,354
<b>TOTAL OPERATING EXPENSES</b>	<b>290,708</b>	<b>273,722</b>
<b>OPERATING LOSS</b>	<b>(255,846)</b>	<b>(238,859)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Local Property Taxes, Levied for General Purposes	157,586	145,713
Local Property Taxes, Levied for Special Purposes	43,981	52,708
State Taxes and Other Revenues	17,257	8,241
Grants, Apportionments and Contracts, Noncapital	52,961	51,667
Investment Income	8,122	3,146
Interest Expense	(32,799)	(40,840)
Gain (Loss) on Disposal of Asset	29,977	(90)
Other Non-Operating Revenues (Expenses)	26,218	16,078
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>303,303</b>	<b>236,623</b>
<b>INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES</b>	<b>47,457</b>	<b>(2,236)</b>
State revenues, capital	398	1,584
Local revenues, capital	269	372
<b>TOTAL OTHER REVENUES AND EXPENSES</b>	<b>667</b>	<b>1,956</b>
<b>CHANGE IN NET POSITION</b>	<b>48,124</b>	<b>(280)</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>(41,700)</b>	<b>(41,420)</b>
<b>RESTATEMENT</b>	<b>-</b>	<b>-</b>
<b>Cumulative effect of GASB 75 implementation</b>		
<b>NET POSITION, BEGINNING OF YEAR AS RESTATED</b>	<b>(41,700)</b>	<b>(41,420)</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 6,424</b>	<b>\$ (41,700)</b>

# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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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.

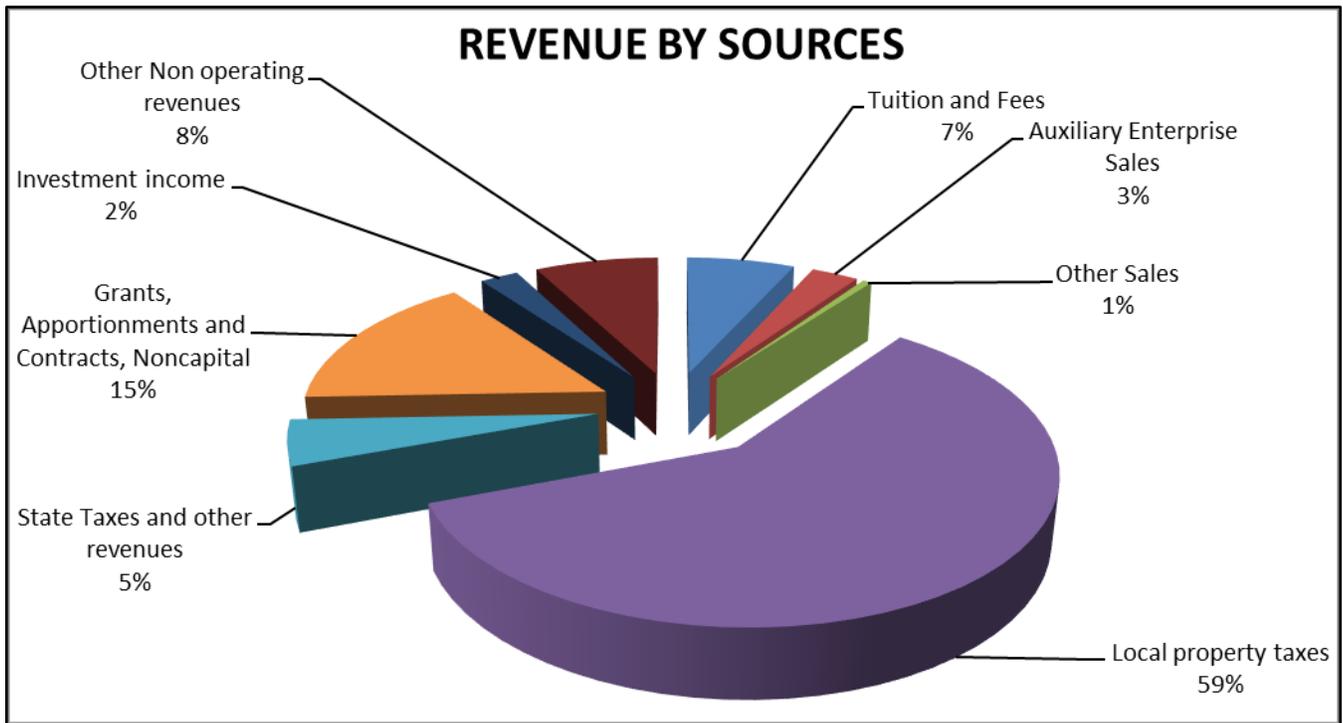
**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2019**

Below is an illustration of District revenues by source:

**Revenue by Sources**



# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

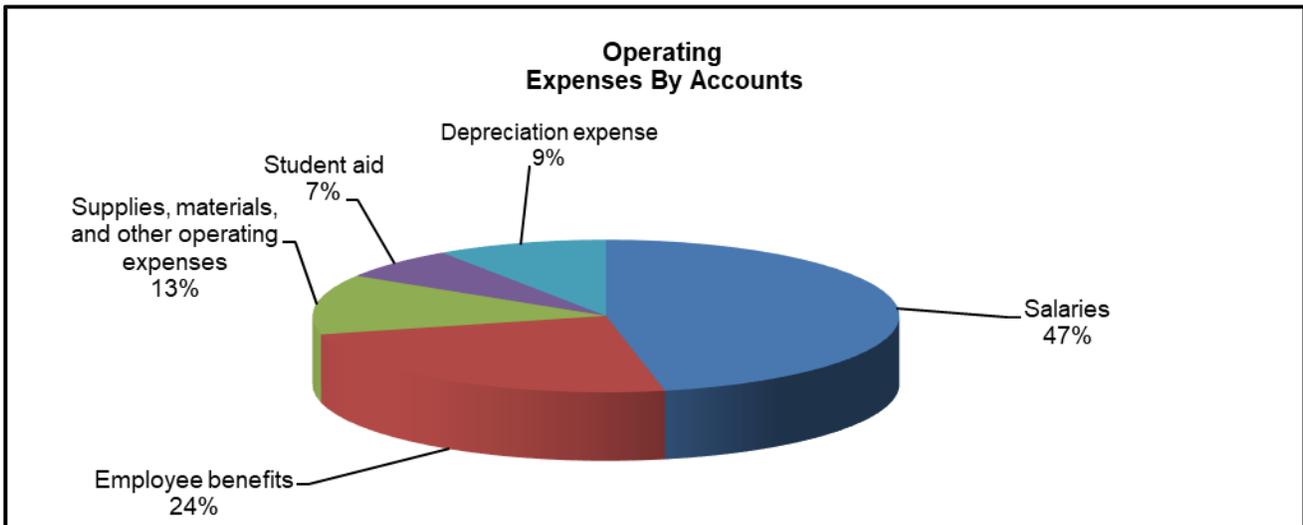
## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Revenues and expenses changed mainly due to the following:

- Operating revenue experienced a decrease due to a decrease in tuition and fees, offset by increase in Auxiliary operations revenue.
- Non-operating revenue increased mainly due to an increase in local property taxes, state grants, apportionment and investment income.

### 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, 2019

### 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).

### Statement of Cash Flows

***SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT  
FOR THE YEARS ENDED JUNE 30, 2019 and 2018***

	(In Thousands) <b>2019</b>	(In Thousands) <b>2018</b>
<b>CASH FLOWS (USED IN) PROVIDED BY:</b>		
Operating Activities	\$ (228,320)	\$ (214,530)
Noncapital financing activities	292,832	272,245
Capital financing activities	171,164	(113,483)
Investing activities	8,122	3,183
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>243,798</b>	<b>(52,586)</b>
<b>CASH &amp; CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>315,346</b>	<b>367,932</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 559,144</b>	<b>\$ 315,346</b>

# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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### **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 secured roll's assessed valuation increased 7.12% county-wide in FY 2019-20. Accordingly, the District's has projected property tax revenues in FY 2019-20 to increase by 7.12%. 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 2021-22.

### **Construction Planning FY 2019-20 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. For several years, the District experienced a decline in State Capital Outlay funds for projects due to the fact that the State had failed to approve an educational facilities bond. 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 \$77.6 million for facilities upgrades. The State process is in flux so the timing is uncertain.

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 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 17 Student Life and Learning Communities Renovation
- Building 20 Edison Lot Expansion
- Building 7 FMC Corp Yard

#### **Skyline College:**

- Building 12N Environmental Science
- Building 7 STEM Center
- Parkland and Accessible Route to College Ridge

# SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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### **Districtwide:**

- Districtwide Classroom Security Hardware Upgrade, Phase 4
- Districtwide Fire Alarm Panel Replacement
- 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 Server Replacement
- Districtwide Emergency Alert System Speaker Coverage Replacement
- Districtwide Video Server Upgrade
- Districtwide Video Camera Replacement
- Districtwide Batting Cages Upgrade

The 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 community, 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 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 towards 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 of up to a \$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, 2019

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**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 early 2021.



### **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 650-358-6755 or by e-mail at [slaterb@smccd.edu](mailto:slaterb@smccd.edu).

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2019

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 62,245,644
Accounts receivables, net	21,151,513
Inventory	3,672,934
Prepaid expenses	<u>2,892,549</u>
Total current assets	<u>89,962,640</u>

Noncurrent assets:

Restricted cash and cash equivalents	496,899,197
Net OPEB asset	13,462,329
Nondepreciable capital assets	183,285,310
Depreciable capital assets, net	<u>533,748,323</u>
Total noncurrent assets	<u>1,227,395,159</u>

Total assets	<u>1,317,357,799</u>
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflow of resources - OPEB	2,446,663
Deferred outflow of resources - debt refundings	10,664,487
Deferred outflow of resources - pensions	<u>60,638,804</u>
Total deferred outflows of resources	<u>73,749,954</u>

Total assets and deferred outflows of resources	<u>\$ 1,391,107,753</u>
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**LIABILITIES**

Current liabilities:

Accounts payable	\$ 29,205,189
Interest payable	9,178,474
Unearned revenue	18,707,744
Compensated absences payable - current portion	3,937,459
Long-term debt - current portion	<u>45,636,356</u>
Total current liabilities	<u>106,665,222</u>

Noncurrent liabilities:

Compensated absences payable - noncurrent portion	1,795,102
Bonds and notes payable - noncurrent portion	1,049,779,420
Net pension liability	<u>197,690,000</u>

Total noncurrent liabilities	<u>1,249,264,522</u>
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Total liabilities	<u>1,355,929,744</u>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources - OPEB	13,873,646
Deferred inflows of resources - debt refundings	4,529,024
Deferred inflows of resources - pensions	<u>10,351,000</u>

Total deferred inflows of resources	<u>28,753,670</u>
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**NET POSITION**

Net investment in capital assets	235,442,345
Restricted for capital projects	26,749,557
Restricted for debt service	80,975,885
Restricted for educational programs	47,024,435
Restricted for other activities	16,918,358
Unrestricted	<u>(400,686,241)</u>

Total net position	<u>6,424,339</u>
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Total liabilities, deferred inflows of resources and net position	<u>\$ 1,391,107,753</u>
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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, 2019

	<u>2019</u>
Operating revenues:	
Tuition and fees	\$ 30,889,075
Less: Fee waivers and allowance	<u>(7,944,959)</u>
Net tuition and fees	<u>22,944,116</u>
 Auxiliary enterprise sales and charges:	
Bookstore	4,011,863
Cafeteria	333,366
Fitness center	5,664,166
Other sales and charges	<u>1,908,455</u>
Total operating revenues	<u>34,861,966</u>
 Operating expenses:	
Salaries	135,998,258
Employee benefits	70,644,767
Supplies, materials, and other operating expenses	36,976,398
Student financial aid	19,622,150
Depreciation	<u>27,466,920</u>
Total operating expenses	<u>290,708,493</u>
Loss from operations	<u>(255,846,527)</u>
 Non-operating revenues (expenses):	
Local property taxes, levied for general purposes	157,585,771
Local property taxes, levied for special purposes	43,980,754
State taxes and other revenues	17,256,712
Federal grants and contracts, noncapital	20,321,751
State grants, apportionment, contracts, noncapital	29,565,465
Local grants and contracts, noncapital	3,074,844
Investment income	8,121,961
Interest expense on capital asset-related debt	(32,799,080)
Gain on disposal of asset	29,977,362
Other non-operating revenues	<u>26,218,611</u>
Total non-operating revenues	<u>303,304,151</u>
Income before capital contributions	47,457,624
 Capital contributions:	
State revenues, capital	398,017
Local revenues, capital	<u>269,393</u>
Change in net position	<u>48,125,034</u>
 Net position, beginning of year	<u>(41,700,695)</u>
Net position, end of year	<u><u>\$ 6,424,339</u></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, 2019

	<u>2019</u>
Cash flows from operating activities:	
Tuition and fees	\$ 23,160,268
Payments to suppliers	(43,260,802)
Payments to / on behalf of employees	(200,514,976)
Payments to students	(19,622,150)
Auxiliary sales and charges	<u>11,917,850</u>
Net cash used in operating activities	<u>(228,319,810)</u>
Cash flows from noncapital financing activities:	
Property taxes, levied for general purposes	157,585,771
Property taxes, levied for special purposes	43,980,754
State taxes and other apportionments	17,256,712
Federal grants and contracts	20,321,751
State grants, apportionment, contracts, noncapital	29,565,465
Local grants and contracts	3,074,845
Other receipts and disbursements	<u>21,047,143</u>
Net cash provided by noncapital financing activities	<u>292,832,441</u>
Cash flows from capital and related financing activities:	
State apportionment for capital purposes	398,017
Purchase of capital assets	(102,198,864)
Gain on disposal, capital assets	29,977,362
Proceeds from issuance of capital debt	288,298,690
Principal paid on capital debt	(33,258,992)
Interest paid on capital debt	(12,321,551)
Local property taxes and other revenues for capital purposes	<u>269,393</u>
Net cash provided by capital and related financing activities	<u>171,164,055</u>
Cash flows from investing activities:	
Interest received from investments	<u>8,121,961</u>
Net cash provided by investing activities	<u>8,121,961</u>
Net change in cash and cash equivalents	243,798,647
Cash and cash equivalents, beginning of year	<u>315,346,194</u>
Cash and cash equivalents, end of year	<u>\$ 559,144,841</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2019

	<u>2019</u>
Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	\$ (255,846,527)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	27,466,920
Changes in assets and liabilities:	
Receivables, net	(8,423,377)
Inventory and prepaid assets	3,006,362
Deferred outflows - pensions and OPEB	(7,908,907)
Accounts payable	(562,869)
Unearned revenue	(88,368)
Compensated absences	291,131
Net OPEB liability	(19,612,821)
Net pension liability	20,657,000
Deferred inflows - pensions and OPEB	<u>12,701,646</u>
Total adjustments	<u>27,526,717</u>
Net cash used in operating activities	<u>\$ (228,319,810)</u>
Cash and cash equivalents consist of the following:	
Cash and cash equivalents	\$ 62,245,644
Restricted cash and cash equivalents	<u>496,899,197</u>
Total cash and cash equivalents	<u>\$ 559,144,841</u>
Non-cash transactions:	
Refunding of debt directly through issuance of new debt	\$ 59,505,001
Amortization of premiums	\$ 2,514,493
Accretion of interest	\$ 23,669,481
Amortization of deferred (gain) loss on refunding	\$ 2,596,061

See accompanying notes to the basic financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2019

		Agency Funds	
	OPEB Trust Fund	Associated Students Trust	Student Representation Fee
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 1,688,963	\$ 213,280
Investments:			
Mutual funds – fixed income	67,705,583	-	-
Mutual funds – equity	49,691,829	-	-
Mutual funds – real estate	5,996,783	-	-
Accounts receivable	-	164,753	-
Fixed assets	-	5,168	-
Total assets	\$ 123,394,195	\$ 1,858,884	\$ 213,280
<b>LIABILITIES AND NET POSITION</b>			
Accounts payable	\$ 352,225	\$ -	\$ -
Due to student groups and other	-	1,858,884	213,280
Total liabilities	352,225	\$ 1,858,884	\$ 213,280
Net position restricted for OPEB	123,041,970		
Total liabilities and net position	\$ 123,394,195		

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, 2019

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	OPEB Trust Fund
<b>Additions</b>	
Employer contributions	\$ 10,032,730
Net investment income:	
Dividends and other income	5,046,666
Realized and unrealized gains, net	901,597
Investment fees	<u>(419,134)</u>
Total additions	<u>15,561,859</u>
<b>Deductions</b>	
Retiree benefits	<u>7,432,730</u>
Net increase in net position	<u>8,129,129</u>
<b>Net Position restricted for OPEB:</b>	
Net position, beginning of year	<u>114,912,841</u>
Net position, end of year	<u><u>\$ 123,041,970</u></u>

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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, 2019

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	<u>2019</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 152,844
Due from District	<u>29,021</u>
Total assets	<u><u>\$ 181,865</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
Liabilities:	
Unearned rent	\$ 26,980
Rent security deposits	<u>122,377</u>
Total liabilities	149,357
Net assets without donor restriction	<u>32,508</u>
Total liabilities and net assets	<u><u>\$ 181,865</u></u>

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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, 2019

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	<u>2019</u>
Revenues:	
Rental income	\$ 1,342,036
Other local income	<u>3,048</u>
Total revenues	<u>1,345,084</u>
Expenses:	
Operating expenses	388,044
Transfer to District	<u>954,640</u>
Total expenses	<u>1,342,684</u>
Change in net assets	2,400
Net assets without donor restriction, beginning of year	<u>30,108</u>
Net assets without donor restriction, end of year	<u><u>\$ 32,508</u></u>

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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, 2019

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	<u>2019</u>
Cash flow from operating activities:	
Change in net assets	\$ 2,400
Changes in assets and liabilities	
Accounts receivable	25,636
Unearned rent	(1,206)
Rent security deposits	<u>(8,378)</u>
Net cash flows used in operating activities	<u>18,452</u>
Net change in cash and cash equivalents	18,452
Cash and cash equivalents, beginning of year	<u>134,392</u>
Cash and cash equivalents, end of year	<u><u>\$ 152,844</u></u>

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See accompanying notes to the basic financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2019

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**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 <https://foundation.smccd.edu/>.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2019

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**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 \$2,192,890 as of June 30, 2019.

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.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2019

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**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.

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 the 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 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 shorter life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the pension liability and 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 and net OPEB (asset) 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.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	<u>\$ 28,641,372</u>	<u>\$ 31,997,432</u>	<u>\$ 60,638,804</u>
Deferred inflows of resources	<u>\$ 10,351,000</u>	<u>\$ -</u>	<u>\$ 10,351,000</u>
Net pension liability	<u>\$ 91,965,000</u>	<u>\$ 105,725,000</u>	<u>\$ 197,690,000</u>
Pension expense	<u>\$ 19,821,136</u>	<u>\$ 25,491,963</u>	<u>\$ 45,313,099</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 includes 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 consists 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, 2019 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, 2019

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

On-Behalf Payments: GASB Statement No. 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 government-wide conversion entries relating to the pension reporting requirements of GASB Statement No. 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 Statement No. 68, the District recorded this entry at the consolidation entry level for GASB Statement No. 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.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2019

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**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 two classes of net assets: net assets without donor restriction, and net assets with donor restriction.

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

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

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

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

New Accounting Pronouncements: In June 2015, the GASB issued GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The provisions in GASB Statement No. 89 were implemented by the District for the year ended June 30, 2019. The implementation of this Statement did not have a material effect on amounts previously presented.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2019

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**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, 2019 consisted of the following:

Cash in County Treasury	\$ 523,955,715
Cash with fiscal agent	33,254,191
Cash on hand and in banks	291,279
Cash in revolving	70,000
Certificates of deposit	<u>1,573,656</u>
Total cash and cash equivalents	<u>\$ 559,144,841</u>

Cash and cash equivalents of the Fiduciary Funds as of June 30, 2019, consisted of the following:

Cash on hand and in banks	\$ 154,165
Cash in County Treasury	<u>1,748,078</u>
Total cash and cash equivalents	<u>\$ 1,902,243</u>

Cash and cash equivalents of the Educational Housing Corporation as of June 30 2019, consisted of the following:

Cash on hand and in banks	<u>\$ 152,844</u>
Total cash and cash equivalents	<u>\$ 152,844</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.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2019

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**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, 2019.

Cash with Fiscal Agent: Cash with Fiscal Agent represents bond funds to be used in the future. At June 30, 2019, 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, 2019, the carrying amount of the District's cash in banks was \$515,444 and the bank balance was \$593,435. The bank balance was fully insured. At June 30, 2019, certificates of deposit totaling \$1,573,656 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, 2019 consisted of the following:

Mutual funds – fixed income	\$ 67,705,583
Mutual funds – equity	49,691,829
Mutual funds – real estate	<u>5,996,783</u>
Total investments	<u>\$ 123,394,195</u>

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 4 - INVESTMENTS - OPEB TRUST (Continued)**

During the fiscal year ended as of June 30, 2019, the Trust's investments (including gains and losses on investments bought and sold as well as held during the year) consisted of the following:

Dividends and other income	\$ 5,046,666
Realized gains	176,006
Unrealized gains	725,591
Investment fees	<u>(419,134)</u>
 Total investment income, net	 <u><u>\$ 5,529,129</u></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, 2019, 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, 2019.

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.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

**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, 2019			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
OPEB Investments:				
Mutual funds - fixed income	\$ 67,705,583	\$ 67,705,583	\$ -	\$ -
Mutual funds - equity	49,691,829	49,691,829	-	-
Mutual funds – real estate	<u>5,996,783</u>	<u>5,996,783</u>	<u>-</u>	<u>-</u>
Total	<u>\$123,394,195</u>	<u>\$123,394,195</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, 2019, 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, 2019.

**NOTE 5 - ACCOUNTS RECEIVABLE**

Accounts receivables for the District as of June 30, 2019, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. The accounts receivable are as follows:

Federal Government	
Categorical aid	\$ 1,434,448
State Government	
Categorical aid	2,409,709
Lottery	702,249
Local sources	
Interest	3,111,604
Financial aid receivables	668,783
Student receivables	1,632,680
Other local sources	<u>13,384,930</u>
Subtotal	<u>23,344,403</u>
Less allowance for bad debt	<u>(2,192,890)</u>
Total accounts receivable, net	<u>\$ 21,151,513</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2019

**NOTE 5 - ACCOUNTS RECEIVABLE (Continued)**

As of June 30, 2019, receivables from other local sources includes \$1,122,944 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, as well as shared appreciation, 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, 2019, 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, 2019:

	Balance July 1, <u>2018</u>	Additions and <u>Transfers</u>	Deductions and <u>Transfers</u>	Balance June 30, <u>2019</u>
Non-depreciable:				
Land	\$ 20,628,292	\$ -	\$ (41,974)	\$ 20,586,318
Construction in progress	69,385,729	102,883,333	(9,570,070)	162,698,992
Depreciable:				
Land improvements	137,078,163	1,514,834	-	138,592,997
Buildings and improvements	662,375,017	8,055,236	(163,819)	670,266,434
Furniture, equipment and vehicles	<u>30,170,974</u>	<u>2,791,718</u>	<u>(6,515,285)</u>	<u>26,447,407</u>
Total	<u>919,638,175</u>	<u>115,245,121</u>	<u>(16,291,148)</u>	<u>1,018,592,148</u>
Less accumulated depreciation:				
Land improvements	43,166,249	6,477,807	-	49,644,056
Buildings and improvements	215,168,015	19,093,027	(94,609)	234,166,433
Furniture, equipment and vehicles	<u>22,181,738</u>	<u>1,896,086</u>	<u>(6,329,798)</u>	<u>17,748,026</u>
Total	<u>280,516,002</u>	<u>27,466,920</u>	<u>(6,424,407)</u>	<u>301,558,515</u>
Capital assets, net	<u>\$ 639,122,173</u>	<u>\$ 87,778,201</u>	<u>\$ (9,866,741)</u>	<u>\$ 717,033,633</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

**NOTE 7 - ACCOUNTS PAYABLE**

Accounts payable for the District as of June 30, 2019, consisted of the following:

Vendor and other	\$ 5,323,091
Payroll related liabilities	4,489,416
Construction	17,168,204
Workers' compensation	2,211,000
Federal	<u>13,478</u>
Total	<u><u>\$ 29,205,189</u></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, 2019, consisted of the following:

State categorical aid	\$ 9,839,052
Enrollment fees	2,812,829
Other local	<u>6,055,863</u>
Total	<u><u>\$ 18,707,744</u></u>

**NOTE 9 - LONG TERM LIABILITIES**

The long-term liabilities activity for the year ended June 30, 2019, is as follows:

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Payments and Reductions</u>	<u>June 30, 2019</u>	<u>Current Portion</u>
General obligation bonds	\$ 576,424,069	\$ 317,390,000	\$ 92,763,993	\$ 801,050,076	\$ 34,366,573
Unamortized bond premiums	43,874,250	30,413,691	9,700,493	64,587,448	3,731,356
Accreted interest	212,834,777	23,669,482	6,726,008	229,778,251	7,538,427
Net pension liability	177,033,000	20,657,000	-	197,690,000	-
Net OPEB liability	6,150,492	-	19,612,821	(13,462,329)	-
Compensated absences	<u>5,441,430</u>	<u>4,564,470</u>	<u>4,273,339</u>	<u>5,732,561</u>	<u>3,937,459</u>
Total	<u><u>\$1,021,758,018</u></u>	<u><u>\$ 396,694,643</u></u>	<u><u>\$ 133,076,654</u></u>	<u><u>\$1,285,376,007</u></u>	<u><u>\$ 49,573,815</u></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 \$161,748 and \$20,059,171 at June 30, 2019, respectively.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

**NOTE 9 - LONG TERM LIABILITIES** (Continued)

The following is a schedule of future payments as of June 30, 2019 for the Series 2001A Capital Appreciation Bonds:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 1,705,547	\$ 2,609,453	\$ 4,315,000
2021	1,727,950	2,952,050	4,680,000
2022	1,750,546	3,304,454	5,055,000
2023	1,771,958	3,678,042	5,450,000
2024	1,499,173	3,415,827	4,915,000
2025-2027	<u>4,640,368</u>	<u>12,589,632</u>	<u>17,230,000</u>
Totals	<u>\$ 13,095,542</u>	<u>\$ 28,549,458</u>	<u>\$ 41,645,000</u>

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

Unamortized premiums and accreted interest on the capital appreciation bonds were \$389,750 and \$21,960,025 at June 30, 2019, respectively.

The following is a schedule of future payments as of June 30, 2019 for the Series 2001B Capital Appreciation Bonds:

Year Ending June 30,	Principal	Interest	Total
2020	\$ -	\$ -	\$ -
2021	-	-	-
2022	2,127,124	2,367,876	4,495,000
2023	2,126,338	2,623,662	4,750,000
2024	2,123,259	2,896,741	5,020,000
2025-2029	<u>16,718,411</u>	<u>32,046,589</u>	<u>48,765,000</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 \$127,347 and \$20,338,223 at June 30, 2019, respectively.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

**NOTE 9 - LONG TERM LIABILITIES (Continued)**

The following is a schedule of future payments as of June 30, 2019 for the Series 2001C Capital Appreciation Bonds:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	883,714	1,166,286	2,050,000
2025-2029	6,988,938	12,666,062	19,655,000
2030-2032	<u>11,540,316</u>	<u>27,294,684</u>	<u>38,835,000</u>
Totals	<u>\$ 22,908,475</u>	<u>\$ 44,746,525</u>	<u>\$ 67,655,000</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.

Unamortized premiums and accreted interest on the capital appreciation bonds were \$648,346 and \$47,172,321 at June 30, 2019, respectively.

The following is a schedule of future payments as of June 30, 2019 for the Series 2005A Capital Appreciation Bonds:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 4,757,203	\$ 4,167,797	\$ 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	4,571,603	6,033,397	10,605,000
2025-2029	22,212,558	38,407,442	60,620,000
2030-2031	<u>8,591,178</u>	<u>19,703,822</u>	<u>28,295,000</u>
Totals	<u>\$ 54,115,733</u>	<u>\$ 83,514,267</u>	<u>\$ 137,630,000</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 \$4,617,745 and \$120,248,511 at June 30, 2019, respectively.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

**NOTE 9 - LONG TERM LIABILITIES (Continued)**

The following is a schedule of future payments as of June 30, 2019 for the Series 2005B General Obligation Bonds:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	5,502,657	6,217,343	11,720,000
2025-2029	31,212,603	45,362,397	76,575,000
2030-2034	48,746,771	102,628,229	151,375,000
2035-2039	<u>62,651,072</u>	<u>178,703,928</u>	<u>241,355,000</u>
Totals	<u>\$ 163,005,194</u>	<u>\$ 347,059,806</u>	<u>\$ 510,065,000</u>

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, \$59,420,000 of bonds outstanding are considered defeased.

Unamortized premiums on the 2012 Refunding Bonds were \$9,914,320 as of June 30, 2019.

The following is a schedule of the future payments as of June 30, 2019 for the 2012 Refunding Bonds:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	7,550,000	998,875	8,548,875
2025-2027	<u>13,560,000</u>	<u>1,392,250</u>	<u>14,952,250</u>
Totals	<u>\$ 59,420,000</u>	<u>\$ 9,756,425</u>	<u>\$ 69,176,425</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 \$7,837,427 as of June 30, 2019.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2019

**NOTE 9 - LONG TERM LIABILITIES (Continued)**

The following is a schedule of future payments as of June 30, 2019 for the Series 2014A General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2020	\$ -	\$ 3,185,750	\$ 3,185,750
2021	-	3,185,750	3,185,750
2022	-	3,185,750	3,185,750
2023	205,000	3,180,625	3,385,625
2024	385,000	3,165,875	3,550,875
2025-2029	4,390,000	15,310,500	19,700,500
2030-2034	10,675,000	13,520,375	24,195,375
2035-2039	6,765,000	10,812,625	17,577,625
2040-2044	22,780,000	8,827,000	31,607,000
2045-2046	<u>19,075,000</u>	<u>974,875</u>	<u>20,049,875</u>
Totals	<u>\$ 64,275,000</u>	<u>\$ 65,349,125</u>	<u>\$ 129,624,125</u>

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, 2039 and bear interest at rates ranging from 2.00% to 5.00% with interest due annually on September 1.

Unamortized premiums on the 2014 Refunding Bonds were \$10,477,074 as of June 30, 2019.

The following is a schedule of the future payments as of June 30, 2019 for the 2014 Refunding Bonds:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 480,000	\$ 4,152,450	\$ 4,632,450
2021	495,000	4,135,350	4,630,350
2022	515,000	4,115,150	4,630,150
2023	535,000	4,094,150	4,629,150
2024	255,000	4,078,350	4,333,350
2025-2029	18,195,000	18,104,125	36,299,125
2030-2034	55,120,000	7,645,500	62,765,500
2035-2038	<u>8,150,000</u>	<u>203,750</u>	<u>8,353,750</u>
Totals	<u>\$ 83,745,000</u>	<u>\$ 46,528,825</u>	<u>\$ 130,273,825</u>

On October 30, 2018, the District issued \$261,000,000 of 2018 General Obligation Bonds Series 2018B. The Bonds were issued to finance the acquisition, construction, and modernization of certain District property and facilities. The 2018 General Obligation Bonds Series 2018B mature September 1, 2019 through September 1, 2045 and bear interest at rates ranging from 3.75% to 5.00% with interest due semiannually on September 1 and March 1.

Unamortized premiums on the 2018 General Obligation Bonds Series 2018B were \$26,551,333 as of June 30, 2019.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

**NOTE 9 - LONG TERM LIABILITIES (Continued)**

The following is a schedule of the future payments as of June 30, 2019 for the 2018B Refunding Bonds:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 10,060,000	\$ 11,855,025	\$ 21,915,025
2021	10,055,000	11,452,725	21,507,725
2022	3,905,000	11,154,000	15,059,000
2023	-	11,056,375	11,056,375
2024	370,000	11,047,125	11,417,125
2025-2029	10,615,000	54,194,750	64,809,750
2030-2034	29,490,000	49,296,625	78,786,625
2035-2039	56,690,000	40,036,150	96,726,150
2040-2044	90,655,000	24,285,938	114,940,938
2045-2049	<u>49,160,000</u>	<u>2,512,750</u>	<u>51,672,750</u>
Totals	<u>\$ 261,000,000</u>	<u>\$ 226,891,463</u>	<u>\$ 487,891,463</u>

On October 30, 2018 the District issued \$33,665,000 of 2018 General Obligation Refunding Bonds. Proceeds were used to refund portions of the outstanding principal amount of the District's 2014 General Obligation Refunding Bonds. The 2018 Refunding Bonds mature September 1, 2035 through September 1, 2038 and bear interest at rates ranging from 3.75% to 4.00% with interest due semiannually on September 1 and March 1.

*Calculation of Difference in Cash Flow Requirements and Economic Gain*

Cash Flow Difference

Old debt service cash flows	\$ 62,747,980
New debt service cash flows	<u>57,500,456</u>
	<u>5,247,524</u>

Economic Gain: The economic gain or difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discount at the effective interest rate is \$3,127,627.

There was no accrued interest or sinking fund resources related to the new debt proceeds.

Unamortized premiums on the 2014 Refunding Bonds were \$965,007 as of June 30, 2019.

The following is a schedule of the future payments as of June 30, 2019 for the 2018 Refunding Bonds:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 1,325,388	\$ 1,325,388
2021	-	1,325,388	1,325,388
2022	-	1,325,388	1,325,388
2023	-	1,325,388	1,325,388
2024	-	1,325,388	1,325,388
2025-2029	-	6,626,938	6,626,938
2030-2034	-	6,626,938	6,626,938
2035-2039	<u>33,665,000</u>	<u>3,954,640</u>	<u>37,619,640</u>
Totals	<u>\$ 33,665,000</u>	<u>\$ 23,835,456</u>	<u>\$ 57,500,456</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

**NOTE 9 - LONG TERM LIABILITIES** (Continued)

On October 30, 2018 the District issued \$22,725,000 of 2018 General Obligation Bonds (2019 Forward Delivery Refunding Bonds). Proceeds were used to refund portions of the outstanding principal amount of the District's 2015 General Obligation Bonds Series 2014A. The 2019 Forward Delivery Refunding Bonds mature September 1, 2036 through September 1, 2040 and bear interest at 5.00% with interest due annually on September 1.

*Calculation of Difference in Cash Flow Requirements and Economic Gain*

Cash Flow Difference

Old debt service cash flows	\$ 48,036,738
New debt service cash flows	<u>44,848,094</u>
	<u><u>3,188,644</u></u>

New debt service cash flows

Economic Gain: The economic gain or difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discount at the effective interest rate is \$1,323,055.

There was no accrued interest or sinking fund resources related to the new debt proceeds.

Unamortized premiums on the 2018 Forward Delivery Bonds were \$2,897,352 as of June 30, 2019.

The following is a schedule of the future payments as of June 30, 2019 for the 2018 Forward Delivery Bonds:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 842,719	\$ 842,719
2021	-	1,136,250	1,136,250
2022	-	1,136,250	1,136,250
2023	-	1,136,250	1,136,250
2024	-	1,136,250	1,136,250
2025-2029	-	5,681,250	5,681,250
2030-2034	-	5,681,250	5,681,250
2035-2039	12,060,000	4,825,250	16,885,250
2040-2041	<u>10,665,000</u>	<u>547,625</u>	<u>11,212,625</u>
Totals	<u>\$ 22,725,000</u>	<u>\$ 22,123,094</u>	<u>\$ 44,848,094</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

**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, 2019, the District contracted with Risk Strategies, 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-Controlled Insurance Program (OCIP) that covers its capital projects over \$1 million.

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.

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, 2017 to June 30, 2019:

	<u>Workers' Compensation</u>
Liability Balance, July 1, 2017	\$ 2,066,000
Claims and changes in estimates	1,526,794
Claims payments	<u>(1,662,794)</u>
Liability Balance, June 30, 2018	1,930,000
Claims and changes in estimates	2,556,559
Claims payments	<u>(2,275,559)</u>
Liability Balance, June 30, 2019	<u>\$ 2,211,000</u>
Assets available to pay claims at June 30, 2019	<u>\$ 7,890,169</u>

(Continued)

**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.

**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.

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(Continued)

**NOTE 11 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)**

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 2018-19. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2018-19.

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.

*Employers* – 16.28 percent of applicable member earnings.

Pursuant to AB 1469, employer contributions will increase from a prior rate of 8.25 percent to a total of 18.1 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.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

**NOTE 11 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

The CalSTRS employer contribution rate increases effective for fiscal year 2018-19 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, 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 \$8,619,150 to the plan for the fiscal year ended June 30, 2019.

*State* – 9.828 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

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 2018-19 and beyond are summarized in the table below.

<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.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

**NOTE 11 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

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

At June 30, 2019, 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	\$ 91,965,000
State's proportionate share of the net pension liability associated with the District	<u>52,654,000</u>
Total	<u><u>\$ 144,619,000</u></u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. 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, 2018, the District's proportion was 0.100 percent, which was an increase of 0.007 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$19,821,136 and revenue and pension expense of \$9,517,731 for support provided by the State. At June 30, 2019, 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	\$ 285,000	\$ 1,336,000
Changes of assumptions	14,287,000	-
Net differences between projected and actual earnings on investments	-	3,541,000
Changes in proportion and differences between District contributions and proportionate share of contributions	5,248,000	5,474,000
Contributions made subsequent to measurement date	<u>8,821,372</u>	<u>-</u>
Total	<u><u>\$ 28,641,372</u></u>	<u><u>\$ 10,351,000</u></u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

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**NOTE 11 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

\$8,821,372 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2020	\$ 3,040,417
2021	\$ 1,714,417
2022	\$ (699,583)
2023	\$ 1,577,417
2024	\$ 3,025,666
2025	\$ 810,666

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, 2018 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 2018-19 STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017 and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
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.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

**NOTE 11 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)**

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>2018</u>	As of June 30, <u>2017</u>
Consumer price inflation	2.75%	2.75%
Investment rate of return	7.10%	7.10%
Wage growth	3.50%	3.50%

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 is summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	6.30%
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.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

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**NOTE 11 - NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)**

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>\$ 134,718,000</u>	<u>\$ 91,965,000</u>	<u>\$ 56,519,000</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.

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-2018.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.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

**NOTE 12 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B** (Continued)

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, 2019 were as follows:

*Members* – The member contribution rate was 6.50 or 7.50 percent of applicable member earnings for fiscal year 2018-19.

*Employers* – The employer contribution rate was 18.062 percent of applicable member earnings.

The District contributed \$10,306,432 to the plan for the fiscal year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$105,725,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. 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, 2019, the District’s proportion was 0.397 percent, which was an increase of 0.017 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$25,491,963. At June 30, 2019, 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	\$ 6,931,000	\$ -
Changes of assumptions	10,556,000	-
Net differences between projected and actual earnings on investments	867,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,337,000	-
Contributions made subsequent to measurement date	<u>10,306,432</u>	<u>-</u>
Total	<u>\$ 31,997,432</u>	<u>\$ -</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

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**NOTE 12 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B** (Continued)

\$10,306,432 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2020	\$ 12,410,500
2021	\$ 9,365,500
2022	\$ 539,000
2023	\$ (624,000)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2018 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 2018-19 Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	June 30, 1997, through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
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 2.50% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP 2016. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

**NOTE 12 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)**

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	50%	4.80%	5.98%
Fixed Income	28	1.00	2.62
Inflation of Assets	-	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate	13	3.75	4.93
Liquidity	1	-	(0.92)

\* 10-year geometric average

(1) An expected inflation rate of 2.00% used for this period

(2) An expected inflation rate of 2.92% used for this period

**Discount Rate:** The discount rate used to measure the total pension liability was 7.15 percent in fiscal year 2018-19. 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.

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 considered 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.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

**NOTE 12 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)**

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, 2019 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>\$153,930,000</u>	<u>\$105,725,000</u>	<u>\$ 65,731,000</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.

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.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

**NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

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, 2019 (measurement date):

	<u>Number of Participants</u>
Inactive Employees/Dependents Receiving Benefits	675
Active Employees	<u>1,015</u>
	<u><u>1,690</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 \$9,892,482 for the year ended June 30, 2019. As of June 30, 2019, the District's OPEB liability is fully funded.

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 28-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 28 years.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)

Actuarial Assumptions: The total OPEB liability in the June 30, 2019 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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2019
Measurement date	June 30, 2019
Census data	The census data was provided by the District as of June 30, 2019
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.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

**NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

Changes in the Net OPEB (Asset) Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB (Asset) Liability (a) - (b)
Balance, July 1, 2018	<u>\$121,063,333</u>	<u>\$114,912,841</u>	<u>\$ 6,150,492</u>
Changes for the year:			
Service cost	3,414,487	-	3,414,487
Interest	8,335,093	-	8,335,093
Experience gains/losses	(15,800,542)	-	(15,800,542)
Employer contributions	-	10,032,730	(10,032,730)
Net investment income	-	5,948,263	(5,948,263)
Administrative expense	-	(419,134)	419,134
Benefit payments	<u>(7,432,730)</u>	<u>(7,432,730)</u>	<u>-</u>
Net change	<u>(11,483,692)</u>	<u>8,129,129</u>	<u>(19,612,821)</u>
Balance, June 30, 2019	<u>\$109,579,641</u>	<u>\$123,041,970</u>	<u>\$ (13,462,329)</u>

Fiduciary Net Position as a % of the Total OPEB Liability, at June 30, 2019: 112%

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 percent):

	Discount Rate 1% Lower (6%)	Valuation Discount Rate (7%)	Discount Rate 1% Higher (8%)
Net OPEB liability	<u>\$ (1,861,664)</u>	<u>\$ (13,462,329)</u>	<u>\$ (23,243,401)</u>

The following table presents the net OPEB liability calculated using the health care cost trend rate of 4 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 percent) and 1 percent higher (5 percent):

	Health Care Trend Rate 1% Lower (3%)	Valuation Health Care Trend Rate (4%)	Health Care Trend Rate 1% Higher (5%)
Net OPEB liability	<u>\$ (23,443,874)</u>	<u>\$ (13,462,329)</u>	<u>\$ (1,900,228)</u>

OPEB Expense: For the year ended June 30, 2019, the District recognized OPEB expense of \$4,316,850.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 June 30, 2019

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**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, 2019, 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	\$ -	\$ 13,873,646
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	2,446,663	-
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>\$ 2,446,663</u>	<u>\$ 13,873,646</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ended June 30,</u>	
2020	\$ (1,256,224)
2021	\$ (1,256,224)
2022	\$ (1,256,228)
2023	\$ (1,492,245)
2024	\$ (1,926,896)
Thereafter	\$ (4,239,166)

*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.*

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(Continued)

**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, 2019, the District has approximately \$78,107,000 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.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2019

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**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, 2018</u>	SMCSIG <u>June 30, 2018</u>
Total assets	\$ 118,692,006	\$ 25,372,792
Total deferred outflows of resources	\$ 497,939	\$ 484,930
Total liabilities	\$ 101,064,545	\$ 10,462,311
Total deferred inflow of resources	\$ 28,087	\$ 41,702
Net position	\$ 18,097,313	\$ 15,353,709
Total revenues	\$ 15,139,473	\$ 45,214,456
Total expenses	\$ 19,471,187	\$ 42,672,851
Change in net position	\$ (4,331,714)	\$ 2,541,605

**REQUIRED SUPPLEMENTARY INFORMATION**

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY  
For the Year Ended June 30, 2019

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total OPEB Liability			
Service cost	\$ 3,269,290	\$ 3,359,195	\$ 3,414,487
Interest	7,305,828	7,957,577	8,335,093
Benefit Payments	(7,230,215)	(7,222,945)	(7,432,730)
Experience Gains/Losses	<u>-</u>	<u>-</u>	<u>(15,800,542)</u>
Net change in Total OPEB liability	3,344,903	4,093,827	(11,483,692)
Total OPEB Liability, beginning of year	<u>113,624,603</u>	<u>116,969,506</u>	<u>121,063,333</u>
Total OPEB Liability, end of year (a)	<u>\$116,969,506</u>	<u>\$121,063,333</u>	<u>\$109,579,641</u>
Plan fiduciary net position			
Employer contributions	15,230,215	19,422,945	10,032,730
Actual Investment Income	9,043,304	6,028,034	5,948,263
Administrative expense	(337,684)	(376,812)	(419,134)
Benefits payment	<u>(7,230,215)</u>	<u>(7,222,945)</u>	<u>(7,432,730)</u>
Change in plan fiduciary net position	16,705,620	17,851,222	8,129,129
Fiduciary trust net position, beginning of year	<u>80,355,999</u>	<u>97,061,619</u>	<u>114,912,841</u>
Fiduciary trust net position, end of year (b)	<u>\$ 97,061,619</u>	<u>\$114,912,841</u>	<u>\$123,041,970</u>
Net OPEB (asset) liability, ending (a) - (b)	<u>\$ 19,907,887</u>	<u>\$ 6,150,492</u>	<u>\$ (13,462,329)</u>
Covered payroll	\$ 83,799,966	\$ 91,765,187	\$ 98,883,699
Plan fiduciary net position as a percentage of the total OPEB liability	83%	95%	112%
Net OPEB (asset) liability as a percentage of covered payroll	24%	7%	(14)%

*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, 2019

State Teacher's Retirement Plan

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net pension liability	0.105%	0.105%	0.092%	0.093%	0.100%
District's proportionate share of the net pension liability	\$ 60,122,504	\$ 70,426,000	\$ 74,125,000	\$ 85,792,000	\$ 91,965,000
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>	<u>52,654,000</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>	<u>\$144,619,000</u>
District's covered payroll	\$ 46,781,000	\$ 48,554,000	\$ 45,675,000	\$ 47,739,000	\$ 53,265,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	128.52%	145.05%	162.29%	179.71%	172.66%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%

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, 2019

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Public Employers Retirement Fund B

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net pension liability	0.358%	0.363%	0.37%	0.38%	0.397%
District's proportionate share of the net pension liability	\$ 40,542,482	\$ 53,485,000	\$ 72,981,000	\$ 91,241,000	\$105,725,000
District's covered payroll	\$ 37,548,000	\$ 40,172,000	\$ 44,332,000	\$ 48,676,000	\$ 52,301,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	107.98%	133.14%	164.62%	187.45%	202.15%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%

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.

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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, 2019

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State Teachers' Retirement Plan

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 4,311,554	\$ 4,900,874	\$ 6,005,598	\$ 7,433,405	\$ 8,821,372
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>	<u>\$ (8,821,372)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
District's covered payroll	\$ 48,554,000	\$ 45,675,000	\$ 47,739,000	\$ 51,514,000	\$ 54,185,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%

All years prior to 2015 are not available.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
 For the Year Ended June 30, 2019

Public Employers Retirement Fund B

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 4,728,591	\$ 5,252,004	\$ 6,760,065	\$ 8,137,083	\$ 10,306,432
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>	<u>\$ (10,306,432)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
District's covered payroll	\$ 40,172,000	\$ 44,332,000	\$ 48,676,000	\$ 52,393,000	\$ 57,061,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%

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, 2019

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**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, 7.15 and 7.15 percent in the June 30, 2013, 2014, 2015, 2016 and 2017 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>2018</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%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.75%	3.75%

**SUPPLEMENTARY INFORMATION**

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
ORGANIZATION  
June 30, 2019

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The San Mateo County Community College District was established in 1922, and includes three college campuses located in San Mateo County. There were no changes in the boundaries of the District during the current year. 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>
Maurice Goodman	President	2020
Karen Schwarz	Vice President-Clerk	2020
Richard Holober	Trustee	2022
Dave Mandelkern	Trustee	2020
Thomas A. Nuris	Trustee	2022

ADMINISTRATION

Mr. Michael E. Claire  
Interim Chancellor

Ms. Bernata Slater  
Chief Financial Officer

Ms. Kim Lopez  
Acting President, College of San Mateo

Dr. Jamillah Moore  
President, Cañada College

Dr. Jannett Jackson  
Interim President, Skyline College

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
 For the Year Ended June 30, 2019

<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 Education</u>				
<i>Direct Programs:</i>				
Student Financial Aid Cluster:				
Federal Work Study Program	84.033	-	\$ -	\$ 458,656
Federal Pell Grant Program	84.063	-	-	11,721,942
Federal Supplemental Education Opportunity Grant	84.007	-	-	435,708
Federal Direct Student Loans	84.268	-	-	<u>1,258,702</u>
Subtotal Student Financial Aid Cluster			<u>-</u>	<u>13,875,008</u>
TRIO Cluster:				
Student Support Services	84.042A	-	-	769,033
Upward Bound	84.047A	-	-	<u>290,157</u>
Subtotal TRIO Cluster			<u>-</u>	<u>1,059,190</u>
Higher Education Program:				
Higher Education -Institutional Aid HSI STEM	84.031C	-	-	1,928,556
Higher Education -Institutional Aid HSI Coop	84.031S	-	<u>266,306</u>	<u>1,607,479</u>
Subtotal Higher Education			<u>266,306</u>	<u>3,536,035</u>
Minority Science and Engineering Improvement	84.120A	-	59,331	528,895
<i>Passed through California Community Colleges</i>				
<i>Chancellor's Office:</i>				
CTEA I-C Basic Grants to States	84.048A	18-C01-052	-	<u>564,770</u>
Total Department of Education			<u>325,637</u>	<u>19,563,898</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	93.558		-	88,341
Title IV-E Foster Care	93.658		-	38,481
<i>Passed through California Department of Education/CDTC:</i>				
Child Care Development Cluster:				
Child Care and Development Block Grant	93.575	18-19-3939, 18-19-4047, CCTR8249	-	28,555
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR8249	-	<u>13,661</u>
Subtotal Child Care Development Cluster			<u>-</u>	<u>42,216</u>
Total Department of Health and Human Services			<u>-</u>	<u>169,038</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
For the Year Ended June 30, 2019

<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	\$ -	\$ 25,163
<u>National Science Foundation</u>				
Research Cluster:				
<i>Direct Program:</i>				
Education and Human Resources	47.076		-	425,584
<i>Passed through San Jose Evergreen Community College District:</i>				
Total National Science Foundation Research Cluster	47.076	SC-SUB-G1288	-	144
			-	425,728
<u>Small Business Administration</u>				
<i>Passed through Humboldt State University Sponsored Programs Foundation:</i>				
Small Business Development Centers	59.037	F0229, F0332	-	134,511
<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	-	3,413
Total Federal Programs			<u>\$ 325,637</u>	<u>\$ 20,321,751</u>

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF STATE FINANCIAL AWARDS  
For the Year Ended June 30, 2019

	Program Revenues				Total Program Expenditures
	Cash Received*	Accounts Receivable	Deferred Revenue	Total Revenue	
<u>General Fund</u>					
AB 77/DSPS	\$ 2,050,327	\$ -	\$ 17,586	\$ 2,032,741	\$ 2,032,741
Extended Opportunity Program	1,676,490	57,967	-	1,734,457	1,734,457
CARE/EOPS	208,534	-	46,499	162,035	162,035
Foster Parent Training	47,503	-	-	47,503	47,503
Foster Care CSEC Workshops	(1,700)	1,700	-	-	-
AB602 FA Admin Allowance	818,555	-	-	818,555	818,555
T-Com and Technology	12,694	-	3,654	9,040	9,040
CalWORKs	415,397	1	2,607	412,791	412,791
AB1725 Staff Diversity	132,188	-	46,039	86,149	86,149
Faculty and Staff Development	10,096	-	-	10,096	10,096
MESA CCCP/FSS	(95,033)	382,827	-	287,794	287,794
Canada/RCSD CBET Prog	-	50,000	-	50,000	50,000
Lottery -- Prop 20 -- Instr MatrIs	798,043	375,315	-	1,173,358	747,355
YEP	(15,000)	15,000	-	-	-
UC Regents Puente Program-Canada	-	1,500	-	1,500	1,500
SMUHSD - ACCEL AEBG 12/31/18	30,747	-	-	30,747	30,747
SCCCD Innovation and Effectiveness	111,246	-	-	111,246	111,246
RSCCD CTE Data Unlocked Initiative	86,359	-	83,859	2,500	2,500
CCCCO Strong Workforce 60% 16-17	1,005,048	-	-	1,005,048	1,005,048
SBDC-HSUSPF GO-Biz	3,171	6,711	-	9,882	9,882
IEPI CCC Leadership Development	19,297	-	19,297	-	-
Feather River CCD IDRC Skyline	5,000	-	5,000	-	-
Cabrillo CCD Strong Workforce 40%	(112,708)	613,445	-	500,737	500,737
Promise Innovation Grant CCCCCO	797,507	-	-	797,507	797,507
SCCCD IEPI Assessment	164,075	-	-	164,075	164,075
Cabrillo CCD DSN Sm Busn Mini-Grant	245	-	-	245	245
Basic Skills 17-18 appropriation	444,802	-	-	444,802	444,802
SMUHSD - ACCEL AEBG 12/31/19	419,031	-	110,722	308,309	308,309
Deputy Navigator-Global 17-18	35,000	-	-	35,000	35,000
Deputy Navigator-Retail 17-18	35,000	-	-	35,000	35,000
Guided Pathways Grant CCCCCO	1,053,184	-	552,163	501,021	501,021
CCCCO Strong Workforce 60% 17-18	2,394,272	-	1,031,539	1,362,733	1,362,733
Hunger Free Campus Support CCCCCO	15,740	-	-	15,740	15,740
Zero Textbook Cost Degree Grant	123,157	-	-	123,157	123,157
Sierra CCD CCC Maker Implementation	7,101	-	-	7,101	7,101
Solano CCD Pathways Gig Economy	11,142	-	-	11,142	11,142
Prop 39 Clean Energy Workforce Prog	315,263	469,793	-	785,056	785,056
Veteran Resource Center 1718 approp	122,565	-	18,202	104,363	104,363
CAI - Pre-Apprenticeship OJT Grant	102,117	86,101	-	188,218	188,218
CCC Mental Health Services Grant	-	106,636	-	106,636	106,636
Cabrillo CCD Strong Workforce 40%	-	362,968	-	362,968	362,968
CCCCO Campus Safety 1718 Allocation	50,755	-	22,799	27,956	27,956
Sierra CCD CCC Maker Yr 2 1819	68,906	31,094	-	100,000	100,000
RSCCD SW ISPIC Biotech Supply Chain	2,000	-	-	2,000	2,000
Innovation in Higher Education	3,000,000	-	2,569,769	430,231	430,231
AB 19 California College Promise	759,675	-	584,500	175,175	175,175
Student Equity and Achievement Prog	7,676,546	-	1,217,351	6,459,195	6,459,195
Nursing Education Program Support	189,039	-	-	189,039	189,039
SMUHSD - ACCEL AEBG	504,433	-	448,698	55,735	55,735
CCCCO Strong Workforce Local 18-19	2,498,247	-	2,347,784	150,463	150,463
Student Success Completion Grant	1,371,692	-	4,249	1,367,443	1,367,443
CCCCO Financial Aid Technology	362,142	-	318,860	43,282	43,282
CCCCO CA Apprenticeship Initiative	-	13,595	-	13,595	13,595
Chabot LP CCD Dep Navigator-Global	35,000	-	-	35,000	35,000
Chabot LP CCD Dep Navigator-Retail	35,000	-	-	35,000	35,000
Rancho Santiago CCD ISPIC	400,000	-	-	400,000	400,000

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF STATE FINANCIAL AWARDS  
For the Year Ended June 30, 2019

	Program Revenues				Total Program Expenditures
	Cash Received*	Accounts Receivable	Deferred Revenue	Total Revenue	
UC Regents Puente Program CSM	1,500	-	-	1,500	1,500
Cabrillo CCD Strong Workforce, RJV	-	70,444	-	70,444	70,444
SBDC-HSUSPF GO-Biz TAEP	-	24,428	-	24,428	24,428
Hunger Free Campus Support 2018-20	146,567	-	81,700	64,867	64,867
Mental Health Support 2018-20	145,916	-	84,690	61,226	61,226
Veteran Resource Center 1819 approp	120,394	-	119,662	732	732
Classified Prof Dev 1819, apport	108,368	-	108,368	-	-
Umoja Program	16,000	-	16,000	-	-
RSCCD DSN Energy Constr & Util	-	76,697	-	76,697	76,697
WHCCD ZTC Degree Champion Grant	1,000	-	1,000	-	-
Scheduled Maintenance	398,017	-	-	398,017	398,017
CDE Child Development	263,382	167	19,505	244,044	244,044
Cal Grant	1,041,184	38,636	4,437	1,075,383	1,075,383
<b>Total</b>	<b><u>\$ 32,442,218</u></b>	<b><u>\$ 2,785,025</u></b>	<b><u>\$ 9,886,539</u></b>	<b><u>\$ 25,340,704</u></b>	<b><u>\$ 24,914,701</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, 2019

<u>Categories</u>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
A. Summer Intersession (Summer 2018 only)			
1. Noncredit	2	-	2
2. Credit	1,878	-	1,878
B. Summer Intersession (Summer 2018 - 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	9,636	-	9,636
b. Daily Census Contact Hours	443	-	443
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	27	-	27
b. Credit	473	-	473
3. Alternative Attendance Accounting Procedure			
a. Weekly Census Procedure Courses	2,342	-	2,342
b. Daily Census Procedure Courses	364	-	364
c. Noncredit Independent Study/Distance Ed	-	-	-
D. Total FTES	<u>15,165</u>	<u>-</u>	<u>15,165</u>
Supplementary Information:			
E. In-Service Training Courses (FTES)	-	-	-
H. Basic Skills Courses and Immigrant Education			
a. Noncredit	80	-	80
b. Credit	585	-	585
<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, 2019

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There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2019.

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See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION  
June 30, 2019

General fund		\$ 71,746,362
Debt service fund		66,056,878
Special revenue funds		-
Capital projects funds		364,478,512
Internal service fund		21,568,172
Auxiliary funds		<u>11,533,934</u>
 Total fund balances - business-type activity funds		 535,383,858

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		\$ 717,033,633	
less Auxiliary fund capital assets		<u>(182,064)</u>	
			716,851,569

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		\$ 60,638,804	
Deferred outflows of resources relating to OPEB		2,446,663	
Deferred inflows of resources relating to pensions		(10,351,000)	
Deferred inflows of resources relating to OPEB		<u>(13,873,646)</u>	
			38,860,821

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.

(9,178,473)

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, 2019 consisted of:

General obligation bonds		\$ (801,050,076)	
Unamortized bond premiums		(64,587,448)	
Accreted interest		(229,778,251)	
Net pension liability		(197,690,000)	
Net OPEB asset		13,462,329	
Compensated absences		<u>(5,732,561)</u>	
			(1,285,376,007)

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION  
June 30, 2019

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Gains or losses on refundings of debt are categorized as deferred inflows or outflows and are amortized over the shortened life of the refunded or refunding of the debt.

Deferred outflows of resources relating to debt refundings - losses	\$ 10,664,487	
Deferred inflows of resources relating to debt refundings - gains	(4,529,024)	
		<u>6,135,463</u>

A gain on sale of capital assets was recognized during the fiscal year for which a portion was not yet received and was reflected in accounts receivable.

3,747,109

Total net position - business-type activities \$ 6,424,340

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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, 2019

	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	\$ 25,896,272	\$ -	\$ 25,896,272	\$ 25,984,482	\$ -	\$ 25,984,482
Other	1300	<u>17,844,552</u>	<u>-</u>	<u>17,844,552</u>	<u>17,806,739</u>	<u>-</u>	<u>17,806,739</u>
Total instructional salaries		<u>43,740,824</u>	<u>-</u>	<u>43,740,824</u>	<u>43,791,221</u>	<u>-</u>	<u>43,791,221</u>
Non-instructional salaries:							
Contract or regular	1200	-	-	-	15,578,181	-	15,578,181
Other	1400	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,823,734</u>	<u>-</u>	<u>1,823,734</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>17,401,915</u>	<u>-</u>	<u>17,401,915</u>
Total academic salaries		<u>43,740,824</u>	<u>-</u>	<u>43,740,824</u>	<u>61,193,136</u>	<u>-</u>	<u>61,193,136</u>
<u>Classified Salaries</u>							
Non-instructional salaries:							
Regular status	2100	-	-	-	33,645,368	-	33,645,368
Other	2300	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,312,067</u>	<u>-</u>	<u>2,312,067</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>35,957,435</u>	<u>-</u>	<u>35,957,435</u>
Instructional aides:							
Regular status	2200	2,364,278	-	2,364,278	2,431,224	-	2,431,224
Other	2400	<u>436,575</u>	<u>-</u>	<u>436,575</u>	<u>500,992</u>	<u>-</u>	<u>500,992</u>
Total instructional aides		<u>2,800,853</u>	<u>-</u>	<u>2,800,853</u>	<u>2,932,216</u>	<u>-</u>	<u>2,932,216</u>
Total classified salaries		<u>2,800,853</u>	<u>-</u>	<u>2,800,853</u>	<u>38,889,651</u>	<u>-</u>	<u>38,889,651</u>
Employee benefits	3000	21,841,141	-	21,841,141	49,230,215	-	49,230,215
Supplies and materials	4000	-	-	-	2,147,779	-	2,147,779
Other operating expenses	5000	18,165	-	18,165	12,684,124	-	12,684,124
Equipment replacement	6420	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures prior to exclusions		<u>\$ 68,400,983</u>	<u>\$ -</u>	<u>\$ 68,400,983</u>	<u>\$164,144,905</u>	<u>\$ -</u>	<u>\$164,144,905</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION  
For the Year Ended June 30, 2019

	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	\$ 2,252,073	\$ -	\$ 2,252,073	\$ 2,252,073	\$ -	\$ 2,252,073
Student health services above amount collected	6441	-	-	-	391,368	-	391,368
Student transportation	6491	-	-	-	353,028	-	353,028
Noninstructional staff-retirees' benefits and retirement incentives	6740	-	-	-	1,702,615	-	1,702,615
Objects to exclude:							
Rents and leases	5060	-	-	-	91,948	-	91,948
Lottery expenditures		-	-	-	-	-	-
Academic salaries	1000	-	-	-	2,740,209	-	2,740,209
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>2,252,073</u>	<u>-</u>	<u>2,252,073</u>	<u>7,531,241</u>	<u>-</u>	<u>7,531,241</u>
Total for ECS 84362, 50% Law		<u>\$ 66,148,910</u>	<u>\$ -</u>	<u>\$ 66,148,910</u>	<u>\$ 156,613,664</u>	<u>\$ -</u>	<u>\$ 156,613,664</u>
Percent of CEE (instructional salary cost /Total CEE)		<u>42.24 %</u>	<u>-</u>	<u>42.24 %</u>	<u>100.00%</u>	<u>-</u>	<u>100.00%</u>
50% of current expense of education		-	-	-	<u>\$ 78,306,832</u>	<u>-</u>	<u>\$ 78,306,832</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, 2019

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EPA Proceeds: \$ 1,518,250

<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	\$ 1,201,146	\$ -	\$ -	\$ 1,201,146
Media	6130	136,581	-	-	136,581
Management Information Systems	6780	80,309	-	-	80,309
Custodial services	<u>6530</u>	<u>100,214</u>	<u>-</u>	<u>-</u>	<u>100,214</u>
Total expenditures		<u>\$ 1,518,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,518,250</u>
Revenues less expenditures					<u>\$ -</u>

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See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION  
June 30, 2019

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**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, 2019:

- Salaries of Classroom Instructors (50 Percent Law)
- Apportionment for Activities Funded from Other Sources
- State General Apportionment Funding System
- Residency Determination for Credit Courses
- Students Actively Enrolled
- Dual Enrollment (CCAP and Non-CCAP)
- Scheduled Maintenance Program
- Gann Limit Calculation
- Open Enrollment
- Proposition 39 Clean Energy Fund
- Apprenticeship Related and Supplemental Instruction (RSI) Funds
- Disabled Student Programs and Services (DSPS)
- To Be Arranged Hours (TBA)
- Propositions 1D and 51 State Bond Funded Projects
- 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.

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(Continued)

***Basis for Qualified Opinion on Compliance with State Laws and Regulations***

As described in Finding 2019-001 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, 2019.

***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 6, 2019

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, 2019, 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 6, 2019.

#### **Internal Control Over Financial Reporting**

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

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

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

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(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 6, 2019

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, 2019. 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, 2019.

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(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 6, 2019

## **FINDINGS AND RECOMMENDATIONS**

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2019

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**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes      X   No

Significant deficiency(ies) identified not considered  
to be material weakness(es)? \_\_\_\_\_ Yes      X   None reported

Noncompliance material to financial statements  
noted? \_\_\_\_\_ Yes      X   No

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes      X   No

Significant deficiency(ies) identified not considered  
to be material weakness(es)? \_\_\_\_\_ Yes      X   None reported

Type of auditor's report issued on compliance for  
major programs: Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes      X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.033, 84.063, 84.007 and 84.268 84.042A and 84.047A	Student Financial Aid Cluster TRIO Cluster

Dollar threshold used to distinguish between Type A  
and Type B programs: \$    750,000

Auditee qualified as low-risk auditee?   X   Yes    \_\_\_\_\_ No

**STATE AWARDS**

Type of auditor's report issued on compliance for  
state programs: Qualified - 50 Percent Law

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2019

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SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2019

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SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2019

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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2019-001 STATE COMPLIANCE - 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, 2019

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<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Fully Implemented</u>
<b>2018-001</b>		
<u>Condition:</u> The District failed to meet the required 50 percent minimum.	Not implemented.	See current year finding 2019-001
<u>Recommendation:</u> The District should come into compliance with the 50 Percent Law by expending a higher amount of the District's CEE on classroom instruction, or by reducing non-instructional costs.		

**BOARD REPORT NO. 20-1-101B**

TO: Members of the Board of Trustees  
FROM: Michael Claire, Interim Chancellor  
PREPARED BY: Bernata Slater, Chief Financial Officer, 358-6755

**RECEIPT AND ACCEPTANCE OF THE 2018-19 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, 2019. 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 2018-19 audit reports for KCSM- FM, which were filed with the Corporation for Public Broadcasting prior to the January 31, 2020 due date.

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

**FINANCIAL STATEMENTS**

June 30, 2019 and 2018

KCSM-FM  
A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED AS A PROGRAM OF THE  
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS  
June 30, 2019 and 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
KCSM-FM  
San Mateo, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of KCSM-FM (a public telecommunications entity operated as a program of the San Mateo County Community College District), as of and for the years ended June 30, 2019 and 2018, 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.

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(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, 2019 and 2018, 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, 2019 and 2018, 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 6, 2019 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 6, 2019

# ***SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM***

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

***JUNE 30, 2019***

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### **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, 2019 and June 30, 2018. 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 \$217,000, and ended at over \$1.9 million as of June 30, 2019.

- The increase in net position was mainly due to an increase in membership and underwriting revenue.
- Net noncurrent assets increased by close to \$72,000 due to the acquisition of a new transmitter.

### **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 ninth year (2011/12 through 2019/20). When the State sets the District's revenue limit (determining how many students the District is 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 the District's revenue limit. This means that the District has additional resources as compared to a general apportionment district. The District is now firmly in community-supported status and anticipates to receive over \$65 million in 2019/20 in excess of what the District would have received had it been subject to the revenue limit 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 of the property taxes are being diverted to RDAs, more of these resources are redirected to the District. The former RDAs are also slowly selling off their property, which provides one-time funds to District coffers. All in all, the District's revenues have increased and, with a steady real estate market, the District's fiscal outlook remains solid.

KCSM-FM is one of a handful of all-Jazz stations remaining in the nation. The station is funded mostly by listener contributions - 74%. In 2018/19, the station continued to increase the number of on-going monthly contributions (sustainers). The efforts to modify and improve the fund-drive process has produced incremental revenue to the station, as KCSM-FM consistently meets or exceeds its pledge-drive goals. This year staff continues to work with the Digital Media Department at the College of San Mateo in support of an alternative on-air stream that allows 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 to be actively supportive of the Digital Media Department and the Student Body. KCSM-FM continues to strengthen partnerships with jazz organizations in the San Francisco Bay Area, providing added exposure to the music genre by executing live broadcasts from venues such as the San Jose Summer Fest, the Winter Fest, the San Francisco Conservatory of Music, the Hammer Theater, and the Café Stritch to deliver live jazz performances to listeners worldwide. KCSM-FM identified its biggest opportunity for audience growth to be outside of KCSM's designated market area, with efforts on the way to cast a bigger net through its desktop player and dedicated app, where the station has 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, 2019**

KCSM - FM  
A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED BY THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
Statements of Net Position  
June 30, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	1,797,972	1,699,720
Accounts receivable	60,253	11,005
Prepaid expenses	-	-
Total current assets	<u>1,858,225</u>	<u>1,710,725</u>
Noncurrent Asset		
Capital Asset	550,649	531,296
Accumulated Depreciation	<u>(427,297)</u>	<u>(479,841)</u>
Total noncurrent assets	<u>123,352</u>	<u>51,455</u>
Total asset	1,981,577	1,762,180
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	<u>37,756</u>	<u>35,337</u>
Total Liabilities	37,756	35,337
<b>Net Position</b>		
Investment in Capital assets	123,352	51,455
Unrestricted	<u>1,820,469</u>	<u>1,675,388</u>
Total net position	<u><u>1,943,821</u></u>	<u><u>1,726,843</u></u>

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. The 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, 2019***

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- According to GASB Statements, equity is reported as Net Position rather than Fund Balance. KCSM-FM's net position is classified as follows:
  - Invested in Capital Assets: 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 consists of non-exchange transactions including support received from the District.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2019**

KCSM - FM

A PUBLIC TELECOMMUNICATIONS ENTITY

OPERATED BY THE SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET REVENUE, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Operating Revenues</b>		
Direct Income		
Business and Industry	152,148	63,398
Facilities Use	12,408	11,885
Other Sales	77	141
Indirect Support	-	
San Mateo County Community College District	<u>334,455</u>	<u>278,436</u>
Total Operating Revenues	<u>499,088</u>	<u>353,860</u>
<b>Operating Expenses</b>		
Programming and Production	754,537	710,451
Broadcasting	553,056	265,671
Program Information and Promotion	209,332	196,217
Management and General	486,364	531,954
Fundraising Support	146,048	178,959
Underwriting and Grant Solicitation	89,997	33,280
Total Operating Expenses	<u>2,239,334</u>	<u>1,916,532</u>
Loss from operations	(1,740,246)	(1,562,672)
<b>Non-Operating Revenues</b>		
Membership and Donations	1,823,771	1,556,921
CPB Community Service Grants	160,704	160,233
Loss on Disposal of Capital Assets	<u>(27,251)</u>	<u>-</u>
Total Non-Operating Revenues	<u>1,957,224</u>	<u>1,717,154</u>
Change in Net Position	216,978	154,482
Net Position at Beginning of Year	<u>1,726,843</u>	<u>1,572,361</u>
<b>Net Position at End of Year</b>	<u><u>1,943,821</u></u>	<u><u>1,726,843</u></u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

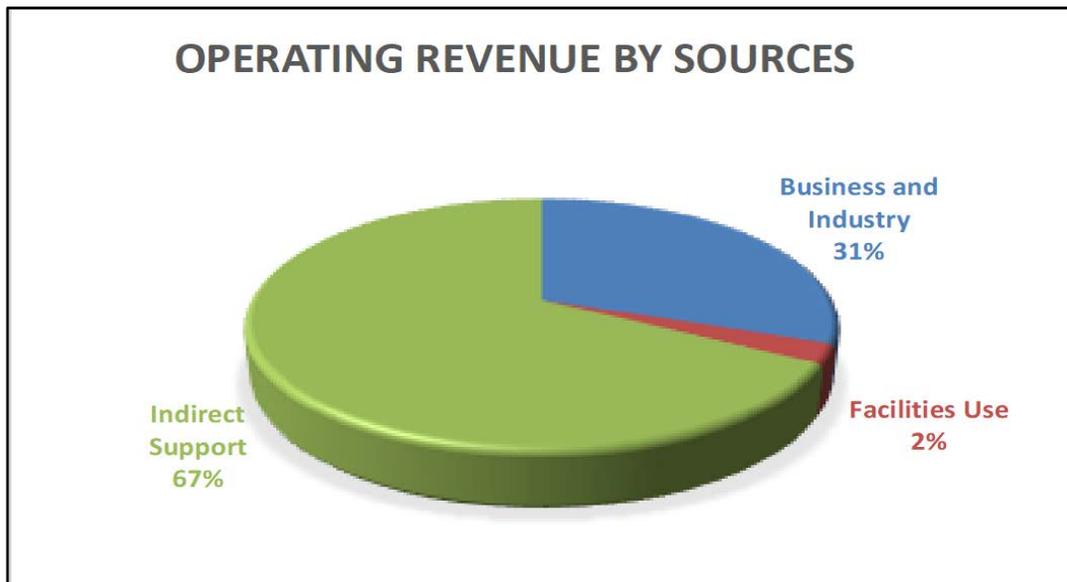
**JUNE 30, 2019**

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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 the community.
- Other Income: Income that does not fit into other categories (e.g., 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-FM, such as facility rentals.
- Indirect Support: Expenses or facilities paid by the San Mateo County Community College District.

Below is an illustration of KCSM-FM operating revenues by source:

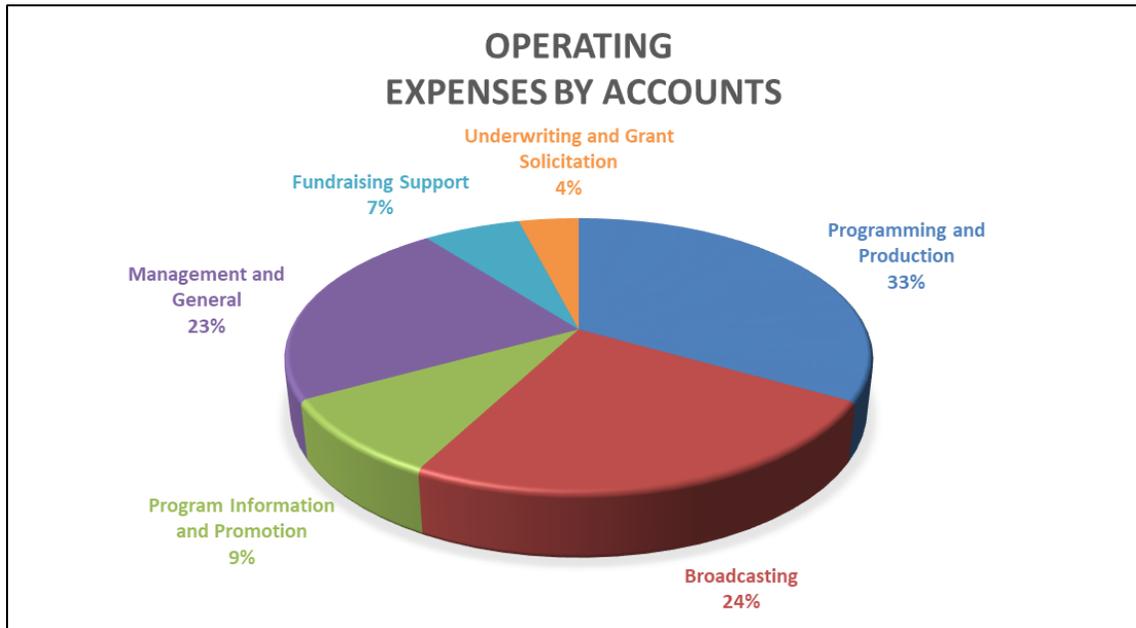


Revenues and expenses changed mainly due to the following:

- Revenue increased mainly due to increases in Membership and Donations
- Expenses increased mainly due to additional Programming and Broadcasting operating costs

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2019**



KCSM-FM's operating expenses are shown in the chart above. The 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 for 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(s), accounting, and 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, 2019**

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**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 San Mateo County Investment Pool.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT - KCSM**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>		
Business and industry	\$ 102,900	\$ 155,623
Facilities use	12,408	11,885
Other sales	77	141
District support	334,455	278,436
Payments to suppliers	(461,641)	(335,810)
Payments to (on behalf of) employees	<u>(1,755,781)</u>	<u>(1,560,170)</u>
Net cash used in operating activities	<u>(1,767,582)</u>	<u>(1,449,895)</u>
<b>Cash flows from financing activities</b>		
Memberships and donations	1,823,771	1,556,921
CPB community service grants	<u>160,704</u>	<u>160,233</u>
Net cash provided by financing activities	<u>1,984,475</u>	<u>1,717,154</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	<u>(118,641)</u>	<u>-</u>
Net change in cash and cash equivalents	98,252	267,259
Cash and cash equivalents at beginning of year	<u>1,699,720</u>	<u>1,432,461</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 1,797,972</u>	<u>\$ 1,699,720</u>

*SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM*

*MANAGEMENT'S DISCUSSION AND ANALYSIS*

*JUNE 30, 2019*

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**Economic Factors and the 2019-20 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 7.12% county-wide as compared to 2018/19, which means the projected property tax revenues in 2019/20 are 7.12% higher than the prior year. This puts the District on very solid financial footing. The District continues to build multi-year financial plans and has planned balanced budgets through 2021/22.

KCSM FM: This fiscal year the station continues to focus on controlling costs and increasing revenue. Because of these efforts, sustainerships has grown at a rate of 10% over the previous year. Underwriting is on a steep growth curve, as underwriting staff was replaced and the Fundraising Department is being rebuilt. Various vacant positions as a result of retirements were consolidated maximizing resources already available. This has allowed the station to venture into the community and produce live broadcasts from numerous venues, as well as elevate the station's market profile.

In addition to the above, old technologies such as servers and digital transmitter and traffic systems have been replaced to improve productivity, efficiency, and control costs.

**Contacting the Financial Management Office**

This financial report is designed to provide citizens, taxpayers, students, investors and creditors with a general overview of KCSM-FM's finances and to illustrate 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 650-358-6755 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, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,797,972	\$ 1,699,720
Accounts receivable	<u>60,253</u>	<u>11,005</u>
Total current assets	<u>1,858,225</u>	<u>1,710,725</u>
Noncurrent assets		
Capital assets	550,649	531,296
Accumulated depreciation	<u>(427,297)</u>	<u>(479,841)</u>
Total noncurrent assets	<u>123,352</u>	<u>51,455</u>
Total assets	<u>1,981,577</u>	<u>1,762,180</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	<u>37,756</u>	<u>35,337</u>
Total liabilities	<u>37,756</u>	<u>35,337</u>
<b>NET POSITION</b>		
Investment in capital assets	123,352	51,455
Unrestricted	<u>1,820,469</u>	<u>1,675,388</u>
Total net position	<u>\$ 1,943,821</u>	<u>\$ 1,726,843</u>

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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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Operating revenues</b>		
Direct income		
Business and industry	\$ 152,148	\$ 63,398
Facilities use	12,408	11,885
Other sales	77	141
Indirect support		
San Mateo County Community College District	<u>334,455</u>	<u>278,436</u>
Total operating revenues	<u>499,088</u>	<u>353,860</u>
<b>Operating expenses</b>		
Programming and production	754,537	710,451
Broadcasting	553,056	265,671
Program information and promotion	209,332	196,217
Management and general	486,364	531,954
Fundraising support	146,048	178,959
Underwriting and grant solicitation	<u>89,997</u>	<u>33,280</u>
Total operating expenses	<u>2,239,334</u>	<u>1,916,532</u>
Loss from operations	<u>(1,740,246)</u>	<u>(1,562,672)</u>
<b>Non-operating revenue (expense)</b>		
Memberships and donations	1,823,771	1,556,921
CPB community service grants	160,704	160,233
Loss on disposal of capital assets	<u>(27,251)</u>	<u>-</u>
Total non-operating revenue (expense)	<u>1,957,224</u>	<u>1,717,154</u>
Change in net position	216,978	154,482
Net position, beginning of year	<u>1,726,843</u>	<u>1,572,361</u>
<b>Net position, end of year</b>	<u>\$ 1,943,821</u>	<u>\$ 1,726,843</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>		
Business and industry	\$ 102,900	\$ 155,623
Facilities use	12,408	11,885
Other sales	77	141
District support	334,455	278,436
Payments to suppliers	(461,641)	(335,810)
Payments to (on behalf of) employees	<u>(1,755,781)</u>	<u>(1,560,170)</u>
Net cash used in operating activities	<u>(1,767,582)</u>	<u>(1,449,895)</u>
<b>Cash flows from financing activities</b>		
Memberships and donations	1,823,771	1,556,921
CPB community service grants	<u>160,704</u>	<u>160,233</u>
Net cash provided by financing activities	<u>1,984,475</u>	<u>1,717,154</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	<u>(118,641)</u>	<u>-</u>
Net change in cash and cash equivalents	98,252	267,259
Cash and cash equivalents at beginning of year	<u>1,699,720</u>	<u>1,432,461</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 1,797,972</u>	<u>\$ 1,699,720</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (1,740,246)	\$ (1,562,672)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	19,493	23,577
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(49,248)	92,225
Increase (decrease) in accounts payable	<u>2,419</u>	<u>(3,025)</u>
Net cash used in operating activities	<u>\$ (1,767,582)</u>	<u>\$ (1,449,895)</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, 2019 and 2018

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**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.

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(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, 2019 and 2018

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**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, 2019 and 2018, are classified in the accompanying financial statements in the amount of \$1,797,972 and \$1,699,720, 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, 2019 and 2018

**NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)**

<u>Authorized Investment Type Issuer</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
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 \$1,797,972 as of June 30, 2019 and \$1,699,720 as of June 30, 2018. The fair value of this investment at June 30, 2019 and June 30, 2018 is approximately \$1,801,458 and \$1,692,037, respectively, with a weighted average maturity of approximately 0.84 years and 0.91 years respectively.

**NOTE 3 – CAPITAL ASSETS**

Changes in equipment are summarized as follows as of June 30, 2019:

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2019</u>
Equipment	\$ 531,296	\$ 118,641	\$ (99,288)	\$ 550,649
Less accumulated depreciation	<u>(479,841)</u>	<u>(19,493)</u>	<u>72,037</u>	<u>(427,297)</u>
Net equipment	<u>\$ 51,455</u>	<u>\$ 99,148</u>	<u>\$ (27,251)</u>	<u>\$ 123,352</u>

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>

Depreciation expense for the years ended June 30, 2019, and June 30, 2018 were \$19,493 and \$23,577 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, 2019 and 2018

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**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 \$334,455 for the year ended June 30, 2019 and \$278,436 for the year ended June 30, 2018. 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 2019, and the related notes to the financial statements, which collectively comprise KCSM-FM's financial statements, and have issued our report thereon dated December 6, 2019. 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, 2019, 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*.

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(Continued)

## Purpose of this Report

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

  
Crowe LLP

Sacramento, California  
December 6, 2019

**BOARD REPORT NO. 20-1-102B**

TO: Members of the Board of Trustees  
FROM: Michael Claire, Interim Chancellor  
PREPARED BY: Bernata Slater, Chief Financial Officer, 358-6755

**RECEIPT AND ACCEPTANCE OF THE 2018-19  
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, 2019. 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 2018-19 audit reports for the General Obligation Bond funds.

**SAN MATEO COUNTY  
COMMUNITY COLLEGE DISTRICT  
MEASURE H  
2014 ELECTION GENERAL OBLIGATION BONDS**

**FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MEASURE H - 2014 ELECTION GENERAL OBLIGATION BONDS

FINANCIAL STATEMENTS  
June 30, 2019 and 2018

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## INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of San Mateo County Community College District (the "District") Measure H General Obligation Bond Activity included in the Measure H Bond Fund of the District (the "Measure H Bond Fund") as of and for the years ended June 30, 2019 and 2018, 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.

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(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, 2019 and 2018, 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, 2019 and 2018, 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 6, 2019, 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 6, 2019

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS  
BALANCE SHEETS  
June 30, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash	\$ 234,304,668	\$ 54,625,592
Accounts receivable	1,833,341	491,733
Prepaid expenditures	<u>1,564,505</u>	<u>4,341,416</u>
Total assets	<u>\$ 237,702,514</u>	<u>\$ 59,458,741</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 12,919,842	\$ 9,740,326
Due to the District	<u>78,713</u>	<u>46,661</u>
Total liabilities	<u>12,998,555</u>	<u>9,786,987</u>
Fund balance:		
Nonspendable	1,564,505	4,341,416
Restricted – capital projects	<u>223,139,454</u>	<u>45,330,338</u>
Total fund balance	<u>224,703,959</u>	<u>49,671,754</u>
Total liabilities and fund balance	<u>\$ 237,702,514</u>	<u>\$ 59,458,741</u>

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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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
Interest income	\$ 4,651,611	\$ 1,090,973
<b>Expenditures</b>		
Current:		
Salaries and benefits	4,129,468	3,335,295
Supplies and materials	1,868,624	1,059,794
Capital construction and improvements	<u>88,605,159</u>	<u>49,878,609</u>
Total expenditures	<u>94,603,251</u>	<u>54,273,698</u>
<b>Deficiencies of revenues under expenditures</b>	(89,951,640)	(53,182,725)
<b>Other financing sources</b>		
Bond proceeds	<u>264,983,845</u>	<u>-</u>
Change in fund balance	175,032,205	(53,182,725)
Restricted & Nonspendable fund balance, beginning of year	<u>49,671,754</u>	<u>102,854,479</u>
Restricted & Nonspendable fund balance, end of year	<u>\$ 224,703,959</u>	<u>\$ 49,671,754</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, 2019 and 2018

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**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, 2019, there was \$78,713 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.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS  
 NOTES TO FINANCIAL STATEMENTS  
 For the Years Ended June 30, 2019 and 2018

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**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 San Mateo County Treasurer (“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, 2019 and 2018, was \$234,304,668 and \$54,625,592, respectively, and the weighted average maturity of the pool was 306 and 332 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, 2019 and 2018 consisted of \$1,833,341 and \$491,733, respectively, due from the County for interest income.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2019 and 2018

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**NOTE 4 – ACCOUNTS PAYABLE**

Accounts payable at June 30, 2019 and 2018 consisted of \$12,919,842 and \$9,740,326, 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.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS  
 NOTES TO FINANCIAL STATEMENTS  
 For the Years Ended June 30, 2019 and 2018

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**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.

In November 2018, the District Issued Measure H General Obligation Bonds, Series B, in the amount of \$261,000,000.

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

As of June 30, 2019 and 2018, 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>2019</u>		
Districtwide projects	\$ 831,555	Within 2 years
Skyline projects	8,174,655	Within 2 years
CSM projects	2,326,221	Within 1 year
Cañada projects	<u>32,752,213</u>	Within 2 years
	<u>\$ 44,084,654</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>	

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, 2019, and the related notes to the financial statements and have issued our report thereon dated December 6, 2019. 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, 2019, 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.

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(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 6, 2019

**SAN MATEO COUNTY  
COMMUNITY COLLEGE DISTRICT  
MEASURE H  
2014 GENERAL OBLIGATION BONDS**

**PERFORMANCE AUDIT**  
June 30, 2019

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MEASURE H - 2014 GENERAL OBLIGATION BONDS

PERFORMANCE AUDIT  
June 30, 2019

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## INDEPENDENT AUDITOR'S REPORT

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

We have conducted a performance audit of the San Mateo County Community College District (the "District"), Measure H General Obligation Bond funds for the year ended June 30, 2019.

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, 2019 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

  
Crowe LLP

Sacramento, California  
December 6, 2019

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
MEASURE H - 2014 GENERAL OBLIGATION BONDS  
BACKGROUND

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## 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 were 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. In November 2018, the District Issued Measure H General Obligation Bonds, Series B, in the amount of \$261,000,000.

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, 2019 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, 2019 (the "List"). An approximate total of 8,158 transactions were identified, representing \$94,603,251 in expenditures from July 1, 2018 through June 30, 2019.

**PROCEDURES PERFORMED**

We performed the following procedures to the List of Measure H General Obligation Bond project expenditures for the year ended June 30, 2019:

- 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, 2019.
- Selected a sample of 36 expenditures totaling \$49,569,486. 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, 2019 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.

**BOARD REPORT NO. 20-1-103B**

TO: Members of the Board of Trustees  
FROM: Michael Claire, Interim Chancellor  
PREPARED BY: Bernata Slater, Chief Financial Officer, 358-6755

**RECEIPT AND ACCEPTANCE OF THE 2018-19 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, 2019. 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 2018-19 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, 2019 and 2018

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST

FINANCIAL STATEMENTS  
June 30, 2019 and 2018

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## INDEPENDENT AUDITOR'S REPORT

The Retirement Board of Authority of the  
San Mateo County Community College District  
Retirement Futuris Public Entity Investment Trust  
San Mateo, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of San Mateo County Community College District Retirement Futuris Public Entity Investment Trust (the "Trust"), a fiduciary fund of San Mateo County Community College District (the "District") as of and for the years ended June 30, 2019 and 2018, 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.

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(Continued)

## **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, 2019 and 2018, 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 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, 2019 and 2018, 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 6, 2019 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 6, 2019

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
STATEMENTS OF TRUST NET POSITION  
As of June 30, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Investments:		
Mutual funds – fixed income	\$ 67,705,583	\$ 57,689,388
Mutual funds – equity	49,691,829	52,064,399
Mutual funds – real estate	<u>5,996,783</u>	<u>5,355,347</u>
Total assets	123,394,195	115,109,134
<b>LIABILITIES</b>		
Accounts payable	<u>352,225</u>	<u>196,293</u>
<b>NET POSITION</b>		
Net position restricted for OPEB	<u>\$ 123,041,970</u>	<u>\$ 114,912,841</u>

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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, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
<b>Additions</b>		
Employer contributions	\$ 10,032,730	\$ 19,422,945
Net investment income:		
Dividends and other income	5,046,666	3,854,180
Realized and unrealized gains, net	901,597	2,173,854
Administrative expense	<u>(419,134)</u>	<u>(376,812)</u>
Total additions	15,561,859	25,074,167
<b>Deductions</b>		
Retiree benefits	<u>7,432,730</u>	<u>7,222,945</u>
Net increase in net position	8,129,129	17,851,222
<b>Net position restricted for OPEB</b>		
Net position, beginning of the year	<u>114,912,841</u>	<u>97,061,619</u>
Net position, end of the year	<u>\$ 123,041,970</u>	<u>\$ 114,912,841</u>

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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  
June 30, 2019 and 2018

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**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 675 retirees and beneficiaries currently receiving benefits and 1,015 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.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019 and 2018

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

	<i>AFSCME</i>	<i>Certificated Management</i>	<i>Certificated</i>	<i>Classified</i>	<i>Classified Management</i>
Benefit types provided*	Medical, Part B				
Duration of Benefits	Lifetime	Lifetime	Lifetime	Lifetime	Lifetime
Minimum Age Required Service	Retirement from Applicable Retirement System				
Dependent Coverage	Yes	Yes	Yes	Yes	Yes
District Contribution %	100%	100%	100%	100%	100%
District Cap**	Active Single Cap	\$450 per month	\$450 per month	Active Single Cap	Active Single Cap

\* Some grandfathered employees and retirees are eligible for employer paid dental benefits

\*\* The District contribution is changed periodically. Grandfathered employees and retirees receive benefits that may exceed this cap.

Plan membership: At June 30, 2019 and 2018, Plan membership consisted of the following:

	<u>Number of Participants</u>	
	<u>2019</u>	<u>2018</u>
Inactive Employees/Dependents Receiving Benefits	675	687
Active Employees	<u>1,015</u>	<u>977</u>
	<u><u>1,690</u></u>	<u><u>1,664</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, AFCSME, and 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.

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.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019 and 2018

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**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributions: Eligible employees are not permitted to make contributions to the Trust. The Plan administrator shall, on behalf of the employer, make all contributions to the Trustee. All contributions shall be paid to the Trustee for investment and reinvestment pursuant to the terms of the trust agreement. The District does not have contractually required contributions rates, but contributes in an amount sufficient to fully fund the Net OPEB obligation over a period not to exceed 30 years. Contributions to the Trust from the District was \$10,032,730 and \$19,422,945 for the years ended June 30, 2019 and 2018, respectively.

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 (Asset) Liability of the Trust: The components of the net OPEB (asset) liability of the Trust at June 30, 2019 and 2018, were as follows:

	<u>2019</u>	<u>2018</u>
Total OPEB liability	\$ 109,579,641	\$ 121,063,333
Fiduciary Net Position	<u>123,041,970</u>	<u>114,912,841</u>
Net OPEB (asset) liability	<u>\$ (13,462,329)</u>	<u>\$ 6,150,492</u>
 Fiduciary Net Position as a percentage of the Total OPEB liability	 112%	 95%

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, 2019 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions included a 7% 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%. An inflation rate of 2.75% and an expected payroll increase of 2.75% were utilized. The average hire age for eligible employees is 37 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.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019 and 2018

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

All actuarial assumptions above were the same as those used for the June 30, 2017 valuation with the exception of the average hire age for eligible employees. The average hire age for eligible employees was 38 as of the June 30, 2017 actuarial valuation date.

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 of Return*</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Fixed Income	25%	25%	4%	4%
Equities	75%	75%	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 28 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 28 years.

Money-weighted rate of return on OPEB plan investments for the years ending June 30, 2019 and 2018 was 5.2% and 6.1%, respectively.

Sensitivity of the Net OPEB (Asset) Liability to Assumptions: The following presents the net OPEB (asset) liability calculated using the discount rate of 7%. The schedule also shows what the net OPEB (asset) 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, 2019</u>			
Net OPEB (asset) liability	<u>\$ (1,861,664)</u>	<u>\$ (13,462,329)</u>	<u>\$ (23,243,401)</u>
<u>June 30, 2018</u>			
Net OPEB (asset) liability	<u>\$ 19,336,881</u>	<u>\$ 6,150,492</u>	<u>\$ (4,923,225)</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018

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**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The following table presents the net OPEB (asset) 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, 2019</u>			
Net OPEB (asset) liability	\$ (23,443,874)	\$ (13,462,329)	\$ (1,900,228)
<u>June 30, 2018</u>			
Net OPEB (asset) liability	\$ (11,867,708)	\$ 6,150,492	\$ 28,575,126

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, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Mutual funds – fixed income	\$ 67,705,583	\$ 57,689,388
Mutual funds – equity	49,691,829	52,064,399
Mutual funds – real estate	<u>5,996,783</u>	<u>5,355,347</u>
Total investments	<u>\$ 123,394,195</u>	<u>\$ 115,109,134</u>

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
 RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019 and 2018

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**NOTE 2 – INVESTMENTS** (Continued)

During the fiscal years ended June 30, 2019 and 2018, the Trust's investments (including gains and losses on investments bought and sold as well as held during the year) appreciated as follows:

	<u>2019</u>	<u>2018</u>
Dividend and other	\$ 5,046,666	\$ 3,854,180
Realized gains, net	176,006	712,143
Unrealized gains, net	725,591	1,461,711
Administrative expense	<u>(419,134)</u>	<u>(376,812)</u>
 Total investment income	 <u>\$ 5,529,129</u>	 <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% 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, 2019 and 2018, 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, 2019 and 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.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018

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**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, 2019 and 2018:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>2019</u>				
Investments:				
Mutual funds - fixed income	\$ 67,705,583	\$ 67,705,583	\$ -	\$ -
Mutual funds - equity	49,691,829	49,691,829	-	-
Mutual funds – real estate	<u>5,996,783</u>	<u>5,996,783</u>	-	-
Total	<u>\$ 123,394,195</u>	<u>\$ 123,394,195</u>	<u>\$ -</u>	<u>\$ -</u>
	<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>

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

During the years ended June 30, 2019 and 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, 2019 and 2018.

**REQUIRED SUPPLEMENTARY INFORMATION**

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
REQUIRED SUPPLEMENTARY INFORMATION  
For the years ended June 30, 2019 and 2018

**I. SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**

For the Last Ten Fiscal Years

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total OPEB liability			
Service cost	\$ 3,269,290	\$ 3,359,195	\$ 3,414,487
Interest	7,305,828	7,957,577	8,335,093
Experience gains/losses	-	-	(15,800,542)
Benefit payments	<u>(7,230,215)</u>	<u>(7,222,945)</u>	<u>(7,432,730)</u>
Net change in Total OPEB liability	3,344,903	4,093,827	(11,483,692)
Total OPEB liability, beginning of year	<u>113,624,603</u>	<u>116,969,506</u>	<u>121,063,333</u>
Total OPEB liability, end of year (a)	<u>\$ 116,969,506</u>	<u>\$ 121,063,333</u>	<u>\$ 109,579,641</u>
Plan fiduciary net position			
Employer contributions	15,230,215	19,422,945	10,032,730
Actual investment income	9,043,304	6,028,034	5,948,263
Administrative expense	(337,684)	(376,812)	(419,134)
Benefits payment	<u>(7,230,215)</u>	<u>(7,222,945)</u>	<u>(7,432,730)</u>
Change in plan fiduciary net position	16,705,620	17,851,222	8,129,129
Fiduciary trust net position, beginning of year	<u>80,355,999</u>	<u>97,061,619</u>	<u>114,912,841</u>
Fiduciary trust net position, end of year (b)	<u>\$ 97,061,619</u>	<u>\$ 114,912,841</u>	<u>\$ 123,041,970</u>
Net OPEB (asset) liability, ending (a) - (b)	<u>\$ 19,907,887</u>	<u>\$ 6,150,492</u>	<u>\$ (13,462,329)</u>
Covered payroll	\$ 83,799,966	\$ 91,765,187	\$ 98,883,699
Plan fiduciary net position as a percentage of the total OPEB liability	83%	95%	112%
Net OPEB (asset) liability as a percentage of covered payroll	24%	7%	(14%)

*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, 2019 and 2018

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**I. SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS (Continued)**

Valuation date	June 30, 2019
Measurement date	June 30, 2019
Census data	The census was provided by the District as of June 30, 2019
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.

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(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST  
REQUIRED SUPPLEMENTARY INFORMATION  
For the years ended June 30, 2019 and 2018

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**II. SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN OF OPEB PLAN INVESTMENTS**

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Money-weighted rate of return on OPEB plan investments	10.8%	6.1%	5.2%

*This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.*

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of San Mateo County Community College Retirement Futuris Public Entity Investment Trust (the "Trust"), a fiduciary fund of San Mateo County Community College District as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2019.

**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.

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(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 6, 2019

**BOARD REPORT NO. 20-1-3C**

TO: Members of the Board of Trustees  
FROM: Michael Claire, Interim Chancellor  
PREPARED BY: Mitchell Bailey, Vice Chancellor/Chief of Staff, 574-6510

**PRESENTATION BY U.S. NAVAL SEA CADET CORPS, BAND OF THE WEST**

Representatives from the U.S. Naval Sea Cadet Corps, Band of the West, will provide a brief overview of their organization and connection with Cañada College.

The Band of the West is a unit of the U.S. Naval Sea Cadet Corps, a national youth program which develops skills in leadership, basic seamanship, courage, self-reliance and discipline. The Band of the West is the only sea cadet band in the nation, and is comprised of dedicated and talented musicians (11-18 years old) from around the San Francisco Bay Area. They meet on Saturdays at Cañada College.

The band plays unique and meaningful performances (approximately 10-15 performances per year) including San Francisco Fleet Week, Navy Seals Tribute, Wreaths Across America, USS San Francisco memorial, Veterans and Memorial Day ceremonies, and tributes to the storied 442nd RCT and 101st Airborne Division.

Participants in the band earn community service hours through their performances honoring veterans and those who serve. Participants also receive weekly musical instruction from a team of professional musicians and instructors.

**BOARD REPORT NO. 20-1-4C**

TO: Members of the Board of Trustees  
FROM: Michael Claire, Interim Chancellor  
PREPARED BY: Mitchell Bailey, Vice Chancellor/Chief of Staff, 574-6510

**CONTEMPORARY CONVERSATION REGARDING RACE, CLASS, GENDER, PRIVILEGE  
AND EQUITY: SAN MATEO COUNTY COMPLETE COUNT CENSUS EFFORTS**

Over the course of the last three years, the Board and the District have had focused conversations relating to race, class, gender, privilege and equity. The foundations of these conversations are manifested in the District's Strategic Plan and facilitated across the campuses in classrooms, programs, curriculum, policies, trainings and general awareness and actions.

The Board will continue this conversation with a discussion of contemporary issues relating to race, class, gender, privilege and equity. In particular, the Board will receive an update on activities relating to the San Mateo County Census Complete Count.

# Cañada College

## Report to the SMCCCD Board of Trustees

January 22, 2020

### in this issue:

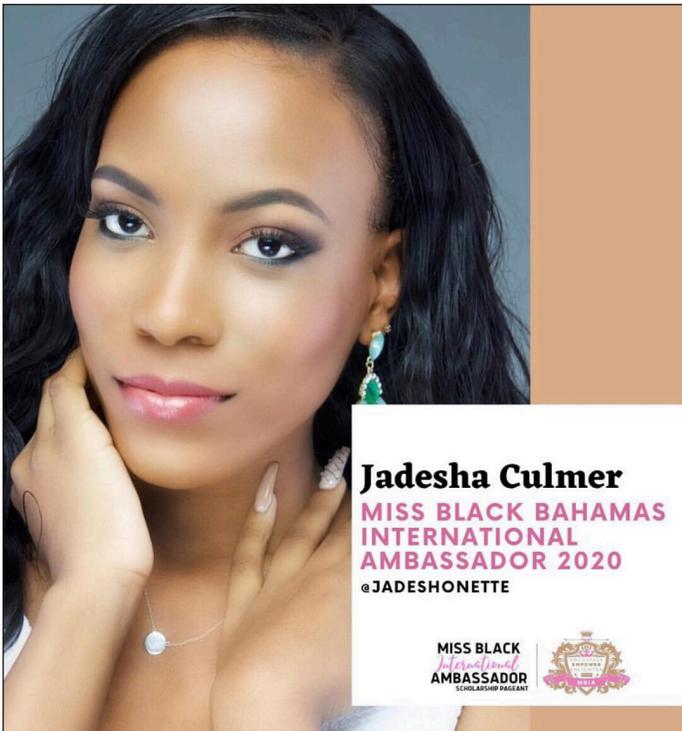
- pg. 2 Student Leader Chosen to Serve as an International Ambassador
- pg. 2 Soccer Teams Complete Successful Season
- pg. 3 Student Receives Prestigious Research Scholarship
- pg. 3-4 Phi Theta Kappa Completes Honors Action Project
- pg. 5 Fifth Annual Jacket & Toy Drive Supports Half Moon Bay Community

### upcoming events:

- pg. 6 Welcome Week and Lunar New Year, Men's Basketball, and Internship Fair



## Student Leader Chosen to Serve as an International Ambassador



Cañada College student Jade Culmer was recently crowned Miss Black Bahamas International Ambassador 2020. The Miss Black International Pageant, formally Miss Black US Ambassador Pageant, is a global program that encourages,

empowers and enlightens black women in communities, states and nations. As Ambassadors of Change, each woman serves as a rising voice in the community and seeks to make a difference. This is done through educational forums and events that focus on health disparities, poverty, violence and major issues that plague black women globally.

Ambassadors of Change also serve as role models and partner with key political figures to bring support to their efforts and platforms. As an International Ambassador, Jade will receive a scholarship and grant opportunities to further her education and platform, "Black Minds Matter: Diversity in Leadership," which is geared towards empowering young women who aspire to be leaders.

At Cañada College, Jade is a Math major and Fashion Design minor. She is very involved on campus and serves as an Executive Board Member and Commissioner of Activities on Student Senate. She is the Chair of the Housing Insecurities Initiative, an International Student Center Ambassador, tutor, and has served as a Mental Health Ambassador with Active Minds as well as an employee at the Bookstore. Jade hopes to transfer to Harvard upon graduating from Cañada College.

## Soccer Teams Complete Successful Season

Congratulations to the Cañada College Men's and Women's Soccer teams who advanced to the Coast Conference playoffs!

The Men's Soccer Team finished the season ranked #19 nationally per the United Soccer Coaches Top 25 Poll and per the National Junior College Athletic Association DIII Men. See the full poll, [click here](#). Go Colts!



## Student Receives Prestigious Research Scholarship

A Research Analyst is a professional who prepares investigative reports on securities and assets.

Carol Liu is an aspiring Research Analyst, mother of two, and Cañada College student. Carol's accuracy, strong analytical mind, and excellent work ethic was recognized by her employer, Karen Engel, who recommended that Carol apply for the California Association of Institutional Research



(CAIR) Samuel Agronow scholarship. The Sam Agronow Scholarship supports students who are pursuing a degree or certificate in the field of institutional research. Carol decided to apply after writing a compelling personal statement and acquiring two letters of recommendation from her professors. Two weeks later, Carol was notified that she had won the \$2,000 scholarship which will allow her to fund her future certification extension program through UC San Diego.

Creating and designing analysis fact sheets is Carol's passion as she believes the data tells a story and analyzing the data provides the opportunity to improve. As a first-generation immigrant, Carol's family and career ambitions inspire her to continue excelling academically. Carol also looks to her Cañada College family, as they always support her and make her feel empowered through education. Carol's dream job is to be a Research Analyst in the community college system to ensure schools continue to run as efficiently as possible and allow all students the opportunity to succeed.

Carol's advice to anyone looking to work in the research field is to stay curious and ask many questions. She also suggests being as helpful as possible. Even if you are not asked to do something, go the extra mile and do it anyways because the hard work will pay off.

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## Phi Theta Kappa Completes Honors Action Project

Every year, the Cañada College Phi Theta Kappa student chapter, Beta Zeta Nu, completes an Honors in Action (HiA) project where students choose a topic to research and propose an action from that research. This year, the students wanted to better understand what motivates young people to engage in behaviors that most people would consider unhealthy and/or risky. The behavior they chose to examine, as the "proxy" for risky behavior generally, was vaping.

The students researched two different social science areas as possible explanations for the rise of vaping: Rational Ignorance (R.I) and Cognitive Dissonance (C.D.) Rational ignorance states that when the cost associated with learning something exceeds the perceived benefit gained by learning that thing, it is rational to remain ignorant of that knowledge. Cognitive dissonance states that an individual's cognition is made up of cognitive elements such as desires or values. When these elements come into conflict, the individual will experience cognitive dissonance which can be manifested as physical or psychological discomfort. When experiencing cognitive dissonance, individuals will try to resolve their discomfort by realigning their cognitive elements.

## Phi Theta Kappa Completes Honors Action Project (cont.)

In preparation, the Chapter read several seminal articles on R.I. and C.D. and researched the health costs (and benefits) of vaping. They discussed the topic with campus librarians, campus faculty experts and local experts and developed a unique survey instrument that tested both explanations (RI and CD). They also distributed, collected, analyzed and drew some statistically significant correlations from the survey instrument from more than 170 students at local high schools and Cañada's Middle College High School. The survey indicated that 14% of students polled had vaped within the last week and 86% of the students had not vaped within the last week.

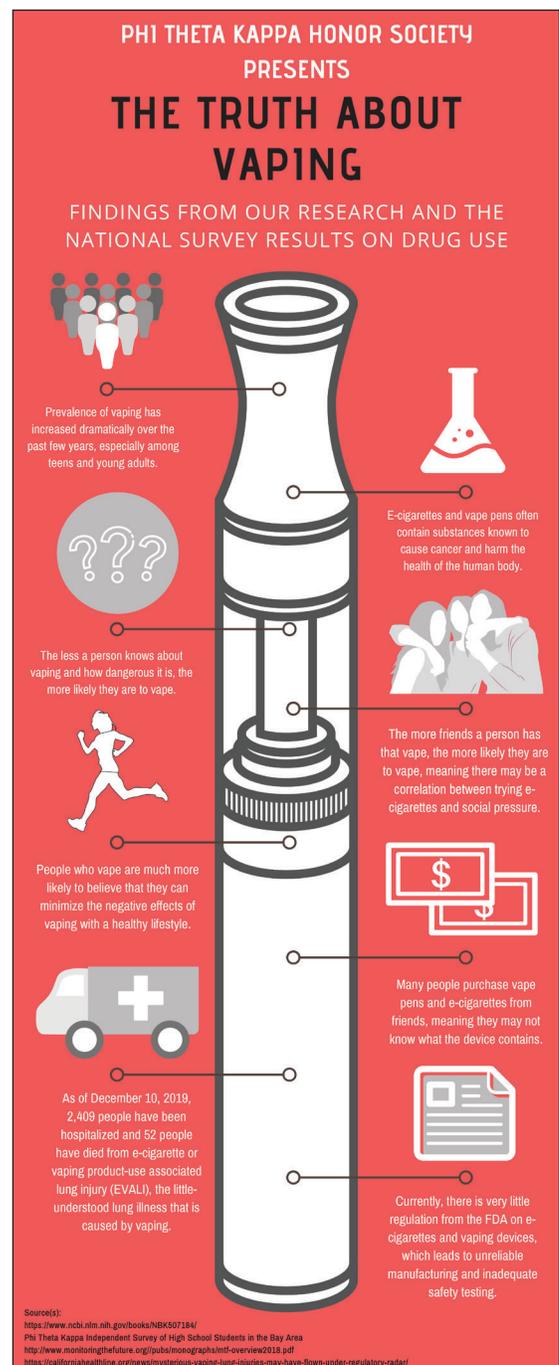
The Chapter also assessed each individual's knowledge of vaping and its dangers, and then looked for a correlation between their awareness of the facts and their frequency of vaping. The correlation was -0.33, meaning that the more a person knows about vaping and how dangerous it is, they are 33% less likely to vape.

They compared students' knowledge of vaping and how much free time they typically have with their frequency of vaping, to try and determine if rational ignorance could offer an explanation for the prevalence of vaping. However, the Chapter found no significant correlations, meaning that their rational ignorance hypothesis was not supported by their research.

The Chapter asked students how many of their friends vaped and then looked for a correlation between higher numbers of friends using e-cigarettes and frequency of vaping. The correlation was 0.39, meaning that the more friends a person has who vape, they are 39% more likely to vape. The Chapter believed that this represented a possible resolution of the students' cognitive dissonance about vaping, where they believe that if everyone else is doing it, they can do it too.

The Chapter also looked at whether or not students who vaped believed that the negative effects of

vaping are minimized by healthy behavior, and correlated stronger compensatory health beliefs with frequency of vaping. The correlation was 0.33, meaning that the more a student minimizes or compensates for the risks of vaping, the more likely they are to vape. The Chapter believed that this represented a possible resolution of the students' cognitive dissonance about vaping, where they were aware of the risks but believed that they could make up for any negative effects with an otherwise healthy lifestyle.



# Fifth Annual Jacket and Toy Drive Supports Half Moon Bay Community

Cañada College held its Fifth Annual Jacket and Toy Drive, generating donations to serve around 75 families. This year, the College partnered with ALAS (Ayudando Latinos A Soñar), a Latino Cultural Arts and Social Services Program, to benefit families in Half Moon Bay. The donations were collected on campus, in partnership with several clubs and departments, including: the Cañada College Outreach Department, Education and Human Development, Educators Now (student club), SparkPoint, Beta Zeta Nu (Cañada College's Chapter of Phi Theta Kappa), Office of Student Life & Leadership Development, the Library and the Learning Center.

On December 16, Cañada College students, faculty and staff were on hand to personally deliver the toys and jackets to children, while connecting with their families. 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 materials, including class schedules.

Thank you to all members of the campus community who donated toys and jackets and helped us to strengthen our partnership with the Half Moon Bay community.



# upcoming events:

## **JANUARY 13, 14 & 15**

### **Welcome Week & Lunar New Year**

9 a.m. - 1 p.m. and 6-8 p.m. on Jan. 14 on the Upper Lawn

## **JANUARY 17**

### **Men's Basketball vs College of San Mateo**

7 p.m. at College of San Mateo Gym (Building 8)

## **JANUARY 31**

### **Men's Basketball vs Foothill College**

7 p.m. at College of San Mateo Gym (Building 8)

## **FEBRUARY 5**

### **Internship Fair**

11 a.m. - 1 p.m. in The Grove





# President's Report to the SMCCCD Board of Trustees

Acting President Kim Lopez ~ January 22, 2020

## Inside...

Planning Begins for College of San Mateo's Centennial . . . . .	1
Faculty and Staff Prepare for Spring 2020 on Flex Day. . . . .	2
Classes Begin for Spring 2020. . . . .	3
Center for Equity, Leadership & Community Set to Open on March 11 . . . . .	4
Upcoming Events . . . . .	5

## Planning Begins for College of San Mateo's Centennial



*Students on the steps of the Kohl Mansion, CSM's home from 1923 to 1927.*

College of San Mateo opened its doors for the first time on August 28, 1922. Since then, the College has changed the lives of many thousands of students through education and career preparation.

The College will celebrate its centennial in 2022–23 with a major community outreach initiative, as well as commemorative videos, website, and special events. Acting President Kim Lopez has established a President's Centennial Committee to advise the College on these planning efforts. Members include San Mateo County business executives, elected officials and staff, nonprofit leaders, and other community members. In its first meeting on January 16, the group received an overview on the College, its students, the communities we serve, and the College's instructional programs. They also received a brief history of the development of the college, its prominent alumni, and the vision for the Centennial. The committee will focus special attention on programs, partnerships, and events that can establish strong and lasting

impact on the community. This will likely include a gala celebration as well as a large-scale community “birthday party.”

This winter, CSM will also organize a work committee of students, faculty, staff, and alumni to plan the campus celebration. Under the leadership of Bill Rundberg and Gus Petropoulos, the emeriti faculty have nearly completed an oral history project of 100 video interviews. There is a vast digital archive of historic photos from College of San Mateo, Cañada College, Skyline College, and the San Mateo County Community College District. See [smccd.edu/photoarchives](http://smccd.edu/photoarchives). More materials will be developed in the coming years. ■

## Faculty and Staff Prepare for Spring 2020 on Flex Day



CSM faculty and staff gathered on January 10 for winter Flex Day professional development opportunities. Keynote Speaker Rhonda Magee, professor of law at University of San Francisco, started the day with a keynote on “Mindful Reflections on Equity and Inclusion.” Professor Magee led a full house in Bayview Dining Room through a description of contemplative pedagogy—incorporating mindfulness and personal experience into education—as well as a meditation session. Professor Magee is author of the recently published [\*The Inner Work of Racial Justice: Healing Ourselves and Transforming Our Communities Through Mindfulness\*](#) and an expert in contemplative pedagogy, race law, identity-sensitive pedagogy, and critical race perspectives on the intersection of race and immigration. Some of her talks are available on [YouTube](#).

The educational equity theme continued with an extended workshop entitled “Check Your Privilege: Unpacking Your Relationship with White Privilege.” Led by guest Myisha T., an Oakland based speaker, mental health advocate, and life synergist, the four-hour session presented tools to help



identify your personal relationship with power, privilege, and racism. Myisha T's workshop is rooted in the restorative justice framework, which allows each individual participating a place to be seen and known. The goal is to understand how your individual actions contribute to outcomes and impact both students and colleagues in our CSM community.



Faculty and staff circulated among many other Flex day sessions. Topics included the new library online catalog; evaluating constructive and equitable feedback; tutoring resources; Canvas grading, marketing your program; and assessing your syllabus through an equity lens. The College community then had an opportunity to enjoy lunch before breaking for afternoon division meetings. ■



## Classes Begin for Spring 2020



CSM welcomed students back on January 13 for the Spring 2020 semester. Admissions & Records extended its hours to help students register and access the

classes they need, and CSM Student Ambassadors staffed welcome tables to answer questions from new students. Our student photographer, Celeste Safie, captured the day with these photos.



## Center for Equity, Leadership & Community Set to Open on March 11

Work has been progressing steadily on the new Center for Equity, Leadership, & Community, which will serve as a hub for many student support services. Opening formally in March, it is the new home of the Promise Scholars Program, Student Life & Leadership, SparkPoint and its food pantry, Mana, Umoja, Puente, the Honors Project, and Project Change. Students in CSM Learning Communities will be able to gather in spaces furnished with comfortable furniture, study tables and rooms, and even a gaming room. Student government will hold meetings in the large state of the art conference room, while Promise Scholars Program counselors will have private space to be able to work with their students. Located in the former Building 17, the space has been transformed into bright, open, and tech-ready space for supporting students.

A ribbon-cutting is planned for Wednesday, March 11, 2-4pm. Students are planning a mix of performances and presentations related to the programs in the Center. More information will be coming soon on this event. ■



## UPCOMING EVENTS

### *Save the Dates!*

#### **Ribbon Cutting: Center for Equity, Leadership, & Community**

**Wednesday, March 11 • 2-4 pm**  
**CSM Building 17**

Join students, faculty, staff, and community members for a celebration of the new Center for Equity, Leadership, & Community. This major renovation creates high quality space for CSM Learning Communities, SparkPoint, student government and the Promise Scholars Program. Watch the CSM website for details.

#### **Bulldog Football Crab Feed**

**Friday, March 14 • 6-10 pm**  
**Bayview Dining Room, Building 10**

Early-bird Price: \$55 (before 3/1/2020);  
\$65 after 3/1/2020

Please join us to support the Bulldog Football Program and celebrate Coach Larry Owens. The evening will feature a cocktail hour, crab and spaghetti dinner, silent auction and raffle.

# UPCOMING EVENTS

## January 2020

### **CSM Women's Basketball vs. Las Positas**

Friday Jan. 24 • 5:00 pm  
CSM Gymnasium Building 8

### **CSM Men's Basketball vs. Las Positas College**

Friday Jan. 24 • 7:00 pm  
CSM Gymnasium Building 8

### **San Mateo Farmers' Market**

*Every Saturday, Rain or Shine*  
Saturday, Jan. 25 • 9 am – 1 pm

## February 2020

### **CSM Softball Doubleheader**

Saturday, Feb. 1, 2020  
10:00 am vs. Siskiyou  
2:00 pm vs. San Jose  
CSM Softball Field

### **Jazz Under the Stars**

*Free Stargazing on CSM's Rooftop Observatory*  
Saturday, Feb. 1 • 6:30–8:30 pm  
CSM Science Building 36, Rooftop Observatory

### **CSM Softball Doubleheader vs. Merced**

Tuesday, Feb. 4 • 12:00 and 2:00 pm  
CSM Softball Field

### **CSM Women's Basketball vs. Ohlone**

Wednesday, Feb. 5 • 5:00 pm  
CSM Gymnasium Building 8

### **CSM Men's Basketball vs. City College of San Francisco**

Friday, Feb. 7 • 7:00 pm  
CSM Gymnasium Building 8

### **San Mateo County Astronomical Society General Meeting and Presentation**

*Guest Speaker Series*  
Friday, Feb. 7 • 8–9 pm  
CSM Science Building 36, Planetarium

### **CSM Baseball vs. De Anza**

Saturday, Feb. 8 • 1:00 pm  
CSM Baseball Field

### **CSM Softball vs. Modesto**

Tuesday, Feb. 11 • 3:00 pm  
CSM Softball Field

### **CSM Women's Basketball vs. City College of San Francisco**

Wednesday, Feb. 12 • 5:00 pm  
CSM Gymnasium Building 8

### **CSM Men's Basketball vs. Cañada College**

Wednesday, Feb. 12 • 7:00 pm  
CSM Gymnasium Building 8

### **CSM Softball Doubleheader**

Thursday, Feb. 13  
10:00 am vs. Cosumnes River  
2:00 pm vs. Fresno  
CSM Softball Field



# President's Report to the Board of Trustees

Dr. Jannett Jackson



*Skyline College hosted the 50th Anniversary Gala on Friday, November 15, 2019, raising over \$100,000 for students.*

# SKYLINE COLLEGE BOARD REPORT

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### 50th Anniversary Gala: Over \$100,000 in Funds Raised



Skyline College hosted the 50th Anniversary Gala on Friday, November 15, 2019 with over 200 guests in attendance in the beautiful new Farallon Room located inside the new Environmental Science Building. Guests included students, faculty, staff and community and business members from across the county. The night was a success in raising more than \$100,000 for students. These funds support the Promise Scholars Program and continue to support the innovative projects and initiatives of the President's Innovation Fund – a mini-grant process that allows faculty and staff to launch creative and effective approaches to achieving Skyline College's mission, vision and values. These projects continue to shape the landscape of Skyline College.

The event consisted of a cocktail hour for VIP ticket holders, a four course-meal, a program including a commemorative video, award presentations, a silent auction and dancing. Lloyd LaCuesta, retired broadcaster from KTVU served as the Master of Ceremonies for the evening. Supervisor David Canepa gave an inspirational keynote address advocating for free college and using his platform as an elected official to make a difference in the county.

Several individuals who have been instrumental in the success of the college over its 50 years were presented

with the first ever Skyline Stars award. Awardees included:

- David Canepa
- Dr. Christine Case
- Greg Cochran
- Ray Hernandez
- Carolyn Livengood (posthumously)

We want to thank our headlining Gala sponsor for the evening YouTube who provided \$20,000 in support and 20 tickets to students so that they could attend the festivities. We'd also like to thank Supervisor Canepa who has committed \$50,000 of Measure K funds to support the Promise Scholars Program, making our gala a smashing success. Other sponsors include Local Union 467 and Associated Students of Skyline College.

It is absolutely true that it takes a village to pull off a beautiful event of this scale. First we'd like to thank our partners, the San Mateo County Community Colleges Foundation under the leadership of Tykia Warden and Leila Perreras with Circle Communications who were with us every step of the way. We'd like to thank President's Office Staff Theresa Tentes and Becky Threewit who were instrumental in the last two weeks leading up to the gala, and the incredible Marketing, Communications and Public Relations team for all their incredible work, including Connor Fitzpatrick, Brittney Sneed, Mia Coe, Soe Thura Hlaing, Mario Guzman, Marie Kyla Perez and Ricardo Coronado.

A sincere thank you, on behalf of the college to all the attendees of the gala, sponsors, donors, silent auction donors and staff that helped make the night one that will go down in history, all in support of students. Over \$100,000 in funds raised and a night to celebrate the incredible opportunity we have each and every day to make a difference in a student's life is unforgettable.

*Article by Cherie Colin | Photo by Zaw Min Khant*

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#### STEM Center Officially Opens Its Doors!



On Monday, November 18, 2019, over 200 people gathered for the inaugural ribbon cutting to celebrate the opening of the Science, Technology, and Health STEM Center at Skyline College. Attendees included Skyline College leadership, faculty, classified staff, students, members of the SMCCCD Board of Trustees and the community!

Launching with seed funding through the College's STEM Pathways Grant, the STEM Center works to engender a vibrant community of students, faculty and staff all supporting each other to foster student success within science, technology, health, engineering, and math courses. The STEM Center, located on the third floor of Building 7, is the newest addition to the STEM Collaboration Space which encompasses the Fabrication Lab, Anatomy Lab, Simulation Lab, Biotechnology Lab, MESA Center, Math Quad, study spaces, meeting rooms and much more!

Vice President of Instruction, Jennifer Taylor-Mendoza, kicked off the event by speaking to the ambition the Skyline College community has for fostering student success in science, technology, and health. SMT Dean Ray Hernandez, Engineering and Computer Science Professor Nick Langhoff and Vice Chancellor of Facilities Planning, Maintenance & Operations Jose Nuñez all echoed similar sentiments and the positive impact the STEM Center will have on the Skyline College community.

After the ribbon cutting ceremony, guests remained in the STEM Center for an open house tour of the space. The three large touch-screen TV's in the space flexed their potential by switching back and forth between their two key functionalities. The first functionality is connecting to computers through screen-sharing (either via WiFi or cable connection). Picture slideshows were in display advertising all of the lab spaces available in Building 7. Second, converting to digital whiteboards allowing guests to write and draw welcoming messages and fun exercise problems.

Many students in various clubs took this opportunity to showcase some of their current research projects/interests. The Astronomy Club, Engineering & Robotics Club, SAE (Society of Automotive Engineers), and WISER! (Women In Science and Engineering Represent!) were all in attendance. On display were a series of telescopes, engineering simulation models, biotechnology lab equipment, a distillation lab demonstration (synthesizing crude oil), computer graphics models, student research posters, math games/puzzles and a solar boat built by students! View photos taken from the Ribbon Cutting on [Skyline College's Flickr!](#)

The STEM Center will serve the students by providing a space to collaborate, learn and connect. With the additional space and immediate vicinity to faculty offices, students gain the opportunity to work closely with their faculty and mentors. The STEM Center also looks to rethink how office hours are conducted by hosting them so that faculty meets the students where they are at, literally.

From inception to design to construction, development of the STEM Center at Skyline College was realized through the dedication and hard work of a diverse set of teams and individuals throughout the College, district and design construction partners. The STEM Center team would like to extend a huge thank you to everyone who contributed!

The STEM Center will be open and available to students Monday through Thursday at 8:00 a.m. – 8:00 p.m., and Friday at 8:00 a.m. – 6:00 p.m.

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For further information about the STEM Center, contact Bryan Swartout at (650) 738-7939 or [swartoutb@smccd.edu](mailto:swartoutb@smccd.edu).

*Article by Nicholas Langhoff, Jenny Le & Bryan Swartout | Photo by Marie Kyla Perez*

### Empty Bowls Success: Visual and Performing Arts Students Collaborate For Social Action



The Ceramics Club hosted its sixth Biennial Empty Bowls Fundraiser on November 6, 2019, in the Fireside Dining Room.

Empty Bowls is a grassroots project created to raise money and awareness of hunger and food insecurity in communities. Each group that participates in the Empty Bowls project works with their community to create their own event.

We surpassed our goal of making over 300 bowls and hosted a successful fundraising soup dinner on campus. This fundraising project provides a service learning experience for our students, utilizing creative art and event planning skills to help create social change.

Attendees chose from a collection of colorful and unique ceramic bowls, each of which were hand-made by Skyline College, Capuchino High School and Burlingame High School ceramics students. Professor Soledad McCarthy's Hospitality and Tourism Management students helped showcase the bowls best, assisting patrons to select the perfect bowl. Art student volunteers filled the bowls with a variety of delicious soups prepared by Pacific Dining.

Diners were skillfully entertained during their meal by a rich array of performers, starting off with Professor Zachary Bruno's students, the Skyline College Jazz Combo. The Skyline College Concert Choir directed by Professor Jude Navari followed and sang a few stimulating songs from popular musicals. Next the Vocal Jazz Ensemble Soundscape directed by Professor Michelle Hawkins, showcased their rich harmonies. For the performance finale, there were several energizing dance performances choreographed by students in Professor Amber Steele's Dance Program.

The event was a great success, raising \$3,282 for SparkPoint at Skyline College! Director Chad Thompson shared highlights during the dinner about the great work that the center does including the food pantry and community market that provide food to students and community members.

Thanks to the Skyline College Organization and Club Council (SOCC) for providing funds for the soup. A big thanks to all of the administration, staff, faculty, students and community members who came and supported this event!

*Article by Tiffany Schmierer | Photo by Brittney Sneed*

### Meta Majors Week Was a Big Success!



Thanks to the campus community, Meta Majors Week was a huge success! On October 21-25, the campus came together to build relationships and give students opportunities to explore each of the four Meta Majors. The goals for the week were to: 1) Create community and a sense of identity within each of the Meta Majors;

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2) Provide opportunities for students to explore career options and skills needed in each of the Meta Majors; and 3) Connect students to resources that exist on campus and can support their educational goals.

Throughout the week, more than 500 students participated in over 30 events. Faculty leads in each of the Meta Majors helped to organize a range of events including: poetry readings, a virtual scavenger hunt, mindfulness exercises, STEM labs open house, math and physics games in the Main Quad, anthropology bones exhibit and many, many more. For students who are exploring or in need of career support, Strategic Partnerships and Workforce Development hosted a range of activities to connect students to career related resources and opportunities to develop career skills. Various events held in the Library throughout the week connected to the range of Meta Majors and, finally, Meta Major Counselors tabled in the Main Quad all week to connect with students and schedule counseling appointments to complete their Comprehensive Student Educational Plans.

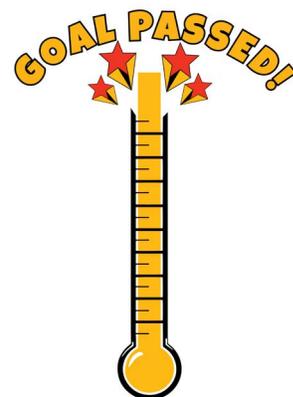
Students were entered to win one of 10 prizes at each Meta Major Week event that they attended, thanks to generous donations from the Strategic Partnerships and Workforce Development Division as well as the Skyline College Bookstore. Overall feedback from students as well as faculty and staff participants was very positive. In a survey sent to student participants, 80% of respondents said that they made new connections during the week and students expressed that they would like to see more Meta Major related events in the future.

We hope to make Meta Majors Week bigger and better next year. If you are interested in helping to plan the week or in organizing an event, contact Carla Grandy at [grandyc@smccd.edu](mailto:grandyc@smccd.edu) to get involved.

*Article by Carla Grandy | Picture by Christopher Branco*

### Classified Senate Student Scholarship Drive Surpasses Goal

The Classified Senate is excited to announce that they raised \$1,970 for the 1st Annual Skyline College Classified Senate Student Scholarship Drive, reaching well over their goal of \$1,500!



Our heartfelt gratitude to those who helped the Classified Senate support students by helping them pay for their tuition, fees, books and other expenses as they achieve their educational goals.

On behalf of the Classified Senate, thank you again to everyone who donated. We appreciate your generosity and support for Skyline College students and the Classified Senate.

*Article by Sherrie Prasad*

### Asian Women Tea Time Held Its First Gathering at the Library



On November 20, 2019, a group of Skyline College faculty members met for Asian Women Tea Time (AWTT) in the Library.

The group engaged in conversations sharing relatable and different stories including:

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- Personal plight with gender stereotyping and tokenism
- Shared experiences dealing with impressions of being an Asian woman
- Sharing a ‘third space’ with fellow women of similar cultural heritage
- Common paths in experiencing American society as an immigrant or a daughter of an immigrant family

Funny stories were shared, expressions of identity were embraced and thought-provoking questions were brought up.

All who identify themselves as an Asian woman are welcome to join in the Library lounge. If you have any questions, please email Rika Yonemura-Fabian at [fabianr@smccd.edu](mailto:fabianr@smccd.edu) or Pia Walawalkar at [walawalkars@smccd.edu](mailto:walawalkars@smccd.edu).

*Article by Maryam Khan, Rika Yonemura-Fabian, Pia Walawalkar, Jing Folsom, Sujatha Venkataraman and Emilie Hein*

### Automotive Department Outreach to High School Students



The Automotive Department hosted 200 high school students in the Farallon Room, Building 12 to learn more about the Automotive Technology programs offered in Skyline College. Approximately 100 of those students were Dual Enrollment students from the South San Francisco Unified School District. The remainder of the students came from the Jefferson Union High School District and the San Francisco Unified School District.

The students viewed our recent promotional videos that are hosted on our website, listened to student speakers as well as our guest speaker, Advisory Board Member, Brian Reidy, Service and Parts Director of Peninsula Infiniti. Brian completed courses in the Skyline College Automotive program 20 years ago. Brian spoke truth to our high school students about the great opportunities in the automotive and transportation industry, highlighting that it is not uncommon for automotive technicians to earn over \$100,000 a year.

Tom Broxholm, Automotive Program Coordinator, explained how the Skyline College program differs in a good way from traditional two year automotive programs, highlighting the extensive hands-on training that every student receives. Tom added that there is cost savings of close to \$33,000 compared to for profit automotive training programs such as Universal Technical Institute (UTI). Tom also noted our industry partnerships with Nissan, Infinity, Audi, Subaru and Ford, and that the automotive department is currently in talks with Mercedes Benz to become a campus partner. These partnerships provide factory training for staff as well as training and internships for students. The students were then treated to a rare opportunity to tour the Automotive Department while observing classes in full swing.

The high school students were able to see what it would be like to take automotive training by visiting classes in session. Professor Julia Johnson’s class was working on engine removal and replacement, Vikas Sen’s class was working on wheel alignments, Ruben Parra’s class was working on testing computer control systems, Filipp Gleyzer’s class was diagnosing vehicle lighting systems and Tom Broxholm’s class was taking apart and repairing an automatic transaxle.

All the students and staff were then treated to lunch before they returned to their respective schools. All of this was made possible with the support from Strong Workforce Development and grant funds from Jacques M. Littlefield Foundation.

*Article by Thomas G. Broxholm*

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### Middle College Represent at South San Francisco's Project Read Trivia Challenge



Middle College entered South San Francisco's 27th annual Project Read Trivia Challenge and fundraiser and made a notable first impression at the event. The night consisted of a silent auction, dinner and a trivia challenge. The Middle College team was made up of two seniors Tylin Williams, Humberto Rivas, and one junior Maria Coreas, representing their sponsor, Skyline College.

They battled against more than 30 teams and were the only high school team to advance to the second round, after scoring 23 points out of 30 in round one. Middle College senior Humberto Rivas stated that "he would like to thank everyone who made this event possible to support the commendable cause of increasing literacy in our neighborhoods. I also want to thank our Middle College administration for choosing us to represent Skyline College as a whole. I certainly had a great time with my teammates representing Middle College. Even though we came up short for third place, we proved that youth have the drive to make their dreams come true by making history, and that was the most important takeaway."

While they were unable to place, these young students with bright minds definitely put Middle College on the map as one to watch out for at next year's competition.

The Trivia Challenge serves as the annual fundraiser for Project Read of Northern San Mateo County. With the help of volunteer tutors and program staff that dedicate themselves to lifelong learning, Project Read aims to

help low literacy and low-income adults reach their literacy and financial goals, as well as provide educational activities and free books to low income families in the community through their Learning Wheels Program.

*Article by Martina Goodman and Samantha Panganiban*

### ISP Celebrates International Education Week



The International Student Program (ISP) hosted an International Student Program Reception on November 18, 2019 to kick off International Education Week in style. The event was graciously hosted by Vice President of Instruction Dr. Jennifer Taylor-Mendoza and was attended by numerous faculty, staff and students, including Interim Chancellor Mike Claire, Provost of International Education Jing Luan and Vice President of Administrative Services Eloisa Briones.

Vice President of Administrative Services Eloisa Briones gave the opening address highlighting the positive impact that international students had on the campus. Next, the attendees viewed a series of student testimonial videos where spring 2019 alumni talked about their positive experiences with faculty and staff at Skyline College who helped them to succeed and achieve their goal of transferring to their dream universities.

The program culminated in the presentation of the International Student Appreciation Award to Professor Danielle Powell. The award recognizes a staff or faculty member who has actively made a positive impact on international students at Skyline College. Professor

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Powell gave an emotional and moving speech on how she guides students towards achieving their dreams and how they are her inspiration to be Nosizwe (noh-seez-wey), her South African name meaning “mother of the nation” in Xhosa.

The event concluded with a quick raffle with two lucky winners who each walked away with a basket full of international goodies!

*Article and Photo by Clair Yeo-Sugajski*

### Sharing Stories in Real Time: Human Library Concludes Fall Season



On the November 21, 2019, the Human Library drew Skyline College another step closer as a community of more than 20 participants — including staff, faculty, students and administrators — shared personal stories as part of an international movement to “unjudge.”

At Human Library sessions at Skyline College, “human books” are “loaned” to readers just as libraries loan physical books to library visitors. Continuing the theme, “don’t judge a book by its cover,” readers are encouraged to ask questions freely for honest answers in return, as books and readers sit down together to engage in conversations.

This month’s roster of human books was wonderfully varied, including *The Accidental Activist: A Caterpillar’s Journey*, *Learning who you are by Learning who you are not*, *I Really Do See Things Differently*, *Being Global*, *Navigating Life’s Series of Firsts*, and last but not least,

*An Akon Story: Narratives of a Filipino Fulbright Scholar in the U.S.*

Both readers and participants have continued to report back powerful and positive experiences of their time together. For one reader in particular, the impact was especially heartfelt: “I get inspired by the stories; they create new perspectives! [Through stories, we] interpret the meaning of life. I feel like Human Library is a way to give people hope.”

Visit the Human Library photo gallery on Facebook and mark your calendars for our next session on Tuesday, March 10, 2020! Questions? Contact Pia Walawalkar at [walawalkars@smccd.edu](mailto:walawalkars@smccd.edu).

*Article by Jessica Silver-Sharp | Photo by Marisa Thigpen*

### SI Leaders Volunteer to Support Victims of Domestic Violence



On Friday, November 15, 2019, the Supplemental Instruction (SI) program volunteered to decorate journals for [La Casa De Las Madres](#), a nonprofit in San Francisco that provides domestic violence victims support, household supplies and shelter.

The students decorated journals with artwork, supportive quotes and messages letting victims know that communities are here to support them. La Casa De Las Madres gives these journals to clients to use during their healing process as part of their self-care and participation with support groups.

In addition to decorating journals, the SI team discussed the importance of taking the skills they learn in SI

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and here at Skyline College to give back to their own communities.

SI and the Learning Center (TLC) team is dedicated to creating model student leaders both in our classrooms and in the larger communities integrated with Skyline College. Over the last year, the SI program has restructured to provide ongoing mentorship and professional development to all SI Leaders in order to build stronger communal support for students and student workers on campus. The team is excited and looking forward to the next volunteer opportunity in the spring 2020 semester!

*Article and Photo by Gavin Townsley*

### Launch of STEM Center Forums



*STEM Center Forums: Empowering Changemakers in STEM* is a President’s Innovation Fund project that launches monthly lunch forums that brings together students, peer mentors and faculty advisors to engage in reflective dialogue to build community and empower student leadership.

There are a total of six forums planned this academic year that will walk students through a series of interactive workshops that centers on student discussion and builds on one another. Students will have the opportunity to reflect on identity, equity in STEM and what it means to be a leader or advocate, gain inspiration from current advocates and engage in community service projects.

On Monday, November 4th, 2019, over 40 students attended the launch of the first forum facilitated by Dr. Jennifer Taylor-Mendoza, Jenny Le and Bryan

Swartout. Dr. Jennifer Taylor-Mendoza led students through the I AM Poem activity, where students explored their identities through crafting and sharing personal poems that celebrated each student’s rich history and where they came from. Bryan Swartout and Jenny Le then engaged students in an activity where students discussed their agreement or disagreement to statements such as, “My peers at Skyline College know the real me,” and “I see myself as a leader,” — which sparked thoughtful, stimulating and lively conversations.

*Article by Jenny Le and Bryan Swartout*

### 50th Anniversary Barbecue Celebration



The students, faculty and classified professionals of Skyline College gathered on Tuesday, December 3 to celebrate the 50th Anniversary at a campus-wide celebration barbecue. The event featured five food trucks parked throughout campus with a variety of awesome free food to choose from including chicken and waffles and Filipino burritos – participants lined up for free lunch tickets that they could spend at any truck of their choosing. Many people also walked away with some free 50th anniversary swag from the marketing table to show their Skyline College pride.

On top of all that, radio station 99.7 hosted a booth where they blasted music and radio DJ Saint John was there to get people hyped up. The station also raffled off two tickets to 99.7’s Poptopia concert featuring Normani, Halsey and headliner Lizzo! The winner received tickets and an opportunity to meet their choice of artist prior to the concert.

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The event was an opportunity for the campus to come together and celebrate this incredible milestone. For 50 years, Skyline College has been empowering and transforming the people of this community – this barbecue was a small opportunity to give back and give thanks to the people who make that possible every day: the students, faculty and staff of this college. Thanks to all the volunteers who made this event possible!

*Article by Connor Fitzpatrick | Photos by Ricardo Coronado*

### Hospitality Students Volunteer at St. Anthony's Dining Room



On Thursday, November 21, hospitality students from South San Francisco Adult School, San Mateo Adult School, Skyline College and Baden High School spent the day serving food, busing and cleaning tables and interacting with guests at St. Anthony's Dining Room in the Tenderloin in San Francisco. Students, all enrolled in the Hospitality, Tourism and Management HTM. 125 course Restaurant and Banquet Operations had the opportunity to practice their hospitality skills and volunteer their talents, building on topics they have learned in class.

St. Anthony's Dining Room provides meals for those in need and is open 365 days a week, serving almost 3,000 hot meals per day in an area with high poverty and homelessness. For many of the guests there, this would be their only meal for the day.

Student Melencio Claros said he learned many things during the experience, but most importantly, he learned "to be grateful." After five hours of volunteering,

the students were exhausted but happy to be able to contribute to the community and to demonstrate the true meaning of hospitality.

The HTM.125 class would like to thank Andrea Vizenor and Strategic Partnerships and Workforce Development for their support and Joe Morello and the Kinesiology Department for the generous use of their vans. A big thank you also goes out to the staff at Baden High School and South San Francisco and San Mateo Adult Schools.

*Article by Serena Chu-Mraz*

### Discover ASTEP Brings High School Students to Skyline College



On Wednesday, November 20, in collaboration with the African-American Success through Excellence and Persistence (ASTEP) learning community, the Outreach Office hosted 25 students from McClymonds (Oakland, CA) and El Camino High School for Discover ASTEP. Discover ASTEP provided students with an opportunity to shadow Skyline College courses, engage with culturally similar faculty, staff and current students to create a safe space to learn and ask questions about college.

Danielle Powell provided a warm welcome to the group followed by a campus tour led by Outreach ambassadors. High school participants sat in on classes that included: ADMJ 100 Introduction to Administration, BUS 100 Introduction to Business, SOCI 100 Introduction to Sociology, PSYC 300 Social Psychology, MUS 100 Fundamentals of Music, COMM 130 Interpersonal Communication, BUS 162 Money Talks: Personal

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Finance, and COSM 703 Cosmetology Chemical Concepts. Additionally, interactive hands-on workshops were conducted by faculty in the biotechnology and Fabrication Labs where participants got to experience real-world biomanufacturing and engineering simulations.

Andrea Vizenor, Dean of Strategic Partnerships and Workforce Development moderated a panel comprised of industry professionals: Ayo “Tae” Osilaja, financial analyst at Oracle Corporation, Linda Walubengo, Senior Manager at LinkedIn, Brandon Johnson, Global Artificial Intelligence Solutions Engineer at NetApp, and Shaylona Wheeler, Graduate Research Assistant at Santa Clara University. The panel covered topics such as “navigating through white-dominated companies as professionals of color” and “the importance of networking for career growth and advancement”. The high school participants connected to current ASTEP, Brothers Achieving Milestones (BAM), and The Women’s Mentoring and Leadership Academy (WMLA), and Puente students during lunch.

A thank you to everyone involved in the success of this event:

Danielle Powell, Kwame Thomas, Steve Aurilio, Soledad McCarthy, Rika Fabian, Jennifer Merrill, Nick Kapp, Marco Wehrfritz, Maryam Khan, Zack Bruno, Ryan Lescure, Cassidy Ryan and Eric Imahara.

Outreach ambassadors: Tom Tran, Athena Mendoza, and Eduardo Unisa. Student Volunteers: Sabrina Alegre, Jessica Davila, Brian Hutomo, and Michael Low.

Event and Facilities team, Media Services (Roger Marcelo) and Strategic Partnerships and Workforce Development for sponsoring the catering and hosting an awesome panel.

Discover ASTEP is a part of the Discover Days initiative. The purpose of Discover Days is to host shadow days for underserved high school students to help them connect to Skyline College and develop a level of comfort with higher education. Discover Days is graciously funded by the President’s Innovation

Fund and supported by the President’s Council. For more information about Discover Days, contact Jeremy Evangelista-Ramos at [evangelistaj@smccd.edu](mailto:evangelistaj@smccd.edu)

*Article by Jeremy Evangelista-Ramos | Photo by Eric Imahara*

### Forensics Team Wins at Diablo Valley College!



On November 22 – 24, Skyline College’s Forensic team competed in the Valley to Valley tournament that spanned over the course of three consecutive days. 18 schools from across the Bay Area, Southern California and Illinois participated in the second inaugural tournament held at Diablo Valley College. Students had the opportunity to showcase talents in over 15 different categories of speech and debate events.

On Friday, November 22, Trojans competed in individual debate (IPDA). All three students (*pictured right*) who entered in this event advanced to final rounds. Joedel Penaranda competed in five rounds of IPDA ultimately earning him a Bronze medal. Dianne Argueta and Isabella Perez competed in six back-to-back rounds over the span of eight hours, finishing the tournament both earning silver awards. Participating in debate at this level of competition not only takes knowledge and technical skills but endurance!

On Sunday, November 24, five students (*pictured left*): Angelo Castillo-Canelo, Bernadette Noonan, Ariana Padilla, Joedel Penaranda, and Eduardo Unisa competed in individual events (speech events). Ariana Padilla, a middle college student, advanced to finals in Novice Prose, placing sixth place overall!

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If you are interested in joining the speech and debate team consider enrolling in COMM 172: Forensics. You do not need to be a Communication Studies major to enroll and participate. All skill levels and experience are welcome! If you have any questions about joining the team, contact Director of Forensics, Lindsey Ayotte at [ayottel@smccd.edu](mailto:ayottel@smccd.edu) and (650) 738-4276.

*Article and Photos by Lindsey Ayotte*

### Library Honors World AIDS Day for First Time through Dialog & Display



HIV/AIDS awareness and prevention was the deep focus of last week's events at Skyline College Library as students voiced questions and found answers in a safe and comfortable learning space. On December 3, for more than an hour, Skyline College psychology student and AIDS survivor Chris Hollingshead led more than 25 students in open honest dialogue about the disease and it's associated stigma. Additional details were reported in the Skyline View's recent article, "Stigma ends with ME" (December 5, 2019).

Another session brought students to the library for a conversation with Skyline College Health Center leader Dr. Walter Cheng on December 5.

Through both events, students learned about the history and impact of the disease, it's symptoms, screening and treatment options.

Throughout the week, the Library displayed a beautiful hand-crafted panel from the massive AIDS Memorial Quilt created in memory of those who have lost their lives to HIV/AIDS. According to the National AIDS

Memorial, the quilt is a powerful visual reminder of the AIDS pandemic and continues as the largest ongoing community folk art project in the world. More than 50,000 individual 3-by-6-foot memorial panels – commemorating more than 105,000 individual lives of people who have died of AIDS – have been sewn together by friends, lovers and family members and has transformed into a national treasure.

Find more images at the Learning Center's photo gallery on [Facebook](#).

World AIDS Day events in the Library were made possibly by collaboration with student club Sexuality & Gender Alliance (SAGA) and the ASSC. Questions? Please contact Pia Walawalkar, Outreach Librarian [walawalkars@smccd.edu](mailto:walawalkars@smccd.edu).

*Article and Photo by Jessica Silver-Sharp*

### Study Abroad Students Awarded \$33,000 from Gilman International Scholarship



17 students from Skyline College, Cañada College, and College of San Mateo were awarded a total of \$33,000 from the U.S. Department of State's [Benjamin A. Gilman International Scholarship](#), a grant program that enables students of limited financial means to study or intern abroad. The program is committed to reshaping study abroad to make it more accessible and inclusive for students who, due to financial constraints, might not otherwise participate. Its goal is to increase

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opportunities to live and learn abroad while building mutual intercultural understanding between students and their host communities.

For this last application cycle (Cycle 1), 30 SMCCCD students applied, and 17 students were awarded the scholarship—an award rate of 57%. The list of all colleges and universities awarded the Gilman Scholarship is listed on the Gilman Scholarship [website](#). Cycle 2 will open in mid-January 2020 for applicants whose programs start from May 1, 2020 to April 30, 2021. This cycle encompasses Summer 2020, Fall 2020, Academic Year 2020-2021, and Spring 2021 programs.

Students were alerted of this scholarship opportunity by the SMCCCD Study Abroad Office. Director of Special International Programs, Zaid Ghorri, and Study Abroad Program Services Coordinator, Stephanie Wells, worked to promote this scholarship opportunity and to assist interested students with the application process. We would like to thank the Skyline College Financial Aid office—Jenny Yang and Patricia Flores—for working with students to confirm their eligibility for the Gilman Scholarship, as well as the Skyline College, Cañada College and College of San Mateo staff and faculty who also helped spread the word to students about this opportunity.

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 Ghorri at [ghoriz@smccd.edu](mailto:ghoriz@smccd.edu) or (650) 738-7088 or Stephanie Wells at [wellss@smccd.edu](mailto:wellss@smccd.edu). You can also learn more by visiting the SMCCCD Study Abroad [Facebook](#) page or [Instagram](#) page @smccd\_study\_abroad.

*Article and Photo by Stephanie Wells*

### Students Shine at Mock Mixer



The Internship Job Shadow Program wrapped up the fall semester with their first-ever mock mixer for their End-of-the-Year Celebration. The student mixer was held on Thursday, December 5, at the Bay Area Entrepreneur Center (BAEC). The cohort of student interns were all recognized for their work and accomplishments, and they had the opportunity to experience the art of networking with other Skyline College students, administrators, faculty, staff and members of the community.

This semester's fall cohort consisted of nine student interns who shadowed under different programs (job shadow sites) throughout the campus and off-site at the BAEC. Throughout this Job Shadow, students learned industry-related skills and provided solutions to improve different aspects in their program area.

The Internship Job Shadow Program is actively seeking students looking to contribute to a team, build their resume and enhance their soft skills for the spring 2020 cohort. This unpaid internship will allow students to experience hands-on learning in a professional environment based on their career and educational interests.

To apply, visit: [smccd-czqfp.formstack.com/forms/baec\\_internship\\_application](https://smccd-czqfp.formstack.com/forms/baec_internship_application). Applications are open until Monday, January 20, 2020, at 12:00 p.m.

*Article and Photo by Sam Panganiban*

# SKYLINE COLLEGE BOARD REPORT

## JANUARY 22, 2020



### 50th Anniversary Exhibition

October 28 - February 14, 2020

Art Gallery, Building 1

Visit [facebook.com/skygallery](https://www.facebook.com/skygallery)  
for gallery hours

## UPCOMING EVENTS

### Success Summit

January 17, 2020 | 8:00 a.m. - 12:30 p.m.

The Farallon Room, Building 12

### President's Council: Appreciation Reception

February 6, 2020 | 4:00 - 6:00 p.m.

Art Gallery, Building 1

### President's Breakfast

March 26, 2020 | 7:00 a.m. - 8:30 a.m.

The Farallon Room, Building 12

**BOARD REPORT NO. 20-1-5A**

TO: Members of the Board of Trustees  
FROM: Michael Claire, Interim Chancellor  
PREPARED BY: David Feune, Director, Human Resources, 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**

**Ariackna Soler** Director of Financial Aid Services Financial Aid Services

New classified supervisory (exempt) employment effective February 18, 2020, replacing Margie Carrington who will be retiring.

**Skyline College**

**Elayne Rodriguez\*** Director of Respiratory Care Science/Math/Technology  
& Allied Health

New academic supervisory employment effective January 23, 2020, replacing Gretchen Keys who resigned.

**B. PUBLIC EMPLOYMENT**

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

**Skyline College**

**Jazzi Milton\*** Office Assistant II Language Arts

New full-time, 12-month classified employment, effective January 23, 2020, replacing Sindy Soto who resigned.

**2. Re-Employment**

None

**C. REASSIGNMENT THROUGH THE HIRING PROCESS**

None

**D. TRANSFER/ADMINISTRATIVE REASSIGNMENT****Skyline College****Chris Woo**

Program Services Coordinator (NP)

Social Sciences &  
Creative Arts

Transferred from a full-time, 12-month Program Services Coordinator at College of San Mateo into this full-time, 12-month position, effective January 27, 2020. This position was previously Board approved on December 09, 2019.

**Mayra Lopez-Thibodeaux**

Instructional Aide II – STEM

Science/ Math/ Technology

Transferred from a part-time (48%), 12-month Instructional Aide II (Grade 22 of Classified Salary Schedule 60) into this full-time, 12-month position at the same grade and salary schedule, effective February 3, 2020, replacing Bryan Swartout who reassigned.

**E. CHANGES IN STAFF ALLOCATION****District Office**

1. Recommend creation of a new classification titled, “Emergency Management Coordinator” at Grade 30A of the Classified Salary Schedule (60), effective January 23, 2020. In addition, recommend a change in staff allocation to add one full-time, 12-month Emergency Management Coordinator position in Public Safety, effective January 23, 2020.

**F. PHASE-IN RETIREMENT**

None

**G. LEAVE OF ABSENCE**

None

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

None

**2. Post-Retirement**

None

**3. Resignation****Cañada College****Erika Bojnowski**

Instructional Aide II

Academic Support &  
Learning Technologies

Resignation effective January 6, 2020 with 0.5 years of District Service.

**District Office****Niyazi Konya**

Senior Maintenance Engineer

Facilities

Resignation effective January 17, 2020 with 3.3 years of District Service.

**Laura Ciravolo**

Project Manager II (Measure H)

Facilities

Resignation effective January 31, 2020 with 2.1 years of District Service.

**Whitney Yee**

Public Safety Officer

Public Safety

Resignation effective January 14, 2020 with 0.3 years of District Service.

**Skyline College****Rachel Hipps**

Staff Assistant

Student Equity &  
Support Programs

Resignation effective January 10, 2020 with 1.6 years of District Service.

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

None

**J. PROFESSIONAL EXPERT/CONTRACT POSITIONS**

<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	Humanities/Social Science	20	01/23/2020	05/31/2020	<b>Professional Expert:</b> <b>Art Model</b> - Professional Modeling for Art Studio classes at Cañada College for spring 2020 semester. Classes that require models: ART 204, 207 and 213. A maximum of 20 models will be used in Spring 2020.

College of San Mateo	Creative Arts/Social Science	44	01/23/2020	05/31/2020	<b>Professional Expert: Art Model</b> - Professional Modeling for Art Studio classes at College of San Mateo for spring 2020 semester. Classes that require models: ART 208, 209, 215, 216, 206, 230, 207 and 213. A maximum of 44 models will be used in Spring 2020.
District Office	Community, Continuing & Corporate Education	20	01/23/2020	06/30/2020	<b>Professional Expert: Contract Education Instructor (not-for-credit)</b> – Instructor/trainer for not-for-for credit programs that are offered to public or private organizations to promote education/training and economic development for the business community.
Skyline College	Equity Institute	1	02/01/2020	06/30/2020	<b>Professional Expert: Consultant (Non-Instructional)</b> – Develop Academy Guidebook(s) and Academy Activities for the STEM and SS Equity Academics.

#### **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>
Skyline College	Academic Support & Learning Technologies/ The Learning Center	2	01/23/2020	06/30/2020	<b>Instructional Aide II:</b> Position needed for student support, particularly in course related to AB705 and/or areas of significant need where further knowledge and skills within a subject are necessary to ensuring student success.

**BOARD REPORT NO. 20-1-6A**

TO: Members of the Board of Trustees  
FROM: Michael Claire, Interim Chancellor  
PREPARED BY: David Feune, Director of Human Resources, 358-6775

**APPROVAL OF REVISION TO MISCELLANEOUS PAY RATES SALARY SCHEDULE**

The Miscellaneous Pay Rates Salary Schedule was originally established by the Board of Trustees in 1989 (Board Report No. 89-7-3A) for selected services not covered by other District salary schedules. The classifications are designed to supplement current staff services on a short-term, non-continuing basis, and constitute temporary, at-will employment for special District services and projects.

Assembly Bill 5 (AB 5) takes effect January 1, 2020 and codifies into law an ABC test which includes a three-pong assessment to determine whether an individual hired for a service or project as an independent contractor should be deemed an employee. As a result of the ABC test, it was determined that an individual hired for the Contract Education Instructor (not-for-credit) position listed below should be classified as an employee rather than an independent contractor.

At its meeting on January 8, 2020, the Board requested additional information on the Contract Education Instructor (not-for-credit) classification. Staff has reviewed the classification and has obtained additional information to clarify questions brought up at the last Board meeting. Therefore, it is recommended that this position be classified as short term professional experts and included on the Miscellaneous Pay Rates Salary Schedule.

- **Contract Education Instructor (not-for-credit)** - Instruct not-for-for credit programs that are offered to public or private organizations to promote education/training and economic development for the business community. Maximum rate of pay subject to agreement between the district and trainer. Pay Range of \$50.00 to \$350.00 per hour.

**RECOMMENDATION**

It is recommended that the Miscellaneous Pay Rates Salary Schedule be revised, effective January 23, 2020, as indicated on the attached pay schedule.



**MISCELLANEOUS PAY RATES SALARY SCHEDULE**  
(Effective January 23, 2020)

CLASSIFICATION	HOURLY PAY RATES
<b>Accompanist</b> Play piano to assist in voice classes and for choral groups.	\$50.00 – \$75.00
<b>Art Model</b> Perform specialized services in an instructional classroom environment for Art classes where the curriculum calls forth the requirement of drawing the human figure, with attention to drawing from the live model.	\$25.00 - \$50.00
<b>Assistant Coach</b> Provide support for coaching in a specific sport; supervise practices, assist at games.	Up to \$20,000 per season.
<b>College Physician</b> Plans, implements and leads professional College health care services in conjunction with public health nursing staff; provides medical advice and treatment in the College Health Center; writes prescriptions as needed; confers with medical plan providers and emergency medical personnel regarding follow-up care; sets up and maintains confidential documentation of treatment and services provided; completes required medical provider and emergency forms; makes presentations to students, organizations and other groups as assigned.	\$110.00 - \$125.00
<b>Community Services Instructor/Short Course (Teacher) Instructor</b> Instruct not-for-credit, personal and professional enrichment courses taught on a wide variety of topics at SMCCCD, as well as out in the community. Per contractual agreement between CCCE and business and industry customers, instruct and set up activities and develop curriculum or activities within the focus of the program(s). Independently prepare lesson plans and class/program materials, records of attendance and other related duties.	\$50.00 - \$350.00
<b>Consultant (Non-Instructional)</b> Perform review, analysis, and consultation for specific events/ and/or projects requiring specialized knowledge or expertise. Work is completed with a high degree of discretion, independent judgement, and generally performed as professional or administrative work.	\$50.00 - \$200.00
<b>Contract Education Instructor (not-for-credit)</b> Instruct not-for-for credit programs that are offered to public or private organizations to promote education/training and economic development for the business community. Maximum rate of pay subject to agreement between the district and trainer.	\$50.00 - \$350.00



**MISCELLANEOUS PAY RATES SALARY SCHEDULE**  
(Effective January 23, 2020)

<b>CLASSIFICATION</b>	<b>HOURLY PAY RATES</b>
<p><b>Counseling Intern</b> Provides individual, couple and group personal counseling to students; provides consultation with faculty and staff; attends outreach activities (in class presentation, workshops, tabling, etc.); collaborates with on-campus programs; provides referrals to off-campus resources; attends weekly group supervision/training and individual supervision; maintains clinical records.</p>	\$20 Flat Rate
<p><b>EMT I Proctor</b> Assists instructors in the various classes and schedules assignments to part-time instructors, which can result in work assignments varying from one to several class sessions per semester.</p>	\$25.00 Flat Rate
<p><b>Fashion Design Program Assistant</b> Makes minor repairs to sewing machines, provides department tours, designs program websites, creates brochures and flyers to advertise classes and events, speaks at career days, plans for events, and manages supplies and equipment for the Fashion Design program.</p>	\$16.19 – \$16.98 – \$17.80
<p><b>Health Educator</b> Assist in organizing and delivering health education programs and services to students. Provide proactive health information on an as-needed basis.</p>	\$27.00 Flat Rate
<p><b>KCSM Projects Leader</b> Under direction of General Manager or other management staff, directs and coordinates contracts, technical requirements, compliance with Federal Communications Commission regulations, studio scheduling and other strategic planning and logistics for special station projects and productions.</p>	\$60.00 Flat Rate
<p><b>KCSM Production Operator</b> Operates cameras; adjusts camera angles and apertures; makes minor repairs to equipment and supplies; serves as studio mixer; operates teleprompters.</p>	\$35.00 – \$40.00 - \$45.00
<p><b>KCSM Floor Director</b> Works with producer and other directors to set up, monitor and adjust camera angles, cues, lighting and sound performance quality; supervises scripts, placement and performance of on-air talent.</p>	\$30.00 – \$35.00 – \$40.00
<p><b>KCSM Video Shader</b> Operates cameras to monitor color and level of consistency throughout various programs.</p>	\$30.00 – \$35.00 – \$40.00
<p><b>KCSM Video Mixer</b> Sets up production video consoles pursuant to producer/director requests. Serves as interface between producer/directors and crews.</p>	\$35.00 – \$40.00 – \$45.00



**MISCELLANEOUS PAY RATES SALARY SCHEDULE**  
 (Effective January 23, 2020)

<b>CLASSIFICATION</b>	<b>HOURLY PAY RATES</b>
<p><b>Shuttle Drivers</b>            Drive District-issued 10 passenger van for various events, programs, meetings, and tours.</p>	<p>\$16.50</p>
<p><b>Videographer</b>            Film specific events and/or projects such as, campus events, campus activities, teaching in classrooms, campus landscapes, and conduct interviews to gather footage for the college. Film will be edited for use on the college website, social media and to document the work and activities of the college for communications and promotional purposes.</p>	<p>\$50.00 - \$200.00</p>

**BOARD REPORT NO. 20-1-7A**

TO: Members of the Board of Trustees  
FROM: Michael Claire, Interim Chancellor  
PREPARED BY: David Feune, Director of Human Resources, 358-6775

**APPROVAL OF REVISION TO EXECUTIVE SALARY SCHEDULE**

At a recent Board meeting, the Board of Trustees discussed modifying the Chancellor salary in light of the upcoming search for a new Chancellor. During the discussion, the Board determined a salary range for the Chancellor position. To codify this adjustment, the Executive Salary Schedule, which includes the Chancellor position, has been revised to reflect the new salary range and divide it over the six steps that are traditionally part of other District salary schedules.

Note that only the Chancellor salary has been modified on the attached schedule. The other salaries were adopted by the Board in July 2019.

**RECOMMENDATION**

It is recommended that the Board of Trustees approve the revised Chancellor salary on the Executive Salary Schedule as indicated on the attached salary schedule.

**San Mateo County Community College District  
Executive Salary Schedule (10)**

<b>Grade</b>	<b>Step</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
CN	Ann	325000.00	335000.00	345000.00	355000.00	365000.00	375000.00
	Mon	27083.33	27916.67	28750.00	29583.33	30416.67	31250.00
	A1001	Chancellor					
<hr/>							
EA	Ann	252924.00	263556.00	275508.00	287482.00	300768.00	314064.00
	Mon	21077.00	21963.00	22959.00	23956.00	25064.00	26172.00
	A1006	Deputy Chancellor					
<hr/>							
EB	Ann	249408.00	260052.00	272004.00	283968.00	297240.00	310536.00
	Mon	20784.00	21671.00	22667.00	23664.00	24770.00	25878.00
	A3019	Executive Vice Chancellor					
<hr/>							
EC	Ann	238788.00	249408.00	260052.00	272004.00	283968.00	297240.00
	Mon	19899.00	20784.00	21671.00	22667.00	23664.00	24770.00
	A1002	President					
	A1007	Vice Chancellor, Human Resources and General Counsel					
	A1008	Provost, International Education					
	A1010	Vice Chancellor, Chief of Staff					
	A3021	Vice Chancellor, Education Services & Planning					
	A3025	Vice Chancellor, Facilities					
	A3027	Vice Chancellor, Auxiliary Services & Enterprise Operations					

**BOARD REPORT NO. 20-1-8A**

TO: Members of the Board of Trustees  
FROM: Michael Claire, Interim Chancellor  
PREPARED BY: David Feune, Director of Human Resources, 358-6775

**APPROVAL OF CHANCELLOR SEARCH SCREENING COMMITTEE NOMINATIONS**

The Board of Trustees has established a process to recruit and select a new District Chancellor. Part of the process includes selected candidates interviewing with an initial screening committee before finalists are submitted to the Board for consideration.

The Board determined that the screening committee should be comprised of representatives from the various stakeholder groups of the District, and as such, each group was asked to provide nominees to serve on the committee. The nominees submitted by their respective constituency groups are as follows:

**Community Representatives**

- Anne Campbell (Former County Superintendent of Schools)
- Gene Mullin (Former state legislator)

**Faculty Representatives**

- Alicia Aguirre (ESL – Cañada College)
- Jeramy Wallace (English/District Academic Senate President - CSM)
- Julia Johnson (Automotive – Skyline College)
- Joaquin Rivera (Chemistry/AFT Pres. – Skyline College)

**Classified Employee Representatives**

- Annette M. Perot (CSEA President – CSM/District)
- Joe Puckett (AFSCME President – CSM/District)
- Connor Fitzpatrick (Non-Rep – Skyline College)
- Jonathan Wax (CSEA – Cañada College)

**Student Representatives**

- Jordan Chavez (Student Trustee – CSM)
- Morelia Cruz (Student Senator – Skyline College)
- Karolyn Paz-Rubio (Associated Students President – Cañada College)

**Administrator Representatives**

- Aaron McVean (Vice Chancellor – District Office)
- Eloisa M. Briones (Vice President – Skyline College)
- Karen Engel (Dean – Cañada College)

**RECOMMENDATION**

It is recommended that the Board of Trustees consider the above referenced nominees for appointment to the Chancellor Search Screening Committee.

**BOARD REPORT NO. 20-1-1CA**

TO: Members of the Board of Trustees

FROM: Michael Claire, Interim Chancellor

PREPARED BY: Dr. 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 six 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, five courses are proposed to be offered in the distance education mode.

Furthermore, forty-two courses and three programs 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 22, 2020

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

Arielle Smith, President, Academic Senate  
College of San Mateo

Kim Lopez, Acting President  
College of San Mateo

## **PROPOSED CURRICULAR ADDITIONS – COLLEGE OF SAN MATEO**

### **COURSE DESCRIPTIONS AND JUSTIFICATIONS**

#### **COMPUTER AND INFORMATION SCIENCE**

501 (CS2) DATA STRUCTURES: PYTHON (4) (day or evening; distance education)

Justification: Python is becoming a very popular programming language. This course is a transferable course and also part of a certificate of specialization in Applied Python Programming.

Prerequisite: CIS 117

Recommended Preparation: None.

Description: Abstract data type implementation and usage techniques for computer science majors and computer professionals. Object-oriented approach to a variety of abstract data types including: lists, stacks, queues, priority queues, trees, maps and graphs. Also includes advanced sorting and searching topics, and algorithmic analysis using Big-O notation. This course conforms to the ACM CS2 standards. A materials fee as shown in the Schedule of Classes is payable upon registration.

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

503 DATA VISUALIZATION AND TEXT ANALYSIS IN PYTHON (3) (day or evening; distance education)

Justification: This course will be part of Applied Python Programming Certificate of Specialization.

Prerequisite: CIS 117

Recommended Preparation: None.

Description: Introduction to information visualization, reporting and charting using the Matplotlib library, text mining, and text manipulation basics using NLTK framework.

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

## **COOPERATIVE EDUCATION**

670 COOPERATIVE EDUCATION/WORK EXPERIENCE (1-4) (day or evening)

Justification: COOP/Work Experience will be central to Career Education. Currently embedded in the Facility Management CS (Management department, CSM) there are plans to include this course in multiple certificates and degrees. Workforce Development will secure internships, and instructor of record will include faculty from relevant department.

Prerequisite: None.

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

Description: Students may receive credit for work experience related to their major field or to their established career goal. Students must attend one orientation which is offered the first three weeks of each semester. Each unit requires 75 hours per unit for paid work and 60 hours per unit for unpaid work during the semester. May be repeated for credit up to 16 units. The unit limitation applies to any Cooperative Education Work Experience (any combination of 670, 671 and/or 672 courses) offered within the SMCCCD.

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

## **GLOBAL STUDIES**

650 STUDY ABROAD LIFE AND CULTURE (3) (day or evening)

Justification: This is a permanent version of GBST 680MA, which has supported students and CSM faculty participating in study abroad since Fall 2017.

Prerequisite: None.

Recommended Preparation: Eligibility for ENGL 100 or ENGL 105.

Description: Explore the cultural elements of a foreign country as part of the Study Abroad Program, including literature, art, art history, drama, film, music, theater, as well as philosophical, scientific, and technological movements. Students gain skills in cross-cultural competency as well as specific knowledge and understanding about the host country as they attend lectures, interact with local experts, participate in field trips and take part in cultural events. Students must be enrolled in the Semester Abroad Program.

Classification: AA/AS Degree; CSU transferable.

## **MUSIC**

280 HISTORY OF ELECTRONIC MUSIC (3) (day or evening; distance education)

Justification: The proposed course, History of Electronic Music, will expand the CSM music department general education offerings. In addition, it will provide additional depth of knowledge for electronic music program majors.

Prerequisite: None.

Recommended Preparation: None.

Description: Overview of the development of electronic music from the late 19th century to present. Exploration of how the development of technology has impacted music and culture over time. Topics include early electronic musical instruments, new musical styles, the introduction of the synthesizer and drum machine, the role of the computer in music production and the rise of mainstream electronic music. In addition, students will analyze historically significant works from the experimental art music of the mid-20th century through the popular forms of music today.

Classification: AA/AS Degree; CSU transferable.

## PHYSICAL SCIENCE

### 142 APPLIED RESEARCH IN STEM(1) (day or evening)

Justification: Research has shown that undergraduate research experience leads to increased retention and success rates in under-represented populations. PSCI 141 (Introduction to Research in STEM) functions as a recruitment tool for students who are interested in STEM fields but may not identify with being a scientist. This course allows students to continue pursuing their interest in scientific research by completing a semester-long experimental research project in a STEM field.

Prerequisite: PSCI 141

Recommended Preparation: None.

Description: Interdisciplinary STEM course in which students develop, complete and present a project involving laboratory experiments in biological sciences, chemistry, physics and/or engineering. Students apply skills introduced in the Research Skills Class, PSCI 141. Students meet weekly as a lab class to discuss their research and give feedback to classmates as they conduct their science projects.

Classification: AA/AS Degree; CSU transferable.

## PROPOSED CURRICULAR MODIFICATIONS – COLLEGE OF SAN MATEO

### ACCOUNTING

175	Volunteer Income Tax Preparation
176	Enrolled Agent Exam Preparation
181	Taxation of Individuals Using Tax Software
182	Taxation of Business Entities Using Tax Software
183	Taxation of Trusts, Gifts, and Estate Using Tax Software
262	Depreciation, Business & Repair Expenses

- 263 Sole Proprietorships
- 264 Lacerte Tax Software Basics
- 265 Taxation of Rental Real Estate
- 276 VITA Intermediate
- 277 VITA Advanced
- 278 VITA Supervisory

### **ADMINISTRATION OF JUSTICE**

- 185 Introduction to Forensic Science

### **CHINESE**

- 121 Advanced Elementary Chinese I
- 122 Advanced Elementary Chinese II
- 211 Colloquial Chinese I, Elementary
- 212 Colloquial Chinese II, Elementary

### **COMPUTER AND INFORMATION SCIENCE**

- 262 Discrete Mathematics for Computer Science

### **DANCE**

- 116.1 Waltz I
- 116.2 Waltz II
- 116.3 Waltz III
- 116.4 Waltz IV
- 128.1 Latin Dance I
- 128.2 Latin Dance II
- 128.3 Latin Dance III
- 128.4 Latin Dance IV
- 151.1 Social Dance I
- 151.2 Social Dance II
- 151.3 Social Dance III
- 151.4 Social Dance IV

### **DIGITAL MEDIA**

- 113 Digital Video Production
- 122 Live Sound
- 128 Media Performance & Presentation

### **INTERDISCIPLINARY STUDIES**

- 110 College 1

### **KINESIOLOGY**

202 Yoga Asana Studies

**MUSIC**

250 World Music

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

**COMPUTER AND INFORMATION SCIENCE**

262 Discrete Mathematics for Computer Science  
501 (CS2) Data Structures: Python  
503 Data Visualization and Text Analysis in Python

**MUSIC**

280 History of Electronic Music

**PROPOSED PROGRAM MODIFICATIONS – COLLEGE OF SAN MATEO**

**BUSINESS**

**Business Administration** – Associate in Science Degree

**DANCE**

**Dance** – Associate in Arts Degree

**DIGITAL MEDIA**

**Digital Media: Broadcast and Electronic Media** – Certificate of Specialization

San Mateo County Community College District

January 22, 2020

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

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

APPROVED BY: Jessica Hurless, Curriculum Committee Chair  
Skyline College

Kathryn Browne, Academic Senate President  
Skyline College

Dr. Jannett Jackson, Interim President  
Skyline College

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

### **DEVELOPMENTAL SKILLS**

#### **820 COMPUTER-BASED COGNITIVE RETRAINING**

Justification: This course has not been offered in over a decade and will no longer be taught.

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

### **BIOLOGY**

- 110 Principles of Biology
- 140 Animals, People and the Environment
- 150 Introduction to Marine Biology

### **COSMETOLOGY**

- 670 Vocational Cooperative Education in Cosmetology

### **EDUCATION/CHILD DEVELOPMENT**

- 191 Children's Literature
- 367 Practicum in Early Childhood Special Education

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

### **EDUCATION/CHILD DEVELOPMENT**

- 367 Practicum in Early Childhood Special Education

**BOARD REPORT NO. 20-1-2CA**

TO: Members of the Board of Trustees  
FROM: Michael Claire, Interim Chancellor  
PREPARED BY: Bernata Slater, Chief Financial Officer, 358-6755

**APPROVAL OF 2020-21 INTEGRATED DISTRICT BUDGET PLANNING CALENDAR**

The budget development process for 2020-21 requires the formulation of a budget calendar. Included in the 2020-21 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 2020-21 in September 2020.

**RECOMMENDATION**

It is recommended that the Board of Trustees approve the attached 2020-21 Integrated District Budget Planning Calendar.

**Integrated District Budget Planning Calendar, 2020-21**

<b>Date</b>	<b>Campus &amp; District Review / Action</b>	<b>Committee on Budget and Finance Consultation</b>	<b>Board Review / Action</b>
September 2019	Colleges: <ul style="list-style-type: none"> <li>Finalize Spring 2020 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 2020-21</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 2020-21 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	2019-20 “P1” First Principal Apportionment:	Review CCFS-320 (FTES Report)	Approve 2020-21 Integrated District Budget Planning Calendar

	<ul style="list-style-type: none"> <li>Chief Financial Officer certifies CCFS-320 (FTES Report)</li> </ul>		Accept 2018-19 external audit reports
January 10	Governor's 2020-21 Budget Proposal		
January – February	<p>College Budget and Planning Committees:</p> <ul style="list-style-type: none"> <li>Review 2019-20 expenditures to date</li> </ul> <p>Chancellor's Council:</p> <ul style="list-style-type: none"> <li>Discuss budget strategies and allocations</li> </ul>	<p>Revise budget planning calendar, as appropriate</p> <p>Review and reassess 2020-21 estimates impacted by Governor's Budget Proposal</p> <ul style="list-style-type: none"> <li>Discuss revenue and expenditure implications</li> <li>Inform District Participatory Governance Council</li> </ul>	
January - February	Ongoing State Budget Hearings Legislative Analyst's Office Review of Governor's Proposed Budget		
February	<p>Colleges:</p> <ul style="list-style-type: none"> <li>Finalize Summer 2020 Schedule of Classes</li> </ul> <p>2018-19 Recalc Apportionment received from State (final adjustments from prior year)</p>	<p>Review of 2019-20 Mid-Year Budget Report</p> <p>Presentation of Preliminary Resource Allocation Model</p> <p>Review of preliminary 2020-21 assumptions</p>	<p>Review of Governor's Proposed Budget</p> <p>Review of preliminary State and District revenue assumptions and implications</p> <p>Review of District expenditure plans and implications</p> <p>Discuss budget priorities</p> <p>Discuss program and operational priorities</p> <p>Acceptance of 2019-20 Mid-Year Budget Report</p>
March	<p>Colleges:</p> <ul style="list-style-type: none"> <li>Finalize Fall 2020 Schedule of Classes</li> </ul>	Review of Board 2020-21 budget priorities and district-wide allocations	
March – April	<p>District Budget Officer:</p> <ul style="list-style-type: none"> <li>Run preliminary position control report for 2020-21</li> </ul> <p>Colleges:</p>		<p>Receive budget updates, as needed</p> <p>Review budget assumptions for 2020-21 Tentative Budget</p>

	<ul style="list-style-type: none"> <li>On-going review of position control</li> <li>Prepare for current year external audit</li> </ul> <p>College Budget and Planning Committees:</p> <ul style="list-style-type: none"> <li>Review preliminary 2019-20 ending balance estimates</li> </ul>		Establish Board Goals for 2020-21
March – May	<p>Departments:</p> <ul style="list-style-type: none"> <li>Submit budget requests for 2020-21 to College Budget Committees</li> </ul> <p>College Budget Committees:</p> <ul style="list-style-type: none"> <li>Review departmental budget requests for 2020-21</li> </ul>		
April	<p>2019-20 “P2” Second Principal Apportionment:</p> <ul style="list-style-type: none"> <li>Chief Financial Officer certifies CCFS-320 (FTES Report)</li> </ul>	Review CCFS-320 (FTES Report)	
Mid May	Governor’s May Revise		
May	<p>Review of Governor’s May Revise</p> <p>Site tentative budgets completed</p> <p>Work begins on developing final budget</p> <p>District Budget Officer:</p> <ul style="list-style-type: none"> <li>Prepare Fiscal Management Self-Assessment Checklist</li> </ul>	<p>Review of Governor’s May Revise</p> <ul style="list-style-type: none"> <li>Inform District Participatory Governance Council</li> </ul> <p>Review Fiscal Management Self-Assessment Checklist</p>	Receive Governor’s May Revise Budget Update
June	<p>District Office:</p> <ul style="list-style-type: none"> <li>Completes 2020-21 Tentative Budget input and document</li> <li>Complete 2020-21 GANN Limit Calculation</li> </ul>	Review of 2020-21 Tentative Budget	<p>Adopt the 2020-21 Tentative Budget</p> <p>Adopt the 2020-21 GANN Limit Calculation</p>
June 30	State Budget Adopted		
June-August	Adjustments to 2020-21 Final Budget	Receive updates to any significant changes from 2020-21 Tentative Budget to 2020-21 Final Budget	

July	2019-20 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 2020-21 Assessed Valuation</li> </ul>		
August	Legislative Trailer Bills State Budget Workshop		
August	District Office: <ul style="list-style-type: none"> <li>• Close 2019-20 books</li> <li>• Completes 2020-21 Final Budget input and document</li> </ul> 2020-21 Advanced Apportionment received from State		
September		Review CCFS-320 (FTES Report)	Public Hearing and adopt 2020-21 Final Budget

**BOARD REPORT NO. 20-1-3CA**

TO: Members of the Board of Trustees

FROM: Michael Claire, Interim Chancellor

PREPARED BY: Yanelly Pulido, Interim Director, General Services, 358-6863  
 Bob Domenici, Purchasing Supervisor 358-6728

**APPROVAL OF CONTRACT WITH FOLGER GRAPHICS TO PRINT AND DELIVER CLASS SCHEDULES AND POSTCARDS**

On November 22, 2019, the Department of General Services issued an Invitation to Bid (ITB 86817) for printing and delivering class schedules and postcards for the three Colleges. The Bid requested responses from companies that were “green committed,” which at a minimum means the company would be using soy inks and offering recycled paper for these printed materials.

The District received two responsive and responsible bids, shown below, from Casey Printing Inc. and Folger Graphics. Pursuant to public contract code, the bid must be awarded to the lowest responsive and responsible bidder. Folger Graphics of Hayward, California, was the low responsive and responsible bidder with a proposal of \$100,033.20 per year. The District plans to award an initial one-year contract, with the option to renew for two additional one-year periods.

<b>Vendor</b>	<b>Bid Amount</b>
Folger Graphics	\$100,033.20
Casey Printing Inc.	\$100,261.00

The bids are considerably lower than the last bid cycle. The Colleges are taking steps to significantly reduce the quantities and cost of these materials by implementing online digital and newsprint versions and printing and mailing postcards announcing the availability of the online versions. These bid results reflect those changes.

Folger Graphics is a certified “Green” business in the San Francisco Bay Area Green Business Program which means that they not only meet stringent environmentally friendly business practices, but also demonstrate their commitment to the environment in that more than 75% of paper run through Folger Graphics presses qualifies as recycled per the State of California standards.

**RECOMMENDATION**

It is recommended that the Board of Trustees approve the award of ITB 86817 to Folger Graphics and authorize the execution of a one-year contract beginning February 1, 2020 and ending January 31, 2021 with an option to renew for two additional one year terms. Pricing for the first year is \$100,033.20 per year plus applicable sales tax. If applicable, price increases for future years are capped at the percentage increase in the consumer price index for the San Francisco Bay Area.

**BOARD REPORT NO. 20-1-4CA**

TO: Members of the Board of Trustees  
FROM: Michael Claire, Interim Chancellor  
PREPARED BY: Mitchell Bailey, Vice Chancellor/Chief of Staff, 574-6510

**ADOPTION OF 2020-2021 ACADEMIC CALENDAR**

The District Academic Calendar addresses days of work for San Mateo County Community College District employees represented by AFT, CSEA, and AFSCME. The proposed calendar has been negotiated with AFT and provided to CSEA and AFSCME.

The proposed calendar (attached) is designed to begin the 2020-2021 academic year in mid-August with a completion of the Fall 2020 semester prior to the winter holidays. The following highlights the features of the calendar, which is attached in full to this report.

- Fall 2020: Classes begin August 19, 2020  
86 instructional days (including five (5) days of final examinations and three (3) professional growth flex days)  
Semester ends December 19, 2020
- Spring 2021: Classes begin January 19, 2021  
89 instructional days (including five (5) days of final examinations and three (3) professional growth flex days)  
Semester ends May 28, 2021
- Summer 2021: All Summer Sessions are tentatively set to begin on June 14, 2021
- Commencement: Cañada College – May 29, 2021  
College of San Mateo – May 28, 2021  
Skyline College – May 28, 2021

**RECOMMENDATION**

It is recommended that the Board adopt the 2020-2021 District Academic Calendar as detailed in this report.



Cañada College • College of San Mateo • Skyline College

## Academic Calendar 2020–2021

### FALL SEMESTER 2020 (86 Instructional Days including 5 Final Days, plus 3 Flex Days)

August	17, 18	..... Flex Days (No Classes)
<b>August</b>	<b>19</b>	..... <b>Day and Evening Classes Begin</b>
September	1	.... Last Day to Drop Semester Length Classes With Eligibility for Partial Refund
September	1	..... Last Day to <b>Add</b> Semester Length Classes
September	5, 6	..... Declared Recess
September	7	..... Last Day to Drop Semester Length Classes Without Appearing on Record
September	7	..... Labor Day (Holiday)
September	8	..... Census Day
October	2	..... Last Day to Apply for Degree – Certificate
October	15	..... Flex Day (No Classes)
November	11	..... Veterans' Day (Holiday)
November	17	..... Last Day to <b>Withdraw</b> from Semester Length Classes
November	26	..... Thanksgiving Day (Holiday)
November	27 - 29	..... Declared Recess
December	13 - 19	..... Final Examinations (Day and Evening Classes)
December	19	..... Day and Evening Classes End
December 24 – January 1		..... Winter Recess (Total of Seven District Work Days)

### SPRING SEMESTER 2021 (89 Instructional Days including 5 Final Days, plus 3 Flex Days)

January	14, 15	..... Flex Days (No Classes)
January	16, 17	..... Declared Recess
January	18	..... Martin Luther King Jr. Day (Holiday)
<b>January</b>	<b>19</b>	..... <b>Day and Evening Classes Begin</b>
February	1	.... Last Day to Drop Semester Length Classes With Eligibility for Partial Refund
February	1	..... Last Day to <b>Add</b> Semester Length Classes
February	7	..... Last Day to Drop Semester Length Classes Without Appearing on Record
February	8	..... Census Day
February	12	..... Lincoln's Birthday (Holiday)
February	13, 14	..... Declared Recess
February	15	..... Presidents' Day (Holiday)
March	5	..... Last Day to Apply for Degree – Certificate
March 28 – April 3		..... Spring Recess
March	31	..... Cesar Chavez Day (Holiday)
April	22	..... Flex Day (No Classes)
April	29	..... Last Day to <b>Withdraw</b> From Semester Length Classes
May	22 - 28	..... Final Examinations (Day and Evening Classes)
May	28	..... Day and Evening Classes End
May	29, 30	..... Declared Recess
May	31	..... Memorial Day (Holiday)

### TENTATIVE SUMMER SESSION 2021

June 14 – July 24	..... Six Week Session
June 14 – July 31	..... Seven Week Session
June 14 – August 7	..... Eight Week Session
July 5	..... Independence Day Observed (Holiday)

**SMCCCD  
2020-2021 ACADEMIC CALENDAR**

FALL 2020						
July 2020						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	
August 2020						
S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					
September 2020						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		
October 2020						
S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31
November 2020						
S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					
December 2020						
S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		
January 2021						
S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

SPRING 2021						
February 2021						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						
March 2021						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			
April 2021						
S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	
May 2021						
S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					
SUMMER 2021						
June 2021						
S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			
July 2021						
S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31
August 2021						
S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

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

**BOARD REPORT NO. 20-1-5CA**

TO: Members of the Board of Trustees  
FROM: Michael Claire, Interim Chancellor  
PREPARED BY: Mitchell Bailey, Vice Chancellor/Chief of Staff, 574-6510

**ADOPTION OF RESOLUTION NOS. 20-01 THROUGH 20-07 IN SUPPORT OF  
SAN MATEO COUNTY SCHOOL DISTRICTS' BOND AND PARCEL TAX MEASURES**

The San Mateo County Community College District enjoys collaborative and productive partnerships with all elementary and high school districts in San Mateo County, and the District joins partner districts throughout the county in supporting efforts that reinforce student success.

The Board of Trustees continues to express an interest in offering support to local school district who are seeking bond and parcel tax measures. As such, staff have prepared the following resolutions for the Board's consideration for measures on the March 2020 ballot:

- Resolution 20-01 in Support of Jefferson Union High School District Bond Measure J
- Resolution 20-02 in Support of Brisbane School District Bond Measure K
- Resolution 20-03 in Support of San Mateo Union High School District Bond Measure L
- Resolution 20-04 in Support of La Honda-Pescadero Unified School District Parcel Tax Measure M
- Resolution 20-05 in Support of San Carlos School District Parcel Tax Measure N
- Resolution 20-06 in Support of Burlingame Elementary School District Bond Measure O
- Resolution 20-07 in Support of Portola Valley School District Parcel Tax Measure P

**RECOMMENDATION**

It is recommended that the Board of Trustees approve the above referenced resolutions in support of local bond and parcel tax measures for San Mateo County school districts.

**RESOLUTION NO. 20-01  
BY THE GOVERNING BOARD OF THE  
SAN MATEO COUNTY COMMUNITY COLLEGE  
DISTRICT STATE OF CALIFORNIA**

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**RESOLUTION SUPPORTING JEFFERSON UNION HIGH SCHOOL DISTRICT  
BOND MEASURE J**

**WHEREAS**, the San Mateo County Community College District enjoys collaborative and productive partnerships with all elementary and high school districts in San Mateo County; and

**WHEREAS**, the San Mateo County Community College District joins partner districts in San Mateo County in supporting efforts that reinforce student success; and

**WHEREAS**, the Jefferson Union High School District is seeking voter approval of a bond measure on March 3, 2020, to provide critical funding to the district for equipment acquisition, upgrades, repairs, services, and construction; and

**WHEREAS**, the Jefferson Union High School District's Measure J is for \$28.39 million, which would levy \$6 per \$100,000 of assessed valuation; and

**WHEREAS**, an approved bond measure for the Jefferson Union High School District could provide funding for:

- (1) removing toxic substances;
- (2) ensuring health, safety, and accessibility compliance;
- (3) upgrading, renovating, repairing or replacing plumbing systems, electrical systems, classroom interiors and exteriors, HVAC systems, roofs and gutters, athletic facilities and play fields;
- (4) improving energy efficiency;
- (5) expanding and upgrading other student support facilities; and
- (6) acquiring and constructing new facilities like science and computer labs, a new district administration center, classrooms, and additional student support facilities.

**NOW, THEREFORE, BE IT RESOLVED**, that the San Mateo County Community College District Board of Trustees hereby offers its support for the Jefferson Union High School District bond measure and encourages its passage.

**REGULARLY PASSED AND ADOPTED** this 22<sup>th</sup> day of January 2020.

Ayes:

Noes:

Abstentions:

Attest: \_\_\_\_\_  
Thomas A. Nuris, Vice President-Clerk  
Board of Trustees

**RESOLUTION NO. 20-02  
BY THE GOVERNING BOARD OF THE  
SAN MATEO COUNTY COMMUNITY COLLEGE  
DISTRICT STATE OF CALIFORNIA**

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**RESOLUTION SUPPORTING BRISBANE SCHOOL DISTRICT  
BOND MEASURE K**

**WHEREAS**, the San Mateo County Community College District enjoys collaborative and productive partnerships with all elementary and high school districts in San Mateo County; and

**WHEREAS**, the San Mateo County Community College District joins partner districts in San Mateo County in supporting efforts that reinforce student success; and

**WHEREAS**, the Brisbane School District is seeking voter approval of a bond measure on March 3, 2020, to provide critical funding to the district for equipment acquisition, upgrades, repairs, services, and construction; and

**WHEREAS**, the Brisbane School District's Measure K is for \$27 million, which would levy \$25.41 per \$100,000 of assessed valuation; and

**WHEREAS**, an approved bond measure for the Brisbane School District could provide funding for:

- (1) renovation/upgrade of classrooms, school facilities, school grounds, and school utility systems/equipment;
- (2) furnish/equip school facilities;
- (3) construction/upgrade of renewable energy, security, communication, and fire systems;
- (4) renovation of roads, sidewalks, and other paved areas, including pickup/drop-off areas;
- (5) construction of a bus garage and storage facility;
- (6) elimination/mitigation of health and safety risks and compliance with building, health, safety, and accessibility requirements;
- (7) construction/installation of outdoor learning areas;
- (8) renovation of play areas; and
- (9) work related to landscaping, hardscape, irrigation, and drainage.

**NOW, THEREFORE, BE IT RESOLVED**, that the San Mateo County Community College District Board of Trustees hereby offers its support for the Brisbane School District bond measure and encourages its passage.

**REGULARLY PASSED AND ADOPTED** this 22<sup>th</sup> day of January 2020.

Ayes:

Noes:

Abstentions:

Attest: \_\_\_\_\_  
Thomas A. Nuris, Vice President-Clerk  
Board of Trustees

**RESOLUTION NO. 20-03  
BY THE GOVERNING BOARD OF THE  
SAN MATEO COUNTY COMMUNITY COLLEGE  
DISTRICT STATE OF CALIFORNIA**

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**RESOLUTION SUPPORTING SAN MATEO UNION HIGH SCHOOL DISTRICT  
BOND MEASURE L**

**WHEREAS**, the San Mateo County Community College District enjoys collaborative and productive partnerships with all elementary and high school districts in San Mateo County; and

**WHEREAS**, the San Mateo County Community College District joins partner districts in San Mateo County in supporting efforts that reinforce student success; and

**WHEREAS**, the San Mateo Union High School District is seeking voter approval of a bond measure on March 3, 2020, to provide critical funding to the district for equipment acquisition, upgrades, repairs, services, and construction; and

**WHEREAS**, the San Mateo Union High School District's Measure L is for \$385 million, which would levy \$15.55 per \$100,000 of assessed valuation; and

**WHEREAS**, an approved bond measure for the San Mateo Union High School District could provide funding for:

- (1) repair of deteriorating restrooms and roofs, replacement of outdated electrical, lighting, heating, and air conditioning systems, and update of fire alarm and sprinkler systems;
- (2) construction of affordable housing dedicated to school employees;
- (3) improvement of energy efficiency and sustainability, including renovation of buildings and installation of turf fields;
- (4) upgrades to classrooms, computer systems, internet access, and science labs; and
- (5) campus access improvements and other security system upgrades for emergencies to provide safe learning environments for students.

**NOW, THEREFORE, BE IT RESOLVED**, that the San Mateo County Community College District Board of Trustees hereby offers its support for the San Mateo Union High School District bond measure and encourages its passage.

**REGULARLY PASSED AND ADOPTED** this 22<sup>th</sup> day of January 2020.

Ayes:

Noes:

Abstentions:

Attest: \_\_\_\_\_  
Thomas A. Nuris, Vice President-Clerk  
Board of Trustees

**RESOLUTION NO. 20-04  
BY THE GOVERNING BOARD OF THE  
SAN MATEO COUNTY COMMUNITY COLLEGE  
DISTRICT STATE OF CALIFORNIA**

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**RESOLUTION SUPPORTING LA HONDA-PESCADERO UNIFIED SCHOOL DISTRICT  
PARCEL TAX MEASURE M**

**WHEREAS**, the San Mateo County Community College District enjoys collaborative and productive partnerships with all elementary and high school districts in San Mateo County; and

**WHEREAS**, the San Mateo County Community College District joins partner districts in San Mateo County in supporting efforts that reinforce student success; and

**WHEREAS**, the La Honda-Pescadero Unified School District is seeking voter approval of a parcel tax on March 3, 2020, to provide critical funding for the district; and

**WHEREAS**, the La Honda-Pescadero Unified School District's Measure M will cost \$130 per parcel per year for seven years; and

**WHEREAS**, an approved parcel tax measure for the La Honda-Pescadero Unified School District could provide funding to:

- (1) maintain enhanced science, math, reading, and writing instruction;
- (2) retain qualified and experienced teachers;
- (3) support music and arts programs;
- (4) limit class size increases;
- (5) maintain foreign language classes;
- (6) fund classroom computers, instructional technology, and instructional and technology staff;
- (7) extend programs in engineering and technology, and other innovative programs to enhance student learning; and
- (8) maintain library services and physical education teachers.

**NOW, THEREFORE, BE IT RESOLVED**, that the San Mateo County Community College District Board of Trustees hereby offers its support for the La Honda-Pescadero Unified School District parcel tax measure and encourages its passage.

**REGULARLY PASSED AND ADOPTED** this 22<sup>th</sup> day of January 2020.

Ayes:

Noes:

Abstentions:

Attest: \_\_\_\_\_

Thomas A. Nuris, Vice President-Clerk  
Board of Trustees

**RESOLUTION NO. 20-05  
BY THE GOVERNING BOARD OF THE  
SAN MATEO COUNTY COMMUNITY COLLEGE  
DISTRICT STATE OF CALIFORNIA**

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**RESOLUTION SUPPORTING SAN CARLOS SCHOOL DISTRICT  
PARCEL TAX MEASURE N**

**WHEREAS**, the San Mateo County Community College District enjoys collaborative and productive partnerships with all elementary and high school districts in San Mateo County; and

**WHEREAS**, the San Mateo County Community College District joins partner districts in San Mateo County in supporting efforts that reinforce student success; and

**WHEREAS**, the San Carlos School District is seeking voter approval of a parcel tax on March 3, 2020, to provide critical funding for the district; and

**WHEREAS**, the San Carlos School District's Measure N will add an annual tax of \$88 per parcel to the existing rate of \$246.60, for a total annual parcel tax of \$334.60 for eight years, and the district estimates the tax would raise approximately \$3 million annually.

**WHEREAS**, an approved parcel tax measure for the San Carlos School District could provide funding to:

- (1) attract and retain highly-qualified teachers; maintain small class sizes;
- (2) maintain existing curricula, including hands-on science, math, technology, and engineering programs; and
- (3) provide art, music, libraries, and a well-rounded education.

**NOW, THEREFORE, BE IT RESOLVED**, that the San Mateo County Community College District Board of Trustees hereby offers its support for the San Carlos School District parcel tax measure and encourages its passage.

**REGULARLY PASSED AND ADOPTED** this 22<sup>th</sup> day of January 2020.

Ayes:

Noes:

Abstentions:

Attest: \_\_\_\_\_

Thomas A. Nuris, Vice President-Clerk  
Board of Trustees

**RESOLUTION NO. 20-06  
BY THE GOVERNING BOARD OF THE  
SAN MATEO COUNTY COMMUNITY COLLEGE  
DISTRICT STATE OF CALIFORNIA**

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**RESOLUTION SUPPORTING BURLINGAME ELEMENTARY SCHOOL DISTRICT  
BOND MEASURE O**

**WHEREAS**, the San Mateo County Community College District enjoys collaborative and productive partnerships with all elementary and high school districts in San Mateo County; and

**WHEREAS**, the San Mateo County Community College District joins partner districts in San Mateo County in supporting efforts that reinforce student success; and

**WHEREAS**, the Burlingame Elementary School District is seeking voter approval of a bond measure on March 3, 2020, to provide critical funding to the district for equipment acquisition, upgrades, repairs, services, and construction; and

**WHEREAS**, the Burlingame Elementary School District's Measure O is for \$97 million, which would levy \$23.41 per \$100,000 of assessed valuation; and

**WHEREAS**, an approved bond measure for the Burlingame Elementary School District could provide funding for:

- (1) acquisition, construction, and upgrade of classrooms, furnishings, technology infrastructure, outdoor student gathering facilities, and other school facilities;
- (2) repair/replacement of roofs, flooring, walls, ceilings, grounds, landscaping, utilities, and security, fire, communication, and other safety systems;
- (3) improvement of access for students with disabilities;
- (4) replacement/repair of portable classrooms; and
- (5) workforce housing for District employees.

**NOW, THEREFORE, BE IT RESOLVED**, that the San Mateo County Community College District Board of Trustees hereby offers its support for the Burlingame Elementary School District bond measure and encourages its passage.

**REGULARLY PASSED AND ADOPTED** this 22<sup>th</sup> day of January 2020.

Ayes:

Noes:

Abstentions:

Attest: \_\_\_\_\_  
Thomas A. Nuris, Vice President-Clerk  
Board of Trustees

**RESOLUTION NO. 20-07  
BY THE GOVERNING BOARD OF THE  
SAN MATEO COUNTY COMMUNITY COLLEGE  
DISTRICT STATE OF CALIFORNIA**

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**RESOLUTION SUPPORTING PORTOLA VALLEY SCHOOL DISTRICT  
PARCEL TAX MEASURE P**

**WHEREAS**, the San Mateo County Community College District enjoys collaborative and productive partnerships with all elementary and high school districts in San Mateo County; and

**WHEREAS**, the San Mateo County Community College District joins partner districts in San Mateo County in supporting efforts that reinforce student success; and

**WHEREAS**, the Portola Valley School District is seeking voter approval of a parcel tax on March 3, 2020, to provide critical funding for the district; and

**WHEREAS**, the Portola Valley School District's Measure P will add an annual tax of \$88 per parcel to the existing rate of \$246.60, for a total annual parcel tax of \$334.60 for eight years, and the district estimates the tax would raise approximately \$3 million annually.

**WHEREAS**, an approved parcel tax measure for the Portola Valley School District could provide funding to:

- (1) maintain enhanced science, math, reading and writing instruction;
- (2) retain qualified and experienced teachers;
- (3) support music and arts programs;
- (4) limit class size increases;
- (5) maintain foreign language courses;
- (6) fund classroom computers, instructional technology and instructional and technology staff;
- (7) extend programs in engineering and technology, and other innovative programs to enhance student learning; and
- (8) maintain library services and physical education teachers.

**NOW, THEREFORE, BE IT RESOLVED**, that the San Mateo County Community College District Board of Trustees hereby offers its support for the Portola Valley School District parcel tax measure and encourages its passage.

**REGULARLY PASSED AND ADOPTED** this 22<sup>th</sup> day of January 2020.

Ayes:

Noes:

Abstentions:

Attest: \_\_\_\_\_  
Thomas A. Nuris, Vice President-Clerk  
Board of Trustees

**BOARD REPORT NO. 20-1-104B**

TO: Members of the Board of Trustees  
FROM: Michael Claire, Interim Chancellor  
PREPARED BY: Mitchell Bailey, Vice Chancellor/Chief of Staff, 574-6510

**CONSIDERATION OF 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. 20-1-105B**

TO: Members of the Board of Trustees  
FROM: Michael Claire, Interim Chancellor  
PREPARED BY: Mitchell Bailey, Vice Chancellor/Chief of Staff, 574-6510

**ADOPTION OF RESOLUTION SUPPORTING  
SAN MATEO COUNTY COMPLETE COUNT CENSUS EFFORTS**

The United States Constitution requires the federal government to conduct a national census every ten years to count every person residing in the United States, regardless of age, immigration status, or personal history. The results of the Census affects political representation, funding for critical programs, and decisions made by civic, business, nonprofit, and community leaders.

To accomplish this important undertaking, the Census Bureau has established Complete Count committees, including in San Mateo County. These committees develop and deploy strategies to ensure that there is an accurate count through outreach to traditionally and potentially under-counted populations.

The San Mateo County Community College District is represented on the local Complete Count committee and outreach to District constituent groups will be important in the coming months to ensure that students, faculty, staff and their families are informed about and complete the Census.

**RECOMMENDATION**

It is recommended that the Board of Trustees adopt this resolution in support of the San Mateo County Complete Count Census efforts.

**RESOLUTION NO. 20-08  
BY THE GOVERNING BOARD OF THE  
SAN MATEO COUNTY COMMUNITY COLLEGE  
DISTRICT STATE OF CALIFORNIA**

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**RESOLUTION SUPPORTING SAN MATEO COMPLETE COUNT CENSUS EFFORTS**

**WHEREAS**, the United States Constitution requires the federal government to conduct a national census every ten years to count every person residing in the United States, regardless of age, immigration status, or personal history; and

**WHEREAS**, ensuring an accurate count in Census 2020 is essential because it affects political representation, funding for critical programs, and decisions made by civic, business, nonprofit, and community leaders; and

**WHEREAS**, an undercount in Census 2020 will negatively impact critical community programs such as early childhood education, school programs, health services, and affordable housing; and

**WHEREAS**, making sure everyone participates in the Census 2020 count is the best way to ensure diverse voices across San Mateo County are heard, growing needs are met, and the right programs and services are available; and

**WHEREAS**, the Census 2020 questionnaire will ask basic questions about each person living in the household (name, age, sex, race/ethnicity); it will not ask about citizenship or immigration status; and

**WHEREAS**, residents will be able to complete the Census 2020 questionnaire starting in late March 2020, either online, using a paper form, or by phone; and

**WHEREAS**, Household and individual information provided on the Census 2020 questionnaire is strongly protected by law, and the U.S. Census Bureau only reports data as statistics and does not share personal information with any other government agencies;

**NOW, THEREFORE BE IT RESOLVED, THAT** the San Mateo County Community College District (1) encourages all members of the San Mateo County community in general, and all students, faculty and staff of the San Mateo County Community College District in particular, to participate in the 2020 Census and complete the questionnaire, and (2) encourages the District's three campuses to promote the Census and encourage participation, particularly among traditionally under-counted populations.

**REGULARLY PASSED AND ADOPTED** this 22<sup>th</sup> day of January 2020.

Ayes:

Noes:

Abstentions:

Attest: \_\_\_\_\_  
Thomas A. Nuris, Vice President-Clerk  
Board of Trustees

**BOARD REPORT NO. 20-1-106B**

TO: Members of the Board of Trustees  
FROM: Michael Claire, Interim Chancellor  
PREPARED BY: Mitchell Bailey, Vice Chancellor/Chief of Staff, 574-6510

**NOMINATIONS FOR MEMBERSHIP ON THE CALIFORNIA COMMUNITY COLLEGE TRUSTEES (CCCT) BOARD, 2020**

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, 2020. 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, 2020. 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 2020, nine (9) persons will be elected to the board. There are six (6) incumbents eligible to run for re-election and three (3) vacancies due to trustees who have reached their three term limit.

Election results will be announced at the Annual Trustees Conference in May. The newly elected members of the board will assume their responsibilities at the conclusion of the annual conference (May 3, 2020), and the President of the CCCT Board will administer the Oath of Office at the June 19-20, 2020 meeting in Sacramento.

**RECOMMENDATION**

It is recommended that the Board determine interest of any Board member to be nominated to serve on the CCCT board for 2020. If any Board member consents to be nominated, it is recommended that the Board approve the nomination.

**BOARD REPORT NO. 20-1-5C**

TO: Members of the Board of Trustees

FROM: Michael Claire, Interim Chancellor

PREPARED BY: José D. Nuñez, Vice-Chancellor, Facilities Planning and Operations, 358-6836  
Yanely Pulido, Interim Director, General Services, 358-6863

**2020 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 formal bids on public works construction projects over \$200,000. 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 2020 prequalification process began in September 2019. 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. The deadline for application submission was November 22, 2019. 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.

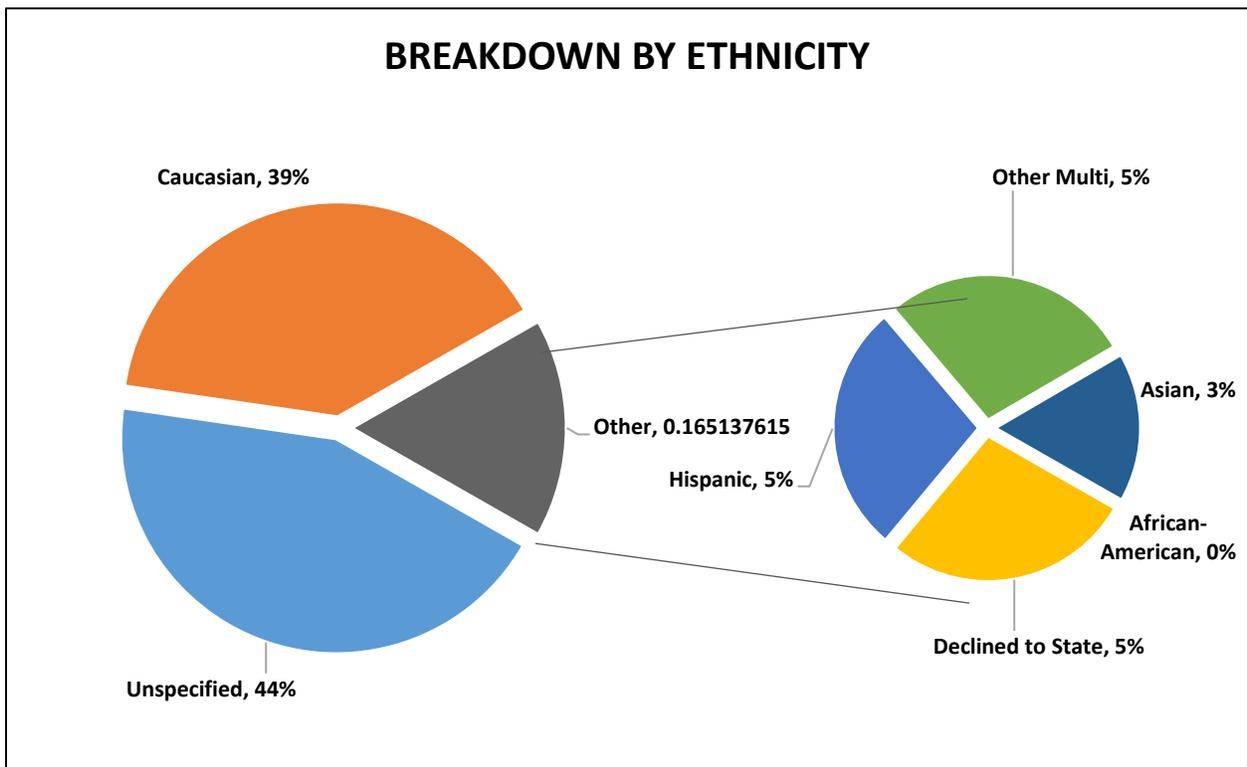
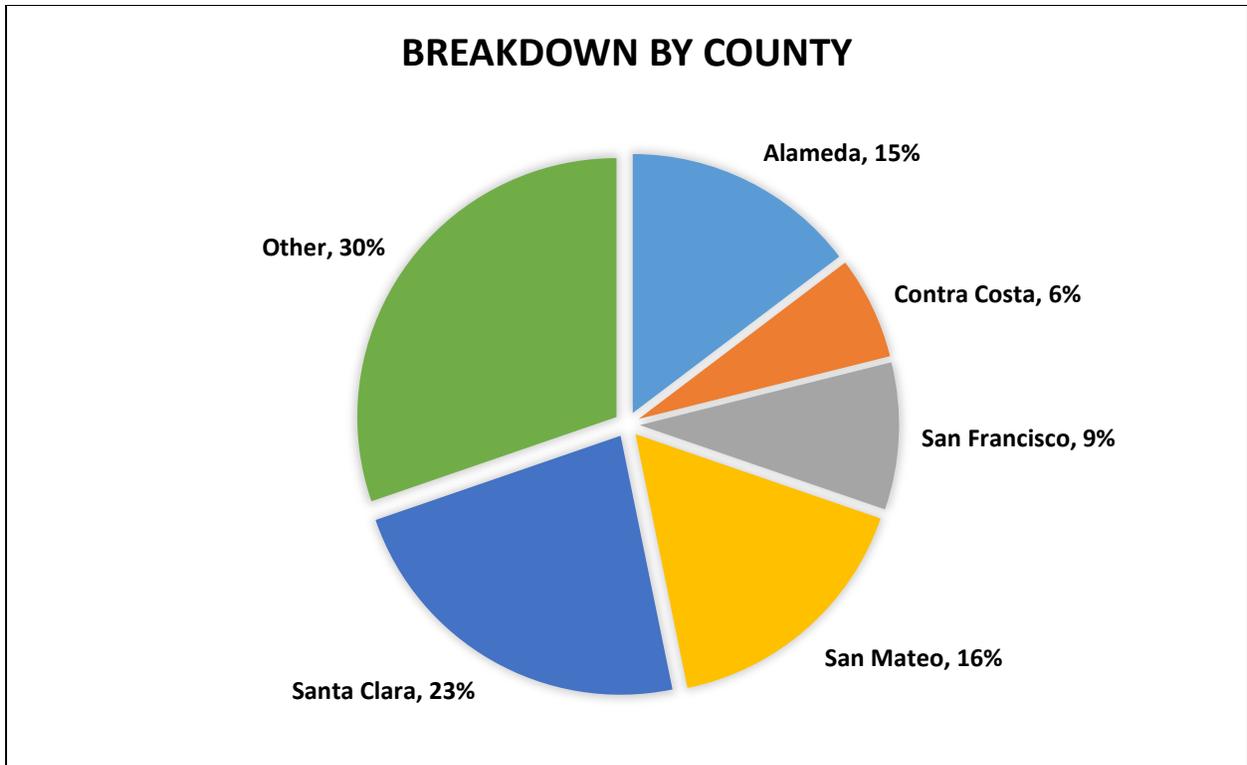
A total of 109 applications were submitted for consideration for the 2020 prequalification process for formal

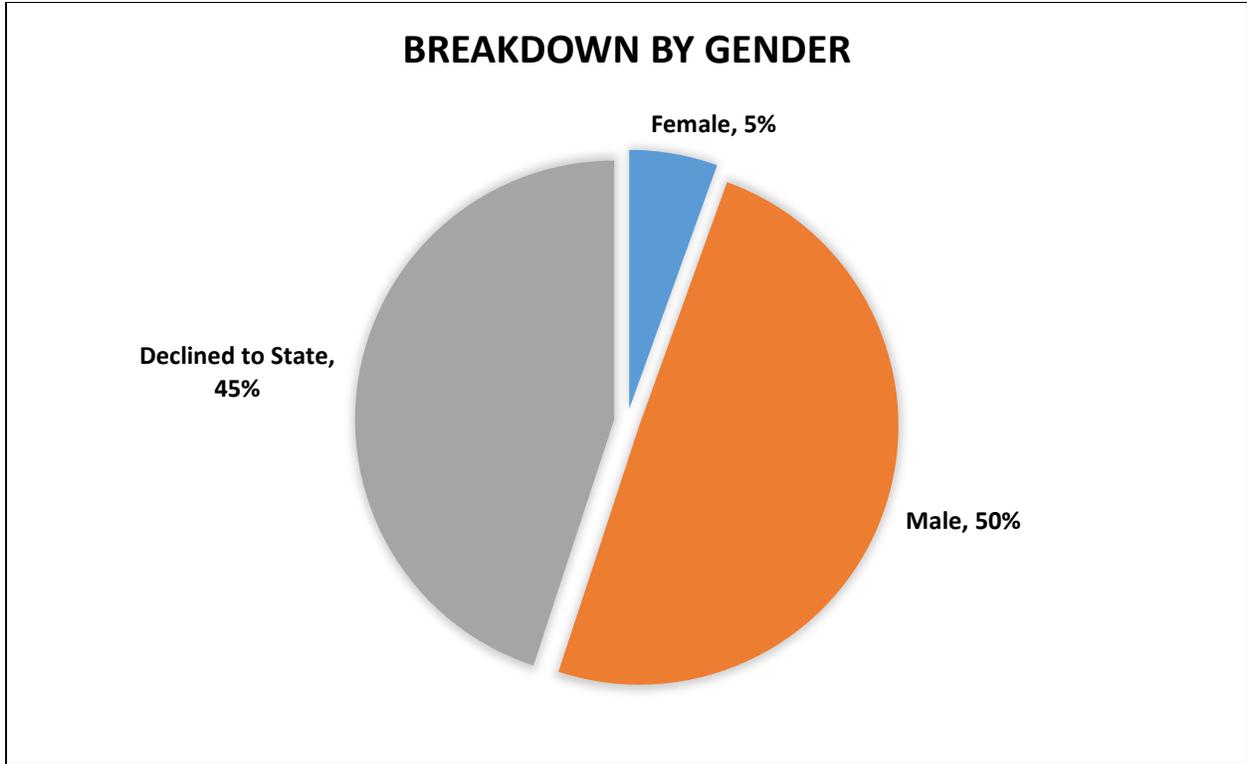
bids on public works construction projects over \$200,000. This is a 13% decrease from the 2019 pool of 126 submitted applications. As of January 13, 2020, staff has evaluated the 109 submitted applications. Ninety-four (94) firms met all published criteria and have been included in the 2020 pool as publicized on the District's Facilities website.

Fifteen (15) 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 94 valid applicants who have been prequalified for 2020:

<b>Construction Contractor's License Classification Summary</b>	
<b>#</b>	<b>License Type</b>
42	A – General Engineering Contractor
64	B – General Building Contractor
3	C-2 – Insulation and Acoustical Contractor
6	C-4 – Boiler, Hot Water Heating and Steam Fitting Contractor
4	C-7 – Low Voltage Systems Contractor
8	C-8 – Concrete Contractor
2	C-9 – Drywall Contractor
15	C10 – Electrical Contractor
2	C12 – Earthwork and Paving Contractors
1	C13 – Fencing Contractor
3	C15 – Flooring and Floor Covering Contractors
2	C16 – Fire Protection Contractor
1	C17 – Glazing Contractor
11	C20 – Warm-Air Heating, Ventilating and Air-Conditioning Contractor
7	C21 – Building Moving/Demolition Contractor
2	C22 - Asbestos Abatement
9	C27 – Landscaping Contractor
1	C28 – Lock and Security Equipment Contractor
3	C31 - Construction Zone Traffic Control Contractor
3	C33 – Painting and Decorating Contractor
1	C35 – Lathing and Plastering Contractor
8	C36 – Plumbing Contractor
1	C38 – Refrigeration Contractor
9	C39 – Roofing Contractor
1	C42 – Sanitation System Contractor
6	C43 – Sheet Metal Contractor
1	C45 – Electrical Sign Contractor
2	C53 – Swimming Pool Contractor
1	C57 – Water Well Drilling Contractor
3	C61 – Limited Specialty
1	D-30 – Pile Driving and Pressure
1	D-42 – Non-Electric Sign Installation
6	ASB – Asbestos Certification
8	HAZ - Hazardous Substance Removal Certification





**BOARD REPORT NO. 20-1-6C**

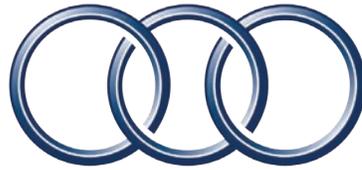
TO: Members of the Board of Trustees  
FROM: Michael Claire, Interim Chancellor  
PREPARED BY: Mitchell Bailey, Vice Chancellor/Chief of Staff, 574-6510

**BOND OVERSIGHT COMMITTEE ANNUAL REPORT TO THE COMMUNITY**

As required by law, the Board of Trustees established a Bond Oversight Committee composed of community leaders with expertise in finance, accounting, education, construction, sustainability and local government. The Committee is charged with the responsibility to assure voters that bond proceeds are expended only for construction, reconstruction, rehabilitation or replacement of College facilities in compliance with the ballot language approved by voters, and that no funds are used for teacher or administrator salaries or other operating expenses.

The Bond Oversight Committee met to review the District's bond project plans, timelines and proposed expenditures. Through its work, the Committee reviewed financial reports and project plan updates describing the bond-related activities undertaken by the District.

The Bond Oversight Committee has approved the attached annual report to the community, which is provided as information to the Board of Trustees and will be published on the District's Website.



SAN MATEO COUNTY  
**COMMUNITY**  
COLLEGE DISTRICT

*Cañada College • College of San Mateo • Skyline College*

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## **Bond Oversight Committee**

2018 Annual Report to the Community

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## BACKGROUND

Voters in San Mateo County generously approved a bond measure (Measure A in 2005) which provided \$468 million in funding for updating, modernizing, and retrofitting the three community colleges serving County residents: Cañada College, College of San Mateo and Skyline College. In November 2014, San Mateo County voters approved Measure H, a \$388 million bond measure that will allow the District to complete the modernization, construction and reconstruction projects as envisioned in the 2015 Facilities Master Plan Amendment. The 2015 Facilities Plan Amendment, which was approved by the District’s Board of Trustees in 2015, includes all projects that the District envisions for the future. These projects are funded by a variety of revenue sources in addition to the bond measures, including State funding, energy rebates, Proposition 39 funds and former redevelopment agency revenues.

As required by law, the District Board of Trustees established a Bond Oversight Committee composed of community leaders with expertise in finance, accounting, education, construction, sustainability and local government. The Committee is charged with the responsibility to assure voters that bond proceeds are expended only for construction, reconstruction, rehabilitation or replacement of College facilities in compliance with the ballot language approved by voters, and that no funds are used for teacher or administrator salaries.

Bond Oversight Committee Members 2018		
Rosanne Foust	Gino Gasparini	Shelley Kessler
Frank Pagliaro	James Ruigomez	Bill Rundberg
	Johnny Yang	

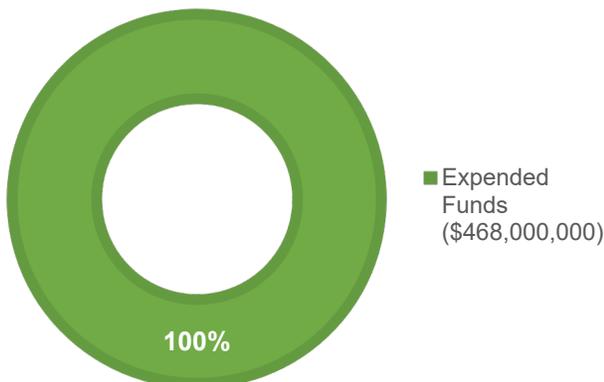
## STATEMENT OF COMPLIANCE

The Bond Oversight Committee advises that, to the best of its knowledge, the San Mateo County Community College District is in compliance with the requirements in Article XIII A, Section 1(b)(3) of the California Constitution. In particular, bond revenue has been expended only for the purposes so described in Measures A and H, and no funds were used for any teacher or administrative salaries or other operating expenses as prohibited by Article XIII A, Section 1(b)(3)(a) of the California Constitution.

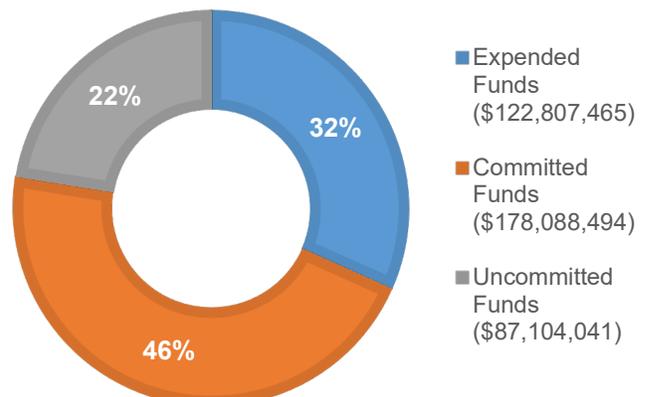
## FINANCIAL INFORMATION

Voters approved general obligation bonds through Measure A totaling \$468,000,000. As of December 31, 2018, the District expended all \$468,000,000 of Measure A funds – 100% of the total authorization. Voters approved general obligation bonds through Measure H totaling \$388,000,000. As of December 31, 2018, the District expended \$122,807,465 and committed \$178,088,494 of Measure H funds – 78% of the total authorization.

**Measure A Fund Expenditures**



**Measure H Fund Expenditures**



# ANNUAL AUDIT REPORTS

Included in this report is a summary of the results of the Auditor's Performance Audits. In the performance audit, the Auditors reviewed Measure A and Measure H expenditures and made no findings. The full reports of the financial and performance audits can be accessed at:

Measure A Financial Audit: <https://smccd.edu/bondoversight/audits/SMCCCD-Measure%20A-2018-FS-Final.pdf>

Measure A Performance Audit: <https://smccd.edu/bondoversight/audits/SMCCCD-Measure%20A-2018-Perf%20Audit.pdf>

Measure H Financial Audit: <https://smccd.edu/bondoversight/audits/SMCCCD-Measure%20H-2018-FS-Final.pdf>

Measure H Performance Audit: <https://smccd.edu/bondoversight/audits/SMCCCD-Measure%20H-2018-Perf%20Audit-Final.pdf>

 <p>INDEPENDENT AUDITOR'S REPORT</p> <p>To the Board of Trustees San Mateo County Community College District San Mateo, California</p> <p>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.</p> <p>We conducted our performance audit in accordance with <i>Government Auditing Standards</i> 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.</p> <p>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.</p> <p>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.</p> <p>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.</p>  <p>Crowe LLP</p> <p>Sacramento, California December 14, 2018</p>	 <p>Crowe LLP Independent Member Crowe Global</p> <p>INDEPENDENT AUDITOR'S REPORT</p> <p>To the Board of Trustees San Mateo County Community College District San Mateo, California</p> <p>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.</p> <p>We conducted our performance audit in accordance with <i>Government Auditing Standards</i> 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.</p> <p>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.</p> <p>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.</p> <p>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.</p>  <p>Crowe LLP</p> <p>Sacramento, California December 14, 2018</p>
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## THE DISTRICT'S APPROACH

The Facilities Planning and Operations Team focused its efforts over the past year on comprehensive planning for the implementation of Measure H, from programming to initiating the Design Build process, approved by the Board of Trustees for some of the major construction projects.

In the Design Build procurement process, the District uses a two-step Request for Statement of Qualifications and Request for Proposal process. The two steps are: (1) a Request for Statement of Qualifications (RFSOQ) is issued and Statement of Qualifications are reviewed and shortlisted to three Design-Build Entities (DBE), and then (2) a Request for Proposals (RFP) is issued to the three shortlisted entities. The three shortlisted firms submit proposals with both technical and fee components. The successful firm is selected based on a combination of their qualifications, technical response and overall fee. The Design Build delivery method facilitates an integrated design process with input from the College and District, identifies and mitigates financial risks, and improves speed to market.



The Facilities team and College administration continued their collaboration in planning and scheduling construction projects to minimize the impact on the campus communities and to ensure that bond project funds are efficiently and effectively expended on College improvements that will benefit students for generations to come.

District staff continues its work to secure additional state, local and private funding to supplement bond funds. In previous years, community colleges in California have experienced a significant decline in State Capital Outlay funds. The District is hopeful that with the statewide ballot measure (Proposition 51) that was approved by voters in November 2016, approximately \$30 million in State Capital Outlay funds could be available to supplement Measure H funds for modernization of three academic facilities.

## THE DISTRICT IS A LEADER IN SUSTAINABILITY

San Mateo County Community College District is a leader in the state and nation in sustainability. Along with a variety of programs that support academic enhancements, Sustainability is a core principle of the District Facilities Master Plan. SMCCCD requires the integration of sustainable strategies in all projects and requires that Capital Improvement Program 3 (CIP) projects be constructed to Leadership in Energy & Environmental Design (LEED) Gold standards. The District prioritizes sustainable solutions in many areas including energy, waste, and water conservation. In addition, the District's Best Management Practices require strategic investments that synergistically balance economic, ecologic and societal interests. This promises benefit not only for the District, but our extended global community.



Beyond efficiency, sustainability at SMCCCD includes the use of renewable energy, sustainable design and construction methods, as well as material selections that support the local economy. Since 2001, the District has received more than \$4 million in energy rebates, which have been reinvested to support other sustainability initiatives. The District also estimates annual energy savings, due to increased mechanical system efficiencies, photovoltaics, reduction in watering, upgraded infrastructure, etc.—to be in excess of \$2.6 million. District Facilities staff track this data carefully and manage the day-to-day operations to continuously improve. Additional information about the District's sustainability initiatives is available at <http://www.smccd.edu/sustainability/index.php>.

## PROJECT HIGHLIGHTS

The projects undertaken by the San Mateo County Community College District provide conducive environments that facilitate world-class teaching and learning, which in turn is a benefit to students, their families, our community and our economy. These state of the art facilities are academic spaces that are utilized not only by faculty, staff and students, but also by the greater San Mateo County community. These premier learning spaces prepare students for the jobs of today and careers of tomorrow and enable them to enter the workforce or transfer to a four-year college or university.

- **Math and Science Building – Cañada College**

The new Math and Science Building opened in August 2019, adding 50,000 gross square feet of learning space and world-class classrooms, laboratories, lecture halls, common spaces and faculty offices. Additional information about this new facility can be found at <http://www.smccd.edu/facilities/projects/can/canb23.php>.



- **Kinesiology and Wellness Building – Cañada College**

Ground was broken for the construction of this new 84,500 gross square feet facility which will provide kinesiology learning spaces, dance studios, instructional swimming pools, team facilities and competition space, and wellness spaces and equipment for students, faculty, staff and members of the community. Additional information about this new facility can be found at <http://www.smccd.edu/facilities/projects/can/CANB1KinWell.php>.



- **Environmental Studies Building – Skyline College**

The new Environmental Studies Building opened in September 2019, and includes high-tech classrooms, lecture halls, faculty offices, college and community event space, and an outdoor learning laboratory. Additional information about this new teaching and learning facility can be found at <http://www.smccd.edu/facilities/projects/sky/skyb12nenviroscibldg.php>.



- **Student Life & Learning Communities Modernization – College of San Mateo**

Interior modernization of Building 17 will create dynamic student support areas housing several Learning Communities adjacent with the existing Student Life and Student Government areas. Additional information about this renovated facility that will facilitate student learning can be found at <http://smccd.edu/facilities/projects/csm/csm17learningcommunities.php>.



## CONCLUSION

The Bond Oversight Committee continues to be satisfied with the results of the District’s modernization and new construction efforts. The Bond Oversight Committee welcomes members of the community to its meetings. More detailed information about the Bond Oversight Committee, including meeting information, agendas, projects, timelines, financial and performance audits and expenditures-to-date is available online at <http://smccd.edu/bondoversight/index.php>.

**BOARD REPORT NO. 20-1-7C**

TO: Members of the Board of Trustees

FROM: Michael Claire, Interim Chancellor

PREPARED BY: Mitchell Bailey, Vice Chancellor/Chief of Staff, 574-6510

**DISCUSSION OF POTENTIAL TOPICS FOR BOARD RETREAT AGENDA**

Each year, the Board of Trustees meets in a retreat format to discuss strategic initiatives and set priorities for the year. The 2020 Board Retreat will be held on Saturday, February 8.

To assist the Board President and Chancellor in preparing the agenda, the Board will continue to discuss potential topics for consideration at the retreat.