

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

January 25, 2017

Closed Session at 5:00 p.m.; Open Meeting at 6:00 p.m.

District Office Board Room, 3401 CSM Drive, San Mateo, CA 94402

Other Location: 404 Juanita Ave, Millbrae, CA 94030

NOTICE ABOUT PUBLIC PARTICIPATION AT BOARD MEETINGS

The Board welcomes public discussion.

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

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

5:00 p.m. Call to Order

ANNOUNCEMENT OF CLOSED SESSION ITEMS FOR DISCUSSION

1. Conference with Labor Negotiator
Agency Negotiator: Kathy Blackwood
Employee Organizations: AFT and CSEA

PUBLIC COMMENTS ON CLOSED SESSION ITEMS ONLY

RECESS TO CLOSED SESSION

RECONVENE TO OPEN SESSION

6:00 p.m. Call to Order

Roll Call

Pledge of Allegiance

DISCUSSION OF THE ORDER OF THE AGENDA

MINUTES

17-1-2

Approval of the Minutes of the Study Session of January 11, 2017

STATEMENTS FROM EXECUTIVES AND STUDENT REPRESENTATIVES

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

NEW BUSINESS

- 17-1-3A [Approval of Personnel Items: Changes in Assignment, Compensation, Placement, Leaves, Staff Allocations and Classification of Academic and Classified Personnel](#)

Approval of Consent Agenda

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

- 17-1-1CA [Approval of Curricular Additions, Deletions and Modifications – College of San Mateo and Skyline College](#)
- 17-1-2CA [Approval of 2017-18 Integrated District Budget Planning Calendar](#)
- 17-1-3CA [Approval of Nonresident Tuition Fee, 2017-18](#)
- 17-1-4CA [Denial of Claim Against the District by Liberty Mutual Insurance Company](#)
- 17-1-5CA [Acceptance of Grant Funds for the Mandela Washington Fellowship for Young African Leaders Initiative at Skyline College](#)
- 17-1-6CA [Acceptance of Grant Funds from the Foothill-De Anza Community College District SB1070 CTE Southwest Pathways Consortium \(SWPC\) for the Center for International Trade Development at Skyline College](#)
- 17-1-7CA [Acceptance of Funds from Laura and John Arnold Foundation and Authorization to Execute Agreement](#)
- 17-1-8CA [Approval of District Organizational Memberships, 2016-17](#)
- 17-1-9CA [Ratification of Execution of an Agreement with SPURR for Purchase of Natural Gas – Districtwide](#)
- 17-1-10CA [Authorization for Sole Source Purchase of IBM Equipment from Chouinard & Myhre, Inc.](#)

Other Recommendations

- 17-1-1B [Nominations for Membership on the California Community College Trustees \(CCCT\) Board, 2017](#)
- 17-1-2B [Adoption of Resolution No. 17-1, Affirming the San Mateo County Community College District's Commitment to Protecting Undocumented Students and Student Privacy](#)
- 17-1-102B [Receipt and Acceptance of the 2015-16 District Audit Report](#)
- 17-1-103B [Receipt and Acceptance of the 2015-16 KCSM Audit Report](#)
- 17-1-104B [Receipt and Acceptance of the 2015-16 General Obligation Bond Financial and Performance Audits](#)

- 17-1-105B [Receipt and Acceptance of the 2015-16 Retirement Futuris Public Entity Investment Trust Audit Report](#)
- 17-1-106B [Approval of Revisions to Board Policies: 1.02 Organization of the Board; 2.08 District Participatory Governance Process; 2.45 Conflict of Interest; 6.13 Curriculum Development, Program Review, and Program Viability; 7.41 Disabled Students Programs and Services \(DSPS\); 7.46 Access to Shower Facilities](#)
- 17-1-107B [Authorization for Use of WSCA-NASPO Contract with SSP Data for Purchase of Palo Alto Network Firewalls and Installation Services](#)
- 17-1-108B [Adoption of Resolution No. 17-2 Regarding Board Absence](#)
- 17-1-109B [Board Member Compensation](#)

INFORMATION REPORTS

- 17-1-2C [First Quarter Report of Auxiliary Operations, 2016-17](#)

COMMUNICATIONS

STATEMENTS FROM BOARD MEMBERS

RECONVENE TO CLOSED SESSION (if necessary)

RECONVENE TO OPEN SESSION (if necessary)

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

ADJOURNMENT

**Minutes of the Study Session of the Board of Trustees
San Mateo County Community College District
January 11, 2017, San Mateo, CA**

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

Board Members Present: President Thomas Mohr, Vice President Richard Holofer, Trustee Maurice Goodman, Trustee Karen Schwarz

ANNOUNCEMENT OF CLOSED SESSION ITEMS FOR DISCUSSION

President Mohr said that during Closed Session, the Board will hold a conference with agency labor negotiator Eugene Whitlock; the employee organizations are AFT and CSEA. The Board will also hold a conference with legal counsel regarding two cases of potential litigation as listed on the printed agenda.

STATEMENTS FROM THE PUBLIC ON CLOSED SESSION ITEMS ONLY

None

RECESS TO CLOSED SESSION

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

RECONVENE TO OPEN SESSION

The Board reconvened to Open Session at 6:04 p.m.

Board Members Present: President Thomas Mohr, Vice President Richard Holofer, Trustee Maurice Goodman, Trustee Karen Schwarz, Student Trustee Dennis Zheng

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

Pledge of Allegiance

DISCUSSION OF THE ORDER OF THE AGENDA

President Mohr said there is a request that the study session topic, Continued Discussion of the District's Commitment to Educational Social Justice, will be considered immediately after Statements from the Public on Non-Agenda Items. The Board agreed to do so.

ANNOUNCEMENT OF REPORTABLE ACTION TAKEN IN CLOSED SESSION

President Mohr said the Board took no reportable action during closed session.

MINUTES

It was moved by Trustee Goodman and seconded by Vice President Holofer to approve the minutes of the meeting of December 14, 2016. The motion carried, all members present voting Aye.

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

None

**CONTINUED DISCUSSION OF THE DISTRICT'S COMMITMENT TO EDUCATIONAL SOCIAL JUSTICE
(17-1-1C)**

President Mohr said this study session is being held so that the Board can continue to discuss and ponder the position it wishes to declare to respond to concerns about the educational opportunities and lives of students which were evoked by some statements made during the presidential campaign and primaries. The Board previously has examined and aligned its values with all of the elements of social justice and listened thoughtfully to the feelings and concerns of a number of students and employees. The purpose of this study session is to refine the Board's position that provides as much support and protection as possible, hopefully placing those directions to the District in the form of a resolution that would be formally approved at the next regular Board meeting.

To open the discussion, students in the audience offered the following comments:

- Students want everyone to feel safe, including marginalized students. They would like to ensure that every student, regardless of identity, has the right to an education without fear of being targeted in any way.
- Students would like the Colleges to reach out to the community and make the campuses safe zones not just for students, but for their families as well. President Mohr acknowledged the Board's concern for students' families and friends. He said the Board is committed to ensuring that students feel comfortable and safe in the college environment in order to learn to their maximum ability.
- Students are worried about generations to come and they realize that the Board has the ability to make long-term decisions that will affect future students. President Mohr said this is why the Board took time to review the District's values and principles and adopt the "Affirmation of Commitment to Social Justice."
- Students would like to see Board members come onto the campuses to get a sense of the culture of the Colleges. President Mohr said the Board wants to know students and be present for them. He said he believes Board members will visit the campuses as much as their schedules allow.

President Mohr said the Board has a draft resolution for consideration at this meeting. The resolution is based on the Board's values statement and on concerns expressed by students and others. The Board will consider whether the draft resolution contains the points they wish to put forward as their position.

Vice President Holober said the draft resolution deals with the immediate threat of deportation of students who are not documented and touches on other issues raised by students. He said the consensus position of the Board, as expressed at previous meetings, is that the District and Colleges will not, unless required by law, cooperate with U.S. Immigration and Customs Enforcement (ICE) or other immigration officials in terms of identifying students' status and facilitating efforts to apprehend students and deport them. Vice President Holober said information that the District does not have about students, such as place of birth and immigration status, cannot be turned over, stolen or hacked. Therefore, he recommended collecting only information that is required for enrollment and access to financial aid and other services. Angélica Garcia, Vice President of Student Services at Skyline College, said proof of physical residency is required but this does not include information about immigration status. She said that other required information will depend on other activities in which a student participates. Kim Lopez, Vice President of Student Services at Cañada College, suggested that the Colleges ask their Admissions and Records Departments and their programs to determine what they are required to collect. President Mohr supported the plan to review what is required and what is currently collected. Executive Vice Chancellor Blackwood noted that the District is legally required to ask students to provide their social security numbers; however, students are not required to provide them.

Vice President Holober said privacy of student information is an important aspect to consider. Noting that another community college paid \$28,000 in Bitcoin ransom to hackers who took over their system, he said physical safety of student records and good encryption of electronic records should be standard. Chancellor Galatolo said staff is currently looking into Firewall protection; however, this is very costly at \$700,000 to \$1 million. In response to a student's question about who has access to student records, Vice President Garcia said access to information is provided as necessary. For example, Admissions and Records and Financial Aid staff will need access to information in certain areas. She said sharing of information is determined at the highest level of leadership. Faculty has access to their students' addresses and telephone numbers but cannot access other information without seeking permission. President Claire said information contained in students' records is difficult to access and he must go to the Vice President of Student Services if he needs to access information.

Vice President Holober asked what the procedure would be if immigration officials came onto campus with a legal warrant or subpoena, e.g. would they go to the President's office or another office to ask for information on a student or students. He also asked if there would be a way to notify a student if immigration officials announced the intent to apprehend the student. Kristen Parks, Assistant Professor of Political Science at Cañada College, said a directive of the Department of Homeland Security identifies schools as sensitive locations and immigration officials would not normally come onto a campus. However, this is a policy rather than a law and could be easily changed by a new Secretary of Homeland Security. In terms of notifying a student, Eugene Whitlock, Vice Chancellor of Human Resources and General Counsel, said the District cannot legally do anything that is perceived as sheltering or harboring a student and cannot do anything that would interfere with ICE's ability to do its job. Lorena Gonzalez, Counselor at College of San Mateo, said safe spaces on the campuses may be identified as places for students to go if needed. Vice Chancellor Whitlock said that notifying students to go to such places in order to hide would be considered sheltering and would be illegal. He said it is important to be careful in the use of language; the term "safe" spaces might lead people to believe that such places offer

physical protection while in fact they do not. He added that AB540 and DACA provide some rights to students but they do not offer protection.

In response to a student question, Vice Chancellor Whitlock said that if a subpoena for student records is issued, it would likely be issued to Admissions and Records, the College President or the Chancellor. He said Admissions and Records staff have been instructed to not release information. He said he would be advised and would in turn notify the student and ask if he/she wanted to contest the subpoena within the prescribed period of time. In contrast, a warrant does not include a period of time in which to respond but requires immediate release of the requested information. Vice Chancellor Whitlock said there are some mechanisms to contest a warrant but there must be a reasonable basis to do so and would involve going to court.

Trustee Schwarz asked if there is anything that can be done to help students in cases in which legal warrants or subpoenas are issued. Vice Chancellor Whitlock said the best approach would be to help students before legal action is taken by bringing experts onto the campuses to provide information and advice. Ms. Gonzalez said faculty, staff and administrators are doing the best they can to make sure they are informed and to offer resources and referrals to students, their families and the community through forums and workshops, counseling, and targeted services. Professor Parks said that with the launch of the Dream Center at Cañada College, a free weekly legal clinic was also launched. She said the clinic serves families as well as students and all of the appointments have been booked. President Mohr said he believes this service should be offered at all of the Colleges. Trustee Goodman suggested providing space for legal aid services, rotating providers and hours. President Claire said he believes this would be easy to do as it is not uncommon to offer space for providers of County services. Trustee Goodman asked if the District would be responsible for what legal aid representatives say or do if given space on campus. Vice Chancellor Whitlock said the District would enter into a contract that would indemnify itself for anything said or done.

A student in the audience asked if the District or College would be able to notify a student's family if the student was apprehended by immigration authorities. President Moore said the event would most likely occur off campus. She said if the College heard about it, she would feel compelled to notify the family. President Claire agreed, saying it is not uncommon to reach out to a family if a student has a crisis. President Stanback Stroud said she also would reach out to the family and she is not aware of anything that would legally preclude doing so.

Student Trustee Zheng asked what help could be provided to a student who goes home and finds his/her family members are gone because they have been apprehended. Trustee Mohr said the District will do the best it can to support its students and would be able to reach out to the community to seek help for a student in this situation.

A student asked if a student who knows that immigration officials are on campus and escorts another student off campus would be subject to disciplinary action by the District. Vice Chancellor Whitlock said the situation would have to be reviewed, e.g. determining whether there was a physical confrontation with the officer, etc., before making a determination based on the Student Code of Conduct.

Vice President Holoher said the District does not have its own police force and calls local authorities when needed. He asked if these jurisdictions have policies on how they respond if called upon to do things that the District has said it will not do unless legally required. He also asked if the District, through its contractual relationships, can ask these agencies not to carry out enforcement that is not legally required. President Mohr said it is the responsibility of District leadership to have continual communication with law enforcement. He said District leaders should take time to make sure other agencies are informed of the District's position and to strive for agreement as much as possible. Trustee Schwarz said she believes the District should also work with the cities to research existing programs and services that can help students. For instance, the Redwood City Library hosted legal representatives last year and the Redwood City Council has announced it will issue a statement on this issue.

Trustee Mohr said there is uncertainty about how various aspects of this issue will evolve. He said the purpose of the draft resolution is to declare the position of the Board and give direction to the District. He said it is designed to encompass many avenues of approach, recognizing the individuality of the campuses to address their students. He read the "Resolution Affirming the San Mateo County Community College District's Commitment to Protecting Undocumented Students and Student Privacy":

WHEREAS, the San Mateo County Community College District (SMCCCD) is an open access institution and supports, promotes, values, respects and protects all students and employees of the District, irrespective of their immigration status, or that of their families; and

WHEREAS, the Board adopted a strategic plan in 2015 that emphasizes the District's priority of "Students First" and the District takes very seriously its solemn responsibility of caring for students; and

WHEREAS, on December 14, 2016, the Board's statement of "Affirmation of the San Mateo County Community College District's Commitment to Educational Social Justice through Access, Affordability, Individuality, Diversity and Inclusion," was adopted which is core to the manner in which all students and employees of the District are to be treated, protected, respected and valued; and

WHEREAS, the SMCCCD has supported and implemented the federal government's Deferred Action on Childhood Arrivals (DACA) policy and California Assembly Bill (AB) 540, which provide protection and financial assistance for undocumented students attending the SMCCCD; and

WHEREAS, the SMCCCD continues to support the internal policy memoranda issued by the U.S. Department of Homeland Security to its staff relating to restrictions upon entering college campuses and in the prosecution of high school and college students, and which was reinforced to that agency by a letter to that effect from our Chancellor on December 9, 2016; and

WHEREAS, the SMCCCD values the privacy of students and continues to uphold federal privacy requirements as outlined in the Family Educational Rights and Privacy Act (FERPA); and

WHEREAS, in recent months, federal immigration policy changes have been contemplated and discussed that could lead to emotional and physical insecurity of some undocumented students and their families; and

WHEREAS, the Board continues to promote social justice and is dedicated to finding ways in which the District might further refine and implement policies and strategies to ensure that the District's colleges remain safe and welcoming environments so that students can learn and thrive;

NOW, THEREFORE, BE IT RESOLVED, that the San Mateo County Community College District Board of Trustees:

- (1) Fully endorses the urgent appeal of the chief executive officers of the California Community Colleges, the University of California and the California State University systems in their joint letter to President-elect Trump encouraging his continuation of the Deferred Action for Childhood Arrivals (DACA) policy on November 29, 2016; and
- (2) Believes adherence to the guidance issued by the California Community College Chancellor's office on December 5, 2016, relating to the collection and protection of personally identifiable student information – including immigration status – is prudent and appropriate; and

BE IT FURTHER RESOLVED, that the Board of Trustees is committed to ensuring every student within the District views its three colleges as "safe havens" so that they may learn, live and thrive without fear of discrimination, profiling, targeting or unlawful prosecution; and

BE IT FURTHER RESOLVED, that the Board of Trustees directs the Chancellor of the District to:

- (1) Develop directives and procedures to protect the safety and security of all students and employees of the District, and to facilitate a greater sense of community and enhance the relationship with and between District public safety staff; and
- (2) Protect student privacy and ensure confidentiality by prohibiting the release of information about a students' immigration status to law enforcement and federal agencies without a proper legal warrant; and
- (3) Deny access to SMCCCD campuses and property to federal officials for the purposes of immigration enforcement, unless compelled to do so by a proper legal warrant; and
- (4) Provide opportunities for students and employees to know about and understand their legal rights and, when appropriate, offer legal services that provide such assistance; and

- (5) Ensure that students and employees are aware of counseling and support services and ensure that those services are available and provided as needed; and
- (6) Develop a process for evaluating student and employee feedback relating to this and other similar matters that aids the District in better promoting cultural sensitivity, understanding and promoting diversity, serving and protecting vulnerable, at-risk and marginalized populations, and providing spaces and opportunities for understanding, communication and collaboration; and
- (7) Take all necessary steps to engage the college and broader communities, media, elected officials, policy makers and other supporters to bring to light any injustices surrounding or relating to this matter, should any occur; and
- (8) Comply – at all times – with federal, state and local laws as it relates to this matter.

Vice President Holober said he believes the resolution is well written and encompasses many specifics that are addressed correctly. He said the phrase “Deny access to SMCCCD campuses and property to federal officials. . .” raises questions about the established policy of being an open campus and not denying access to anyone. A student said the presence of immigration authorities on campus would make students feel very uncomfortable and would interfere with their education. President Mohr said that if the Presidents of the Colleges believed that the educational mission and sense of security would be compromised, they would be justified in interfering immediately. Chancellor Galatolo said that if immigration authorities came onto campus without a warrant or subpoena, he would consider them a hostile entity and would feel comfortable asking them to leave. Vice Chancellor Whitlock said the District has the legal authority to remove anyone for being disruptive and it is up to the District to determine what is disruptive. After this discussion, it was agreed that the word “Deny access” will be replaced with “Limit access.”

Mr. Gonzalez suggested that “Provide opportunities for students and employees to know about and understand their legal rights. . .” be amended to read “Provide opportunities for students and their families, employees and their families, and members of the community to know about and understand their legal rights. . .” It was agreed that this change will be made. Ms. Gonzalez also suggested adding the words in italics to the following:

- (6) Develop a process for evaluating student and employee feedback relating to this and other similar matters that aids the District in better promoting cultural sensitivity, understanding and promoting diversity, serving and protecting vulnerable, at-risk and marginalized populations, and providing *trainings, forums*, spaces and opportunities for understanding, communication and collaboration.

It was agreed that this change will be made.

President Mohr said Chancellor Galatolo will send a message to all District employees and students to inform them of the Board’s position. Chancellor Galatolo said it is not unusual for him to send a letter to faculty and staff to talk about the new semester and he will include students as well. He said he will include as attachments the Board’s Affirmation on Educational Social Justice and the draft resolution. He said he believes faculty and staff will support the Board’s position. A student asked if the position taken by the Board will be implemented by all faculty and staff or only by those who agree with it. President Mohr said this is the direction given by the Governing Board and the Board expects all faculty and staff to participate in and be loyal to the practices and culture laid out in that position. Vice President Holober said there are specific directives that apply to a limited number of employees, specifically around sharing of information and records. He said those employees need to be informed and trained on the policy and know that if they violate the policy, they will be subject to disciplinary action as employees of the District.

Professor Parks asked how one should respond if asked if the Board’s direction is in support of sanctuary campuses. Chancellor Galatolo said the definition of a sanctuary campus is not clear and could potentially be an issue at the federal level. He said the use of “safe haven” does not put the District at risk. President Moore said she agrees that not using “sanctuary campus” allows more flexibility to help students. Vice Chancellor Whitlock said legislation was introduced in December to offer no funding to sanctuary campuses. He said the term does not actually offer protection and often causes confusion.

President Mohr said many students feel the need to draw Public Safety officers into the college community. He said students want to have the same kind of relationship with the officers that they have with faculty and staff. President Mohr

also addressed the issue of critical pedagogy; he said students should feel that faculty are striving to recognize students for who they are and to connect them with the culture of the college in a significant way.

President Mohr said the draft resolution, with the suggested amendments, will be brought to the Board for approval at the meeting of January 25. He thanked everyone who participated in the discussion at this meeting, particularly Lorena Gonzalez who has been and continues to be an important advocate for students' concerns and challenges.

NEW BUSINESS

APPROVAL OF PERSONNEL ITEMS: CHANGES IN ASSIGNMENT, COMPENSATION, PLACEMENT, LEAVES, STAFF ALLOCATIONS AND CLASSIFICATION OF ACADEMIC AND CLASSIFIED PERSONNEL (17-1-1A)

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

APPROVAL OF INCREASE IN STUDENT ASSISTANT SALARY (17-1-2A)

It was moved by Student Trustee Zheng and seconded by Vice President Holober to approve the increase. The motion carried, all members present voting Aye.

Other Recommendations

APPROVAL OF CONTRACT AWARD FOR CAÑADA COLLEGE BUILDING 23N, NEW MATH/SCIENCE/TECHNOLOGY BUILDING, DESIGN-BUILD PROJECT (17-1-100B)

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

REJECTION OF BIDS FOR COLLEGE OF SAN MATEO BUILDING 6 AQUATICS CENTER POOL SYSTEM UPGRADE PROJECT (17-1-101B)

It was moved by Vice President Holober and seconded by Trustee Goodman to reject the bids as detailed in the report. The motion carried, all members present voting Aye.

STATEMENTS FROM BOARD MEMBERS

Trustee Goodman requested that anyone who has information about plans on the campuses for Black History Month forward the information to him as he is being asked by organizations and entities within the County to help coordinate the activities being offered. Trustee Goodman said he was informed by someone from the County that a District employee will be honored during Black History Month and they asked that the District prepare a resolution. Trustee Goodman will work with President Mohr to accommodate this request.

Trustee Schwarz said she attended a December event of the San Mateo Chapter of CYC (California Youth Connection) titled "Join Us for a Holiday Event to Kick Off the Campaign for Student Housing in the San Mateo County Community College District." She said this organization is interested in developing housing for emancipated foster youth. She said she believes this would be an interesting conversation to continue. Trustee Schwarz thanked Cañada College for the 2017 calendar that was sent to the Board.

ADJOURNMENT

The meeting was adjourned by consensus at 7:59 p.m.

Submitted by

Ron Galatolo, Secretary

Approved and entered into the proceedings of the January 25, 2017 meeting.

Richard Holober
Vice President-Clerk



President's Report to the Board of Trustees

Dr. Regina Stanback Stroud



Keynote Speaker Angela Davis presenting at the Equity Summit hosted by Skyline College

SKYLINE COLLEGE BOARD REPORT

JANUARY 25, 2017

EQUITY SUMMIT BRINGS THOUGHT LEADERS TO CAMPUS



Skyline College has made a commitment to rethink and be intentional about the way it engages teaching and learning. In an effort to remain true to this commitment, on Friday, December 9, 2016, the college invited some of the nation's leading scholars on educational equity and critical pedagogy to share their theories and practices. The program opened with a welcome from President Dr. Regina Stanback Stroud and Nina Floro from the Center for Transformative Teaching and Learning. Dean of Student Equity and Support Programs, Lasana Hotep, opened the program reminding the audience that, "As we reimagine our educational institutions, we should consider the material needs, support services, and pedagogy we implore in charting a new course for student success."

The summit featured six 15-minute equity talks addressing topics ranging from political imaginations of STEM education and integrating culturally relevant pedagogy. This style of short, concise presentations kept the audience engaged throughout the day. Six of the speakers engaged in dialogue on two separate plenary sessions: Value of Race and Equity in Education and Equitable Pedagogical Practices. The speakers shared a wealth of knowledge drawing from their experiences as faculty and administrators within their respective campuses on programs, strategies, and practices that value difference and the lived experiences of students. This format, alternating between short talks and plenary sessions, made for a community-oriented and intellectually stimulating experience adding a modern twist to the traditional model of a professional development conference. The purpose of the Equity Summit was for students, staff, faculty, and administrators to increase their understanding of educational equity and learn best practices on culturally relevant teaching. It also gave a preview of what can be expected for the Equity Training Series (ETS), a six-week professional development opportunity for Skyline College staff, faculty, and administrators that will be offered in spring 2017.

The event culminated with a keynote address from Distinguished

Professor Emerita, scholar-activist, and public figure, Dr. Angela Davis. "I would like to begin from the assumption that there can be no social transformation with no education and that the overarching purpose of knowledge is, indeed, to make a difference in the social world...Ultimately it is about creating a better world, creating a more habitable universe," Dr. Davis said to a crowd of over 450 attendees from all over the Bay Area, Central Valley, and Southern California.

Dr. Davis covered a myriad of local and global issues in relation to the current state of education. These topics included the prison-industrial complex, post-election climate, and the history of institutionalized oppression that continues to affect communities of color in the United States and abroad. Dr. Davis' address was followed by a Community Connection mixer where participants were able to continue the dialogue and network.

Lucia Lachmayr, an Associate Professor of Language Arts' shared, "The Equity Summit was a much-needed boost for me as an educator. It helped me to reimagine the classroom beyond a safe space to a brave space, beyond critical pedagogy to humanizing pedagogy. It also reminded me that oftentimes we are not just teaching content, but helping students unlearn ineffective ways of learning as much as teaching them new ways of learning. It was incredibly engaging, useful professional development. And to cap it all off, Angela Davis! This summit was a much-needed tonic and I'm very excited about continuing the discussions next semester."

Article by Lasana Hotep and Katrina Pantig | Photo by Gino DeGrandis

SAN BRUNO CHAMBER HOSTS INSTALLATION AND STATE OF THE CITY ADDRESS



The San Bruno Chamber of Commerce hosted its 2017 Installation of Officers and State of the City Address luncheon on Tuesday, January 10, 2017 at Skyline College. Over 90 community members

SKYLINE COLLEGE BOARD REPORT

JANUARY 25, 2017

attended the event in the Fireside Dining Room. Skyline College is proud to host the annual event as it has become a tradition. Twenty-two employees of Skyline College attended the event to support the Chamber of Commerce and hear updates from the city of San Bruno.

Scott Hart of PG&E was given an award for his six years of service on the Chamber of Commerce Board as he has termed out. The Mayor of San Bruno, Jim Ruane gave the State of the City Address, focusing his speech on the planned developments that are moving forward as a result of years of work along with the planning projects currently happening. The following projects were among those presented:

- Mixed use development at 418 San Mateo Ave. with 83 residential units ready in late 2018
- Medical Office building
- SF Police Credit Union
- Implementation of the Walk n' Bike Plan
- Comprehensive downtown parking management plan has begun
- Downtown streetscape plan for San Mateo Ave
- The Shops at Tanforan is in discussions about upgrades
- The Crossing Hotel, a 152 room Marriott
- Victory Honda Dealership expansion
- YouTube is growing and has acquired a total of 8 properties
- Crestmoor Neighborhood reconstruction from the pipeline explosion will be completed in late 2017 which includes a new neighborhood park
- Florida Ave Park
- Infrastructure project for water & sewer pipelines
- Fiber cable to homes through San Bruno Cable
- Community Service Programs
- Community Safety, increase in the police explorer program from 8 to 22 explorers
- Community Day in the Park will now be an annual event thanks to the support of the San Bruno Community Foundation
- Community Facilities Vision Plan which includes a new recreation center, library and community center

The Mayor also reported on discussions related to building code enforcement in wake of the Ghostship fire in Oakland and a new housing Impact fee which becomes effective next month to fund affordable housing, to create a reliable infrastructure to address the need.

Mayor Jim Ruane conducted the installation ceremony of the new and returning San Bruno Chamber of Commerce Board Members, including Pcyeta Stroud, representing Skyline College. The installed Board of Directors include the following:

- Brian Carias, KBA Docusys
- Barbara Einsidl, Gordon Associates
- Ron Frediani, Associated Window Cleaning
- Steven Kotik, International Auto Body & Paint
- Linda Larson, The Shops at Tanforan
- Joey Oliva, Marshall Realty (incoming Chairman of the Board)
- Rebecca Prozan, Google/YouTube
- Jackie Ram, RAM JAJ Enterprises
- Dennis Sammut, Artichoke Joes Casino
- Pcyeta Stroud/Kari Bush, Skyline College
- Wax Wain, Noori's Restaurant

Skyline College looks forward to hosting this important community event for years to come.

Article by Cherie Colin | Photo by William Nacouzi

COLLEGE TO BECOME NATIONAL STEM CONNECTOR



Skyline College is committed to growing educational opportunities in Science, Technology, Engineering and Math (STEM) for all our students. As part of this commitment, Skyline College will become a National STEMConnector, joining other higher education institutions and industry organizations around the country in a partnership that connects top leaders in the field through initiatives that rapidly connect and leverage the world of STEM and help supporters in their investments to build a STEM pipeline and workforce.

Skyline College President, Dr. Regina Stanback Stroud will serve on the STEM Higher Education Council of STEMconnector as part of the Diversity Committee. The Council builds on the energy of others in support of boundary-breaking collaborations between higher education and industry to achieve impactful results that can be recognized and scaled up. Skyline College

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joins other institutions and organizations, including Howard University, Rutgers, UC Davis, Tuskegee University, DeMoines Area Community College, Cengage Learning and Base11, Western Governors University and many others on the Higher Education Council

“Joining STEMconnector is a clear opportunity for the college to bolster its STEM offerings,” said Dr. Stanback Stroud. “Developing partnerships with industry and other colleges and universities who share a common commitment is essential to remaining at the cutting edge of the STEM field. I am looking forward to engaging in a robust and productive dialogue as part of the Higher Education Council.”

STEMconnector describes itself as a “Consortium of companies, nonprofit associations and professional societies, STEM-related research and policy organizations, government entities, universities and academic institutions concerned with STEM education and the future of human capital in the United States. As both a resource and service designed to link all things STEM, STEMconnector convenes its members and stakeholders through both physical and virtual events through STEM Councils and virtual STEM Town Halls and Google Hangouts that regularly reach over 500 thought leaders. STEMconnector focuses on the STEM workforce and jobs, with a particular emphasis on diversity and women. The organization’s work spans the entire K-5 pipeline (Kindergarten — Jobs) and how STEM Education experiences translate into careers. The STEMconnector team advises and counsels their members and partners to ensure the best STEM practices and scalable investments. STEMconnector helps other organizations determine programs whose outcomes meet their desired objectives and needs.

Recently, Dr. Stroud joined a host of national speakers including Dr. Martha Kanter, Executive Director, College Promise Campaign and Former Under-Secretary of Education with the US Department of Education, Balaji Ganapathy, head-Workforce Effectiveness North America, William Hansen, President and CEO of USA Funds and Edie Fraser, CEO, STEMconnector, to name a few.

Article by Connor Fitzpatrick

RESULTS OF THE COMMUNITY COLLEGE SURVEY OF STUDENT ENGAGEMENT

The Community College Student Report

Instructions: It is essential that you use a No. 2 pencil to complete this survey. Mark your answers as shown in the following example:

Correct Mark

Incorrect Marks

1. Did you begin college at this college or elsewhere?	<input type="radio"/> Started here	<input type="radio"/> Started elsewhere		
2. Thinking about this current academic term, how would you characterize your enrollment at this college?	<input type="radio"/> Full-time	<input type="radio"/> Less than full-time		
3. Have you taken this survey in another class this term?	<input type="radio"/> Yes	<input type="radio"/> No		
4. In your experiences at this college during the current school year, about how often have you done each of the following?	<input type="radio"/> Very often	<input type="radio"/> Often	<input type="radio"/> Sometimes	<input type="radio"/> Never
a. Asked questions in class or contributed to class discussions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. Made a class presentation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c. Prepared two or more drafts of a paper or assignment before turning it in	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d. Worked on a paper or project that required integrating ideas or information from various sources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e. Came to class without completing readings or assignments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f. Worked with other students on projects during class	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g. Worked with classmates outside of class to prepare class assignments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h. Tutored or taught other students (paid or voluntary)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i. Participated in a community-based project as a part of a regular course	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j. Used the Internet or instant messaging to work on an assignment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
k. Used e-mail to communicate with an instructor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
l. Discussed grades or assignments with an instructor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
m. Talked about career plans with an instructor or advisor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
n. Discussed ideas from your readings or classes with instructors outside of class	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
o. Received prompt feedback (written or oral) from instructors on your performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
p. Worked harder than you thought you could to meet an instructor's standards or expectations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
q. Worked with instructors on activities other than coursework	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
r. Discussed ideas from your readings or classes with others outside of class (students, family members, co-workers, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
s. Had serious conversations with students of a different race or ethnicity other than your own	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
t. Had serious conversations with students who differ from you in terms of their religious beliefs, political opinions, or personal values	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
u. Skipped class	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. During the current school year, how much has your coursework at this college emphasized the following mental activities?	<input type="radio"/> Very much	<input type="radio"/> Quite a bit	<input type="radio"/> Some	<input type="radio"/> Very little
a. Memorizing facts, ideas, or methods from your courses and readings so you can repeat them in pretty much the same form	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. Analyzing the basic elements of an idea, experience, or theory	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c. Synthesizing and organizing ideas, information, or experiences in new ways	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d. Making judgments about the value or soundness of information, arguments, or methods	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e. Applying theories or concepts to practical problems or in new situations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f. Using information you have read or heard to perform a new skill	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

PLEASE DO NOT MARK IN THIS AREA

SERIAL #

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1

How do you feel when you hear that 97% of survey respondents would recommend Skyline College to a friend or family member? In fact, 84% of survey respondents indicated that their overall Skyline College educational experience was “good” or “excellent.”

These insights were garnered from the Community College Survey of Student Engagement (CCSSE), a national survey which 1,005 Skyline College students completed last spring. What students are doing within and outside of the classroom, knowing their goals, and understanding their external responsibilities can inform how we create an environment that enhances their learning, development, and ultimately their ability to succeed in achieving their academic goals. A snapshot of students’ experiences, the current results can be compared with the results from the 2016 cohort (colleges that administered the survey between 2014- 2016) and the past two times we administered the survey.

The CCSSE provides information on the institutional practices

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and student behaviors that are highly correlated with student learning and retention. Conceptually related items are clustered under the five “benchmark” areas which educational research has shown to be important to students’ college experiences and educational outcomes: (1) active and collaborative learning, (2) student-faculty interaction, (3) academic challenge, (4) student effort, and (5) support for learners. The College fared better than the 2016 cohort in “support for learners,” and was most challenged in “student effort.” “Support for learners” encompasses a variety of goals: providing effective student support services, cultivating positive relationships among groups on campus, and demonstrating a commitment to student success. “Student effort,” meanwhile, pertains to students’ own behaviors. For instance, with one survey item, 21% of Skyline College respondents “often” or “very often” come to class without completing readings or assignments, compared to 14% of the 2016 cohort. The point of the CCSSE is not to blame, however, but rather to better understand the challenges students face—including those outside of school, and to take an honest look at our roles in impacting students’ ability to flourish at Skyline College. For further exploration of the survey items that fall under these benchmarks, you’re encouraged to participate in one of the CCSSE interactive presentations that will take place next semester.

Our college community has begun to analyze the results, and the Planning, Research, and Institutional Effectiveness (PRIE) office is eager to engage more of the college in talking about the results. So far, discussions have taken place in the Institutional Effectiveness Committee (IEC), the Strategic Planning and Allocation of Resources Committee (SPARC), the College Governance Council (CGC), and the CTTL’s Boot-Up Camp. Next semester, additional venues will be through the Center for Transformative Teaching and Learning (CTTL) and potentially division meetings and governance committees, as well as research briefs in “Skyline Shines.” We hope to see you at one of these interactive presentations!

For more information about the CCSSE, visit ccsse.org, or for a copy of the actual survey, see www.ccsse.org/aboutsurvey/docs/CCSR_2005.pdf.

Article by Karen Wong

ASSOCIATED STUDENTS HOST DISTRICT-WIDE STUDENT SENATE MIXER



On Friday December 2, the Associated Students of Skyline College hosted a social and training mixer for the student senates of Skyline College, Cañada College and CSM. The mixer aimed to help participants strengthen the relationship between sister schools, learn about team building, and gain cultural competency training. After starting off with an ice breaker introduction between senate members, the mixer was divided into three activities—one focusing on team work, another on strategy, and the final one focusing on diversity training. The mixer ended with a cross-the-line activity and discussion about privilege and how to be competent and representative as councils at each of our respective schools. The mixer most importantly succeeded in bringing together the Associated Students within the District setting up a strong basis for moving forward as representatives and unified schools. The mixer ended with dinner, socializing, hopeful discussions of our now more relationship-based future, and hope for another mixer in the near future.

Article by Margo Feldman

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FOOD DRIVE COLLECTS 2,400 POUNDS OF FOOD



The Kappa Beta Delta food drive was a success thanks to all who participated during this busy time of year. A sincere thank you goes to Professor Whitten and Margo Feldman for assisting with the food drive this year. Both of them have done this in the past, and having them help along the way made everything easier.

A big thank you to the Honors Club and Phi Theta Kappa! The honors club assisted with preparing the barrels around campus, and Phi Theta Kappa made posters to place next to the barrels. Both clubs also helped promote the food drive by sending emails to their members and bringing it up during their meetings.

Many departments on campus contributed. The Bookstore helped by providing the proper materials needed to move the barrels and place them around campus. The Math, Science and Technology Department collected nearly a full barrel by their office. The Learning Center raised a lot of food as well and was close to a full barrel!

Overall the food drive was a success, collecting 2,400 pounds and over \$1,000 in donations. Thanks again and Happy Holidays!

Article by Luis Hernandez

DE-STRESS FOR SUCCESS AT THE LIBRARY



The Skyline College Library hosted daily programs to help over 300 Skyline College faculty, staff, and students de-stress during the last week of the semester. Students enjoyed cupcake decorating, button making, a visit from therapy dogs, and a mindfulness session. The library also offered week-long drop-in activities such as popular board games, bookmark coloring, and jigsaw puzzles.

Monday, December 5: Cupcake Decorating

Sweets-loving students decorated vanilla and chocolate cupcakes – jelly beans and rainbow sprinkles were popular toppings. “It really puts a smile on people’s faces” and “definitely stress-relieving” said students. Other students requested that the library host more food programs in the future.

Tuesday, December 6: Button Making

“I want to do this all day!” was a common refrain by students, staff, and faculty. Students made their own personal pins or magnets. A 1-inch press was used to design custom buttons of popular cartoon characters reading. Disney characters and Pokémon, and “I love reading” and “I love library” designs were popular.

Wednesday, December 7: Therapy Dogs

This semester the library once again hosted Therapy Dogs in partnership with the Peninsula Humane Society & SPCA. Over 100 students, faculty, and staff came out to meet two of their furry friends: Canine Good Citizen certified therapy dogs Hunter and Marianna. Students enjoyed petting both golden retrievers and interacting with the volunteer owners – some suggested that we have therapy dogs every day!

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Thursday, December 8: Mindfulness

Psychology Professor Jennifer Merrill hosted a mindfulness and meditation session in the library classroom. Students took a break from their stressful workloads, learned about the benefits of mindfulness, and took a quiz to measure "how present are you?". Students learned tips for paying attention while engaging in daily activities, leading to a calmer and engaged outlook.

Finals Week:

Over Finals Week (December 12-16), the library offered healthy snacks and coffee to stressed and hungry students. We would like to thank Kevin Chak, Skyline College Bookstore Manager for donating coffee and hot water.

Article by Kristen Lee | Photos by Dr. Pearl Ly and Kristen Lee

CAREER SERVICES ENGAGES WITH BAY AREA EMPLOYERS



Career Services brought together students and employers through a variety of Career Development events in November and December.

On November 29, a networking workshop with Price waterhouse Coopers (PwC), one of the Big Four auditors and ranked as the most prestigious accounting firm in the world for seven consecutive years, presented on the importance of building relationships in the world of work. PwC will be returning for a second year in the spring to invite, interview, and select eligible students as participants for competitive PwC summer internships.

December 7 brought SV Academy CEO Rahim Fazal to the campus for a Lunch and Learn in the Career Services Center. The afternoon featured the launching of an academic fellowship in January 2017. This 12-week training is designed to assist graduating Skyline College students in finding jobs within the fast-growing tech industry. This free inaugural fellowship will guide students through the process of landing sales & business development jobs at Silicon Valley start-ups.

On December 8, Career Services and Digital Film Professor Sam Sanchez held an evening with cinematographer Jacques Haitkin and photographer Johnny Wu. Both passionate about the creative fields in which they work, they had fascinating stories to share. Johnny Wu, specializing in the photographing of action figures, explained how his "hobby" became a career. Mr. Wu was gracious enough to show scenes from recent work that he completed while going over some of the techniques that he uses in his award winning photos. Jacques Haitkin, a professional cinematographer who has worked in partnership with the film industry's biggest names for 5 decades, spoke about the various contributions he has made to such action movie projects as Captain America, Kong: Skull Island, Fast 8 and several others. He also gave us insight into a typical day on the set of a Hollywood production.

On December 9, KQED, the Bay Area's premier public broadcasting station, generously offered an afternoon tour of its San Francisco studio. Thanks to Skyline College student, Jolie Bauman, Associate Director of Membership Marketing, who served as docent and host, gave a behind-the-scenes look and shared KQED's mission to recognize the importance of membership television in broadcasting programs that entertain and educate on culture, politics, theater, and documentaries. Employing both technical and language arts majors, KQED's history of communicating both historical and news-breaking stories makes it one of the most trusted sources of information. A follow-up student group visit will be coordinated in the spring semester.

Article by Lavinia Zanassi | Photo by Nicholas Zuniga

BAY AREA ENTREPRENEUR CENTER FEATURED IN THE SAN MATEO DAILY JOURNAL!



Building the next generation's business skills: Skyline College entrepreneur program offers training for students, The Bay Area Entrepreneur Center of Skyline College launched a business incubator program in early 2014 to offer classes, training, instruction, mentoring and other valuable information to help small companies grow. Aspiring entrepreneurs enrolled at Skyline

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College can lean on a new program designed to build their business development skills and fuel their burgeoning company on the way to success.

As a portion of its offerings, the center is also hosting a speaker series placing successful business owners in front of students, who can absorb the knowledge and pepper pros with questions regarding their recipe for success.

Such an opportunity Thursday, Dec. 1, brought Eddie Lin, founder and CEO of marketing company NexusEdge, before the students and program participants to share his strategies for building a brand.

"I want to be able to help students or anyone in the space that I was in before who are encountering the same struggles I had previously," he said.

Lin's speech is the second in a series of three speakers who visited the center over the past month. Global trade expert Raja Ben spoke roughly two weeks ago and intellectual property attorney Heather Bennett is scheduled to appear Tuesday, Dec. 15.

Terri Wade, a business and marketing consultant for the center, said she believes granting access to the wisdom of accomplished business people alongside the variety of other resources available helps many hopeful entrepreneurs see a path to achievement more clearly. "The speakers are there to offer their expertise and open up eyes to different possibilities out there and learning from those who have been there and done that," she said.

Ultimately, Wade said a goal of the center and its programs is to encourage young business owners to constantly push the boundaries of what they believe is possible to accomplish. "Many are thinking small and local, but we want them to think larger," she said. "So we are able to nurture the entrepreneur to take their business to the next level."

There are only a handful of participants currently enrolled in the incubator program, said Wade, spanning from those who want to launch a secure wireless network company to another attempting to build a marketing firm. Those enrolled can access the variety of services available at the center, located in downtown San Bruno at 458 San Mateo Ave., such as conference rooms, co-working spaces, workshops, seminars and an opportunity to access the network of venture capitalists, local businesses and professionals who may be able to offer mentoring or stewardship.

The center has established partnerships with the San Bruno Chamber of Commerce, along with small business associations in San Francisco and San Mateo counties for a portion of the

advising services.

Incubator members also stand to access business development money available from the program's board of directors, said Wade, though the investment fund has yet to be launched. The resources are only available to students who go through an application process and pay a fee to enroll, which Wade said is an effective mechanism to assure those who participate are committed to their endeavor. Members are asked to spend between \$150 per month for a virtual membership which grants access to programs but no office space to \$450 monthly for unlimited access to resources along with two consulting appointments.

Wade said the program was born from a desire among many students at Skyline College to build their talents for growing a small business into a viable and successful company and interest for the services has jumped since the incubator recently launched.

"It has encouraged a lot of Skyline students," she said.

Skyline College President Regina Stanback-Stroud offered a similar perspective in a prepared statement.

"The Bay Area Entrepreneur Center will be a business catalyst to seed and develop entrepreneurship in our region. Leading creative economic development partnerships such as this are exactly what the college is designed and committed to do," she said. "It is just another way for the college to invest in the community and identify and engage the businesses and workforce of tomorrow."

For his part, Lin said he is hopeful his message resonates by encouraging students to overcome the potential fears associated with taking the risks which may initially seem intimidating but stand to benefit a company's growth.

"Most people are too scared to talk to strangers, but that is when the most interesting things happen," she said.

This article was originally published in the Daily Journal on December 05, 2016, by Austin Walsh.

Article: Austin Walsh, The Daily Journal

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INTERNATIONAL FOOD FESTIVAL A BIG SUCCESS



The International Food Festival organized and hosted by the International Student Program (ISP), on Tuesday, November 15, 2016 was a grand success. A range of students from various ethnic and cultural backgrounds participated in the event. The countries represented by the students were China, Japan, Germany, Venezuela, Brazil, Columbia, Thailand, Myanmar, Jordan, Saudi Arabia, Ivory Coast and South Africa. The event was hosted in Building 6 where the students of Skyline College were able to meet, sample regional foods and learn about the various cultures that were highlighted.

There were individual tables for each country and the students were dressed in traditional clothing representing their country. The German table was laden with traditional foods from Germany such as brockwurst (a sausage variety), sauerkraut (a pickled cabbage) and pretzels. An interesting fact about Germany is that there are over 300 varieties of bread! The South African table had delicious food such as amakheke which are a type of scone and harrissa paste which is a chili paste that is synonymous with the region. The table was decorated in South African prints and flags. An interesting piece of information about South Africa is that it has the longest wine route in the world. The Latin America table was busy with the “alfajores” (caramel sandwich cookies) and “pao doce com coco” (coconut bread) being extremely popular. Students also learned interesting facts about the regions such as how Venezuela is home to one of the tallest waterfalls in the world, known as “Angel Falls”. The South Eastern table was filled with Thai foods such as pad Thai, egg rolls and a Burmese Tea Leaf salad which many students were eager to try.

The student hosts were dressed in richly embroidered gold and silk outfits and enthralled the students. The students representing China had almond pastries, almond cakes, cookie rolls and prepared squid that were delicious and gave students a chance to try something different. We could hear Chinese words being

exchanged and students being exposed to the culture of China. The table was decorated in traditional Chinese red and gold material with flags, teapots and exquisite Chinese dolls. There was also a Japanese origami table where students could learn to do origami which is the ancient art of paper folding. The Middle East was also represented with the baklava they displayed flying off the table as they were highly sought after. Students learned about Jordan and interesting information including the fact that a lot of popular movies were shot there, which was fascinating to know!

The International Food Festival event presented international students with an opportunity to share their cultures, and for other students to get a glimpse into the traditions of other cultures. The events served to highlight the diversity that is a key feature of Skyline Community College and its mission.

International Student Program will continue to provide international and cultural programs and events for Skyline College students, faculty and staff members and the greater Skyline College community. Please check future events on the ISP website at: www.skylinecollege.edu/international.

Article by Sujaya Chandran | Photo by William Nacouzi



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UPCOMING EVENTS

HOLOCAUST REMEMBRANCE DAY

Thursday, January 26, 2017

9:00 a.m. – 11:00 a.m.

Fireside Dining Room | Building 6



AFRICAN AMERICAN HERITAGE MONTH KICKOFF

Wednesday, February 1, 2017

12:00 p.m. – 2:00 p.m.

Fireside Dining Room | Building 6



CLUB RUSH

Monday, February 6, 2017

10:00 a.m. – 1:00 p.m.

Quad



ACTION SUMMIT II

Thursday, February 9, 2017

5:30 p.m. - 8:30 p.m.

BAEC – 458 San Bruno Ave E, San Bruno, CA 94066



BROTHERS AND SISTERS CONFERENCE

Tuesday, February 28, 2017

9:00 a.m. – 3:00 p.m.

Theater | Building 1



PRESIDENT'S BREAKFAST

Thursday, March 16, 2017

7:00 a.m. - 8:30 a.m.

South San Francisco Conference Center
255 S Airport Blvd, South San Francisco, CA 94080



College of San Mateo President's Report to SMCCCD Board of Trustees

CSM Flex Day a Success

Over 120 faculty, classified staff, and administrators participated in professional development workshops, which were held on the January Flex Days. Flex Day activities included the following:

Workshop	Presenter(s)
Navigating our Post-Election World	Jeremiah Simms, Mike Claire
Creating Inclusive Curriculum and Classrooms through Internationalization	Danni Redding-Lapuz, Judith Hunt, Laura Woltag
CSM Dreamer Ally Training	Lorena Gonzalez, Sylvia Aquirre-Alberto, Jeremiah Simms
Hiring Committee Training: The Benefits of Diversity/Unconscious Bias	Eugene Whitlock
Creating Accessible PDFs	Gaeir Dietrich
Raising Calculus to the Surface: A Discovery Approach to Multi-Variable Calculus with Manipulatives	Chris Walker
Building Connections through Reflection	Allie Fasth, Jeremiah Simms
What are they Learning: A Snapshot of Student General Education	Madeline Murphy
Responding to Moral Injury in Veterans	Laura Kerr
Tide Pool Romp	Huy Tran and Ellen Young
Getting Started in Canvas	Erica Reynolds
Suicide Prevention Training	Makiko Ueda
English Information Competency Community of Practice	Teresa Morris, Stephanie Roach
SafeZone Training	Fauzi Hamadeh
Campus Crisis/Immediate Action Seminars	Tom Maloney, Rob Dean
Water Cooler Workshop: Topics in Student Learning at CSM	Madeline Murphy

The College's long-term vision with regard to Flex Days is to create a "mini-conference" with meaningful workshops for faculty, classified staff, and administrators. Special thanks should be given to Professional Development Coordinator Theresa Martin and Jennifer Taylor-Mendoza, Dean of Academic Support and Learning Technologies, as well as Jennifer's staff for organizing two very successful Flex Days.

<http://collegeofsanmateo.edu/professionaldevelopment/index.asp>

CSM Athletics Hosts One Love Workshop

130 student-athletes attended the One Love Workshop on December 9. The One Love Workshop is sponsored by the One Love Foundation, named in honor of Yeardley Love who lost her life as a result of domestic violence. Sharon Love, Yeardley's mother founded One Love with the goal "to do for relationship violence what MADD did for drunk driving: stigmatize the behavior and get bystanders to take away the keys". A key element of the workshop is a "train the trainer" session where students are taught how to lead a group of fellow students in discussions regarding relationships and relationship violence. Special thanks should be given to Dean Wolf for organizing the event, Division Assistant Brooke McKinney for her support, and to our many coaches who gave up a Friday night to support our student-athletes. <http://www.joinonelove.org>

CSM Awarded Maker Grant

CSM has received a \$40,000 Maker Grant from the State Chancellors Office. The purpose of this grant is to engage faculty to integrate "making" into the curriculum, to facilitate student internships, to support students in preparing for STEM and STEAM careers, and to share best practices. This seed grant also qualifies CSM to apply for a larger implementation grant with a total award of up to \$350,000. CSM was also selected to host a regional meeting regarding the Maker Initiative in February. Incidentally, CSM's Library MakerSpace is featured on the Chancellor's Office Maker homepage: <http://cccmaker.com/>

Student Leaders attend ASCSM Winter Retreat

CSM's student leaders spent the week of January 9 in Healdsburg at their annual winter retreat. The Office of Student Life and Leadership has a long-held philosophy of helping students develop to become successful leaders both on and off-campus. A variety of leadership topics were discussed and students participated in numerous team-building exercises.

Photo of the Month: One Love Workshop



Event Calendar

<http://collegeofsanmateo.edu/calendar/events/>

College Events

Athletic Events (home games):

February 8

How to Choose A Major

12:00 pm-12:30 pm

Career Services Center (10-340E)

2/3 - Basketball, 5:30 pm, CSM Gym

2/10 - Basketball, 5:30 pm, CSM Gym

2/15 - Basketball, 5:30 pm, CSM Gym

February 8

CSM QT Chats

12:30 pm - 2:00 pm

10-421

February 9

Dream Act Workshop

1:00 pm – 2:30 pm

10-220

February 18

Day of Remembrance

75th Anniversary of Executive Order 9066

(sponsored by CSM History Department)

1:30-3:00

San Mateo Masonic Lodge

Cañada College

Report to the SMCCCD Board of Trustees

January 25, 2017

in this issue:

- Outreach Success by the Numbers: July-December 2016 pg. 2,3
- Upward Bound Participates in Annual Redwood City Holiday Drive pg. 4
- Digital Art & Animation Alumni Lands Prestigious Internship pg. 5
- Cañada Students Awarded International Scholarship to Study Abroad pg. 5
- Second Annual Cañada College Jacket and Toy Drive pg. 6



pg. 2



pg. 4



pg. 6

Outreach Success by the Numbers: July-December 2016



The Cañada College Outreach Department has had a very busy semester holding a strong presence through the Peninsula, as well as cultivating new community-based relationships on behalf of the College. Since July, the team has attended 37 events, promoting Cañada College and connecting with more than 4,800 members of greater San Mateo County and northern Santa Clara County. Some of these events include:

- 4th of July Parade - Redwood City
- Facebook Farmers Market - Menlo Park
- Fiestas Patrias - Redwood City
- Edgewood Back to School Fair - San Bruno
- World Journal News College Fair - Milpitas
- Sana Sana Health Fair - San Mateo
- Puente Health Fair - Pescadero



In addition, with the leadership of our Campus (student) Ambassadors, 21 campus tours were given to 642 potential students from 21 high schools and community organizations, including:

- Redwood City Mayor, John Seybert
- Woodside High School Summer Compass Program
- Fusion Academy Tour
- Sequoia Adult School
- Homeschool Program
- East Palo Alto High School
- Redwood High School

Our College Recruiter, Mayra Arellano, has worked diligently to discover and cultivate new partnerships with local corporate and non-profit organizations. These efforts have generated new opportunities for Cañada College to not only hold a stronger presence in the community, but connect with potential students and guide them to Cañada. These groups include:

- Facebook- Farmers Market
- Edgewood Drop-In Center
- Boys and Girls Club of the Peninsula
- Familia Unidas
- Escuela Popular, San Jose
- Dream Club at Menlo Atherton High School
- PTSA at Sequoia High School

Outreach Success by the Numbers: July-December 2016 (cont.)



The momentum not only continues -- it accelerates-- as the Outreach team heads into Spring, the busiest recruitment and enrollment semester of the year! Members of the College community are invited to participate in a number of upcoming events, including Cañada's annual open house, Connect to College Night, on April 27, 2017 as well as a series of Priority Enrollment Program (PEP) events on April 10, 12, 13, 18 and May 17, 2017.

Apply to Cañada College and invest in your future!

SPRING IMPORTANT DATES:

- 1** **Apply to Cañada NOW!**
Registration is open
www.canadacollege.edu/become

- 2** **Apply for Financial Aid:**
Office: (650) 306-3307
www.canadacollege.edu/financialaid

FAFSA Tuesday Workshop
Every Tuesday from 2-4:30p.m.

Dream Application Wed. Workshop
Every Wednesday from 11a.m.-2p.m.

Apply for Scholarships
Deadline is March 2, 2017
smccd.academicworks.com

- 3** **PEP (Priority Enrollment Program):**
April 10, 12, and 13, 2017
www.canadacollege.edu/pep

- 4** **Connect to College Night:**
April 27, 2017, 6-8p.m.
www.canadacollege.edu/connect

- 5** **COLTS Academy:**
Summer, 2017
www.canadacollege.edu/coltsacademy

- 6** **The Jams at Cañada College:**
Summer, 2017
www.canadacollege.edu/jam

Upward Bound Participates in Annual Redwood City Holiday Drive

On December 12, approximately 35 Cañada College Upward Bound students, families, graduates and staff volunteered at the Annual Redwood City and San Mateo County Toy and Book Drive wrapping party at Red Morton. Each year, Redwood City Police and Fire Departments, Police Activities League and Parks Recreation and Community Services works alongside the San Mateo County Sheriff's Office, San Carlos Fire, Woodside Fire, Sheriff's Activities League and the CARON to bring the Holiday Toy and Book Drive and holiday spirit right to the doorstep of many needy families. With help from the Fair Oaks Community Center and corps of volunteers, this annual event has become a welcome tradition in the Redwood City community. Participants help wrap presents that have been donated by businesses, students, families etc. and get them ready to be delivered to families in need. This event brings together community members and ignites the holiday spirit and cheer.



Digital Art & Animation Alumni Lands Prestigious Internship



Cañada College Digital Art & Animation alumni Ace DelRosario has landed an internship with NBC/Universal! After completing his certificate in Digital Art & Animation, Ace moved on to California State University, Northridge, completing his Bachelor's in Visual Arts with a concentration in Animation.

Ace's career goals include character design and concept art, skills that will be very valuable in his position as a product development and creative intern at NBC/Universal. In addition, Ace has volunteered his time at the Creative Talent Network Expo, a convention for animation artists, held annually in November in Burbank.

The minions from "Despicable Me" are wary about their new co-worker, Ace DelRosario. No worries, minions; Ace will do a great job!

Cañada Students Awarded International Scholarship to Study Abroad

Hannah Harper, Melony Mishler and Lesly Vasquez from Cañada College are three of more than 850 American undergraduate students from 359 colleges and universities across the U.S. selected to receive the prestigious Benjamin A. Gilman International Scholarship, sponsored by the U.S. Department of State's Bureau of Educational and Cultural Affairs to study or intern abroad during the spring 2017 term. The three students will study abroad in Florence, Italy in the San Mateo County Community College District Study Abroad Program with the American Institute for Foreign Study (AIFS).

Gilman scholars receive up to \$5,000 to apply towards their study abroad or internship program costs. The program offers grants for U.S. citizen undergraduate students of limited financial means to pursue academic studies or credit-bearing, career-oriented internships abroad. Such international exchange is intended to better prepare U.S. students to thrive in the global economy and interdependent world. Students receiving a Federal Pell Grant from two and four-year institutions who will be studying abroad or participating in a career-oriented international internship for academic credit are eligible to apply. Scholarship recipients have the opportunity to gain a better understanding of other cultures, countries, languages, and economies -- making them better prepared to assume leadership roles within government and the private sector. Congratulations!

Second Annual Cañada College Jacket and Toy Drive



Cañada College held its Second Annual Jacket & Toy Drive, generating donations for more than 200 children. This year, the College partnered with non-profit Puente de la Costa Sur, benefiting families in the coastal communities of San Mateo County. The donations were collected in partnership with Starbucks and Philz Coffee locations throughout San Mateo County.

Members of the College community were also on hand to personally deliver the toys and jackets to children, while connecting with their families, at Puente's Holiday event in Pescadero on December 16. Thank you to everyone who donated toys and jackets to the families and helped us to strengthen our partnership within the coastal communities of Pescadero, La Honda, Loma Mar and San Gregorio.



BOARD REPORT NO. 17-1-3A

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

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

APPROVAL OF PERSONNEL ITEMS

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

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

College of San Mateo

*Ray Kaupp Director of Workforce Development (NP) Business/Technology

New temporary, grant-funded academic supervisory employment, effective January 17, 2017. This is a new position that was Board approved on June 8, 2016.

B. PUBLIC EMPLOYMENT

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

Cañada College

*Sumathi Shankar Math Instructor Science & Technology

New Contract I status academic employment, effective January 12, 2017, replacing Denise Hum who transferred to Skyline College.

Skyline College

*Brian Collins Web Programmer Analyst President's Office

New full-time, 12-month classified employment, effective January 17, 2017, replacing Elizabeth Gaudet who resigned.

1. Re-Employment

None

C. REASSIGNMENT THROUGH THE HIRING PROCESS

Cañada College

Sally Heath	Retention Specialist – STEM Programs (Funded by the STEM Grant)	Science & Technology
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Reassignment from a full-time, 12-month Office Assistant II position (Grade 18 of the Classified Salary Schedule 60) into this full-time, 12-month position at Grade 24 of the same salary schedule, effective January 26, 2017.

D. TRANSFER/ADMINISTRATIVE REASSIGNMENT

None

E. CHANGES IN STAFF ALLOCATION

College of San Mateo

1. Recommend creation of a new classification titled, “Program Services Coordinator– HSI STEM (Funded by the HSI STEM Grant)” at Grade 27 of the Classified Salary Schedule (60), effective January 26, 2017. In addition, recommend a change in staff allocation to add one full-time, 12-month Program Services Coordinator – HSI STEM (Funded by the HSI STEM Grant) position in the Math/Science Division, effective January 26, 2017. This position is a temporary, grant-funded position, effective January 26, 2017 through the expiration of the grant funding.
2. Recommend creation of a new classification titled, “Assistant Project Director– HSI STEM (Funded by the HSI STEM Grant)” at Grade 26 of the Classified Salary Schedule (60), effective January 26, 2017. In addition, recommend a change in staff allocation to add one full-time, 12-month Assistant Project Director – HSI STEM (Funded by the HSI STEM Grant) position in the Math/Science Division, effective January 26, 2017. This position is a temporary, grant-funded position, effective January 26, 2017 through the expiration of the grant funding.
3. Recommend creation of a new classification titled, “Administrative Assistant– HSI STEM (Funded by the HSI STEM Grant)” at Grade 27 of the Classified Salary Schedule (60), effective January 26, 2017. In addition, recommend a change in staff allocation to add one part-time (48%), 12-month Administrative Assistant – HSI STEM (Funded by the HSI STEM Grant) position in the Math/Science Division, effective January 26, 2017. This position is a temporary, grant-funded position, effective January 26, 2017 through the expiration of the grant funding.

F. PHASE-IN RETIREMENT

None

G. LEAVE OF ABSENCE

None

H. PUBLIC EMPLOYEE RETIREMENT AND RESIGNATION

1. Retirement

College of San Mateo

Beverly Madden

Director of Business Development and Marketing

President's Office

Retired effective December 30, 2016 with 12.5 years of service. Not eligible for District retiree benefits.

2. Resignation

Cañada College

Anh Khoa Nguyen

Program Services Coordinator

Student Services

Resigned effective January 6, 2017.

I. ESTABLISHMENT OF EQUIVALENCY TO MINIMUM QUALIFICATIONS

None

J. SHORT-TERM, NON-CONTINUING POSITIONS

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

<i>Location</i>	<i>Division / Department</i>	<i>No. of Pos.</i>	<i>Start and End Date</i>	<i>Services to be performed</i>
Cañada College	Student Services/Disability Resource Center (Alternate Media Office)	2	01/17/2017 06/30/2017	Instructional Aide II: This is an extension of a previously Board approved classified short-term position. Assist in the production and conversion of text to an accessible format for students with print related disabilities. The Cañada Disability Resource Office has seen a

					significant increase in demand for this service in recent semesters. We anticipate a need of approximately 40 total hours per month from the two part time positions.
Cañada College	VPSS/TRiO Upward Bound	2	01/17/2017	05/31/2017	Instructional Aide II: This is an extension of a previously Board approved classified short-term position. Responsible for designing and offering instructional support services that meet the needs of developmental and lower level college English and Math students. Offers supplemental instructional sessions and tutoring. Keeps records of sessions, pre- and post-evaluation reports of student progress in reading, writing, math and other core classes needed for grad and/or transfer. Coordinates academic and cultural enrichment activities. Work is performed at Sequoia High School and Cañada College.
Cañada College	Counseling/SparkPoint	1	01/19/2017	06/30/2017	Office Assistant II: Provide support for the SparkPoint Center. Duties include tabling, food pantry efforts, student assistant training and data entry. Funded by the Working Student Success Network grant.
District Office	Community/Government Relations	1	01/01/2017	06/30/2017	Director of Government & Community Relations: Primary focus is on District housing. Duties include attending meetings and conference calls; preparing material for meetings with city staff, architects and/or District staff; reviewing and revising reports; reviewing Board packets and city ordinances; writing reports; and conducting surveys.
District Office	Human Resources	1	01/26/2016	06/30/2016	Human Resources Representative: Incumbent is on a “detail” assignment and we need to backfill the vacant position. Assist with recruitment, ergonomic evaluations, onboarding, short term temp and student assistant paperwork, and other duties as assigned.

BOARD REPORT NO. 17-1-1CA

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

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

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

The addition of thirty-five courses to, and the deletion of seventy-two courses from, the College catalogs are proposed by College of San Mateo and Skyline College at this time. Additionally, seven courses are proposed to be offered in the distance education mode. The addition of two program departments is also proposed.

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

Furthermore, forty-eight courses and seven 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 25, 2017

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

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

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

David Laderman, President, Academic Senate
College of San Mateo

Michael Claire, President
College of San Mateo

PROPOSED CURRICULAR ADDITIONS – COLLEGE OF SAN MATEO

COURSE DESCRIPTIONS AND JUSTIFICATIONS

ACCOUNTING

168 FINANCE FOR MANAGER (3) (day or evening; distance education)

Justification: One of the four parts of the CPA exam is Business Environment and Concepts (BEC). One of the topics tested in BEC is Finance for Managers. CSM has a CPA Preparation series, and this course will help students prepare for the CPA exam.

Prerequisite: None.

Recommended Preparation: ACTG 106 and ACTG 107.

Description: Finance from the viewpoint of the chief financial officer. Topics include understanding the role of managerial finance and financial markets; analyzing financial statements and ratios; valuation of stocks and bonds; understanding risk, return, and cost of capital; capital budgeting and capital structure. This course is part of the CPA Exam Preparation Series, which is intended to meet the education requirement to sit for the CPA exam. (Students who intend to transfer should take this course at their transfer school). [CPE Hours: CPA, 48 hours]

Classification: AA/AS Degree.

169 ACCOUNTING ETHICS (3) (day or evening; distance education)

Justification: Effective January 1, 2017, the California Board of Accountancy requires all CPA license applicants to complete a three semester unit course in accounting ethics. This course will meet this new requirement.

Prerequisite: None.

Recommended Preparation: None.

Description: Study of ethical issues and professional responsibilities in the accounting profession. Students will use the case study method to analyze the ethics of decisions made by individuals at real-world companies such as Enron, WorldCom, and HealthSouth. This course is part of the CPA Exam Preparation Series, which is intended to meet the education requirement to sit for the CPA exam. This course also meets the California Board of Accountancy accounting ethics course requirement for CPA licensure. (Students who intend to

transfer should take this course at their transfer school). [CPE Hours: CPA, 48 hours]

Classification: AA/AS Degree.

ART

203 PLEIN AIR PAINTING (3) (day or evening)

Justification: The CSM 2D Art program has been consistently told by various transfer colleges and industry experts that they are looking for three areas of strength in students' portfolios: skills in observational drawing and painting, figure drawing and aesthetic personality. Even our students who attain an AA-T are accepted based upon portfolio merit at highly impacted CSU's. Observational skills depend upon subjects that can be drawn or painted from life, such as the human body, still life and landscapes. We currently offer families of courses that help students develop strong figure and still life drawing and painting expertise. This course in landscape painting is designed to fill in that missing gap in the final observational skill that will help make our students stand out and be successful for both transfer and industry opportunities.

Prerequisite: None.

Recommended Preparation: Eligibility for ENGL 838 or ENGL 848.

Description: Students will learn the art of plein air by painting landscapes at various outdoor locations as well as attending lectures, demos and working on projects in the studio. All painting mediums are welcome. Students are responsible for their own transportation.

Classification: AA/AS Degree; CSU transferable.

215 PORTRAITURE III (3) (day or evening)

Justification: Both industry experts and transfer schools have consistently reiterated to us the importance of three criteria when choosing art candidates: proficiency in human figure and portraiture drawing, observational skills and personality in the work. Therefore, art classes have been re-written so that there are plenty of opportunities for CSM students to excel in all of these. This means offering enough families of courses, such as Portraiture (particularly important for animation students) to create high level work and to develop personal style.

Prerequisite: ART 209

Recommended Preparation: None.

Description: Continued study of the human portrait, expanding upon techniques learned in Portraiture II and focusing on the development of individual style. Students will have the choice of various media, including paint, drawing, and pastels. Studio sessions will include live male and female models.

Classification: AA/AS Degree; CSU transferable.

216 PORTRAITURE IV (3) (day or evening)

Justification: Both industry experts and transfer schools have consistently reiterated to us the importance of three criteria when choosing art candidates: proficiency in human figure and portraiture drawing, observational skills and personality in the work. Therefore, art classes have been re-written so that there are plenty of opportunities for CSM students to excel in all of these. This means offering enough families of courses, such as Portraiture (particularly important for animation students) to create high level work and to develop personal style.

Prerequisite: ART 215

Recommended Preparation: Eligibility for ENGL 838 or ENGL 848.

Description: Continued study of the human portrait, expanding upon techniques learned in Portraiture II and focusing on the development of individual style. Students will have the choice of various media, including paint, drawing, and pastels. Studio sessions will include live male and female models.

Classification: AA/AS Degree; CSU transferable.

DENTAL ASSISTING**879MA OCCUPATIONAL SAFETY AND INFECTION CONTROL IN DENTISTRY (1.5) (day or evening)**

Justification: The information on infection control and exposure prevention has been scattered throughout program. The creation of this class is to expand on the information and deliver it to the students prior to the start of the program. Our students need to understand and be in compliance with regulating agencies to ensure their own safety and the safety of the faculty, staff and public. Our students are in a dental environment from the first day and are at risk of a potential exposure of a variety of hazards.

Prerequisite: Admission to the Dental Assisting Program.

Recommended Preparation: None.

Description: Topics covered include infection control procedures, safety policies; and compliance issues for dental practice. Also covered are guidelines and standards from regulatory agencies such as the Centers for Disease Control and the Occupational Safety and Health Administration (OSHA) Hazard communication standards.

Classification: AA/AS Degree; not transferable.

DIGITAL MEDIA**119 RADIO PRODUCTION LAB (3) (day or evening)**

Justification: Anticipating the loss of opportunities for broadcast students when KCSM TV ceases operations after the spectrum sale, this class will provide hands-on real world production experience in staffing and programming a college radio station in a top 5 market. This course is a partnership with Jazz 91FM, and will broadcast over KCSM's HD radio signal and possibly stream online (some expense involved). Students will serve in all radio station positions and will produce blocks of programming, including Jazz music and talk. The station will also give a voice to students who have been without student-driven media since the campus newspaper stopped publishing. (The radio station will also be supported by a student club, Sound Lab, that includes students from any discipline, not just DGME.)

Prerequisite: DGME 118

Recommended Preparation:

Description: Students in this hands-on audio lab course will produce radio programming with a community-interest focus that will air on CSM's HD FM radio station in accordance with FCC standards. Students may also serve as radio station staff and be invited to submit projects for broadcast on Jazz91FM (KCSM).

Classification: AA/AS Degree; CSU transferable.

ENGLIGH AS A SECOND LANGUAGE

887 PRONUNCIATION OF ENGLISH CONSONANTS AND VOWELS (3) (day or evening)

Justification: This course, ESL 887 (3 units), and a second course, ESL 888 (3 units), are replacing our single course, ESL 891 (3 units). There are two reasons for this change. First, it allows students two semesters to work on pronunciation, which is a skill that requires attention over time to really effect change. Second, there is too much material to effectively cover it in one semester. The two new classes can be taken in any order.

Prerequisite: None.

Recommended Preparation: Eligibility for ESL 847.

Description: Designed to enable non-native speakers of English to improve their pronunciation. The class focuses on reducing misunderstandings and reducing non-native accents with an emphasis on the proper pronunciation of American English vowels, vowel length, consonants, consonant clusters and grammatical word endings. It also introduces various sound/spelling (phonics) patterns. (Units do not apply toward AA/AS degree.)

Classification: Not degree applicable; not transferable.

888 PRONUNCIATION OF ENGLISH STRESS, RHYTHYM AND INTONATION (3) (day or evening)

Justification: This course, ESL 888 (3 units), and a second course, ESL 887 (3 units), are replacing our single course, ESL 891 (3 units). There are two reasons for this change. First, it allows students two semesters to work on pronunciation, which is a skill that requires attention over time to really effect change. Second, there is too much material to effectively cover it in one semester. The two new classes can be taken in any order.

Prerequisite: None.

Recommended Preparation: Eligibility for ESL 847.

Description: Designed to enable non-native speakers of English to improve their pronunciation. The class focuses on reducing misunderstandings and reducing non-native accents with an emphasis on word stress, rhythm, focus, intonation, and linking and blending. (Units do not apply toward AA/AS degree.)

Classification: Not degree applicable; not transferable.

GLOBAL STUDIES

101 INTRODUCTION TO GLOBAL STUDIES (3) (day or evening)

Justification: One of two required courses needed to offer our students an AA-T in Global Studies.

Prerequisite: None.

Recommended Preparation: Eligibility for ENGL 100 or ENGL 105.

Description: This course is an introduction to the interdisciplinary field of Global Studies. This includes the history of globalization, and may include economic, political, historical, anthropological, philosophical, geographical, artistic, cultural and ecological developments related to the processes of globalization.

Classification: AA/AS Degree; CSU transferable.

102 GLOBAL STUDIES AND APPLICATIONS (3) (day or evening)

Justification: This class is one of two being developed to offer students the opportunity to earn a Global Studies AA-T.

Prerequisite: None.

Recommended Preparation: Eligibility for ENGL 100 or ENGL 105.

Description: This course encourages students to become active global citizens by better understanding the origins, current status, and future trends of major transnational issues confronting the global community. Topics can include population trends, economic development and inequality, basic human needs (for food, water health care), the role of history as narrative, human rights, international conflict and security concerns, and environmental problems. The course also focuses on global governance, including the study of collective global responsibilities and students' awareness of how global issues manifest locally.

Classification: AA/AS Degree; CSU transferable.

MUSIC

466.1 ADVANCED BAND I (3) (day or evening)

Justification: This course, currently being offered as MUS 680MH, provides an ensemble experience that is more advanced than what is provided in by a typical high school group. The course is the first in a two-semester sequence intended to allow a first college-level ensemble experience to be offered in a high school setting.

Prerequisite: None.

Recommended Preparation: None.

Description: Correct playing techniques for brass, woodwind and percussion instruments as part of an ensemble performing band literature. Preparation and performance of works covering a wide range of musical styles and periods contributing to an understanding and appreciation of artistic musical expression. Individual practice outside of class hours is required. Performance is required.

Classification: AA/AS Degree; CSU transferable.

466.2 ADVANCED BAND II (3) (day or evening)

Justification: This course, currently being offered as MUS 680MH, provides an ensemble experience that is more advanced than what is provided in by a typical high school group. The course is the second in a two-semester sequence intended to allow a first college-level ensemble experience to be offered in a high school setting.

Prerequisite: Demonstration through audition of proficiency on a band instrument.

Recommended Preparation: None.

Description: Continuation of MUS. 466.1. Correct playing techniques for brass, woodwind and percussion instruments as part of an ensemble performing band literature. Preparation and performance of works covering a wide range of musical styles and periods contributing to an understanding and appreciation of artistic musical expression. Individual practice outside of class hours is required. Performance is required.

Classification: AA/AS Degree; CSU transferable.

467.1 ADVANCED CHOIR I (3) (day or evening)

Justification: This course, currently being offered as MUS 680MG, provides an ensemble experience that is more advanced than what is provided in a typical high school group. The course is the first in a two-semester sequence intended to allow a first college-level ensemble experience to be offered in a high school setting.

Prerequisite: Demonstration through audition of proficiency in vocal performance.

Recommended Preparation: None.

Description: Correct vocal techniques as part of an ensemble performing choral literature. Preparation and performance of works covering a wide range of musical styles and periods contributing to an understanding and appreciation of artistic musical expression. Individual practice outside of class hours is required. Performance is required.

Classification: AA/AS Degree; CSU transferable.

467.2 ADVANCED CHOIR II (3) (day or evening)

Justification: This course, currently being offered as MUS 680MG, provides an ensemble experience that is more advanced than what is provided in a typical high school group. The course is the second in a two-semester sequence intended to allow a first college-level ensemble experience to be offered in a high school setting.

Prerequisite: Demonstration through audition of proficiency in vocal performance.

Recommended Preparation: None.

Description: Continuation of MUS. 467.1. Correct vocal techniques as part of an ensemble performing choral literature. Preparation and performance of works covering a wide range of musical styles and periods contributing to an understanding and appreciation of artistic musical expression. Individual practice outside of class hours is required. Performance is required.

Classification: AA/AS Degree; CSU transferable.

468.1 ADVANCED ORCHESTRA I (3) (day or evening)

Justification: This course, currently being offered as MUS 680MF, provides an ensemble experience that is more advanced than what is provided in a typical high school group. The course is the first in a two-semester sequence intended to allow a first college-level ensemble experience to be offered in a high school setting.

Prerequisite: Demonstration through audition of proficiency on an orchestra instrument.

Recommended Preparation: None.

Description: Correct playing techniques for string, brass, woodwind, and percussion instruments as part of an ensemble performing orchestral literature. Preparation and performance of works covering a wide range of musical styles and periods contributing to an understanding and appreciation of artistic musical expression. Individual practice outside of class hours is required. Performance is required.

Classification: AA/AS Degree; CSU transferable.

468.2 ADVANCED ORCHESTRA II (3) (day or evening)

Justification: This course, currently being offered as MUS 680MF, provides an ensemble experience that is more advanced than what is provided in by a typical high school group. The course is the second in a two-semester sequence intended to allow a first college-level ensemble experience to be offered in a high school setting.

Prerequisite: Demonstration through audition of proficiency on an orchestra instrument.

Recommended Preparation: None.

Description: Continuation of MUS. 467.1. Correct playing techniques for string, brass, woodwind, and percussion instruments as part of an ensemble performing orchestral literature. Preparation and performance of works covering a wide range of musical styles and periods contributing to an understanding and appreciation of artistic musical expression. Individual practice outside of class hours is required. Performance is required.

Classification: AA/AS Degree; CSU transferable.

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

- 168 Finance for Managers
- 169 Accounting Ethics

GEOGRAPHY

- 100 Physical Geography
- 110 Cultural Geography
- 150 World Regional Geography

POLITICAL SCIENCE

- 150 Introduction to Political Thought

PROPOSED CURRICULAR MODIFICATIONS – COLLEGE OF SAN MATEO**ADMINISTRATION OF JUSTICE**

- 780 Regular Basic Course Module III
781 Regular Basic Course Module II

ART

- 244 Oil Painting III
396 Documentary Photography 1
397 Documentary Photography 2
398 Documentary Photography 3
399 Documentary Photography 4

BUSINESS MICROCOMPUTER APPLICATIONS BUSINESS APPLICATIONS – WINDOWS PLATFORM

- 450 Microsoft Project Fundamentals I
451 Microsoft Project Fundamentals II
530 Introduction to Internet Competency

DENTAL ASSISTING

- 703 Allied Health Communication
763 Dental Radiology
770 Dental Office Procedures

ENGINEERING

- 215 Computational Methods for Engineers and Scientists
230 Engineering Statics

KINESIOLOGY, ATHLETICS AND DANCE – FITNESS

- 201.1 Weight Training I
201.2 Weight Training II
201.3 Weight Training III
201.4 Weight Training IV

GEOGRAPHY

- 100 Physical Geography
110 Cultural Geography
150 World Regional Geography

NURSING

- 264 Perioperative Nursing

PHYSICS

- 127 Teaching Science II: Middle School Classroom Experience and Seminar
128 Teaching Science III: High School Classroom Experience and Seminar

POLITICAL SCIENCE

150 Introduction to Political Thought

READING

830 College and Career Reading

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

Art History – Associates in Arts Degree

Art History – Associates in Arts Degree for Transfer

Art History – Certificate of Achievement

Fine Arts: General Studio Art – Associates in Arts Degree

Studio Art – Associates in Arts Degree for Transfer

PSYCHOLOGY

Psychology – Associates in Arts Degree for Transfer

DIGITAL MEDIA

Digital Media: Applied Audio and Video Production – Certificate of Specialization

PROPOSED DEPARTMENT ADDITION – COLLEGE OF SAN MATEO**GLOBAL STUDIES (GBST)**

Justification: College of San Mateo will be pursuing an Associates in Arts Degree for Transfer in Global Studies which requires courses in this area.

San Mateo County Community College District

January 25, 2017

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

PREPARED BY: Aaron McVean, Interim Vice President, Instruction
Skyline College

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

Dennis Wolbers, Curriculum Committee Co-Chair
Skyline College

Kathryn Browne, Academic Senate President
Skyline College

Regina Stanback Stroud, President
Skyline College

PROPOSED CURRICULAR ADDITIONS – SKYLINE COLLEGE

COURSE DESCRIPTIONS AND JUSTIFICATIONS

ANESTHESIA TECHNOLOGY

400 PROFESSIONAL ASPECTS OF ANESTHESIA TECHNOLOGY (2.0) (day or evening)

Justification: This course is needed for development of a new Anesthesia Technology program. Course content and skills and abilities have been identified by an Advisory Committee and are required by external certification bodies.

Prerequisite: Admission to the Anesthesia Technology Program.

Recommended Preparation: None.

Description: Introduction to Anesthesiology's contribution to quality patient care and the relationship of the Anesthesia Technologist to other health care professionals. Focus is on patient safety, universal precautions, and student safety in the health care environment.

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

405 BASIC PRINCIPLES OF ANESTHESIA TECHNOLOGY (3.0) (day or evening)

Justification: This course is needed for development of a new Anesthesia Technology program. Course content and skills and abilities have been identified by an Advisory Committee and are required by external certification bodies.

Prerequisite: Admission to the Anesthesia Technology Program.

Recommended Preparation: None.

Description: Introduction to the theory and concepts of functioning in a surgical environment including a fundamental understanding of a variety of anesthesia equipment and basic case set-up utilizing anesthesia supplies and equipment.

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

410 BASIC ANESTHESIA EQUIPMENT (3.0) (day or evening)

Justification: This course is needed for development of a new Anesthesia Technology program. Course content and skills and abilities have been identified by an Advisory Committee and are required by external certification bodies.

Prerequisite: Admission to the Anesthesia Technology Program.

Recommended Preparation: None.

Description: Introduction to the theories and concepts in the adequate function of anesthesia equipment to include: maintaining equipment, repairing defects and trouble-shooting complications.

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

415 ANESTHESIA PHARMACOLOGY (3.0) (day or evening)

Justification: This course is needed for development of a new Anesthesia Technology program. Course content and skills and abilities have been identified by an Advisory Committee and are required by external certification bodies.

Prerequisite: ANST 405 or equivalent.

Recommended Preparation: None.

Description: Introduction to the theory and concepts in the proper use and safe practice of delivery and storage of anesthesia medications which includes: stocking of the drug cart and assisting the anesthesia care provider in the preparation of the medications.

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

420 APPLICATION OF PRINCIPLES IN ANESTHESIA TECHNOLOGY (3.0) (day or evening)

Justification: This course is needed for development of a new Anesthesia Technology program. Course content and skills and abilities have been identified by an Advisory Committee and are required by external certification bodies.

Prerequisite: ANST 405 or equivalent.

Recommended Preparation: None.

Description: Introduction to the theory and concepts of the use and function of anesthesia supplies and equipment used for various surgical procedures to include cases in: general, regional, and conscious sedation.

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

425 ANESTHESIA TECHNOLOGY CLINICAL EXPERIENCE I (5.0) (day or evening)

Justification: This course is needed for development of a new Anesthesia Technology program. Course content and skills and abilities have been identified by an Advisory Committee and are required by external certification bodies.

Prerequisite: ANST 410 or equivalent.

Recommended Preparation: None.

Description: Introduction to the theory and clinical practice of anesthesia to include: general, regional and conscious sedation techniques. Students will become familiarized with the surgical environment and practice skills and abilities in all basic areas related to role of the Anesthesia Technologist.

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

430 ADVANCED ANESTHESIA EQUIPMENT (3.0) (day or evening)

Justification: This course is needed for development of a new Anesthesia Technology program. Course content and skills and abilities have been identified by an Advisory Committee and are required by external certification bodies.

Prerequisite: ANST 420 or equivalent.

Recommended Preparation: None.

Description: Introduction to the theory and concepts of advanced anesthesia equipment used in surgical procedures.

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

435 ANESTHESIA TECHNOLOGY CLINICAL EXPERIENCE II (5.0) (day or evening)

Justification: This course is required for development of a new Anesthesia Technology program. Course content and skills and abilities have been identified by an Advisory Committee and are required by external certification bodies.

Prerequisite: ANST 430 or equivalent.

Recommended Preparation: None.

Description: Continued application of advanced theory and concepts of clinical practice skills to mastery. Students operate independently as an Anesthesia Technologist in all aspects of patient care including: preoperative, intraoperative, and postoperative surgical phases.

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

440 ANESTHESIA TECHNOLOGY EXAMINATION AND REVIEW (3.0) (day or evening)

Justification: This course is needed for development of a new Anesthesia Technology program. Course content and skills and abilities have been identified by an Advisory Committee and are required by external certification bodies.

Prerequisite: ANST 435 or equivalent.

Recommended Preparation: None.

Description: Preparation and review for the Certified Anesthesia Technologist examination required by the American Society for Anesthesia Technologists and Technicians.

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

BIOTECHNOLOGY

150 BIOTECHNOLOGY INSTRUMENTATION: QUALITY CONTROL AND GENETIC ENGINEERING (4.0) (day or evening)

Justification: Skyline College is revamping its Biotechnology Manufacturing program. The college has recently begun to offer biotechnology classes under Career and Technical Education. These courses are geared toward the student who may not be able to take the chemistry and physics that are required for transfer biotechnology. This course will allow students to build their skills to improve their resumes for employment in the biotechnology manufacturing field.

Prerequisite: BTEC 400 or equivalent.

Recommended Preparation: Eligibility for ENGL 846 or ESOL 400, or equivalent; and completion of MATH 110, or MATH 111 and MATH 112, or equivalent.

Description: Familiarizes students with small scale laboratory instrumentation practices. Students analyze the quality of a cell culture process and the purify products produced by cells in culture using (GLP) methods. Students will gain experience with the common assays used in quality control including electrophoresis, High Performance Liquid Chromatography (HPLC), Enzyme Linked Immunosorbent Assay (ELISA), and the Polymerase Chain Reactions (PRC) to produces generated using cell culture.

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

210 BUSINESS AND REGULATORY PRACTICES IN BIOTECHNOLOGY (3.0) (day or evening)

Justification: BTEC 210 is intended to be one of the central courses in the second year offering of the Biotechnology Manufacturing Associate degree that is in process. This program is designed to meet the needs of students who want to pursue skills and abilities within Biotechnology Manufacturing.

Prerequisite: BTEC 400 or equivalent.

Recommended Preparation: None.

Description: An examination of how basic business practices and good manufacturing procedures assure the quality and safety of a product as it is manufactured in the biotechnology production pipeline. The course specifically explores the role of government oversight and regulation during all phases of drug discovery, development and manufacturing.

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

BUSINESS

287 FUNDAMENTALS OF PROJECT MANAGEMENT (3.0) (day or evening)

Justification: The Project Management course is required to support a Business Information Worker certificate pathway. This is part of a statewide initiative for California Community Colleges.

Prerequisite: None.

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

Description: Introduction to project management, including: project scope and objectives, scheduling and estimating, resource allocation, risk management, communication and organization dynamics, project monitoring, controls, and overview of professional credentials. Overview of Project Management Professional certification exam.

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

ENERGY SYSTEMS TECHNOLOGY MANAGEMENT

452 OSHA 10 CONSTRUCTION INDUSTRY TRAINING (1.0) (day or evening)

Justification: ESTM 452 has been developed as a core course for the Construction Management Certificate. OSHA training is central to success in the field of construction management.

Prerequisite: None.

Recommended Preparation: None.

Description: Occupational Safety and Health Administration (OSHA) Standards, policies, and procedures in the construction industry. Topics include scope and application of the OSHA Construction Standards, construction safety and health principles, and special emphasis on those areas in construction that are most hazardous. Upon course completion students will have the ability to define construction terms found in the OSHA Construction Standards, identify hazards that occur in the construction industry, locate and determine appropriate OSHA Construction Standards, policies, and procedures, and describe the use of the OSHA Construction Standards and regulations to supplement an ongoing safety and health program. Also listed as MGMT 452.

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

455 PROJECT SITE MANAGEMENT EXPLORATION (0.5) (day or evening)

Justification: ESTM 455 has been developed as a core course for the Construction Management Certificate. Project site exploration provides students with live construction site project exposure for success in the field of construction management.

Prerequisite: MGMT 450 or ESTM 450, or equivalent.

Recommended Preparation: None.

Description: Project management site exposure and perspective by visiting active construction worksites and engaging with construction management professionals in the field. Students will be exposed to a variety of construction projects so they may better understand the types of construction and the management methods employed. Also listed as MGMT 455.

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

PARALEGAL STUDIES

670 PARALEGAL INTERNSHIP (3.0) (day or evening)

Justification: This course provides opportunities for paralegal students to earn college credit while getting hands-on experience in a professional legal setting and building their professional legal network. The advisory board for the Paralegal program is in full agreement on the importance of supporting "real world" opportunities such as this for paralegal students.

Prerequisite: None.

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

Description: Exploration of legal work through internships at public and private legal organizations. Students will intern a minimum of 225 hours in one semester to complete the course. Student Interns are responsible for securing their own internship.

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

MANAGEMENT

452 OSHA 10 CONSTRUCTION INDUSTRY TRAINING (1.0) (day or evening)

Justification: MGMT 452 has been developed as a core course for the Construction Management Certificate. OSHA training is central to success in field of construction management.

Prerequisite: None.

Recommended Preparation: None.

Description: Occupational Safety and Health Administration (OSHA) Standards, policies, and procedures in the construction industry. Topics include scope and application of the OSHA Construction Standards, construction safety and health principles, and special emphasis on those areas in construction which are most hazardous. Upon course completion students will have the ability to define construction terms found in the OSHA Construction Standards, identify hazards which occur in the construction industry, locate and determine appropriate OSHA Construction Standards, policies, and procedures, and describe the use of the

OSHA Construction Standards and regulations to supplement an ongoing safety and health program. Also listed as ESTM 452.

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

455 PROJECT MANAGEMENT SITE EXPLORATION (0.5) (day or evening)

Justification: MGMT 455 has been developed as a core course for the Construction Management Certificate. Project site exploration provides students with live construction site project exposure for success in the field of construction management.

Prerequisite: None.

Recommended Preparation: None.

Description: Project management site exposure and perspective by visiting active construction worksites and engaging with construction management professionals in the field. Students will be exposed to a variety of construction projects so they may better understand the types of construction and the management methods employed. Also listed as ESTM 455.

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

SOCIOLOGY

129 INTRODUCTION TO RESEARCH METHODS (3.0) (day or evening)

Justification: Skyline College's Social Sciences Division is in the process of creating a Sociology AA-T and a Social Justice AA-T. Offering *Introduction to Research Methods* in the Sociology department is essential because the course is required for the Sociology AA-T and is an elective for the Social Justice AA-T.

Prerequisite: SOCI 100 or equivalent.

Recommended Preparation: MATH 200 or equivalent.

Description: Examination of basic principles and methods of sociological research. Application and critique of major research methods, including survey, ethnographic, experimental, discourse, and historical comparative analysis. Identifying fundamental components of sociological research design, such as theory, hypothesis, and variables. Ethical and political implications of social research are also considered.

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

PROPOSED TO BE OFFERED AS DISTANCE EDUCATION – SKYLINE COLLEGE

BUSINESS

287 Fundamentals of Project Management

PROPOSED CURRICULAR DELETIONS – SKYLINE COLLEGE

INTERNATIONAL BUSINESS

- 201 MS PROJECT FUNDAMENTALS I
- 202 MS PROJECT FUNDAMENTALS II

Justification: After discussion between the Global Learning Programs and Services and Business Computer Systems and Management faculty and their deans, the decision was made to offer these previously cross-listed computer application courses solely under Business Computer Systems and Management.

KINESIOLOGY – ADAPTIVE PHYSICAL EDUCATION

- 348 ADAPTIVE PHYSICAL EDUCATION
- 349 FUNCTIONAL ADAPTED FITNESS ASSESSMENT
- 356 ADAPTED TOTAL FITNESS
- 357 PHYSICAL EDUCATION FOR INDIVIDUALS WITH SPECIAL NEEDS

Justification: The above courses are no longer offered; they have either been replaced by new courses or are otherwise obsolete.

KINESIOLOGY – COMBATIVES

- 401 SELF DEFENSE
- 404 BEGINNING SHOTOKAN KARATE
- 405 INTERMEDIATE/ADVANCED SHOTOKAN KARATE

Justification: The above courses are no longer offered; they have been replaced by leveled curriculum.

KINESIOLOGY – FITNESS

- 110 ADULT CONDITIONING
- 112 CROSS TRAINING
- 116 BODY CONDITIONING
- 160 WOMEN'S CONDITIONING
- 166 GOLF FITNESS
- 182 INTRODUCTION TO TAI CHI
- 199 INTERACTIVE CARDIOVASCULAR FITNESS
- 201 BEGINNING WEIGHT TRAINING
- 202 INTERMEDIATE WEIGHT TRAINING
- 205 WEIGHT CONDITIONING
- 210 INDIVIDUAL WEIGHT CONDITIONING
- 219 CORE FITNESS TRAINING
- 235 CROSS TRAINING BOOT CAMP
- 301 SPINNING
- 303 TRAIL HIKING
- 304 WALKING FITNESS
- 305 CARDIOVASCULAR DEVELOPMENT - RUNNING EMPHASIS, BEGINNING TO ADVANCED
- 308 HIKING AND TREKKING FOR FITNESS
- 314 BACKPACKING FOR FITNESS
- 332 STRETCHING AND FLEXIBILITY
- 334 YOGA
- 335 PILATES
- 336 YOGA FOR FITNESS AND WELLNESS

400 FITNESS ACADEMY

Justification: The above courses are no longer offered; they have been replaced by leveled curriculum.

KINESIOLOGY – INDIVIDUAL SPORTS

- 101 BEGINNING ARCHERY
- 105 INTERMEDIATE ARCHERY
- 121 BEGINNING BADMINTON
- 125 ADVANCED BADMINTON
- 160 GOLF
- 165 GOLF SHORT GAME
- 165.1 GOLF SHORT GAME I
- 165.2 SHORT GAME GOLF II
- 165.3 GOLF SHORT GAME III
- 165.4 GOLF SHORT GAME IV
- 167 GOLF COURSE STRATEGIES
- 168 TOURNAMENT GOLF
- 169 GOLF SWING ANALYSIS
- 171 GOLF: ON COURSE PLAYING LESSON
- 172 GOLF: IMPROVING THE MENTAL GAME
- 251 BEGINNING TENNIS
- 253 INTERMEDIATE TENNIS
- 255 ADVANCED TENNIS

Justification: The above courses are no longer offered; they have either been replaced by leveled curriculum or they are obsolete.

KINESIOLOGY – PHYSICAL EDUCATION

- 203 SPORTS MED CLINICAL INTERNSHIP
- 212 PREVENTION AND CARE OF ATHLETIC INJURIES LAB
- 213 SPORTS MEDICINE
- 214 SPORTS MEDICINE LAB
- 270 INTRODUCTION TO HUMAN PERFORMANCE
- 880SA LONGEVITY BASICS

Justification: The above courses are no longer offered.

KINESIOLOGY – TEAM SPORTS

- 111 BEGINNING BASKETBALL
- 115 ADVANCED BASKETBALL
- 125 NON-TRADITIONAL OUTDOOR GAMES
- 132 FLAG FOOTBALL
- 141 BEGINNING SOCCER
- 145 ADVANCED SOCCER
- 146 MEN'S SOCCER THEORY
- 148 INDOOR SOCCER
- 149 WOMEN'S SOCCER THEORY

- 150 SOFTBALL
- 171 BEGINNING VOLLEYBALL
- 173 INTERMEDIATE VOLLEYBALL
- 175 ADVANCED VOLLEYBALL
- 176 VOLLEYBALL THEORY
- 680 SELECTED TOPICS

Justification: The above courses are no longer offered; they have either been replaced by leveled curriculum or they are obsolete.

PROPOSED CURRICULAR INACTIVATIONS – SKYLINE COLLEGE

KINESIOLOGY – COMBATIVES

- 404.1 Shotokan Karate I
- 404.2 Shotokan Karate II
- 404.3 Shotokan Karate III
- 404.4 Shotokan Karate IV

KINESIOLOGY – FITNESS

- 680SH Stress Management: Life Skills for Optimal Health

KINESIOLOGY – TEAM SPORTS

- 201 Wrestling Theory

PROPOSED CURRICULAR MODIFICATIONS – SKYLINE COLLEGE

BUSINESS COMPUTER SYSTEMS AND MANAGEMENT

- 241 MS Project Fundamentals I
- 242 MS Project Fundamentals II

COMMUNICATION STUDIES

- B10 Health Communication

EARLY CHILDHOOD EDUCATION

- 244 Curriculum and Strategies for PreK to Kindergarten

KINESIOLOGY – FITNESS

- 219.1 Core Fitness Training I
- 219.2 Core Fitness Training II
- 219.3 Core Fitness Training III
- 219.4 Core Fitness Training IV
- 400.1 Fitness Academy I
- 400.2 Fitness Academy II
- 400.3 Fitness Academy III

400.4 Fitness Academy IV**KINESIOLOGY – TEAM SPORTS**

- 100 Men's Baseball
- 111.1 Basketball I
- 111.2 Basketball II
- 111.3 Basketball III
- 111.4 Basketball IV
- 112 Basketball: Advanced Competition Strategies
- 116 Basketball: Individual Skill Development

LEARNING SKILLS

- 110 Effective Tutoring and Practicum

LITERATURE

- 101 Contemporary Literature

PROPOSED DEPARTMENT ADDITIONS – SKYLINE COLLEGE**INTERDISCIPLINARY STUDIES (INDS)**

Justification: Creation of Interdisciplinary Studies (INDS) solves two immediate needs. Skyline College needs to be able to hire healthcare professionals, such as physicians or nurse practitioners, to teach some of the Bachelor's level courses in the Respiratory Care program. Philosophy B10, Medical Ethics, is such a course. This and other such courses would be cross-listed in the new discipline to permit those with the relevant training, but without a Master's degree in philosophy, to teach the course. Additionally, faculty who teach in study abroad programs need to be able to teach the Local Life and Culture course, regardless of their discipline. Currently these courses are offered in the Social Science department, which is interdisciplinary but restricted to those with a Master's degree in one of the social sciences. It should be possible for a study abroad instructor with a degree in a discipline like Biology or Business to teach these courses.

San Mateo County Community College District

January 25, 2017

BOARD REPORT NO. 17-1-2CA

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

APPROVAL OF 2017-18 INTEGRATED DISTRICT BUDGET PLANNING CALENDAR

The budget development process for 2017-18 requires formulation of a budget calendar. Included in the 2017-18 calendar is consultation with the District Committee for Budget and Finance, which is a subcommittee of the District Participatory Governance Council in matters relating to finance.

The calendar provides timelines for planning, discussions and decisions by the Board, and concludes with adoption of the Final Budget for 2017-18 in September 2017.

RECOMMENDATION

It is recommended that the Board of Trustees approve the attached 2017-18 Integrated District Budget Planning Calendar.

Integrated District Budget Planning Calendar, 2017-18

<u>Date</u>	<u>Campus & District Review/Action</u>	<u>Committee for Budget and Finance Consultation</u>	<u>Board Review/Action</u>
September 2016	Colleges Finalize Spring 2017 Schedule of Classes		
September	College Budget and Planning committees convene <ul style="list-style-type: none"> • Review priorities, budget goals for current year and accomplishments from past year 	District Committee on Budget and Finance convenes	
September - October	Develop program plans and discuss strategies for 16-17 Review external audit reports and audit findings	Discuss Resource allocation model	
October - November	College Budget and Planning committees <ul style="list-style-type: none"> • Develop college budget goals for 2017-18 • Review District prelim resource allocation Faculty Obligation Number report due to the State	College/site presentations of allocation model	
October – December	College Budget and Planning committees <ul style="list-style-type: none"> • Submit hiring priorities • Committees submit tentative recommendation for 2017-18 that includes number of positions to be funded 	Review of Budget Calendar, discussion of budget strategies, new resource allocation, and budget development process	
January 10	Governor's 2017-18 Budget Proposal		
January – February	College Budget and Planning committees <ul style="list-style-type: none"> • Review 2016-17 expenditures 	Review/revise draft of Budget and Planning Calendar Review and reassess estimates of 2017-18 Governor's Budget proposal and discussion of District revenue and expenditure implications (inform DPGC at its next meeting)	Approval of 2017-18 Budget Calendar, review of Governor's Budget, review of State and District revenue and expenditure implications, and discussion of program and operational priorities Presentation of prior year external audit reports and audit findings
January – February	Chancellor's Council <ul style="list-style-type: none"> • Discussions of budget strategies and allocations 	Continuing discussion of District revenue and expenditure options	Board retreat (February 11) – Review of preliminary District revenue assumptions and expenditure plans

<u>Date</u>	<u>Campus & District Review/Action</u>	<u>Committee for Budget and Finance Consultation</u>	<u>Board Review/Action</u>
January/February	Ongoing State budget hearings Legislative Analyst's Office Review of Governor's Proposed Budget		
February	Colleges Finalize Summer Session 2017 Schedule of Classes	Review of preliminary 2017-18 District revenue assumptions and expenditure plans	District Participatory Governance Council receives budget updates. Board policy discussions/decision regarding budget adjustments
February	"P1" First Principal Apportionment	Review apportionment and District Controller certifies to State Controller	
February/March	Discussion of budget priorities at Colleges and with Chancellor's Cabinet	Review of 2016-17 Mid-Year Budget Report	Approval of 2016-17 Mid-Year Budget Report
March - May	Departments submit budget requests for 2017-18 to College Budget Committees College Budget committees review requests		
March	Colleges Finalize Fall 2017 Schedule of Classes	Review of Board budget priorities and Districtwide allocations	Review/approval of 2017-18 budget priorities and Districtwide allocations.
Mid-March - April	Run preliminary position control worksheets for 2017-18 Colleges ongoing review of position control		
March – April	College Budget and Planning committees <ul style="list-style-type: none"> • Preliminary current year 2016-17 ending balance estimates Colleges prepare for current year external audit		Budget updates with Board; review budget assumptions for Tentative budget Board Goals for 2017-2018
Mid-May	Governor's May Revise		
May	Review of Governor's May Revise	Review of Governor's May Revise (inform DPGC at its next meeting).	Governor's May Revise; budget priorities, goals and objectives.
May	Site Tentative Budgets completed. Work resumes developing final budget after tentative budget is loaded.	Review of Fiscal Management Self-Assessment Checklist	
June	District Office completes budget input and prepares Tentative Budget document	Review of 2017-18 Tentative Budget	
June 28	Submit 2017-18 Tentative Budget		Adoption of 2017-18 Tentative Budget and 2017-18 Gann Limit
June	"P2" Second Principal Apportionment	Review apportionment and District Controller certifies to State Controller	

<u>Date</u>	<u>Campus & District Review/Action</u>	<u>Committee for Budget and Finance Consultation</u>	<u>Board Review/Action</u>
June-August	Final adjustments to budget are made.	District Committee on Budget and Finance is updated throughout the summer on major budget changes	
End of June		Enactment of 2017-18 State Budget	
July		County finalizes assessed values	
August		Legislative Trailer Bills	
August		State Budget Workshop (held after Advance)	
August	2016-17 books are closed. District Office completes budget input and prepares 2017-18 Final Budget document		
September 2017	Submit 2017-18 Final Budget		Public hearing and Adoption of 2017-18 Final Budget

BOARD REPORT NO. 17-1-3CA

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

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

APPROVAL OF NONRESIDENT TUITION FEE, 2017-18

Education Code Section 76140 requires community college districts to establish the nonresident tuition fee for the forthcoming fiscal year no later than February 1 and also prescribes the basis for determining the fee. San Mateo County Community College District's fee for the 2016-17 fiscal year was \$223 per semester unit (Board Report No. 16-1-2CA). **For 2017-18, the Administration recommends the total Nonresident Tuition Fee of \$236 per semester unit.**

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

To stay competitive in the international student recruitment market, District Administration recommends the tuition fee of \$228 for 2017-18.

Additionally, Education Code Section 76141(a) allows a district to levy a capital outlay recovery fee on students who are residents as well as citizens of a foreign country. The maximum fee is determined by dividing the amount actually expended for capital outlay in the prior year by the total FTES (full-time equivalent students). The 2017-18 District capital outlay fee can be set at any recommended amount not to exceed calculated rate of \$18. To stay competitive in the international student recruitment market, District Administration recommends continuing the existing fee of \$8.00 for 2017-18.

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

District	Non Resident FTES FY15-16	Per State Formula	Proposed Fee Per Unit		Recommended
			Base Fee	Capital Outlay Fee	
Chabot/Las Positas CCD	448	233	228	17	245
Contra Costa CCD	2700	210	228	26	254
Foothill DeAnza CCD*	4576	241	234	6	240
Ohlone CCD	649	202	228	4	232
San Francisco CCD	1257	300	234	7	241
San Jose/Evergreen CCD	410	314	228	4	232
West Valley/Mission CCD	451	250	234	0	234
San Mateo	1101	293	228	8	236
State Average		234			
Comparable 12 state average		425			

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

RECOMMENDATION

It is recommended that the Board set the 2017-18 nonresident student tuition fee at \$228 per semester unit. It is recommended further that the Board continue to levy a capital outlay recovery fee of \$8 per semester unit and that no exemptions be made for foreign students enrolled in six units or less, bringing the total nonresident fee to \$236 per semester unit for 2017-18.

San Mateo County Community College District

January 25, 2017

BOARD REPORT NO. 17-1-4CA

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

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

DENIAL OF CLAIM AGAINST THE DISTRICT BY LIBERTY MUTUAL INSURANCE COMPANY

On or about November 28, 2016, the San Mateo County Community College District received a California Government Code Sections 905 and 910 Claim from Liberty Mutual Insurance Company, which seeks damages in an amount in excess of \$10,000 related to the completion contractor, PCA Consulting Group, Inc.'s (PCA), Cost Proposals PCA # 1, PCA # 4, PCA # 6, PCA # 9.1, PCA # 10 and PCA Payment Application # 5, all associated with the College of San Mateo North Gateway Part II Project.

RECOMMENDATION

It is recommended that the Board of trustees deny Liberty Mutual Insurance Company's Government Code Claim dated November 18, 2016, and refer the matter to the District's legal advisors.

San Mateo County Community College District

January 25, 2017

BOARD REPORT NO. 17-1-5CA

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

**ACCEPTANCE OF GRANT FUNDS FOR THE MANDELA WASHINGTON FELLOWSHIP
FOR YOUNG AFRICAN LEADERS INITIATIVE AT SKYLINE COLLEGE**

The U.S. Department of State and IREX (International Research & Exchanges Board) invited the San Mateo County Community College District - Skyline College to partner with and to host a Business and Entrepreneurship Academic and Leadership Institute for 25 Fellows from June 16 - July 30, 2017.

The Mandela Washington Fellowship for Young African Leaders is the flagship exchange program of the Young African Leaders Initiative (YALI). The Fellowship is managed by the Department of State's Bureau of Educational and Cultural Affairs (BECA) and is implemented by IREX. IREX staff will ensure robust academic content and key programmatic elements are consistent across all programs for 2017.

The Mandela Washington Fellowship Institute Partner Retreat will be hosted by IREX and the Department of State for all 2017 host universities. This mandatory meeting will take place in Washington, D.C. on February 1 – 3, 2017.

Skyline College is the only community college accepted in the program for spring 2017.

RECOMMENDATION

It is recommended that the Board of Trustees authorize acceptance of grant funds in the amount of \$150,000 to host the Mandela Washington Fellowship for Young African Leaders Initiative (YALI) at Skyline College from June 16-July 30, 2017, and to authorize the Chancellor and the Executive Vice Chancellor, or their designees, to execute an agreement.

BOARD REPORT NO. 17-1-6CA

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

ACCEPTANCE OF GRANT FUNDS FROM THE FOOTHILL-DE ANZA COMMUNITY COLLEGE DISTRICT SB1070 CTE SOUTHWEST PATHWAYS CONSORTIUM (SWPC) FOR THE CENTER FOR INTERNATIONAL TRADE DEVELOPMENT AT SKYLINE COLLEGE

The Center for International Trade Development (CITD) at Skyline College has been awarded \$10,000.00 to assist in the planning, development, organization and coordination of the CITD 2nd Annual Global Summit that will be held at Skyline College on March 23-24, 2017. The CITD at Skyline College will host the Annual Global Summit to discuss the future of business, technology, and humanity in the global ecosystem.

The grant is made possible by the SB1070 CTE Pathways Program grant which is funded through the California State Chancellor's Office through SB1070 legislation. Its purpose is to align Career and Technical Education (CTE) programming, policies, and procedures throughout the system. This includes developing and implementing sustainable policies and infrastructure (alignment) and leveraging regional resources, leadership and investments that result in measurable and successful transition of CTE students from high school to post-secondary education and training in careers of high need, high growth, or emerging regional sectors. The Foothill-De Anza Community College District serves as the grant's fiscal agent. Use of these grant funds has been extended until June 30, 2017.

RECOMMENDATION

It is recommended that the Board of Trustees authorize acceptance of grant funds in the amount of \$10,000 as described, and authorize the Chancellor and the Executive Vice Chancellor, or their designees, to execute an agreement with an SB1070 Southwest Pathways Consortium - SMCCCD Center for International Trade Development (CITD) at Skyline College through Foothill-De Anza Community College District.

San Mateo County Community College District

January 25, 2017

BOARD REPORT NO. 17-1-7CA

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Aaron McVean, Vice President of Instruction (Interim), Skyline College,
650-738-4321

**ACCEPTANCE OF FUNDS FROM LAURA AND JOHN ARNOLD FOUNDATION
AND AUTHORIZATION TO EXECUTE AGREEMENT**

The Laura and John Arnold Foundation has authorized a grant to San Mateo County Community College District in the amount of \$836,607.00 to be used to support the implementation of the City University of New York's (*CUNY*) Accelerated Study in Associate Programs (*ASAP*) at Skyline College, ensuring fidelity to the *ASAP* model through collaboration with and technical assistance from *CUNY ASAP* staff, with the overall goal of improving students' academic progress and overall success.

RECOMMENDATION

It is recommended that the Board of Trustees authorize acceptance of these funds of \$836,607.00 as described and authorize the Chancellor and the Executive Vice Chancellor, or their designees, to execute the agreement with Laura and John Arnold Foundation at Skyline College.

BOARD REPORT NO. 17-1-8CA

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

APPROVAL OF DISTRICT ORGANIZATIONAL MEMBERSHIPS, 2016-17

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

The policy also states that all applications for membership shall be submitted to the Chancellor or his/her designee, and a list of all organizational memberships shall be submitted to the Board for approval. Attached is the list of all organizational memberships which the Executive Vice Chancellor has received as of December 31, 2016. Memberships requested since the last report to the Board are highlighted on the attachment.

RECOMMENDATION

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

SMCCCD Organizational Memberships as of 2017 - (New 2016 Memberships highlighted in Pink)

AAA Northern California, Nevada and Utah	Asian Business Association
Academic Senate for California Community Colleges	Asian Pacific Islander Council
Access Text Network	Associated Bodywork & Message Professionals (ABMP)
Accreditation Council of Business Programs	Association for Education Communications and Technology (KCSM)
Accreditation Review Council on Education in Surgical Technology and Surgical Assisting (ARC/STSA)	Association of American Colleges & Universities
Accrediting Commission for Community and Junior Colleges	Association of America's Public Television Stations (KCSM)
Adult Learning Satellite Service (PBS) (KCSM)	Association of Chief Human Resources Officers/Affirmative Action Officers
AIGA	Association of College and University Telecommunications Administrators
Alliance for Community College Innovation (formerly Comm. Coll. Leadership Inst./Leag. for Innovation in the Comm. College)	Association of College Business Officers
Alliance for Mentally Ill of San Mateo County	Association of Collegiate Schools of Architecture
American Association for Higher Education	Association of Community and Continuing Education (ACCE)
American Association for Women in Community Colleges (AAWCC)	Association of Community College Trustees
American Association of Community and Junior Colleges	Association of Departments of English
American Association of Community Colleges	Association of Instructional Administrators (AIA)
American Association of Colleges & Universities (AAC&U)	Association of Physical Plant Administrators
American Association of University Women (AAUW)	Association of Title IX Administrators
American College Health Association	Auxiliary Organizations Association (Bookstore)
American Council on Education	Base 11 (SKY Year 1 - \$50,000, Year 2 - \$25,000)
American Council on Teaching of Foreign Language	Bay Area Faculty Diversity Internship Project (BAFDIP)
American Design Drafting Association	Bay Area Shared Information Consortium (BASIC)
American International Recruitment Council (AIRC)	Bay Area World Trade Center
American Payroll Association	Bay Association of College Stores (Bookstore)
American Political Science Association	Belmont Chamber of Commerce
American Public Television (formerly American Program Service) (KCSM)	Board of Registered Nursing
American Society for Training and Development	Brisbane Chamber of Commerce
American Society for Travel Agents	Burlingame Chamber of Commerce
American Society of Civil Engineers (ASCE)	California Association for Alcohol/Drug Educators
American Theatre Association	California Association for Counseling and Development
Art Hazards	California Association for Institutional Research
Asian American Manufacturer's Association	California Association of College Stores (Bookstore)
	California Association of Community College Registrars & Admin. Officers (CACCRAO) (SKY \$200)

SMCCCD Organizational Memberships as of 2017 - (New 2016 Memberships highlighted in Pink)

California Association for Micro Enterprise Opportunity (CSM - \$250)	California Community College Women's' Volleyball Coaches Association
California Association of Nurserymen	California Community College Wrestling Coaches Association
California Association of School Business Officials (CASBO)	California Community Colleges Chief Instructional Officers
California Association of Student Financial Aid Administrators (CASFAA)	California Community Colleges Chief Student Services Administrators Association (CCCCSSAA)
California Association on Postsecondary Education and Disability	California Community Colleges EOPS Association
California Colleges for International Education	California Community Colleges Matriculation Professionals Association
California Community College Admin. of Occupational Education	California Cooperative Education Association
California Community College Association of Student Trustees (CCCAST)	California Corporate College
California Community College Athletic Directors' Association	California Landscape Contractors' Association
California Community College Baseball Coaches Association	California Library Association
California Community College Women's Basketball Coaches Association	California Media & Library Educators' Association
California Community College Chief Information Systems Officers' Association	California Newspaper Publishers Association
California Community College Council for Staff and Organizational Development (4C/SD) (CCCCSD)	California Organization of Associate Degree Nursing Program Directors
California Community College Fastpitch Coaches Association (3CFCA)	California State Employees' Charitable Campaign (KCSM)
California Community College Football Coaches Association	Center for International Trade Development
California Community College Internal Auditors	Chief Instructional Officers of the CCC
California Community College Men's Basketball Coaches Association	Childcare Coordinating Council
California Community College Mental Health and Wellness Association	Coast Conference
California Community College Police Chiefs' Association	College and University Personnel Association
California Community College Soccer Coaches Association	College Art Association
California Community College Softball Coaches Association	Collegiate Stores Corporation (CSC) (Bookstore)
California Community College Tennis Coaches Association	Commission on Accreditation of Allied Health Education (CAAHEP) (SKY \$550)
California Community College Track and Field Association	Commission on Dental Accreditation American Dental Association (ADA)
California Community College Women's' Basketball Coaches Association	Committee on Allied Health Education and Accreditation (CAAHEP)
	Committee on Chemistry in the Two-year Colleges
	Committee on the Accreditation for Respiratory Care (CoARC)
	Community College Alliance of MESA Directors (CCAMD)
	Community College Baccalaureate Association
	Community College Business Officers (CCBO)

SMCCCD Organizational Memberships as of 2017 - (New 2016 Memberships highlighted in Pink)

Community College Consortium - Computers, Reading and Language Arts	International Association of Campus Law Enforcement Administrators (IACLEA) (DO – Facilities/Public Safety - \$270)
Community College Facility Coalition (CCFC)	Joint Review Committee for Respiratory Therapy
Community College Humanities Association	Joint Review Committee on Education in Radiology Technology
Community College Leadership Development Initiative Foundation	Journalism Association of Community Colleges
Community Colleges for Int'l Dev (CCID) (DO Intl Ed - \$765)	League for Innovation
Comprehensive College Baccalaureate Association (CCBA) (2009)	Learning Assessment Retention Consortium
Council for Higher Education Accreditation	Learning Resources Network
Council for Opportunity in Education (COE)	Library Orientation Exchange(LOEX), Eastern Michigan University
Council for Research Development (2010)	Menlo Park Chamber of Commerce
Council for the Arts - Palo Alto and Mid-Peninsula	Middle College High School Consortium
Council of Chief Librarians - California Community Colleges	Modern Language Association of America
Council of Supply Chain Management Professionals (SKY - \$325)	Multimedia Development Group
Daly City/Colma Chamber of Commerce	Music Association, California Community Colleges
Daly City Partnership	NAFSA: Association of International Educators
Downtown Business Group of Redwood City	National Alliance of Business
EDUCOM National Learning Infrastructure Initiative	National Asian Pacific Islander Council (NAPIC) (SKY - \$250)
English Council of California Two-year Colleges	National Association for Community College Entrepreneurship (NACCE) (SKY - \$750)
Forum on Education Abroad	National Association of Basketball Coaches
Foster City Chamber of Commerce	National Association of College Auxiliary Services (Bookstore)
Foundation for California Community Colleges - UMOJA Consortium	National Association of College Stores (Bookstore)
Higher Education Recruitment Consortium	National Association of Colleges and Employers (NACE)
Hire-Ed	National Association of Foreign Student Affairs
Hispanic Association of Colleges & Universities	National Association of Minority Engineering Program Administrators
Honors Transfer Council of California	National Association of Public Television Stations
Housing Leadership Council of San Mateo County	National Association of Student Financial Aid Administrators (NASFAA)
IIE Network	National Association of Student Personnel Administrations
Institute of International Education	National Association of Small Business
Instructional Technology Council	International Trade Educators (SKY - \$95)
Intercollegiate Tennis Coaches' Association	National Association of Veterans Program Administrators (NAVPA) (CSM - \$175)
International Accounts Payable Professionals, Inc.	National Collegiate Honors Council
International Consortium for Educational Economic Development	

SMCCCD Organizational Memberships as of 2017 - (New 2016 Memberships highlighted in Pink)

National Commission for Cooperative Education	President's Round Table
National Community College Council for Research and Planning	Public Agency Risk Managers Association (PARMA)
National Community Colleges Hispanic Council	Public Radio Program Directors Association (KCSM)
National Council for Continuing Education & Training	Public Television Programmer's Association (KCSM)
National Council for Marketing & Public Relations	Professional and Organizational Development (POD) Network in Higher Education
National Council for Occupational Education	Radio Research Consortium (KCSM)
National Council of Teachers of English	Recording for the Blind and Dyslexic
National Council on Black American Affairs (NCBAA) (SKY - \$500)	Redwood City Chamber of Commerce
National Council on Student Development	Redwood City Downtown Business Group
National Fire Protection Association	RP Group
National Institute for Staff and Organizational Development	SACNAS
National Kitchen & Bath Association	San Bruno Chamber of Commerce
National Public Radio (KCSM)	San Bruno Rotary Club
National Soccer Coaches Association of America	San Carlos Chamber of Commerce
Non-Profit Gallery Association	San Francisco African American Chamber of Commerce
North American Council for Staff Program and Organizational Development, NCSPOD	San Francisco Black Chamber of Commerce
Northern California Chief Business Officials	San Francisco Chamber of Commerce
Northern California Community College Computer Consortium	San Francisco Hispanic Chamber of Commerce
Northern California Community College Consortium - Affirmative Action	San Francisco Legal Assistant Association
Northern California Football Alliance	San Mateo Chamber of Commerce
Northern California Intersegmental Articulation	San Mateo Consortium of Quality Programs
Northern California Track & Cross Country Coaches Association	San Mateo Council of Non Profits
Northern California World Trade Center (SKY - \$1,500)	San Mateo County Economic Development Association (SAMCEDA)
Online Learning Consortium	San Mateo County Employer Advisory Council
Overseas Association for College Admission Counseling	San Mateo County Fire Training Officers' Association
Pacific Association College Registrars & Admissions Officers (PACRAO)	San Mateo County School Boards Association
Pacific Bell Providers' Consortium	School Employers' Association of Northern California
Pacific Coast College Health Association (for District Health Council)	School Project for Utility Rate Reduction (SPURR) - dues are built into gas costs.
Pacifica Chamber of Commerce	Silicon Valley Leadership Group
Palo Alto Chamber of Commerce	Society for College and University Planning (SCUP)
	Society of Hispanic Professional Engineers
	South San Francisco Chamber of Commerce

SMCCCD Organizational Memberships as of 2017 - (New 2016 Memberships highlighted in Pink)

Specialty Equipment Market Association (SEMA)
State Association of Fire Educators
STEMconnector (SKY - \$20,000)
StudyCalifornia
Teachers of English to Speakers of Other Languages
The Democracy Commitment
Transfer Center Directors Association of California Community Colleges
Tutor Tutor
U.S. Green Building Council
Western Association for College Admission Counseling
Western Intercollegiate Consortium on Education in Radiologic Technology
Western Regional Council on Black American Affairs (SKY \$500)
Western Regional Honors Council
Westop
Women in International Trade (Northern California Chapter)
Women in Logistics Northern California (WIL) (SKY - \$125)
Workforce Alliance
World Affairs Council of Northern California

BOARD REPORT NO. 17-1-9CA

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

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

**RATIFICATION OF EXECUTION OF AN AGREEMENT WITH SPURR
FOR PURCHASE OF NATURAL GAS – DISTRICTWIDE**

In these times of fluctuating natural gas prices, the District continues its efforts to find ways to reduce its utility expenses.

In the past, the Board authorized the Executive Vice Chancellor to sign contracts with a third party supplier (Board Report Nos. 08-3-101B, 08-8-105B, 09-7-103B, 10-7-102B, 11-6-103B, and 12-3-103B) for purchase of natural gas for all of its natural gas accounts.

The District's current natural gas agreement is at variable rates with School Project for Utility Rate Reduction (SPURR), a California joint powers agency pursuant to California Government Code 6500 et seq. which was created to provide its members with reduced electricity and natural gas rates. Spot market prices for natural gas continue to stay low compared to the past five and ten year periods due to continued excess reserves from suppliers. Our existing agreement is good through June 30, 2017. SPURR agreement renewal for participation from July 1, 2017 through June 30, 2022 was due December 16, 2016. It is in the best interest of the District to remain in the JPA. Having the flexibility to amend pricing options with the District's natural gas suppliers would allow us to take advantage of dips in natural gas prices during the coming years and possibly lock in rates at opportune times to have more budget certainty.

RECOMMENDATION

It is recommended that the Board ratify execution of the agreement with SPURR for provision of natural gas, as needed, from July 1, 2017 through June 30, 2022. Should more advantageous opportunities arise for the purchase of natural gas, the District has the option to terminate the agreement, for any or all accounts, effective June 30 of any year by giving SPURR notice on or before March 1 of that year.

BOARD REPORT NO. 17-1-10CA

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor
PREPARED BY: Bruce Griffin, Chief Technology Officer, 358-6722

**AUTHORIZATION FOR SOLE SOURCE PURCHASE OF IBM EQUIPMENT
FROM CHOUINARD & MYHRE, INC**

The District runs its enterprise resource planning (ERP) system, Ellucian Banner, on an IBM AIX computing platform. Banner is a mission critical system used by faculty, staff and students for administrative tasks ranging from payroll to student enrollment and financial aid. The District is in need of additional computing power and seeks to purchase equipment and services from Chouinard & Myhre, Inc. (CMI) as a sole source provider. CMI provided, architected and configured the District's current IBM AIX system and holds significant knowledge of District's needs and requirements. CMI knowledge and skillset is a key component of past successful implementations. Equipment costs are estimated to be \$98,600. Service costs are estimated to be \$6400.

RECOMMENDATION

It is recommended that the Board approve a sole source purchase of IBM Equipment for the District's ERP system, as well as the required installation services, from CMI in an amount not to exceed \$105,000.

BOARD REPORT NO. 17-1-1B

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

NOMINATIONS FOR MEMBERSHIP ON THE CALIFORNIA COMMUNITY COLLEGE TRUSTEES (CCCT) BOARD, 2017

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

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

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

The election of members of the CCCT board will take place between March 10 and April 25, 2017. Each member district board of trustees will have one vote for each open seat on the CCCT board. CCCT board members are elected for three-year terms. No CCCT board member shall serve more than three terms consecutively.

For 2017, nine persons will be elected to the board. There are seven incumbents eligible to run for re-election. There are two vacancies due to trustees who are no longer serving at the district level.

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

RECOMMENDATION

It is recommended that the Board determine interest of any Board member to be nominated to serve on the CCCT board for 2017. If any Board member consents to be nominated, it is recommended that the Board approve the nomination.

BOARD REPORT NO. 17-1-2B

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor
PREPARED BY: Mitchell Bailey, Chief of Staff, (650) 574-6510

**ADOPTION OF RESOLUTION NO. 17-1 AFFIRMING THE SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT'S COMMITMENT TO PROTECTING
UNDOCUMENTED STUDENTS AND STUDENT PRIVACY**

In recent months, federal immigration policy changes have been contemplated and discussed that could lead to emotional and physical insecurity of some of the District's undocumented students and their families. The Board of Trustees has had numerous discussions with constituency groups about these and related issues. The Board continues to promote social justice and is dedicated to finding ways in which the District might further refine and implement policies and strategies to ensure that the District's colleges remain safe and welcoming environments so that students can learn and thrive.

This resolution was reviewed and edited by the Board at its meeting on January 11, 2017. Numerous students and employees have also provided feedback about the resolution and their general concerns have been incorporated. This resolution addresses matters relating to the District's adherence to: federal immigration policies and practices, Deferred Action for Childhood Arrivals (DACA) and Assembly Bill (AB) 540, FERPA regulations and other student privacy and security information. Additionally, the resolution is a complementary document to the Board's recently adopted "Affirmation of the San Mateo County Community College District's Commitment to Educational Social Justice through Access, Affordability, Individuality, Diversity and Inclusion." The affirmation is core to the Board's approach to ensuring how all students and employees of the District are treated, protected, respected and valued.

RECOMMENDATION

It is recommended that the Board approve Resolution 17-1, which is consistent with the guidance of the California Community College Chancellor's Office.

DRAFT**DRAFT****DRAFT**

**RESOLUTION AFFIRMING THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT'S
COMMITMENT TO PROTECTING UNDOCUMENTED STUDENTS
AND STUDENT PRIVACY**

WHEREAS, the San Mateo County Community College District (SMCCCD) is an open access institution and supports, promotes, values, respects and protects all students and employees of the District, irrespective of their immigration status, or that of their families; and

WHEREAS, the Board adopted a strategic plan in 2015 that emphasizes the District's priority of "Students First" and the District takes very seriously its solemn responsibility of caring for students; and

WHEREAS, on December 14, 2016, the Board's statement of "Affirmation of the San Mateo County Community College District's Commitment to Educational Social Justice through Access, Affordability, Individuality, Diversity and Inclusion," was adopted which is core to the manner in which all students and employees of the District are to be treated, protected, respected and valued; and

WHEREAS, the SMCCCD has supported and implemented the federal government's Deferred Action on Childhood Arrivals (DACA) policy and California Assembly Bill (AB) 540, which provide protection and financial assistance for undocumented students attending the SMCCCD; and

WHEREAS, the SMCCCD continues to support the internal policy memoranda issued by the U.S. Department of Homeland Security to its staff relating to restrictions upon entering college campuses and in the prosecution of high school and college students, and which was reinforced to that agency by a letter to that effect from our Chancellor on December 9, 2016; and

WHEREAS, the SMCCCD values the privacy of students and continues to uphold federal privacy requirements as outlined in the Family Educational Rights and Privacy Act (FERPA); and

WHEREAS, in recent months, federal immigration policy changes have been contemplated and discussed that could lead to emotional and physical insecurity of some undocumented students and their families; and

WHEREAS, the Board continues to promote social justice and is dedicated to finding ways in which the District might further refine and implement policies and strategies to ensure that the District's colleges remain safe and welcoming environments so that students can learn and thrive;

NOW, THEREFORE, BE IT RESOLVED, that the San Mateo County Community College District Board of Trustees:

- (1) Fully endorses the urgent appeal of the chief executive officers of the California Community Colleges, the University of California and the California State University systems in their joint letter to President-elect Trump encouraging his continuation of the Deferred Action for Childhood Arrivals (DACA) policy on November 29, 2016; and

DRAFT**DRAFT****DRAFT**

- (2) Believes adherence to the guidance issued by the California Community College Chancellor's office on December 5, 2016, relating to the collection and protection of personally identifiable student information – including immigration status – is prudent and appropriate; and

BE IT FURTHER RESOLVED, that the Board of Trustees is committed to ensuring every student within the District views its three colleges as “safe havens” so that they may learn, live and thrive without fear of discrimination, profiling, targeting or unlawful prosecution; and

BE IT FURTHER RESOLVED, that the Board of Trustees directs the Chancellor of the District to:

- (1) Develop directives and procedures to protect the safety and security of all students and employees of the District, and to facilitate a greater sense of community and enhance the relationship with and between District public safety staff; and
- (2) Protect student privacy and ensure confidentiality by prohibiting the release of information about a students' immigration status to law enforcement and federal agencies unless legally compelled to do so; and
- (3) Limit access to SMCCCD campuses and property to federal officials for the purposes of immigration enforcement, unless legally compelled to do so; and
- (4) Provide opportunities for students and their families, employees and their families, and members of the community to know about and understand their legal rights and, when appropriate, provide referrals to legal services that provide such assistance; and
- (5) Ensure that students and employees are aware of counseling and support services and ensure that those services are available and provided as needed; and
- (6) Develop a process for evaluating student and employee feedback relating to this and other similar matters that aids the District in better promoting cultural sensitivity, understanding and promoting diversity, serving and protecting vulnerable, at-risk and marginalized populations, and providing trainings, forums, spaces and opportunities for understanding, communication and collaboration; and
- (7) Take all necessary steps to engage the college and broader communities, media, elected officials, policy makers and other supporters to bring to light any injustices surrounding or relating to this matter, should any occur.

San Mateo County Community College District

January 25, 2017

BOARD REPORT NO. 17-1-102B

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

RECEIPT AND ACCEPTANCE OF THE 2015-16 DISTRICT AUDIT REPORT

Attached is a copy of the audit of the San Mateo County Community College District funds, prepared by the Board-approved firm of Crowe Horwath LLP. The audit was based upon the fiscal year ending June 30, 2016. 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 2015-16 audit report for the District, which was filed by Crowe Horwath LLP with the State Department of Education, the State Controller, and the State Chancellor's Office prior to the December 31, 2016 due date.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS

June 30, 2016

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

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SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

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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, 2016, and the related notes to the financial statements, which collectively comprise San Mateo County Community College District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Continued)

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 San Mateo County Community College District, as of June 30, 2016, 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 18 to the financial statements, the 2016 beginning net position has been restated to correct for the understatement of the net OPEB asset. 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 20 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress and Schedule of Employer Contributions, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 62 to 66 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 San Mateo County Community College District's basic financial statements. The accompanying schedule of expenditure of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2016 on our consideration of San Mateo County Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Mateo County Community College District's internal control over financial reporting and compliance.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
December 14, 2016

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

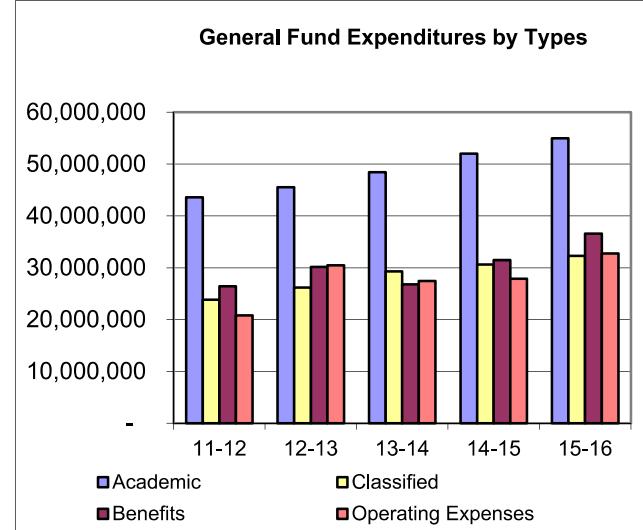
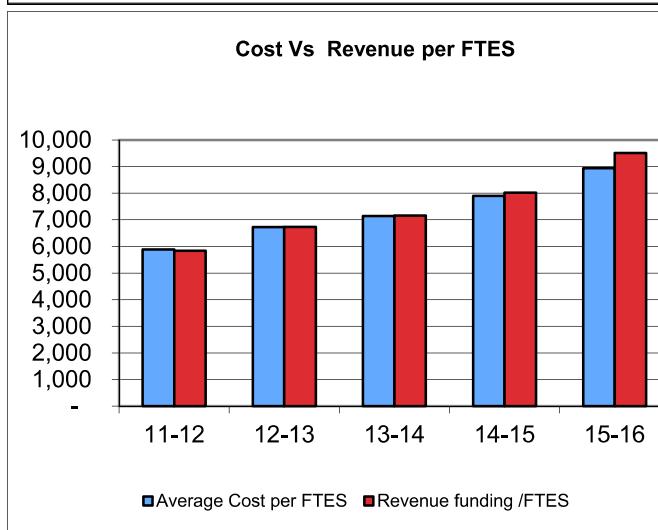
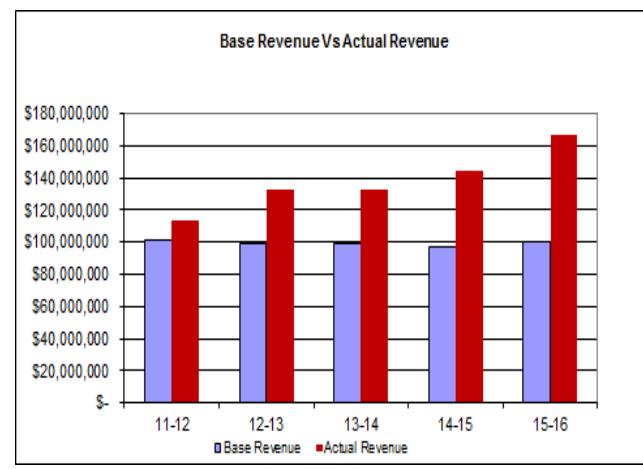
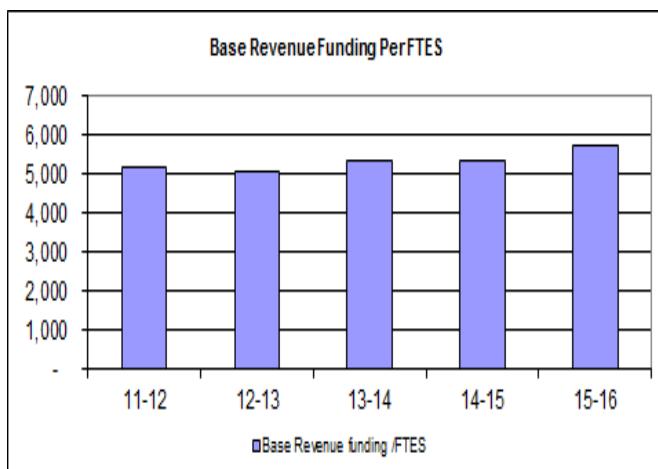
Introduction

The San Mateo County Community College District's (the District) Annual Financial Report presents management's discussion and analysis of the District's financial activities during the fiscal years ended June 30, 2016, June 30, 2015, and June 30, 2014. The discussion has been prepared by management and is best read in conjunction with the financial statements and the notes following this section.

There are three basic financial statements that provide information on the District'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

For comparison purpose, attached below is 5 years financial information



SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

Financial Overview Summary

Due to the requirement to implement GASB Statement No. 68 effective fiscal year 2014-15, the District had restated the beginning net position in the government-wide Statement of Net Position and recorded a pension liability. The requirement is to report on our financial statements the District's portion of the net pension liability of the state's retirement systems for both academic and classified employees. This is not an increase in the District's liabilities, but a change in how they are being reported. As noted in more detail below, the District is required to report over \$124 million of the net liability for those pension systems. As a result, the fiscal year 2015-16 Net Position was \$42 million.

- Assets exceeded liabilities by \$42 million because of an increase in student tuition and State and Local property taxes revenues.
- Total assets increased \$55 million over last year mainly due to the recognition of the net OPEB asset.
- Net operating revenue increased \$4 million due to an increase in tuition fees. Net non-operating revenue increased \$50 million because of the Local Property Taxes and State Revenues, Grants and Contacts, and other revenue.

Reporting for the District as a Whole

- Economic position of the District with the State

Fiscal Year 2015/16 is the fifth year that the District has been community supported. Community supported means that when the State sets the District's revenue limit (determining how many students we are funded to serve) and deducts from that revenue limit the local property taxes and student fees, there is no need for State apportionment to sum to our revenue limit. This means that the District has somewhat more resources and is no longer subject to the state borrowing funds by delaying apportionment payments. The District is now firmly in community supported status and anticipates to receive upwards of \$50 million in 2016/17 in excess of what the District would have received had we been subject to the state's revenue limit. In addition to an increase in property taxes, the District is receiving funds from the dissolution of Redevelopment Agencies (RDAs). As less of the property taxes are being diverted to RDAs, more of them come to SMCCCD. The former RDAs are also slowly beginning the process of selling off their property, which brings some one-time funds to District coffers. Fiscal Year 2013/14 was the last year for receiving funds from the parcel tax (Measure G) and the funds were fully expended in 2014/15. All in all, the District's revenues have increased and, with a steady real estate market, show every sign of continued increase.

Salaries and Benefits

- The expenditure projection for salaries includes annual increases for movement on step and column placements and longevity service increments. The previous 3-year collective bargaining agreements ended on June 30, 2016. Therefore, fiscal year 2016-17 does not include a salary adjustment for all employee groups, rather, a salary commitment amount has been set aside for when the groups finally decide on salary and benefit compensation. The budget includes January 1, 2017 increases (on average, the rates increased 3.67% across medical plans) in non-capped health premium rates for employees and retirees. Dental and vision insurance premiums remained unchanged. The PERS rate increased from 11.847% to 13.888% and the STRS rate increased from 10.73% to 12.58%. The District's Unemployment Insurance Contribution Rate increased slightly from 0.055% to 0.575%. Workers' compensation costs decreased from 0.96% to 0.74% of salaries. To comply with GASB45, in 2009-10, the District began charging itself an amount to cover the future medical benefit costs for current employees. These charges appear as part of the benefit expenses in all funds.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

- Bond construction

As of June 30, 2016, \$500.9 million of the \$501.8 million Measure a November 2005 general obligation (GO) bond (with interest) and \$12.32 million of the \$388 million Measure H November 2014 GO bond have been spent or encumbered by contract. The projects planned under the 2005 GO bond are substantially completed with students and staff occupying the new and renovated buildings at CSM, Skyline and Cañada College.



CAN Baseball Field Synthetic Turf Replacement



CAN New Team Room

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

College of San Mateo



CSM New Synthetic Turf for Softball Field



CSM New Synthetic Turf

Various projects were completed throughout the year including the new synthetic turf for the softball fields, Marie Curie Parking Lot 5 repaving, Buildings 1, 14, 16, and colonnades reroofing, and Building 36 new fume hoods.



SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016



Skyline College Building 7 Fabrication Lab

Various projects were completed throughout the year including Building 7 Fabrication Lab, Building 2 signage upgrades, and the new Team House.

Districtwide:

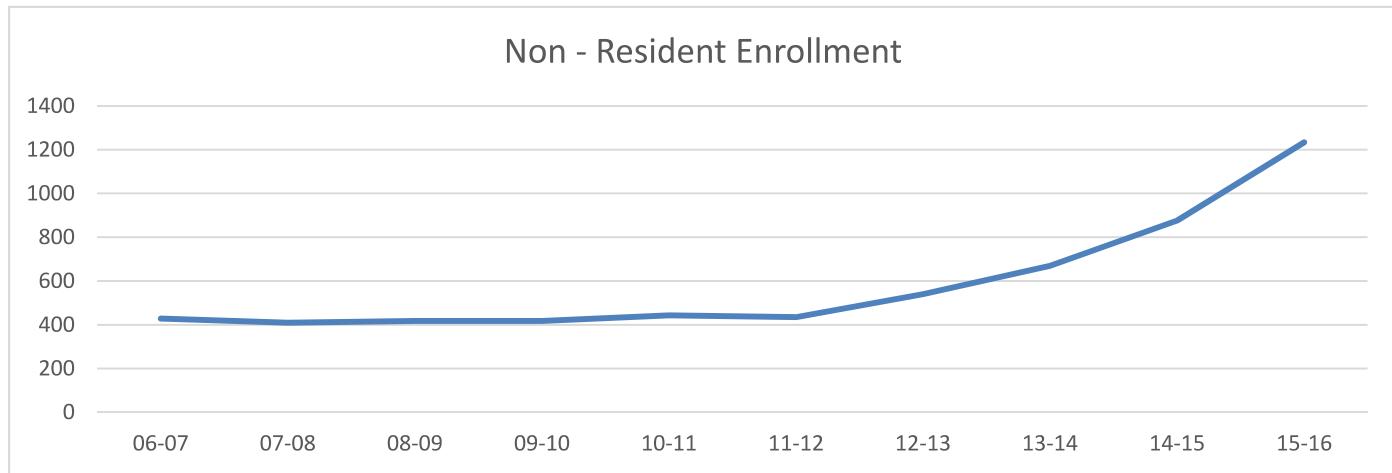
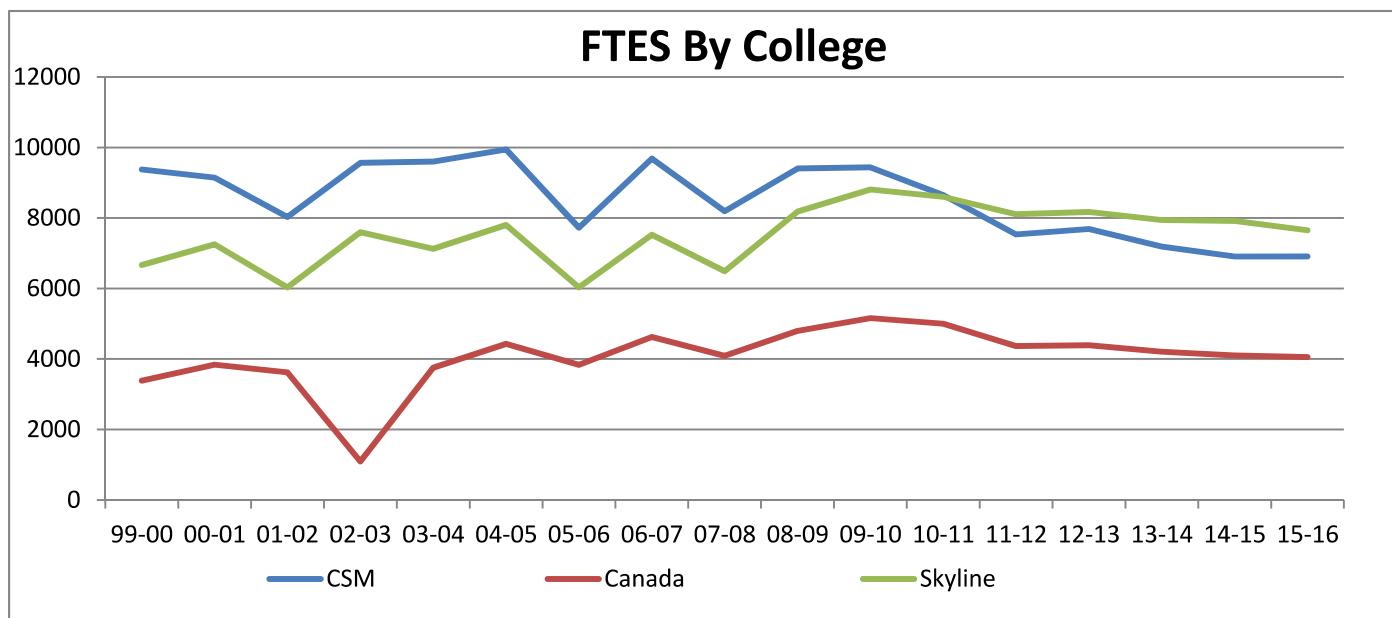
Various small and medium size projects were completed throughout the year including District Office deck waterproofing replacement, Districtwide disaster response and recovery for ongoing operations, and Districtwide classroom security hardware upgrade, Phase 1.

Enrollment:

For SMCCCD, enrollment no longer drives funding, since property taxes and fees primarily determine funding. Historically, the District's enrollment goes up when unemployment goes up and goes down when the economy recovers. The District's enrollment declined with the recession, however, because the state cut the funds provided for enrollment. In 2015/16, the District's enrollment continued to decline as was anticipated due to the robust economy in San Mateo County. However, the international student enrollment is increasing rapidly, and we anticipate having over 1,000 international students in 2016/17. The chart below shows the history of FTES in the District.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016



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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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

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

	CalSTRS	CalPERS	Total
Net Pension Liability	\$ 67,324,000,000	\$ 14,740,098,710	
SMCCCD Share	0.105%	0.363%	
SMCCCD Liability	\$ 70,426,000	\$ 53,485,000	\$ 123,911,000

This means that on our 6/30/2016 Statement of Net Position, the District will record an additional \$23 million of liability.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Table 1 Statement of Net Position

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
AS OF JUNE 30, 2016, 2015, and 2014**

	(In Thousands) 2016	(In Thousands) 2015	(In Thousands) 2014
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 157,375	\$ 314,814	\$ 202,973
Accounts Receivable, net	11,738	12,316	10,863
Inventories	3,345	3,186	2,722
Prepaid Expenditures and other assets	1,153	1,827	520
Total Current Assets	173,611	332,143	217,078
Noncurrent Assets			
Restricted Cash and Cash Equivalents	212,387	43,337	28,873
OPEB Asset	59,740	-	-
Depreciable Capital Assets, Net	586,001	588,731	602,153
Nondepreciable Capital Assets	37,539	50,019	47,819
Total Noncurrent Assets	895,667	682,087	678,845
TOTAL ASSETS	1,069,278	1,014,230	895,923
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	15,143	-	-
Deferred outflows - pensions	13,210	8,417	8,070.00
TOTAL ASSETS & DEFERRED LOSS ON REFUNDING	<b">\$ 1,097,631</b">	<b">\$ 1,022,647</b">	\$ 903,993
LIABILITIES			
Current Liabilities			
Accounts Payable & Accrued Expenses	\$ 14,906	\$ 18,916	\$ 16,792
Accrued Interest	9,176	3,703	3,935
Unearned Revenue	11,913	12,300	10,084
Compensated absences	2,985	-	-
Long-Term Debts, Current Portion	40,350	22,040	19,290
Total Current Liabilities	79,330	56,959	50,101
Noncurrent Liabilities			
Compensated Absences	1,424	4,110	4,191
Long Term Debt - Non- Current Portion	838,753	858,412	721,728
Aggregate net pension obligation	123,911	100,665	128,665
Total Noncurrent Liabilities	964,088	963,187	854,584
TOTAL LIABILITIES	1,043,418	1,020,146	904,685
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pensions	12,035	28,736	-
NET POSITION			
Net Invested in capital assets	160,996	(100,971)	(64,293)
Restricted for:			
Debt Service	54,209	43,388	28,911
Capital Projects	10,685	80,516	79,595
Educational Programs	15,057	15,186	14,936
Other activities	11,313	19,243	27,362
Unrestricted	(210,082)	(83,597)	(87,203)
TOTAL NET POSITION	42,178	(26,235)	(692)
TOTAL LIABILITIES AND NET POSITION	\$ 1,097,631	\$ 1,022,647	\$ 903,993

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Net Position

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

- Cash and cash equivalents consist of cash in the Treasury, Local Agency Investment Fund (LAIF) of the State Treasurer's Office, San Mateo County Investment Pool, Special Deposit Bond with Wells Fargo Bank, proceeds from the District's General Obligation construction bond, Institutional Investment Pool and Certificates of Deposit with various banks.
- Accounts receivable primarily consists of revenues from local, state, and federal sources which were not received as of the fiscal year's closing date.
- Inventories and other assets include prepaid expenses and bookstore inventories.
- Capital assets, net of depreciation, are the net historical value of land, buildings, construction in progress and equipment less accumulated depreciation.
- Accounts payable and accrued liabilities consist of payables to the state, and federal governments for grants, as well as benefits, salaries and amounts owed to local vendors which the District incurred but for which payments were not issued as of the end of the fiscal year.
- Deferred revenues represent cash received during the fiscal year from state, federal grants, state apportionment and student fees; however, the funds were not earned as of the end of the fiscal year.
- Long-term liabilities include obligations to be paid over a period longer than 1 year. The current portion represents payments due within the next 12 months. The District has compensated absences payable, and construction bond payable.
- According to GASB Statements, equity is reported as Net Position, rather than Fund Balance. The District's Net Position is classified as follows:
 - Net Investment in capital assets, represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets.
 - Restricted Net Position consists of expendable and nonexpendable portions. Restricted expendable Net Position includes resources which the District is contractually obligated to expend in accordance with restrictions imposed by external third parties.
 - Unrestricted Net Position represents resources used for transactions relating to the educational and general operations of the District.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

Statement of Revenues, Expenses and Change in Net Position

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

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

***SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2016, 2015, and 2014***

	(In Thousands)	(In Thousands)	(In Thousands)
	2016	2015	2014
OPERATING REVENUES			
Student Tuition and Fees	\$ 19,545	\$ 17,580	\$ 15,128
Auxiliary Enterprise Sales and Charges	9,728	8,163	7,796
Other Sales and Charges	1,692	1,012	957
TOTAL OPERATING REVENUES	30,965	26,755	23,881
OPERATING EXPENSES			
Salaries	113,133	103,507	98,860
Employee benefits	42,595	40,621	33,756
Supplies, Materials, and Other Operating Expenses and Services	30,846	33,950	32,457
Student Aid	20,630	21,502	22,429
Equipment, Maintenance, and Repairs	-	882	2,049
Depreciation	26,468	25,798	25,690
TOTAL OPERATING EXPENSES	233,672	226,260	215,241
OPERATING LOSS	(202,707)	(199,505)	(191,360)
NONOPERATING REVENUES (EXPENSES)			
State Apportionments	2,330	1,006	938
Local Property Taxes, Levied for General Purposes	125,380	115,821	108,803
Local Property Taxes, Levied for Special Purposes	47,018	32,628	31,263
Parcel Tax	-	-	7,080
State Taxes and Other Revenues	16,418	3,498	3,028
Grants and Contracts, Noncapital	43,525	41,349	41,318
Investment Income	4,068	2,271	10,126
Interest Expense	(37,501)	(28,540)	(24,877)
Gain (Loss) on Disposal of Asset	(86)	-	-
Other Non-Operating Revenues (Expenses)	18,916	2,212	4,802
TOTAL NON-OPERATING REVENUES (EXPENSES)	220,068	170,245	182,481
INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES	17,361	(29,260)	(8,879)
State revenues, capital	2,844	3,028	5,021
Local revenues, capital	342	689	461
TOTAL OTHER REVENUES AND EXPENSES	3,186	3,717	5,482
CHANGE IN NET POSITION	20,547	(25,543)	(3,397)
NET POSITION, BEGINNING OF YEAR	(26,235)	119,902	123,299
RESTATEMENT	47,866	(120,594)	(120,594)
NET POSITION, BEGINNING OF YEAR AS RESTATED	21,631	(692)	2,705
NET POSITION, END OF YEAR	\$ 42,178	\$ (26,235)	\$ (692)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Explanatory information for the statement is as follows:

- Tuition and Fees include enrollment, health, non-resident tuition, other student fees, less scholarship discount and allowance as defined by GASB statement No. 35.
- Auxiliary Enterprise Sales and Charges consist of bookstore and cafeteria sales and fitness center income, less discount allowances.
- Internal Services include self-insurance for General Liability and Workers Compensation.
- State apportionments, non-capital includes state apportionment, apprenticeship, and child development apportionment.
- Local property taxes and other non-operating revenues consist primarily of secured and unsecured taxes which are payable to the District in December and April of each year. The County of San Mateo collects the taxes on behalf of the District. Other non-operating revenues are State Lottery revenue and miscellaneous local income.
- Federal, and state grants and contract services are exchange transactions for which the District files applications, complies with individual spending restrictions, files expenditure reports, and/or signs contracts.
- Net investment income includes interest from the San Mateo County Investment Pool managed by the County Treasurer, Certificates of Deposit, bond proceeds, and Local Agency Investment Fund (LAIF).
- State and Local Revenues - Capital includes State scheduled maintenance funding and issuance of the General Bond. These revenues relate mainly to construction activities.
- Restatement: The July 1, 2015 net position has been restated to correct an error for the nonrecognition of the net OPEB asset. The correction increased the July 1, 2015 beginning net position by \$47,866,377.

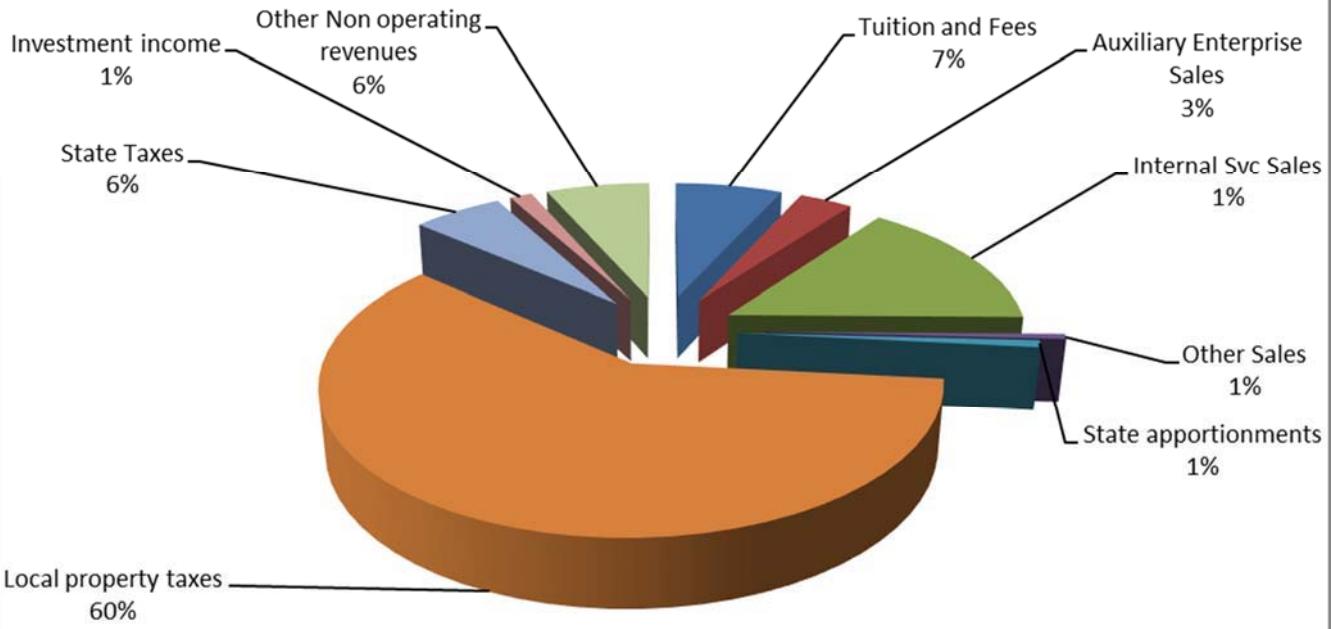
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

Below is an illustration of District revenues by source:

Graph 1. Revenue by Sources

REVENUE BY SOURCES



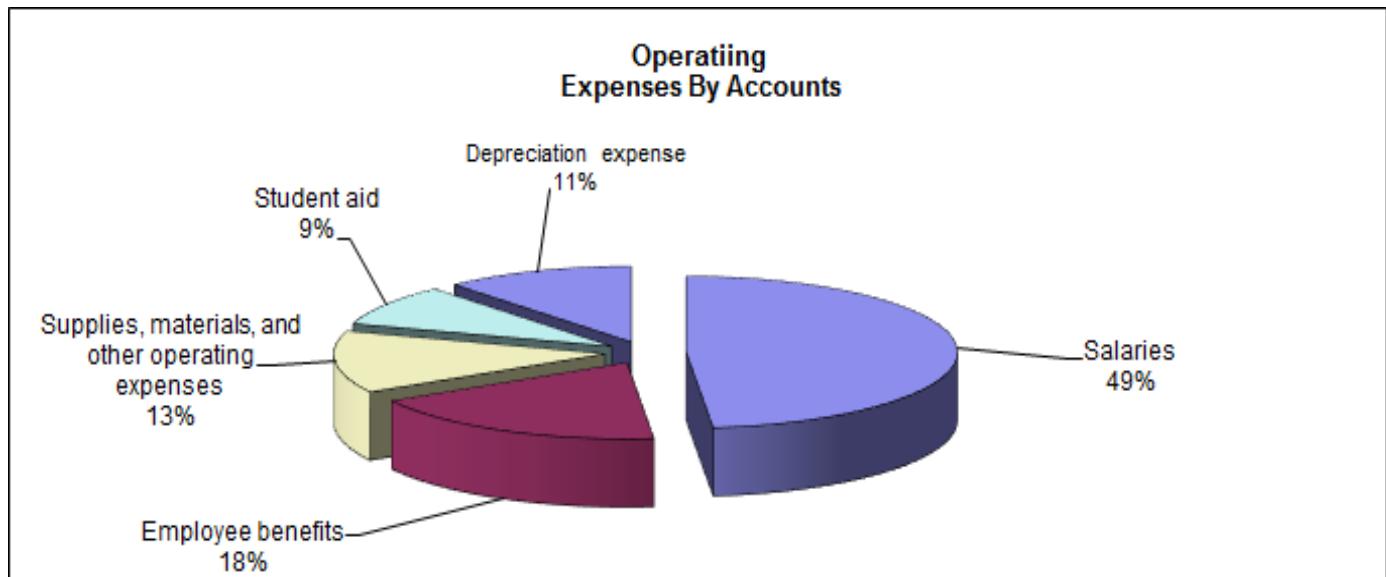
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

Revenues and expenses changed mainly due to the following:

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

Graph 2. Operating Expenses By Accounts



The District's operating expenses are shown above (with explanatory remarks) by account.

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

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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 and C.O.P. proceeds.
- Cash from investing activities consists of Interest from County Investment Pool, Institutional Investment Pool, Certificates of Deposits, Bond and Local Agency Investment Fund (LAIF).

Table 3 – Statement of Cash Flows

***SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2016, 2015, and 2014***

	(In Thousands)	(In Thousands)	(In Thousands)
	2016	2015	2014
CASH FLOWS (USED IN) PROVIDED BY:			
Operating Activities	\$ (187,270)	\$ (156,563)	\$ (165,933)
Noncapital financing activities	243,505	196,309	195,084
Capital financing activities	(48,089)	84,319	(37,369)
Investing activities	3,465	2,240	10,146
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,611	126,305	1,925
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	358,151	231,846	229,921
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 369,762	\$ 358,151	\$ 231,846

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

Economic Factors and the 2016-17 Budget

Being community supported, the District's revenues primarily consist of property tax revenues and student fees and are relatively predictable. The County Assessor's Office has stated that the property tax base went up 7.62% county-wide in 2015-16, which means our projected revenues in 2016/17 are 7.62% higher. This puts the District on a very solid financial footing. The District continues to build multi-year financial plans and has planned balanced budgets through 2019/20.

Construction Planning 2016-17 and Beyond

Staff continues to revise and update the master schedule and the master budget of the Capital Improvement Program to coincide with the funding and programming requirements. In the past several years District has experienced a decline in State Capital Outlay funds for projects on all three campuses due to the fact that the State failed to approve an educational facilities bond since 2006. However, with the passage of Proposition 51 \$9.1 Billion state wide education facilities bond in November 2016, District is forecasting to receive approximately \$40M for much needed facilities upgrades.

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

Cañada College:

- Parking Lot and Roadway Light Upgrade, Phase 2 (LED)
- New Team House Utility Connections
- Building 1N Kinesiology and Wellness Center
- Building 23N Math/Science/Technology
- Campuswide ADA Mitigation
- Swing Space Planning for Construction

College of San Mateo:

- Parking Lot and Street Light Upgrade, Phase 2 (LED)
- Building 3 Humanities and Arts Renovation
- Building 6 Aquatics Center Pool System Upgrade
- Building 17 Student Life and Learning Communities Renovation
- Solar and Energy Storage

Skyline College:

- Building 1N Social Science and Creative Arts
- Building 5 Learning Commons, Phase 2 (New Technology-Enhanced Active Learning (TEAL) Classroom and Signage Upgrades)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

- Building 12N Environmental Science
- Building 19 Pacific Heights Renovation
- Parking Lot L Expansion and Parcel B ADA Access
- Swing Space Planning for Construction

District Wide:

- Districtwide Utility Measurement & Verification
- Districtwide Classroom Security Hardware Upgrade, Phase 2
- Districtwide Network Core Switch Upgrade
- Districtwide UPS Device (MDF/IDF) Replacement
- Districtwide Symetra UPS Device (MPOE) Replacement
- Districtwide Telephone System Replacement
- Districtwide Network Switch Upgrade
- Districtwide Evacuation Map Upgrade
- Districtwide Emergency Annunciation System Upgrade
- Districtwide Earthquake Preparedness Program
- Districtwide ADA Transition Plan Upgrade
- Districtwide Fire Alarm Panel Replacement
- Districtwide Electric Vehicle Charging Stations

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

Staff and Faculty Housing

In response to the very high cost of housing in San Mateo County, the College District built two apartment projects for faculty and staff, namely College Vista and Cañada Vista. The College District has a total of 104 units—60 at Cañada Vista and 44 at College Vista. Rents for these units are significantly below market, which allows residents to save for a down payment on a home. To date, 43 residents have moved out of the faculty and staff housing and purchased their own home.

Cañada Vista opened in August, 2010 and College Vista has been open for more than 10 years. Interior amenities at both projects include 9 foot ceilings, wood entryways, individual patios or decks; individual garages, large windows and sliding glass doors. The College District believes that provision of this housing has helped the District increase its recruitment and retention of employees.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

The District is planning for a third housing development to be constructed at Skyline College; staff is currently working on the entitlements for this project. It is anticipated that 28 additional units—bringing the Districtwide total to 132 units—will be open for faculty and staff in 2018.

College Vista:



Cañada Vista:



Contacting the District's Financial Management Office

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

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
June 30, 2016**

ASSETS

Current assets:

Cash and cash equivalents	\$ 157,374,586
Accounts receivables, net	11,737,888
Inventory	3,344,799
Prepaid expenses	<u>1,153,622</u>
Total current assets	<u>173,610,895</u>

Noncurrent assets:

Restricted cash and cash equivalents	212,387,592
Net OPEB asset	59,739,768
Nondepreciable capital assets	37,538,872
Depreciable capital assets, net	<u>586,000,890</u>
Total noncurrent assets	<u>895,667,122</u>
Total assets	<u>1,069,278,017</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow of resources - pensions	13,209,878
Deferred outflow of resources - debt refundings	<u>15,143,558</u>
Total deferred outflows of resources	<u>28,353,436</u>
Total assets and deferred outflows of resources	<u>\$ 1,097,631,453</u>

LIABILITIES

Current liabilities:

Accounts payable	\$ 14,905,977
Interest payable	9,176,496
Unearned revenue	11,913,065
Compensated absences payable - current portion	2,984,569
Long-term debt - current portion	<u>40,350,043</u>
Total current liabilities	<u>79,330,150</u>

Noncurrent liabilities:

Compensated absences payable - noncurrent portion	1,424,499
Bonds and notes payable - noncurrent portion	838,753,030
Net pension liability	<u>123,911,000</u>
Total liabilities	<u>1,043,418,679</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - pensions	<u>12,035,000</u>
--	-------------------

NET POSITION

Net investment in capital assets	160,996,378
Restricted for capital projects	10,685,201
Restricted for debt service	54,208,973
Restricted for educational programs	15,056,822
Restricted for other activities	<u>11,312,738</u>
Unrestricted	<u>(210,082,338)</u>
Total net position	<u>42,177,774</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,097,631,453</u>

See accompanying notes to the basic financial statements.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the Year Ended June 30, 2016**

Operating revenues:	
Tuition and fees	\$ 29,828,744
Less: Fee waivers and allowance	<u>(10,284,236)</u>
Net tuition and fees	<u>19,544,508</u>
Auxiliary enterprise sales and charges:	
Bookstore	4,591,300
Cafeteria	336,175
Fitness center	4,800,053
Other sales and charges	<u>1,692,234</u>
Total operating revenues	<u>30,964,270</u>
Operating expenses:	
Salaries	113,132,972
Employee benefits	42,594,779
Supplies, materials, and other operating expenses	30,845,988
Student financial aid	20,630,274
Depreciation	<u>26,467,808</u>
Total operating expenses	<u>233,671,821</u>
Loss from operations	<u>(202,707,551)</u>
Non-operating revenues (expenses):	
State apportionments	2,329,774
Local property taxes, levied for general purposes	125,380,078
Local property taxes, levied for special purposes	47,018,246
State taxes and other revenues	16,418,179
Federal grants and contracts, noncapital	22,508,197
State grants and contracts, noncapital	18,467,175
Local grants and contracts, noncapital	2,549,134
Investment income	4,067,778
Interest expense on capital asset-related debt	(37,500,583)
Loss on disposal of asset	(86,245)
Other non-operating expense	<u>18,916,491</u>
Total non-operating revenues (expenses)	<u>220,068,224</u>
Income before capital contributions	17,360,673
Capital contributions:	
State revenues, capital	2,843,825
Local revenues, capital	<u>342,245</u>
Change in net position	<u>20,546,743</u>
Net position, July 1, 2015	<u>(26,235,346)</u>
Restatement (Note 18)	<u>47,866,377</u>
Net position, July 1, 2015, as restated	<u>21,631,031</u>
Net position, June 30, 2016	<u>\$ 42,177,774</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, 2016

Cash flows from operating activities:	
Tuition and fees	\$ 19,645,978
Payments to suppliers	(28,877,383)
Payments to / on behalf of employees	(165,560,752)
Payments to students	(23,203,978)
Auxiliary sales and charges	<u>10,725,567</u>
Net cash used in operating activities	<u>(187,270,568)</u>
Cash flows from noncapital financing activities:	
State apportionment	2,329,774
Property taxes, levied for general purposes	125,380,078
Property taxes, levied for special purposes	47,018,246
State taxes and other apportionments	16,057,829
Federal grants and contracts	22,448,097
State grants and contracts	18,034,624
Local grants and contracts	2,549,134
Proceeds from issuance of TRANs	21,000,000
Repayment of TRANs	(21,000,000)
Other receipts and disbursements	<u>9,688,148</u>
Net cash provided by noncapital financing activities	<u>243,505,930</u>
Cash flows from capital and related financing activities:	
State apportionment for capital purposes	2,843,825
Purchase of capital assets	(14,943,208)
Principal paid on capital debt	(20,475,967)
Interest paid on capital debt	(15,855,825)
Local property taxes and other revenues for capital purposes	<u>342,245</u>
Net cash used in capital and related financing activities	<u>(48,088,930)</u>
Cash flows from investing activities:	
Interest received from investments	<u>3,464,486</u>
Net cash provided by investing activities	<u>3,464,486</u>
Net change in cash and cash equivalents	11,610,918
Cash and cash equivalents, beginning of year	<u>358,151,260</u>
Cash and cash equivalents, end of year	<u>\$ 369,762,178</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2016

Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	\$ (202,707,551)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	26,467,808
Changes in assets and liabilities:	
Receivables, net	2,942,087
Inventory and prepaid assets	514,465
Deferred outflows - pensions	(4,793,224)
Accounts payable	1,443,436
Unearned revenue	(6,108,516)
Compensated absences	299,207
Net OPEB asset	(11,873,391)
Net pension liability	23,246,014
Deferred inflows - pensions	<u>(16,700,903)</u>
Total adjustments	<u>15,436,983</u>
Net cash used in operating activities	<u>\$ (160,802,760)</u>
Cash and cash equivalents consist of the following:	
Cash and cash equivalents	\$ 157,374,586
Restricted cash and cash equivalents	<u>212,387,592</u>
Total cash and cash equivalents	<u>\$ 369,762,178</u>
Non-cash transactions:	
Amortization of premiums	\$ 4,387,633
Accretion of interest	\$ 18,934,000
Amortization of deferred loss on refunding	\$ 882,314
Additions to capital assets - change in accounts payable	\$ 4,660,550

See accompanying notes to the basic financial statements.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENTS OF FIDUCIARY NET POSITION**
June 30, 2016

	OPEB Trust <u>Fund</u>	Associated Students <u>Trust</u>	Agency Funds Student Representation <u>Fee</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,904,865	\$ 155,062
Investments:			
Mutual funds – fixed income	39,809,958	-	-
Mutual funds – equity	35,707,574	-	-
Mutual funds – real estate	4,838,377	-	-
Accounts receivable	90	252,658	-
Fixed assets	<u>-</u>	<u>1,895</u>	<u>-</u>
Total assets	<u>\$ 80,355,999</u>	<u>\$ 2,159,418</u>	<u>\$ 155,062</u>
LIABILITIES AND NET POSITION			
Accounts payable	\$ -	\$ 964,679	\$ -
Due to students group and other	<u>-</u>	<u>1,194,739</u>	<u>155,062</u>
Total liabilities	<u>-</u>	<u>\$ 2,159,418</u>	<u>\$ 155,062</u>
Net position held in trust	<u>80,355,999</u>		
Total liabilities and net position	<u>\$ 80,355,999</u>		

See accompanying notes to the basic financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2016

	<u>OPEB Trust Fund</u>
Additions	
Employer contributions	\$ 19,254,664
Net investment income:	
Dividends and other income	3,142,006
Realized and unrealized losses, net	(2,270,437)
Investment fees	<u>(268,361)</u>
	<u>\$ 19,857,872</u>
Deductions	
Retiree benefits	<u>\$ 7,254,664</u>
Net increase	<u>12,603,208</u>
Net position held in trust for other postemployment benefits:	
Net position, July 1, 2015	<u>67,752,791</u>
Net position, June 30, 2016	<u>\$ 80,355,999</u>

See accompanying notes to the basic financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
EDUCATIONAL HOUSING CORPORATION
STATEMENT OF FINANCIAL POSITION
June 30, 2016

ASSETS

Cash and cash equivalents	\$ 181,297
Due from District	<u>7,000</u>
Total assets	<u><u>\$ 188,297</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ 15,462
Unearned rent	13,565
Rent security deposits	<u>138,080</u>
Total liabilities	167,107
Unrestricted net assets	<u>21,190</u>
Total liabilities and net assets	<u><u>\$ 188,297</u></u>

See accompanying notes to the basic financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 DISCRETELY PRESENTED COMPONENT UNIT
 EDUCATIONAL HOUSING CORPORATION
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2016

Revenues:	
Rental income	\$ 1,486,284
Interest and dividends	288
Water reimbursement	4,808
Other local income	<u>9,758</u>
 Total revenues	<u>1,501,138</u>
 Expenses:	
Operating expenses	417,076
Transfer to District	<u>1,083,206</u>
 Total expenses	<u>1,500,282</u>
 Change in net assets	856
 Net assets, July 1, 2015	<u>20,334</u>
 Net assets, June 30, 2016	<u>\$ 21,190</u>

See accompanying notes to the basic financial statements.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
EDUCATIONAL HOUSING CORPORATION
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2016**

Cash flow from operating activities:	
Change in net assets	\$ 856
Changes in assets and liabilities	
Accounts receivable	3,925
Accounts payable	15,462
Unearned rent	13,565
Rent security deposits	<u>(3,315)</u>
Net cash flows provided by operating activities	<u>30,493</u>
Net change in cash and cash equivalents	30,493
Cash and cash equivalents, July 1, 2015	<u>150,804</u>
Cash and cash equivalents, June 30, 2016	<u>\$ 181,297</u>

See accompanying notes to the basic financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Accounts Receivable: Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon a five-year average ratio over actual revenues. The allowance was estimated at \$2,902,109 for the year ended June 30, 2016.

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

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

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

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District capitalizes interest paid on obligations related to the acquisition, construction or rehabilitation of District capital assets. Interest cost and interest capitalized totaled \$15,855,825 and \$1,060,631, respectively, during the year ended June 30, 2016.

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.

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 shortened life of the refunded or refunding debt. During the years ended June 30, 2012 and 2015, the District refunded debt which resulted in a deferred loss on refunding of \$11,818,327 and \$6,216,274. Amortization of deferred losses on refunding for the year ended June 30, 2016 totaled \$882,314. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the pension liability reported in the statement of net position. Amortization for the year ended June 30, 2016 totaled \$1,018,000.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability reported which is in the statement of net position. Amortization for the year ended June 30, 2016 totaled \$4,539,903.

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) and Public Employers Retirement Fund B (PERF B) 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. Investments are reported at fair value. The following is a summary of pension amounts in aggregate:

	CalSTRS	CalPERS	Total
Deferred outflows of resources	\$ 4,900,874	\$ 8,309,004	\$ 13,209,878
Deferred inflows of resources	\$ 6,918,000	\$ 5,117,000	\$ 12,035,000
Net pension liability	\$ 70,426,000	\$ 53,485,000	\$ 123,911,000
Pension expense	\$ 9,840,043	\$ 5,800,258	\$ 15,640,301

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

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

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

Restricted net position: Restricted expendable net position include resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. Nonexpendable restricted net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. At June 30, 2016, 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, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, (3) most Federal, State and local grants and contracts and Federal appropriations. 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, 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 the only non-operating expense.

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

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

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

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

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

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The assets, liabilities, and 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 February 2015, the GASB issued its final standard on accounting and financial reporting issues related to fair value measurements, applicable primarily to investments made by state and local governments. GASB Statement No. 72, Fair Value Measurement and Application, defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. Under GASB Statement No. 72, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. Before the issuance of GASB Statement No. 72, state and local governments have been required to disclose how they arrived at their measures of fair value if not based on quoted market prices. Under the new guidance, those disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments. This statement is effective for the District's fiscal year ending June 30, 2016. There is no material impact to the District's financial statements as a whole.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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, 2016 consist of the following:

Cash in County Treasury	\$ 320,314,256
Cash with fiscal agent	20,949,449
Cash on hand and in banks	696,048
Cash in revolving	70,000
Certificates of deposit	<u>27,732,425</u>
 Total cash and cash equivalents	 <u>\$ 369,762,178</u>

Cash and cash equivalents of the Fiduciary Funds as of June 30, 2016 consist of the following:

Cash on hand and in banks	\$ 323,368
Cash in County Treasury	<u>1,736,559</u>
 Total cash and cash equivalents	 <u>\$ 2,059,927</u>

Cash and cash equivalents of the Educational Housing Corporation as of June 30, 2016 consist of the following:

Cash on hand and in banks	\$ 181,297
Total cash and cash equivalents	<u>\$ 181,297</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 (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 at amortized cost.

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.

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, 2016.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Cash with Fiscal Agent: Cash with Fiscal Agent represents bond funds to be used in the future. At June 30, 2016, the funds are held with a bank in a money market account and recorded at cost.

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, 2016, the carrying amount of the District's cash in banks was \$1,200,713 and the bank balance was \$1,146,456. The bank balance amount insured was \$480,683. At June 30, 2016, certificates of deposit totaling \$27,732,425 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 at June 30, 2016, are as follows:

Mutual funds – fixed income	\$ 39,809,958
Mutual funds – equity	35,707,574
Mutual funds – real estate	<u>4,838,377</u>
 Total investments	 <u>\$ 80,355,909</u>

During the fiscal year ended June 30, 2016, the Trust's investments (including gains and losses on investments bought and sold as well as held during the year) appreciated as follows:

Dividend and other	\$ 3,142,006
Realized losses, net	(381,054)
Unrealized losses, net	(1,889,383)
Investment fees	<u>(268,361)</u>
 Total investments	 <u>\$ 603,208</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 4 - INVESTMENTS - OPEB TRUST (Continued)

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, 2016, the Trust investments consisted of open-end mutual funds, therefore there are no credit ratings to disclose.

Interest Rate Risk: The Trust does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2016, the Trust had no significant interest rate risk related to investments 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, 2016.

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

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

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

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

Assets Recorded at Fair Value: The following table presents information about the District's assets measured at fair value on a recurring basis as of June 30, 2016:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
OPEB Investments:				
Mutual funds - fixed income	\$ 39,809,958	\$ 39,809,958	\$ -	\$ -
Mutual funds - equity	35,707,574	35,707,574	-	-
Mutual funds – real estate	<u>4,838,377</u>	<u>4,838,377</u>	<u>-</u>	<u>-</u>
Total	\$ 80,355,909	\$ 80,355,909	\$ -	\$ -

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 4 - INVESTMENTS - OPEB TRUST (Continued)

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

During the year ended June 30, 2016, 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, 2016.

NOTE 5 - ACCOUNTS RECEIVABLE

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

Federal Government		
Categorical aid	\$	973,103
State Government		
Categorical aid		2,156,371
Lottery		2,084,901
Local sources		
Interest		732,579
Financial aid receivables		1,618,708
Student receivables		3,189,151
Other local sources		3,885,184
Less allowance for bad debt		<u>(2,902,109)</u>
 Total accounts receivable, net		 <u>\$ 11,737,888</u>

Receivables from other local sources at June 30, 2016 includes \$1,107,686 for loans made to District employees to purchase houses. All full time employees who purchase a home and contribute at least 20 percent of the purchase price are eligible to receive loans of up to \$100,000 per employee. Repayment terms and interest rates are: no payments due in years 1 through 5, payments of principal and interest in years 6-10, with final payment of any remaining balance in year 10. Selling the property, withdrawing cash from the equity, or leaving the District's employment accelerates the due date of the loan. Interest is charged at 4 percent per year. As of June 30, 2016, all of the funds have been loaned out. No loans will be granted to additional employees until existing loans are paid back or the Board authorizes additional amounts to be loaned out.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2016, was as follows:

	Balance July 1, <u>2015</u>	Additions and Transfers	Deductions and Transfers	Balance June 30, <u>2016</u>
Non-depreciable:				
Land	\$ 20,628,292	\$ -	\$ -	\$ 20,628,292
Construction in progress	29,390,864	6,483,014	(18,963,298)	16,910,580
Depreciable:				
Land improvements	111,084,267	17,771,184	-	128,855,451
Buildings and improvements	654,289,951	3,845,190	-	658,135,141
Furniture, equipment and vehicles	<u>29,929,174</u>	<u>2,207,199</u>	<u>(1,066,570)</u>	<u>31,069,803</u>
Total	<u>845,322,548</u>	<u>30,306,587</u>	<u>(20,029,868)</u>	<u>855,599,267</u>
Less accumulated depreciation:				
Land improvements	25,105,933	5,615,060	-	30,720,993
Buildings and improvements	159,485,287	19,058,611	-	178,543,898
Furniture, equipment and vehicles	<u>21,980,802</u>	<u>1,794,137</u>	<u>(980,325)</u>	<u>22,794,614</u>
Total	<u>206,572,022</u>	<u>26,467,808</u>	<u>(980,325)</u>	<u>232,059,505</u>
Capital assets, net	<u>\$638,750,526</u>	<u>\$ 3,838,779</u>	<u>\$ (19,049,543)</u>	<u>\$623,539,762</u>

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

Vendor and other	\$ 7,458,423
Payroll related liabilities	2,799,609
Construction	2,635,666
Workers' compensation	1,996,000
Federal	<u>16,279</u>
Total	<u>\$ 14,905,977</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.

(Continued)

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016**

NOTE 8 - UNEARNED REVENUE

Unearned revenue consisted of the following at June 30, 2016:

State categorical aid	\$ 4,050,631
Enrollment fees	2,529,377
Other local	<u>5,333,057</u>
 Total	 <u>\$ 11,913,065</u>

NOTE 9 - TAX AND REVENUE ANTICIPATION NOTES

On July 16, 2015, the District issued \$21,000,000 Tax and Revenue Anticipation Notes bearing interest at 2 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on June 30, 2016. By April 30, 2016, the District had placed 100 percent of principal and interest payments in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes.

	<u>Outstanding</u> <u>Beginning</u> <u>of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding</u> <u>End</u> <u>of Year</u>
2016 2.00% TRANS	<u>\$ -</u>	<u>\$ 21,000,000</u>	<u>\$ (21,000,000)</u>	<u>\$ -</u>
Total	<u>\$ -</u>	<u>\$ 21,000,000</u>	<u>\$ (21,000,000)</u>	<u>\$ -</u>

NOTE 10 - LONG TERM LIABILITIES

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 accrued interest on the capital appreciation bonds were \$231,069 and \$20,865,823 at June 30, 2016, respectively.

The following is a schedule of future payments for the Series 2001A Capital Appreciation Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,616,040	\$ 1,733,960	\$ 3,350,000
2018	1,652,600	2,007,400	3,660,000
2019	1,681,431	2,298,569	3,980,000
2020	1,705,547	2,609,453	4,315,000
2021	1,727,950	2,952,050	4,680,000
2022-2026	8,090,965	18,379,035	26,470,000
2027	<u>1,571,080</u>	<u>4,608,920</u>	<u>6,180,000</u>
 Totals	 <u>\$ 18,045,613</u>	 <u>\$ 34,589,387</u>	 <u>\$ 52,635,000</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 10 - LONG TERM LIABILITIES (Continued)

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 \$506,675 and \$16,590,646 at June 30, 2016, respectively.

The following is a schedule of future payments for the Series 2001B Capital Appreciation Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ -	\$ -
2018	- -	- -	- -
2019	- -	- -	- -
2020	- -	- -	- -
2021	- -	- -	- -
2022-2026	10,601,376	14,568,624	25,170,000
2027-2029	<u>12,493,756</u>	<u>25,366,244</u>	<u>37,860,000</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 \$165,552 and \$16,542,468 at June 30, 2016, respectively.

The following is a schedule of future payments for the Series 2001C Capital Appreciation Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 850,367	\$ 509,633	\$ 1,360,000
2018	852,840	587,160	1,440,000
2019	857,978	672,022	1,530,000
2020	868,823	761,177	1,630,000
2021	872,212	852,788	1,725,000
2022-2026	4,410,230	5,859,770	10,270,000
2027-2031	<u>16,757,210</u>	<u>37,272,790</u>	<u>54,030,000</u>
Totals	<u>\$ 25,469,660</u>	<u>\$ 46,515,340</u>	<u>\$ 71,985,000</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 10 - LONG TERM LIABILITIES (Continued)

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 \$813,881 and \$43,578,137 at June 30, 2016, respectively.

The following is a schedule of future payments for the Series 2005A Capital Appreciation Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 4,914,622	\$ 2,945,378	\$ 7,860,000
2018	4,853,489	3,341,511	8,195,000
2019	4,794,584	3,755,416	8,550,000
2020	4,757,204	4,167,796	8,925,000
2021	4,707,415	4,602,585	9,310,000
2022-2026	<u>22,850,441</u>	<u>30,284,559</u>	<u>53,135,000</u>
2027-2031	<u>21,800,673</u>	<u>44,459,327</u>	<u>66,260,000</u>
Totals	<u>\$ 68,678,428</u>	<u>\$ 93,556,572</u>	<u>\$ 162,235,000</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 mature 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 \$6,003,068 and \$88,071,249 at June 30, 2016, respectively.

The following is a schedule of future payments for the Series 2005B General Obligation Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,865,000	\$ 7,523,250	\$ 14,388,250
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022-2026	<u>32,153,751</u>	<u>35,431,249</u>	<u>67,585,000</u>
2027-2031	<u>33,567,769</u>	<u>56,557,231</u>	<u>90,125,000</u>
2032-2036	<u>58,925,829</u>	<u>139,219,171</u>	<u>198,145,000</u>
2037-2039	<u>38,357,845</u>	<u>115,852,155</u>	<u>154,210,000</u>
Totals	<u>\$ 169,870,194</u>	<u>\$ 354,583,056</u>	<u>\$ 524,453,250</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 10 - LONG TERM LIABILITIES (Continued)

On April 26, 2012, the District issued \$107,595,000 of 2012 General Obligation Refunding Bonds. Proceeds were used to refund portions of the outstanding Series 2001A General Obligation Bonds, Series 2001B General Obligation Bonds, and Series 2005B General Obligation Bonds. The 2012 Refunding Bonds are general obligations of the District payable solely from ad valorem property taxes. The 2012 Refunding Bonds mature through September 1, 2026 and bear interest at rates ranging from 2.00% to 5.00% with interest due annually on September 1. For financial reporting purposes, the refunded debt has been considered defeased and therefore removed from the District's financial statements. On June 30, 2016, \$97,925,000 of bonds outstanding are considered defeased.

Unamortized premiums on the 2012 Refunding Bonds were \$13,281,447 at June 30, 2016.

The following is a schedule of the future payments for the 2012 Refunding Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 4,675,000	\$ 3,904,525	\$ 8,579,525
2018	13,110,000	3,717,525	16,827,525
2019	14,490,000	3,193,125	17,683,125
2020	16,495,000	2,613,525	19,108,525
2021	9,645,000	1,953,725	11,598,725
2022-2026	28,395,000	4,944,925	33,339,925
2027	<u>4,885,000</u>	<u>244,250</u>	<u>5,129,250</u>
Totals	<u>\$ 91,695,000</u>	<u>\$ 20,571,600</u>	<u>\$ 112,266,600</u>

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

Unamortized premiums on the 2015 General Obligation Bonds Series 2014A were \$11,709,763 at June 30, 2016.

The following is a schedule of future payments for the Series 2005B General Obligation Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 12,880,000	\$ 5,096,725	\$ 17,976,725
2018	14,135,000	4,620,825	18,755,825
2019	10,385,000	4,078,500	14,463,500
2020	-	3,977,156	3,977,156
2021	-	4,135,438	4,135,438
2022-2026	1,960,000	20,656,563	22,616,563
2027-2031	6,380,000	20,820,594	27,200,594
2032-2036	14,080,000	18,704,656	32,784,656
2037-2041	25,325,000	14,080,081	39,405,081
2042-2046	<u>41,855,000</u>	<u>5,616,375</u>	<u>47,471,375</u>
Totals	<u>\$ 127,000,000</u>	<u>\$ 101,786,913</u>	<u>\$ 228,786,913</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 10 - LONG TERM LIABILITIES (Continued)

On September 4, 2014, the District issued \$121,805,000 of 2014 General Obligation Refunding Bonds. Proceeds were used to refund portions of the outstanding Series 2001B General Obligation Bonds, Series 2001C General Obligation Bonds, and Series 2005B General Obligation Bonds. The 2014 Refunding Bonds are general obligations of the District payable solely from ad valorem property taxes. The 2014 Refunding Bonds mature September 1, 2015 through September 1, 2038 and bear interest at rates ranging from 2.00% to 5.00% with interest due annually on September 1. For financial reporting purposes, the refunded debt has been considered defeased and therefore removed from the District's financial statements. On June 30, 2016, \$127,540,000 of bonds outstanding are considered defeased.

Unamortized premiums on the 2014 Refunding Bonds were \$16,359,268 at June 30, 2016.

The following is a schedule of the future payments for the 2012 Refunding Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 770,000	\$ 4,991,300	\$ 5,761,300
2018	785,000	4,975,900	5,760,900
2019	1,050,000	4,960,200	6,010,200
2020	480,000	5,270,500	5,750,500
2021	495,000	5,256,100	5,751,100
2022-2026	8,465,000	26,736,475	35,201,475
2027-2031	36,055,000	24,451,975	60,506,975
2032-2036	46,550,000	13,126,750	59,676,750
2037-2039	<u>25,880,000</u>	<u>2,733,675</u>	<u>28,613,675</u>
Totals	<u>\$ 120,530,000</u>	<u>\$ 92,502,875</u>	<u>\$ 213,032,875</u>

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

The long-term liabilities activity for the year ended June 30, 2016, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments and Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
General obligation bonds	\$ 664,859,994	\$ -	\$ 20,475,967	\$ 644,384,027	\$ 32,571,029
Unamortized bond premiums	53,458,356	-	4,387,633	49,070,723	2,590,043
Accreted interest	169,298,356	18,934,000	2,584,033	185,648,323	5,188,971
Net pension liability	100,664,986	23,246,014	-	123,911,000	-
Compensated absences	4,109,861	<u>299,207</u>	<u>-</u>	<u>4,409,068</u>	<u>2,984,569</u>
Total	<u>\$ 992,391,553</u>	<u>\$ 42,479,221</u>	<u>\$ 27,447,633</u>	<u>\$ 1,007,423,141</u>	<u>\$ 43,334,612</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 11 - RISK MANAGEMENT

Insurance Coverage: The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ending June 30, 2016, the District contracted with MacCorkle Inc., an insurance broker to manage the District's insurance claims. The District is self-insured for the first \$150,000. Settled claims have not exceeded this commercial coverage.

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

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

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

In June 2015, the District adopted resolutions to take vesting schedules outlined in the collective bargaining agreements to CalPERS for implementation in their system. The vesting schedules became effective July 1, 2015 for employees retiring on or after July 1, 2015. The vesting schedules became effective January 1, 2016 for existing retirees at the time the resolutions were passed. The immediate benefit of these resolutions is that the District will no longer be required to make monthly contributions toward medical premiums for retirees who do not qualify for the negotiated District retiree benefits outlined in the collective bargaining agreements. During the fiscal year ending June 30, 2016, the District had 80 retirees in the group with a cost to the District in the amount of \$237,896.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 11 - RISK MANAGEMENT (Continued)

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

Claim Liabilities: The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2014 to June 30, 2016:

	<u>Workers' Compensation</u>
Liability Balance, July 1, 2014	\$ 2,085,000
Claims and changes in estimates	2,218,000
Claims payments	<u>(2,085,000)</u>
Liability Balance, June 30, 2015	2,218,000
Claims and changes in estimates	998,165
Claims payments	<u>(1,220,165)</u>
Liability Balance, June 30, 2016	<u>\$ 1,996,000</u>
Assets available to pay claims at June 30, 2016	<u><u>\$ 7,478,245</u></u>

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

General Information about the State Teachers' Retirement Plan

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

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

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

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

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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

CalSTRS 2% at 60

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

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

CalSTRS 2% at 62

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

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

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

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

Members – Under CalSTRS 2% at 60, the member contribution rate was 9.20 percent of applicable member earnings for fiscal year 2015-16. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 8.56 percent of applicable member earnings for fiscal year 2015-16.

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

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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

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

Employers – 10.73 percent of applicable member earnings.

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

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

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

The District contributed \$4,900,874 to the plan for the fiscal year ended June 30, 2016.

State – 7.391 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Additionally, beginning October 1, 1998, a statutory contribution rate of 0.524 percent, adjustable annually in 0.25 percent increments up to a maximum of 1.505 percent, of the creditable earnings from the fiscal year ending in the prior calendar year per Education Code Section 22955(b). This contribution is reduced to zero if there is no unfunded actuarial obligation and no normal cost deficit for benefits in place as of July 1, 1990. Based on the actuarial valuation, as of June 30, 2012 there was no normal cost deficit, but there was an unfunded obligation for benefits in place as of July 1, 1990. As a result, the state was required to make quarterly payments starting October 1, 2013, at an additional contribution rate of 1.024 percent. As of June 30, 2014, the state contributed \$200.7 million of the \$267.6 million total amount for fiscal year 2013-14. As a result of AB 1469, the fourth quarterly payment of \$66.9 million was included in an increased first quarter payment of \$94 million for the 2014-15 fiscal year, which was transferred on July 1, 2014.

In accordance with AB 1469, the portion of the state appropriation under Education Code Section 22955(b) that is in addition to the 2.017 percent has been replaced by section 22955.1(b) in order to fully fund the benefits in effect as of 1990 by 2046. The additional state contribution will increase from 1.437 percent in 2014-15 to 4.311 percent in 2016-17. The increased contributions end as of fiscal year 2046-47.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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

The CalSTRS state contribution rates effective for fiscal year 2015-16 and beyond are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>AB 1469 Increase For 1990 Benefit Structure</u>	<u>SBMA Funding</u>	<u>Total State Appropriation to DB Program</u>
July 01, 2015	2.017%	2.874%	2.50%	7.391%
July 01, 2016	2.017-%	4.311%	2.50%	8.828%
July 01, 2017 to June 30, 2046	2.017%	4.311%*	2.50%	8.828%*
July 01, 2046 and thereafter	2.017%	*	2.50%	4.517%*

* The new legislation also gives the board limited authority to adjust state contribution rates from July 1, 2017, through June 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 shall be reduced to 0 percent. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.

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

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 70,426,000
State's proportionate share of the net pension liability associated with the District	<u>37,248,000</u>
Total	<u>\$ 107,674,000</u>

The net pension liability was measured as of June 30, 2015. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2015, the District's proportion was 0.105 percent, which did not change from its proportion measured at June 30, 2014.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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

For the year ended June 30, 2016, the District recognized pension expense of \$9,840,043 and revenue and pension expense of \$3,735,536 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 1,177,000
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	5,741,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	4,900,874	-
Total	<u>\$ 4,900,874</u>	<u>\$ 6,918,000</u>

\$4,900,874 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2017	\$ (2,572,067)
2018	\$ (2,572,067)
2019	\$ (2,572,066)
2020	\$ 1,191,200
2021	\$ (196,000)
2022	\$ (197,000)

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 7 years as of the June 30, 2015 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2014
Experience Study	July 1, 2006, through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

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

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	4.50%
Private Equity	12%	6.20%
Real Estate	15%	4.35%
Inflation Sensitive	5%	3.20%
Fixed Income	20%	0.20%
Cash / Liquidity	1%	0.00%

* 10-year geometric average

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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

Discount Rate: The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease <u>(6.60%)</u>	Current Discount Rate (7.60%)	1% Increase <u>(8.60%)</u>
District's proportionate share of the net pension liability	<u>\$106,338,000</u>	<u>\$ 70,426,000</u>	<u>\$ 40,581,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 13 - NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at <https://www.calpers.ca.gov/docs/forms-publications/cafr-2015.pdf>.

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 13 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer’s benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when agencies first join the PERF, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to \$863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2016 were as follows:

Members – The member contribution rate was 6.0 or 7.0 percent of applicable member earnings for fiscal year 2015-16.

Employers – The employer contribution rate was 11.847 percent of applicable member earnings.

The District contributed \$5,252,004 to the plan for the fiscal year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability of \$53,485,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. 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, 2015, the District’s proportion was 0.363 percent, which was an increase of 0.005 percent from its proportion measured as of June 30, 2014.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 13 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

For the year ended June 30, 2016, the District recognized pension expense of \$5,800,258. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 3,057,000	\$ -
Changes of assumptions	-	3,286,000
Net differences between projected and actual earnings on investments	-	1,831,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	5,252,004	-
Total	<u>\$ 8,309,004</u>	<u>\$ 5,117,000</u>

\$5,252,004 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2017	\$ (534,083)
2018	\$ (534,083)
2019	\$ (534,084)
2020	\$ (457,750)

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, 2015 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 13 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2014
Experience Study	July 1, 2006, through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.65%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<u>Asset Class</u>	<u>Long-Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return</u>
Global Equity	51%	5.25%
Global Fixed Income	19%	0.99%
Inflation Insensitive	6%	0.45%
Private Equity	10%	6.83%
Real Estate	10%	4.50%
Infrastructure & Forestland	2%	4.50%
Liquidity	2%	(0.55)%

* 10-year geometric average

Discount Rate: The discount rate used to measure the total pension liability was 7.65 percent. 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 discount rate was 7.50 percent and 7.65 percent in the June 30, 2013 and June 30, 2014 actuarial reports, respectively.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 13 - NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan’s asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	1% Decrease <u>(6.65%)</u>	Current Discount Rate (7.65%)	1% Increase <u>(8.65%)</u>
District's proportionate share of the net pension liability	<u>\$ 87,052,000</u>	<u>\$ 53,485,000</u>	<u>\$ 25,572,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description: In addition to the pension benefits described in Notes 12 and 13, the District provides postemployment health care benefits 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 Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 1019 retirees and beneficiaries currently receiving benefits and 859 active plan members. 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, 2016

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

Annual required contribution	\$ 7,138,932
Interest on net OPEB asset	3,350,646
Adjustment to annual required contribution	<u>(3,108,305)</u>
Annual OPEB cost (expense)	7,381,273
Contributions made	<u>19,254,664</u>
Increase in net OPEB asset	11,873,391
Net OPEB asset – beginning of year, as restated	<u>47,866,377</u>
Net OPEB asset – end of year	<u>\$ 59,739,768</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>	<u>Net Ending OPEB Asset</u>
June 30, 2014	\$ 8,642,396	\$ 16,912,318	196%	\$ 35,740,199
June 30, 2015	\$ 7,138,932	\$ 19,265,110	270%	\$ 47,866,377
June 30, 2016	\$ 7,381,273	\$ 19,254,664	261%	\$ 59,739,768

Funding Status and Funding Progress: The funded status of the OPEB Plan as of the latest actuarial is as follows:

Actuarial Accrued Liability (AAL)	\$ 119,086,798
Actuarial Value of Plan Assets	<u>62,328,025</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 56,758,773</u>
Funded ratio	52.34%
Covered Payroll	<u>\$ 85,569,412</u>
UAAL as Percentage of Covered Payroll	66.33%

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

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

In the February 1, 2015 actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. The actuarial assumptions included a 7 percent investment rate of return (net of administrative expenses), based on the Plan being funded in an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio. Healthcare cost trend rates assumed 4 percent per year. The initial UAAL was amortized using level percent, closed 30 year amortization. The remaining amortization period at February 1, 2015, was 25 years. The actuarial value of assets of \$62,328,025 was determined in this actuarial valuation. At June 30, 2016, the Trust held net assets in the amount of \$80,355,999 in investments with Benefit Trust.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Grants: The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2016.

Litigation: The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2016.

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

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 15 - COMMITMENTS AND CONTINGENCIES (Continued)

Construction Commitments: As of June 30, 2016, the District has approximately \$11.4 million in outstanding commitments on construction contracts. The projects are funded through a combination of general obligation bonds and capital project apportionments from the State Chancellor's Office.

NOTE 16 - JOINT POWER AGREEMENTS

The District participates in joint ventures under joint power agreements with the following joint powers authorities (JPAs): School Excess Liability Fund (SELF) and San Mateo County School Insurance Group (SMCSIG). There have been no significant reductions in insurance coverage from the prior year. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes. The JPAs arrange for and provide property, liability, workers' compensation, dental, vision, and excess liability coverage for their members. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

Each JPA is governed by a board consisting of representatives from the members. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the boards. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA. The District's share of year end assets, liabilities, or fund equity is not calculated by the JPA's. Separately issued financial statements can be requested from each JPA.

Condensed financial information of the JPAs for the most recent year available is as follows:

	<u>SELF</u> <u>June 30, 2015</u>	<u>SMCSIG</u> <u>June 30, 2015</u>
Total assets	\$ 154,826,708	\$ 19,703,399
Total liabilities	\$ 122,637,079	\$ 9,451,640
Net position	\$ 32,189,629	\$ 10,251,759
Total revenues	\$ 11,968,752	\$ 38,524,604
Total expenses	\$ 23,063,637	\$ 36,249,636
Change in net position	\$ (11,094,885)	\$ 2,274,968

NOTE 17 - SUBSEQUENT EVENT

The District issued \$25 million of Tax and Revenue Anticipation Notes dated July 14, 2016. The notes mature on June 30, 2017, and yield 0.6 percent interest. The notes were sold to supplement cash flow. Repayment requirements are that 50 percent of principal and interest be deposited with the Fiscal Agent by January 1, 2017, and 100 percent of principal and interest due is on account on April 30, 2017.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 18 - RESTATEMENT

The July 1, 2015 net position has been restated to correct an error for the understatement of the net OPEB asset. The correction increased the July 1, 2015 beginning net position by \$47,866,377. Additionally, for the year ended June 30, 2015 the change in net position would have increased \$12,126,178 if the OPEB asset were recorded in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS
 For the Year Ended June 30, 2016

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
September 1, 2006	\$ -	\$149,530,877	\$149,530,877	0%	\$ 87,823,351	170%
September 8, 2009	\$ -	\$135,296,490	\$135,296,490	0%	\$ 92,142,686	147%
September 8, 2009*	\$ -	\$135,296,490	\$135,296,490	0%	\$ 85,080,018	159%
February 1, 2011	\$ 15,643,762	\$118,932,929	\$103,280,167	13.15%	\$ 90,671,696	114%
February 1, 2013	\$ 34,870,628	\$125,352,953	\$ 90,482,325	27.82%	\$ 97,167,462	93%
February 1, 2015	\$ 62,328,025	\$119,086,798	\$ 56,758,773	52.34%	\$ 85,568,412	66%

* Revised

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Contributions</u>	<u>Percentage of ARC Contributed</u>
June 30, 2008	\$ 9,056,503	\$ 6,347,500	70%
June 30, 2009	\$ 8,175,590	\$ 6,534,170	80%
June 30, 2010	\$ 7,383,929	\$ 11,167,718	151%
June 30, 2011	\$ 7,702,017	\$ 17,100,154	222%
June 30, 2012	\$ 7,702,017	\$ 17,103,043	223%
June 30, 2013	\$ 8,642,396	\$ 17,103,043	198%
June 30, 2014	\$ 8,642,396	\$ 16,912,318	196%
June 30, 2015	\$ 7,138,932	\$ 19,265,110	270%
June 30, 2016	\$ 7,138,932	\$ 19,254,664	270%

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

See independent auditor's report on required supplementary information.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2016**

State Teacher's Retirement Plan
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.105%	0.105%
District's proportionate share of the net pension liability	\$ 60,122,504	\$ 70,426,000
State's proportionate share of the net pension liability associated with the District	<u>37,062,000</u>	<u>37,248,000</u>
Total net pension liability	<u>\$ 97,184,504</u>	<u>\$107,674,000</u>
District's covered-employee payroll	\$ 46,781,000	\$ 48,554,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	128.52%	145.05%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%

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, 2016

Public Employers Retirement Fund B
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.358%	0.363%
District's proportionate share of the net pension liability	\$ 40,542,482	\$ 53,485,000
District's covered-employee payroll	\$ 37,548,000	\$ 40,172,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	107.98%	133.14%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

All years prior to 2015 are not available.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2016

State Teachers' Retirement Plan
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 4,311,554	\$ 4,900,874
Contributions in relation to the contractually required contribution	\$ 4,311,554	\$ 4,900,874
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 48,554,000	\$ 45,675,000
Contributions as a percentage of covered-employee payroll	8.88%	10.73%

All years prior to 2015 are not available.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2016

Public Employers Retirement Fund B
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 4,728,591	\$ 5,252,004
Contributions in relation to the contractually required contribution	\$ 4,728,591	\$ 5,252,004
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 40,172,000	\$ 44,332,000
Contributions as a percentage of covered-employee payroll	11.77%	11.85%

All years prior to 2015 are not available.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Other Postemployment Benefits Funding Progress

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets.

B - Schedule of Employer Contributions

The Schedule of Employer Contributions presents the actuarially determined annual required contribution (ARC) and the percentage of that ARC that was contributed by the District into the OPEB Trust fund.

C - 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.

D - Schedule of the District's Contributions

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.

E - Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

F - Changes of Assumptions

The discount rate for Public Employer's Retirement Fund was 7.50 percent and 7.65 percent in the June 30, 2013 and June 30, 2014 actuarial reports, respectively. There are no changes in assumptions reported for the State Teachers' Retirement Plan.

SUPPLEMENTARY INFORMATION

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
ORGANIZATION
June 30, 2016

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>
Dave Mandelkern	President	2020
Thomas Mohr	Vice President-Clerk	2018
Richard Holober	Trustee	2018
Karen Schwarz	Trustee	2020
Maurice Goodman	Trustee	2020
Dennis Zheng	Student Trustee	2017

ADMINISTRATION

Mr. Ron Galatolo
Chancellor

Ms. Kathy Blackwood
Executive Vice Chancellor

Mr. Michael Claire
President, College of San Mateo

Dr. Jamillah Moore
President, Cañada College

Dr. Regina Stanback-Stroud
President, Skyline College

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2016**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grant Number</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	-	\$ 480,122
Pell Grant Program	84.063	-	15,168,648
SEOG	84.007	-	447,027
Direct Student Loans	84.268	-	<u>1,677,132</u>
Subtotal Student Financial Aid Cluster			<u>17,772,929</u>
TRIO Cluster:			
Student Support Services	84.042A	-	702,640
Upward Bound	84.047A	-	<u>266,126</u>
Subtotal TRIO Cluster			<u>968,766</u>
Higher Education Program:			
Higher Education -Institutional Aid HSI STEM	84.031C	-	1,152,856
Higher Education -Institutional Aid HSI Coop	84.031S	-	<u>970,642</u>
Subtotal Higher Education			2,123,498
Minority Science and Engineering Improvement	84.120	-	155,172
Passed through California Community Colleges Chancellor's Office:			
CTEA I-C Basic Grants to States	84.048A	15-C01-052	686,365
Passed through California Department of Rehabilitation:			
Vocational Rehabilitation-Workability	84.126A	28851	<u>78,827</u>
Total Department of Education			<u>21,785,557</u>
<u>Department of Health and Human Services</u>			
Passed through California Community Colleges Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	Not available	90,284
Passed through California Department of Education/CDTC:			
Child Care Development Cluster:			
Child Care and Development Block Grant	93.575	15-16-3939, 15-16-4047, CCTR5255	31,914
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR5255	<u>19,384</u>
Subtotal Child Care Development Cluster			<u>51,298</u>
Total Department of Health and Human Services			<u>141,582</u>
<u>Department of Agriculture</u>			
Passed through California Department of Education:			
Child and Adult Care Food program	10.558	1754-0A	35,289
Passed through California Department of Food and Agriculture			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-0551-SF	<u>5,508</u>
Total Department of Agriculture			<u>40,797</u>

(Continued)

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2016**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grant Number</u>	<u>Federal Expend- itures</u>
<u>Institute of Museum and Library Services</u>			
<i>Direct Program:</i>			
National Leadership Grants	45.312	SP-02-14-0042-14	\$ 15,130
<u>National Science Foundation</u>			
<i>Direct Program:</i>			
Education and Human Resources	47.076	-	356,703
<i>Passed through University of New Haven:</i>			
Engineering Grants	47.041	FD15-1	8,641
Total National Science Foundation			<u>365,344</u>
<u>National Aeronautics and Space Administration</u>			
<i>Passed through Jacobs Technology Inc.:</i>			
Aeronautics	43.002	ATM1408913	<u>17,059</u>
<u>Small Business Administration</u>			
<i>Passed through Humboldt State University Sponsored Programs Foundation:</i>			
Small Business Development Centers	59.037	F0810, F0908	93,414
<i>Passed through California Community Colleges Chancellor's Office:</i>			
State Trade and Export Promotion Pilot Grant Program	59.061	F15-0072	<u>33,835</u>
Total Small Business Administration			<u>127,249</u>
<u>Department of the Treasury</u>			
<i>Passed through United Way of the Bay Area:</i>			
Volunteer Income Tax Assistance (VITA)			
Matching Grant Program	21.009	Not Available	<u>7,500</u>
<u>Department of Transportation</u>			
<i>Passed through San Francisco Bay Area Rapid Transit District:</i>			
Public Transportation Research, Technical Assistance, and Training	20.514	Not Available	<u>4,233</u>
Total Federal Programs			<u>\$ 22,504,451</u>

See accompanying note to supplementary information.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
For the Year Ended June 30, 2016**

	Program Revenues				Total Program Expenditures
	Cash Received*	Accounts Receivable	Unearned Revenue	Total Revenue	
General Fund					
Disabled Students Programs and Services	\$ 1,765,437	\$ -	\$ -	\$ 1,765,437	\$ 1,765,437
Extended Opportunity Programs and Services	1,824,892	-	-	1,824,892	1,824,892
CARE/EOPS	131,885	-	-	131,885	131,885
Matriculation	6,146,241	-	2,044,446	4,101,795	4,101,795
Foster Parent Training	40,752	40,753	-	81,505	81,505
Foster Care CSEC Workshops	-	3,750	-	3,750	3,750
FA Administrative Allowance	967,085	-	-	967,085	967,085
Block Grant - Instructional Equipment	2,398	-	-	2,398	2,398
T-Com and Technology (TTIP)	19,593	-	12,694	6,899	6,899
CalWORKS	390,605	1	-	390,606	390,606
Equal Employment Opportunity	7,798	-	1,637	6,161	6,161
Staff Development	15,301	-	14,745	556	556
MESA/CCCP Funds for Student Success	61,751	36,018	-	97,769	97,769
RCSD CBET Program	26,474	23,526	-	50,000	50,000
Lottery-Prop 20-Instructional Materials	35,788	896,594	-	932,382	800,564
Nursing-Enrollment Growth	150,684	13,103	-	163,787	163,787
Basic Skills 14-15 Appropriation	140,423	-	-	140,423	140,423
CCCCO-CEP-CAA	88,556	870,000	-	958,556	958,556
CCCD CTE Enhancement SKY	248,420	133,795	-	382,215	382,215
CCCD CTE Enhancement CAN	88,434	52,008	-	140,442	140,442
CCCD CTE Enhancement CSM	169,333	18,767	-	188,100	188,100
Peralta CCD Prop 39 Program Improvement Funds	13,258	60,584	-	73,842	73,842
Student Equity	2,716,966	-	1,174,317	1,542,649	1,542,649
Cabrillo CCD DSN/BEC Mini-Grant	7,500	-	-	7,500	7,500
Deputy Navigator-Global	80,000	161,727	-	241,727	241,727
Deputy Navigator-Retail	120,000	127,605	-	247,605	247,605
Scheduled Maintenance	2,329,559	-	-	2,329,559	2,704,093
Deputy Navigator - Global 14-15	81,236	184,500	-	265,736	265,736
Deputy Navigator - Retail 14-15	2,226	180,000	-	182,226	182,226
FHDACCD - DSN Energy 14-15	9,934	-	-	9,934	9,934
Basic Skills 15-16 appropriation	270,000	-	193,948	76,052	76,052
CCSF ATR DSN Auto Bridge	24,908	-	-	24,908	24,908
UC Regents Puente Program	1,500	-	-	1,500	1,500
Cabrillo CCD DSN Sm Bus Mini-Grant	6,132	6,096	-	12,228	12,228
SMUHSD-AB 86 Adult Ed Consortium	10,195	(1)	-	10,194	10,194
SMC HSA CalFresh Skyline	9,583	2,414	-	11,997	11,997
SMC HSA CalFresh Canada	-	15,000	-	15,000	15,000
CCSF ICT DSN Scholar Mentor Program	5,000	-	-	5,000	5,000
UC Regents Puente Program-Canada	1,500	-	-	1,500	1,500
Full-Time Student Success Grant	341,578	-	53,878	287,700	287,700
SJECCD Calif Career Pathways Trust	-	70,974	-	70,974	70,974
Cabrillo CCS DSN Sm Bus Mini-Grant	9,821	-	-	9,821	9,821
Baccalaureate Pilot Degree Program	350,000	-	331,573	18,427	18,427
SMUHSD - ACCEL AEBC	363,580	-	223,394	140,186	140,186
Cabrillo CCD DSN Freelance Mgmt	-	1,686	-	1,686	1,686
Ohlone CCD DSN Biotech Summer	-	7,720	-	7,720	7,720
WV-Mission CCD DSN Health	6,000	-	-	6,000	6,000
CalSTRS On-Behalf Payments	246,079	-	-	246,079	246,079
CDE Child Development	127,210	98,758	-	225,968	225,968
Cal Grant	976,937	32,427	3,114	1,006,250	1,006,250
Total	\$ 20,432,552	\$ 3,037,805	\$ 4,053,746	\$ 19,416,611	\$ 19,659,327

*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, 2016

<u>Categories</u>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
A. Summer Intersession (Summer 2015 only)			
1. Noncredit	14	-	14
2. Credit	2,194	-	2,194
B. Summer Intersession (Summer 2016 - Prior to July 1, 2016)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	11,833	-	11,833
b. Daily Census Contact Hours	556	-	556
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	73	-	73
b. Credit	487	-	487
3. Alternative Attendance Accounting Procedure			
a. Weekly Census Procedure Courses	1,967	-	1,967
b. Daily Census Procedure Courses	163	-	163
c. Noncredit Independent Study/Distance Ed	-	-	-
D. Total FTES	<u>17,287</u>	<u>-</u>	<u>17,287</u>

Supplementary Information:

E. In-Service Training Courses (FTES)	-	-	-
H. Basic Skills Courses and Immigrant Education			
a. Noncredit	94	-	94
b. Credit	1,225	-	1,225

CCFS 320 Addendum

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, 2016

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2016.

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2016

General fund	\$ 47,242,441
Debt service fund	54,208,973
Special revenue funds	11,312,735
Capital projects funds	225,703,600
Internal service fund	7,559,622
Auxiliary funds	<u>12,410,639</u>
Total fund balances - business-type activity funds	358,438,010
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	\$ 623,539,762
less Special revenue fund capital assets	<u>(258,565)</u>
	623,281,197
Net OPEB assets are recognized in the government-wide financial statements and not recognized in the fund financial statements.	59,739,768
In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:	
Deferred outflows of resources relating to pensions	\$ 13,209,878
Deferred inflows of resources relating to pensions	<u>(12,035,000)</u>
	1,174,878
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.	(9,176,496)
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, 2016 consisted of:	
General obligation bonds	\$ (644,384,027)
Unamortized bond premiums	(49,070,723)
Accreted interest	(185,648,323)
Net pension liability	(123,911,000)
Compensated absences	(4,409,068)
Accounts payable	<u>1,000,000</u>
	(1,006,423,141)
Losses on refundings of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding of the debt.	<u>15,143,558</u>
Total net position - business-type activities	<u>\$ 42,177,774</u>

See accompanying note to supplementary information.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
For the Year Ended June 30, 2016**

		Activity (ECSA)		Activity (ECSB)	
		ECS 84362 A	Instructional Salary Cost	ECS 84362 B	Total CEE
		AC 0100-5900 & AC 6110	AC 0100-6799	AC 0100-6799	
Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments
Academic Salaries					
Instructional salaries:					
Contract or regular					
Other	1100 \$ 24,000,800 1300 <u>18,396,483</u>	\$ - <u>-</u>	\$ 24,000,800 <u>18,396,483</u>	\$ 24,000,800 <u>18,500,530</u>	\$ - <u>-</u>
Total instructional salaries	<u>42,397,283</u>	<u>-</u>	<u>42,397,283</u>	<u>42,501,330</u>	<u>-</u>
Non-instructional salaries:					
Contract or regular					
Other	1200 - 1400 <u>-</u>	- <u>-</u>	- <u>-</u>	11,106,034 1,052,302	- <u>-</u>
Total non-instructional salaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,158,336</u>	<u>-</u>
Total academic salaries	<u>42,397,283</u>	<u>-</u>	<u>42,397,283</u>	<u>54,659,666</u>	<u>-</u>
Classified Salaries					
Non-instructional salaries:					
Regular status					
Other	2100 - 2300 <u>-</u>	- <u>-</u>	- <u>-</u>	25,918,920 2,115,214	- <u>-</u>
Total non-instructional salaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,034,134</u>	<u>-</u>
Instructional aides:					
Regular status					
Other	2200 1,872,729 2400 <u>526,714</u>	- <u>-</u>	1,872,729 526,714	1,963,796 526,714	- <u>-</u>
Total instructional aides	<u>2,399,443</u>	<u>-</u>	<u>2,399,443</u>	<u>2,490,510</u>	<u>-</u>
Total classified salaries	<u>2,399,443</u>	<u>-</u>	<u>2,399,443</u>	<u>30,524,644</u>	<u>-</u>
Employee benefits					
Supplies and materials	3000 18,676,800	-	18,676,800	35,825,889	-
Other operating expenses	4000 <u>-</u>	<u>-</u>	<u>-</u>	<u>1,752,505</u>	<u>-</u>
Equipment replacement	5000 26,530 6420 <u>-</u>	26,530 <u>-</u>	26,530 <u>-</u>	9,999,531 <u>-</u>	<u>-</u>
Total expenditures prior to exclusions	<u>\$ 63,500,056</u>	<u>\$ -</u>	<u>\$ 63,500,056</u>	<u>\$ 132,762,235</u>	<u>\$ -</u>

(Continued)

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
For the Year Ended June 30, 2016**

Object/TOP Codes	Reported Data	Activity (ECSA)		Activity (ECSB)	
		ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110		ECS 84362 B Total CEE AC 0100-6799	
Exclusions					
Activities to exclude:					
Instructional staff-retirees' benefits and retirement incentives	5900 6441 6491	\$ 4,366,511 - -	\$ - - -	\$ 4,366,511 411,419 52,464	\$ - - -
Student health services above amount collected					
Student transportation					
Noninstructional staff-retirees' benefits and retirement incentives	6740	-	-	2,888,154	-
Objects to exclude:					
Rents and leases	5060	-	-	93,135	-
Lottery expenditures					
Academic salaries	1000	-	-	2,715,554	-
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					
Capital outlay	5000 6000 6300	- - -	- - -	-	-
Library books					
Equipment:					
Equipment - additional	6410	-	-	-	-
Equipment - replacement	6420	-	-	-	-
Total equipment		-	-	-	-
Total capital outlay	7000	<u>4,366,511</u> <u>\$ 59,133,545</u> <u>48.38 %</u>	<u>-</u> <u>\$ 59,133,545</u> <u>-</u>	<u>10,527,237</u> <u>\$ 122,234,998</u> <u>48.38 %</u>	<u>-</u> <u>\$ 122,234,998</u> <u>-</u>
Other outgo					
Total exclusions					
Total for ECS 84362, 50% Law					
Percent of CEE (instructional salary cost / Total CEE)					
50% of current expense of education					

See accompanying note to supplementary information.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
For the Year Ended June 30, 2016**

EPA Proceeds: \$ 1,744,298

<u>Activity Classification</u>	Activity Code <u>(0100-5900)</u>	Salaries and Benefits <u>(1000-3000)</u>	Operating Expenses <u>(4000-5000)</u>	Capital Outlay <u>(6000)</u>	Total
Instructional Activities	0100-5900	\$ 1,415,943	\$ -	\$ -	\$ 1,415,943
Course and curriculum development		-	-	-	-
Media	6130	213,247	-	-	213,247
Counseling and guidance		-	-	-	-
Custodial services	6530	115,108	-	-	115,108
Grounds maintenance and repairs		-	-	-	-
Planning, policy making and coordination		-	-	-	-
Total expenditures		\$ 1,744,298	\$ -	\$ -	\$ 1,744,298
Revenues less expenditures					\$ -

See accompanying note to supplementary information.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
June 30, 2016

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of San Mateo Community College District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, Cost Principles for Educational Institutions or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

<u>Description</u>	<u>CFDA Number</u>	<u>Amount</u>
Total federal revenues per Statement of Revenues, Expenses, and Change in Net Position		22,508,197
Unrestricted federal - other		(3,746)
Total Federal Programs		<u>\$ 22,504,451</u>

B - Schedule of State Financial Awards

The accompanying Schedule of State Financial Awards includes State grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented to comply with reporting requirements of the California Community College Chancellor's Office.

C - Schedule of Workload Measures for State General Apportionment

Full-time equivalent students is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

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

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

E - Reconciliation of Governmental Funds to the Statement of Net Position

This schedule provides the information necessary to reconcile the fund balances to the audited financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
June 30, 2016

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

F - Reconciliation of ECS 84362 (50 Percent Law) Calculation

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

G - Proposition 30 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, 2016:

- Salaries of Classroom Instructors (50 Percent Law)
- Apportionment for Instructional Service Agreements/Contracts
- State General Apportionment Funding System
- Residency Determination for Credit Courses
- Students Actively Enrolled
- Concurrent Enrollment of K-12 Students in Community College Credit Courses
- Student Success and Support Program (SSSP)
- Scheduled Maintenance Program
- Gann Limit Calculation
- Open Enrollment
- Student Fees - Health Fees and Use Of Health Fee Funds
- Proposition 39 Clean Energy
- Intersession Extension Program
- Disabled Student Programs and Services (DSPS)
- To Be Arranged Hours (TBA)
- Proposition 1D State Bond Funded Projects
- Proposition 30 Education Protection Account Funds

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations, as listed above.

Auditor's Responsibility

Our responsibility is to express an opinion on San Mateo County Community College District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *California State Chancellor's Office's California Community College Contracted District Audit Manual (Audit Manual)*. Those standards and the Audit Manual require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on San Mateo County Community College District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about San Mateo County Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion in compliance with state laws and regulations. However, our audit does not provide legal determination of San Mateo County Community College District's compliance with those requirements.

(Continued)

Basis for Qualified Opinion on Compliance with State Laws and Regulations

As described in Finding 2016-002 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 applicable to Salaries of Classroom Instructors.

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, 2016.

Other Matter

San Mateo County Community College District's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Audit Findings and Questioned Costs. San Mateo Community College District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Purpose of this Report

This report is intended solely to describe the scope of our testing of compliance and the results of that testing based on requirements of the *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
December 14, 2016

**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, 2016, and the related notes to the financial statements, which collectively comprise San Mateo County Community College District's basic financial statements, and have issued our report thereon dated December 14, 2016. The financial statements of San Mateo County Community Colleges Educational Housing Corporation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instance of reportable noncompliance associated with San Mateo County Community Colleges Educational Housing Corporation.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Audit Findings and Questioned Costs and Findings 2016-001 and 2016-002, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2016-001 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2016-002 to be a significant deficiency.

(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.

San Mateo County Community College District Response to Findings

San Mateo County Community College District's responses to the findings identified in our audit are 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 the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
December 14, 2016

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, 2016. 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, 2016.

(Continued)

Report on Internal Control Over Compliance

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

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

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

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

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
December 14, 2016

FINDINGS AND RECOMMENDATIONS

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	<input checked="" type="checkbox"/>	Yes
Significant deficiency(ies) identified not considered to be material weakness(es)?	<input checked="" type="checkbox"/>	Yes
	<input type="checkbox"/>	No
	<input checked="" type="checkbox"/>	None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	Yes
	<input checked="" type="checkbox"/>	No

FEDERAL AWARDS

Internal control over major programs:		
Material weakness(es) identified?	<input type="checkbox"/>	Yes
Significant deficiency(ies) identified not considered to be material weakness(es)?	<input type="checkbox"/>	Yes
	<input checked="" type="checkbox"/>	No
	<input type="checkbox"/>	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)?	<input type="checkbox"/>	Yes
	<input checked="" type="checkbox"/>	No

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? 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, 2016

SECTION II - FINANCIAL STATEMENT FINDINGS

2016-001 MATERIAL WEAKNESS - FINANCIAL REPORTING

Criteria

Accounting principles generally accepted in the United States of America, as prescribed by the Government Accounting Standards Board (Governmental GAAP), requires entities to establish and maintain effective internal control over financial reporting.

Condition

The District's statement of net position prepared for the year ended June 30, 2015 did not include the net OPEB asset. The information about the net asset was only presented in the notes to the financial statements.

In addition, the 2014 General Obligation Refunding Bond activity was not reflected correctly in the District's financial statements.

Effect

The effect of this deficiency was an understatement of net position of \$47,866,377 as of July 1, 2015 for the net OPEB asset.

Cause

The District did not establish the requisite internal control procedures to ensure that OPEB activity and refunding debt activity on a full accrual basis was included correctly in the District's financial statements.

Fiscal Impact

There is no fiscal impact as the District has restated the beginning net position to record the OPEB asset as of July 1, 2015. Additionally the District recorded the appropriate journal entries in the current fiscal year to record the net OPEB asset and the impact of refunding debt as of June 30, 2016.

Recommendation

We recommend that the District implement controls to ensure any net OPEB asset or liability and all debt activity are recorded correctly in the financial statements.

Corrective Action Plan

The District has established controls that will ensure any net OPEB asset or liability and all debt activity will be communicated with the auditors and included in the financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2016-002 STATE COMPLIANCE - SIGNIFICANT DEFICIENCY - SALARIES OF CLASSROOM INSTRUCTORS (50 PERCENT LAW) (30000)

Criteria

Education Code Section 84362, commonly known as the 50 Percent Law, requires that a minimum of 50 percent of the district's Current Expense of Education (CEE) be expended during each fiscal year for "Salaries of Classroom Instructors."

Condition

The District failed to meet the required 50 percent minimum.

Effect

Less than 50 percent of the District's Current Expense of Education (CEE) was expended for salaries of classroom instructors, thereby the District is not in compliance with Education Code Section 84362.

Cause

The District has chosen to not be in compliance with the 50 Percent Law.

Fiscal Impact

Not determinable.

Recommendation

The District should come into compliance with the 50 Percent Law by expending a higher amount of the District's CEE for salaries of classroom instructors, or by reducing non-instructional costs.

Corrective Action Plan

If the District chooses to come into compliance with the 50 Percent Law, the District will either increase instructional expenditures or reduce non-instructional expenditures.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2016

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Fully Implemented</u>
No matters were reported.		

San Mateo County Community College District

January 25, 2017

BOARD REPORT NO. 17-1-103B

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

RECEIPT AND ACCEPTANCE OF THE 2015-16 KCSM AUDIT REPORT

Attached are copies of the audits of KCSM-FM and KCSM-TV financial records, prepared by the Board-approved firm of Crowe Horwath LLP. The audits were based upon the fiscal year ending June 30, 2016. 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 2015-16 audit reports for KCSM-FM and KCSM-TV, which were filed with the Corporation for Public Broadcasting prior to the January 31, 2017 due date.

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

FINANCIAL STATEMENTS
June 30, 2016 and 2015

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

FINANCIAL STATEMENTS
June 30, 2016 and 2015

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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 year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the KCSM-FM's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KCSM-FM, as of June 30, 2016, and the changes in its financial position and 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 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, 2016, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 Auditors

The financial statements of KCSM-FM as of June 30, 2015, were audited by other auditors whose report dated December 5, 2015, expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2016 on our consideration of the KCSM-FM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KCSM-FM's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 14, 2016

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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, 2016, June 30, 2015 and June 30, 2014. The discussion has been prepared by management and is best read in conjunction with the financial statements and the notes following this section.

There are three basic financial statements that provide information KCSM-FM's financial activities as a whole. These statements are:

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

Financial Overview Summary

Compared with the prior year balance, total net position had an decrease of \$183 thousand, and ended at \$1.5 million at June 30, 2016.

- Assets exceeded liabilities by \$1.5 million, and total assets decreased \$169 thousand over last year mainly due to an decrease in subscription and business donors.
- Net noncurrent assets decreased by \$28 thousand.
- Change in net position was \$183 thousand.

Reporting for the District and KCSM-FM as a Whole

Economic position of the District with the State

Fiscal Year 2015/16 is the fifth year that the District has been community supported. Community supported means that when the State sets the District's revenue limit (determining how many students we are funded to serve) and deducts from that revenue limit the local property taxes and student fees, there is no need for State apportionment to sum to our revenue limit. This means that the District has somewhat more resources and is no longer subject to the state borrowing funds by delaying apportionment payments. The District is now firmly in community supported status and anticipates to receive upwards of \$50 million in 2016/17 in excess of what the District would have received had we been subject to the state's revenue limit. In addition to an increase in property taxes, the District is receiving funds from the dissolution of Redevelopment Agencies (RDAs). As less of the property taxes are being diverted to RDAs, more of them come to SMCCCD. The former RDAs are also slowly beginning the process of selling off their property, which brings some one-time funds to District coffers. Fiscal Year 2013/14 was the last year for receiving funds from the parcel tax (Measure G) and the funds were fully expended in 2014/15. All in all, the District's revenues have increased and, with a steady real estate market, show every sign of continuing increase.

KCSM-FM is one of the few all Jazz stations in the country. The station is funded mostly by listener contributions - 78%. In 2016 the station continued its growth increasing the number of on-going monthly contributions (sustainers). This effort allowed us to reduce the number of days needed for pledge drives from 54 to 42. Corporate revenue was sought and obtained to produce an annual thank you concert for our listeners (Jazz on the Hill) in 2016. KCSM-FM has also engaged College of San Mateo's music students and its director to become active participants in 2016's Jazz on the Hill concert. This year we continue to develop partnerships with jazz organizations in the San Francisco Bay Area, providing added exposure to the music genre by executing live broadcasts from venues like the San Jose Summer Fest, the Winter Fest, and the Café Stritch and to deliver live jazz performances to our listeners worldwide. We are also pursuing other music venues, including the Monterey Jazz Festival, American Conservatory Theater.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

Table 1 - Statement of Net Position

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT -KCSM FM

STATEMENT OF NET POSITION

JUNE 30,

	2016	2015	2014
ASSETS			
Current Assets			
Cash & Cash equivalents	\$ 1,414,766	\$ 1,561,709	\$ 1,309,273
Accounts Receivable	47,315	44,232	47,774
Prepaid Expenses	3,225	-	-
Total Current Assets	<u>1,465,306</u>	<u>1,605,941</u>	<u>1,357,047</u>
Noncurrent Assets			
Capital Assets	536,847	536,847	568,235
Accumulated Depreciation	(434,339)	(405,779)	(399,635)
Total Noncurrent Assets	<u>102,508</u>	<u>131,068</u>	<u>168,600</u>
TOTAL ASSETS	<u>1,567,814</u>	<u>1,737,009</u>	<u>1,525,647</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	26,847	12,746	9,809
TOTAL LIABILITIES	<u>26,847</u>	<u>12,746</u>	<u>9,809</u>
NET POSITION			
Invested in Capital Assets	102,508	131,068	168,600
Unrestricted	1,438,459	1,593,195	1,347,238
TOTAL NET POSITION	<u>\$ 1,540,967</u>	<u>\$ 1,724,263</u>	<u>\$ 1,515,838</u>

Net Position

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

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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

Statement of Revenues, Expenses and Change in Net Position

The Statement of Revenues, Expenses and Change in Net Position shown below consist of operating and non-operating results of KCSM-FM. Operating revenues represent all revenues from exchange transactions, in which each party gives and receives essentially equal value. Non-operating revenue consisted on nonexchange transactions including support received from the District.

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

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

	2016	2015	2014
OPERATING REVENUES			
District Income			
Business and Industry	109,776	213,010	109,512
Facilities Use	24,758	-	2,872
Other Sales	34,734	12,472	14,655
Indirect Support			
San Mateo County Community College District	300,805	404,475	320,468
TOTAL OPERATING REVENUES	470,073	629,957	447,507
OPERATING EXPENSES			
Programming and Production	794,970	730,048	687,510
Broadcasting	319,861	309,816	212,595
Program Information and Promotion	222,122	237,064	192,078
Management and General	715,222	797,396	659,155
Fundraising Support	197,332	174,608	131,663
Underwriting and Grant Solicitation	145,951	139,715	110,339
TOTAL OPERATING EXPENSES	2,395,458	2,388,647	1,993,340
OPERATING LOSS	(1,925,385)	(1,758,690)	(1,545,833)
NON-OPERATING REVENUES			
Memberships and Donations	1,572,502	1,795,473	1,587,616
CPB Community Service Grants	169,587	171,642	171,537
TOTAL NON-OPERATING REVENUES	1,742,089	1,967,115	1,759,153
CHANGE IN NET POSITION	(183,296)	208,425	213,320
NET POSITION, BEGINNING OF YEAR	1,724,263	1,515,838	1,302,518
NET POSITION, END OF YEAR	\$ 1,540,967	\$ 1,724,263	\$ 1,515,838

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM

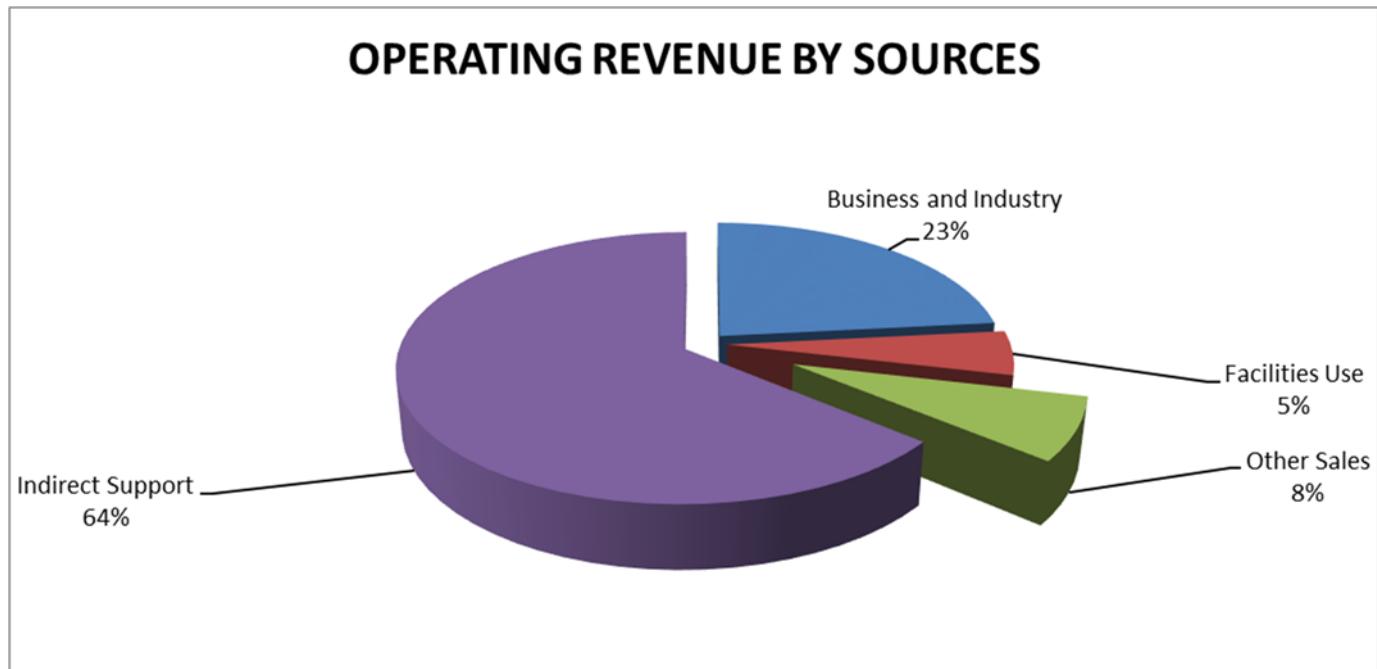
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Explanatory information for the statement is as follows:

- CPB community service grants: Payment from Corporation for Public Broadcasting designated to help provide a non-commercial, educational program stream to our community.
- Other income: Income that does not fit in other categories, like gifts, donations, sales of tapes and videos.
- Business and industry: Financial support from companies and corporations to support the station's operations.
- Memberships and Donations: Financial support from individuals to support the operations of the station.
- Facilities use: Payment for services provided by KCSM, such as facility rental.
- Indirect support: Expenses or facilities paid by the San Mateo County Community College District.

Below is an illustration of District operating revenues by source:

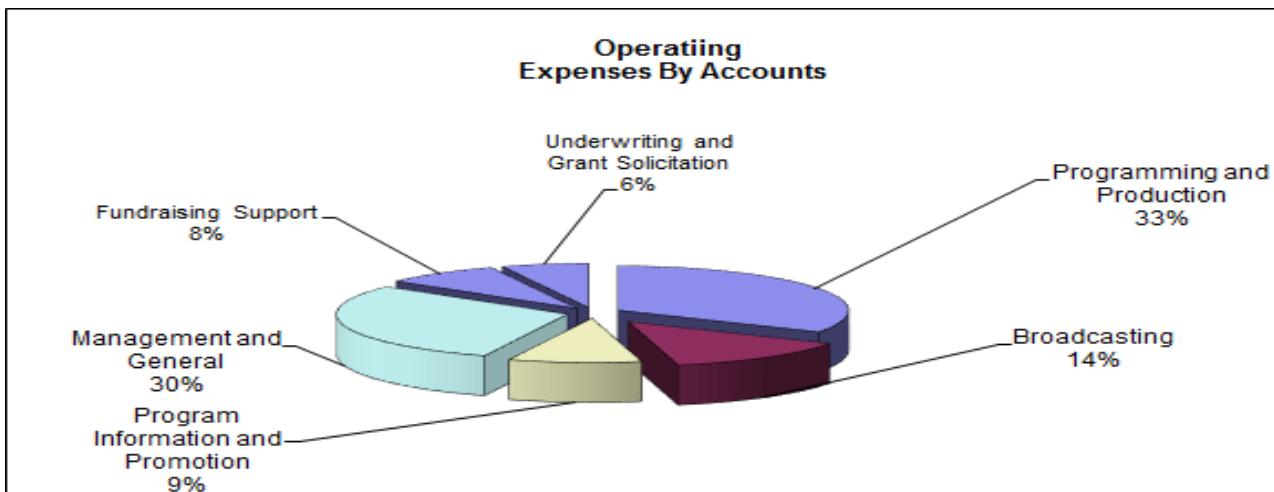


SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

Revenues and expenses changed mainly due to the following:

- Operating loss sources illustrates a decrease in business and industry revenue.
- Operating expenses increased primarily because of increases in the cost of fundraising, underwriting, programming and broadcasting



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

- Programming and production: Expenses incurred to purchase, schedule, and produce and prepare programs for broadcast.
- Broadcasting: Expenses incurred to prepare, store, check quality, verify automation asset management, play out, and monitor program streams. Also included in this category is maintenance, repair, design and installation of equipment necessary for technical operations of the station. All costs for transmission such as rent, and power are accounted in this area.
- Program information and promotions: Expenses for all labor and costs to maintain the website; and design, outsource production of, and procurement of promotional materials.
- Management and general: Expenses for management services such as station manager, accounting, administrative and legal services. Also included in this area is depreciation.
- Fundraising support: All costs for pledge premiums, membership administrative services and database management costs.
- Underwriting and grant solicitation: Expenses for costs incurred for underwriting solicitation, and other solicitations from organizational support for the station.
- Depreciation of capital assets is computed and recorded by the straight-line method. KCSM-FM maintains a capitalization threshold of \$5,000 for equipment and \$100,000 for building improvements. Useful lives of the assets are estimated as follows:
 - 5 to 10 years for equipment
 - 25 to 50 years for improvements
 - 25 to 50 years for buildings

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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 CPB grants, subscription and membership and District support. Cash outlays include payment of salaries, benefits, supplies, programming, production and operating expenses.
- Cash from investing activities consists of Interest from County Investment Pool.

Table 3 – Statement of Cash Flows

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

	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Business and industry	\$ 109,776	\$ 216,552	\$ 78,621
Facilities use	24,758	-	2,872
Other sales	34,734	12,472	14,655
District support	300,805	404,475	320,468
Payments to suppliers	(724,918)	(823,436)	(726,237)
Payment to /(on behalf of) employees	(1,634,187)	(1,525,281)	(1,228,910)
Net Cash Used In Operating Activities	(1,889,032)	(1,715,218)	(1,538,531)
CASH FLOWS FROM FINANCING ACTIVITIES			
Memberships and donations	1,572,502	1,795,473	1,587,616
CPB community service grants	169,587	171,642	171,537
Net Cash Provided By Financing Activities	1,742,089	1,967,115	1,759,153
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	-	(31,388)	(48,833)
Investment in Assets	-	31,927	-
Net Cash Provided By (Used In) Investing Activities	-	539	(48,833)
NET CHANGE IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	(146,943)	252,436	171,789
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,414,766	\$ 1,561,709	\$ 1,309,273

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Economic Factors and the 2016-17 Budget

Being community supported, the District's revenues primarily consist of property tax revenues and student fees and are relatively predictable. The County Assessor's Office has stated that the property tax base went up 7.62% county-wide in 2015-16, which means our projected revenues in 2016/17 are 7.62% higher. This puts the District on very solid financial footing. The District continues to build multi-year financial plans and has planned balanced budgets through 2018/19.

KCSM FM: This fiscal year we have seen sustainerships and renewals growing at a steady rate of 10% underwriting so far is pacing at a growth rate of 5%, reflecting a sustained strategy to solicit and obtain support from corporate and commercial partners. Our efforts to maximize our resources and work smarter continue to pay off. This has allowed us to venture out into the community and produce live broadcasts from numerous venues, as well as elevate the station profile in our market. We continue to put in place a loyalty reward system that will facilitate growth in sustainerships, renewals and new members, all of which are sources of revenue that will reinvigorate our future financial standing.

Contacting the Financial Management Office

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

KCSM-FM
 A PUBLIC TELECOMMUNICATIONS ENTITY
 OPERATED AS OF PROGRAM OF THE
 SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 STATEMENTS OF NET POSITION
 June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,414,766	\$ 1,561,709
Accounts receivable	47,315	44,232
Prepaid expenses	<u>3,225</u>	<u>-</u>
Total current assets	<u>1,465,306</u>	<u>1,605,941</u>
Noncurrent assets		
Capital assets	536,847	536,847
Accumulated depreciation	<u>(434,339)</u>	<u>(405,779)</u>
Total noncurrent assets	<u>102,508</u>	<u>131,068</u>
Total assets	<u>1,567,814</u>	<u>1,737,009</u>
LIABILITIES		
Current Liabilities		
Accounts payable	<u>26,847</u>	<u>12,746</u>
Total liabilities	<u>26,847</u>	<u>12,746</u>
NET POSITION		
Investment in capital assets	102,508	131,068
Unrestricted	<u>1,438,459</u>	<u>1,593,195</u>
Total net position	<u>\$ 1,540,967</u>	<u>\$ 1,724,263</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 NET REVENUE, EXPENSES, AND CHANGE IN NET POSITION
 For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues		
Direct income		
Business and industry	\$ 109,776	\$ 213,010
Facilities use	24,758	-
Other sales	34,734	12,472
Indirect support		
San Mateo County Community College District	<u>300,805</u>	<u>404,475</u>
Total operating revenues	<u>470,073</u>	<u>629,957</u>
Operating expenses		
Programming and production	794,970	730,048
Broadcasting	319,861	309,816
Program information and promotion	222,122	237,064
Management and general	715,222	797,396
Fundraising support	197,332	174,608
Underwriting and grant solicitation	<u>145,951</u>	<u>139,715</u>
Total operating expenses	<u>2,395,458</u>	<u>2,388,647</u>
Loss from operations	<u>(1,925,385)</u>	<u>(1,758,690)</u>
Non-Operating revenues		
Memberships and donations	1,572,502	1,795,473
CPB community service grants	<u>169,587</u>	<u>171,642</u>
Total non-operating revenues	<u>1,742,089</u>	<u>1,967,115</u>
Change in net position	(183,296)	208,425
Net position at beginning of year	<u>1,724,263</u>	<u>1,515,838</u>
Net position at end of year	<u>\$ 1,540,967</u>	<u>\$ 1,724,263</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Business and industry	\$ 109,776	\$ 216,552
Facilities use	24,758	-
Other sales	34,734	12,472
District support	300,805	404,475
Payments to suppliers	(724,918)	(823,436)
Payment to (on behalf of) employees	<u>(1,634,187)</u>	<u>(1,525,281)</u>
Net cash used in operating activities	(1,889,032)	(1,715,218)
Cash flows from financing activities		
Memberships and donations	1,572,502	1,795,473
CPB community service grants	<u>169,587</u>	<u>171,642</u>
Net cash provided by financing activities	1,742,089	1,967,115
Cash flows from investing activities		
Purchase of fixed assets	-	(31,388)
Investment in assets	<u>-</u>	<u>31,927</u>
Net cash provided by investing activities	-	539
Net change in cash and cash equivalents	(146,943)	252,436
Cash and cash equivalents at beginning of year	<u>1,561,709</u>	<u>1,309,273</u>
Cash and cash equivalents at end of year	<u>\$ 1,414,766</u>	<u>\$ 1,561,709</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating Loss	\$ (1,925,385)	\$(1,758,690)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	28,560	36,993
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	(3,083)	3,542
Increase in prepaid expense	(3,225)	-
Increase in accounts payable	<u>14,101</u>	<u>2,937</u>
Net cash used in operating activities	<u>\$ (1,889,032)</u>	<u>\$(1,715,218)</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, 2016 and 2015

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Accounting: The KCSM-FM financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

For financial reporting purposes, San Mateo County Community College District is considered a special-purpose government engagement only in business-type activities. Accordingly, KCSM-FM's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Net Position: KCSM-FM's net position is classified as follows:

Net investment in capital assets – this represents KCSM-FM's total investment in capital assets, net of accumulated depreciation and any liabilities issued to acquire the capital assets.

Unrestricted net position – this includes resources from fees, District support, and other services. These resources are used for transactions relating to the general operations of KCSM-FM and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose.

Classifications of Revenues and Expenses: Operating revenue includes activities that have the characteristics of exchange transactions, such as sales and services of auxiliary enterprises, and District Support. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as local grants, and gifts and contributions. Operating expenses are those expenses directly attributable to the operations of KCSM-FM.

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

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

(Continued)

KCSM-FM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED AS A PROGRAM OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

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 filling information returns.

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments: Deposits and investments as of June 30, 2016 and 2015, are classified in the accompanying financial statements in the amount of \$1,414,766 and \$1,561,709, 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.

(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, 2016 and 2015

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

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	5 years	None	None
U.S Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. KCSM-FM and the District manage exposure to interest rate risk by depositing funds with the San Mateo County Treasury. KCSM-FM's share of deposits with the County Treasury was \$1,414,766 as of June 30, 2016 and \$1,561,709 as of June 30, 2015. The fair value of this investment at June 30, 2016 and June 30, 2015 is approximately \$1,419,095 and \$1,561,553, respectively, with a weighted average maturity of approximately 1.06 years and 1.61 years respectively.

NOTE 3 – CAPITAL ASSETS

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

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>
Equipment	\$ 536,847	\$ -	\$ -	\$ 536,847
Less - Accumulated Depreciation	405,779	28,560	-	434,339
Net Equipment	<u>\$ 131,068</u>	<u>\$ 28,560</u>	<u>\$ -</u>	<u>\$ 102,508</u>

(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, 2016 and 2015

NOTE 3 – CAPITAL ASSETS (continued)

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

Depreciation expense for the years ended June 30, 2016, and June 30, 2015 were \$28,560 and \$36,993 respectively, and is included in management and general expenses.

NOTE 4 – DONATED SERVICES

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

NOTE 5 – RELATED PARTY TRANSACTIONS

During the year, KCSM-FM received indirect administrative support from the College District totaling \$300,805 for the year ended June 30, 2016 and \$404,475 for the year ended June 30, 2015. This consisted of licensee indirect costs as agreed upon under the terms of a signed memorandum of understanding.

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

KCSM-FM
San Mateo County Community College District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KCSM-FM a resource of the San Mateo County Community College District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise KCSM-FM's financial statements, and have issued our report thereon dated December 14, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

(Continued)

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 14, 2016

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

FINANCIAL STATEMENTS
June 30, 2016 and 2015

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

FINANCIAL STATEMENTS
June 30, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of KCSM-TV (a public telecommunications entity operated as a program of the San Mateo County Community College District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the KCSM-TV's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KCSM-TV, as of June 30, 2016, and the changes in its financial position and 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 1, the financial statements of KCSM-TV 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, 2016, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 Auditors

The financial statements of KCSM-TV as of June 30, 2015, were audited by other auditors whose report dated December 5, 2015, expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2016 on our consideration of the KCSM-TV's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KCSM-TV's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 14, 2016

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-TV

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Introduction

The San Mateo County Community College District's (the District) Annual Financial Report presents management's discussion and analysis of KCSM-TV financial activities during the fiscal years ended June 30, 2016, June 30, 2015 and June 30, 2014. The discussion has been prepared by management and is best read in conjunction with the financial statements and the notes following this section.

There are three basic financial statements that provide information on KCSM -TV's financial activities as a whole. These statements are:

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

Financial Overview Summary

- Total net position at June 30, 2016 decreased \$64 thousand over the prior fiscal year. The decrease was primarily due to a decrease in revenues, for example: CPB grants, business and industry, memberships and subscriptions revenue.
- Assets exceeded liabilities for the fiscal year ending June 30, 2016 by \$2.4 million, and total net position decreased \$64 thousand over last year.
- Total noncurrent assets decreased by \$299 thousand compared with prior year.
- Change in net position was a decrease of \$64 thousand compared with an increase of \$113 thousand for the fiscal year ending June 30, 2015.

Reporting for the District and KCSM as a Whole

- Economic position of the District with the State

Fiscal Year 2015/16 is the fifth year that the District has been community supported. Community supported means that when the State sets the District's revenue limit (determining how many students we are funded to serve) and deducts from that revenue limit the local property taxes and student fees, there is no need for State apportionment to sum to our revenue limit. This means that the District has somewhat more resources and is no longer subject to the state borrowing funds by delaying apportionment payments. The District is now firmly in community supported status and anticipates to receive upwards of \$50 million in 2016/17 in excess of what the District would have received had we been subject to the state's revenue limit. In addition to an increase in property taxes, the District is receiving funds from the dissolution of Redevelopment Agencies (RDAs). As less of the property taxes are being diverted to RDAs, more of them come to SMCCCD. The former RDAs are also slowly beginning the process of selling off their property, which brings some one-time funds to District coffers. Fiscal Year 2013/14 was the last year for receiving funds from the parcel tax (Measure G) and the funds were fully expended in 2014/15. All in all, the District's revenues have increased and, with a steady real estate market, show every sign of continuing increase.

The district has continued to run KCSM-TV with funding from the agreement to supplement station operations in exchange for a percentage of proceeds should the station successfully complete the FCC spectrum auction. The FCC spectrum auction started taking applications in December, 2015. The auction itself started March 29, 2016 and is in the third round of the reverse auction. The auction is expected to be complete in 2017.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-TV

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

Table 1 - Statement of Net Position

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

	2016	2015	2014
ASSETS			
Current Assets			
Cash & Cash equivalents	\$ 1,525,352	\$ 1,351,828	\$ 680,287
Accounts receivable	80,000	14,400	14,400
Total Current Assets	<u>1,605,352</u>	<u>1,366,228</u>	<u>694,687</u>
Noncurrent Assets			
Capital assets	7,148,108	7,137,312	7,542,885
Accumulated depreciation	(6,085,492)	(5,775,608)	(5,846,498)
Total Noncurrent Assets	<u>1,062,616</u>	<u>1,361,704</u>	<u>1,696,387</u>
TOTAL ASSETS	<u>2,667,968</u>	<u>2,727,932</u>	<u>2,391,074</u>
LIABILITIES			
Current Liabilities			
Vendor payable	20,374	15,995	17,623
Unearned Income	225,000	225,000	344
TOTAL LIABILITIES	<u>245,374</u>	<u>240,995</u>	<u>17,967</u>
NET POSITION			
Invested in capital assets	1,062,616	1,361,704	1,696,387
Unrestricted	1,359,978	1,125,233	676,720
TOTAL NET POSITION	<u>\$ 2,422,594</u>	<u>\$ 2,486,937</u>	<u>\$ 2,373,107</u>

Net Position

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

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-TV

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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

Statement of Revenues, Expenses and Change in Net Position

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

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

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

	2016	2015	2014
OPERATING REVENUES			
District Income			
Business and industry	\$ 124,200	\$ 172,800	\$ 118,076
Royalties	9,489	14,344	36,331
Indirect Support			
San Mateo County Community College District	153,044	250,018	263,515
TOTAL OPERATING REVENUES	<u>286,733</u>	<u>437,162</u>	<u>417,922</u>
OPERATING EXPENSES			
Programming and production	310,320	318,528	278,430
Broadcasting	706,678	846,554	989,042
Program information and promotion	-	114	31,473
Management and general	476,500	609,394	803,527
Fundraising support	10,930	13,111	22,942
Underwriting and grant solicitation	-	-	26,657
TOTAL OPERATING EXPENSES	<u>1,504,428</u>	<u>1,787,701</u>	<u>2,152,071</u>
OPERATING LOSS	<u>(1,217,695)</u>	<u>(1,350,539)</u>	<u>(1,734,149)</u>
NON-OPERATING REVENUES			
CPB community service grants	236,070	432,538	442,974
CPB television interconnection grants	4,329	7,825	8,473
Memberships and Donations	12,953	124,006	15,081
Other sources	900,000	900,000	900,000
TOTAL NON-OPERATING REVENUES	<u>1,153,352</u>	<u>1,464,369</u>	<u>1,366,528</u>
CHANGE IN NET POSITION	<u>(64,343)</u>	<u>113,830</u>	<u>(367,621)</u>
NET POSITION, BEGINNING OF YEAR	<u>2,486,937</u>	<u>2,373,107</u>	<u>2,740,728</u>
NET POSITION, END OF YEAR	<u>\$ 2,422,594</u>	<u>\$ 2,486,937</u>	<u>\$ 2,373,107</u>

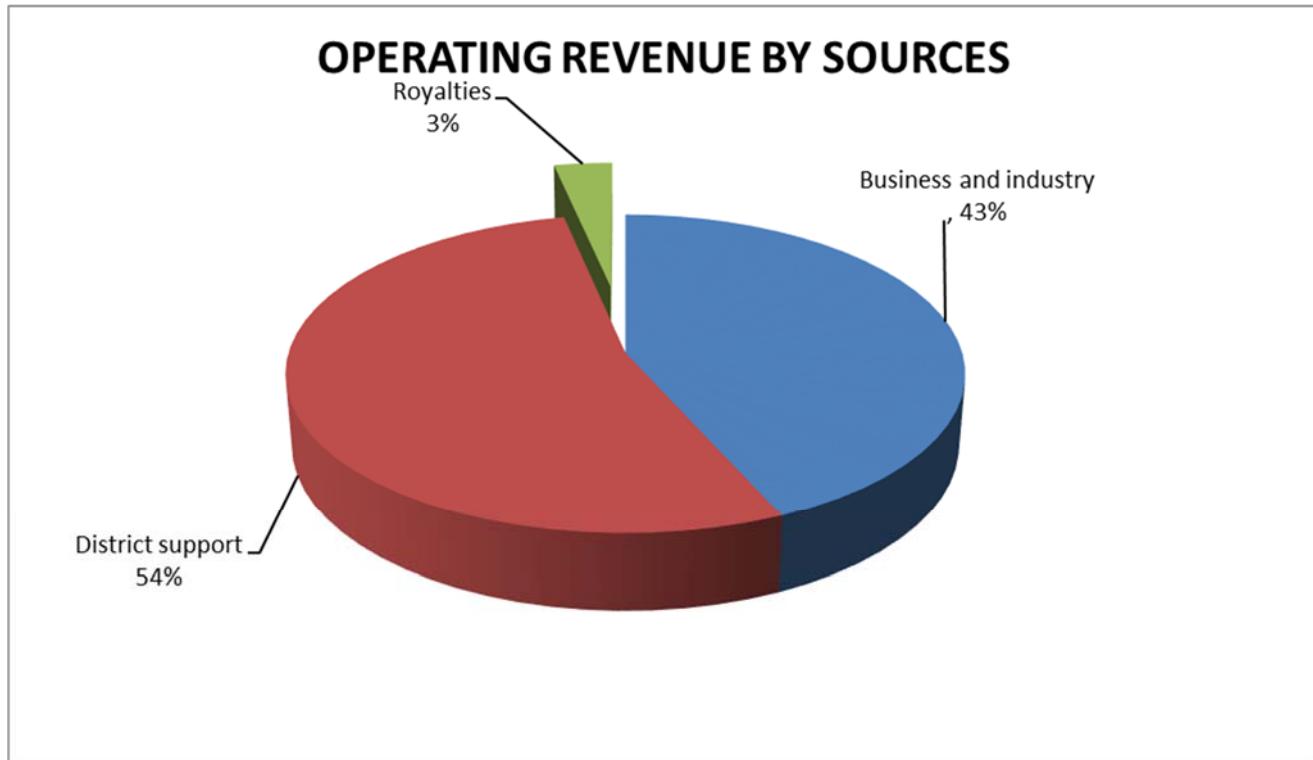
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-TV

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

Explanatory information for the statement is as follows:

- CPB community service grants: Payment from Corporation for Public Broadcasting designated to help provide a non-commercial, educational program stream to our community.
- CPB television interconnection grants: Payment from Corporation for Public Broadcasting designated to help cover costs to necessary to receive programs from PBS to serve our community.
- Business and industry: Financial support from companies and corporations to support the stations operations.
- Memberships and Donations: Financial support from individuals to support the operations of the station.
- Royalties: Payment from PBS and other entities to KCSM-TV based upon number of times a program made by KCSM-TV is aired by entities other than KCSM.
- Indirect support: Expenses or facilities paid by the San Mateo County Community College District.

Below is an illustration of District revenues by source:

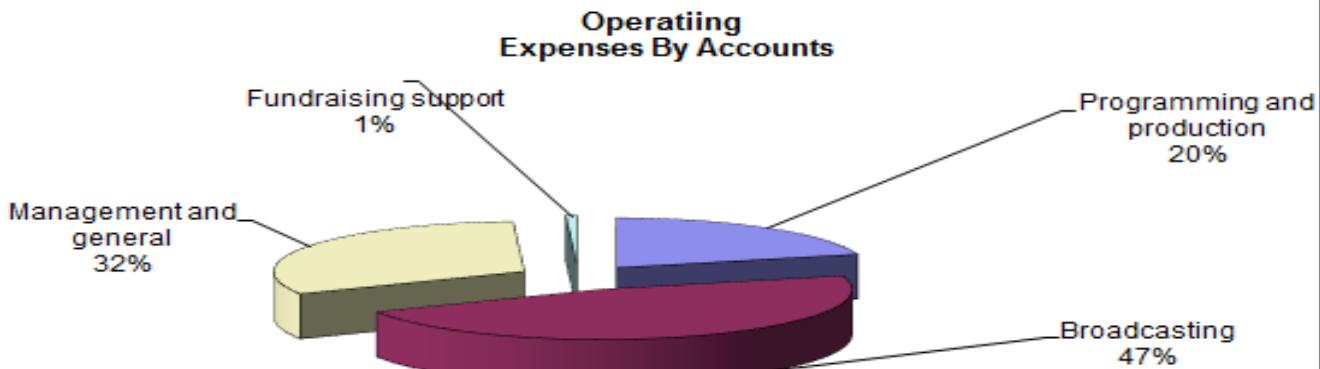


Comparing with the prior year, revenues and expenses changed mainly due to the following:

- Operating loss illustrates a decrease in business and industry revenue.
- Operating expenses show a decrease in broadcasting, program production, management and general support.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-TV

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016



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

- Programming and production: Expenses incurred to purchase, schedule, and produce and prepare programs for broadcast.
- Broadcasting: Expenses incurred to prepare, store, check quality, verify automation asset management, play out, and monitor program streams. Also included in this category is maintenance, repair, design and installation of equipment necessary for technical operations of the station. All costs for transmission such as rent, and power are accounted in this area.
- Management and general: Expenses for management services such as station manager, accounting, administrative and legal services. Also included in this area is depreciation.
- Fundraising support: All costs for pledge premiums, membership administrative services and database management costs.
- Depreciation of capital assets is computed and recorded by the straight-line method. KCSM-TV maintains a capitalization threshold of \$5,000 for equipment and \$100,000 for building improvements.

Useful lives of the assets are estimated as follows:

- 5 to 10 years for equipment
- 25 to 50 years for improvements
- 25 to 50 years for buildings

Cash Flows

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-TV

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

- The main cash receipts from operating and non-operating activities consist of CPB grants, subscription and membership, royalties and District support. Cash outlays include payment of salaries, benefits, supplies, programming, production and operating expenses.
- The contract with LocusPoint Network, LLC (Other Sources) is the primary source of non-capital financing.
- For capital assets activities, the main outflows are purchase of capital assets.
- Cash from investing activities consists of Interest from County Investment Pool.

Table 3 – Statement of Cash Flows

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

	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Business and industry	\$ 124,200	\$ 172,800	\$ 103,676
District support	153,044	250,783	263,515
Royalties	9,489	14,344	36,331
Payments to suppliers	(631,098)	(386,131)	(872,072)
Payment to / (on behalf of) employees	(624,667)	(844,624)	(844,624)
Net Cash Used In Operating Activities	(969,032)	(792,828)	(1,313,174)
CASH FLOWS FROM FINANCING ACTIVITIES			
CPB community service grants	236,070	432,538	442,974
CPB television interconnection grants	4,329	7,825	8,473
Memberships and donations	12,953	124,006	15,081
Other source	900,000	900,000	900,000
Net Cash Provided By Operating Activities	1,153,352	1,464,369	1,366,528
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of capital assets	(10,796)	-	-
NET CHANGE IN CASH	173,524	671,541	53,354
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,351,828	680,287	626,933
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,525,352	\$ 1,351,828	\$ 680,287

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT KCSM-TV

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Economic Factors and the 2016-17 Budget

Being community supported, the District's revenues primarily consist of property tax revenues and student fees and are relatively predictable. The County Assessor's Office has stated that the property tax base went up 7.62% county-wide in 2015-16, which means our projected tax revenues in 2016/17 are 7.62% higher. This puts the District on very solid financial footing. The District continues to build multi-year financial plans and has planned balanced budgets through 2018/19.

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

Contacting the Financial Management Office

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

KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED AS A PROGRAM OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,525,352	\$ 1,351,828
Accounts receivable	<u>80,000</u>	<u>14,400</u>
Total current assets	<u>1,605,352</u>	<u>1,366,228</u>
Noncurrent assets		
Capital assets	7,148,108	7,137,312
Accumulated depreciation	<u>(6,085,492)</u>	<u>(5,775,608)</u>
Total noncurrent assets	<u>1,062,616</u>	<u>1,361,704</u>
Total assets	<u>2,667,968</u>	<u>2,727,932</u>
LIABILITIES		
Current liabilities		
Vendor payable	20,374	15,995
Unearned income	<u>225,000</u>	<u>225,000</u>
Total liabilities	<u>245,374</u>	<u>240,995</u>
NET POSITION		
Investment in capital assets	1,062,616	1,361,704
Unrestricted	<u>1,359,978</u>	<u>1,125,233</u>
Total net position	<u>\$ 2,422,594</u>	<u>\$ 2,486,937</u>

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

KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED AS A PROGRAM OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET REVENUE, EXPENSES, AND CHANGE IN NET POSITION
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues		
Direct Income		
Business and industry	\$ 124,200	\$ 172,800
Royalties	9,489	14,344
Indirect support		
San Mateo County Community College District	<u>153,044</u>	<u>250,018</u>
Total operating revenues	<u>286,733</u>	<u>437,162</u>
Operating expenses		
Programming and production	310,320	318,528
Broadcasting	706,678	846,554
Program information and promotion	-	114
Management and general	476,500	609,394
Fundraising support	<u>10,930</u>	<u>13,111</u>
Total operating expenses	<u>1,504,428</u>	<u>1,787,701</u>
Loss from operations	<u>(1,217,695)</u>	<u>(1,350,539)</u>
Non-operating revenues		
CPB community service grants	236,070	432,538
CPB television interconnection grants	4,329	7,825
Memberships and donations	12,953	124,006
Other sources	<u>900,000</u>	<u>900,000</u>
Total non-operating revenues	<u>1,153,352</u>	<u>1,464,369</u>
Change in net position	(64,343)	113,830
Net position at beginning of year	<u>2,486,937</u>	<u>2,373,107</u>
Net position at end of year	<u>\$ 2,422,594</u>	<u>\$ 2,486,937</u>

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

KCSM-TV
 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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Business and industry	\$ 124,200	\$ 172,800
District support	153,044	250,018
Royalties	9,489	14,344
Payments to suppliers	(631,098)	(837,828)
Payment to or on behalf of employees	<u>(624,667)</u>	<u>(617,162)</u>
Net cash used in operating activities	(969,032)	(1,017,828)
Cash flows from financing activities		
CPB community service grants	236,070	432,538
CPB television interconnection grants	4,329	7,825
Memberships and donations	12,953	124,006
Other source	<u>900,000</u>	<u>1,125,000</u>
Net cash provided by financing activities	1,153,352	1,689,369
Cash flows used in investing activities		
Purchase of capital assets	<u>(10,796)</u>	-
Net change in cash and cash equivalents	173,524	671,541
Cash and cash equivalents at beginning of year	<u>1,351,828</u>	<u>680,287</u>
Cash and cash equivalents at end of year	<u>\$ 1,525,352</u>	<u>\$ 1,351,828</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (1,217,695)	\$(1,350,539)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	309,883	334,683
Changes in assets and liabilities		
Increase in accounts receivable	(65,600)	-
Increase (decrease) in vendor payable	<u>4,380</u>	<u>(1,972)</u>
Net cash used in operating activities	<u>\$ (969,032)</u>	<u>\$(1,017,828)</u>

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

KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED AS A PROGRAM OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Accounting: The KCSM-TV financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

For financial reporting purposes, San Mateo County Community College District is considered a special-purpose government engagement only in business-type activities. Accordingly, KCSM-TV'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-TV's net position is classified as follows:

Net investment in capital assets – this represents KCSM-TV'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-TV 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-TV.

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

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

(Continued)

KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED AS A PROGRAM OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

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

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments: Deposits and investments as of June 30, 2016 and 2015, are classified in the accompanying financial statements in the amount of \$1,525,352 and \$1,351,828, respectively. Cash accounts maintained by KCSM-TV are held by San Mateo County Community College District in pooled amounts at the San Mateo County Treasury.

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

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

(Continued)

KCSM-TV
 A PUBLIC TELECOMMUNICATIONS ENTITY
 OPERATED AS A PROGRAM OF THE
 SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016 and 2015

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

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	5 years	None	None
U.S Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. KCSM-TV and the District manage exposure to interest rate risk by depositing funds with the San Mateo County Treasury. KCSM-TV's share of deposits with the County Treasury was \$1,525,352 at June 30, 2016 and \$1,351,828 as of June 30, 2015. The fair value of this investment at June 30, 2015 and June 30, 2016 is approximately \$1,530,020 and \$1,351,693, respectively, with a weighted average maturity of approximately 1.06 years and 1.63 years respectively.

NOTE 3 – CAPITAL ASSETS

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

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>
Equipment	\$ 7,137,312	\$ 10,795	\$ -	\$ 7,148,107
Less - Accumulated Depreciation	5,775,608	309,883	-	6,085,491
Net Equipment	\$ 1,361,704	\$ (299,088)	\$ -	\$ 1,062,616

(Continued)

KCSM-TV
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED AS A PROGRAM OF THE
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 3 – CAPITAL ASSETS (continued)

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Equipment	\$ 7,542,885	\$ -	\$ 405,573	\$ 7,137,312
Less - Accumulated Depreciation	<u>5,846,498</u>	<u>334,683</u>	<u>405,573</u>	<u>5,775,608</u>
Net Equipment	<u>\$ 1,696,387</u>	<u>\$ 334,683</u>	<u>\$ -</u>	<u>\$ 1,361,704</u>

Depreciation expense for the years ended June 30, 2016, and June 30, 2015 were \$309,883 and \$334,683 respectively, and is included in management and general expenses.

NOTE 4 – DONATED SERVICES

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

NOTE 5 – RELATED PARTY TRANSACTIONS

During the year, KCSM-TV received indirect administrative support from the College District totaling \$153,044 for the year ended June 30, 2016 and \$250,018 for the year ended June 30, 2015. This consisted of licensee indirect costs as agreed upon under the terms of a signed memorandum of understanding.

NOTE 6 – OTHER MATTERS

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

INDEPENDENT AUDITOR'S REPORT 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-TV
San Mateo County Community College District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KCSM-TV a resource of the San Mateo County Community College District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise KCSM-TV's financial statements, and have issued our report thereon dated December 14, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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-TV's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

(Continued)

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 14, 2016

San Mateo County Community College District

January 25, 2017

BOARD REPORT NO. 17-1-104B

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

**RECEIPT AND ACCEPTANCE OF THE 2015-16
GENERAL OBLIGATION BOND FINANCIAL AND PERFORMANCE AUDITS**

Attached is a copy of the General Obligation Bond financial and performance audits for the San Mateo County Community College District, prepared by the Board-approved firm of Crowe Horwath LLP. The audits were based upon the fiscal year ending June 30, 2016. 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 2015-16 audit reports for the General Obligation Bond funds.

**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT
MEASURE A
2005 GENERAL OBLIGATION BONDS**

FINANCIAL STATEMENTS
June 30, 2016

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS

FINANCIAL STATEMENTS
June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of San Mateo County Community College District (the "District") Measure A General Obligation Bond Activity included in the Measure A Bond Fund of the District (the "Measure A Bond Fund") as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure A General Obligation Bond Activity of the San Mateo County Community College District as of June 30, 2016, and the changes in its financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the District's Measure A Bond Fund, and do not purport to, and do not, present fairly the financial position of the San Mateo County Community College District as of June 30, 2016, the changes in its financial position, or, where applicable, its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 14, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters for the Measure A Bond Fund. The purpose of that report is to describe the scope of our testing of internal control over financial reporting, and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance for the Measure A Bond Fund. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the San Mateo County Community College District's internal control over financial reporting and compliance for the Measure A Bond Fund.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 14, 2016

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS
BALANCE SHEET
June 30, 2016

2016

ASSETS

Cash	\$ 3,492,992
Accounts receivable	17,125
Prepaid expenses	<u>11,017</u>
Total assets	<u>\$ 3,521,134</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 421,255
Due to the District	<u>3,061</u>
Total liabilities	<u>424,316</u>
Restricted fund balance	<u>3,096,818</u>
Total liabilities and fund balance	<u>\$ 3,521,134</u>

See accompanying notes to the financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
For the Year Ended June 30, 2016

2016

Revenues

Interest income	<u>\$ 121,517</u>
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Expenditures

Current:

Salaries and benefits	2,409,403
Supplies and materials	3,858,181
Capital construction and improvements	<u>10,325,254</u>
 Total expenditures	 <u>16,592,838</u>
 Change in fund balance	 (16,471,321)
 Restricted fund balance, July 1, 2015	 <u>19,568,139</u>
 Restricted fund balance, June 30, 2016	 <u>\$ 3,096,818</u>

See accompanying notes to the financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The financial statements represent the Measure A Bond Fund of the District and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Due to District: At June 30, 2016, an interfund payable balance totaling \$3,061 was due to the District's general fund for the reimbursement of payments to vendors.

Restricted Fund Balance: Restricted fund balance includes resources which are legally or contractually restricted by external third parties. Fund balance is restricted for capital projects of the Measure A Bond Fund in accordance with the Bond Project List for Measure A General Obligation Bonds.

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

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 2 – CASH

Policies and Practices: The Measure A Bond Fund is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State: U.S. Treasury instrument; registered State warrants or treasury notes: securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreement; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

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

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

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

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Measure A Bond Fund manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The fair value of the Measure A Bond Fund's deposits at the County Treasury, at June 30, 2016, was \$3,481,213 and the weighted average maturity of the pool is 595 days.

Credit Risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Measure A Bond Fund only invests in county pooled investments which are not required to be rated.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 consisted of \$17,125 due from the County for interest income and other local sources.

NOTE 4 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2016 of \$421,255 consisted of vendor payables.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 5 – FUND BALANCE CLASSIFICATION

Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications are nonspendable, restricted, committed, assigned and unassigned. The fund balance of the Measure A General Obligation Bonds is restricted, as described below.

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

NOTE 6 – PURPOSE OF BOND ISSUANCE

Bond Authorization: The Measure A Bonds are issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Trustees of the District on November 8, 2006 (the "Bond Resolution").

The District received authorization at an election held on November 8, 2005, to issue bonds of the District in an aggregate principal amount not to exceed \$468,000,000 to finance specific acquisition, construction and modernization projects approved by the voters. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2005 Authorization). The Bonds represent the first and second series of the authorized bonds to be issued under the 2005 Authorization.

Purpose of Bonds: The proceeds of the Bonds may be used to prepare College of San Mateo, Cañada College, and Skyline College students for universities and high demand jobs; upgrade nursing, health, career, science, computer and biotechnology labs; improve accessibility for disabled students; make earthquake safety improvements; repair/modernize libraries, classrooms, and aging facilities; and other projects in the Bond Projects Lists.

NOTE 7 – GENERAL OBLIGATION BOND ISSUANCES

The Bonds are general obligations of the District, and San Mateo County is obligated to levy ad valorem taxes for the payment of and interest on, the principal of the Bonds. The Bond Interest and Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the payment of interest and redemption of principal of the bonds issued by the District.

In April 2006, the District issued Measure A General Obligation Bonds, Series A, in the amount of \$135,429,395.

In December 2006, the District issued Measure A General Obligation Bonds, Series B, in the amount of \$332,570,194.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2016, the Measure A Bond Fund had the following commitments with respect to unfinished capital projects:

	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
District wide projects	\$ 1,171,224	Within 1 year
Skyline projects	121,878	Within 1 year
CSM projects	592,089	Within 1 year
Cañada projects	260,257	Within 1 year
	<u>\$ 2,145,448</u>	

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Mateo County Community College District (the "District") Measure A General Obligation Bond Activity included in the Measure A Bond Fund of the District (the "Measure A Bond Fund") as of and for the year ended June 30, 2016, and the related notes to the financial statements and have issued our report thereon dated December 14, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 14, 2016

**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT
MEASURE A
2005 GENERAL OBLIGATION BONDS**

PERFORMANCE AUDIT
June 30, 2016

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS

PERFORMANCE AUDIT
June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

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

We have conducted a performance audit of the San Mateo County Community College District (the "District"), Measure A General Obligation Bond funds for the year ended June 30, 2016.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

Our audit was limited to the objectives listed on page 3 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure A General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII 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 of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal controls.

The results of our tests indicated that, in all significant respects, San Mateo County Community College District expended Measure A General Obligation Bond funds for the year ended June 30, 2016 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 of the California Constitution.


Crowe Horwath LLP

Sacramento, California
December 14, 2016

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS
BACKGROUND

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55 percent of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establishes and appoints members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT MEASURE A GENERAL OBLIGATION BONDS

The San Mateo County Community College District Measure A General Obligation Bonds. Bonds are issued pursuant to the Constitution and laws of the State of California, including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Trustees of the District on November 8, 2006.

The District received authorization for the Measure A Bonds at an election held on November 8, 2005, to issue bonds of the District in an aggregate principal amount not to exceed \$468,000,000. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2005 Authorization).

The Bonds are being issued to finance the acquisition, construction and modernization of certain District property and facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. A summary of the text of the ballot language was as follows:

"To prepare College of San Mateo, Cañada College, and Skyline College students for universities and high demand jobs; upgrade nursing, health, career, science, computer and biotechnology labs; improve accessibility for disabled students; make earthquake safety improvements; repair/modernize libraries, classrooms, and aging facilities; and other projects in the Bond Projects Lists, shall San Mateo County Community College District be authorized to issue \$468,000,000 in bonds at interest rates within legal limits and with oversight by a Citizens' Advisory Committee?"

In April 2006, the District issued Measure A General Obligation Bonds, Series A, in the amount of \$135,429,395.

In December 2006, the District issued Measure A General Obligation Bonds, Series B, in the amount of \$332,570,194.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION

OBJECTIVES OF THE AUDIT

The objective of our performance audit was to determine that the District expended Measure A General Obligation Bond funds for the year ended June 30, 2016 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE OF THE AUDIT

The District provided to us a list of all Measure A General Obligation Bond project expenditures for the year ended June 30, 2016 (the "List"). An approximate total of 3,125 transactions were identified, representing \$16,592,838 in expenditures from July 1, 2015 through June 30, 2016.

METHODOLOGY

We performed the following procedures to the List of Measure A General Obligation Bond project expenditures for the year ended June 30, 2016:

- Verified the mathematical accuracy of the expenditures list.
- Reconciled the List to total bond expenditures as reported by the District in the Measure A Bond Fund's audited financial statements for the year ended June 30, 2016.
- Selected a sample of 39 expenditures totaling \$1,652,961. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. Verified that the expenditures were for authorized projects, and were to repair, upgrade and construct facilities and expand college education centers.

CONCLUSION

The results of our tests indicated that, in all significant respects, the San Mateo County Community College District expended Measure A General Obligation Bond funds for the year ended June 30, 2016 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

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

FINANCIAL STATEMENTS
June 30, 2016

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

FINANCIAL STATEMENTS
June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of San Mateo County Community College District (the "District") Measure H General Obligation Bond Activity included in the Measure H Bond Fund of the District (the "Measure H Bond Fund") as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure H General Obligation Bond Activity of the San Mateo County Community College District as of June 30, 2016, and the changes in its financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the 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, 2016, the changes in its financial position, or, where applicable, its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 14, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters for the Measure H Bond Fund. The purpose of that report is to describe the scope of our testing of internal control over financial reporting, and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance for the Measure H Bond Fund. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the San Mateo County Community College District's internal control over financial reporting and compliance for the Measure H Bond Fund.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 14, 2016

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS
BALANCE SHEET
June 30, 2016

2016

ASSETS

Cash	\$ 125,010,580
Accounts receivable	277,848
Prepaid expenses	<u>7,227</u>
Total assets	<u>\$ 125,295,655</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 692,248
Due to the District	<u>155,589</u>
Total liabilities	<u>847,837</u>
Restricted fund balance	<u>124,447,818</u>
Total liabilities and fund balance	<u>\$ 125,295,655</u>

See accompanying notes to financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
For the Year Ended June 30, 2016

2016

Revenues

Interest income	\$ <u>1,395,362</u>
-----------------	---------------------

Expenditures

Current:

Salaries and benefits	391,707
Supplies and materials	85,845
Capital construction and improvements	<u>1,335,632</u>
Total expenditures	<u>1,813,184</u>
Change in fund balance	(417,822)
Restricted fund balance, July 1, 2015	<u>124,865,640</u>
Restricted fund balance, June 30, 2016	<u>\$ 124,447,818</u>

See accompanying notes to financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the San Mateo County Community College District's (the "District") Measure H Bond Fund (the "Measure H Bond Fund") conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Measure H Bond Fund accounts for financial transactions in accordance with the policies and procedures of the California College Budget and Accounting Manual.

Financial Reporting Entity: The financial statements include only the Measure H Bond Fund of the District used to account for Measure H projects. This Measure H Bond Fund was established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2014. These financial statements are not intended to present fairly the financial position and results of operations of the San Mateo County Community College District in compliance with accounting principles generally accepted in the United States of America.

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

The financial statements represent the Measure H Bond Fund of the District and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Due to District: At June 30, 2016, an interfund payable balance totaling \$155,589 was due to the District's general fund for the reimbursement of payments to vendors.

Restricted Fund Balance: Restricted fund balance includes resources which are legally or contractually restricted by external third parties. Fund balance is restricted for capital projects of the Measure 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.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 2 – CASH

Policies and Practices: The Measure H Bond Fund is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State: U.S. Treasury instrument; registered State warrants or treasury notes: securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreement; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

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

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

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

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Measure H Bond Fund manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The fair value of the Measure H Bond Fund's deposits at the County Treasury, at June 30, 2016, was \$125,010,580 and the weighted average maturity of the pool is 595 days.

Credit Risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The 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, 2016 consisted of \$277,848 due from the County for interest income.

NOTE 4 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2016 of \$692,248 consisted of vendor payables.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 5 – FUND BALANCE CLASSIFICATION

Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications are nonspendable, restricted, committed, assigned and unassigned. The fund balance of the Measure H General Obligation Bonds is restricted, as described below.

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

NOTE 6 – PURPOSE OF BOND ISSUANCE

Bond Authorization: The general obligation bonds associated with Measure H Bonds were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Trustees of the District on July 23, 2014 (the “Bond Resolution”).

The District received authorization at an election held on November 11, 2014, to issue bonds of the District in an aggregate principal amount not to exceed \$388,000,000 to provide financing for the specific school facilities projects listed in the Bond Project List approved by the voters. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District.

Purpose of Bonds: The proceeds of the Bonds may be used to prepare College of San Mateo, Cañada College and Skyline College students for universities and high- demand jobs; modernize math and science classrooms and labs; upgrade computer, biotechnology and job training facilities; upgrade access for disabled students; ensure classrooms meet earthquake, fire and safety requirements; and replace aging infrastructure with energy efficient systems.

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.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2016, the Measure H Bond Fund had the following commitments with respect to unfinished capital projects:

	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Districtwide projects	\$ 1,898,722	Within 1 year
Skyline projects	2,758,339	Within 1 year
CSM projects	2,121,484	Within 1 year
Cañada projects	1,574,590	Within 1 year
	<u>\$ 8,353,135</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, 2016, and the related notes to the financial statements and have issued our report thereon dated December 14, 2016.

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.

Compliance and Other Matters

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

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 14, 2016

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

PERFORMANCE AUDIT
June 30, 2016

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

PERFORMANCE AUDIT
June 30, 2016

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BACKGROUND:

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MEASURE H GENERAL OBLIGATION BONDS 2

PERFORMANCE AUDIT:

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METHODOLOGY 3
CONCLUSION 3

INDEPENDENT AUDITOR'S REPORT

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

We have conducted a performance audit of the San Mateo County Community College District (the "District"), Measure H General Obligation Bond funds for the year ended June 30, 2016.

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, 2016 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.



Crowe Horwath LLP

Sacramento, California
December 14, 2016

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

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55 percent of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establishes and appoints members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT MEASURE H GENERAL OBLIGATION BONDS

The San Mateo County Community College District Measure H General Obligation Bonds are issued pursuant to the Constitution and laws of the State of California, including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Trustees of the District on July 23, 2014.

The District received authorization for the Measure H Bonds at an election held on November 4, 2014, to issue bonds of the District in an aggregate principal amount not to exceed \$388,000,000. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2014 Authorization).

The Bonds are being issued to finance the acquisition, construction and modernization of certain District property and facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. A summary of the text of the ballot language was as follows:

"To prepare College of San Mateo, Cañada College, and Skyline College students for universities and high demand jobs; modernize math and science classrooms and labs; upgrade computer, biotechnology and job training facilities; upgrade access for disabled students; ensure classrooms meet earthquake, fire and safety requirements; and replace aging infrastructure with energy efficient systems, shall San Mateo County Community College District be authorized to issue \$388,000,000 in bonds at interest rates within legal limits, with annual independent audits, Citizens' Oversight and all proceeds benefiting your local community colleges?"

In May 2015, the District issued Measure H General Obligation Bonds, Series A, in the amount of \$127,000,000.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE H - 2014 GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION

OBJECTIVES OF THE AUDIT

The objective of our performance audit was to determine that the District expended Measure H General Obligation Bond funds for the year ended June 30, 2016 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, 2016 (the "List"). An approximate total of 1,533 transactions were identified, representing \$1,813,184 in expenditures from July 1, 2015 through June 30, 2016.

PROCEDURES PERFORMED

We performed the following procedures to the List of Measure H General Obligation Bond project expenditures for the year ended June 30, 2016:

- 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, 2016.
- Selected a sample of 31 expenditures totaling \$533,938. 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, 2016 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

San Mateo County Community College District

January 25, 2017

BOARD REPORT NO. 17-1-105B

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

RECEIPT AND ACCEPTANCE OF THE 2015-16 RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST AUDIT REPORT

Attached is a copy of the audit of the Retirement Futuris Public Entity Investment Trust for the San Mateo County Community College District, prepared by the Board-approved firm of Crowe Horwath LLP. The audit was based upon the fiscal year ending June 30, 2016. 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 2015-16 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, 2016

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

FINANCIAL STATEMENTS
June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of San Mateo County Community College District Retirement Futuris Public Entity Investment Trust (the "Trust"), a fiduciary fund of San Mateo County Community College District (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Trust's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

(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 Future Public Entity Investment Trust, a fiduciary fund of San Mateo County Community College District, as of June 30 2016 and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the 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, 2016, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information, such as the Schedule of Funding Progress and Schedule of Employer Contributions on page 9, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2016 on our consideration of the District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the Trust. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance for the Trust. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Mateo County Community College District's internal control over financial reporting and compliance for the Trust.



Crowe Horwath LLP

Sacramento, California
December 14, 2016

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
STATEMENT OF TRUST NET POSITION
As of June 30, 2016

ASSETS

Investments:

Mutual funds – fixed income	\$ 39,809,958
Mutual funds – equity	35,707,574
Mutual funds – real estate	4,838,377
Interest receivable	<u>90</u>
Total assets	<u>80,355,999</u>

NET POSITION

Net position held in trust for other postemployment benefits	<u>\$ 80,355,999</u>
--	----------------------

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
STATEMENT OF CHANGE IN TRUST NET POSITION
For the Year Ended June 30, 2016

Additions

Employer contributions	\$ 19,254,664
Net investment income:	
Dividends and other income	3,142,006
Realized and unrealized losses, net	(2,270,437)
Investment fees	<u>(268,361)</u>
Total additions	<u>19,857,872</u>

Deductions

Retiree benefits	<u>7,254,664</u>
Net increase	12,603,208

Net position held in trust for other postemployment benefits:

Net position, July 1, 2015	<u>67,752,791</u>
Net position, June 30, 2016	<u>\$ 80,355,999</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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 1019 retirees and beneficiaries currently receiving benefits and 859 active plan members. The Trust is a governmental plan that is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

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*.

Investment Options: Benefit Trust Company ("BTC"), the Asset Custodian, maintains the Trust's investments in various mutual funds, and is the record keeper. BTC contracted with Morgan Stanley Smith Barney as the investment advisor. Funds allocated to the Asset Custodian are invested according to the investment policy statement (IPS) developed and approved by the Retirement Board in a combination of equity and fixed income investments.

Investment Valuation: Investments are reported at fair value based upon market prices, when available, or estimates of fair value, and unrealized and realized gains and losses are included in the Statement of Change in Trust Net Position.

Contributions: Contributions to the Trust are funded entirely by the employer. The Trust was established and may be amended by the District. Contributions are not required and any contributions by the District are discretionary. Annual retiree benefits are funded from employer contributions on a pay-as-you-go basis. During the year ended June 30, 2016, the District made additional contributions to the Trust, outside of retiree benefits, of \$12,000,000.

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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of trust assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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

As of February 1, 2015, the most recent actuarial valuation date, the plan was 52 percent funded. The actuarial accrued liability for benefits was \$119,086,798, the actuarial value of assets was \$62,328,025, resulting in an unfunded actuarial accrued liability of \$56,758,773. As of the last actuarial, the covered payroll (annual payroll of active employees covered by the Plan) was \$85,569,412, and the ratio of the funding excess to the covered payroll was 66 percent.

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

In the February 1, 2015 actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses), based on assumed long-term return on plan assets assuming 100% funding through the Trust. Healthcare cost trend rates were 4.0 percent. The unfunded actuarial accrued liability (UAAL) is being amortized at a level percent method on a closed basis over 30 years for the initial UAAL and open basis over 25 years for any residual UAAL. The remaining amortization period at June 30, 2016 was 27 years.

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, 2016, are as follows:

Mutual funds – fixed income	\$ 39,809,958
Mutual funds – equity	35,707,574
Mutual funds – real estate	<u>4,838,377</u>
Total investments	<u>\$ 80,355,909</u>

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 2 – INVESTMENTS (Continued)

During the fiscal year ended June 30, 2016, the Trust's investments (including gains and losses on investments bought and sold as well as held during the year) appreciated as follows:

Dividend and other	\$ 3,142,006
Realized losses, net	(381,054)
Unrealized losses, net	(1,889,383)
Investment fees	<u>(268,361)</u>
 Total investment income	 <u>\$ 603,208</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, 2016, the Trust investments consisted of open-end mutual funds, therefore there are no credit ratings to disclose.

Interest Rate Risk: The Trust does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2016, the Trust had no significant interest rate risk related to investments held.

NOTE 3 – FAIR VALUE MEASUREMENTS

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, 2016.

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

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

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

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

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 3 – FAIR VALUE MEASUREMENTS (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, 2016:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Mutual funds - fixed income	\$ 39,809,958	\$ 39,809,958	\$ -	\$ -
Mutual funds - equity	35,707,574	35,707,574	-	-
Mutual funds – real estate	<u>4,838,377</u>	<u>4,838,377</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 80,355,909</u>	<u>\$ 80,355,909</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, 2016, 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, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT FUTURIS PUBLIC ENTITY INVESTMENT TRUST
REQUIRED SUPPLEMENTARY INFORMATION**
For the year ended June 30, 2016

I. SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
September 1, 2006	\$ -	\$ 149,530,877	\$ 149,530,877	-	\$ 87,823,351	170%
September 8, 2009	\$ -	\$ 135,296,490	\$ 135,296,490	-	\$ 92,142,686	147%
September 8, 2009*	\$ -	\$ 135,296,490	\$ 135,296,490	-	\$ 85,080,018	159%
February 1, 2011	\$ 15,643,762	\$ 118,923,929	\$ 103,280,167	13%	\$ 90,671,696	114%
February 1, 2013	\$ 34,870,628	\$ 125,352,953	\$ 90,482,325	28%	\$ 97,167,462	93%
February 1, 2015	\$ 62,328,025	\$ 119,086,798	\$ 56,758,773	52%	\$ 85,569,412	66%

* As revised.

II. SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual Required Contribution (ARC)	Contributions	Percentage of ARC Contributed
June 30, 2008	\$ 9,056,503	\$ 6,347,500	70%
June 30, 2009	\$ 8,175,590	\$ 6,534,170	80%
June 30, 2010	\$ 7,383,929	\$ 11,167,718	151%
June 30, 2011	\$ 7,702,017	\$ 17,100,154	222%
June 30, 2012	\$ 7,702,017	\$ 17,103,043	223%
June 30, 2013	\$ 8,642,396	\$ 17,103,043	198%
June 30, 2014	\$ 8,642,396	\$ 16,912,318	196%
June 30, 2015	\$ 7,138,932	\$ 19,265,110	270%
June 30, 2016	\$ 7,138,932	\$ 19,254,664	270%

III. NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

1. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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 Future 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, 2016, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2016.

Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 14, 2016

BOARD REPORT NO. 17-1-106B

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

APPROVAL OF REVISIONS TO BOARD POLICIES:

1.02 ORGANIZATION OF THE BOARD

2.08 DISTRICT PARTICIPATORY GOVERNANCE PROCESS

2.45 CONFLICT OF INTEREST

6.13 CURRICULUM DEVELOPMENT, PROGRAM REVIEW, AND PROGRAM VIABILITY

7.41 DISABLED STUDENTS PROGRAMS AND SERVICES (DSPS)

7.46 ACCESS TO SHOWER FACILITIES

Revisions are recommended as follows:

Policy 1.02 – Updated to include the restriction in Education Code Section 72104 that precludes members of the governing board from serving on the governing body of a high school district with coterminous boundaries with the community college district.

Policy 2.08 – Updated to clarify that the role the District Participatory Governance Council is to be advisory on the topic of District budgeting, finance and planning rather than to provide oversight of the Budget and Planning Subcommittee.

Policy 2.45 – Updated to specify that Board members, as well as employees, are prohibited from having a financial interest in a contract made by them in their official capacity.

Policy 6.13 – Updated to change the word “deletions” to “discontinuances” to maintain consistency in terminology throughout the policy.

Policy 7.41 – Updated to reflect the language used in the new and amended Title 5 Sections 56000 et seq. that went into effect on July 1, 2016 and to remove a redundant citation.

Policy 7.46 – New policy to address Education Code Section 76011 which requires that access to existing shower facilities be granted to any homeless student who is enrolled in coursework, has paid enrollment fees, and is in good standing with the community college district without requiring the student to enroll in additional courses.

The revisions to Policies 1.02, 2.08, 2.45, 7.41 and 7.46 have been reviewed and approved by the District Participatory Governance Council. Policy 6.13 is within the purview of the District Academic Senate and was presented to the District Participatory Governance Council as an information item.

RECOMMENDATION

It is recommended that the Board approve the revisions to the above referenced Board Policies as shown on the attached.

CHAPTER 1: Board of Trustees
BOARD POLICY NO. 1.02 (BP 2010, 2100, 2110, and 2220)

BOARD POLICY
San Mateo County Community College District

Subject: 1.02 Organization of the Board

Revision Date: 4/15; xx/xx

Policy Reference(s): Education Code Sections 5000, et seq., 5090, et seq., 72023, 72103 and 72104;
Accreditation Standard IV.C.6

1. Authority of the Board

- a. The Board of Trustees (hereinafter referred to as the Board) derives its authority from the Education Code of the State of California. The Board is subject to the provisions of the Constitution of the State of California, the Education Code, the California Administrative Code, its own Rules and Regulations, and the expressed will of the electorate.
- b. Board members have authority only when acting as a Board legally in session. The Board shall not be bound by any statement or action of any individual Board member or employee, except when such statement or action is in pursuance of specific instructions by the Board. No member of the Board shall speak for the Board unless specifically authorized to do so.
- c. The Board may appoint ad hoc advisory committees to study and report on issues. Such committees shall be composed of less than a quorum of the Board and have no power to act on behalf of the Board. These committees are not subject to open meeting laws. Ad hoc advisory committees shall report their findings and/or recommendations to the full Board for action.

2. Membership of the Board

- a. Any person who meets the criteria contained in law is eligible to be elected or appointed a member of the Board.
- b. An employee of the District may not be sworn into office as an elected or appointed member of the Board unless he or she resigns as an employee.
- c. No member of the Board shall, during the term for which he or she is elected, hold an incompatible office.
- d. **No member of the Board shall, during the term for which he or she was elected, be eligible to serve on the governing board of a high school district whose boundaries are coterminous with those of the community college district.**

3. Election and Term of Office

- a. The Board consists of five (5) members elected at large for terms of four (4) years. Terms of Board members are staggered with biennial elections as provided by the Education Code. Elections are held in accordance with provisions of the California Elections Code. In addition to the five Board members, a nonvoting Student Trustee is elected by students to serve on the Board for a one-year term. (See Policy 1.05)
- b. Although the Board encourages Board candidate statements in the sample ballot package, the District will not pay the cost of such statements.

1.02 Organization of the Board (continued)

- c. The candidate's statement for the Board election shall contain no more than 200 words.
- d. In case of a tie vote among the candidates for the Board, the Board will determine the winner by lot.

4. Vacancies

- a. Vacancies in the membership of the Board may be filled by appointment or by special election as determined by the Board and in accordance with provisions of the Education Code.
 - i. Within sixty (60) days of the vacancy or filing of a deferred resignation, the Board shall either order an election or make a provisional appointment to fill the vacancy.
 - ii. If an election is ordered, it shall be held on the next regular election date not less than one hundred thirty (130) days after the occurrence of the vacancy.
 - iii. If a provisional appointment is made, it shall be subject to the conditions in Education Code Section 5091. The person appointed to the position shall hold office only until the next regularly scheduled election for Board members, when an election shall be held to fill the vacancy for the remainder of the unexpired term.
 - iv. The provisional appointment will be made by a majority public vote of the Board members at a public meeting.

**CHAPTER 2: Administration and General Institution
BOARD POLICY NO. 2.08 (BP 2510)**

**BOARD POLICY
San Mateo County Community College District**

Subject: BP 2.08 District Participatory Governance Process

Revision Date: 3/13xx/xx

Policy References: Education Code Section 70901.2; Title 5 Sections 53200-53206, 51023.5 and 51023.7; ACCJC Accreditation Standards IV.A and IV.D.7

1. In order to provide an opportunity for students, staff, and faculty to participate effectively in District governance, the Board of Trustees of the San Mateo County Community College District hereby establishes a District Participatory Governance Council (DPGC).
2. Nothing in this policy shall be construed to impinge upon the due process rights of students, faculty or staff, nor detract from any negotiated agreement between collective bargaining representatives and the Board of Trustees.
3. The Board respects agreements between the Academic Senate and collective bargaining representatives as to how they will consult, share or delegate among themselves the responsibilities that are or may be delegated to the Academic Senate by the Education Code or Title 5.
4. Governance is defined as those institutional structures and processes for decision-making and communications that engage students, staff, faculty, and administrators relative to the mission and values of the District.
5. The Board of Trustees is committed to a participatory governance system which ensures faculty, staff and students the right to participate effectively in district and college governance and the opportunity to express their opinions at the campus and District levels and to ensure that these opinions are given every reasonable consideration.
6. The purpose of the District Participatory Governance Council is to advise the Board of Trustees, through its designee, the Chancellor, on the following matters:
 - a. Procedures for faculty, staff, and management hiring and equal employment opportunities
 - b. Periodic review of the District Participatory Governance Council policy
 - c. Planning for Districtwide professional development activities
 - d. Oversight of the District Budget and Planning SubcommitteeDistrict budgeting, finance and planning
 - e. Changes to or the addition of locally determined student fees
 - f. Educational and facilities master planning processes
 - g. Board policies that directly affect faculty, staff and students of the District, as determined by the District administrator responsible for Board Policies, in conjunction with the DPGC co-chairs. All other Board policies will be brought to the DPGC as information items.

In addition to these items, any Council member may, after consultation with the DPGC co-chairs, place informational or advisory items on the agenda.

BP 2.08 District Participatory Governance Process (Continued)

7. The DPGC makes decisions democratically by polling appointed members to determine if general agreement has been reached, based upon the following levels of responses:
 - a. I support the recommendation completely.
 - b. I support the recommendation with reservations.
 - c. I cannot support the recommendation.

A recommendation will be forwarded to the Chancellor when 60% of members present are at any one level. Any member of DPGC can submit a brief rationale for his or her vote which will accompany the recommendation to the Chancellor and the Board of Trustees.

8. The District Participatory Governance Council membership is twenty (20) representatives with (5) representatives from Faculty, Administration, Classified, and Student constituencies, and specifically includes:

- a. Faculty (5): the District Academic Senate President, the three Academic Senate Presidents of each college or designees, and the AFT president or designee.
 - b. Administration (5): one Manager appointed by the President of each college, one appointment from the District office chosen by the Chancellor, and one non-represented member. The non-represented member is appointed by the Chancellor and represents non-union associated employees and can be either classified or administrative.
 - c. Classified (5): the CSEA President or designee, the AFSCME president or designee, and three additional classified representatives appointed by CSEA.
 - d. Students (5): the three Associated Students Presidents or designees from each college, the Student Trustee, and one at-large member.
 - e. Council Chair: The Council will be served by co-chairs, namely, the District Academic Senate President and the District administrator appointed by the Chancellor in (b.) above.
9. Term of Appointments: Membership appointments for students are for one semester and may be continued from semester to semester. Membership appointments for all other constituent groups are for one year and may be continued.
 10. A quorum for a meeting is as follows:
 - a. Presence of fifty percent plus one of current members, and
 - b. At least one representative from each site (District office and the three colleges), and
 - c. At least one representative from each constituency (faculty, administration, classified staff, and students).
 11. The Board recognizes the Academic Senate as the official body representing faculty in participatory governance (Title 5, 53200) and the “the right of Academic Senates to assume primary responsibility for making recommendations in the areas of curriculum and academic standards”. In academic and professional matters, the Board will rely primarily on faculty expertise through the established

BP 2.08 District Participatory Governance Process (Continued)

Academic Senate processes. The Academic Senate is expected to provide an opportunity for students and staff to participate effectively in the formulation and development of policies and procedures that have or will have a significant effect upon them. (See Policy 2.05 for the delineation of authority agreement between the Board and the Academic Senates.) “Academic and professional matters” include the following:

- a. curriculum, including establishing prerequisites and placing courses within disciplines;
- b. degree and certificate requirements;
- c. grading policies;
- d. educational program development;
- e. standards or policies regarding student preparation and success;
- f. district and college governance structures, as related to faculty roles;
- g. faculty roles and involvement in accreditation processes, including self-study and annual reports;
- h. policies for faculty professional development activities;
- i. processes for program review;
- j. processes for institutional planning and budget development; and
- k. other academic and professional matters as are mutually agreed upon between the governing board and the academic senate. (Title 5 §53200.c)

12. The Board recognizes the Associated Students organizations as the official bodies representing students and considers students to be full participants in participatory governance on all items pertaining to their interests. District and college policies and procedures that have or will have a “significant effect on students” include the following (Title 5, §51023.7,4 (b)):

- a. grading policies;
- b. codes of student conduct;
- c. academic disciplinary policies;
- d. curriculum development;
- e. courses or programs which should be initiated or discontinued;
- f. processes for institutional planning and budget development;
- g. standards and policies regarding student preparation and success;
- h. student services planning and development;
- i. student fees within the authority of the district to adopt; and
- j. any other district and college policy, procedure, or related matter that the district governing board determines will have a significant effect on students.

13. The Board recognizes CSEA as the official body representing classified staff and considers classified staff to be full participants in participatory governance on all items pertaining to their interests (Education Code §70901.2). The selection of classified representatives to serve on District and/or College committees, task forces, or other governance groups shall be made by CSEA with the expectation that all classified staff will be considered in the process of selecting representatives (Title 5 §51023.5).

14. A copy of the complete and updated text of the District participatory governance policy shall be maintained in the Office of the Chancellor.

CHAPTER 2: Administration and General Institution
BOARD POLICY NO. 2.45 (BP 2710)

BOARD POLICY
San Mateo County Community College District

Subject: BP 2.45 Conflict of Interest

Revision Date: 5/12; xx

Policy References: Government Code Sections 1090, et seq., 1126, 87200, et seq.; Title 2, Sections 18730 et seq.

1. In compliance with law, the Board shall adopt a Conflict of Interest Code and shall periodically review the list of designated employees required to complete financial disclosure forms. The Chancellor shall designate a filing Officer for conflict of interest matters and that person shall perform related duties as required by law.
2. Each Board member and each designated employee under the District's Conflict of Interest Code shall annually file a statement disclosing those interests in investments, real property, and income that are designated as reportable under the Conflict of Interest Code.
3. A Board member shall not engage in any employment or activity that is inconsistent with, incompatible with, in conflict with or inimical to his/her duties as an officer of the District.
4. No Board member nor any employee of the District shall make, participate in making or, in any way, attempt to use his or her position to influence a governmental decision in which he or she knows or has reason to know that he or she has a financial interest.
5. **Board members and employees shall not be financially interested in any contract made by them in their official capacity or in any body or board of which they are members. A Board member shall not be considered to be financially interested in a contract if his/her interest is limited to those interests defined as remote under Government Code Section 1091 or is limited to interests defined by Government Code Section 1091.5.**
6. A Board member who has a remote interest in any contract considered by the Board shall disclose his or her interest during a Board meeting and have the disclosure noted in the official board minutes. The Board member shall not vote or debate on the matter or attempt to influence any other Board member to enter into the contract.
7. **In compliance with law and regulation, the Chancellor shall establish administrative procedures to provide for disclosure of assets or income of Board members who may be affected by their official actions, and prevent members from making or participating in the making of Board decisions which may foreseeably have a material effect on their financial interest.**

**CHAPTER 6: Educational Program
BOARD POLICY NO. 6.13 (BP 4020)**

**BOARD POLICY
San Mateo County Community College District**

<u>Subject:</u>	BP 6.13 Curriculum Development, Program Review, and Program Viability
<u>Revision Date:</u>	4/13; xx/xx
<u>Policy References:</u>	Title 5 Sections 51000, 51022, 55100, 55130 and 55150; Education Code Sections 70901(b), 70902(b) and 78016; U.S. Department of Education Regulations on the Integrity of Federal Student Financial Aid Programs under Title IV of the Higher Education Act of 1965, as amended; 34 Code of Federal Regulations Sections 600.2, 600.24, 603.24 and 668.8; ACCJC Accreditation Standards II.A and II.A.9

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1. The programs and curricula of the District shall be of high quality, relevant to community and student needs, and evaluated regularly to ensure quality and currency. The Academic Senate Governing Council shall establish procedures for the development and review of all curricular offerings, including their establishment, modification or discontinuance.
 2. In accordance with Title 5, Section 53200, and Board Policy 2.06, the Board of Trustees, through its designee, will consult collegially with the Academic Senate in the areas of curriculum development, educational program development, program review, and program viability and will primarily rely on the expertise of faculty in these academic and professional matters.
 3. In consultation with the College President and Vice President of Instruction, or designees, each local Academic Senate Governing Council will approve the processes for Curriculum and Program Development, Program Review, and Program Viability and Discontinuance consistent with Title 5 and the Education Code. During the development of these processes, the Senate Presidents will consult collegially with their colleagues through the District Academic Senate Governing Council.
 4. The processes for curriculum development, educational program development, program review, and program viability will culminate in recommendations to the Board of Trustees through the Chancellor, or designee, for approval of curricular additions, consolidations, and ~~deletions~~ ~~discontinuances~~. All new programs or program ~~deletions~~ ~~discontinuances~~ shall be approved by the Board of Trustees and submitted to the California Community Colleges Chancellor's Office for approval as required.
 5. A program is defined as an organized sequence of courses leading to a defined objective, a degree, a certificate, or transfer to another institution of higher education.
 6. The Office of Instruction at each College will be responsible for maintenance of all records regarding curriculum and program development and program review.
 7. Curriculum development, program review, and program viability shall also have District-wide oversight and coordination.

**CHAPTER 7: Student Services
BOARD POLICY NO. 7.41 (BP 5140)**

**BOARD POLICY
San Mateo County Community College District**

Subject: BP 7.41 Disabled Students Programs and Services (DSPS)

Revision Date: 10/12; 8/13; 3/14; xx/xx

Policy References: Education Code Sections 67310 and 84850; Title 5 Sections 56000 et seq. **and**
56027

1. Students with disabilities have the right to be reasonably accommodated pursuant to federal and state requirements in all applicable programs in the District.
2. The Disabled Students Programs and Services (DSPS) program shall be the primary provider for **support programs and services-academic adjustments, auxiliary aids, services, or instruction** that facilitate equal educational opportunities for disabled students who can benefit from instruction as required by Federal and State laws.
3. DSPS services shall be available to students with verified disabilities. These services shall be based on students' educational limitations resulting from the disability. The services to be provided include, but are not limited to: reasonable accommodations, academic adjustments, technology accessibility, accessible facilities and equipment, instructional programs, rehabilitation counseling, and academic counseling.
4. Students with disabilities are not required to participate in the Disabled Students Programs and Services program.
5. The District shall respond in a timely manner to accommodation requests involving academic adjustments. The Chancellor or designee shall establish a procedure to implement this policy which, at a minimum, provides for an individualized review of each such request, and permits interim decisions on such requests pending final resolution by the appropriate administrator or designee.
6. The Chancellor shall assure that the DSPS program conforms to all requirements established by the relevant law and regulations.

CHAPTER 7: Student Services
BOARD POLICY NO. 7.46 (BP 5220)

BOARD POLICY
San Mateo County Community College District

Subject: BP 7.46 Access to Shower Facilities
Policy Date: xx/xx
Policy Reference: Education Code Section 76011

The Chancellor shall establish procedures necessary to make on-campus shower facilities available to any current San Mateo County Community College District student.

BOARD REPORT NO. 17-1-107B

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor
PREPARED BY: Bruce Griffin, Chief Technology Officer, 358-6722

AUTHORIZATION FOR USE OF WSCA-NASPO CONTRACT WITH SSP DATA FOR PURCHASE OF PALO ALTO NETWORK FIREWALLS AND INSTALLATION SERVICES

California Community Colleges, including the District, are increasingly at risk of data loss and business disruptions from cyber-attacks and hackers. These threats are growing in both number and sophistication, and the District must maintain the currency of its network infrastructure as part of its overall security effort.

Maintaining currency requires investment in new equipment designed to meet the challenges of today's threats. The District set aside \$1,000,000 of Measure H funds for new, next generation network firewalls in support of this investment at all three colleges and the District Office.

Firewalls are a key piece of any organization's cyber-defense strategy. It is important to remember, however, that a firewall is a single tool among many in an organization's cyber-defense tool-kit. The District's current units are designed to block unwanted and/or malicious Internet traffic from entering our networks. Next generation firewalls have added intelligence to proactively identify and block or contain malicious traffic. They often leverage machine learning to review traffic against databases of known threats and reduce the damage done by malicious programs before other defenses are aware they exist.

After reviewing proposals from three leading vendors, the District's Information Technology Services has selected Palo Alto Networks' PA-5050 firewalls from SSP Data, Inc. Palo Alto Networks offered the best combination of usability, reporting and management tools. The PA-5050 product will handle over five times the District's current network traffic when all features are activated allowing for future growth. The District seeks to purchase four units, one each for the District/CSM, Skyline College, Cañada College and a spare, back up unit. The proposed solution also includes equipment to serve the Menlo Park remote site. These units can block both unwanted in-bound traffic as well as outbound traffic to malicious web sites as designated by their cloud-based threat database. The products include five years of intrusion prevention and threat intelligence subscriptions.

The purchase will be funded through Measure H funds via the WSCA-NASPO, contract number AR626 with a term of 3/2/2015 – 5/31/19. This contract is approved for use by all governmental entities within the State of California, including all state agencies and local entities (cities, counties, school districts, universities, community college districts, etc.) that are empowered to expend public funds for the acquisition of information technology goods and services.

RECOMMENDATION

It is recommended that the Board of Trustees authorize the use of the WSCA-NASPO contract with SSP Data, Inc. for the purchase and installation of new network firewall equipment, technical training and five years of hardware and software maintenance in an amount not to exceed \$900,000 plus applicable sales tax and shipping.

RESOLUTION NO. 17-2

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

RESOLUTION REGARDING BOARD ABSENCE

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

WHEREAS, at the time of the January 11, 2017 meeting of the Board, Trustee Dave Mandelkern was absent due to hardship deemed acceptable by the Board;

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of the San Mateo County Community College District finds that under current law, Trustee Mandelkern is entitled to receive the regular compensation for the meeting at which he was absent.

REGULARLY PASSED AND ADOPTED this 25th day of January, 2017.

Ayes:

Noes:

Abstentions:

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

San Mateo County Community College District

January 25, 2017

BOARD REPORT NO. 17-1-109B

TO: Members of the Board of Trustees
FROM: Ron Galatolo, Chancellor
PREPARED BY: Mitchell Bailey, Chief of Staff, 574-6560

BOARD MEMBER COMPENSATION

SB 214, which was adopted by the Legislature and signed by the Governor in October 2001, allows the Board to adopt a 5% increase in compensation on an annual basis. Any increase that is approved by the Board is effective as of the date approved by the Board and may not be retroactive.

In January of 2009, 2010, 2011 and 2012, the Board discussed implementation of the 5% annual compensation increase and unanimously agreed to bypass an increase because of the economic climate. Subsequently, the Board has approved a 5% increase in Board member compensation each year.

RECOMMENDATION

Board determined.

BOARD REPORT NO. 17-1-2C

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Kathy Blackwood, Executive Vice Chancellor, 358-6790
Tom Bauer, Vice Chancellor, Auxiliary Services & Enterprise Operations, 358-6782

FIRST QUARTER REPORT OF AUXILIARY OPERATIONS, 2016-17

The following report covers the period July 1, 2016 through September 30, 2016 for Associated Student Bodies, Bookstores, Cafeterias, San Mateo Athletic Club & Aquatic Center and Community, Continuing & Corporation Education. The District Auxiliary and Commercial Operations, including the three campus bookstores, cafeterias, vending operations, the San Mateo Athletic Club & Aquatic Center at College of San Mateo, and Community, Continuing & Corporation Education are self-sustaining enterprises. All income generated covers the total salaries and expenses generated by these operations. General fund dollars are not used to subsidize District enterprise operations.

ASSOCIATED STUDENTS

Total income and expenditures for the Associated Student Body (ASB) at each College for the first quarter of 2016-17 are listed below:

	2016-17	2015-16	\$ Change	%Change
Cañada College ASB	\$ 15,265	\$ 12,825	\$ 2,440	19.0%
College of San Mateo ASB	\$ 26,266	\$ 21,369	\$ 4,897	22.9%
Skyline College ASB	\$ 24,169	\$ 20,653	\$ 3,516	17.0%

Associated Students Expenditures	2016-17	2015-16	\$ Change	%Change
Cañada College ASB	\$ 5,281	\$ 10,632	\$ (5,351)	-50.3%
College of San Mateo ASB	\$ 32,847	\$ 32,305	\$ 542	1.7%
Skyline College ASB	\$ 25,621	\$ 37,597	\$ (11,975)	-31.9%

Income:

Activity card – Activity card sales are the major source of income for the Associated Students. Sales at all three colleges have increased compared to the same quarter in 2015. Skyline College has the largest increase of 29.65%, followed by CSM increase of 14.74% and the Canada College increase of 12.46%. The colleges have been working to raise awareness of the benefits of the Student ID Card. Fewer students are also waiving the Student Body Fee once the semester begins at College of San Mateo.

Vending machines sales commissions – Beverage machine sales at all three colleges have increased. Snack machines sales at Cañada College and College of San Mateo have increased while Skyline College have decreased.

Investment interest income – There have been no significant changes in investment interest income received during the first quarter compared to same period of last year. Investment interest rate was at 0.944% as of September 2016, which is slightly higher than that of 0.926% as of September 2015. The amount of interest earned reconciles with the investment balances of all three colleges during the first quarter of both fiscal years.

Expenditures:

Expenditures of the ASBs include normal operating expenses (office supplies, activity card, student assistant salaries and other miscellaneous expenses) as well as student programs, scholarships and club assistance supporting campus life.

At Cañada College, ASB organized events and activities in the first quarter have dropped from 15 events last year to 11 events this year. The current year expenditures have decreased overall due to fewer activities this year. The largest decreases in expenditures are in Awards and Scholarships, Conferences and Office Supplies.

At College of San Mateo, ASB organized events and activities in the first quarter have dropped from 13 events last year to 8 events this year. The Program expenses have increased by 176.77% due to fewer but bigger events hosting more participants this year. The increase of Program Expense was largely offset by the decrease in Publicity Expense, resulting in a net decrease of overall expenditures of 1%. At College of San Mateo, students have been working to reach out to other students via social media, etc., which has translated into the printing of fewer fliers and other printed materials.

At Skyline College, ASB organized events and activities in the first quarter have increased from 11 events last year to 12 events this year. Despite the increase in the number of activities, the overall expenditures have decreased by 31.85% compared to last year. The most significant spending decreases were College Program Assistance Expense (smaller event size resulted in decreased of expenditure by \$6,342.21 or by 86.51%), Publicity Expense (decreased by \$4,281.19 or by 80.04%), and Conference Expense (decreased by \$2,456.27 or by 25.49%). These decreases were largely offset by a large increase in Student Assistant Salary (increased by \$2,847.75 or by 98.56%). Student Assistant costs increased due to some student employees being either no longer or not eligible for Federal Work Study payments.

Below is a comparison of the first quarter Net Income (Loss) from ASB Operations:

Associated Students Net Income	2016-17	2015-16	\$ Change	%Change
Cañada College ASB	\$ 9,984	\$ 2,193	\$ 7,791	355.3%
College of San Mateo ASB	\$ (6,581)	\$ (10,936)	\$ 4,355	-39.8%
Skyline College ASB	\$ (1,452)	\$ (16,944)	\$ 15,492	-91.4%

BOOKSTORES

The following data reflects Bookstore operations for the fiscal year beginning July 1, 2016 through September 30, 2016. It includes summer 2016 and the first half of fall 2016 semester sales.

Bookstore Sales	2016-17	2015-16	\$ Change	% Change
Regular Merchandise Sales	\$ 2,206,682	\$ 2,294,501	\$ (87,819)	-3.8%
Computer Products Sales	\$ 47,249	\$ 35,291	\$ 11,958	33.9%
Total Merchandise Sales	\$2,253,932	\$ 2,329,793	\$ (75,861)	-3.3%
Textbook Rental Income	\$ 214,483	\$ 214,660	\$ (177)	-0.1%
Production Service Income	\$ 127,805	\$ 115,760	\$ 12,045	10.4%
Total Sales	\$2,596,219	\$ 2,660,212	\$ (63,993)	-2.4%

Regular merchandise sales have decreased this year compared to last year due mainly to a continuing drop in textbook sales. Textbook sales are down over last year due to several factors including lower enrollment as well as more faculty transitioning to on-line, publisher provided alternatives. Textbook rentals also impact textbook sales in that they are not represented as sales and, therefore, the more textbooks we rent, the fewer textbooks we sell. In fact, we are realizing the gross margin we would on the sale of a new book on the rental of any book. Textbook rental fees collected this year are essentially flat compared to last year. While diminishing supply of rental books is an issue, the main drivers are student enrollment and the aforementioned switch from traditional textbooks to publisher provided online resources chosen by some faculty members.

Textbook sales declines were offset somewhat by higher margin sales increases in school supplies and food and beverages. Sales increases at all three stores in course kits increased from \$117,158 last year for this period to \$232,530 this year! This is due primarily to the number of in kits created with the bookstore now selling both dental assisting kits and the cosmetology kits and to the efforts at all three colleges to create cost saving kits that contain course materials and supplies for students. Increases were also achieved in the coffee and convenience category which is the second strongest category Districtwide, computer products and electronics and production income, which includes the sales from the print shops located at each college.

Comparative figures are shown below:

Bookstore Recap	2016-17	2015-16	\$ Change	%Change
Operations				
Merchandise Sales	\$ 2,253,932	\$ 2,329,793	\$ (75,861)	-3.3%
Textbook Rental Income	214,483	214,660	(177)	-0.1%
Production Service Income	127,805	115,760	12,045	10.4%
Cost of Goods Sold	1,419,529	1,478,388	(58,858)	-4.0%
Gross Profit from Operations	\$1,176,690	\$ 1,181,824	\$ (5,134)	-0.4%
Total Operating Expenses	822,876	893,761	(70,885)	-7.9%
Net Income/(Loss) from Operations	\$ 353,814	\$ 288,063	\$ 65,751	22.8%
Interest and Other Income	85,769	48,860	36,909	75.5%
Net Income Before Other Expenses	\$ 439,583	\$ 336,923	\$ 102,660	30.5%
District Support				
In-Kind Donations Received	\$ 48,385	\$ 56,507	\$ (8,122)	-14.4%
Admin Salary & Benefits	\$ 18,109	\$ 17,328	\$ 782	4.5%
Other Expenses	\$ 19,513	\$ 18,331	1,182	6.4%
Net Change in Fund Balance	\$ 450,346	\$ 357,772	\$ 92,574	25.9%

Particularly noteworthy is the \$48,385 represented as “in-kind donations” received. This represents funds paid to the Bookstores from Pepsi according to the terms of the contract. In addition to the \$30,000 in partnership funds the Bookstore received each year of the contract, Pepsi also pays \$1.50 per case of Pepsi sold by the bookstores and cafeterias. This money will be completely spent down over the course of the academic year supporting the textbook rental fund as well as supporting a variety of initiatives at the colleges that support teaching and learning.

Cost of goods sold decreased this year due to the continued decrease in textbook sales and the low cost of coffee and convenience items that have increased sales significantly. Total direct operating expenses has decreased \$70,885 or 7.9% due largely to software maintenance expenses that have not come yet. The other significant factor was the renewal of the software services agreement for the bookstore operating system. Interest and other income increased significantly due to the increase in the sale of web codes and online access materials sold directly to students as they register. This is tracked as other income as there is no tangible item to sell.

It is expected that this will continue to be a very challenging time for bookstores in California in general as enrollments continue to flatten or decline. Lower enrollment, coupled with the added competition from now numerous outside organizations, particularly in terms of textbook sales, will put added pressure on the bookstores’ overall financial performance. All District Auxiliary and Commercial Operations are dependent on a strong, stable enrollment for continued success. The addition of the coffee concessions and convenience stores as well as the addition of the copy center at College of San Mateo and the merging of the copy center at Skyline College and Cañada College into the bookstore operations are examples of the proactive measures we are taking to insure the financial stability of the bookstore operations in these turbulent economic times. We will continue our commitment to focus on all efforts to improve service, offer as many lower cost textbook alternatives as possible, continue to grow the rental program, further integrate digital and online solutions at all three Colleges, increase the amount of custom and institutionally adopted textbooks Districtwide and further maximize the interest and other income potential of all the campus bookstores. In so doing, we will remain well positioned for future growth as we serve the students of the San Mateo Community College District.

CAFETERIAS

Beverage, Snack and Food Service Vendors –

- The District’s beverage vending service partner is Pepsi Bottling Group. The contract was awarded effective July 1, 2012, ending on June 30, 2017.
- The District’s snack vending partner is Canteen, Inc. The contract was effective July 1, 2012, ending on June 30, 2017.
- The District’s food service partner is Pacific Dining Services. The contract was awarded on July 1, 2012, through June 30, 2015 with an option for two one year renewals at the discretion of the District thereafter. We are in the second of the one year renewals ending on June 30, 2017.

First quarter comparisons are noted below; this includes commissions from July 2016 through September 2016.

Cafeteria	2016-17	2015-16	\$ Change	% Change
Revenues				
Food Service Income	\$ 36,958	\$ 46,468	\$ (9,510)	-20.5%
Vending Income	15,376	15,186	190	1.3%
Interest Income	208	1,096	(888)	-81.0%
Event Rental	18,907	14,042	4,865	34.6%
Total Revenues	\$ 71,449	\$ 76,792	\$ (5,343)	-7.0%
Expenditures	\$ 48,420	\$ 39,985	\$ 8,435	21.1%
Net Change in Fund Balance	\$ 23,029	\$ 36,806	\$ (13,777)	-37.4%

FOOD SERVICE INCOME	2016-17	2015-16	\$ Change	% Change
PACIFIC DINING				
Skyline	\$ 11,174	\$ 12,724	\$ (1,550)	-12.2%
Cañada	\$ 3,736	\$ 8,624	-4,888	-56.7%
CSM	\$ 15,520	\$ 16,567	-1,047	-6.3%
Le Bulldog	\$ 6,528	\$ 8,553	-2,025	-23.7%
Total Food Service Income	\$ 36,958	\$ 46,468	\$ (9,510)	-20.5%

Compared to the first quarter 2015-16, food service income has decreased \$9,510 or 20.5% Districtwide. This is due largely to a timing issue in the receipt of September's commission payment. Event rental fees have increased \$4,865 or 34.6% this year over last year as we continue to make the Bayview Dining Room available to members of the community. Event rental fees are poured back into the facility for continued upgrade, upkeep and enhanced maintenance allowing us to maintain the facility at a superior level.

Vending income has increased slightly by just \$190 or 1.3% compared to last year. The increase is significant because the student headcount enrollment is lower than it was last year. This increase is primarily due to the strong children's aquatic programming over the summer and the success of the College for Kids program. Both programs brought hundreds of youth to the campuses this summer. Vending income is returned to each college Associated Students for use in supporting student activities on each campus.

Income from food service and vending contracts enables the District to provide food and beverage services to the students. These combined resources, along with interest income, also provide a stable Cafeteria fund not requiring support from the general fund. As part of the Enterprise Fund, the cafeteria and vending operations and are fully self-supporting. No General Fund dollars go to support any Enterprise operation. The fund is also responsible for the long-term maintenance and upgrading of aging facilities and equipment, as well as all expenses relating to the ongoing operational requirements under the food service and vending contracts.

SAN MATEO ATHLETIC CLUB AND AQUATIC CENTER

Operating as an enterprise through Auxiliary Services, the San Mateo Athletic Club is a self-sustaining community-centered, fee-based operation offering numerous service options to the San Mateo campus community and the community-at-large. The concept of a multi-use space enables the District to maximize the use of facility resources and consequently create a revenue stream that will supplement the College budgetary needs including equipment maintenance and replacement. The San Mateo Athletic Club provides our community broader access to the College of San Mateo and demonstrates in a very real way that the District is a community-based organization serving a wide spectrum of educational and training opportunities.

Since opening our doors in April 2010, San Mateo Athletic Club (SMAC) has grown its membership to over 6,000. SMAC provides health and wellness opportunities to the local community and offers training and certification programs to fitness professionals. SMAC also provides a revenue stream that helps to support the facility and the equipment therein where the college faculty provide teaching and learning to the students at College of San Mateo. In addition to all we do to help support the mission and goals of College of San Mateo, we continue to engage the local community in an effort to increase the exposure opportunities for the college. This effort continues to be led by our outstanding aquatics facility and programming which has attracted attention from the Peninsula and surrounding areas.

The San Mateo Athletic Club and Aquatic Center financial summary is shown below.

San Mateo Athletic Club and Aquatic Center financial summary:

San Mateo Athletic Club and Aquatic Center	2016-17	2015-16	\$ Change	%Change
Operating Revenues				
Registration & Membership	\$ 860,210	\$ 822,185	\$ 38,025	4.6%
Personal Training	85,517	82,938	2,579	3.1%
Pilates	43,372	17,701	25,671	145.0%
Aquatics	231,710	206,153	25,557	12.4%
Parking	20,556	20,851	208	1.0%
Group Exercise	5,510	176	5,334	3030.7%
Retail	5,196	7,391	(2,195)	-29.7%
Other Income	5,500	6,381	(881)	-13.8%
Total Operating Revenue	\$1,257,571	\$ 1,163,776	\$ 93,795	8.1%
Operating Expenses	\$ 868,629	\$ 823,326	\$ 45,303	5.5%
Net Operating Income/(Loss), prior to District and College Support	\$ 388,942	\$ 340,450	\$ 48,492	14.2%
District Support				
District Support Income				
Interest Income on Investments	14,015	12,764	1,251	9.8%
Operating Expenses charge back to District	25,000	25,000	-	0.0%
Total District Support Income	39,015	37,764	1,251	3.3%
District Support Expense				
Admin Salaries & Benefits	71,363	66,780	4,583	6.9%
Equipment Use Fee & Depreciation	12,959	3,000	9,959	332.0%
Miscellaneous Expenses	586	219	367	167.6%
Pool Maintenance	5,861	3,150	2,711	86.1%
Total District Support Expense	90,769	73,149	17,620	24.1%
Net Income/(Loss) after District Support, prior to College Support	\$ 337,188	\$ 305,065	\$ 32,123	10.5%
College Support Expense				
Operating Expense charge back waived	\$ 25,000	\$ 25,000	\$ -	0.0%
Total College Support Expense	\$ 25,000	\$ 25,000	\$ -	0.0%
Net Income/(Loss) after District & College Support	\$ 312,188	\$ 280,065	\$ 32,123	11.5%

Total operating revenue continues to exceed expectations as well as budget and is 8.1% or \$93,795 ahead of last year for a total of \$1,257,751. Our net operating income after expenses is up \$48,492 or 14.2% over last year as membership continues to be strong. In addition to increased District salary and benefit costs for District employees charged to the operation, personnel costs for club staff have increased. We have also added new equipment this year with additional costs related to its installation. Net income including all expenses is up \$32,123 over last year or 11.5%. We expect to end the year with a surplus in excess of \$1 million dollars. One of the many benefits of this enterprise is that we are in a position to replace equipment that is aging or replace equipment with equipment outfitted with superior technology with enterprise funds. Prior to creating SMAC,

equipment used by students in the KPE academic program was used far in excess of its useful life due to limited resources for equipment replacement.

We are very proud of the accomplishments made at SMAC in such a short period of time. We continue to exceed expectations on all levels and will always strive to be the best facility in the Bay Area which offers not only a place to work out, but also a place to teach, learn and develop habits, knowledge, skills and abilities that will benefit all those we serve for a lifetime.

COMMUNITY, CONTINUING AND CORPORATE EDUCATION

Community, Continuing and Corporate Education (CCCE) continues to focus on serving the educational needs of the community at large both local and international. As we continue to lean into our mission of becoming a financially self-sustaining powerhouse of programs and initiatives creating impact for San Mateo County residents, families, businesses, nonprofits and government agencies – and for international students and groups seeking educational and training opportunities within the San Mateo County Community College District – we are proud of what we have accomplished and optimistic for what the future holds.

We have continued our focus on the development of innovative new educational offerings while investing in our signature programs, Silicon Valley Intensive English Program (SVIEP) and the Bay Area Pathways Academy (BAPA).

Below represents the financial performance of CCCE through September 2016:

Community Continuing Corporate Education	2016-17	2015-16	\$ Change	% Change
Revenues	\$ 482,193	\$ 160,993	\$ 321,200	199.5%
Expenditures				
Salaries and Benefits	\$ 185,873	\$ 88,308	\$ 97,565	110.5%
Other Operating Expenses	148,092	116,844	31,248	26.7%
Total Expenses	\$ 333,964	\$ 205,152	\$ 128,812	62.8%
Net Change in Fund Balance	\$ 148,229	\$ (44,159)	\$ 192,388	435.7%

CCCE is now in the investment phase of a multi-year growth curve in FY 2016-17, which is projected to yield over a million dollars in new revenues by FY18. CCCE anticipates continuation of this investment phase in FY 16-17 with anticipated revenue growth from new programs helping to support our operational expenses for SVIEP which will not break even until 2018-19. Our income has increased this year along with our expenses. While the net revenue shows a large increase this year over last, that number reflects seed money for SVIEP which has helped offset salary and benefit costs for District staff operating the program. We will continue to focus on increasing revenues to help support us through the development stage of SVIEP.

Creating the robust infrastructure required to fuel CCCE's evolving story of innovative education, signature programs has entailed early investment in the people and resources needed to create a sound operational and outreach ecosystem. To that end, CCCE has increased its revenue share for instructors; expanded marketing capacity through increased catalog/postcard mailings and increased online, newspaper and magazine advertisements; increased full and part-time staffing to support Community Education and CCCE operations; and increased staff/instructor support for BAPA which is expected to grow to 500 young learners this summer 2017.

We remain enthusiastic and energized by the future, inspired by our mission, and poised to continue our evolving story of Innovative Education, Signature Programs, and Global Impact.