

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

Bond Oversight Committee Meeting

September 30, 2019 | 3:00 p.m.

**Cañada College, Building 3, Room 142
4200 Farm Hill Blvd., Redwood City, CA**

Notice about Public Participation at Committee Meetings: The Committee welcomes public discussion. The public's comments on agenda items will be taken at the time the item is discussed by the Committee. To comment on items not on the agenda, members of the public can speak under the agenda item titled "Public Comment on Non-Agenda Items." Normally, no more than 20 minutes will be allocated for this section of the agenda. No response on behalf of the Committee will be given at this time and Committee action is not permitted on items presented under this agenda item.

Purview of the Bond Oversight Committee: According to State law, the purview of the Bond Oversight Committee (BOC) is to assure that bond proceeds are spent only for construction, reconstruction, rehabilitation or replacement of District facilities, including the furnishing and equipping of facilities or the acquisition of real property, in accordance with the Bond Projects List and to ensure that no funds are expended for teacher or administrator salaries or other operating expenses. The BOC does not advise the College District Board of Trustees on what projects to undertake, planning and construction practices or any other operational matters.

- 1. Call to Order**
- 2. Public Comments on Items NOT on the Agenda**
- 3. Action Items**
 - a. Approval of Minutes from October 2, 2018 Meeting (*Enclosure #01*)
- 4. Information Items**
 - a. Update on Capital Improvement Projects (CIP3), Schedule of Project Rollout and Timing (*Presented at Meeting*)
 - b. Review of Summary of Key Financial Information for Bond Expenditures and Interest Expenditures through June 30, 2019, for Measure H (*Enclosure #02*)
 - i. Measure H Cumulative Expenditures (*Enclosure #02A*)
 - ii. Measure H Project Expenditures (*Enclosure #02B*)
 - iii. Review Reports on Small Project and Emergency Project Expenditures through June 30, 2019, for Measure H (*Enclosures #02C and #03D*)
 - iv. Measure A Financial and Performance Audits (*Enclosures #02E and #02F*)
 - v. Measure H Financial and Performance Audits (*Enclosure #02G and #02H*)
- 5. Campus Tour of Highlighted Bond Projects**
- 6. Adjournment**

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
Bond Oversight Committee Minutes
October 2, 2018
District Office Board Room**

Members Present: James Ruigomez, Chair; Rosanne Foust, Vice Chair, Gino Gasparini, Shelley Kessler, Frank Pagliaro, Juyi “Johnny” Yang

Members Absent: Bill Rundberg

District Staff Present: Mitchell Bailey, Chief of Staff; José D. Nuñez, Vice Chancellor, Facilities Planning, Maintenance & Operations; Bernata Slater, Chief Financial Officer; Chris Strugar-Fritsch, Director of Capital Projects; Carina Warne, Executive Assistant

Call to order

The meeting was called to order at 3:05 p.m.

Public Comments on Items not on the Agenda

None

Introduction of New Committee Members

Mr. Bailey introduced Juyi “Johnny” Yang, the new Student Representative for the Bond Oversight Committee.

ACTION ITEMS

Approval of Minutes from Meeting of June 7, 2018 Meeting

A motion to approve the minutes of the June 7, 2018, meeting was made by Ms. Kessler and seconded by Ms. Foust. Mr. Pagliaro and Mr. Yang abstained due to not attending the June 7, 2018 meeting. The motion passed.

Approval of 2017 Report to the Community

Mr. Bailey presented the 2017 Report to the Community. Mr. Bailey said the report now includes hyperlinks to the website for more detailed information as previously suggested by the committee. A motion to approve the 2017 Report to the Community was made by Ms. Kessler and seconded by Ms. Foust. The motion passed.

INFORMATION ITEMS

Presentation on the Summary of Key Financial Information for Cumulative Bond Expenditures and Interest Expenditures through June 30, 2018, for Measure A and Measure H

Ms. Bernata Slater, Chief Financial Officer, reported Measure C projects were complete in June 2011 and Measure A projects were completed in June 2018. She noted that the total Measure A budget is \$468M, total expenditures to date are \$468M, and total commitments to date are \$0. The balance available is \$0.

Ms. Slater noted that for Measure H, voters approved \$388M and the first issuance was \$127M in May 2015. She explained that the total expenditures to date are \$80,458,846 or 21%, total commitments to date are \$188,442,925 or 49%, and the balance available is \$119,098,229 or 31%.

Ms. Slater then provided an overview of project funding that included:

- Districtwide Projects under Measure A with a budget of \$64,027,045, year-to-date expenditures of \$64,027,045, commitments of \$0 and a balance available of \$0. All projects are completed.
- Cañada College Projects under Measure A with a budget of \$36,696,985, year-to-date expenditures of \$36,696,985, commitments of \$0, and a balance available of \$0. All projects are complete. Cañada College Projects under Measure H with a budget of \$154,175,433, year-to-date expenditures of \$35,360,031, total commitments to date of \$62,400,021, and an available balance of \$56,415,381. There are seven projects.
- College of San Mateo Projects under Measure A with a budget of \$270,996,011, year-to-date expenditures of \$270,996,011, commitments of \$0, and an available balance of \$0. All projects are complete. College of San Mateo Projects under Measure H with a budget of \$19,460,371, year-to-date expenditures of \$5,174,942, total commitments to date of \$459,213, and an available balance of \$13,826,216. There are nine projects.
- Skyline College Projects under Measure A with a budget of \$96,279,959; year-to-date expenditures of \$96,279,959, commitments of \$0 and an available balance of \$0. All projects are complete. Skyline College Projects under Measure H with a budget of \$185,594,964; year-to-date expenditures of \$28,607,668, total commitments to date of \$122,779,777, and available balance of \$34,207,518. There are 11 projects.

Ms. Kessler asked what projects are defined as Districtwide. Mr. Nuñez responded that Districtwide projects are procured on a Districtwide basis, but the actual project is on all three campuses. Two examples of Districtwide projects are the Districtwide Emergency Alert System (EAS) and the Districtwide Fire Alarm Control Panel Replacement project.

Ms. Slater continued that cumulative bond interest earned as of June 30, 2018 for Measure A is \$33,830,677, expenditures are \$33,830,677, commitments are \$0, and the available balance \$0. She further explained that Measure H cumulative interest earned is \$3,378,628, and the balance available is \$3,378,628. The County Pool interest rate (average for FY 17/18) was 1.49%, and the County Pool interest rate in June 2018 was 1.89%.

Mr. Bailey noted that Measure A projects are complete and Measure A financials will not be included for review in future meetings as there will be no new information to report.

Summary of Measure A and Measure H Expenditures

The Committee reviewed the Summary of Measure A and Measure H Expenditures. Mr. Gasparini asked if project budgets are ever over or under allocated. Mr. Nuñez responded that some projects do go over budget and are covered with Fund 4, non-Bond funds.

Review of Measure A Expenditures

Mr. Pagliaro asked about the “FF&E Showroom” line item on the Measure A Expenditures list. Mr. Nuñez responded that a Furniture, Fixtures & Equipment (FF&E) Showroom was set up on campus so that students, faculty and staff could view and try out sample desks, chairs, tables and other equipment for functionality, design and ergonomics before they were procured. The showroom acted as a “mockup”. The furniture, fixtures and equipment in the showroom were eventually distributed and used in various locations throughout the District.

Mr. Pagliaro asked about the “Swing Project B5/6/10/11/13” line item on the Measure A Expenditure list. Mr. Nuñez responded that “Swing” is a term used for temporary spaces and moves. When a building is taken offline for construction or modernization, the occupants of the building need to be moved to another location.

Mr. Pagliaro asked about the “Payoff of Facilities Lease Obligations” line item on the Measure A Expenditures list. Mr. Nuñez responded that this item relates to capital leases financed through a Certificate of Participation (COP) and was diffused and the COP was recompensed.

Mr. Pagliaro asked about the “Skyline College, Building 2, CALT Upgrade” project on the Measure A Expenditure list. Mr. Nuñez responded that this project is a series of large computer labs. CALT stands for Center of Advanced Learning & Technology.

Update on Capital Improvement Program (CIP3), Schedule of Project Rollout and Timing

Mr. Nuñez presented a Capital Improvement Program (CIP) III project update.

Mr. Nuñez explained that Cañada College projects include the Kinesiology and Wellness Building (B1N) and the Math and Science Building (B23N).

The Kinesiology and Wellness Building (B1N) is a Measure H project that will provide a new 84,500 GSF building with components such as basketball gymnasium, dance studios, faculty offices, outdoor competition space, and instructional swimming pools. He said the existing building abatement and demolition is complete. Earthwork and site utilities and construction of the hillside retaining wall are in progress, and construction documents were submitted to the Division of State Architect (DSA) on December 15, 2017. The target completion date for the project is spring 2020.

Ms. Foust asked about the length of time for the DSA permitting process. Mr. Strugar-Fritsch responded that permitting normally takes 6-7 months, but DSA is extremely busy so the permitting process is averaging 9-10 months.

Mr. Nuñez noted that the Cañada College Math and Science Building (B23N) project is a Measure H funded project and components of the project include classrooms, science laboratories and laboratory preparation spaces, large and medium lecture halls, and offices. The Campus Bus Stop will also be relocated as part of this project. The Central Utility Plant construction is complete, and retaining walls, building foundations, commissioning, metal framing and electrical are all in progress. The target completion date for the project is November 2019.

Mr. Nuñez shared that College of San Mateo projects include the Theatre Modernization (B3) and the Student Life & Learning Communities Modernization (B17). The Theatre Modernization (B3) project is a Measure H and State Scheduled Maintenance and Special Repairs (SMSR) funded project that will modernize the interior of the building, focusing on replacing aging mechanical, electrical and plumbing, modernizing ADA access, and audio/visual, acoustical and lighting. The project also includes replacing the roof on Buildings 2, 3 and 4. He further noted that the College of San Mateo Student Life & Learning Communities Modernization (B17) project is a Measure H funded project. The project includes re-roofing the building, interior modernization to create dynamic student support areas, demolishing interior demising walls, and modernizing the building courtyard entryway. The Board of Trustees rejected bids on January 24, 2018 due to budget constraints. The project delivery method changed from hard bid to lease-leaseback (LLB). Construction start is targeted for late fall 2018 and target completion is summer 2019.

Mr. Nuñez shared that Skyline College projects include the Social Science and Creative Arts Building (B1N), the Boiler Plant, the Environmental Studies Building (B12N), Loma Chica Child Development Center (B14) and Pacific Heights Swing Space (B19).

He explained that the Social Science and Creative Arts Building (B1N) project involves demolition of the existing Social Science and Creative Arts Building (B1). The newly constructed building will include a new 520-seat theater with an orchestra pit, scene shop, gallery, music choral room, concert band room and recording rooms. The Design phase is in progress for this project. The Boiler Plant project is a part of the Social Science and Creative Arts Building project and Measure H funded.

As it relates to the Skyline College Environmental Studies Building (B12N), a Measure H funded project, Mr. Nuñez pointed out that the project includes classrooms, convening spaces, faculty offices, and an outdoor lab. The building will also have a panoramic view of the Pacific Ocean. Target completion is August 2019.

Mr. Nuñez commented that the Loma Chica Child Development Center (B14) Project is a Measure H funded project that includes renovating play yards, replacing old windows, and upgrading the path of travel to meet DSA requirements. The Pacific Heights Swing Space (B19) project is a two-phase project funded by Measure H. The project will provide swing space for occupants of Buildings 1 and 2. Skyline College is also leasing space from Oceana High School for Art, Music and Drama classes. Target completion is January 2019.

Mr. Gasparini asked about seismic upgrades for the facilities. Mr. Nuñez replied that a seismic assessment was completed for all three campuses in 2002.

Finally, Mr. Nuñez provided an overview of Districtwide projects that include the Fire Alarm Panels Replacement Project and the Classroom Security Hardware Upgrade. The Districtwide Fire Alarm Panel Replacement Project is a Measure H and Design-Bid-Build project. The project scope is to replace all existing Fire Alarm Panels with updated panels at existing buildings on all three campuses. The Classroom Security Hardware Upgrade project is a security initiative to change door hardware throughout all three campuses, giving users the ability to manually lock doors from the inside.

Maxine Turner, a member of the public, addressed the Committee regarding her concerns of the budgets for the Skyline College Social Science and Creative Arts Building (B1) and Cañada College Kinesiology and Wellness Building (B1N) projects. Mr. Pagliaro responded that it is not the purview of this Committee to determine budgets for projects.

Adjourn

The meeting adjourned at 4:19 p.m.

COMMITTEE REPORT

PREPARED FOR: Bond Oversight Committee Members

PREPARED BY: Bernata Slater, Chief Financial Officer
Arlene Calibo, Facilities/Public Safety Business Manager

MEETING DATE: September 30, 2019

REPORT SUBJECT: **Summary of Key Financial Information for Measure H**

A summary of key financial information is included, which highlights the following information:

- Total budget for Measure H
- Expenditures to date for Measure H
- Commitments to date for Measure H
- Balances available to date for Measure H
- Budgets and expenditures for Districtwide projects and projects at each of the three college campuses (Cañada College, College of San Mateo and Skyline College)

The detailed reports of the bond expenditures and earned interest expenditures for Measure H are provided and are supporting information for the summary provided in Enclosure #03.

The reports accompanying this enclosure include:

- Measure H Cumulative Expenditures (*Enclosure #02A*)
- Measure H Project Expenditures (*Enclosure #02B*)
- Measure H Small Projects (*Enclosure #02C*)
- Measure H Emergency Projects (*Enclosure #02D*)
- Measure A Financial and Performance Audits (*Enclosures #02E and #02F*)
- Measure H Financial and Performance Audits (*Enclosures #02G and #02H*)

Bond Oversight Committee Meeting

Summary of Key Financial Information

September 30, 2019



SAN MATEO COUNTY
COMMUNITY
COLLEGE DISTRICT

Highlights

Measure C – all projects completed in June 2011

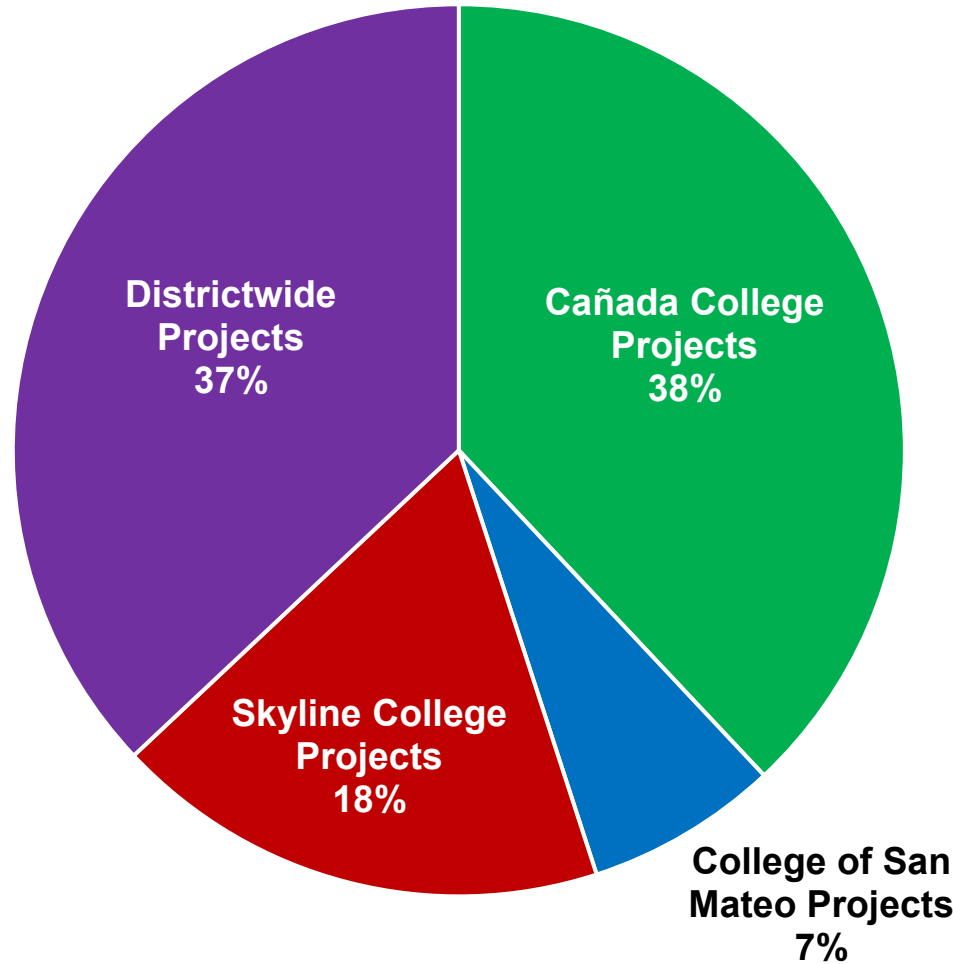
Measure A – all projects completed in Summer 2018

Measure H – Total approved by voters was \$388,000,000

- First issuance was \$127,000,000 in May 2015
- Second issuance was \$261,000,000 in November 2018
- Expenditures to date \$163,903,653 or 42%
- Commitments to date \$44,084,653 or 11%
- Balance available to date \$180,011,693 or 46%



Measure H Budget Allocation



Districtwide Projects

Measure H Budget: \$144,225,733

- YTD expenditures \$17,359,536
- Commitments \$831,555
- Available balance \$126,034,642
- Total 21 projects



Cañada College Projects

Measure H Budget: \$146,967,670

- YTD Expenditure \$79,116,271
- Commitments \$32,752,213
- Balance available \$35,099,186
- Total 8 projects



College of San Mateo Projects

Measure H Budget: \$25,284,650

- YTD Expenditures \$10,184,543
- Commitments \$2,326,221
- Balance available \$12,773,886
- Total 10 projects



Skyline College Projects

Measure H Budget: \$71,521,947

- YTD Expenditures \$57,243,303
- Commitments \$8,174,664
- Balance available \$6,103,979
- Total 15 projects



Bond Interest (as of 06/30/18)

Measure H Cumulative Interest Earned: \$7,174,598

- Balance Available: \$0

Notes

- Average County Pool interest rate for FY2018-2019 was 1.94%.
- County Pool interest rate in June 2019 was 2.48%.



Annual Audit Results

Auditors: Crowe Horwath LLP

- **Measure A: Unmodified Opinion**
 - **Financial Audit:** Clean audit – no findings
 - **Performance Audit:** District expended Measure A funds only for the specific projects developed by the Governing Board and approved by the voters.
- **Measure H: Unmodified Opinion**
 - **Financial Audit:** Clean audit – no findings
 - **Performance Audit:** District expended Measure H funds only for the specific projects developed by the Governing Board and approved by the voters.



Summary of Measure H Expenditures

Measure H	Budget	Expenditure to date	Commitments	Balance	% Budgeted	% Spent	% Committed	% Available
6/30/15 Expenditures	\$127,030,873	\$2,152,737	\$1,330,029	\$123,548,106	100%	2%	1%	97%
09/30/15 Expenditures	\$127,000,000	\$1,826,104	\$1,251,328	\$123,922,568	100%	1%	1%	98%
12/31/15 Expenditures	\$127,000,000	\$2,950,692	\$1,433,302	\$122,616,006	100%	2%	1%	97%
3/31/16 Expenditures	\$388,000,000	\$1,624,737	\$1,413,072	\$384,962,190	100%	0%	0%	99%
6/30/16 Expenditures	\$388,000,000	\$3,965,925	\$8,360,330	\$375,673,745	100%	1%	2%	97%
9/30/16 Expenditures	\$388,000,000	\$6,450,521	\$8,941,762	\$372,607,717	100%	2%	2%	96%
3/31/17 Expenditures	\$388,000,000	\$15,429,940	\$115,981,405	\$256,588,655	100%	4%	30%	66%
6/30/17 Expenditures	\$388,000,000	\$26,185,152	\$218,517,438	\$143,297,410	100%	7%	56%	37%
9/30/17 Expenditures	\$388,000,000	\$30,992,212	\$217,442,199	\$139,565,588	100%	8%	56%	36%
12/31/17 Expenditures	\$388,000,000	\$43,807,935	\$211,418,459	\$132,773,606	100%	11%	54%	34%
03/31/18 Expenditures	\$388,000,000	\$52,900,936	\$205,551,865	\$129,547,199	100%	14%	53%	33%
06/30/18 Expenditures	\$388,000,000	\$80,458,846	\$188,442,925	\$119,098,229	100%	21%	49%	31%
6/30/19 Expenditures	\$388,000,000	\$163,903,653	\$44,084,653	\$180,011,694	100%	42%	11%	46%

FY2014-15	\$2,152,737	FY2016-17	\$22,219,227	FY2018-19	\$83,444,807
FY2015-16	\$1,813,188	FY2017-18	\$54,273,694		

Summary of Measure H Expenditures - Interest

Measure H Interest	Budget	Expenditure to date	Commitments	Balance	% Budgeted	% Spent	% Committed	% Available
09/30/15 Expenditures	\$1,084,873	\$0	\$0	\$1,084,873	100%	0%	0%	100%
12/31/15 Expenditures	\$1,084,873	\$0	\$0	\$1,084,873	100%	0%	0%	100%
3/31/16 Expenditures	\$1,084,873	\$0	\$0	\$1,084,873	100%	0%	0%	100%
6/30/16 Expenditures	\$1,032,373	\$0	\$0	\$1,032,373	100%	0%	0%	100%
9/30/16 Expenditures	\$1,287,857	\$0	\$0	\$1,287,857	100%	0%	0%	100%
3/31/17 Expenditures	\$1,857,582	\$0	\$0	\$1,857,582	100%	0%	0%	100%
6/30/17 Expenditures	\$2,157,646	\$0	\$0	\$2,157,646	100%	0%	0%	100%
9/30/17 Expenditures	\$2,157,646	\$0	\$0	\$2,157,646	100%	0%	0%	100%
12/31/17 Expenditures	\$2,157,646	\$0	\$0	\$2,157,646	100%	0%	0%	100%
03/31/18 Expenditures	\$2,157,646	\$0	\$0	\$2,157,646	100%	0%	0%	100%
06/30/18 Expenditures	\$3,378,628	\$0	\$0	\$3,378,628	100%	0%	0%	100%
6/30/2019 Expenditures	\$7,174,599	\$7,174,599	\$0	\$0	100%	100%	0%	0%

Summary of Expenditures for All Measure H Projects

FY2014-15	\$	2,152,737
FY2015-16	\$	1,813,188
FY2016-17	\$	22,219,227
FY2017-18	\$	54,273,694
FY2018-19	\$	<u>83,444,807</u>
	\$	163,903,653

SMCCCD BOND FUNDED PROJECTS (Measure H)
Bond Expenditures ending June 30, 2019

Enclosure #02B

Districtwide Projects

Location	PROJECT NAME	Project List Reference	Budget	Expenditure as of 06/30/2019	Commitments	Balance	Project / Construction Completion (%)	Completion date	Notes
1 DW	DW CIP3 MASTER	I, II	1,903,551.99	0.00	0.00	1,903,551.99			
2 DW	DW Project Requirements/Compliance	I, II	123,827,999.72	5,596,120.91	577,414.75	117,654,464.06		June 2026	1, 2, 4
3 DW	DW Network Core Switch upgrade	II.F/E	132,779.55	59,851.45	7,125.00	65,803.10	100.00%	November 2016	
4 DW	DW UPS Device(MDF/IDF) Replacement	II.F/E	473,778.99	282,113.21	0.00	191,665.78	80.00%	July 2020	3
5 DW	DW Symetra UPS Device(MPOE) Replace	II.F/E	273,220.45	243,745.02	0.00	29,475.43	84.00%	July 2020	3
6 DW	DW Network Firewall Switch Replacmt	II.F/E	1,000,000.00	478,234.14	11,980.21	509,785.65	90.00%	March 2021	
7 DW	DW Telephone System Replacement	II.F/E	1,109,831.07	267,380.55	0.00	842,450.52	90.00%	March 2020	3
8 DW	DW Wireless Access Point(WAP) Repl	II.F/E	459,435.39	281,169.88	0.00	178,265.51	80.00%	September 2020	3
9 DW	DW Network Switch Upgrade (10 GB)	II.F/E	2,055,944.48	1,863,562.01	4,300.00	188,082.47	86.00%	September 2020	3
10 DW	DW Server Replacement	II.F/E	1,994,078.55	604,397.81	0.00	1,389,680.74	15.00%	March 2021	
11 DW	DW Fire Alarm Panels Upgrade	I.D/H, II.H	4,000,000.00	3,445,246.56	159,231.06	395,522.38	100.00%	March 2019	4
12 DW	DW Classroom Security Hardware	I. M; II. H	1,800,000.00	1,646,461.82	49,502.86	104,035.32	95.00%	October 2019	4
13 DW	DW EV Charging Stations Expansion	III.K	373,612.88	373,612.88		0.00	100.00%	April 2017	
14 DW	DW Signage Upgrades	I.R	160,718.77	160,718.77	0.00	0.00	100.00%	July 2018	
15 DW	DW EAS Speaker Coverage Expansion	II.D/H	810,000.00	455,897.85	1,385.00	352,717.15	0.00%	July 2020	
16 DW	DW Video Server Upgrade	II.D	344,921.45	301,598.81	0.00	43,322.64	0.00%	March 2020	
17 DW	DW Video Camera Replacement	II.D	715,000.00	3,173.67	15,308.07	696,518.26	0.00%	March 2022	
18 DW	DW Classroom Projection Screen Repl	II	70,000.00	17,967.42	0.00	52,032.58	40.00%	July 2020	
19 DW	DW Batting Cage Upgrade	I.Q	500,000.00	17,100.00	0.00	482,900.00	0.00%	March 2020	2
20 DW	DW Technology Replacement	II.E	2,066,500.00	1,106,823.96	5,307.97	954,368.07	36.00%	July 2020	
21 DW	DW Interior LED Lighting Retrofit	I.D	154,359.46	154,359.46	0.00	0.00	100.00%	March 2019	4
22	DISTRICTWIDE PROJECT TOTAL		144,225,732.75	17,359,536.18	831,554.92	126,034,641.65			

Cañada College Projects

Location	PROJECT NAME	Project List Reference	Budget	Expenditure as of 06/30/2019	Commitments	Balance	Project / Construction Completion (%)	Completion date	Notes
23 Cañada	CAN B1N Kinesiology and Wellness	I.A/C/F/I/S	81,321,433.00	23,688,328.62	30,469,677.61	27,163,426.77	16.00%	January 2021	2,3, 4
24 Cañada	CAN B13 Multiple Program Instructional Center	I.A/C/H/I/L/M/O/R; II.A/F	0.00	0.00	0.00	0.00	0.00%	June 2022	2
25 Cañada	CAN B23N Math/Science/Tech	I.A/B/G/K/L; II.B	58,088,932.44	49,336,204.65	2,191,261.67	6,561,466.12	100.00%	August 2019	2,4
26 Cañada	CAN Emergency Building Repairs	I	960,000.00	399,898.11	17,764.00	542,337.89	37.00%	June 2020	
27 Cañada	CAN Technology and Equipment	II	1,200,000.00	937,711.67	6,128.69	256,159.64	75.00%	June 2020	

SMCCCD BOND FUNDED PROJECTS (Measure H)
Bond Expenditures ending June 30, 2019

28	Cañada	CAN Access Compl. Corrective Items	I.B/R	716,835.71	716,835.71	0.00	0.00	100.00%	August 2017
29	Canada	CAN Central Plant Upgrade	I.D/J/K	4,080,469.05	4,072,539.05	7,930.00	0.00	100.00%	June 2018
30	Cañada	CAN Small Projects	I, II	600,000.00	(35,247.01)	59,451.00	575,796.01	4.00%	June 2020
31	CAÑADA COLLEGE PROJECT TOTAL			146,967,670.20	79,116,270.80	32,752,212.97	35,099,186.43		

College of San Mateo Projects

Location	PROJECT NAME	Project List Reference	Budget	Expenditure as of 06/30/2019	Commitments	Balance	Project / Construction Completion (%)	Completion date	Notes
32	CSM	CSM B3 Modernization	4,000,000.00	2,312,581.37	125,318.91	1,562,099.72	51.00%	March 2020	2,4
33	CSM	CSM B17 Student Life/Learning Comm	7,936,017.00	4,740,919.38	1,795,116.80	1,399,980.82	32.00%	February 2020	2,4,5
34	CSM	CSM B19 Center for Emerging Tech.	3,000,000.00	294,823.66	0.00	2,705,176.34	*On hold pending funding		4
35	CSM	CSM Emergency Building Repairs	1,020,000.00	983,047.70	4,532.40	32,419.90	77.00%	June 2020	
36	CSM	CSM Technology and Equipment	542,309.90	542,309.90	0.00	0.00	86.00%	June 2020	
37	CSM	CSM Edison Lot	5,000,000.00	286,773.40	259,829.00	4,453,397.60	5.00%	December 2020	2,4
38	CSM	CSM Water Supply System Upgrade	150,000.00	82,958.32	3,800.00	63,241.68	5.00%	April 2021	
39	CSM	CSM Asphalt Repairs Project	378,633.28	378,633.28	0.00	0.00	100.00%	January 2018	
40	CSM	CSM Corp Yard	2,000,000.00	5,450.00	0.00	1,994,550.00	0.00%	August 2020	2
41	CSM	CSM Small Projects	1,257,690.10	557,046.48	137,623.64	563,019.98	25.00%	June 2020	
42	COLLEGE OF SAN MATEO PROJECT TOTAL			25,284,650.28	10,184,543.49	2,326,220.75	12,773,886.04		

Skyline College Projects

Location	PROJECT NAME	Project List Reference	Budget	Expenditure as of 06/30/2019	Commitments	Balance	Project / Construction Completion (%)	Completion date	Notes
43	Skyline	Sky B1 Social Science/Creative Arts	9,483,926.35	9,293,076.85	0.00	190,849.50	100.00%	March 2019	4
44	Skyline	Sky B12N Environmental Science	42,000,000.00	31,704,325.84	6,739,022.59	3,556,651.57	95.00%	September 2019	1, 2, 3, 4
45	Skyline	Sky B2 Workforce/Economic Develop	38,050.00	38,050.00		0.00	*Pending State funding		
46	Skyline	SKY Lot L Expansion	5,891,814.73	5,891,814.22	0.51	0.00	100.00%	July 2018	2,4
47	Skyline	SKY B19 Pac Hgts/No. Campus Improvements	3,165,375.89	3,151,625.89	13,750.00	0.00	100.00%	January 2019	4
48	Skyline	SKY B14 Loma Chica/CDC Renovations	3,157,743.42	3,148,138.42	9,605.00	0.00	100.00%	January 2019	4
49	Skyline	SKY Emergency Building Repairs	1,020,000.00	569,485.33	116,918.01	333,596.66	41.00%	June 2020	
50	Skyline	SKY Technology and Equipment	1,000,000.00	833,945.85	46,581.76	119,472.39	36.00%	June 2020	
51	Skyline	SKY Accessible Route	1,500,000.00	1,203,052.62	270,832.14	26,115.24	3.00%	June 2020	2

SMCCCD BOND FUNDED PROJECTS (Measure H)
Bond Expenditures ending June 30, 2019

52	Skyline	SKY B5 CTTL Modification	I.L	400,761.74	399,531.74	1,230.00	0.00	100.00%	June 2019	2
53	Skyline	SKY B7 STEM Center	I.I	1,280,610.00	326,950.16	756,320.00	197,339.84	75.00%	December 2019	2
54	Skyline	SKY Promise Schlr WKFC Career Relo	I.N	483,664.64	430,181.55	53,483.09	0.00	100.00%	July 2019	
55	Skyline	SKY B3 South Wall Waterproofing	I.D	300,000.00	52,463.60	37,252.00	210,284.40	17.00%	January 2020	
56	Skyline	SKY B3A-E Portable Replacement	I.D	1,000,000.00	0.00	0.00	1,000,000.00	0.00%	August 2020	
57	Skyline	SKY Small Projects	I, II	800,000.00	200,660.51	129,669.38	469,670.11	7.00%	June 2020	
58	SKYLINE COLLEGE PROJECT TOTAL			71,521,946.77	57,243,302.58	8,174,664.48	6,103,979.71			
59	GRAND TOTAL			\$133,610,879.21	\$108,892,088.60	\$10,491,245.06	\$14,227,545.55			

NOTES:

1. Includes any external districtwide professional program management expenses such as Facilities Master Plan development, Gateways Projects development, district standards, and CEQA compliance.
2. These projects include CIP3 Management and Support Services - Total expenses of \$14,360,060.45
3. Projects in Measure A that have been carried over and have funding from Measure H.
4. These projects include Swinerton Construction Management Fees - Total expenses of \$9,165,214.29 and total commitments of \$1,793,865.74 to date.
5. CSM B17 numbers do not match Banner due to an accounting journal processed per GASB 35 requirements for Lease-Leaseback projects.

SMCCCD BOND FUNDED PROJECTS - INTEREST ON MEASURE H PROCEEDS
Bond Interest Expenditures ending June 30, 2019

Districtwide Projects

	Location	PROJECT NAME	Project List Reference	Budget	Expenditure as of 06/30/2019	Commitments	Balance	Project / Construction Completion (%)	Completion date	Notes
1	DW	DW CIP3 MASTER	I, II	0.00	0.00	0.00	0.00			
2	Cañada	CAN B23N Math/Science/Tech	I.A/B/G/K/L; II.B	7,174,598.51	7,174,598.51	0.00	0.00			
3	DISTRICTWIDE PROJECT TOTAL			7,174,598.51	7,174,598.51	0.00	0.00			
4	GRAND TOTAL			\$7,174,598.51	\$7,174,598.51	\$0.00	\$0.00			

SMCCCD BOND FUNDED PROJECTS (MEASURE H)
Bond Expenditures on SMALL PROJECTS ending June 30, 2019

Enclosure #02C

Cañada College Projects								
Location	PROJECT NAME	Project List Reference	Budget	Expenditure as of 06/30/19	Commitments	Balance	Percent Completed	
1	Cañada	Bldg 3 Chiller Supply Line Retrofit	19,546.99	19,546.99	0.00	0.00		moved to its own project in FY1617
2	Cañada	Access Compliance Corrective Items	1,650.00	1,650.00	0.00	0.00		moved to its own project in FY1617
3	Cañada	Bldg 8 Ceiling Tile Replacement	0.00	(56,444.00)	0.00	56,444.00	100%	
4	Cañada	CAN Exterior Light Pole Wiring	70,000.00	0.00	59,451.00	10,549.00	4%	
5	CAÑADA COLLEGE SMALL PROJECT TOTAL		91,196.99	(35,247.01)	59,451.00	66,993.00		
College of San Mateo Projects								
Location	PROJECT NAME	Project List Reference	Budget	Expenditure as of 6/30/19	Commitments	Balance	Percent Completed	
6	CSM	B1 2nd Flr Remodel	7,697.17	7,697.17	0.00	0.00	100%	
7	CSM	CDC Cooling Project	25,965.80	25,965.80	0.00	0.00	100%	
8	CSM	District Office Fire Suppression System	100,000.00	89,430.96	0.00	10,569.04	100%	
9	CSM	ADA Non-Compliance Mitigations	40,000.00	27,904.96	0.00	12,095.04	100%	
10	CSM	B1 First Floor Refresh	150,000.00	108,952.43	0.00	41,047.57	90%	
11	CSM	B10 Bayview Furniture Refresh	257,500.00	117,828.67	137,623.64	2,047.69	90%	
12	CSM	Misc CSM Projects	179,266.49	179,266.49	0.00	0.00	100%	
13	COLLEGE OF SAN MATEO SMALL PROJECT TOTAL		760,429.46	557,046.48	137,623.64	65,759.34		
Skyline College Projects								
Location	PROJECT NAME	Project List Reference	Budget	Expenditure as of 06/30/19	Commitments	Balance	Percent Completed	
14	SKY	B2 SS Data and Power Cabling	43,027.15	43,027.15	0.00	0.00	100%	
15	SKY	LED Message Boards	285,000.00	88,093.36	129,669.38	67,237.26	90%	
16	SKY	SKY B1 Material and Assessment and Remedial	195,000.00	69,540.00	0.00	125,460.00	36%	
17	SKYLINE COLLEGE SMALL PROJECT TOTAL		523,027.15	200,660.51	129,669.38	192,697.26		
18	GRAND TOTAL SMALL PROJECTS		\$ 1,374,653.60	\$ 722,459.98	\$ 326,744.02	\$ 325,449.60		

Districtwide Emergency Building Repair Workbook (MEASURE H)
July 1, 2018 - June 30, 2019

College Projects			\$ 737,421
Proj #	Description	Project List Reference	Measure H
177	B3 - remove tile floors and replace w/ carpet	I.N	\$ 4,451
183	CAN B21 - sump pump	I.D	\$ 22,045
184	Removal of fire hazard and poison oak on Canada Road	I.O	\$ 37,822
193	Install Solar Crossing by Lot 11 for student safety	I.R	\$ 13,030
199	Repair light poles due to unsafe conditions	I.D	\$ 16,350
210	Replace two malfunctioned split systems on campus to prevent leaks	I.D	\$ 7,040
219	Replace damage smoke curtain	I.D	\$ 2,155
237	Repair classroom door entry that's not closing properly	I.D	\$ 1,917
249	Update Time Clocks per Design Standards	G	\$ 10,588
256	Remove hazardous material from CAN B13 elevator per state requirement	I.F	\$ 3,012
280	Replaced two defective tower motors to keep system operating efficiently and effectively	I.D	\$ 14,564
	Total Encumbered		\$ 132,974
	Available Balance		\$ 604,448
College of San Mateo Projects			\$ 718,833
Proj #	Description	Project List Reference	Measure H
178	CSM B36 - repair Planetarium insulation	I.D	\$ 5,000
179	CSM B12 - replace and purchase additional five MNL5RR3 VAV controllers	I.D	\$ 1,600
180	CSM B1 - air conditioning unit repair	I.D	\$ 4,000
181	Repair plaster in instructional pool	I.D	\$ 2,000
182	CSM B10 Bookstore - install energy efficient film on windows	I.L	\$ 2,150
187	Replace DO Chiller/DX unit Eaton soft starter controller	I.D	\$ 6,500
188	Improve pathway to B5 entrance for persons with disabilities	I.C	\$ 45,000
189	B6 Observatory - reroute and augment electrical power outlets for electrical safety	I.D/I.H	\$ 1,600
190	Replaced failing central chiller plant #2 thermal expansion valve	I.D	\$ 2,200
194	Replace failed DO server room conditioning unit condenser to ensure longevity of ITS equipment	I.D	\$ 24,000
195	Replaced failed door closers in B18 and new locksets in B1 and B9	I.H	\$ 5,000
196	Repair failed main air handler monitor in B9	I.D	\$ 2,200
197	De-compact Football field as it is out of compliance	I.L	\$ 3,500
198	Repair circulation/display pumps/filter fountain in B1, B9, B10	I.D	\$ 25,000
201	Replace failed domestic hot water pump in B1	I.D	\$ 1,000
202	Install energy efficient film on windows at District Office	I.D/I.L	\$ 5,707
203	Replaced failed AC compressor unit at District Office	I.D	\$ 40,000
204	Repair clogged sewer causing back up of raw sewage	I.D	\$ 1,200
205	Replace and additional camera in SMAC for safety and prevent burglary	M	\$ 6,500
207	Replace failed pool controller modems	I.D	\$ 2,800
208	Replaced fail instructional pool lights for safety and required by SM County Health Dept	I.D.H	\$ 22,000
209	Remove dead trees, clear out brushes around B7 and parking for fire safety	I.O	\$ 30,000
212	Replace spill kits and chemical injection pumps to prevent chemical release	I.D.L	\$ 10,000
213	Replaced failed filters to prevent hazards to swimmers in the Olympic Pools	I.D.I	\$ 2,000

Districtwide Emergency Building Repair Workbook (MEASURE H)
July 1, 2018 - June 30, 2019

192	Repair B2 freight elevator - main control valve needs to be replaced	I	\$	8,000
200	Replace broken water valve to prevent major leaks	I	\$	5,000
206	Repair roof from rainwater and to prevent structural damage	H	\$	17,000
211	Repair faulty breaker in main electrical room	H	\$	2,000
214	SKY B7 - repair leaking refrigeration liquid to prevent IAQ issues	H.II.D	\$	4,000
215	Repair SKY B6 1st floor ADA Door	H.I	\$	3,000
217	Repair B5 roof from water intrusion and prevent further water damage	D	\$	15,000
223	Replace fail B2 exhaust in B2 to prevent IAQ issues	I.D	\$	15,000
224	Repair rainwater intrusion in other areas found during testing on SKY B5 roof	I.D	\$	19,000
226	Replace emergency/exit lights per NFPA regulations - SKY B2	I.D	\$	7,669
230	Replaced failed fan motors in Bldg 1, 2, and 7 due power outage	I	\$	3,000
231	SKY B19 - replace broken sanitary line	I	\$	25,000
235	Repair Chiller that has multiple refrigerant leaks at B2	I.D	\$	5,500
236	Repair Sky B2 elevator pump due to electrical outage	I	\$	10,000
238	Repair deteriorating split cooling unit at SKY B3	I.D	\$	35,000
242	Repair refrigerant leaks in B2	I.D	\$	8,500
244	Repair doors and frame damaged by weather	I.D	\$	50,000
246	SKY B1 - assessment/conduct IAQ for safety concerns	F	\$	30,000
247	Repair hot water leaks in 1st and 2nd floor in B5 and 2nd floor in B7	I.D	\$	25,000
248	Repair B7 AHU and 2 HHW valve that's malfunctioning	I.D	\$	10,000
249	Update Time Clocks per Design Standards	G	\$	10,588
251	Replaced failed AC/Heating unit in Portable 3A and B6, 1st floor	I.D	\$	4,000
252	Install floor and wall power/ethernet outlets to prevent trip hazards for students and staff	F	\$	12,000
253	SKY B3 repair south side wall from water intrusion due to rainstorm	I.D	\$	30,000
260	Repair SKY B5 doors. Doors are not closing properly	I.D	\$	35,000
264	Replace broken Main Loop Pump VFD due to internal electronic high tempts	I.D	\$	14,000
264	Replace failed valve in B7, HVAC Condensing thermal expansion valve	I.D	\$	3,000
265	Install emergency exit lighting in B2	I.D	\$	7,000
267	Replace failed HHW Victaulic couplings	I.D	\$	25,000
268	Rewire street,parking and walkway electrical to prevent electrical injury	I.D	\$	25,000
269	Dispose hazardous SKY B2 old emergency battery	F	\$	4,000
273	Replace SKY B4 doors	I.D	\$	20,000
276	Replace broken basketball backboard cables in SKY B3	I.D	\$	2,000
278	SKY B4 - repair leaking HHW pipe to prevent negative impact to students and staff	I.D	\$	2,500
281	Replace cable that runs through main breaker switchgear due to power outage	I.D	\$	35,000
282	Repair B6 roof to prevent further rain water damage	D	\$	25,000
283	Replace emergency/exit lights due to power outage that damaged battery recharge	I.D	\$	7,000
	Total Encumbered		\$	602,257
	Available Balance		\$	286,863

**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT
MEASURE A
2005 GENERAL OBLIGATION BONDS**

FINANCIAL STATEMENTS
June 30, 2018 and 2017

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS

FINANCIAL STATEMENTS
June 30, 2018 and 2017

CONTENT

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
BALANCE SHEETS	3
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE.....	4
NOTES TO FINANCIAL STATEMENTS	5
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	9

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of San Mateo County Community College District (the "District") Measure A General Obligation Bond Activity included in the Measure A Bond Fund of the District (the "Measure A Bond Fund") as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure A General Obligation Bond Activity of the San Mateo County Community College District as of June 30, 2018 and 2017, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the District's Measure A Bond Fund, and do not purport to, and do not, present fairly the financial position of the San Mateo County Community College District as of June 30, 2018 and 2017, the changes in its financial position, or, where applicable, its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 14, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters for the Measure A Bond Fund. The purpose of that report is to describe the scope of our testing of internal control over financial reporting, and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance for the Measure A Bond Fund. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the San Mateo County Community College District's internal control over financial reporting and compliance for the Measure A Bond Fund.



Crowe LLP

Sacramento, California
December 14, 2018

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS
BALANCE SHEETS
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ -	\$ 864,902
Accounts receivable	<u>547</u>	<u>3,537</u>
Total assets	<u>\$ 547</u>	<u>\$ 868,439</u>
LIABILITIES AND FUND BALANCE		
Accounts payable	<u>\$ 547</u>	<u>\$ 75,396</u>
Fund balance:		
Restricted – capital projects	<u>-</u>	<u>793,043</u>
Total liabilities and fund balance	<u>\$ 547</u>	<u>\$ 868,439</u>

See accompanying notes to the financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 MEASURE A - 2005 GENERAL OBLIGATION BONDS
 STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
 For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Interest income	\$ <u>7,205</u>	\$ <u>7,641</u>
Expenditures		
Current:		
Salaries and benefits	20,561	9,309
Supplies and materials	12,963	6,893
Capital construction and improvements	<u>766,724</u>	<u>2,295,214</u>
Total expenditures	<u>800,248</u>	<u>2,311,416</u>
Change in fund balance	(793,043)	(2,303,775)
Restricted fund balance, beginning of year	<u>793,043</u>	<u>3,096,818</u>
Restricted fund balance, end of year	<u>\$ -</u>	<u>\$ 793,043</u>

See accompanying notes to the financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the San Mateo County Community College District's (the "District") Measure A Bond Fund (the "Measure A Bond Fund") conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Measure A Bond Fund accounts for financial transactions in accordance with the policies and procedures of the California College Budget and Accounting Manual.

Financial Reporting Entity: The financial statements include only the Measure A Bond Fund of the District used to account for Measure A projects. This Measure A Bond Fund was established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2005. These financial statements are not intended to present fairly the financial position and results of operations of the San Mateo County Community College District in compliance with accounting principles generally accepted in the United States of America.

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

The financial statements represent the Measure A Bond Fund of the District and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Restricted Fund Balance: Restricted fund balance includes resources which are legally or contractually restricted by external third parties. Fund balance is restricted for capital projects of the Measure A Bond Fund in accordance with the Bond Project List for Measure A General Obligation Bonds.

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

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 MEASURE A - 2005 GENERAL OBLIGATION BONDS
 NOTES TO FINANCIAL STATEMENTS
 For the Years Ended June 30, 2018 and 2017

NOTE 2 – CASH

Policies and Practices: The Measure A Bond Fund is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State: U.S. Treasury instrument; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreement; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

Investment in County Treasury: The Measure A Bond Fund is considered to be an involuntary participant in an external investment pool as the Measure A Bond Fund is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The Measure A Bond Fund's investment in the pool is reported in the accounting financial statement at amounts based upon the Measure A Bond Fund's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer. The cash held in the County Treasury are classified within level 2 of the fair value hierarchy because they are valued using broker or dealer quotations, or alternative pricing sources with reasonable level of price transparency.

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

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

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Measure A Bond Fund manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The fair value of the Measure A Bond Fund's deposits at the County Treasury, at June 30, 2018 and 2017, was \$0 and \$864,902, respectively, and the weighted average maturity of the pool was 332 and 532 days, respectively.

Credit Risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Measure A Bond Fund only invests in county pooled investments which are not required to be rated.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 and 2017 consisted of \$547 and \$3,537, respectively, due from the County for interest income and other local sources.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

NOTE 4 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2018 and 2017 consisted of \$547 and \$75,396, respectively, in vendor payables.

NOTE 5 – FUND BALANCE CLASSIFICATION

Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications are nonspendable, restricted, committed, assigned and unassigned. The fund balance of the Measure A General Obligation Bonds is restricted, as described below.

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

NOTE 6 – PURPOSE OF BOND ISSUANCE

Bond Authorization: The Measure A Bonds are issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Trustees of the District on July 27, 2005 (the “Bond Resolution”).

The District received authorization at an election held on November 8, 2005, to issue bonds of the District in an aggregate principal amount not to exceed \$468,000,000 to finance specific acquisition, construction and modernization projects approved by the voters. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2005 Authorization). The Bonds represent the first and second series of the authorized bonds to be issued under the 2005 Authorization.

Purpose of Bonds: The proceeds of the Bonds may be used to prepare College of San Mateo, Cañada College, and Skyline College students for universities and high demand jobs; upgrade nursing, health, career, science, computer and biotechnology labs; improve accessibility for disabled students; make earthquake safety improvements; repair/modernize libraries, classrooms, and aging facilities; and other projects in the Bond Projects Lists.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 MEASURE A - 2005 GENERAL OBLIGATION BONDS
 NOTES TO FINANCIAL STATEMENTS
 For the Years Ended June 30, 2018 and 2017

NOTE 7 – GENERAL OBLIGATION BOND ISSUANCES

The Bonds are general obligations of the District, and San Mateo County is obligated to levy ad valorem taxes for the payment of and interest on, the principal of the Bonds. The Bond Interest and Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the payment of interest and redemption of principal of the bonds issued by the District.

In April 2006, the District issued Measure A General Obligation Bonds, Series A, in the amount of \$135,429,395.

In December 2006, the District issued Measure A General Obligation Bonds, Series B, in the amount of \$332,570,194.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2018, there were no commitments with respect to unfinished capital projects.

As of June 30, 2017, the Measure A Bond Fund had the following commitments with respect to unfinished capital projects:

	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
<u>2017</u>		
District wide projects	\$ 102,923	Within 1 year
CSM projects	651,758	Within 1 year
Cañada projects	<u>7,885</u>	Within 1 year
	<u>\$ 762,566</u>	

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Mateo County Community College District (the "District") Measure A General Obligation Bond Activity included in the Measure A Bond Fund of the District (the "Measure A Bond Fund") as of and for the years ended June 30, 2018, and the related notes to the financial statements and have issued our report thereon dated December 14, 2018. The financial statements present only the District's Measure A Bond Fund and do not purport to and do not, present fairly the financial position of the District as of June 30, 2018, and the changes in its financial position for the year then ended.

Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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



Crowe LLP

Sacramento, California
December 14, 2018

**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT
MEASURE A
2005 GENERAL OBLIGATION BONDS**

PERFORMANCE AUDIT
June 30, 2018

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS

PERFORMANCE AUDIT
June 30, 2018

CONTENT

INDEPENDENT AUDITOR'S REPORT	1
BACKGROUND:	
LEGISLATIVE HISTORY	2
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT MEASURE A GENERAL OBLIGATION BONDS	2
PERFORMANCE AUDIT:	
OBJECTIVES	3
SCOPE	3
METHODOLOGY	3
CONCLUSION	3

INDEPENDENT AUDITOR'S REPORT

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

We have conducted a performance audit of the San Mateo County Community College District (the "District"), Measure A General Obligation Bond funds for the year ended June 30, 2018.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

Our audit was limited to the objectives listed on page 3 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure A General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for San Mateo County Community College District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of San Mateo County Community College District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal controls.

The results of our tests indicated that, in all significant respects, San Mateo County Community College District expended Measure A General Obligation Bond funds for the year ended June 30, 2018 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.



Crowe LLP

Sacramento, California
December 14, 2018

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS
BACKGROUND

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55 percent of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establishes and appoints members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT MEASURE A GENERAL OBLIGATION BONDS

The San Mateo County Community College District Measure A General Obligation Bonds. Bonds are issued pursuant to the Constitution and laws of the State of California, including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Trustees of the District on July 27, 2005.

The District received authorization for the Measure A Bonds at an election held on November 8, 2005, to issue bonds of the District in an aggregate principal amount not to exceed \$468,000,000. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2005 Authorization).

The Bonds are being issued to finance the acquisition, construction and modernization of certain District property and facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. A summary of the text of the ballot language was as follows:

"To prepare College of San Mateo, Cañada College, and Skyline College students for universities and high demand jobs; upgrade nursing, health, career, science, computer and biotechnology labs; improve accessibility for disabled students; make earthquake safety improvements; repair/modernize libraries, classrooms, and aging facilities; and other projects in the Bond Projects Lists, shall San Mateo County Community College District be authorized to issue \$468,000,000 in bonds at interest rates within legal limits and with oversight by a Citizens' Advisory Committee?"

In April 2006, the District issued Measure A General Obligation Bonds, Series A, in the amount of \$135,429,395.

In December 2006, the District issued Measure A General Obligation Bonds, Series B, in the amount of \$332,570,194.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE A - 2005 GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION

OBJECTIVES OF THE AUDIT

The objective of our performance audit was to determine that the District expended Measure A General Obligation Bond funds for the year ended June 30, 2018 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE OF THE AUDIT

The District provided to us a list of all Measure A General Obligation Bond project expenditures for the year ended June 30, 2018 (the "List"). An approximate total of 242 transactions were identified, representing \$800,248 in expenditures from July 1, 2017 through June 30, 2018.

METHODOLOGY

We performed the following procedures to the List of Measure A General Obligation Bond project expenditures for the year ended June 30, 2018:

- Verified the mathematical accuracy of the expenditures list.
- Reconciled the List to total bond expenditures as reported by the District in the Measure A Bond Fund's audited financial statements for the year ended June 30, 2018.
- Selected a sample of 18 expenditures totaling \$614,265. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. Verified that the expenditures were for authorized projects, and were to repair, upgrade and construct facilities and expand college education centers.

CONCLUSION

The results of our tests indicated that, in all significant respects, the San Mateo County Community College District expended Measure A General Obligation Bond funds for the year ended June 30, 2018 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

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

FINANCIAL STATEMENTS
June 30, 2018 and 2017

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

FINANCIAL STATEMENTS
June 30, 2018 and 2017

CONTENT

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
BALANCE SHEETS	3
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE.....	4
NOTES TO FINANCIAL STATEMENTS.....	5
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	9

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of San Mateo County Community College District (the "District") Measure H General Obligation Bond Activity included in the Measure H Bond Fund of the District (the "Measure H Bond Fund") as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure H General Obligation Bond Activity of the San Mateo County Community College District as of June 30, 2018 and 2017, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the District's Measure H Bond Fund, and do not purport to, and do not, present fairly the financial position of the San Mateo County Community College District as of June 30, 2018 and 2017, the changes in its financial position, or, where applicable, its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report December 14, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters for the Measure H Bond Fund. The purpose of that report is to describe the scope of our testing of internal control over financial reporting, and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance for the Measure H Bond Fund. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the San Mateo County Community College District's internal control over financial reporting and compliance for the Measure H Bond Fund.



Crowe LLP

Sacramento, California
December 14, 2018

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS
BALANCE SHEETS
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 54,625,592	\$ 106,206,308
Accounts receivable	491,733	320,169
Prepaid expenditures	<u>4,341,416</u>	<u>696,557</u>
Total assets	<u>\$ 59,458,741</u>	<u>\$ 107,223,034</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 9,740,326	\$ 4,368,555
Due to the District	<u>46,661</u>	<u>-</u>
Total liabilities	<u>9,786,987</u>	<u>4,368,555</u>
 Fund balance:		
Nonspendable	4,341,416	696,557
Restricted – capital projects	<u>45,330,338</u>	<u>102,157,922</u>
Total fund balance	<u>49,671,754</u>	<u>102,854,479</u>
Total liabilities and fund balance	<u>\$ 59,458,741</u>	<u>\$ 107,223,034</u>

See accompanying notes to financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS
 STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
 For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Interest income	\$ <u>1,090,973</u>	\$ <u>625,887</u>
Expenditures		
Current:		
Salaries and benefits	3,335,295	3,505,512
Supplies and materials	1,059,794	1,119,110
Capital construction and improvements	<u>49,878,609</u>	<u>17,594,604</u>
Total expenditures	<u>54,273,698</u>	<u>22,219,226</u>
Change in fund balance	(53,182,725)	(21,593,339)
Restricted & Nonspendable fund balance, beginning of year	<u>102,854,479</u>	<u>124,447,818</u>
Restricted & Nonspendable fund balance, end of year	<u>\$ 49,671,754</u>	<u>\$102,854,479</u>

See accompanying notes to financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the San Mateo County Community College District's (the "District") Measure H Bond Fund (the "Measure H Bond Fund") conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Measure H Bond Fund accounts for financial transactions in accordance with the policies and procedures of the California College Budget and Accounting Manual.

Financial Reporting Entity: The financial statements include only the Measure H Bond Fund of the District used to account for Measure H projects. This Measure H Bond Fund was established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2014. These financial statements are not intended to present fairly the financial position and results of operations of the San Mateo County Community College District in compliance with accounting principles generally accepted in the United States of America.

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

The financial statements represent the Measure H Bond Fund of the District and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Due to District: At June 30, 2017, there was no balance due to the District's general fund for the reimbursement of payments to vendors. The balance due at June 30, 2018 was \$46,661.

Fund Balance: Restricted fund balance includes resources which are legally or contractually restricted by external third parties. Fund balance is restricted for capital projects of the Measure H Bond Fund in accordance with the Bond Project List for Measure H General Obligation Bonds.

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

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS
 NOTES TO FINANCIAL STATEMENTS
 For the Years Ended June 30, 2018 and 2017

NOTE 2 – CASH

Policies and Practices: The Measure H Bond Fund is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State: U.S. Treasury instrument; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreement; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

Investment in County Treasury: The Measure H Bond Fund is considered to be an involuntary participant in an external investment pool as the Measure H Bond Fund is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The Measure H Bond Fund's investment in the pool is reported in the accounting financial statement at amounts based upon the Measure H Bond Fund's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer. The cash held in the County Treasury are classified within level 2 of the fair value hierarchy because they are valued using broker or dealer quotations, or alternative pricing sources with reasonable level of price transparency.

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

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

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Measure H Bond Fund manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The fair value of the Measure H Bond Fund's deposits at the County Treasury, at June 30, 2018 and 2017, was \$54,625,592 and \$106,206,308, respectively, and the weighted average maturity of the pool was 332 days and 532 days, respectively.

Credit Risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Measure H Bond Fund only invests in county pooled investments which are not required to be rated.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 and 2017 consisted of \$491,733 and \$320,169, respectively, due from the County for interest income.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

NOTE 4 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2018 and 2017 consisted of \$9,740,326 and \$4,368,555, respectively, in vendor payables.

NOTE 5 – FUND BALANCE CLASSIFICATION

Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications are nonspendable, restricted, committed, assigned and unassigned. The nonspendable fund balance reflects amounts that are not in a spendable form, such as prepaid expenditures in the Bond Fund. The remaining fund balance of the Measure H General Obligation Bonds is restricted, as described below.

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

NOTE 6 – PURPOSE OF BOND ISSUANCE

Bond Authorization: The general obligation bonds associated with Measure H Bonds were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Trustees of the District on July 23, 2014 (the “Bond Resolution”).

The District received authorization at an election held on November 4, 2014, to issue bonds of the District in an aggregate principal amount not to exceed \$388,000,000 to provide financing for the specific school facilities projects listed in the Bond Project List approved by the voters. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District.

Purpose of Bonds: The proceeds of the Bonds may be used to prepare College of San Mateo, Cañada College and Skyline College students for universities and high- demand jobs; modernize math and science classrooms and labs; upgrade computer, biotechnology and job training facilities; upgrade access for disabled students; ensure classrooms meet earthquake, fire and safety requirements; and replace aging infrastructure with energy efficient systems.

(Continued)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS
 NOTES TO FINANCIAL STATEMENTS
 For the Years Ended June 30, 2018 and 2017

NOTE 7 – GENERAL OBLIGATION BOND ISSUANCES

The Bonds are general obligations of the District, and San Mateo County is obligated to levy ad valorem taxes for the payment of and interest on, the principal of the Bonds. The Bond Interest and Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the payment of interest and redemption of principal of the bonds issued by the District.

In May 2015, the District issued Measure H General Obligation Bonds, Series A, in the amount of \$127,000,000.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2018 and 2017, the Measure H Bond Fund had the following commitments with respect to unfinished capital projects:

	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
<u>2018</u>		
Districtwide projects	\$ 2,800,017	Within 2 years
Skyline projects	122,779,200	Within 4 years
CSM projects	449,946	Within 1 year
Cañada projects	<u>62,306,033</u>	Within 2 years
	<u>\$ 188,335,196</u>	
<u>2017</u>		
Districtwide projects	\$ 1,554,520	Within 4 years
Skyline projects	133,550,936	Within 5 years
CSM projects	1,931,963	Within 1 year
Cañada projects	<u>81,458,988</u>	Within 4 years
	<u>\$ 218,496,407</u>	

As the noted commitments exceed available assets as of the year ended June 30, 2018, the District plans on issuing additional bonds and use such future proceeds to meet commitments as they become due.

NOTE 9 – SUBSEQUENT EVENTS

In November 2018, the District issued \$261,000,000, related to the 2014 Series B General Obligation Bonds, with interest rates between 3.75% - 5.00% maturing in September 2039.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Mateo County Community College District (the "District") Measure H General Obligation Bond Activity included in the Measure H Bond Fund of the District (the "Measure H Bond Fund") as of and for the year ended June 30, 2018, and the related notes to the financial statements and have issued our report thereon dated December 14, 2018. The financial statements present only the District's Measure H Bond Fund and do not purport to and do not, present fairly the financial position of the District as of June 30, 2018, and the changes in its financial position for the year then ended.

Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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



Crowe LLP

Sacramento, California
December 14, 2018

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

PERFORMANCE AUDIT
June 30, 2018

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

PERFORMANCE AUDIT
June 30, 2018

CONTENT

INDEPENDENT AUDITOR'S REPORT	1
BACKGROUND:	
LEGISLATIVE HISTORY	2
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT MEASURE H GENERAL OBLIGATION BONDS	2
PERFORMANCE AUDIT:	
OBJECTIVES	3
SCOPE	3
METHODOLOGY	3
CONCLUSION	3

INDEPENDENT AUDITOR'S REPORT

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

We have conducted a performance audit of the San Mateo County Community College District (the "District"), Measure H General Obligation Bond funds for the year ended June 30, 2018.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

Our audit was limited to the objectives listed on page 3 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure H General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for San Mateo County Community College District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of San Mateo County Community College District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal controls.

The results of our tests indicated that, in all significant respects, San Mateo County Community College District expended Measure H General Obligation Bond funds for the year ended June 30, 2018 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.



Crowe LLP

Sacramento, California
December 14, 2018

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

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55 percent of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establishes and appoints members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT MEASURE H GENERAL OBLIGATION BONDS

The San Mateo County Community College District Measure H General Obligation Bonds are issued pursuant to the Constitution and laws of the State of California, including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Trustees of the District on July 23, 2014.

The District received authorization for the Measure H Bonds at an election held on November 4, 2014, to issue bonds of the District in an aggregate principal amount not to exceed \$388,000,000. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2014 Authorization).

The Bonds are being issued to finance the acquisition, construction and modernization of certain District property and facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. A summary of the text of the ballot language was as follows:

"To prepare College of San Mateo, Cañada College, and Skyline College students for universities and high demand jobs; modernize math and science classrooms and labs; upgrade computer, biotechnology and job training facilities; upgrade access for disabled students; ensure classrooms meet earthquake, fire and safety requirements; and replace aging infrastructure with energy efficient systems, shall San Mateo County Community College District be authorized to issue \$388,000,000 in bonds at interest rates within legal limits, with annual independent audits, Citizens' Oversight and all proceeds benefiting your local community colleges?"

In May 2015, the District issued Measure H General Obligation Bonds, Series A, in the amount of \$127,000,000.

OBJECTIVES OF THE AUDIT

The objective of our performance audit was to determine that the District expended Measure H General Obligation Bond funds for the year ended June 30, 2018 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE OF THE AUDIT

The District provided to us a list of all Measure H General Obligation Bond project expenditures for the year ended June 30, 2018 (the "List"). An approximate total of 5,725 transactions were identified, representing \$54,273,698 in expenditures from July 1, 2017 through June 30, 2018.

PROCEDURES PERFORMED

We performed the following procedures to the List of Measure H General Obligation Bond project expenditures for the year ended June 30, 2018:

- Verified the mathematical accuracy of the expenditures list.
- Reconciled the List to total bond expenditures as reported by the District in Measure H Bond Fund's audited financial statements for the year ended June 30, 2018.
- Selected a sample of 34 expenditures totaling \$14,603,302. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. Verified that the expenditures were for authorized projects, and were to repair, upgrade and construct facilities and expand college education centers.

CONCLUSION

The results of our tests indicated that, in all significant respects, the San Mateo County Community College District expended Measure H General Obligation Bond funds for the year ended June 30, 2018 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.