

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
Bond Oversight Committee Meeting
February 24, 2020 | 3:00 p.m.
Cañada College, Science and Technology Building 23, Room 103
4200 Farm Hill Boulevard, Redwood City, CA 94061

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, with each member of the public receiving no more than three (3) minutes to speak. 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. Recess for Tour of Building 23 (approximately 20 minutes)**
- 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 September 30, 2019, for Measure H **(Enclosure #01)**
 - i. Measure H Cumulative Expenditures **(Enclosure #01A)**
 - ii. Measure H Project Expenditures **(Enclosure #01B)**
 - iii. Measure H Small Projects Report **(Enclosure #01C)**
 - iv. Measure H Emergency Project Expenditures **(Enclosure #01D)**
 - v. Measure H Financial Audit – 2019 **(Enclosure #01E)**
 - vi. Measure H Performance Audit – 2019 **(Enclosure #01F)**
 - c. Review of Proposed New Financial Reporting Formatting and Data to be Included **(Drafts presented at meeting)**
- 5. Action Items**
 - a. Approval of Minutes from December 5, Meeting **(Enclosure #02)**
- 6. Adjournment**

COMMITTEE REPORT

PREPARED FOR: Bond Oversight Committee Members

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

MEETING DATE: February 24, 2020

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 #01.

The reports accompanying this enclosure include:

- Measure H Cumulative Expenditures (*Enclosure #01A*)
- Measure H Project Expenditures (*Enclosure #01B*)
- Measure H Small Projects Report (*Enclosure #01C*)
- Measure H Emergency Project Expenditures (*Enclosure #01D*)
- Measure H Financial Audit – 2019 (*Enclosure #01E*)
- Measure H Performance Audit – 2019 (*Enclosure #01F*)

Bond Oversight Committee Meeting

Summary of Key Financial Information

February 24, 2020



Highlights

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 \$199,898,128 (52%)
- Commitments to date \$68,126,390 (18%)
- Balance available to date \$119,975,481 (31%)



Districtwide Projects

Measure H Budget: \$41,571,343

- YTD expenditures \$18,657,494
- Commitments \$1,350,187
- Available balance \$21,563,661
- Total 22 projects



Cañada College Projects

Measure H Budget: \$208,349,229

- YTD Expenditure \$102,139,923
- Commitments \$61,372,185
- Balance available \$44,837,121
- Total 11 projects



College of San Mateo Projects

Measure H Budget: \$28,134,650

- YTD Expenditures \$11,870,475
- Commitments \$1,969,409
- Balance available \$14,294,766
- Total 12 projects



Skyline College Projects

Measure H Budget: \$109,944,777

- YTD Expenditures \$67,230,236
- Commitments \$3,434,609
- Balance available \$39,279,932
- Total 18 projects



Bond Interest (as of 12/31/19)

Measure H Cumulative Interest Earned: \$8,433,774

- YTD Expenditures \$7,174,598
- Commitments \$0
- Balance available \$1,259,176

Notes

- County Pool interest rate in fourth quarter of 2019 was 1.98% (Average).



2018-19 Annual Audit Results

Auditors: Crowe LLP

- **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.



SAN MATEO COUNTY
COMMUNITY
COLLEGE DISTRICT

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%
12/31/19 Expenditures	\$388,000,000	\$199,898,128	\$68,126,390	\$119,975,481	100%	52%	18%	31%
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	FY2019-20	\$35,994,475			

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	\$8,433,775	\$0	\$0	\$7,174,599	100%	0%	0%	85%
6/30/2019 Expenditures	\$8,433,775	\$7,174,599	\$0	\$1,259,176	100%	85%	0%	15%
12/31/2019 Expenditures	\$8,433,775	\$0	\$0	\$1,259,176	100%	0%	0%	15%

Summary of Expenditures for All Measure H Projects (All)

FY2014-15	\$	2,152,737
FY2015-16	\$	1,813,188
FY2016-17	\$	22,219,227
FY2017-18	\$	54,273,694
FY2018-19	\$	83,444,807
FY2019-20	\$	<u>35,994,475</u>
	\$	199,898,128

SMCCCD BOND FUNDED PROJECTS (Measure H)
Bond Expenditures ending December 31, 2019

Districtwide Projects

Location	PROJECT NAME	Project List Reference	Budget	Expenditure as of 12/31/2019	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	20,552,390.61	6,067,671.94	792,327.24	13,692,391.43		June 2026	1, 2, 4
3 DW	DW Network Core Switch upgrade	II.F/E	132,779.55	195,200.50	7,125.00	(69,545.95)	100.00%	December 2020	
4 DW	DW UPS Device(MDF/IDF) Replacement	II.F/E	473,778.99	288,107.33	0.00	185,671.66	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	595,161.58	6,690.00	398,148.42	90.00%	March 2021	
7 DW	DW Telephone System Replacement	II.F/E	1,109,831.07	277,478.26	0.00	832,352.81	90.00%	March 2020	3
8 DW	DW Wireless Access Point(WAP) Repl	II.F/E	459,435.39	281,169.88	11,187.00	167,078.51	80.00%	September 2020	3
9 DW	DW Network Switch Upgrade (10 GB)	II.F/E	2,055,944.48	2,059,443.59	5,545.50	(9,044.61)	86.00%	September 2020	3
10 DW	DW Server Replacement	II.F/E	1,994,078.55	706,348.91	0.00	1,287,729.64	15.00%	March 2021	
11 DW	DW Fire Alarm Panels Upgrade	I.D/H, II.H	4,000,000.00	3,459,829.08	10,134.71	530,036.21	100.00%	February 2020	4
12 DW	DW Classroom Security Hardware	I. M; II. H	1,920,000.00	1,783,841.13	67,959.85	68,199.02	95.00%	January 2020	4
13 DW	DW EV Charging Stations Expansion	III.K	373,612.88	373,612.88	0.00	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	458,052.58	1,385.00	350,562.42	60.00%	March 2021	
16 DW	DW Video Server Upgrade	II.D	344,921.45	301,598.81	0.00	43,322.64	30.00%	March 2021	
17 DW	DW Video Camera Replacement	II.D	715,000.00	18,452.98	0.00	696,547.02	5.00%	March 2022	
18 DW	DW Classroom Projection Screen Repl	II	70,000.00	26,379.71	1,050.00	42,570.29	40.00%	July 2020	
19 DW	DW Batting Cage Upgrade	I.Q	500,000.00	36,173.60	0.00	463,826.40	0.00%	March 2020	2
20 DW	DW Technology Replacement	II.E	2,066,500.00	1,168,779.00	446,782.98	450,938.02	36.00%	July 2020	
21 DW	DW Solar and Energy Storage	K.R	500,000.00	150.00	0.00	499,850.00	0.00%	December 2021	
22 DW	DW Interior LED Lighting Retrofit	I.D	155,578.79	155,578.80	0.00	(0.01)	100.00%	March 2019	4
23	DISTRICTWIDE PROJECT TOTAL		41,571,342.97	18,657,494.35	1,350,187.28	21,563,661.34			

Cañada College Projects

Location	PROJECT NAME	Project List Reference	Budget	Expenditure as of 12/31/2019	Commitments	Balance	Project / Construction Completion (%)	Completion date	Notes
24 Cañada	CAN B1N Kinesiology and Wellness	I.A/C/F/II.S	117,652,851.00	42,725,827.71	59,239,471.75	15,687,551.54	45.00%	March 2021	2,3, 4
25 Cañada	CAN B13 Multiple Program Instructional Center	I.A/C/H/II.L/M/O/R; II.A/F	17,255,000.00	191,899.13	1,420,476.91	15,642,623.96	0.00%	June 2022	2
26 Cañada	CAN B23N Math/Science/Tech	I.A/B/G/K/L; II.B	58,061,679.49	52,479,613.10	639,652.41	4,942,413.98	100.00%	April 2020	2,4
27 Cañada	CAN Emergency Building Repairs	I	810,000.00	416,656.11	0.00	393,343.89	37.00%	June 2020	

SMCCCD BOND FUNDED PROJECTS (Measure H)
Bond Expenditures ending December 31, 2019

28	Cañada	CAN Technology and Equipment	II	1,200,000.00	1,036,934.45	56,422.31	106,643.24	75.00%	June 2020	
29	Cañada	CAN Access Compl. Corrective Items	I.B/R	716,835.71	716,835.71	0.00	0.00	100.00%	August 2017	
30	Cañada	CAN B9 Ext Envelope Leak Repairs	I.D	2,745,141.00	446,517.52	2,018.00	2,296,605.48	85.00%	April 2020	2
31	Canada	CAN Central Plant Upgrade	I.D/J/K	4,107,722.00	4,099,792.00	7,930.00	0.00	100.00%	June 2018	
32	Canada	CAN B22 Swing Space	I.A/C/D/F/G/H/I/J/L/M	2,200,000.00	0.00	0.00	2,200,000.00	5.00%	January 2021	4
33	Canada	CAN B16/18 Secondary Effects	A/B/C/E/F/G/H/J/L/M	3,000,000.00	1,643.33	6,213.61	2,992,143.06	0.00%	June 2023	2
34	Cañada	CAN Small Projects	I, II	600,000.00	24,203.99	0.00	575,796.01	4.00%	June 2020	
35	CAÑADA COLLEGE PROJECT TOTAL			208,349,229.20	102,139,923.05	61,372,184.99	44,837,121.16			

College of San Mateo Projects

Location	PROJECT NAME	Project List Reference	Budget	Expenditure as of 12/31/2019	Commitments	Balance	Project / Construction Completion (%)	Completion date	Notes	
36	CSM	CSM B3 Modernization	I.I/J/L/N	4,000,000.00	2,473,186.27	182,163.05	1,344,650.68	51.00%	August 2020	2,4
37	CSM	CSM B17 Student Life/Learning Comm	I.C//L/N; II.A/D/G	7,892,017.00	5,745,167.01	1,231,637.61	915,212.38	95.00%	February 2020	2,4,5
38	CSM	CSM B19 Center for Emerging Tech.	I.A/B/C/D/F/G/H/J/L/M/N/O/R/S; II.A/B/C/D/E/G	3,000,000.00	294,823.66	0.00	2,705,176.34	*On hold pending funding		4
39	CSM	CSM Emergency Building Repairs	I	1,170,000.00	1,071,689.05	59,794.63	38,516.32	77.00%	June 2020	
40	CSM	CSM Technology and Equipment	II	542,309.90	542,309.90	0.00	0.00	86.00%	June 2020	
41	CSM	CSM Edison Lot	I.R	6,000,000.00	503,749.95	175,380.40	5,320,869.65	5.00%	December 2020	2,4
42	CSM	CSM Water Supply Tank Replacement	I.D	629,000.00	98,822.22	93,514.80	436,662.98	5.00%	April 2021	
43	CSM	CSM Asphalt Repairs Project	I.R	378,633.28	378,633.28	0.00	0.00	100.00%	January 2018	
44	CSM	CSM Corp Yard	I.Q	2,000,000.00	18,900.00	0.00	1,981,100.00	0.00%	August 2020	2
45	CSM	CSM Instructional Pool Re-plaster	I.L	265,000.00	18,089.25	205,646.50	41,264.25	50.00%	December 2019	
46	CSM	CSM Water Metering	I.D	1,000,000.00	12,839.95	21,272.00	965,888.05	5.00%	April 2020	
47	CSM	CSM Small Projects	I, II	1,257,690.10	712,264.44	0.00	545,425.66	25.00%	June 2020	
48	COLLEGE OF SAN MATEO PROJECT TOTAL			28,134,650.28	11,870,474.98	1,969,408.99	14,294,766.31			

Skyline College Projects

Location	PROJECT NAME	Project List Reference	Budget	Expenditure as of 12/31/2019	Commitments	Balance	Project / Construction Completion (%)	Completion date	Notes	
49	Skyline	Sky B1 Social Science/Creative Arts	I.A/C/D/F/G/H/I/J/L/M/N/O/R/S; II. A/D/E/F/G.	9,293,076.85	9,293,076.85	0.00	0.00	100.00%	March 2019	4
50	Skyline	Sky B12N Environmental Science	I.A/B/C/L/M/O/R; II.A/D/E/F/G	42,000,000.00	39,992,536.52	560,548.50	1,446,914.98	95.00%	February 2020	1, 2,3, 4
51	Skyline	Sky B2 Workforce/Economic Develop	I.A/C/H/I/L/M/O/R; II.A/F	18,882,050.00	62,165.00	2,182,560.00	16,637,325.00	0.00%	April 2021	

SMCCCD BOND FUNDED PROJECTS (Measure H)
Bond Expenditures ending December 31, 2019

52	Skyline	SKY Lot L Expansion	I.R	5,896,276.39	5,896,276.39	0.00	0.00	100.00%	July 2018	2,4
53	Skyline	SKY B19 Pac Hgts/No. Campus Improvements	I.A/C/D/F/H/J/L/M	3,151,625.89	3,151,846.03	0.00	(220.14)	100.00%	January 2019	4
54	Skyline	SKY B14 Loma Chica/CDC Renovations	I.C/D/J/L	3,148,138.42	3,148,138.42	0.00	0.00	100.00%	January 2019	4
55	Skyline	SKY Emergency Building Repairs	I	1,020,000.00	776,471.57	70,006.68	173,521.75	41.00%	June 2020	
56	Skyline	SKY Technology and Equipment	II	1,000,000.00	916,054.33	4,988.92	78,956.75	36.00%	June 2020	
57	Skyline	SKY Accessible Route	I.C/R	1,500,000.00	1,389,206.06	7,557.45	103,236.49	3.00%	June 2020	2
58	Skyline	SKY B5 CTTL Modification	I.L	500,000.00	399,975.40	3,676.00	96,348.60	100.00%	June 2019	2
59	Skyline	SKY B7 STEM Center	II	1,453,610.00	1,164,476.53	170,812.48	118,320.99	95.00%	April 2020	2
60	Skyline	SKY Promise Schlr WKFC Career Relo	I.N	500,000.00	447,205.97	20,592.00	32,202.03	100.00%	July 2019	
61	Skyline	SKY B3 South Wall Waterproofing	I.D	300,000.00	54,595.32	65,277.00	180,127.68	17.00%	January 2020	4
62	Skyline	SKY B3A-E Portable Replacement	I.D	1,000,000.00	72,522.47	189,975.00	737,502.53	0.00%	August 2020	4
63	Skyline	SKY B19 Swing Space	I.A/C/D/F/G/H/I/J/L,M	5,000,000.00	0.00	0.00	5,000,000.00	10.00%	June 2021	4
64	Skyline	SKY B1 Social Science/Creative Arts Remodel	I.A/B/D/F/G/I/N; II.A/B/D/E	500,000.00	37,916.88	43,628.81	418,454.31	0.00%	April 2021	
65	Skyline	SKY Small Projects	I, II	800,000.00	427,772.24	114,986.38	257,241.38	7.00%	June 2020	
66	Skyline	SKY B1 Facelift	I.A/C/D/F/G/H/I/J/L/M	14,000,000.00	0.00	0.00	14,000,000.00	5.00%	February 2022	4
67	SKYLINE COLLEGE PROJECT TOTAL			\$109,944,777.55	\$67,230,235.98	\$3,434,609.22	\$39,279,932.35			
59	GRAND TOTAL			\$388,000,000.00	\$199,898,128.36	\$68,126,390.48	\$119,975,481.16			

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 \$16,260,725.19
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 \$9,906,936.29 and total commitments of \$1,813,746.74 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 December 31, 2019

Districtwide Projects

	<u>Location</u>	<u>PROJECT NAME</u>	<u>Project List Reference</u>	<u>Budget</u>	<u>Expenditure as of 12/31/2019</u>	<u>Commitments</u>	<u>Balance</u>	<u>Project / Construction Completion (%)</u>	<u>Completion date</u>	<u>Notes</u>
1	DW	DW CIP3 MASTER	I, II	1,259,176.15	0.00	0.00	1,259,176.15			
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			8,433,774.66	7,174,598.51	0.00	1,259,176.15			
4	GRAND TOTAL			\$8,433,774.66	\$7,174,598.51	\$0.00	\$1,259,176.15			

SMCCCD BOND FUNDED PROJECTS (MEASURE H)
Bond Expenditures on SMALL PROJECTS ending December 31, 2019

Cañada College Projects

Location	PROJECT NAME	Project List Reference	Budget	Expenditure as of 12/31/19	Commitments	Balance	Percent Completed	Notes
1	Cañada Bldg 3 Chiller Supply Line Retrofit	I.D	19,546.99	19,546.99	0.00	0.00		moved to its own project in FY1617
2	Cañada Access Compliance Corrective Items	I.B/R	1,650.00	1,650.00	0.00	0.00		moved to its own project in FY1617
3	Cañada Bldg 8 Ceiling Tile Replacement	I.D	0.00	(56,444.00)	0.00	56,444.00	1.00	
4	Cañada CAN Exterior Light Pole Wiring	I.D	70,000.00	59,451.00	0.00	10,549.00	0.85	
5	CAÑADA COLLEGE SMALL PROJECT TOTAL		91,196.99	24,203.99	0.00	66,993.00		

College of San Mateo Projects

Location	PROJECT NAME	Project List Reference	Budget	Expenditure as of 12/31/19	Commitments	Balance	Percent Completed	Notes
6	CSM B1 2nd Fir Remodel	I.N	7,697.17	7,697.17	0.00	0.00	100%	
7	CSM CDC Cooling Project	I.I	25,965.80	25,965.80	0.00	0.00	100%	
8	CSM District Office Fire Suppression System	I.D/H	100,000.00	89,430.96	0.00	10,569.04	100%	
9	CSM ADA Non-Compliance Mitigations	I.C/D/N	40,000.00	27,904.96	0.00	12,095.04	100%	
10	CSM B1 First Floor Refresh	I.L	150,000.00	108,952.43	0.00	41,047.57	100%	
11	CSM B10 Bayview Furniture Refresh	I.N	258,659.14	258,659.14	0.00	0.00	100%	
12	CSM Misc CSM Projects	I.L/N	179,266.49	188,618.24	0.00	(9,351.75)	100%	
13	CSM CSM Campus Entrance Gates	I.R	65,000.00	0.00	0.00	65,000.00	0%	
14	CSM CSM B33 CDC Emergency Preparedness and Safety Improvements	I.H	75,000.00	4,441.28	0.00	70,558.72	6%	
15	CSM CSM East Perimeter Fire Mitigation Project	I.O	110,000.00	0.00	0.00	110,000.00	0%	
16	COLLEGE OF SAN MATEO SMALL PROJECT TOTAL		1,011,588.60	711,669.98	0.00	299,918.62		1

Skyline College Projects

Location	PROJECT NAME	Project List Reference	Budget	Expenditure as of 12/31/19	Commitments	Balance	Percent Completed	Notes
19	SKY B2 SS Data and Power Cabling	I.I.E	43,027.15	43,027.15	0.00	0.00	1.00	
20	SKY LED Message Boards	I.R	285,000.00	199,902.95	54,988.38	1,759.38	1.00	100%
21	SKY SKY B1 Material and Assessment and Remedial	F	195,000.00	185,436.60	0.00	9,563.40	0.95	
22	SKY SKY B6 Fireside Furniture Refresh	I.N	200,000.00	0.00	0.00	200,000.00	0.20	
23	SKY SKY B6 Kitchen Condensing Unit	I.D	130,000.00	0.00	59,998.00	70,002.00	0.00	
24	SKYLINE COLLEGE SMALL PROJECT TOTAL		\$ 853,027.15	\$ 428,366.70	\$ 114,986.38	\$ 281,324.78		
25	GRAND TOTAL SMALL PROJECTS		\$ 1,955,812.74	\$ 1,164,240.67	\$ 114,986.38	\$ 648,236.40		

NOTES:

1. Expense incorrectly charged to CSM Small Projects. A journal was made to correct error after December 2019.

Districtwide Emergency Building Repair Workbook (MEASURE H)
September 30, 2019 - December 31, 2019

Cañada College Projects			\$ 604,448
Proj #	Description	Project List Reference	Measure H
	Total Encumbered		\$ -
	Available Balance		\$ 604,448
College of San Mateo Projects			\$ 248,286
Proj #	Description	Project List Reference	Measure H
298	Replaced damaged men's restroom mirrors in B4, 14 and 16	I.N	\$ 7,000
300	Repair failed central chiller plant, chiller #2 TXV	I.D	\$ 2,200
304	Replace failed duct detector in B5/B10	I.D	\$ 2,600
305	Repair failed lighting controls in Lot 6 to provide student safety	I.D	\$ 25,000
306	Replace failed pool pump	I.D	\$ 7,500
309	B4 - repair leaking A/C system	I.D	\$ 1,700
310	CSM B4 - replaced aging gas heater in Ceramics	I.D	\$ 1,000
315	Repair aging fan sleeve at District Office	I.D	\$ 2,800
	Total Encumbered		\$ 49,800
	Available Balance		\$ 47,986
Skyline College Projects			\$ 286,863
Proj #	Description	Project List Reference	Measure H
299	Replace B1/B5/B4/B7A/B19 Doors - significant wear and tear/deteriorated beyond repair	I.D	\$ 30,000
301	Replace failed elevator pump motor soft starter in B2 and B6 to operate safely	I.D	\$ 13,000
302	Repair B8 elevator fire curtains per NFPA 101 Life Safety	I.D	\$ 4,000
303	Replace 3 failed VFDs in B3 AHU-1/B3 HV-50/B5 AHU-AC-2	I.D	\$ 17,000
307	B8 - replaced failed TDA Room Colling Unit	I.D	\$ 10,000
308	B7 - replaced corroded condensing unit	I.D	\$ 5,000
311	Replaced aging campus-wide lighting poles for student safety	I.D	\$ 59,755
312	Install energy efficient flashing signs at Lot M for pedestrian safety	H.R	\$ 20,000
313	SKY B7A/B8 replaced aging domestic water heaters, hot water heater required by San Mateo County Health Department	I.D	\$ 5,000
314	B8 - repair aging AC unit	I.D	\$ 3,500
	Total Encumbered		\$ 79,000
	Available Balance		\$ 160,863

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

FINANCIAL STATEMENTS
June 30, 2019 and 2018

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

FINANCIAL STATEMENTS
June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure H General Obligation Bond Activity of the San Mateo County Community College District as of June 30, 2019 and 2018, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the District's Measure H Bond Fund, and do not purport to, and do not, present fairly the financial position of the San Mateo County Community College District as of June 30, 2019 and 2018, the changes in its financial position, or, where applicable, its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 6, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters for the Measure H Bond Fund. The purpose of that report is to describe the scope of our testing of internal control over financial reporting, and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance for the Measure H Bond Fund. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the San Mateo County Community College District's internal control over financial reporting and compliance for the Measure H Bond Fund.


Crowe LLP

Sacramento, California
December 6, 2019

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

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

See accompanying notes to financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 MEASURE H – 2014 ELECTION GENERAL OBLIGATION BONDS
 STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
 For the Years Ended June 30, 2019 and 2018

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

See accompanying notes to financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Due to District: At June 30, 2019, there was \$78,713 due to the District's general fund for the reimbursement of payments to vendors. The balance due at June 30, 2018 was \$46,661.

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

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

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

(Continued)

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

NOTE 2 – CASH

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

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

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

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

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Measure H Bond Fund manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury Pool. The fair value of the Measure H Bond Fund’s deposits at the County Treasury, at June 30, 2019 and 2018, was \$234,304,668 and \$54,625,592, respectively, and the weighted average maturity of the pool was 306 and 332 days, respectively.

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

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019 and 2018 consisted of \$1,833,341 and \$491,733, respectively, due from the County for interest income.

(Continued)

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

NOTE 4 – ACCOUNTS PAYABLE

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

NOTE 5 – FUND BALANCE CLASSIFICATION

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

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

NOTE 6 – PURPOSE OF BOND ISSUANCE

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

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

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

(Continued)

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

NOTE 7 – GENERAL OBLIGATION BOND ISSUANCES

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

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

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

NOTE 8 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2019 and 2018, the Measure H Bond Fund had the following commitments with respect to unfinished capital projects:

	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
<u>2019</u>		
Districtwide projects	\$ 831,555	Within 2 years
Skyline projects	8,174,655	Within 2 years
CSM projects	2,326,221	Within 1 year
Cañada projects	<u>32,752,213</u>	Within 2 years
	<u>\$ 44,084,654</u>	
<u>2018</u>		
Districtwide projects	\$ 2,800,017	Within 2 years
Skyline projects	122,779,200	Within 4 years
CSM projects	449,946	Within 1 year
Cañada projects	<u>62,306,033</u>	Within 2 years
	<u>\$ 188,335,196</u>	

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Mateo County Community College District (the "District") Measure H General Obligation Bond Activity included in the Measure H Bond Fund of the District (the "Measure H Bond Fund") as of and for the year ended June 30, 2019, and the related notes to the financial statements and have issued our report thereon dated December 6, 2019. The financial statements present only the District's Measure H Bond Fund and do not purport to and do not, present fairly the financial position of the District as of June 30, 2019, and the changes in its financial position for the year then ended.

Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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


Crowe LLP

Sacramento, California
December 6, 2019

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

PERFORMANCE AUDIT
June 30, 2019

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

PERFORMANCE AUDIT
June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

The results of our tests indicated that, in all significant respects, San Mateo County Community College District expended Measure H General Obligation Bond funds for the year ended June 30, 2019 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.


Crowe LLP

Sacramento, California
December 6, 2019

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

LEGISLATIVE HISTORY

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

Education Code Section 15278 provides additional accountability measures:

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT MEASURE H GENERAL OBLIGATION BONDS

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

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

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

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

In May 2015, the District issued Measure H General Obligation Bonds, Series A, in the amount of \$127,000,000. In November 2018, the District Issued Measure H General Obligation Bonds, Series B, in the amount of \$261,000,000.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MEASURE H - 2014 GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION

OBJECTIVES OF THE AUDIT

The objective of our performance audit was to determine that the District expended Measure H General Obligation Bond funds for the year ended June 30, 2019 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE OF THE AUDIT

The District provided to us a list of all Measure H General Obligation Bond project expenditures for the year ended June 30, 2019 (the "List"). An approximate total of 8,158 transactions were identified, representing \$94,603,251 in expenditures from July 1, 2018 through June 30, 2019.

PROCEDURES PERFORMED

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

- Verified the mathematical accuracy of the expenditures list.
- Reconciled the List to total bond expenditures as reported by the District in Measure H Bond Fund's audited financial statements for the year ended June 30, 2019.
- Selected a sample of 36 expenditures totaling \$49,569,486. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. Verified that the expenditures were for authorized projects, and were to repair, upgrade and construct facilities and expand college education centers.

CONCLUSION

The results of our tests indicated that, in all significant respects, the San Mateo County Community College District expended Measure H General Obligation Bond funds for the year ended June 30, 2019 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
Bond Oversight Committee Minutes
December 5, 2019
District Office, Board Room**

Members Present: James Ruigomez, Chair; Rosanne Foust, Vice Chair; Shelley Kessler, Ariana Davarpanah, Anne Campbell, Rocsana Enriquez, Bill Rundberg, Maxine Turner, Bill Collins, Michael Duncheon

District Staff Present: Michael Claire, Interim Chancellor; Mitchell Bailey, Vice Chancellor/Chief of Staff; José D. Nuñez, Vice Chancellor, Facilities Planning, Maintenance & Operations; Bernata Slater, Chief Financial Officer; Peter Fitzsimmons, District Budget Officer; Chris Strugar-Fritsch, Director of Capital Projects; Carina Warne, Executive Assistant; Tanya Aloise, Administrative Assistant

Other Attendees Present: Ann Kennedy, A Kennedy Group; Chris Lynch, Jones Hall

Call to order

Mr. Ruigomez called the meeting to order at 3:03 p.m.

Introduction of New Committee Members

New committee members Anne Campbell, Rocsana Enriquez, Maxine Turner, Bill Collins and Michael Duncheon introduced themselves to the group.

Election of Officers

Ms. Foust nominated Mr. Ruigomez as chair. Mr. Ruigomez accepted the nomination. There was no further discussion. After a vote by the committee, Mr. Ruigomez was elected chairperson with all members voting “Aye”.

Mr. Ruigomez nominated Ms. Foust as vice chair. Ms. Kessler seconded the nomination. There was no further discussion. After a vote by the committee, Ms. Foust was elected as vice-chairperson with all members voting “Aye”.

Public Comments on Items NOT on the Agenda

None

INFORMATION ITEMS

Overview of the Role of the Bond Oversight Committee

District Bond Counsel, Chris Lynch, reviewed the roles and responsibilities of the Bond Oversight Committee. He noted that the committee is required under the implementing legislation for Proposition 39 (which amended the California Constitution to authorize community college districts to issue general obligation bonds with a 55% vote of District registered voters).

Mr. Lynch noted that the purpose of the Bond Oversight Committee, which holds public meetings, is to review building fund expenditures and submit an annual report to the community. The Committee’s meetings are held at least once a year, require a quorum (majority of total members), are open to the public, follow an agenda, have a secretary to take minutes which are approved at the next meeting and

posted on the District website. Members are advised to refrain from discussing business among themselves outside of the meeting, including email or phone calls.

Mr. Lynch further explained that the Bond Oversight Committee reviews bond expenditures to ensure that bond proceeds are spent on voter-approved specific projects as contained in the Bond Projects List. The Committee is not a decision-making body. District staff attend meetings to report on spending and the progress of projects. The District's Board of Trustees must provide the Committee with responses to all findings, recommendations, and concerns addressed in the annual, independent financial and performance audits.

Ms. Terner asked about the term "specific projects" in regards to the Bond Projects List. Mr. Lynch referenced the 2007 Foothill De Anza ruling, and read an excerpt from the decision in that case: "...The critical factor in assessing whether the project list complied with Proposition 39 is whether it allows for meaningful approval and oversight of the bond expenditures' Thus, if the list defines or identifies the projects in a manner that clearly apprises the voters, the auditors, and the public oversight committees of the types of projects for which the money is intended to be used, that is sufficient..."). Proposition 39 also states that Bond proceeds cannot be used for teacher or administrative salaries, school operating expenses, or staff costs for providing technical or administrative assistance to the Committee.

Mr. Lynch added that the Committee may (but does not have to) receive and review District performance and financial audits, inspect facilities and grounds, review deferred maintenance plans, and review efforts by District to implement cost savings measures.

Mr. Duncheon asked how the committee could review "waste" and how that term is defined in regards to bond expenditures. Mr. Lynch responded that committee members might review mechanisms designed to reduce cost of professional fees, mechanisms designed to reduce costs of site preparation, and mechanisms to incorporate cost effective and efficient facility plans.

Ms. Terner asked about the difference between the financial and performance audits. She also asked if it is standard practice to have the same auditor prepare both audits. Mr. Lynch responded that the performance audit evaluates whether the bond proceeds have been spent consistent with the ballot measure and the financial audit is to be maintained and reported throughout the life of the bond proceeds.

Ms. Terner also asked about joint use facilities such as the San Mateo Athletic Club and if the San Mateo County Community College District maintains tax exempt status if buildings are being used for profit making activities. Mr. Lynch responded federal tax law is not part of the independent performance audit.

Mr. Collins observed that the Bond Oversight Committee's purview is very narrow. He asked what penalty there could be for a District after the funds are already spent and the project is complete. Mr. Lynch said that if a district spends bond funds on something they are not authorized to spend it on they might be asked to reimburse those funds.

Ms. Campbell asked about reviewing deferred maintenance plans. Mr. Nuñez responded that the District has a Preventive Maintenance (PM) plan. The plan includes equipment that may need maintenance monthly, bi-monthly, every six months, or annually. Mr. Nuñez also said he presents a planning summary to the Chief Financial Officer regarding equipment that needs replacement on a long-term basis, for example 10 – 15 years. Mr. Nuñez said he also prepares a report to the State Chancellor's Office regarding the Preventive Maintenance (PM) plan.

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

Mr. Nuñez and Mr. Strugar-Fritsch 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 Multiple Program Instructional Center (B13). The Kinesiology and Wellness Building (B1N) is a Measure H project that will provide a new 84,500 GSF academic building with components such as a basketball gymnasium, dance studios, entrance lobby, offices, shower facilities, outdoor competition space, and two swimming pools. Structural steel erection is in place. Target completion date for the project is spring 2021.

Mr. Collins asked about faculty displeasure with the design of the building. Vice Chancellor Nuñez responded there are 13 open items. Vice Chancellor Nuñez, Vice President of Instruction, Tammy Robinson, Athletic Director, Matt Lee and three faculty members have been working together on these items for several weeks. Mr. Duncheon asked if the design of the building falls under the jurisdiction of the Bond Oversight Committee. Mr. Lynch replied that the Bond Oversight Committee's jurisdiction ends once it is determined that the funds are authorized under the ballot measure. Mr. Collins asked about the size of the two swimming pools. Mr. Strugar-Fritsch responded that one swimming pool is a short course competition pool measuring 25 meters by 25 meters. The other swimming pool is an instructional pool with shallow water and a water temperature of 89 degrees. Both swimming pools will be used for instruction.

Ms. Foust asked that the Bond Oversight Committee be notified in the future if changes are made to a project that affects the project financially. Mr. Nuñez said the Bond Oversight Committee is briefed when changes are made.

The Cañada College Multiple Program Instructional Center (B13) is a modernization project that includes upgrades to restroom facilities, corridors and vertical circulation systems. The project also includes improvements to classrooms, computer labs, faculty offices, and a nursing room. Construction is estimated to begin in March 2021. During construction, occupants of the building will temporarily relocate to Cañada College, Building 22. Space programming is in process for Building 22 and design will begin in winter 2019. Mr. Strugar-Fritsch said that the Department of Public Safety will also be relocating to Building 22.

Mr. Nuñez also briefly discussed the permitting process with the Division of State Architect (DSA) and the length of time that process takes.

Mr. Strugar-Fritsch explained that the College of San Mateo projects include the Theatre Modernization (B3), Student Life & Learning Communities Modernization (B17), the Edison Lot, the Water Supply Tank Replacement, and the Corporation Yard & Districtwide Batting Cages Upgrade.

The College of San Mateo 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 roof, interior seat and carpet replacement is complete. Auditorium installations will begin early 2020.

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). The project is currently under construction and target substantial completion is winter 2019/2020.

The College of San Mateo Edison Lot project is a Measure H funded project. The project includes construction of a new parking lot to provide 208 parking spaces and 9 handicap spaces serving Building 10 and future Building 19. Construction documents are complete and submitted to the Division of State Architect (DSA) for approval. Target completion is December 2020.

The College of San Mateo Water Supply Tank Replacement project is a State Capital Outlay and Measure H funded project. The project includes construction of a new water supply tank to replace the existing 500,000-gallon tank built in 1960. The project includes new foundations, retaining walls, modern pump station, and controls for the domestic and irrigation water service. Construction will begin in fall 2020. Mr. Strugar-Fritsch said there is a possibility that the old tank will remain as a backup tank or irrigation water. Ms. Kessler asked if the old tank is in acceptable condition to be used as a backup. Mr. Strugar-Fritsch said the water in the old tank is currently safe and potable. The District has the water tested regularly to ensure it is meeting Health Department requirements.

The College of San Mateo Corporation Yard and Districtwide Batting Cages Upgrade project is a Measure H project. The project scope includes constructing a new Corporation Yard that will include retaining walls, paving, steel warehouses, a fueling station, fencing, lighting, and security systems. The project also includes four batting cage structures for Baseball and Softball at all three campuses. The new cages will include roof covers, gutters, downspouts, fencing, lighting, and security systems. The project is currently on hold due to low bidder turnout.

Skyline College projects include the Social Science & Creative Arts Building (B1), the Workforce & Economic Development Prosperity Center (B2), Building 3 Wall Waterproofing, STEM Center Collaboration Space (B7), Loma Chica Child Development Center (B14), Pacific Heights Swing Space (B19) for Building 2, and the Portables project.

The Social Science and Creative Arts Building (B1) project involves upgrades to elevators, HVAC, and restrooms. The project also includes elevator upgrades, remodeling classrooms, student spaces and offices. Classroom upgrades include Ceramics Lab and Computer Lab expansions. Design is schedule to begin in spring 2020.

The Skyline College Workforce & Economic Development Prosperity Center (B2) is a Measure H and State funded project. This project is a modernization of an existing building. The project includes upgrades to restrooms facilities, corridors and vertical ventilation systems. The project will improve 13 Student Services departments, five classrooms, and a nursing room. Construction will begin March 2021. Ms. Terner asked if the State requires matching funds. Mr. Nuñez responded that the State does require matching funds.

The Skyline College Building 3 foundation wall-waterproofing project includes replacing and improving the waterproofing on the south side of the building. Work includes the removal of soil, clean and patch the wall, install new membrane, and relocate existing downspouts. Waterproofing installation is in progress and will continue through January 2020.

The Skyline College STEM Center Collaboration Space (B7) is a Measure H funded project. The project scope is to transform portions of the third floor to create a centralized learning center including flexible collaboration spaces, media center, study rooms, and staff offices. The space creates an environment where STEM students and faculty can easily connect. Construction is substantially complete. A Ribbon Cutting Ceremony was held on November 18, 2019.

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 Americans with Disabilities Act (ADA) requirements. The project is complete. The Pacific Heights Swing Space (B19) for Building 2 project is funded by Measure H. The project will provide temporary and some permanent space for occupants of Building 2. Design will begin winter 2019. Construction completion is estimated for November 2020. The Skyline College Portables project will replace existing portables A, B, C, D & E. Installation is expected between April and August 2020.

Review of Summary of Key Financial Information for Cumulative Bond Expenditures and Interest Expenditures through September 30, 2019, for Measure H

Ms. Bernata Slater, Chief Financial Officer, reported Measure C projects were complete in June 2011 and Measure A projects were completed in summer 2018.

Ms. Slater noted that for Measure H, voters approved \$388 million and the first issuance was \$127 million in May 2015. The second issuance was \$261 million in November 2018. She explained that the total expenditures to date are \$174,281,116 or 45%, total commitments to date are \$84,723,224 or 22%, and the balance available is \$128,995,661 or 33%.

Ms. Kessler asked about projects from Measure A that have been carried over to Measure H. Mr. Bailey responded that the Measure A dollars have been expended and are carried over to Measure H. Ms. Foust suggested that the wording on the financials be changed from “all projects completed” to “all funds expended”.

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

- Districtwide Projects under Measure H with a budget of \$69,090,021, year-to-date expenditures of \$18,632,593, commitments of \$813,535, and an available balance of \$49,643,893. There are 21 projects.
- Cañada College Projects under Measure H with a budget of \$200,404,088, year-to-date expenditures of \$84,561,590, commitments of \$74,762,624, and a balance available of \$41,079, 874. There are eight projects.
- College of San Mateo Projects under Measure H with a budget of \$27,113,650, year-to-date expenditures of \$10,679,837, commitments of \$2,257,664, and a balance available of \$14,176,149. There are 12 projects.
- Skyline College Projects under Measure H with a budget of \$91,392,240, year-to-date expenditures of \$60,407,095, commitments of \$6,889,401, and a balance available of \$24,095,744. There are 16 projects.

Ms. Slater continued that cumulative bond interest earned as of September 30, 2019 for Measure H is \$7,174,598 and the available balance is \$0. The average County Pool interest rate for FY 2018-2019 was 1.94% and the County Pool interest rate in the third quarter of 2019 was 2.19%.

Ms. Slater reported the results of San Mateo County Community College District’s Annual Audit. The auditors, Crowe Horwath LLP, completed full Financial and Performance audit reports for both Measure A and Measure H. The results of the audits were unmodified opinion, meaning they were clean with no findings. The District expended Measure A and Measure H funds only for the specific projects developed by the Governing Board and approved by the voters.

Ms. Turner revisited a question asked at the October 2, 2018 meeting regarding “Payoff of Facilities Lease Obligations” line item on the Measure A Expenditures list. Mr. Bailey responded that this item relates to capital leases financed through a Certificate of Participation (COP) and was diffused and the CIP was recompensed.

ACTION ITEMS

Approval of Minutes from October 2, 2018 Meeting

A motion to approve the minutes of the October 2, 2018, meeting was made by Ms. Kessler and seconded by Ms. Foust. The motion passed.

Approval of 2018 Annual Report to the Community

Mr. Bailey presented the draft 2018 Report to the Community. Ms. Campbell made a motion to accept the draft 2018 Report to the Community. Ms. Foust seconded the motion. Mr. Duncheon, Mr. Collins and Ms. Turner abstained because they were not committee members during the time of the report period. After a vote by the committee, the Report was accepted with a majority of members voting “Aye”.

Schedule of Future Meetings

Mr. Bailey inquired with the committee in what interval they would like to meet in 2020. Ms. Kessler suggested meeting quarterly and committee agreed.

Committee Members’ Comments/Requests for Future Agenda Items

Ms. Turner suggested the California League of Bond Oversight Committees (CalBOC) as a resource to the Bond Oversight Committee.

Ms. Turner also suggested that the expenditure reporting be amended to include starting budget compared to final budget.

Adjourn

The meeting adjourned at 4:36 p.m.