

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 3, 2019

**NEW ISSUE—FULL BOOK-ENTRY**

**RATING: Moody's: "Aaa"**

**(See "MISCELLANEOUS – Rating" herein)**

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.*

**\$40,000,000\***

**SAN MATEO UNION HIGH SCHOOL DISTRICT  
(San Mateo County, California)  
2019 General Obligation Refunding Bonds, Series B  
(Federally Taxable)**

**Dated: Dated Date**

**Due: September 1, as shown on inside cover**

*This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page but not otherwise defined shall have the meanings assigned thereto herein.*

The San Mateo Union High School District (San Mateo County, California) 2019 General Obligation Refunding Bonds, Series B (Federally Taxable) (the "Bonds"), are being issued to (i) advance refund a portion of the District's outstanding 2014 General Obligation Refunding Bonds and (ii) pay the costs of issuing the Bonds.

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of San Mateo County is empowered and obligated to annually levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due.

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the Bonds, but will instead receive credit balances on the books of their respective nominees.

The Bonds will be issued as current interest bonds. Interest on the Bonds accrues from the date of initial delivery and issuance of the Bonds (the "Dated Date"), and is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2020.

Payments of principal of and interest on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as the paying agent, bond registrar and transfer agent for the Bonds (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants (as defined herein) who will remit such payments to the Beneficial Owners of the Bonds.

**The Bonds are subject to optional redemption as provided herein. The Bonds are further subject to mandatory sinking fund redemption as provided herein.\***

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**MATURITY SCHEDULE\***  
(see inside front cover)

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*The Bonds are being offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. Certain matters are being passed upon for the Underwriter by Kutak Rock LLP, Denver, Colorado. The Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about November \_\_, 2019.\**

**STIFEL**

Dated: \_\_\_\_\_, 2019

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

## MATURITY SCHEDULE\*

**\$40,000,000\***

**SAN MATEO UNION HIGH SCHOOL DISTRICT  
(San Mateo County, California)  
2019 General Obligation Refunding Bonds, Series B  
(Federally Taxable)**

**Base CUSIP<sup>(1)</sup>: 799017**

<b>Maturity (September 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP<sup>(1)</sup> Suffix</b>
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				

\*Preliminary, subject to change.

<sup>(1)</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriter, the Municipal Advisor or the District is responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**

**Board of Trustees**

Greg Land, *President*  
Marc Friedman, *Vice President*  
Robert H. Griffin, *Clerk*  
Linda Lees Dwyer, *Trustee*  
Peter H. Hanley, *Trustee*

**District Administration**

Kevin Skelly, Ph.D., *Superintendent*  
Elizabeth McManus, *Deputy Superintendent, Business Services*

**PROFESSIONAL SERVICES**

**Bond Counsel and Disclosure Counsel**

Stradling Yocca Carlson & Rauth,  
a Professional Corporation  
*San Francisco, California*

**Municipal Advisor**

Keygent LLC  
*El Segundo, California*

**Paying Agent, Registrar, Transfer Agent, and Escrow Agent**

The Bank of New York Mellon Trust Company, N.A.  
*Dallas, Texas*

**Verification Agent**

Causey Demgen & Moore P.C.  
*Denver, Colorado*

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This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein, other than that provided by the District, has been obtained from sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced in this Official Statement, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The Underwriter has provided the following sentence for inclusion in this Official Statement: “The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.”

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website. However, the information presented on the District’s website is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

**\$40,000,000\***  
**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**(San Mateo County, California)**  
**2019 General Obligation Refunding Bonds, Series B**  
**(Federally Taxable)**

**INTRODUCTION**

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of San Mateo Union High School District (San Mateo County, California) 2019 General Obligation Refunding Bonds, Series B (Federally Taxable) (the “Bonds”).

*This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.*

**The District**

The San Mateo Union High School District (the “District”) is a community funded district (as described herein) that includes the communities of Burlingame, Foster City, Hillsborough, Millbrae, San Bruno and San Mateo. The District operates six comprehensive high schools, a continuation high school and an adult school. The District has budgeted a fiscal year 2019-20 enrollment of 9,113 students, including special education and continuing education students, and an average daily attendance (“ADA”) of 8,748 students. Over 4,500 adults are served through the adult school. The District serves a resident population of approximately 282,000 persons and has a fiscal year 2019-20 assessed valuation of \$83,526,113,064.

The District is governed by a five-member Board of Trustees (the “Board”), each member of which is elected to a four-year term. At-large elections for positions on the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District’s other key personnel. Kevin Skelly, Ph.D. is the District’s current Superintendent.

See “SAN MATEO UNION HIGH SCHOOL DISTRICT” and “DISTRICT FINANCIAL INFORMATION” herein for information regarding the District generally and “TAX BASE FOR REPAYMENT OF BONDS” herein for information regarding the District’s assessed valuation. The audited financial statements of the District for fiscal year ending June 30, 2018 are attached hereto as APPENDIX B, and should be read in their entirety.

**Purpose of the Bonds**

The Bonds are being issued to (i) advance refund a portion of the District’s outstanding 2014 General Obligation Refunding Bonds (the “2014 Refunding Bonds”) and (ii) pay the costs of issuing the Bonds. See “THE BONDS – Application and Investment of Bond Proceeds” and “ESTIMATED

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\* Preliminary, subject to change.

SOURCES AND USES OF FUNDS” herein. The 2014 Refunding Bonds to be refunded with proceeds of the Bonds are referred to herein as the “Refunded Bonds.”

Concurrently with the issuance of the Bonds, the District will enter into an escrow agreement (the “Escrow Agreement”) with The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Escrow Agent”), pursuant to which the District will deposit the net proceeds of the Bonds into the Escrow Fund (as defined herein) held pursuant thereto, such proceeds to be used to purchase certain Federal Securities (as defined herein), the maturing principal of which, together with interest and earnings thereon, and any other proceeds of the Bonds held as cash, will be sufficient to pay the redemption price of the Refunded Bonds on September 1, 2024, as well as the interest due on the Refunded Bonds on and prior to such date. See “THE BONDS – Application and Investment of Bond Proceeds” herein.

### **Authority for Issuance of the Bonds**

The Bonds are being issued pursuant to certain provisions of the Government Code of the State of California and pursuant to a resolution adopted by the Board on September 19, 2019 (the “Resolution”). See “THE BONDS – Authority for Issuance” herein.

### **Sources of Payment for the Bonds**

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. See “THE BONDS – Security and Sources of Payment” and “TAX BASE FOR REPAYMENT OF BONDS” herein.

### **Description of the Bonds**

***Form and Registration.*** The Bonds will be issued in fully registered book-entry form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. See “THE BONDS – General Provisions” and “THE BONDS – Book-Entry Only System” herein. Purchasers of the Bonds (the “Beneficial Owners”) will not receive physical certificates representing their interest in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution. See “THE BONDS – Discontinuation of Book-Entry Only System; Payment to Beneficial Owners” herein.

**So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the “Owners,” “Bond Owners” or “Holders” of the Bonds (other than under the caption “TAX MATTERS” herein and in APPENDIX A attached hereto) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.**

***Denominations.*** Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of \$5,000 principal amount, or any integral multiple thereof.



**Redemption.\*** Certain of the Bonds are subject to optional and mandatory sinking fund redemption prior to maturity, as further described herein. See “THE BONDS – Redemption” herein.

**Payments.** The Bonds will be dated as of the date of their initial execution and issuance (the “Dated Date”). Interest on the Bonds accrues from the Dated Date, and is payable semiannually on each March 1 and September 1 (each a “Bond Payment Date”), commencing March 1, 2020. Principal of the Bonds is payable on September 1 in the amounts and years as set forth on the inside cover page hereof.

Payments of the principal of and interest on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as the designated paying agent, registrar and transfer agent for the Bonds (the “Paying Agent”), to DTC for subsequent disbursement through DTC Participants (as defined herein) to the Beneficial Owners of the Bonds.

## **Tax Matters**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). In the further opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is exempt from State of California (the “State”) personal income tax. See “TAX MATTERS” herein.

## **Offering and Delivery of the Bonds**

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds will be available in book-entry form for delivery through the facilities of DTC in New York, New York, on or about November \_\_, 2019.

## **Continuing Disclosure**

The District will covenant for the benefit of Owners and Beneficial Owners to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events in compliance with Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5) (the “Rule”). These covenants will be made in order to assist the Underwriter (defined herein) in complying with the Rule. The specific nature of the information to be made available and of the notices of listed events required to be provided are summarized in APPENDIX C attached hereto.

## **Bond Owner’s Risks**

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding the taxation of property within the District, see “TAX BASE FOR REPAYMENT OF BONDS” herein.

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\* Preliminary, subject to change.

## **Professionals Involved in the Offering**

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Keygent LLC, El Segundo, California, is acting as municipal advisor to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation, and Keygent LLC will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed upon for the Underwriter by Kutak Rock LLP, Denver, Colorado. The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, has been appointed as the Paying Agent with respect to the Bonds and Escrow Agent with respect to the Refunded Bonds. Causey Demgen & Moore P.C. is acting as Verification Agent (as defined herein) with respect to the Bonds and the Refunded Bonds.

## **Forward Looking Statements**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget,” “intend,” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

## **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the San Mateo Union High School District, 650 North Delaware Street, San Mateo, California 94401, telephone: (650) 558-2299. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each such documents, statutes and constitutional provisions.

The information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolution.

## **THE BONDS**

### **Authority for Issuance**

The Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and the Resolution.

### **Security and Sources of Payment**

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due.

Such *ad valorem* property taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The County, however, is not obligated to establish or maintain such a reserve for the Bonds, and the District can make no representation that such a reserve will be established by the County or that such a reserve, if previously established by the County, will be maintained in the future. Such taxes, when collected, will be placed by the County in the Debt Service Fund (defined herein) established by the Resolution, which fund is required to be segregated and maintained by the County and which is designated for the payment of the principal of the Bonds and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and will maintain the Debt Service Fund, the Bonds are not a debt of the County.

Moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, will be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its DTC Participants (as defined herein) for subsequent disbursement to the respective Beneficial Owners of such Bonds.

The amount of the annual *ad valorem* property taxes levied by the County to repay the Bonds as described above will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual

debt service due on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in real property values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, fire, flood, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

### **Statutory Lien**

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 1, 2016 and payable, as to both principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the State Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of such *ad valorem* property taxes are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

### **General Provisions**

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee of DTC. Beneficial Owners will not receive physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees.

Interest on the Bonds accrues from the Dated Date, and is payable on each Bond Payment Date, commencing March 1, 2020. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to and including such Bond Payment Date, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before February 15, 2020, in which event it will bear interest from the Dated Date. The Bonds are issuable in denominations of \$5,000 principal amount, or any integral multiple thereof, and mature on September 1, in the years and amounts set forth on the inside cover page hereof.

**Payments.** Payment of interest on any Bond on any Bond Payment Date will be made to the person appearing on the registration books of the Paying Agent as the registered Owner thereof as of the 15<sup>th</sup> day of the month immediately preceding such Bond Payment Date (the “Record Date”), such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal of and redemption premiums, if any, payable on the Bonds will be payable upon maturity upon surrender at the designated office of the Paying Agent. The principal of, and interest, and redemption premiums, if any, on the Bonds will be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered Owner of the Bonds.

### **Annual Debt Service**

The following table shows the annual debt service requirements of the District for the Bonds (assuming no optional redemptions).

<b><u>Year Ending September 1</u></b>	<b><u>Annual Principal Payment</u></b>	<b><u>Annual Interest Payment<sup>(1)</sup></u></b>	<b><u>Total Annual Debt Service</u></b>
2020	\$	\$	\$
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
Total			

<sup>(1)</sup> Interest payments on the Bonds will be made semiannually on March 1 and September 1 of each year, commencing March 1, 2020.

See “SAN MATEO UNION HIGH SCHOOL DISTRICT – District Debt Structure – General Obligation Bonds” herein for a schedule of the combined debt service requirements for all of the District’s outstanding general obligation bonds.

## Application and Investment of Bond Proceeds

The Bonds are being issued to (i) advance refund the Refunded Bonds and (ii) pay the costs of issuing the Bonds. The Refunded Bonds and the 2014 Refunding Bonds to remain outstanding and unrefunded are listed in the following tables.

### REFUNDED BONDS\* San Mateo Union High School District 2014 General Obligation Refunding Bonds

<u>Maturity Date</u> <u>(September 1)</u>	<u>CUSIP<sup>(1)</sup></u>	<u>Principal</u> <u>Amount</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption</u> <u>Price</u>
2025	799017NF1	\$3,105,000	September 1, 2024	100%
2026	799017NG9	3,475,000	September 1, 2024	100
2027	799017NH7	3,895,000	September 1, 2024	100
2028	799017NJ3	4,355,000	September 1, 2024	100
2029	799017NK0	4,850,000	September 1, 2024	100
2030	799017NL8	5,375,000	September 1, 2024	100
2031	799017NM6	5,945,000	September 1, 2024	100
2032	799017NN4	6,525,000	September 1, 2024	100

### UNREFUNDED BONDS\* San Mateo Union High School District 2014 General Obligation Refunding Bonds

<u>Maturity Date</u> <u>(September 1)</u>	<u>CUSIP<sup>(1)</sup></u>	<u>Principal</u> <u>Amount</u>
2020	799017NA2	\$1,560,000
2021	799017NB0	1,830,000
2022	799017NC8	2,120,000
2023	799017ND6	2,430,000
2024	799017NE4	2,765,000

Escrow Fund. The net proceeds from the sale of the Bonds will be deposited with the Escrow Agent, to the credit of the “San Mateo Union High School District 2019 General Obligation Refunding Bonds, Series B (Federally Taxable) Escrow Fund” (the “Escrow Fund”). Pursuant to the Escrow Agreement, the amounts deposited in the Escrow Fund will be used to purchase certain non-callable direct and general obligations of the United States of America, or non-callable obligations the payment of which is unconditionally guaranteed by the United States of America (collectively, the “Federal Securities”), the

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\* Preliminary, subject to change.

<sup>(1)</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CGS, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriter, the Municipal Advisor or the District are responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds and Refunded Bonds. None of the Underwriter, the Municipal Advisor or the District are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds and Refunded Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds and Refunded Bonds.

principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay the redemption price of the Refunded Bonds on September 1, 2024, such date being the first optional redemption date therefor, as well as the interest due on the Refunded Bonds on and prior to such date. Amounts deposited into the Escrow Fund under the Escrow Agreement are not available to pay any other obligations of the District.

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to refund the Refunded Bonds as described above will be verified by Causey Demgen & Moore P.C., as the verification agent (the “Verification Agent”). As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the computations of the Underwriter and the Verification Agent, the Refunded Bonds will be defeased and the obligation of the County to levy *ad valorem* property taxes for payment of the Refunded Bonds will terminate. See “LEGAL MATTERS – Escrow Verification” herein.

**Debt Service Fund.** Any accrued interest and surplus moneys in the Escrow Fund following the redemption of the Refunded Bonds will be transferred to and accounted for in the fund designated as the “San Mateo Union High School District 2019 General Obligation Refunding Bonds, Series B (Federally Taxable) Debt Service Fund” (the “Debt Service Fund”) and used by the District only for payment of principal of and interest on the Bonds and for no other purpose. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued will be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Bonds. Pursuant to the Resolution, the District has pledged monies on deposit in the Debt Service Fund to the payment of the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts will be transferred to the general fund of the District.

***Investment of Proceeds.*** Funds on deposit in the Escrow Fund will be invested as described above. Moneys in the Debt Service Fund will be invested through the County’s pooled investment fund. See “APPENDIX E – SAN MATEO COUNTY TREASURY POOL” herein.

## **Redemption**

***Optional Redemption.***<sup>\*</sup> The Bonds maturing on or before September 1, 20\_\_ are not subject to redemption prior to their respective stated maturity dates. The Bonds maturing on and after September 1, 20\_\_ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after September 1, 20\_\_ at a redemption price equal to the principal amount of the Bonds to be redeemed, plus interest accrued thereon to the date fixed for redemption, without premium.

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<sup>\*</sup> Preliminary, subject to change.

***Mandatory Redemption.***\* The Bonds maturing on September 1, \_\_\_\_ (the “Term Bonds”), are subject to redemption prior to maturity from mandatory sinking fund payments on September 1 of each year, on and after September 1, \_\_\_\_, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount of such Term Bonds to be so redeemed, the dates therefor, and the final payment date are as indicated in the following table:

<b><u>Year Ending September 1</u></b>	<b><u>Principal To Be Redeemed</u></b>
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<sup>(1)</sup> Maturity.

In the event that a portion of the Term Bonds shown above is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000 principal amount, in respect of the portion of such Term Bonds optionally redeemed.

***Selection of Bonds for Redemption.*** Whenever provision is made for the optional redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, will select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent will select Bonds for redemption as directed by the District and, if not so directed, by lot. Redemption by lot will be in such manner as the Paying Agent will determine; provided, however, that with respect to redemption by lot, the portion of any Bond to be redeemed in part will be in the principal amount of \$5,000, or any integral multiple thereof.

***Redemption Notice.*** When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, will give notice (a “Redemption Notice”) of the redemption of the Bonds. Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery

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\* Preliminary, subject to change.



service, to one of the Information Services; and (d) provide a Redemption Notice to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

“Information Services” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.

“Securities Depository” means The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

***Payment of Redeemed Bonds.*** When a Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is irrevocably set aside in trust for that purpose, as described in “—Defeasance” herein, the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

***Partial Redemption of Bonds.*** Upon the surrender of any Bond redeemed in part only, the Paying Agent will authenticate and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in Transfer Amount (which, with respect to any outstanding Bonds, means the principal amount) to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the County and the District will be released and discharged thereupon from all liability to the extent of such payment.

***Effect of Redemption Notice.*** If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest to such redemption date, is held by an independent escrow agent selected by the District so as to be available therefor on such redemption date as described in the Resolution and in “—Defeasance” herein, and if a Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest on the Bonds to be redeemed will cease to accrue and become payable. All money held for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds so to be redeemed.

***Rescission of Redemption Notice.*** With respect to any Redemption Notice in connection with the optional redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased as described in “—Defeasance” herein, such Redemption Notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal of, premium, if any, and interest

on, such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said Redemption Notice will be of no force and effect, no portion of the Bonds will be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

***Bonds No Longer Outstanding.*** When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity pursuant to the provisions of the Resolution, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest thereon to the date fixed for redemption, all as provided in the Resolution, then such Bonds will no longer be deemed outstanding and will be surrendered to the Paying Agent for cancellation.

### **Book-Entry Only System**

*The information under this caption concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Underwriter takes any responsibility for the accuracy or completeness thereof. The District and the Underwriter cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants (as defined herein) (collectively, the "DTC Participants") will distribute to the Beneficial Owners (a) payments of principal of, interest on, or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such bond, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of

securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). However, the information presented on such website is not incorporated herein by any reference to such website.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the Record

Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds or distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds or distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

**So long as Cede & Co. is the registered Owner of the Bonds, as nominee of DTC, references herein to the "Owners," "Bond Owners" or "Holders" of the Bonds (other than under the caption "TAX MATTERS" herein and "APPENDIX A – FORM OF OPINION OF BOND COUNSEL" attached hereto) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.**

#### **Discontinuation of Book-Entry Only System; Payment to Beneficial Owners**

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its designated office all books and records necessary for the registration, exchange and transfer of such Bonds, which will at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolution.

*In the event that the book-entry only system as described herein is no longer used with respect to the Bonds, the following provisions will govern the payment, registration, transfer, and exchange of the Bonds.*

The principal of, premium and interest on the Bonds upon the redemption thereof will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated trust office of the Paying Agent. Interest on the Bonds will be paid by the Paying Agent by wire to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount (which, with respect to any outstanding Bonds, means the principal amount thereof) upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond Register by the person in whose name it is registered, in person or by their duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable Redemption Notice is given or (b) transfer any Bonds which have been selected or called for redemption in whole or in part.

### **Defeasance**

All or any portion of the outstanding maturities of the Bonds may be defeased at any time prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with amounts transferred from the Debt Service Fund (if any), is sufficient to pay all such Bonds outstanding and designated for defeasance (including all principal thereof, interest thereon and redemption premiums, if any) at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations together with cash, if required, and moneys transferred from the Debt Service Fund (if any), in such amount as will, together with the interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

“Government Obligations” means direct and general obligations of the United States of America, obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), and obligations secured or otherwise guaranteed, directly or indirectly, as to principal and interest by a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations.

Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") or Moody's Investors Service ("Moody's") at least as high as direct and general obligations of the United States of America.

## **ESTIMATED SOURCES AND USES OF FUNDS**

The estimated sources and uses of funds with respect to the Bonds are expected to be as follows:

### **Sources of Funds**

Principal Amount of Bonds  
Total Sources

### **Uses of Funds**

Escrow Fund  
Underwriter's Discount  
Costs of Issuance<sup>(1)</sup>  
Total Uses

---

<sup>(1)</sup> Represents all costs of issuance to be paid from proceeds of the Bonds, including, but not limited to, municipal advisory and legal fees, printing costs, the costs and fees of the Paying Agent, Escrow Agent, and Verification Agent, rating agency fees, and other costs of issuance of the Bonds.

## **TAX BASE FOR REPAYMENT OF BONDS**

*The information in this section describes ad valorem property taxation, assessed valuation, and other measures of the tax base of the District. The principal of and interest on the Bonds are payable solely from the proceeds of ad valorem property taxes levied and collected by the County on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.*

### **Ad Valorem Property Taxation**

District property taxes are assessed and collected by the County at the same time and on the same tax rolls as County, city and special district property taxes. Assessed valuations are the same for both the District and the County's taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property is assessed on the "unsecured roll." Unsecured property comprises all property not attached to land, such as personal property or business property. Boats and airplanes are examples of unsecured property. A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the Tax Collector of the County (the "Tax Collector"). After the second installment of taxes on the secured roll is delinquent, the tax collector shall collect a cost of \$10 for preparing the delinquent tax records and giving notice of delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a \$15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Tax Collector.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecured tax roll after July 31, if unpaid are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also "– Tax Levies, Collections and Delinquencies" herein.

State law exempts from taxation \$7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property, such as churches, colleges, non-profit hospitals, and charitable institutions.

Future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including school districts, will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

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## Assessed Valuations

Property within the District has a total assessed valuation for fiscal year 2019-20 of \$83,526,113,064. The following table shows a history of assessed valuations in the District from fiscal years 2010-11 through 2019-20.

### ASSESSED VALUATIONS Fiscal Years 2010-11 through 2019-20 San Mateo Union High School District

<u>Fiscal Year</u>	<u>Secured<sup>(1)</sup></u>	<u>Utility<sup>(1)</sup></u>	<u>Unsecured<sup>(1)</sup></u>	<u>Total<sup>(1)</sup></u>	<u>Total Annual % Change<sup>(2)</sup></u>
2010-11	\$44,754,179,355	\$7,662,973	\$3,750,922,212	\$48,512,764,540	--
2011-12	45,236,955,155	3,454,955	3,977,828,115	49,218,238,225	1.45%
2012-13	46,711,026,625	6,900,384	4,456,777,659	51,174,704,668	3.98
2013-14	49,987,671,451	7,745,949	4,546,979,354	54,542,396,754	6.58
2014-15	53,274,887,560	6,845,901	4,751,989,828	58,033,723,289	6.40
2015-16	57,571,265,019	8,601,507	4,962,270,118	62,542,136,644	7.77
2016-17	62,281,301,233	5,979,082	4,994,115,792	67,281,396,107	7.58
2017-18	66,952,947,799	5,979,051	5,724,871,148	72,683,797,998	8.03
2018-19	71,798,735,064	5,979,010	6,115,287,593	77,920,001,667	7.20
2019-20	77,165,190,971	7,303,063	6,353,619,030	83,526,113,064	7.19

<sup>(1)</sup> Source: California Municipal Statistics, Inc.

<sup>(2)</sup> Calculated by the Municipal Advisor based on information provided by California Municipal Statistics, Inc.

Economic and other factors beyond the District's control, such as a general market decline in real property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, drought, fire, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rates levied by the County to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

***Appeals and Adjustments of Assessed Valuations.*** Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization (the "SBE"), with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.



In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIII A. See also “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution” herein.

The District does not have information regarding pending appeals of assessed valuation of property within the District. No assurance can be given that property tax appeals currently pending or in the future, or actions by the county assessor, will not significantly reduce the assessed valuation of property within the District.

***Assembly Bill 102.*** On June 27, 2017, the Governor of the State (the “Governor”) signed into law Assembly Bill 102 (“AB 102”). AB 102 restructured the functions of the SBE and created two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration took over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE continues to perform the duties assigned by the State Constitution related to property taxes, however, effective January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

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**Assessed Valuation by Jurisdiction.** The following table shows an analysis of the distribution of taxable property in the District by jurisdiction, in terms of its fiscal year 2019-20 assessed valuation.

**ASSESSED VALUATION BY JURISDICTION**

**Fiscal Year 2019-20**

**San Mateo Union High School District**

<b>Jurisdiction:</b>	<b>Assessed Valuation in District</b>	<b>% of District</b>	<b>Assessed Valuation of Jurisdiction</b>	<b>% of Jurisdiction in District</b>
City of Burlingame	\$11,786,255,359	14.11%	\$11,786,255,359	100.00%
City of Foster City	12,034,366,957	14.41	12,046,171,424	99.90
Town of Hillsborough	10,762,494,182	12.89	10,762,494,182	100.00
City of Millbrae	5,972,250,503	7.15	5,972,250,503	100.00
City of San Bruno	8,167,158,899	9.78	8,404,907,590	97.17
City of San Mateo	28,148,341,742	33.70	28,752,793,507	97.90
Unincorporated San Mateo County	<u>6,655,245,422</u>	<u>7.97</u>	2,979,848,504	28.96
Total District	\$83,526,113,064	100.00%		
San Mateo County	\$83,526,113,064	100.00%	\$239,314,124,190	34.90%

Source: California Municipal Statistics, Inc.

**Assessed Valuation by Land Use.** The following table shows the distribution of taxable property within the District by principal use, as measured by assessed valuation and parcels in fiscal year 2019-20.

**ASSESSED VALUATION AND PARCELS BY LAND USE**

**Fiscal Year 2019-20**

**San Mateo Union High School District**

	<b>2019-20 Assessed Valuation<sup>(1)</sup></b>	<b>% of Total</b>	<b>No. of Parcels</b>	<b>% of Total</b>	<b>No. of Taxable Parcels</b>	<b>% Total</b>
<b>Non-Residential:</b>						
Agricultural/Rural	\$13,509,811	0.02%	13	0.02%	8	0.01%
Commercial/Office Building	10,419,212,361	13.50	2,644	3.58	2,627	3.63
Industrial	2,984,446,139	3.87	539	0.73	533	0.74
Recreational	255,896,013	0.33	560	0.76	385	0.53
Government/Social/Institutional	361,437,453	0.47	386	0.52	242	0.33
Miscellaneous	<u>147,557,940</u>	<u>0.19</u>	<u>448</u>	<u>0.61</u>	<u>316</u>	<u>0.44</u>
Subtotal Non-Residential	\$14,182,059,717	18.38%	4,590	6.22%	4,111	5.68%
<b>Residential:</b>						
Single Family Residence	\$46,179,268,231	59.84%	49,897	67.58%	49,878	68.86%
Condominium/Townhouse	6,789,477,656	8.80	12,631	17.11	12,612	17.41
Hotel/Motel	1,263,090,568	1.64	63	0.09	63	0.09
2-4 Residential Units	2,240,182,531	2.90	3,038	4.11	3,036	4.19
5+ Residential Units/Apartments	6,002,739,203	7.78	2,323	3.15	2,183	3.01
Miscellaneous Residential	<u>142,596,015</u>	<u>0.18</u>	<u>566</u>	<u>0.77</u>	<u>241</u>	<u>0.33</u>
Subtotal Residential	\$62,617,354,204	81.15%	68,518	92.81%	68,013	93.90%
Vacant Parcels	\$365,777,050	0.47%	721	0.98%	311	0.43%
Total	\$77,165,190,971	100.00%	73,829	100.00%	72,435	100.00%

<sup>(1)</sup> Local secured assessed valuation; excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

**Assessed Valuation of Single Family Homes.** The following table shows the distribution of single family homes within the District among various fiscal year 2019-20 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

**ASSESSED VALUATION OF SINGLE FAMILY HOMES**

**Fiscal Year 2019-20**

**San Mateo Union High School District**

	<b>No. of Parcels</b>	<b>2019-20 Assessed Valuation</b>	<b>Average Assessed Valuation</b>	<b>Median Assessed Valuation</b>
Single Family Residential	49,878	\$46,179,268,231	\$925,844	\$681,153

<b>2019-20 Assessed Valuation</b>	<b>No. of Parcels<sup>(1)</sup></b>	<b>% of Total</b>	<b>Cumulative % of Total</b>	<b>Total Valuation</b>	<b>% of Total</b>	<b>Cumulative % of Total</b>
\$0 - \$99,999	2,115	4.240%	4.240%	\$177,765,122	0.385%	0.385%
100,000 - 199,999	6,332	12.695	16.935	891,066,157	1.930	2.315
200,000 - 299,999	3,309	6.634	23.570	829,484,737	1.796	4.111
300,000 - 399,999	3,685	7.388	30.958	1,292,450,040	2.799	6.910
400,000 - 499,999	3,534	7.085	38.043	1,589,505,449	3.442	10.352
500,000 - 599,999	3,379	6.775	44.817	1,855,958,623	4.019	14.371
600,000 - 699,999	3,207	6.430	51.247	2,083,915,563	4.513	18.883
700,000 - 799,999	2,980	5.975	57.222	2,234,242,924	4.838	23.721
800,000 - 899,999	2,810	5.634	62.855	2,388,164,591	5.172	28.893
900,000 - 999,999	2,698	5.409	68.265	2,561,470,045	5.547	34.440
1,000,000 - 1,099,999	2,172	4.355	72.619	2,276,965,816	4.931	39.370
1,100,000 - 1,199,999	1,715	3.438	76.058	1,967,223,457	4.260	43.630
1,200,000 - 1,299,999	1,476	2.959	79.017	1,843,316,678	3.992	47.622
1,300,000 - 1,399,999	1,308	2.622	81.639	1,764,218,299	3.820	51.442
1,400,000 - 1,499,999	1,212	2.430	84.069	1,752,420,919	3.795	55.237
1,500,000 - 1,599,999	1,027	2.059	86.128	1,590,325,445	3.444	58.681
1,600,000 - 1,699,999	823	1.650	87.778	1,357,569,630	2.940	61.621
1,700,000 - 1,799,999	659	1.321	89.099	1,150,889,821	2.492	64.113
1,800,000 - 1,899,999	604	1.211	90.310	1,115,824,014	2.416	66.529
1,900,000 - 1,999,999	483	0.968	91.279	940,068,394	2.036	68.565
2,000,000 and greater	<u>4,350</u>	<u>8.721</u>	100.000	<u>14,516,422,507</u>	<u>31.435</u>	100.000
Total	49,878	100.000%		\$46,179,268,231	100.000%	

<sup>(1)</sup> Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.  
Source: California Municipal Statistics, Inc.

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## Tax Levies, Collections and Delinquencies

The following table shows secured *ad valorem* property tax levies within the District for the repayment of the District's outstanding general obligation bonds, and amounts delinquent as of June 30, for fiscal years 2008-09 through 2017-18.

### SECURED TAX CHARGES AND DELINQUENCIES Fiscal Years 2008-09 through 2017-18 San Mateo County

	Secured <u>Tax Charge</u> <sup>(1)</sup>	Amount Delinquent <u>June 30</u>	% Delinquent <u>June 30</u>
2008-09	\$13,202,321.85	\$287,056.55	2.17%
2009-10	14,237,849.19	253,786.33	1.78
2010-11	14,298,516.62	160,294.55	1.12
2011-12	17,194,796.78	148,882.84	0.87
2012-13	17,675,340.87	116,473.26	0.66
2013-14	17,654,560.60	87,457.64	0.50
2014-15	25,184,725.42	141,263.34	0.56
2015-16	26,701,180.50	114,116.94	0.43
2016-17	25,746,290.38	146,681.45	0.57
2017-18	28,865,389.40	174,710.11	0.61

<sup>(1)</sup> Reflects taxes collected by the County within the District for the repayment of the District's general obligation bonds.  
*Source: California State Controller's Office, as reported by California Municipal Statistics, Inc.*

## Alternative Method of Tax Apportionment - Teeter Plan

Under the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the State Revenue and Taxation Code, each participating local agency levying property taxes, including school districts, receives from its county the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the county receives and retains delinquent payments, penalties and interest as collected that would have been due to the local agency. The Teeter Plan, once adopted by a county, remains in effect unless the applicable county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. A board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the county when delinquencies for taxes levied by that agency exceed 3%.

The Teeter Plan applies to the 1% general purpose secured property tax levy. Whether or not the Teeter Plan also is applied to other tax levies for local agencies, such as the tax levy for general obligation bonds of a local agency, varies by county.

The Board of Supervisors of the County has approved the implementation of the Teeter Plan. Under the Teeter Plan, the County funds the District its full secured property tax levy allocation rather than funding only actual collections (levy less delinquencies). In exchange, the County receives the interest and penalties that accrue on delinquent payments when the late taxes are collected. The County includes the District's 1% general purpose secured property tax levy and the *ad valorem* property tax levy for the District's general obligation bonds, including the Bonds, under the Teeter Plan.

## Tax Rates

The following table summarizes the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in a typical tax rate area (a “TRA”) within the City of San Mateo portion of the District during the period from fiscal years 2014-15 through 2018-19.

**SUMMARY OF *AD VALOREM* TAX RATES (TRA 12-001)<sup>(1)</sup>**  
**Fiscal Years 2014-15 through 2018-19**  
**San Mateo Union High School District**

	<u><b>2014-15</b></u>	<u><b>2015-16</b></u>	<u><b>2016-17</b></u>	<u><b>2017-18</b></u>	<u><b>2018-19</b></u>
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
City of San Mateo Bond	.0105	.0102	.0090	.0084	.0077
San Mateo-Foster City School District Bond	.0388	.0402	.0546	.0542	.0530
San Mateo Union High School District Bond	.0475	.0466	.0415	.0433	.0407
San Mateo Community College District Bond	<u>.0190</u>	<u>.0250</u>	<u>.0247</u>	<u>.0235</u>	<u>.0175</u>
Total	1.1158%	1.1220%	1.1298%	1.1294%	1.1189%

<sup>(1)</sup> The fiscal year 2018-19 assessed valuation of TRA 12-001 was \$21,326,491,660.

Source: *California Municipal Statistics, Inc.*

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## Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2019-20 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

### LARGEST LOCAL SECURED TAXPAYERS Fiscal Year 2019-20 San Mateo Union High School District

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2019-20 Assessed Valuation</u>	<u>% of Total<sup>(1)</sup></u>
1.	Gilead Sciences Inc.	Industrial	\$2,192,428,532	2.84%
2.	Google Inc.	Office Building	499,378,756	0.65
3.	Bay Meadows Station 2, 3 & 4 Investors, LLC	Office Building	411,030,772	0.53
4.	BMR Lincoln Center LP	Industrial	351,813,918	0.46
5.	Franklin Templeton Corporate Services Inc.	Office Building	346,274,172	0.45
6.	Hudson Metro Center LLC, Lessee	Office Building	342,151,356	0.44
7.	HSC Holdings	Shopping Center	323,892,177	0.42
8.	Visa USA Inc.	Office Building	230,789,688	0.30
9.	HMC Burlingame Hotels LLC	Hotel	226,565,060	0.29
10.	TR Parkside Towers Corp.	Office Building	225,289,700	0.29
11.	HG Clearview Owner LLC	Office Building	221,370,336	0.29
12.	BCSP Crossroads Property LLC, Lessee	Office Building	218,396,605	0.28
13.	Essex Portfolio LP	Apartments	218,077,947	0.28
14.	ASN Bay Meadows I LLC & Bay Meadows II LLC	Apartments	216,054,222	0.28
15.	HGP San Mateo Owner LLC	Office Building	203,935,416	0.26
16.	BEX FMCA LLC	Apartments	192,752,647	0.25
17.	Crystal Springs Associates	Apartments	187,640,474	0.24
18.	Rakuten CHW LLC	Office Building	186,751,800	0.24
19.	Hospitality Investment LLC, Lessee	Hotel	182,811,037	0.24
20.	Park Place Holdco LLC	Office Building	172,741,549	0.22
			<u>\$7,150,146,164</u>	<u>9.27%</u>

<sup>(1)</sup> The District's fiscal year 2019-20 local secured assessed valuation is \$77,165,190,971.  
Source: *California Municipal Statistics, Inc.*

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## **Statement of Direct and Overlapping Debt**

Set forth on the following page is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc., dated as of September 1, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The table shows the percentage of each overlapping entity’s assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity’s existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency’s assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency’s outstanding debt to taxable property in the District.

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**STATEMENT OF DIRECT AND OVERLAPPING DEBT**  
**San Mateo Union High School District**

**2019-20 Assessed Valuation:** \$83,526,113,064

<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>	<b><u>% Applicable</u></b>	<b><u>Debt 9/1/19</u></b>
San Mateo Community College District	34.902%	\$267,587,876
<b>San Mateo Union High School District</b>	<b>100.000</b>	<b>521,721,623<sup>(1)</sup></b>
Burlingame School District	100.000	109,757,486
Hillsborough School District	100.000	66,771,059
Millbrae School District	100.000	52,554,527
San Bruno Park School District	100.000	31,174,562
San Mateo-Foster City School District	100.000	256,449,767
City of Millbrae	100.000	8,305,000
City of San Mateo	97.898	18,600,620
City of San Mateo Community Facilities District No. 2008-1	100.000	84,345,000
Midpeninsula Regional Open Space Park District	0.006	5,329
California Statewide Community Development Authority Assessment District 1915 Act Bonds	100.000	2,625,194
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$1,419,898,043</b>

<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>		
San Mateo County General Fund Obligations	34.902%	\$186,502,417
San Mateo County Board of Education Certificates of Participation	34.902	2,841,023
San Mateo County Flood Control District Certificates of Participation	5.529	892,104
San Bruno Park School District Lease Revenue Bonds	100.000	2,820,000
City of Burlingame Certificates of Participation	100.000	10,820,000
City of Burlingame Pension Obligation Bonds	100.000	8,510,000
City of Millbrae General Fund and Pension Obligation Bonds	100.000	6,291,670
City of San Bruno Pension Obligation Bonds	97.171	7,739,670
City of San Mateo General Fund Obligations	97.898	23,769,634
Highlands Recreation District General Fund Obligations	100.000	2,422,000
Midpeninsula Regional Open Space Park General Fund Obligations	0.006	6,719
<b>TOTAL GROSS OVERLAPPING GENERAL FUND DEBT</b>		<b>\$252,615,237</b>
Less: City of Burlingame General Fund and Pension Obligations supported by enterprise revenues		(3,586,100)
City of San Mateo supported by enterprise revenues		(14,552,538)
Highlands Recreation District General Fund Obligations supported by enterprise revenues		(1,889,160)
<b>TOTAL NET OVERLAPPING GENERAL FUND DEBT</b>		<b>\$232,587,439</b>

<b><u>OVERLAPPING TAX INCREMENT DEBT:</u></b>		
Successor Agency to Millbrae Redevelopment Agency	100.000%	\$5,610,000
Successor Agency to San Bruno Redevelopment Agency	100.000	4,670,000
Successor Agency to San Mateo Redevelopment Agency	100.000	50,735,000
<b>TOTAL OVERLAPPING TAX INCREMENT DEBT</b>		<b>\$61,015,000</b>

GROSS COMBINED TOTAL DEBT	\$1,733,528,280 <sup>(2)</sup>
NET COMBINED TOTAL DEBT	\$1,713,500,482

<b><u>Ratios to 2019-20 Assessed Valuation:</u></b>	
Direct Debt (\$521,721,623) .....	0.62%
Total Direct and Overlapping Tax and Assessment Debt .....	1.70%
Gross Combined Total Debt .....	2.08%
Net Combined Total Debt .....	2.05%

<b><u>Ratios to Redevelopment Incremental Assessed Valuation (\$5,086,721,175):</u></b>	
Total Overlapping Tax Increment Debt .....	1.20%

<sup>(1)</sup> Excludes the Bonds and includes the Refunded Bonds described herein.

<sup>(2)</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.



## CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

*The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem property tax levied by the County for the payment thereof. See “THE BONDS – Security and Sources of Payment” herein. Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and of the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy ad valorem property taxes for payment of the principal of and interest on the Bonds.*

### Article XIII A of the California Constitution

Article XIII A (“Article XIII A”) of the State Constitution limits the amount of *ad valorem* property taxes on real property to 1% of “full cash value” as determined by the county assessor. Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975-76 bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment,” subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the “base year value.” The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the adjusted base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See “THE BONDS – Security and Sources of Payment” and “TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations” herein.

Article XIII A requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem* property, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIII A requires

the approval of two-thirds or more of all members of the legislature of the State (the “State Legislature”) to change any State taxes for the purpose of increasing tax revenues.

***Split Roll Property Tax Ballot Measure.*** On October 15, 2018, a proposed ballot initiative became eligible for the November 2020 Statewide ballot (the “2020 Ballot Measure”). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, the 2020 Ballot Measure would amend Article XIII A such that the “full cash value” of commercial and industrial real property that is not zoned for commercial agricultural production, for each lien date, would be equal to the fair market value of that property. If passed, the 2020 Ballot Measure would not affect the “full cash value” of residential property or real property used for commercial agricultural production, which would continue to be subject to annual increases not to exceed 2%. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties and special districts for the cost of implementing the 2020 Ballot Measure, approximately 40% of the remaining additional tax revenues generated as a result of the 2020 Ballot Measure would be deposited into a fund created pursuant to the 2020 Ballot Measure called the Local School and Community College Property Tax Fund, with such funds being used to supplement, and not replace, existing funding that school districts and community college districts receive under the State’s constitutional minimum funding requirement. The District cannot predict whether the 2020 Ballot Measure will appear on the Statewide ballot at the November 2020 election or, if it does, whether the 2020 Ballot Measure will be approved by a majority of voters casting a ballot. If approved, the District cannot make any assurance as to what effect the implementation of the 2020 Ballot Measure will have on District revenues or the assessed valuation of real property in the District.

### **Legislation Implementing Article XIII A**

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the relevant county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Both the United States Supreme Court and the State Supreme Court have upheld the general validity of Article XIII A.

### **Proposition 50 and Proposition 171**

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIII A of the State Constitution to allow owners of property that was “substantially damaged or destroyed” by a disaster, as declared by the Governor, (the “Damaged Property”), to transfer their existing base year value (the “Original Base Year Value”) to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the “Original Cash Value”); however, such property will retain its base year value

notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the “Replacement Base Year Value”) depends on the relation of the full cash value of the replacement property (the “Replacement Cash Value”) to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIII A of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a “comparable replacement property” located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Inter-county transfers under Proposition 171 are more restrictive than intra-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a “reasonable size that is used as a site for a residence;” (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of “equal or lesser value” than the Original Cash Value.

Within the context of Proposition 171, “equal or lesser value” means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

### **Unitary Property**

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (“unitary property”). Under the State Constitution, such property is assessed by the SBE as part of a “going concern” rather than as individual pieces of real or personal property. Such State-assessed unitary and certain other property is allocated to counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the District is a community funded district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State’s school financing formula. See “DISTRICT FINANCIAL

INFORMATION – State Funding of Education” and “TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations – Assembly Bill 102” herein.

### **Article XIII B of the California Constitution**

Article XIII B (“Article XIII B”) of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIII B defines

- (a) “change in the cost of living” with respect to school districts and community college districts (collectively “K-14 school districts”) to mean the percentage change in State per capita income from the preceding year, and
- (b) “change in population” with respect to a school district to mean the percentage change in the ADA of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIII B, as amended.

The appropriations of an entity of local government subject to Article XIII B limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for bonded debt service such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the State Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIII B also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See “– Propositions 98 and 111” below.

### **Article XIII C and Article XIII D of the California Constitution**

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the “Right to Vote on Taxes Act.” Proposition 218 added to the State Constitution Articles XIII C and XIII D

(respectively, “Article XIIC” and “Article XIID”), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the “Title and Summary” of Proposition 218 prepared by the State Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIIC establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the State Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIC or XIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the State Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

## **Proposition 26**

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIC of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.

## Propositions 98 and 111

On November 8, 1988, voters of the State approved Proposition 98, a combined initiative constitutional amendment and statute called the “Classroom Instructional Improvement and Accountability Act” (the “Accountability Act”). Certain provisions of the Accountability Act were modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changed State funding of public education below the university level and the operation of the State’s appropriations limit. The Accountability Act guarantees State funding for K-14 school districts at a level equal to the greater of (a) the same percentage of State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of being returned to taxpayers, transferred to K-14 school districts. Any such transfer to K-14 school districts is excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year is automatically increased by the amount of such transfer. These additional moneys enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State’s budgets in a different way than is proposed in the Governor’s budget.

On June 5, 1990, the voters of the State approved Proposition 111 (Senate Constitutional Amendment No. 1) called the “Traffic Congestion Relief and Spending Limitation Act of 1990” (“Proposition 111”) which further modified Article XIII B and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

- a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIII B spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the “change in the cost of living” is now measured by the change in State per capita personal income. The definition of “change in population” specifies that a portion of the State’s spending limit is to be adjusted to reflect changes in school attendance.
- b. Treatment of Excess Tax Revenues. “Excess” tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school

districts, but only up to a maximum of 4% of such districts' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

- c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit: (i) all appropriations for "qualified capital outlay projects" as defined by the State Legislature, and (ii) any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which was expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.
- d. Recalculation of Appropriations Limit. The Article XIII B appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.
- e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues ("Test 1") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in State per capita personal income. Under Test 3, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

## **Proposition 39**

On November 7, 2000, State voters approved an amendment (commonly known as "Proposition 39") to the State Constitution. Proposition 39 is an initiated Constitutional amendment that (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, including the District, community college districts, and county offices of education. As noted above, the State Constitution previously limited property taxes to 1% of the value of property, such that property taxes could only exceed this limit to pay for (1) any local

government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate projected to be levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for an elementary school district or a high school district, such as the District), or \$25 (for a community college district), per \$100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIII A of the State Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor.

### **Proposition 1A and Proposition 22**

On November 2, 2004, State voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. The State may shift from schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was projected to be approximately \$1 billion in fiscal year 2010-11, with



an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was projected to be an increase in the State's general fund costs by approximately \$1 billion annually for several decades.

### **Proposition 30 and Proposition 55**

On November 6, 2012, voters of the State approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,001 for single filers (over \$500,000 but less than \$600,001 for joint filers and over \$340,000 but less than \$408,001 for head-of-household filers), (ii) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers and over \$408,000 but less than \$680,001 for head-of-household filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers and over \$680,000 for head-of-household filers).

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030. Proposition 55 did not extend the temporary State Sales and Use Tax rate increase enacted under Proposition 30, which expired as of January 1, 2017.

The revenues generated from the personal income tax increases are included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "– Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the temporary personal income tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to school districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than \$200 per unit of ADA and no community college district will receive less than \$100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

### **Jarvis v. Connell**

On May 29, 2002, the State Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the State Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject

to a federal mandate. On May 1, 2003, the State Supreme Court upheld the holding of the Court of Appeal, stating that the State Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the State Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

## **Proposition 2**

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as “Proposition 2”). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State’s Budget Stabilization Account (the “BSA”) established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the “Annual BSA Transfer”). Supplemental transfers to the BSA (a “Supplemental BSA Transfer”) are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a “budget emergency,” defined as an emergency within the meaning of Article XIII B of the State Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of the funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the “PSSSA”) into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is

required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is “Test 1,” (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year’s funding level, as adjusted for ADA growth and cost of living.

**SB 858.** Senate Bill 858 (“SB 858”) became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the PSSSA, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an ADA of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the State Education Code, or (b) for school districts with an ADA that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the State Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an ADA of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

**SB 751.** Senate Bill 751 (“SB 751”), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the PSSSA is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions community funded districts (previously known as “basic aid” districts) and small school districts having fewer than 2,501 units of average daily attendance.

The Bonds are payable from *ad valorem* property taxes to be levied within the District pursuant to the State Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Bonds as and when the same shall come due.

## **Proposition 51**

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016.

Proposition 51 authorizes the sale and issuance of \$9 billion in general obligation bonds by the State for the new construction and modernization of K-14 facilities.

***K-12 School Facilities.*** Proposition 51 includes \$3 billion for the new construction of K-12 facilities and an additional \$3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school district lacks sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of \$1 billion will be available for the modernization and new construction of charter school facilities (\$500 million) and technical education facilities (\$500 million). Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, school districts that cannot cover their local share for these two types of projects may apply for State loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, State grants are capped at \$3 million for a new facility and \$1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

***Community College Facilities.*** Proposition 51 includes \$2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the State Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and State Legislature will select among eligible projects as part of the annual state budget process.

The District makes no representation or guarantees that it will either pursue or qualify for Proposition 51 State facilities funding.

### **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the State Constitution and Propositions 22, 26, 30, 39, 98, 55 and 51 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

## **DISTRICT FINANCIAL INFORMATION**

*The information in this section concerning the District's general fund finances and State funding of public education is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds are payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

### **State Funding of Education**

School district revenues consist primarily of guaranteed State moneys, local property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget.

**Revenue Limit Funding.** Previously, school districts operated under general purpose revenue limits established by the State Department of Education. In general, revenue limits were calculated for each school district by multiplying the ADA for such district by a base revenue limit per unit of ADA. Revenue limit calculations were subject to adjustment in accordance with a number of factors designed to provide cost of living adjustments (“COLAs”) and to equalize revenues among school districts of the same type. Funding of a school district’s revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Since fiscal year 2013-14, school districts have been funded based on a uniform system of funding grants assigned to certain grade spans. See “—Local Control Funding Formula” herein.

The following table reflects the District’s historical ADA, the revenue limit rates per unit of ADA, and enrollment for fiscal years 2003-04 through 2012-13.

**AVERAGE DAILY ATTENDANCE, REVENUE LIMIT AND ENROLLMENT**  
**Fiscal Years 2003-04 through 2012-13**  
**San Mateo Union High School District**

<b><u>Fiscal Year</u></b>	<b><u>ADA</u><sup>(1)</sup></b>	<b><u>Revenue Limit</u> <u>Per ADA</u><sup>(2)</sup></b>	<b><u>Enrollment</u><sup>(3)</sup></b>
2003-04	8,038	\$5,680.60	8,250
2004-05	7,992	5,817.14	8,351
2005-06	8,139	6,060.13	8,502
2006-07	8,089	6,416.60	8,605
2007-08	8,128	6,706.59	8,626
2008-09	8,128	7,385.60	8,549
2009-10	8,015	7,385.60	8,478
2010-11	8,095	7,356.60	8,434
2011-12	7,925	7,520.60	8,193
2012-13	7,862	7,763.60	8,191

Note: All amounts are rounded to the nearest whole number.

<sup>(1)</sup> Reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four-week period of instruction beginning with the first day of school for a particular school district. Includes ADA in County operated programs.

<sup>(2)</sup> Deficit revenue limit funding, when provided for in State budgetary legislation, reduced the revenue limit allocations received by school districts by applying a deficit factor to the base revenue limit for the given fiscal year, and resulted from an insufficiency of appropriation funds in the State budget to provide for State aid owed to school districts. The State’s practice of deficit revenue limit funding was most recently reinstated beginning in fiscal year 2008-09, and discontinued following the implementation of the LCFF (as defined herein). After applying the deficit factor, the funded base revenue limit for fiscal years 2008-09, 2009-10, 2010-11, and 2011-12 were: \$6,029.97; \$6,035.13; \$5,971.21; \$6,034.49, and \$6,133.98. See also “—Community Funded Districts” herein.

<sup>(3)</sup> Enrollment as of October report submitted to the California Basic Educational Data System (“CBEDS”) in each school year.  
Source: San Mateo Union High School District.

**Local Control Funding Formula.** State Assembly Bill 97 (Stats. 2013, Chapter 47) (“AB 97”), enacted as part of the fiscal year 2013-14 State budget, established the current system for funding school districts, charter schools and county offices of education. Certain provisions of AB 97 were amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49) (“SB 91”).

The primary component of AB 97, as amended by SB 91, was the implementation of the Local Control Funding Formula (“LCFF”), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of State categorical program funding. State allocations are now provided on the basis of target base funding grants per unit of ADA (a “Base Grant”) assigned to each of four grade spans. Each Base Grant is subject to certain adjustments and add-ons, as discussed

below. During the implementation period of the LCFF, an annual transition adjustment was calculated for each school district, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

The Base Grants per unit of ADA for each grade span are as follows: (i) \$6,845 for grades K-3; (ii) \$6,947 for grades 4-6; (iii) \$7,154 for grades 7-8; and (iv) \$8,289 for grades 9-12. Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants are to be adjusted for COLAs by applying the implicit price deflator for government goods and services. Following full implementation of the LCFF, the provision of COLAs will be subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels. See also "—State Budget Measures" herein.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Following full implementation of the LCFF, and unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. AB 97 also provides additional add-ons to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals). A supplemental grant add-on (each, a "Supplemental Grant") is authorized for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable Base Grant multiplied the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

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The following table shows the District's ADA, enrollment, and the percentage of EL/LI student enrollment for fiscal years 2013-14 through 2018-19 and budgeted amounts for fiscal year 2019-20.

**ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE**

**Fiscal Years 2013-14 through 2019-20**

**San Mateo Union High School District**

<b>Fiscal Year</b>	<b>ADA<sup>(1)</sup></b>	<b>Enrollment<sup>(2)</sup></b>	<b>% of EL/LI Enrollment<sup>(2)</sup></b>
2013-14	7,819	8,163	26.25%
2014-15	7,841	8,185	27.33
2015-16	8,070	8,366	26.12
2016-17	8,268	8,690	25.21
2017-18	8,381	8,932	25.92
2018-19	8,546	9,020	27.67
2019-20 <sup>(3)</sup>	8,748	9,113	29.01

<sup>(1)</sup> Reflects P-2 ADA.

<sup>(2)</sup> Reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the State Department of Education. CALPADS figures generally exclude preschool and adult transitional students. For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI students is expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment is based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI students is based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

<sup>(3)</sup> Budgeted.

*Source: San Mateo Union High School District.*

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of COLAs in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the implementing period of the LCFF. The District does not qualify for the ERT add-on.

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, will yield a district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the State Legislature to school districts.

**Community Funded Districts.** Certain school districts, known as "community funded" districts (previously known as "basic aid" districts), have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Community funded school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of \$120 per student per year guaranteed by Article IX, Section 6 of the State

Constitution. The implication for community funded districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District currently qualifies as a community funded district. For fiscal year 2018-19, the District's local property tax receipts exceeded the District's total LCFF allocation by approximately \$56.9 million (unaudited) and the District has budgeted that local property tax receipts will exceed the District's total LCFF allocation by approximately \$57.8 million in fiscal year 2019-20.

***Accountability.*** Regulations adopted by the State Board of Education require that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, and detail the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs are required to be updated annually, covering a three-year period. The State Board of Education has developed a template LCAP for school districts to use.

***Support and Intervention.*** AB 97, as amended by SB 91, established a new system of support and intervention to assist school districts in meeting the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district's LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district's LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district with identifying and implementing programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts with achieving the goals set forth in their LCAPs. The State Board of Education has developed rubrics to assess school district performance and the need for support and intervention.

The State Superintendent of Public Instruction (the "State Superintendent") is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic



trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (i) modify a district's LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

***Other State Sources.*** In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs.

## **Other Revenue Sources**

***Federal and Local Sources.*** The federal government provides funding for several school district programs, including special education programs, programs under the Every Student Succeeds Act, and specialized programs such as Drug Free Schools, Innovative Strategies, and Vocational & Applied Technology. In addition, school districts receive additional local revenues beyond local property tax collections, such as leases and rentals, interest earnings, interagency services, foundation contributions, parcel taxes, developer fees (as discussed below), pass-through revenues (as discussed below) and other local sources.

***Developer Fees.*** The District currently levies impact fees (the "Developer Fees") on residential development within the District. The Developer Fees are accounted for within the District's Deferred Maintenance Fund. For fiscal years 2014-15, 2015-16, 2016-17, 2017-18, and 2018-19 the District received \$1,146,469, \$1,375,010, \$1,105,685, \$1,722,799, and \$993,039 (unaudited), respectively, and the District has budgeted receipt of \$908,000 in Developer Fees in fiscal year 2019-20. The District can make no representations that Developer Fees will continue to be received by the District in amounts consistent with prior years, or as currently budgeted.

***Pass-Through Revenues.*** The District has historically received pass-through tax increment revenue (the "Pass-Through Revenues") from the Foster City Community Development Agency, the Millbrae Redevelopment Agency, the San Bruno Redevelopment Agency, and the Redevelopment Agency of the City of San Mateo. The Pass-Through Revenues received by the District are deposited into the District's general fund. For fiscal years 2014-15, 2015-16, 2016-17, 2017-18, and 2018-19, the District received \$2,677,392, \$3,098,125, \$3,386,915, \$3,923,310, and \$4,380,114 (unaudited) respectively, and the District has not budgeted receipt of any Pass-Through Revenues in fiscal year 2019-20.

The District can make no representations that Pass-Through Revenues will continue to be received by the District in amounts consistent with prior years, or as currently budgeted, particularly in light of the legislation eliminating redevelopment agencies. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22" herein. The Bonds, however, are not payable from such revenue. The Bonds will be payable solely from the proceeds of an *ad valorem* property tax which is required to be levied by the County in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.

## **State Dissolution of Redevelopment Agencies**

On December 30, 2011, the State Supreme Court issued its decision in the case of California Redevelopment Association v. Matosantos, finding ABX1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in the State ceased to exist as a matter of law on February 1, 2012.

ABX1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) (“AB 1484”), which, together with ABx1 26, is referred to herein as the “Dissolution Act.” The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a “Successor Agency”). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller’s cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund (“Trust Fund”), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any “enforceable obligations” of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines “enforceable obligations” to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, equal to at least \$250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; then, fourth is tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (AB 1290, Chapter 942, Statutes of 1993) (“AB 1290”), are restricted to educational facilities without offset against apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the affected local taxing entity uses the moneys received for land

acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABX1 26 states that in the future, pass-throughs shall be made in the amount “which would have been received . . . had the redevelopment agency existed at that time,” and that the county auditor-controller shall “determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of [ABX1 26] using current assessed values . . . and pursuant to statutory [pass-through] formulas and contractual agreements with other taxing agencies.”

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

The District can make no representations as to the extent to which any apportionments from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies or any other surplus property tax revenues pursuant to the Dissolution Act.

## **Budget Process**

***State Budgeting Requirements.*** The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 (“AB 1200”), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. Additional amendments to the budget process were made by Assembly Bill 2585, effective as of September 9, 2014, including the elimination of the dual budget cycle option for school districts. All school districts must now be on a single budget cycle.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations, if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, whether the budget includes the expenditures necessary to implement a LCAP, and whether the budget’s ending fund balance exceeds the minimum recommended reserve for economic uncertainties.

On or before September 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by September 15 of the county superintendent’s recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent’s recommendations. The committee must report its findings no later than September 20. Any recommendations made by the county superintendent must be made available by the district for public

inspection. No later than October 22, the county superintendent must notify the State Superintendent of all school districts whose budget may be disapproved.

A school district whose budget has been disapproved must revise and readopt its budget by October 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final school district budgets and not later than November 8, must approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. No later than November 8, the county superintendent must notify the State Superintendent of all school districts whose budget has been disapproved. Until a school district's budget is approved, the school district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

***Interim Financial Reports.*** Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years.

The District has never had an adopted budget disapproved by the county superintendent of schools. The Board approved a "self-qualified" certification on its First and Second Interim Financial Reports in fiscal year 2006-07 pursuant to AB 1200. For all reporting periods thereafter, the District has reported a "positive" certification.

***General Fund Budgeting.*** The table on the following page summarizes the District's general fund adopted budgets for fiscal years 2015-16 through 2019-20, audited actual results for fiscal years 2015-16 through 2017-18, and unaudited actuals for fiscal year 2018-19.

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**GENERAL FUND BUDGETING**  
**Fiscal Years 2015-16 through 2019-20**  
**San Mateo Union High School District**

	Fiscal Year 2015-16 <sup>(1)</sup>		Fiscal Year 2016-17 <sup>(1)</sup>		Fiscal Year 2017-18 <sup>(1)</sup>		Fiscal Year 2018-19		Fiscal Year 2019-20
	Adopted Budget	Audited Actuals	Adopted Budget	Audited Actuals	Adopted Budget	Audited Actuals	Adopted Budget <sup>(2)</sup>	Unaudited Actuals <sup>(3)</sup>	Adopted Budget <sup>(3)</sup>
<b>REVENUES</b>									
LCFF Sources	\$115,684,588	\$120,851,140	\$126,510,390	\$130,593,649	\$135,116,577	\$140,020,947	\$146,682,992	\$150,189,708	\$156,400,181
Federal Revenues	2,433,966	2,505,830	2,405,370	2,584,465	2,510,832	2,778,826	2,706,043	2,931,665	2,787,821
Other State Revenues	6,765,929	11,569,667	8,581,684	9,815,247	9,498,976	9,966,094	9,645,512	17,423,573	9,092,559
Other Local Revenues	<u>5,527,628</u>	<u>6,001,637</u>	<u>6,156,850</u>	<u>6,526,668</u>	<u>5,443,172</u>	<u>8,020,476</u>	<u>4,569,233</u>	<u>8,947,836</u>	<u>5,584,013</u>
TOTAL REVENUES	130,412,111	140,928,274	143,654,294	149,520,029	152,569,557	160,786,343	163,603,780	179,492,783	173,864,574
<b>EXPENDITURES:</b>									
Certificated Salaries	56,500,058	55,944,002	59,669,303	59,636,211	62,310,429	62,337,304	66,491,691	65,659,412	69,675,958
Classified Salaries	21,995,065	22,237,346	25,517,321	25,541,968	25,931,941	26,891,385	28,498,720	29,409,969	30,851,658
Employee Benefits	26,635,509	28,296,053	34,207,616	32,679,248	37,074,491	36,395,978	40,956,932	46,557,611	45,517,935
Books & Supplies	4,712,619	7,947,310	5,180,199	7,157,739	6,752,172	8,133,544	6,586,138	6,488,733	6,508,899
Services and Other Operating Expenditures	15,552,045	18,733,454	16,889,123	16,403,753	16,380,869	16,923,560	15,330,111	17,650,064	15,545,164
Capital Outlay	--	523,403	150,000	536,158	150,000	238,955	550,000	1,560,326	550,000
Other Outgo/Intergovernmental Transfers	<u>4,831,857</u>	<u>3,828,269</u>	<u>4,441,047</u>	<u>3,483,663</u>	<u>4,238,716</u>	<u>3,995,566</u>	<u>4,335,589</u>	<u>4,268,398</u>	<u>4,571,364</u>
TOTAL EXPENDITURES	130,227,153	137,509,837	146,054,609	145,438,740	152,838,618	154,916,292	162,749,181	171,594,513	173,220,978
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	184,958	3,418,437	(2,400,315)	4,081,289	(269,061)	5,870,051	854,599	7,898,269	643,596
<b>OTHER FINANCING SOURCES/(USES):</b>									
Transfers In	--	440,014	--	--	--	--	--	2,600,000	500,000
Transfers Out <sup>(4)</sup>	(1,950,000)	(3,590,014)	(1,950,000)	(3,425,000)	(2,807,509)	(5,373,855)	(3,090,745)	(6,700,757)	(3,696,906)
Other Sources/Uses	--	--	--	--	--	--	--	385,372	--
<b>TOTAL</b>	(1,950,000)	(3,150,000)	(1,950,000)	(3,425,000)	(2,807,509)	(5,373,855)	(3,090,745)	(3,715,386)	(3,196,906)
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	(1,765,042)	268,437	(4,350,315)	656,289	(3,076,570)	496,196	(2,236,146)	4,182,884	(2,553,310)
<b>Fund Balance, July 1</b>	<u>24,685,980</u>	<u>24,685,980</u>	<u>24,954,417</u>	<u>24,954,417</u>	<u>25,610,706</u>	<u>25,610,706</u>	<u>26,106,902</u>	<u>26,106,903</u>	<u>30,289,787</u>
<b>Fund Balance, June 30</b>	<u>\$22,920,938</u>	<u>\$24,954,417</u>	<u>\$20,604,102</u>	<u>\$25,610,706</u>	<u>\$22,534,136</u>	<u>\$26,106,902</u>	<u>\$23,870,757</u>	<u>\$30,289,787</u>	<u>\$27,736,477</u>

<sup>(1)</sup> From the District's comprehensive audited financial statements for fiscal years 2015-16 through 2017-18, respectively. Includes restricted and unrestricted general fund, as well as the Special Reserve Fund for Other than Capital Outlay Projects in accordance with the fund type definitions promulgated by Governmental Accounting Standards Board ("GASB") Statement No. 54.

<sup>(2)</sup> From the District's Second Interim Report for fiscal year 2018-19, which was approved by the Board on March 7, 2019. Amounts are rounded to nearest whole number. Includes restricted and unrestricted general fund. Revised to reflect actual beginning fund balance.

<sup>(3)</sup> From the District's Unaudited Actuals Report for fiscal year 2018-19, which was approved by the Board on September 12, 2019. Amounts are rounded to nearest whole number. Includes restricted and unrestricted general fund.

<sup>(4)</sup> Includes contributions to the Cafeteria Special Revenue Fund and the Building Fund.

Source: San Mateo Union High School District.

**Accounting Practices**

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Education Code Section 41010, is to be followed by all State school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

**Comparative Financial Statements**

Audited financial statements for the District for the fiscal year ended June 30, 2018 and prior fiscal years are on file with the District and available for public inspection at the San Mateo Union High School District, 650 North Delaware Street, San Mateo, California 94401, telephone: (650) 558-2299.

The table on the following page reflects the District's audited general fund revenues, expenditures and changes in fund balance for fiscal years 2013-14 through 2017-18.

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# AUDITED GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES<sup>(1)(2)</sup>

## Fiscal Years 2013-14 through 2017-18 San Mateo Union High School District

	Fiscal Year <u>2013-14</u>	Fiscal Year <u>2014-15</u>		Fiscal Year <u>2015-16</u>	Fiscal Year <u>2016-17</u>	Fiscal Year <u>2017-18</u>
<b>Revenues</b>			<b>Revenues</b>			
LCFF	\$108,642,201	\$110,952,985	LCFF	\$120,851,140	\$130,593,649	\$140,020,947
Federal sources	2,242,122	2,472,604	Federal sources	2,505,830	2,584,465	2,778,826
Other state sources	2,886,027	7,421,925	Other state sources	11,569,667	9,815,247	9,966,094
Other local sources	<u>8,341,022</u>	<u>8,813,705</u>	Other local sources	<u>6,001,637</u>	<u>6,526,668</u>	<u>8,020,476</u>
<b>Total revenues</b>	<u>122,111,372</u>	<u>129,661,219</u>	<b>Total revenues</b>	<u>140,928,274</u>	<u>149,520,029</u>	<u>160,786,343</u>
<b>Expenditures</b>			<b>Expenditures</b>			
Instructional Services:			Certificated salaries	55,944,002	59,636,211	62,337,304
Instruction	59,077,531	64,485,841	Classified salaries	22,237,346	25,541,968	26,891,385
Instruction-Related Services:			Employee benefits	28,296,053	32,679,248	36,395,978
Supervision of instruction	3,176,457	3,924,512	Books and supplies	7,947,310	7,157,739	8,133,544
Instructional library, media and technology	3,935,916	3,843,445	Services and other operating expenditures	18,733,454	16,403,753	16,923,560
School site administration	6,217,647	6,379,185	Capital outlay	523,403	536,158	238,955
Pupil Support Services:			Other outgo	3,828,269	3,483,663	3,995,566
Home-to-school transportation	1,982,510	1,969,192	Debt service, principal	--	--	--
Food Services	3,686	84	Debt service, interest	--	--	--
All other pupil services	10,090,079	10,812,292	--	--	--	--
Ancillary services	3,428,391	4,189,055	--	--	--	--
Community services	54,114	--	--	--	--	--
Enterprise activities	1,225,820	1,555,529	--	--	--	--
General Administration Services:			--	--	--	--
Data processing services	--	--	--	--	--	--
Other general administration	5,771,801	6,645,838	--	--	--	--
Plant services	15,979,276	16,307,619	--	--	--	--
Transfers of Indirect costs	(290,692)	(284,268)	--	--	--	--
Facility acquisition and construction	--	--	--	--	--	--
Capital outlay	--	120,301	--	--	--	--
Other Outgo:			--	--	--	--
Transfers between agencies/			--	--	--	--
Intergovernmental transfers	3,947,739	4,611,028	--	--	--	--
Debt Service – issuance costs	119,901	205,552	--	--	--	--
Debt Service - principal	--	--	--	--	--	--
Debt Service - interest	--	--	--	--	--	--
<b>Total Expenditures</b>	<u>114,720,176</u>	<u>124,765,205</u>	<b>Total Expenditures</b>	<u>137,509,837</u>	<u>145,438,740</u>	<u>154,916,292</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>7,391,196</u>	<u>4,896,014</u>	<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>3,418,437</u>	<u>4,081,289</u>	<u>5,870,051</u>
<b>Other Financing Sources (Uses)</b>			<b>Other Financing Sources (Uses)</b>			
Interfund transfers in	--	--	Operating transfers in	35,031	--	--
Interfund transfers out <sup>(3)</sup>	<u>(6,949,243)</u>	<u>(2,525,000)</u>	Operating transfers out <sup>(3)</sup>	<u>(3,185,031)</u>	<u>(3,425,000)</u>	<u>(5,373,855)</u>
<b>Total Other Financing Sources and (Uses)</b>	<u>(6,949,243)</u>	<u>(2,525,000)</u>	<b>Total Other Financing Sources and (Uses)</b>	<u>(3,150,000)</u>	<u>(3,425,000)</u>	<u>(5,373,855)</u>
<b>Net Change in Fund Balances</b>	<u>441,953</u>	<u>2,371,014</u>	<b>Net Change in Fund Balances</b>	<u>268,437</u>	<u>656,289</u>	<u>496,196</u>
<b>Fund Balance, July 1</b>	<u>21,873,013</u>	<u>22,314,966</u>	<b>Fund Balance, July 1</b>	<u>24,685,980</u>	<u>24,954,417</u>	<u>25,610,706</u>
<b>Fund Balance, June 30</b>	<u>\$22,314,966</u>	<u>\$24,685,980</u>	<b>Fund Balance, June 30</b>	<u>\$24,954,417</u>	<u>\$25,610,706</u>	<u>\$26,106,902</u>

<sup>(1)</sup> From the District's comprehensive audited financial statements for fiscal years 2013-14 through 2017-18, respectively. In addition to the District's unrestricted and restricted general fund activity, includes the financial activity of the Special Reserve Fund for Other than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

<sup>(2)</sup> The auditors changed the reporting format for expenditures in fiscal year 2015-16. Accordingly, fiscal years prior to 2015-16 are segregated from fiscal years 2015-16 and later.

<sup>(3)</sup> Reflects contributions to the Cafeteria Special Revenue Fund and the Building Fund.  
Source: San Mateo Union High School District.

## State Budget Measures

*The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County in an amount sufficient for the payment thereof.*

**2019-20 Budget.** On June 27, 2019, the Governor signed into law the State budget for fiscal year 2019-20 (the "2019-20 Budget"). The following information is drawn from the State Department of Finance's summary of the 2019-20 Budget.

For fiscal year 2018-19, the 2019-20 Budget projects total general fund revenues and transfers of \$138 billion and total expenditures of \$142.7 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of \$20.7 billion, including \$5.4 billion in the traditional general fund reserve, \$14.4 billion in the BSA and \$900 million in the Safety Net Reserve Fund for the CalWORKs and Medi-Cal programs. For fiscal year 2019-20, the 2019-20 Budget projects total general fund revenues and transfers of \$143.8 billion and authorizes expenditures of \$147.8 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of \$18.8 billion, including \$1.4 billion in the traditional general fund reserve, \$16.5 billion in the BSA and \$900 million in the Safety Net Reserve Fund. The 2019-20 Budget also authorizes a deposit to the PSSSA of \$376.5 million in order to comply with Proposition 2. The amount is below the threshold required to trigger certain maximum local reserve levels for school districts created by State legislation approved in 2014 (and amended in 2017). See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 858; SB 751" herein.

For fiscal year 2019-20, the Budget sets the minimum funding guarantee at \$81.1 billion. With respect to K-12 education, ongoing 2019-20 per-pupil spending is set at \$11,993. Other significant features with respect to K-12 education funding include the following:

- *Local Control Funding Formula* – An increase of \$1.9 billion in Proposition 98 funding for the LCFF, reflecting a 3.26% COLA. For fiscal year 2019-20, the adjusted Base Grants are as follows: (i) \$8,503 for grades K-3, (ii) \$7,818 for grades 4-6, (iii) \$8,050 for grades 7-8, and (iv) \$9,572 for grades 9-12. See "- State Funding of Education – Local Control Funding Formula" herein.
- *Settle-Up Payment* – An increase of \$686.6 million for K-14 school districts to pay the balance of past-year Proposition 98 funding owed through fiscal year 2017-18.
- *Special Education* – \$645.3 million in ongoing Proposition 98 funding for special education. Specifically, the 2019-20 Budget allocates (i) \$152.6 million to provide all special education local area plans at least the Statewide target rate for base special education funding, and (ii) \$492.7 million in special education funding, to be allocated to school districts based on the number of children between three to five years of age and with exceptional needs that are being served.
- *Pension Costs* – A \$3.15 billion payment from non-Proposition 98 funds to STRS (as defined herein) and PERS (as defined herein), to reduce long-term liabilities for K-14 school districts. Of this amount, \$850 million would be provided to buy down employer contribution rates in



fiscal years 2019-20 and 2020-21. With these payments, STRS employer contributions will be reduced from 18.13% to 17.1% in fiscal year 2019-20, and from 19.1% to 18.4% in fiscal year 2020-21. The PERS employer contribution will be reduced from 20.7% to 19.7% in fiscal year 2019-20, and the projected PERS employer contribution is expected to be reduced from 23.6% to 22.9% in fiscal year 2020-21. The remaining \$2.3 billion would be paid towards employers' long-term unfunded liability. See also "SAN MATEO UNION HIGH SCHOOL DISTRICT – District Retirement Systems" herein.

- *After School Programs* – \$50 million in ongoing Proposition 98 funding to provide an increase of approximately 8.3% to the per-pupil daily rate for after school education and safety programs.
- *Teacher Support* – \$43.8 million in one-time non-Proposition 98 funding to provide training and resources for classroom educators and paraprofessionals, to build capacity in key State priorities. The 2019-20 Budget also includes \$89.8 million in one-time, non-Proposition 98 funding to provide up to 4,487 grants for students enrolled in professional teacher preparation programs who commit to working in a high-need field at a priority school for at least four years.
- *Broadband Infrastructure* – \$7.5 million in one-time, non-Proposition 98 funding for broadband infrastructure improvements at local educational agencies.
- *Full-Day Kindergarten* – \$300 million in one-time, non-Proposition 98 funding to finance construction or retrofit of facilities to support full-day kindergarten programs.
- *Wildfire-Related Cost Adjustments* – An increase of \$2 million in one-time Proposition 98 funding to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by wildfires which occurred in 2017 and 2018. The 2019-20 Budget also holds both school districts and charter schools impacted by wildfires in 2018 harmless in terms of State funding for two years.
- *Proposition 51* – The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative approved at the November 8, 2016 election that authorizes the sale and issuance of \$9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities. The 2019-20 Budget allocates \$1.5 billion of such bond funds for K-12 school facility projects.

For additional information regarding the 2019-20 Budget, see the State Department of Finance website at [www.dof.ca.gov](http://www.dof.ca.gov). However, the information presented on such website is not incorporated herein by reference.

***Future Actions.*** The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

## SAN MATEO UNION HIGH SCHOOL DISTRICT

*The information in this section concerning the operations of the District and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds are payable from the general fund of the District. The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem property tax levied annually by the County in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

### Introduction

The District is a community funded district that includes the communities of Burlingame, Foster City, Hillsborough, Millbrae, San Bruno and San Mateo. The District operates six comprehensive high schools, a continuation high school and an adult school. The District has budgeted a fiscal year 2019-20 enrollment of 9,113 students, including special education and continuing education students, and an ADA of 8,748 students. Over 4,500 adults are served through the adult school. The District serves a resident population of approximately 282,000 persons and has a fiscal year 2019-20 assessed valuation of \$83,526,113,064.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of subsequent audited financial reports of the District may be obtained by contacting the District.

### Administration

The District is governed by the five-member Board, each member of which is elected to a four-year term. At-large elections for positions on the Board are held every two years, alternating between two and three available positions. Current members of the Board, together with their office and the date their term expires, are listed below:

#### BOARD OF TRUSTEES San Mateo Union High School District

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Greg Land	President	December 2020
Marc Friedman	Vice President	December 2020
Robert H. Griffin	Clerk	December 2022
Linda Lees Dwyer	Trustee	December 2022
Peter H. Hanley	Trustee	December 2022

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Kevin Skelly, Ph.D. is currently the Superintendent of the District. Brief biographies of the Superintendent and the Deputy Superintendent, Business Services follow:

***Kevin Skelly, Ph.D., Superintendent.*** Dr. Kevin Skelly was appointed Superintendent of the District effective July 1, 2015. Immediately prior to joining the District, Dr. Skelly served as Interim Superintendent of Mountain View Whisman School District, and, prior thereto, as Superintendent of the Palo Alto Unified School District. His prior positions also include Associate Superintendent at Poway Unified School District, Principal at Saratoga High School, and high school math and Spanish teacher.

Dr. Skelly earned his degree in Economics from Harvard University and a Ph.D. in Education Policy and Administration from the University of California, Berkeley.

***Elizabeth McManus, Deputy Superintendent, Business Services.*** Ms. Elizabeth McManus was named Deputy Superintendent, Business Services of the District effective July 1, 2008 and previously served as the District's Assistant Superintendent, Business Services since July 2006. Prior to joining the District, Ms. McManus served other public education and non-profit corporations for 17 years. In addition, Ms. McManus has also had an extensive career in the private sector, working as a business analyst in strategic planning for Rockwell International, a supervisor of field accounting for Taco Bell Corporation, and a supervisor of operations analysis with U.S. Sprint. She received her Bachelor of Science degree from California Polytechnic State University, San Luis Obispo, and a Masters of Business Administration from Illinois Institute of Technology.

## **Charter School**

The State Legislature enacted the Charter Schools Act of 1992 (State Education Code Sections 47600-47663) to permit teachers, parents, students, and community members to establish schools that would be free from most state and district regulations. Revised in 1998, the State's charter school law states that local boards are the primary charter-approving agency and that county boards of education can approve a denied charter. State education standards apply, and charter schools are required to use the same student assessment instruments. Charter schools are exempt from state and local education rules and regulations, except as specified in the legislation.

The District has certain fiscal oversight and other responsibilities with respect to any independent and District-operated charter schools established within its boundaries. However, any independent charter schools would receive funding directly from the State, and such funding would not be reported in the District's audited financial statements. Any District-operated charter schools would receive funding through the District, and such funding would be reflected in the District's audited financial statements.

On November 22, 2013, the Board approved the charter petition of Design Tech High School (the "Charter School") for a period of five years from July 1, 2014 through June 30, 2019. On March 28, 2019, the Board renewed the charter for another five years, through June 30, 2024. The Charter School is a District-operated charter school and has budgeted a fiscal year 2019-20 enrollment of approximately 550 students. Because the District is a community funded district, the District is required to pay the base funding portion of the LCFF transition calculation to the Charter School. This amount is paid from the District's local property taxes and is incorporated into the District's budget as a contra-revenue.

The District can make no representations regarding how many District students will transfer to charter schools, including the Charter School, in the future or back to the District from such charter schools, and the corresponding financial impact on the District.

## Labor Relations

The District currently employs approximately 531 full-time equivalent certificated employees and 269 classified employees. In addition, the District employs 246 part-time faculty and staff. These employees, except management and some part-time employees, are represented by three bargaining units as noted below:

### SAN MATEO UNION HIGH SCHOOL DISTRICT Labor Relations

<u>Labor Organization</u>	<u>Number of Employees in Organization</u>	<u>Contract Expiration Date</u>
California Teachers Association	518	June 30, 2020
California School Employees Association (CSEA)	457	June 30, 2019 <sup>(1)</sup>
American Federation of State County and Municipal Employees	17	June 30, 2019 <sup>(1)</sup>

<sup>(1)</sup> Employees continue to work under the terms of the expired contract while a new contract is negotiated.  
*Source: San Mateo Union High School District.*

## District Retirement Systems

*The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District, the Municipal Advisor or the Underwriter.*

**STRS.** All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 (“AB 1469”) into law as a part of the State’s fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the “2014 Liability”), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

**MEMBER CONTRIBUTION RATES  
STRS (Defined Benefit Program)**

<u>Effective Date</u>	<u>STRS Members Hired Prior to January 1, 2013</u>	<u>STRS Members Hired After January 1, 2013</u>
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

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*Source: AB 1469.*

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2019, the contribution rate for employees hired after the Implementation Date (defined below) will be 10.205%.

Pursuant to AB 1469, K-14 school districts’ contribution rate will increase over a seven-year phase-in period in accordance with the following schedule:

**K-14 SCHOOL DISTRICT CONTRIBUTION RATES  
STRS (Defined Benefit Program)**

<u>Effective Date</u>	<u>K-14 school districts</u>
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

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*Source: AB 1469.*

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers’ Retirement Board (the “STRS Board”), is required to increase or decrease the K-14 school districts’ contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members’ contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to

the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated \$2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21. The remainder of the payment not committed for the reduction in employer contribution rates described above, is required to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. See "DISTRICT FINANCIAL INFORMATION – State Budget Measures" herein.

The District's contributions to STRS were \$4,842,918 in fiscal year 2014-15, \$6,143,541 in fiscal year 2015-16, \$7,678,653 in fiscal year 2016-17, \$9,151,228 in fiscal year 2017-18, and \$10,863,856 (unaudited) in fiscal year 2018-19. The District has budgeted \$11,803,073 for its contribution to STRS for fiscal year 2019-20.

The State also contributes to STRS, currently in an amount equal to 7.328% for fiscal year 2018-19 and 7.828% for fiscal year 2019-20. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

**PERS.** Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2017 included 1,624 public agencies and 1,366 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 20.733% of eligible salary expenditures in fiscal year 2019-20. Participants enrolled in PERS prior to January 1, 2013 contribute at

a rate established by statute, which is 7% of their respective salaries in fiscal year 2019-20, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2019-20. See “- California Public Employees’ Pension Reform Act of 2013” herein.

Pursuant to SB 90, the State Legislature appropriated \$144 million for fiscal year 2019-20 and \$100 million for fiscal year 2020-21 to be transferred to the Public Employees’ Retirement Fund, to pay in advance, on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years. In addition, the State Legislature appropriated \$660 million to be applied toward certain unfunded liabilities for K-14 school district employers. See “DISTRICT FINANCIAL INFORMATION – State Budget Measures” herein.

The District’s contributions to PERS were \$2,433,905 in fiscal year 2014-15, \$2,630,516 in fiscal year 2015-16, \$3,493,497 in fiscal year 2016-17, \$4,220,689 in fiscal year 2017-18, and \$5,305,612 (unaudited) in fiscal year 2018-19. The District has budgeted \$6,886,977 for its contribution to PERS for fiscal year 2019-20.

***State Pension Trusts.*** Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: [www.calstrs.com](http://www.calstrs.com); (ii) PERS: [www.calpers.ca.gov](http://www.calpers.ca.gov). However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The table on the following page summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are “forward-looking” information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

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**FUNDED STATUS**  
**STRS (Defined Benefit Program) and PERS (Schools Pool)**  
**(Dollar Amounts in Millions) <sup>(1)</sup>**  
**Fiscal Years 2010-11 through 2017-18**

<b><u>STRS</u></b>					
<b><u>Fiscal Year</u></b>	<b><u>Accrued Liability</u></b>	<b><u>Value of Trust Assets (MVA) <sup>(2)</sup></u></b>	<b><u>Unfunded Liability (MVA) <sup>(2)</sup></u></b>	<b><u>Value of Trust Assets (AVA) <sup>(3)</sup></u></b>	<b><u>Unfunded Liability (AVA) <sup>(3)</sup></u></b>
2010-11	\$208,405	\$147,140	\$68,365	\$143,930	\$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152

<b><u>PERS</u></b>					
<b><u>Fiscal Year</u></b>	<b><u>Accrued Liability</u></b>	<b><u>Value of Trust Assets (MVA) <sup>(2)</sup></u></b>	<b><u>Unfunded Liability (MVA) <sup>(2)</sup></u></b>	<b><u>Value of Trust Assets (AVA) <sup>(3)</sup></u></b>	<b><u>Unfunded Liability (AVA) <sup>(3)</sup></u></b>
2010-11	\$58,358	\$45,901	\$12,457	\$51,547	\$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2014-15	73,325	56,814	16,511	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2015-16	77,544	55,785	21,759	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2016-17	84,416	60,865	23,551	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2017-18 <sup>(5)</sup>	92,071	64,846	27,225	-- <sup>(4)</sup>	-- <sup>(4)</sup>

<sup>(1)</sup> Amounts may not add due to rounding.

<sup>(2)</sup> Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.

<sup>(3)</sup> Reflects actuarial value of assets.

<sup>(4)</sup> Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

<sup>(5)</sup> On April 16, 2019, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2019-20 and released certain actuarial information to be incorporated into the June 30, 2018 actuarial valuation to be released in summer 2019.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation (the "2017 STRS Actuarial Valuation"), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation



rate to 2.75%. The 2017 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed and actuarial asset gains recognized from the current and prior years, the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2018 (the “2018 STRS Actuarial Valuation”) reports that the unfunded actuarial obligation decreased by \$109 million since the 2017 STRS Actuarial Valuation and the funded ratio increased by 1.4% to 64.0% over such time period.

According to the 2018 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.9%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In recent years, the PERS Board of Administration (the “PERS Board”) has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS’ rate of expected price inflation and its investment rate of return (net of administrative expenses) (the “PERS Discount Rate”) from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the morality, retirement, and disability retirement rates.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

On April 16, 2019, the PERS Board established the employer contribution rates for 2019-20 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2018, ahead of its summer of 2019 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with the expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the contribution rate for 2020-21 is projected to be 23.6%, with annual increases thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

***California Public Employees' Pension Reform Act of 2013.*** On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of

service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps “pensionable compensation” for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

***GASB Statement Nos. 67 and 68.*** On June 25, 2012, GASB approved Statements Nos. 67 and 68 (“Statements”) with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government’s balance sheet (currently, such unfunded liabilities are typically included as notes to the government’s financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

As of June 30, 2018, the District reported its proportionate shares of the net pension liabilities for the STRS and PERS programs to be \$104,506,132 and \$47,513,456, respectively. See also “APPENDIX B – 2017-18 Audited Financial Statements of the District – Note 6” attached hereto.

## Other Post-Employment Benefits

**Plan Benefits.** The District administers a single-employer defined benefit other post-employment benefit plan (the “Plan”) that provides medical, dental and vision insurance benefits (the “Benefits”) to eligible retirees and their spouses. As of June 30, 2019, there were 36 retirees and beneficiaries receiving Benefits and 870 eligible active members under the Plan.

Individuals that have reached their 55<sup>th</sup> birthday and have worked for the District for 10 years may qualify for a contribution by the District of up to \$250 a month, until their 65<sup>th</sup> birthday. Effective January 1, 2010, such a retiree will receive \$500 a month toward medical insurance until the retiree’s 65<sup>th</sup> birthday. In addition, if the retiree’s spouse was enrolled in the District’s medical plan, the spouse will receive \$250 a month towards medical insurance until the spouse’s 65<sup>th</sup> birthday.

Effective January 1, 2010, employees who retired and did not select or did not qualify for the District Insurance Incentive Plan, receive \$250 a month toward medical insurance until the retiree’s 65<sup>th</sup> birthday. In addition, if such retiree’s spouse was enrolled in the District’s medical plan, the spouse will receive \$250 a month towards medical benefits until the spouse’s 65<sup>th</sup> birthday.

Spouses of retirees over age 65, or surviving spouses of retirees, will receive \$250 a month towards medical insurance until the spouse or surviving spouse’s 65<sup>th</sup> birthday.

**Funding Policy.** The District’s funding policy is based on the projected pay-as-you-go financing requirements, with additional amounts to prefund the Benefits as determined annually by the Board. For fiscal year 2015-16, the District recognized \$167,063 of expenditures for the Benefits. For fiscal year 2016-17, the District recognized \$21,484 of expenditures for the Benefits. For fiscal year 2017-18, the District recognized \$120,815 of expenditures for the Benefits. For fiscal year 2018-19, the District recognized \$130,337 (unaudited) of expenditures for the Benefits. For fiscal year 2019-20, the District has budgeted \$250,000 of expenditures for the Benefits.

**Accrued Liability.** The District has implemented *GASB Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* (“GASB Statement No. 74”) and *GASB Statement #75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB Statement No. 75”), pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Benefits. GASB Statements No. 74 and No. 75 (discussed below) require biennial actuarial valuations for all plans. The most recent actuarial study for the Plan was dated December 4, 2018 (the “Study”), and had a valuation date of June 30, 2018. The Study concluded that, as of a June 30, 2018 measurement date, the Total OPEB Liability (the “TOL”) with respect to such Benefits, was \$2,755,146. Because the District does not maintain a qualifying irrevocable trust, the District’s Net OPEB Liability (the “NOL”) is equal to the TOL. For more information regarding the District’s other post-employment benefit liability, see “APPENDIX B –2017-18 Audited Financial Statements of the District – Note 7” attached hereto.

**GASB Statement Nos. 74 and 75.** On June 2, 2015, the GASB approved GASB Statement No. 74 and GASB Statement No. 75 with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB Statement No. 74 replaces GASB Statements No. 43 and 57 and GASB Statement No. 75 replaces GASB Statement No. 45.

Most of GASB Statement No. 74 applies to plans administered through trusts, in which contributions are irrevocable, trust assets are dedicated to providing other post-employment benefits to plan members, and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75

will require a liability for OPEB obligations, known as the Net OPEB Liability (the “NOL”), to be recognized on the balance sheet of the plan and the participating employer’s financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the NOL and a sensitivity analysis of the NOL to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan’s net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB Statement No. 74, the measurement date must be the same as the plan’s fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the TOL, if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB Statement No. 74 requirements, a projection of the benefit payments and future Fiduciary Net Position (the “FNP”) is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB.

GASB Statement No. 74 has an effective date for plan fiscal years beginning after June 15, 2016 and GASB Statement No. 75 is effective for employer fiscal years beginning after June 15, 2017. The District first recognized GASB Statement No. 74 and GASB Statement No. 75 in its financial statements for fiscal year 2017-18. For more information, see “APPENDIX B – 2017-18 Audited Financial Statements of the District – Note 7” attached hereto.

## **Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District is a member of the San Mateo County Schools Insurance Group (“SMCSIG”) public entity risk pool. The District pays an annual premium to the entity for its property and liability, health insurance and workers’ compensation coverage. SMCSIG is governed by a board consisting of a representative from each member district. The governing board of SMCSIG controls the operations of the entity independent of any influence by the member districts beyond their representation on the governing board. The relationship between the District and SMCSIG is such that SMCSIG is not a component unit of the District for financial reporting purposes.

## **District Debt Structure**

**Short-Term Debt.** On August 7, 2019, the District issued \$14,554,000 principal amount of tax and revenue anticipation notes (the “TRANS”) to provide for anticipated cash flow deficits from operations in fiscal year 2019-20. The TRANS bear interest at a rate of 5.000%, with a yield of 1.120%, and will mature on June 30, 2020.

**Long-Term Debt.** A schedule of changes in long-term debt for the fiscal year ended June 30, 2018, is shown below:

	<b>Balance June 30, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2018</b>
General Obligation Bonds:				
Principal Payments	\$538,171,882	\$41,930,000	\$49,141,595	\$530,960,287
Accreted Interest	82,678,971	13,369,249	2,934,815	93,113,405
Net OPEB Liability	85,836	2,669,310	--	2,755,146
Net Pension Liability	129,011,961	23,007,627	--	152,019,588
Accumulated Vacation	<u>538,189</u>	<u>--</u>	<u>62,696</u>	<u>475,493</u>
Subtotal	750,486,839	80,976,186	52,139,106	779,323,919
Unamortized General Obligation Bond Premium	47,873,219	--	3,731,654	44,141,565
Unamortized Bond Discount	--	(731,671)	(29,562)	(702,109)
Unamortized Loss on Refunding	<u>(1,938,624)</u>	<u>(4,615,336)</u>	<u>(714,086)</u>	<u>(5,839,874)</u>
Total Long-Term Obligations	<u>\$796,421,434</u>	<u>\$75,629,179</u>	<u>\$55,127,112</u>	<u>\$816,923,501</u>

Source: San Mateo Union High School District.

**General Obligation Bonds.** The District received authorization at an election held on November 7, 2000 by at least two-thirds of the votes cast by eligible voters within the District to issue \$137,500,000 maximum principal amount of general obligation bonds (the “2000 Authorization”). On April 12, 2001, the District issued its Election of 2000 General Obligation Bonds, Series A, in the aggregate principal amount of \$60,000,000 (the “2000 Series A Bonds”). On July 24, 2002, the District issued its Election of 2000 General Obligation Bonds, Series B, in the aggregate principal amount of \$49,996,151.60 (the “2000 Bonds”). On March 4, 2004, the District issued its Election of 2000 General Obligation Bonds, Series C (2004), in the aggregate principal amount of \$27,503,797.65 (the “2000 Series C Bonds”), representing the full remaining balance of the 2000 Authorization. On September 30, 2004, the District issued its 2004 General Obligation Refunding Bonds in the aggregate principal amount of \$55,960,000 (the “2004 Refunding Bonds”), the proceeds of which were used to advance refund all of the then-outstanding 2000 Series A Bonds. On February 13, 2012, the District issued its 2012 General Obligation Refunding Bonds in the aggregate principal amount of \$10,835,000 (the “2012 Refunding Bonds”), the proceeds of which were used to advance refund a portion of the then-outstanding 2000 Series C Bonds. On November 7, 2012, the District issued its 2012 General Obligation Refunding Bonds, Series B in the aggregate principal amount of \$38,940,000 (the “2012 Refunding Bonds, Series B”), the proceeds of which were used to advance refund a portion of the then-outstanding 2004 Refunding Bonds. No portion of the 2000 Authorization remains unissued.

The District received authorization at an election held on November 7, 2006 by at least fifty-five percent of the votes cast by eligible voters within the District to issue \$298,000,000 aggregate principal amount of general obligation bonds (the “2006 Authorization”). On June 18, 2008, the District issued its Election of 2006 General Obligation Bonds, Series 2008A in the aggregate principal amount of \$62,700,000 (the “2006 Series 2008A Bonds”). On February 17, 2010, the District concurrently issued its Election of 2006 General Obligation Bonds, Series 2010A (Tax-Exempt) (the “2006 Series 2010A Bonds”) in the aggregate principal amount of \$4,890,000 and its Election of 2006 General Obligation Bonds, Series 2010B (Build America Bonds – Direct Payment to District) (Federally Taxable) in the aggregate principal amount of \$65,110,000 (the “2006 Series 2010B Bonds”). On July 14, 2011, the District issued its Election of 2006 General Obligation Bonds, Series 2011A-1 (Qualified School Construction Bonds – Direct Payment to the District) (Federally Taxable) in the aggregate principal amount of \$25,000,000, through a private placement with JPMorgan Chase Bank, N.A. (the “2006 Series 2011A-1 Bonds”). On July 20, 2011, the District issued its Election of 2006 General Obligation Bonds,

Series 2011A in the aggregate principal amount of \$34,999,363.55 (“2006 Series 2011A Bonds”). On February 13, 2012, the District issued its Election of 2006 General Obligation Bonds, Series 2012 in the aggregate principal amount of \$10,895,852.30 (the “2006 Series 2012A Bonds”). On December 20, 2013, the District issued its Election of 2006 General Obligation Bonds, Series 2013A in the aggregate principal amount of \$94,400,575.55 (the “2006 Series 2013A Bonds”). On November 13, 2014, the District issued the 2014 Refunding Bonds in the aggregate principal amount of \$50,190,000, the proceeds of which were used to advance refund a portion of the then-outstanding 2006 Series 2008A Bonds. The District expects to use the net proceeds of the Bonds to advance refund certain of the outstanding 2014 Refunding Bonds. No portion of the 2006 Authorization remains unissued.

The District received authorization at an election held on November 2, 2010 by at least fifty-five percent of the votes cast by eligible voters within the District to issue \$186,000,000 aggregate principal amount of general obligation bonds (the “2010 Authorization”). On June 15, 2011, the District issued its Election of 2010 General Obligation Bonds, Series 2011A in the aggregate principal amount of \$89,999,988.95 (the “2010 Series 2011A Bonds”), a portion of the proceeds of which was used to prepay certain of the District’s then-outstanding certificates of participation. On December 20, 2013, the District issued its Election of 2010 General Obligation Bonds, Series 2013A in the aggregate principal amount of \$39,999,940.75 (the “2010 Series 2013A Bonds”). On May 19, 2015, the District issued its Election of 2010 General Obligation Bonds, Series 2015A (the “2010 Series 2015A Bonds”) in the aggregate principal amount of \$56,000,000. No portion of the 2010 Authorization remains unissued.

On March 24, 2016, the District issued its 2016 General Obligation Refunding Bonds (2021 Crossover) in the aggregate principal amount of \$12,550,000, the proceeds of which were used to advance refund, on a crossover basis, certain of the then-outstanding 2006 Series 2011A Bonds and 2010 Series 2011A Bonds (the “2016 Refunding Bonds”). On September 21, 2016, the District concurrently issued its (i) 2016 General Obligation Refunding Bonds, Series B in the aggregate principal amount of \$38,380,000, the proceeds of which were issued to advance refund certain of the then-outstanding 2010 Series 2011A Bonds and 2006 Series 2013A Bonds (the “2016B Refunding Bonds”), (ii) 2016 General Obligation Refunding Bonds, Series C (2020 Crossover) in the aggregate principal amount of \$58,530,000, the proceeds of which were used to advance refund, on a crossover basis, certain of the then-outstanding 2006 Series 2010B Bonds (the “2016C Refunding Bonds”), (iii) 2016 General Obligation Refunding Bonds, Series D (2022 Crossover) in the aggregate principal amount of \$12,000,000, the proceeds of which were used to advance refund, on a crossover basis, certain of the then-outstanding 2006 Series 2012A Bonds (the “2016D Refunding Bonds”), and (iv) 2016 General Obligation Refunding Bonds, Series E (2023 Crossover) in the aggregate principal amount of \$22,010,000, the proceeds of which were used to advance refund, on a crossover basis, certain of the then-outstanding 2010 Series 2013A Bonds (the “2016E Refunding Bonds”). On December 12, 2017, the District issued its 2017 General Obligation Refunding Bonds (Federally Taxable) to advance refund certain of the then-outstanding outstanding 2010 Series 2011A Bonds (the “2017 Refunding Bonds”). On August 13, 2019, the District issued its 2019 General Obligation Refunding Bonds (Federally Taxable) in the aggregate principal amount of \$57,175,000, the proceeds of which were used to advance refund certain of the then-outstanding 2006 Series 2013A Bonds and 2010 Series 2013A Bonds (the “2019 Refunding Bonds”).

The annual requirements to amortize all of the District’s outstanding general obligation bonds, assuming no optional redemptions are made, are as shown in the tables on the following pages.

**2000 AUTHORIZATION GENERAL OBLIGATION BOND DEBT SERVICE SCHEDULE**  
**San Mateo Union High School District**

<b>Year Ending September 1</b>	<b>2000 Series B Bonds</b>	<b>2000 Series C Bonds</b>	<b>2012 Refunding Bonds</b>	<b>2012 Refunding Bonds, Series B</b>	<b>Total Annual Debt Service</b>
2020	\$6,235,000.00	--	\$1,680,000.00	\$4,264,487.00	\$12,179,487.00
2021	6,645,000.00	--	1,770,000.00	4,266,247.00	12,681,247.00
2022	7,080,000.00	--	1,854,000.00	4,268,023.00	13,202,023.00
2023	7,530,000.00	\$2,135,000.00	--	4,266,093.00	13,931,093.00
2024	8,000,000.00	2,265,000.00	--	4,262,986.00	14,527,986.00
2025	8,490,000.00	2,385,000.00	--	--	10,875,000.00
2026	12,620,000.00	3,135,000.00	--	--	15,755,000.00
2027	--	16,195,000.00	--	--	16,195,000.00
2028	--	16,850,000.00	--	--	16,850,000.00
Total	<u>\$56,600,000.00</u>	<u>\$42,965,000.00</u>	<u>\$5,304,000.00</u>	<u>\$21,287,826.00</u>	<u>\$126,196,836.00</u>

*Source: San Mateo Union High School District.*

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**2006 AUTHORIZATION GENERAL OBLIGATION BOND DEBT SERVICE SCHEDULE<sup>(1)\*</sup>**

**San Mateo Union High School District**

<b>Year Ending September 1</b>	<b>2006 Series 2010B Bonds<sup>(2)(3)(5)</sup></b>	<b>2006 Series 2011A Bonds<sup>(3)</sup></b>	<b>2006 Series 2011A-1 Bonds<sup>(4)(5)</sup></b>	<b>2006 Series 2012A Bonds<sup>(3)</sup></b>	<b>2006 Series 2013A Bonds</b>	<b>2014 Refunding Bonds<sup>(6)</sup></b>	<b>2016C Refunding Bonds<sup>(7)</sup></b>	<b>2016D Refunding Bonds<sup>(7)</sup></b>	<b>The Bonds</b>	<b>Total Annual Debt Service</b>
2020	\$5,451,576.60	\$346,150.00	\$2,393,083.00	\$273,600.00	\$4,579,000.00	\$3,850,450.00	\$2,419,250.00	\$465,537.50		
2021	5,617,736.60	381,150.00	2,392,923.00	283,600.00	4,970,750.00	4,042,450.00	3,689,250.00	465,537.50		
2022	5,783,176.60	410,100.00	2,413,755.00	298,600.00	5,373,750.00	4,240,950.00	3,883,450.00	465,537.50		
2023	5,946,609.10	437,500.00	2,439,326.50	313,600.00	5,796,000.00	4,444,950.00	4,077,700.00	465,537.50		
2024	6,120,969.10	468,700.00	2,459,136.50	333,600.00	3,085,000.00	4,658,450.00	4,293,450.00	465,537.50		
2025	6,291,145.36	498,500.00	2,488,185.00	353,600.00	--	4,887,850.00	4,513,950.00	465,537.50		
2026	6,465,535.36	535,250.00	2,510,720.50	373,600.00	--	5,133,650.00	4,738,200.00	465,537.50		
2027	6,646,135.36	584,750.00	2,531,452.50	398,600.00	--	5,379,900.00	4,982,800.00	465,537.50		
2028	6,825,110.36	1,586,250.00	--	683,600.00	--	5,645,150.00	5,233,200.00	465,537.50		
2029	7,013,632.80	1,637,000.00	--	708,600.00	--	5,922,400.00	5,513,600.00	480,537.50		
2030	7,202,530.06	1,737,000.00	--	753,600.00	--	6,204,900.00	5,797,200.00	525,237.50		
2031	7,394,782.20	1,858,500.00	--	798,600.00	--	6,506,150.00	6,103,200.00	568,887.50		
2032	7,593,032.70	1,980,000.00	--	848,600.00	--	6,818,625.00	6,420,000.00	621,525.00		
2033	11,994,588.36	3,440,000.00	--	1,253,600.00	--	--	10,956,400.00	1,022,925.00		
2034	12,823,969.96	3,490,000.00	--	1,283,600.00	--	--	12,032,800.00	1,053,800.00		
2035	--	9,685,031.26	--	2,508,600.00	--	--	--	2,279,400.00		
2036	--	9,300,531.26	--	2,768,600.00	--	--	--	2,540,000.00		
2037	--	9,505,606.26	--	2,928,600.00	--	--	--	2,702,200.00		
2038	--	10,021,781.26	--	2,276,600.00	--	--	--	2,049,400.00		
2039	--	10,691,781.26	--	2,407,600.00	--	--	--	2,178,800.00		
2040	--	11,212,443.76	--	--	--	--	--	--		
2041	--	11,765,181.26	--	--	--	--	--	--		
2042	--	12,344,593.76	--	--	--	--	--	--		
2043	--	12,958,812.50	--	--	--	--	--	--		
2044	--	13,601,343.76	--	--	--	--	--	--		
2045	--	14,385,656.26	--	--	--	--	--	--		
2046	--	15,096,968.76	--	--	--	--	--	--		
2047	--	14,344,250.00	--	--	--	--	--	--		
2048	--	15,239,900.00	--	--	--	--	--	--		
2049	--	16,180,300.00	--	--	--	--	--	--		
2050	--	17,159,600.00	--	--	--	--	--	--		
2051	--	18,393,833.33 <sup>(8)</sup>	--	--	--	--	--	--		
Total	<u>\$109,170,530.52</u>	<u>\$241,278,464.69</u>	<u>\$19,628,582.00</u>	<u>\$21,849,000.00</u>	<u>\$23,804,500.00</u>	<u>\$67,735,875.00</u>	<u>\$84,654,450.00</u>	<u>\$20,212,550.00</u>		

\* Preliminary, subject to change

<sup>(1)</sup> Excludes the 2016 Refunding Bonds, 2016B Refunding Bonds, and 2019 Refunding Bonds, the proceeds of which refinanced bonds of the 2006 Authorization. The debt service of such bonds is shown in "Combined General Obligation Bonds Debt Service Schedule" herein.

<sup>(2)</sup> The 2006 Series 2010B Bonds are designated as "Build America Bonds" pursuant to an irrevocable election by the District to have Section 54AA and Section 54AA(g) of the Code apply thereto. The District expects to receive a cash subsidy payment from the United States Department of the Treasury equal to 35% of the interest payable on such bonds on or about each semi-annual interest payment date (each a "BAB Subsidy").

<sup>(3)</sup> Includes debt service on the 2006 Series 2010B Bonds, 2006 Series 2011A Bonds and 2006 Series 2012A Bonds which are expected to be refinanced with proceeds of the 2016C Refunding Bonds, 2016 Refunding Bonds, and 2016D Refunding Bonds, respectively, on a crossover basis, on September 1, 2020 (the "2016C Crossover Date"), September 1, 2021 (the "2016 Crossover Date"), and September 1, 2022 (the "2016D Crossover Date"), respectively. Prior to the respective crossover dates, the 2006 Series 2010B Bonds, 2006 Series 2011A Bonds, and 2006 Series 2012A Bonds to be refunded will continue to be general obligations of the District secured by and payable solely from *ad valorem* property taxes, and, with respect to the 2006 Series 2010B Bonds, the BAB Subsidy.

<sup>(4)</sup> The 2006 Series 2011A-1 Bonds are designated as "Qualified School Construction Bonds" pursuant to an irrevocable election by the District to have Section 54F and Section 6431 of the Code, as amended by the Hiring Incentives to Restore Employment Act of 2010, apply thereto. The District expects to receive a cash subsidy payment from the United States Department of the Treasury equal to 100% of the interest payable on such bonds on or about each semi-annual interest payment date (each a "QSCB Subsidy Payment" and together with the BAB Subsidy, the "Subsidy Payments").

<sup>(5)</sup> This table reflects gross debt service payments and does not reflect the anticipated receipt of the Subsidy Payments. The Subsidy Payments are subject to reduction (the "Sequestration Reduction") pursuant to the federal Balanced Budget and Emergency Deficit Control Act of 1985, as amended, which currently includes provisions reducing the Subsidy Payments by 5.9% through the end of the current federal fiscal year (September 30, 2020). In the absence of action by the United States Congress, the rate of the Sequestration Reduction is subject to change in the following federal fiscal year. The District cannot predict whether or how subsequent sequestration actions may affect Subsidy Payments currently scheduled for receipt in future federal fiscal years. However, notwithstanding any such reduction, the County Board of Supervisors is empowered and obligated to levy *ad valorem* property taxes in an amount sufficient to pay the principal of and interest on the 2006 Series 2010B Bonds and 2006 Series 2011A-1 Bonds. The County will deposit any cash Subsidy Payments received into the respective debt service fund for such bonds.

<sup>(6)</sup> Includes debt service on the Refunded Bonds.

[Footnotes continued on following page.]

<sup>(7)</sup> Includes debt service due on the 2016C Refunding Bonds and 2016D Refunding on and prior to the 2016C Crossover Date and 2016D Crossover Date, respectively. Prior to the respective crossover dates, debt service on such bonds will be secured by and payable solely from funds on deposit in the respective escrow funds established therefor from proceeds of such bonds. From and after the respective crossover dates, such bonds will constitute general obligations of the District, payable solely from *ad valorem* property taxes.

<sup>(8)</sup> Final principal maturity and interest payment on July 1, 2051.

Source: *San Mateo Union High School District*.

**2010 AUTHORIZATION GENERAL OBLIGATION BOND DEBT SERVICE SCHEDULE<sup>(1)</sup>**  
**San Mateo Union High School District**

<b>Year Ending September 1</b>	<b>2010 Series 2011A Bonds<sup>(2)</sup></b>	<b>2010 Series 2013A Bonds<sup>(2)</sup></b>	<b>2010 Series 2015A Bonds</b>	<b>2016E Refunding Bonds<sup>(3)</sup></b>	<b>2017 Refunding Bonds</b>	<b>Combined Annual Debt Service</b>
2020	\$495,000.00	\$746,250.00	\$2,580,000.00	\$764,600.00	\$1,381,891.90	\$5,967,741.90
2021	600,011.44	746,250.00	2,770,000.00	764,600.00	1,381,891.90	6,262,753.34
2022	750,000.00	746,250.00	2,929,850.00	764,600.00	1,381,891.90	6,572,591.90
2023	90,000.00	746,250.00	3,125,850.00	764,600.00	2,021,891.90	6,748,591.90
2024	105,000.00	776,250.00	3,285,350.00	764,600.00	2,135,667.90	7,066,867.90
2025	425,000.00	1,059,750.00	4,239,600.00	849,600.00	4,840,224.40	11,414,174.40
2026	160,000.00	879,000.00	3,553,350.00	761,200.00	2,615,894.36	7,969,444.36
2027	150,000.00	891,500.00	3,726,100.00	761,200.00	2,527,278.50	8,056,078.50
2028	170,000.00	938,000.00	3,891,350.00	761,200.00	2,669,419.66	8,429,969.66
2029	12,979,485.00	1,651,750.00	6,703,850.00	1,441,200.00	1,239,450.00	24,015,735.00
2030	14,718,722.50	1,804,250.00	7,250,600.00	1,594,000.00	1,235,875.00	26,603,447.50
2031	15,569,442.50	1,891,750.00	7,525,200.00	1,679,600.00	1,237,300.00	27,903,292.50
2032	16,455,987.50	1,982,000.00	7,814,600.00	1,770,400.00	1,238,562.50	29,261,550.00
2033	12,946,262.50	2,774,500.00	11,072,400.00	2,566,000.00	1,239,662.50	30,598,825.00
2034	18,383,585.00	2,175,500.00	8,424,000.00	1,963,000.00	1,240,600.00	32,186,685.00
2035	19,419,355.00	2,275,500.00	--	2,066,000.00	1,236,375.00	24,997,230.00
2036	20,512,230.00	2,385,500.00	--	2,172,600.00	1,237,150.00	26,307,480.00
2037	21,665,820.00	2,500,500.00	--	2,292,400.00	1,237,425.00	27,696,145.00
2038	22,877,730.00	2,615,500.00	--	2,404,050.00	1,237,525.00	29,134,805.00
2039	24,149,895.00	2,740,500.00	--	2,530,600.00	1,237,450.00	30,658,445.00
2040	25,493,245.00	2,868,000.00	--	2,656,450.00	1,237,200.00	32,254,895.00
2041	21,452,035.00	3,008,250.00	--	2,796,450.00	6,111,775.00	33,368,510.00
2042	--	--	--	--	26,630,550.00	26,630,550.00
Total	<u>\$249,568,806.44</u>	<u>\$38,203,000.00</u>	<u>\$78,892,100.00</u>	<u>\$34,888,950.00</u>	<u>\$68,552,952.42</u>	<u>\$470,105,808.86</u>

<sup>(1)</sup> Excludes the 2016 Refunding Bonds, 2016B Refunding Bonds, and 2019 Refunding Bonds, the proceeds of which refinanced bonds of the 2010 Authorization. The debt service of such bonds is shown in “- Combined General Obligation Bonds Debt Service Schedule” herein.

<sup>(2)</sup> Includes debt service on the 2010 Series 2011A Bonds and 2010 Series 2013A Bonds which are expected to be refinanced with proceeds of the 2016 Refunding Bonds and 2016E Refunding Bonds, respectively, on a crossover basis, on the 2016 Crossover Date and September 1, 2023 (the “2016E Crossover Date”), respectively. Prior to the respective crossover dates, the 2010 Series 2011A Bonds and 2010 Series 2013A Bonds to be refunded will continue to be general obligations of the District, secured by and payable solely from *ad valorem* property taxes.

<sup>(3)</sup> Includes debt service due on the 2016E Refunding Bonds on and prior to the 2016E Crossover Date. Prior to the 2016E Crossover Date, debt service on the 2016E Refunding Bonds will be secured by and payable solely from funds on deposit in the escrow fund established therefor from proceeds of the 2016E Refunding Bonds. From and after the 2016E Crossover Date, the 2016E Refunding Bonds will constitute general obligations of the District, payable solely from *ad valorem* property taxes.

Source: San Mateo Union High School District.

**COMBINED GENERAL OBLIGATION BOND DEBT SERVICE SCHEDULE\***  
**San Mateo Union High School District**

<b>Year Ending September 1</b>	<b>Combined 2000 Authorization Bonds<sup>(1)</sup></b>	<b>Combined 2006 Authorization Bonds<sup>(2)</sup></b>	<b>Combined 2010 Authorization Bonds<sup>(3)</sup></b>	<b>2016 Refunding Bonds<sup>(4)</sup></b>	<b>2016B Refunding Bonds</b>	<b>2019 Refunding Bonds</b>	<b>Combined Annual Debt Service<sup>(5)</sup></b>
2020	\$12,179,487.00	\$19,778,647.10	\$5,967,741.90	\$441,175.00	\$1,622,600.00	\$2,118,546.90	\$42,108,197.90
2021	12,681,247.00	21,843,397.10	6,262,753.34	441,175.00	1,625,400.00	2,116,981.70	44,970,954.14
2022	13,202,023.00	22,869,319.10	6,572,591.90	471,175.00	1,630,800.00	2,115,099.10	46,861,008.10
2023	13,931,093.00	23,921,223.10	6,748,591.90	479,675.00	1,625,800.00	2,117,817.10	48,824,200.10
2024	14,527,986.00	21,884,843.10	7,066,867.90	497,675.00	4,600,800.00	2,115,000.50	50,693,172.50
2025	10,875,000.00	19,498,767.86	11,414,174.40	774,675.00	4,816,600.00	5,481,350.50	52,860,567.76
2026	15,755,000.00	20,222,493.36	7,969,444.36	597,675.00	5,053,800.00	5,558,594.70	55,157,007.42
2027	16,195,000.00	20,989,175.36	8,056,078.50	628,675.00	5,291,000.00	5,802,726.70	56,962,655.56
2028	16,850,000.00	20,438,847.86	8,429,969.66	1,499,275.00	6,187,600.00	6,715,088.30	60,120,780.82
2029	--	21,275,770.30	24,015,735.00	1,395,475.00	6,446,600.00	7,584,134.40	60,717,714.70
2030	--	22,220,467.56	26,603,447.50	1,479,075.00	6,751,800.00	8,017,262.30	65,072,052.36
2031	--	23,230,119.70	27,903,292.50	1,582,675.00	2,085,600.00	3,529,515.10	58,331,202.30
2032	--	24,281,782.70	29,261,550.00	1,685,100.00	151,000.00	1,715,097.30	57,094,530.00
2033	--	28,667,513.36	30,598,825.00	2,927,812.50	150,800.00	2,397,869.70	64,742,820.56
2034	--	30,684,169.96	32,186,685.00	2,973,600.00	150,600.00	1,878,774.30	67,873,829.26
2035	--	14,473,031.26	24,997,230.00	--	150,400.00	1,972,346.70	41,593,007.96
2036	--	14,609,131.26	26,307,480.00	--	150,200.00	2,062,624.40	43,129,435.66
2037	--	15,136,406.26	27,696,145.00	--	150,000.00	2,163,307.30	45,145,858.56
2038	--	14,347,781.26	29,134,805.00	--	149,800.00	2,263,903.10	45,896,289.36
2039	--	15,278,181.26	30,658,445.00	--	149,600.00	2,374,247.70	48,460,473.96
2040	--	11,212,443.76	32,254,895.00	--	149,400.00	2,483,848.80	46,100,587.56
2041	--	11,765,181.26	33,368,510.00	--	724,200.00	2,597,542.30	48,455,433.56
2042	--	12,344,593.76	26,630,550.00	--	3,146,000.00	--	42,121,143.76
2043	--	12,958,812.50	--	--	--	--	12,958,812.50
2044	--	13,601,343.76	--	--	--	--	13,601,343.76
2045	--	14,385,656.26	--	--	--	--	14,385,656.26
2046	--	15,096,968.76	--	--	--	--	15,096,968.76
2047	--	14,344,250.00	--	--	--	--	14,344,250.00
2048	--	15,239,900.00	--	--	--	--	15,239,900.00
2049	--	16,180,300.00	--	--	--	--	16,180,300.00
2050	--	17,159,600.00	--	--	--	--	17,159,600.00
2051	--	18,393,833.33	--	--	--	--	18,393,833.33
<b>Total</b>	<b><u>\$126,196,836.00</u></b>	<b><u>\$588,333,952.21</u></b>	<b><u>\$470,105,808.86</u></b>	<b><u>\$17,874,912.50</u></b>	<b><u>\$52,960,400.00</u></b>	<b><u>\$75,181,678.90</u></b>	<b><u>\$1,330,653,588.47</u></b>

\* Preliminary, subject to change

(1) See "- 2000 Authorization General Obligation Bond Debt Service Schedule" herein.

(2) See "- 2006 Authorization General Obligation Bond Debt Service Schedule" herein, as well as the footnotes thereto. Excludes debt service on the Bonds and includes debt service on the Refunded Bonds.

(3) See "- 2010 Authorization General Obligation Bond Debt Service Schedule" herein, as well as the footnotes thereto.

(4) Includes debt service due on the 2016 Refunding Bonds on and prior to the 2016 Crossover Date. Prior to the 2016 Crossover Date, debt service on the 2016 Refunding Bonds will be secured by and payable solely from funds on deposit in the escrow fund established therefor from proceeds of the 2016 Refunding Bonds. From and after the 2016 Crossover Date, the 2016 Refunding Bonds will constitute general obligations of the District, payable solely from *ad valorem* property taxes.

(5) Excludes debt service on the Bonds and includes debt service on the Refunded Bonds.

Source: San Mateo Union High School District.

**Capital Leases.** In fiscal year 2018-19, the District entered into a capital lease for the purchase of copy machines. The capital lease was in the principal amount of \$385,372.23, and, under the lease, the District must make quarterly principal payments of \$21,897, plus interest, through fiscal year 2022-23.

## **TAX MATTERS**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code but is exempt from State of California personal income tax.

Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Owner of a Bond will increase the Owner's basis in the Bond. Owners of Bonds should consult their own tax advisor with respect to taking into account any original issue discount on the Bonds.

The amount by which a Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the Owner of a Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of taxable interest received) and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in the Owner of a Bond realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. The Owners of the Bonds that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

The federal tax and State of California personal income tax discussion set forth above with respect to the Bonds is included for general information only and may not be applicable depending upon an Owner's particular situation. The ownership and disposal of the Bonds and the accrual or receipt of interest with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences.

A copy of the proposed form of opinion of Bond Counsel for the Bonds is attached hereto as APPENDIX A.

## **LIMITATION ON REMEDIES; BANKRUPTCY**

### **General**

State law contains certain safeguards to protect the financial solvency of school districts. See "DISTRICT FINANCIAL INFORMATION – Budget Process" herein. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent, operating through an administrator appointed by the State Superintendent, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the school district for the adjustment of its debts, assuming that the school district meets certain other requirements contained in the Bankruptcy Code necessary for filing a petition under Chapter 9. School

districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a Chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

### **Statutory Lien**

Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the District or the Board, and is valid and binding from the time the Bonds are executed and delivered. See “THE BONDS – Security and Sources of Payment” herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of “special revenues” within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

### **Special Revenues**

If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues should not be subject to the automatic stay. “Special revenues” are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to finance or refinance the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in the State, so no assurance can be given that a bankruptcy court would not hold otherwise.

## **Possession of Tax Revenues; Remedies**

The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County's pooled investment fund, as described in "THE BONDS – Application and Investment of Bond Proceeds" herein and "APPENDIX E – SAN MATEO COUNTY TREASURY POOL" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

## **Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights**

The proposed form of the approving opinion of Bond Counsel attached hereto as APPENDIX A is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

## **LEGAL MATTERS**

### **Legality for Investment in California**

Under provisions of the State Financial Code, the Bonds are legal investments for commercial banks in the State to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and, under provisions of the Government Code, are eligible for security for deposits of public moneys in the State.

### **Enhanced Reporting Requirements**

Under Section 6049 of the Internal Revenue Code of 1986, as amended by the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"), interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date for this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

### **Escrow Verification**

Upon delivery of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriter relating to the adequacy of the maturing principal of and interest on the Federal Securities in the Escrow Fund, together with any moneys held therein as cash, to pay the redemption price of the

Refunded Bonds on September 1, 2024, and interest on the Refunded Bonds due on and prior to such date.

### **Continuing Disclosure**

***Current Undertaking.*** In connection with the issuance of the Bonds, the District has covenanted for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the “Annual Reports”) by not later than eight months following the end of the District’s fiscal year (which currently ends June 30), commencing with the report for the 2018-19 fiscal year (which is due no later than March 1, 2020), and to provide notices of the occurrence of certain listed events. The Annual Reports and notices of listed events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or the notices of listed events is included in “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

***Previous Undertakings.*** Within the past five years, the annual report for fiscal year 2013-14 was not initially properly associated with certain of the 2000 Series C Bonds’ CUSIPs and the 2014-15 annual report was not initially properly associated with certain of the 2010 Series 2011A Bonds’ CUSIPs. The District has retained Keygent LLC as its dissemination agent to assist it in preparing and filing the annual reports and notices of listed events required under its existing continuing disclosure obligations, as well as the undertaking entered into in connection with the Bonds.

### **Absence of Material Litigation**

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District’s ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District’s ability to issue and retire the Bonds.

There are certain lawsuits and claims pending against the District. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims, if determined adverse to the District, would not materially affect the finances of the District.

### **Legal Opinion**

The legal opinion of Bond Counsel, approving the validity of the Bonds, will be supplied to the original purchasers of the Bonds without cost. A copy of the proposed form of such legal opinion is attached to this Official Statement as APPENDIX A.

## **MISCELLANEOUS**

### **Rating**

Moody’s has assigned the rating of “Aaa” to the Bonds. Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency, at the following address: Moody’s Investors Service, 7 World Trade Center at 250 Greenwich, New York, New York 10007.



Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies. There is no assurance that the rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of the rating agency, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Bonds.

The District has covenanted in a Continuing Disclosure Certificate to file on the Electronic Municipal Market Access website operated by Municipal Securities Rulemaking Board (“EMMA”) notices of any rating changes on the Bonds. See “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agency prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the rating agency and its website and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

### **Financial Statements**

The District’s audited financial statements with supplemental information for the year ended June 30, 2018, the independent auditor’s report of the District, and the related statements of activities and of cash flows for the year then ended, and the report of James Marta & Company LLP (the “Auditor”) dated December 10, 2018, are attached to this Official Statement as APPENDIX B. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

### **Underwriting**

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), pursuant to a contract for purchase and sale thereof by and between the Underwriter and the District (the “Purchase Contract”). The Underwriter has agreed to purchase the Bonds at a price of \$\_\_\_\_\_, which is equal to the initial principal amount of the Bonds of \$\_\_\_\_\_, less the Underwriter’s discount of \$\_\_\_\_\_.

The Purchase Contract for the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreement, the approval of certain legal matters by Bond Counsel and certain other conditions. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page. The offering prices may be changed from time to time by the Underwriter.

### **Additional Information**

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein,

do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

All data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners, beneficial or otherwise, of any of the Bonds. This Official Statement and the delivery thereof have been duly approved and authorized by the District.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**

By: \_\_\_\_\_  
Elizabeth McManus  
Deputy Superintendent, Business Services

## APPENDIX A

### FORM OF OPINION OF BOND COUNSEL

*Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds substantially in the following form:*

\_\_\_\_\_, 2019

Board of Trustees  
San Mateo Union High School District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$\_\_\_\_\_ San Mateo Union High School District 2019 General Obligation Refunding Bonds, Series B (Federally Taxable) (the “Bonds”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution of the Board of Trustees of the San Mateo Union High School District (the “District”) adopted on September 19, 2019 (the “Resolution”).
2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.
3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”).
4. Interest on the Bonds is exempt from State of California personal income tax.
5. Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated payment price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner’s basis in the applicable Bond.
6. The amount by which a Bond owner’s original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the

owner of a Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Bond owner's basis in the applicable Bond (and the amount of taxable interest received) for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in the owner of a Bond realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner. The owners of the Bonds that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

Except as expressly set forth in paragraphs (3), (4), (5) and (6), we express no opinion regarding any tax consequences with respect to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

## **APPENDIX B**

### **2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT**

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**SAN MATEO UNION HIGH SCHOOL DISTRICT**

**COUNTY OF SAN MATEO  
SAN MATEO, CALIFORNIA**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**JAMES MARTA & COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

**[WWW.JPMCPA.COM](http://WWW.JPMCPA.COM)**

**701 HOWE AVENUE, E3  
SACRAMENTO, CA**

**(916) 993-9494  
(916) 993-9489 FAX**

# **SAN MATEO UNION HIGH SCHOOL DISTRICT**

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**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting and Tax*

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## **INDEPENDENT AUDITOR'S REPORT**

To the Governing Board  
San Mateo Union High School District  
San Mateo, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Mateo Union High School District (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the district'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 district's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget (Non-GAAP) and Actual - General Fund, Schedule of Funding Progress Other Postemployment Benefit (OPEB), Schedule of Proportionate Share of Net Pension Liability and Schedule of Pension Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

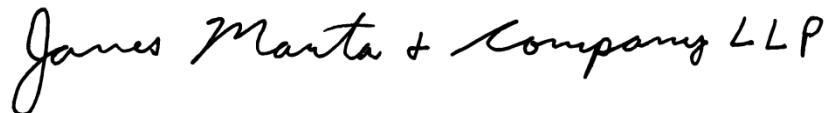
The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Change in Accounting Principle*

San Mateo Union High School District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required a restatement of net position as of July 1, 2017. The effects of this restatement are described in Note 12 to the basic financial statements.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
December 10, 2018

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

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

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**DISTRICT PROFILE**

The San Mateo Union High School District serves the cities of San Mateo, San Bruno, Burlingame, Foster City, and Millbrae as well as the town of Hillsborough. It operates six comprehensive high schools, a charter school, a continuation high school, a middle college program and an adult school. The district is located in northern Silicon Valley along the U.S. 101 freeway, approximately 30 miles south of San Francisco.

The District is categorized as Basic Aid and receives 87% of its revenues from local property taxes. The district's assessed valuation (AV) growth for 2018 was 7.4% over the prior year.

The District's enrollment began to increase in 2013. The District's average daily attendance for grades nine through twelve was 8,408. Design Technology Charter High School had 528 ADA in grades nine through eleven and the Adult School had over 7,000 ADA. The District's enrollment is anticipated to continue to grow slowly until 2022.

The District currently employs approximately 1,500 staff members.

This section of San Mateo Union High School District's 2017-18 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section.

**MISSION**

The mission of the San Mateo Union High School District is to challenge and motivate each student to achieve full potential as a responsible member of our diverse community, in a safe learning environment that promotes intellectual growth, health, creativity, and respect for self and others.

**BELIEFS**

We believe that:

- Each individual has equal inherent dignity and worth.
- Family is essential to the development of an individual's values.
- Learning develops the aesthetic, emotional, intellectual, practical, and social aspects of the whole person.
- Learning is a unique, personal, and lifelong experience.
- Motivation is essential for reaching one's potential.
- Higher expectations yield higher results.
- Communities have a responsibility to the individual as individuals have a responsibility to the community.
- Diversity enriches the community.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

**Enrollment**

Grade	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
9	1,981	2,103	2,102	2,195	2,237	2,290	2,304	2,374	2,353	2,328	2,314	2,384	2,411	2,436
10	1,979	1,964	2,117	2,102	2,206	2,237	2,292	2,311	2,377	2,354	2,328	2,312	2,383	2,409
11	1,891	1,944	1,967	2,149	2,117	2,210	2,247	2,302	2,317	2,381	2,355	2,330	2,313	2,384
12	2,009	1,896	2,004	2,074	2,218	2,178	2,279	2,316	2,339	2,353	2,418	2,393	2,364	2,348
Subtotals	7,860	7,907	8,190	8,520	8,778	8,915	9,122	9,303	9,386	9,416	9,415	9,419	9,471	9,577
SDC	321	329	268	211	209	202	208	213	215	216	215	217	218	222
Totals	8,181	8,236	8,458	8,731	8,987	9,117	9,330	9,516	9,601	9,632	9,630	9,636	9,689	9,799
Difference	-	55	222	273	256	130	213	186	85	31	(2)	6	53	110

**2017-18 CBEDS**

○ Primary enrollment	8,908
○ English Learners	932
○ Eligible Immigrants	529
○ Gifted and Talented	1,528
○ Special Education	868
○ Economically Disadvantaged	1,007

The preceding table shows the enrollment history for San Mateo Union High School District including its charter school. Design Technology Charter High School first year of operation was 2014-15 and you will note the slight increase as their 9<sup>th</sup> grade was feathered in.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

*The Statement of Net Position and the Statement of Activities and Change in Net Position*

The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and liabilities, one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the District's enrollment, property tax base, and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Basic Aid School District's are dependent upon assessed valuation growth and changes in enrollment. The Board has set up several safeguard to ensure unforeseen changes in the assessed valuation does not negatively impact the programs we provide to students. The quality of the education, breadth and depth of support programs services for all students and the safety of our schools are critical.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

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**FUND FINANCIAL STATEMENTS**

The fund financial statements are designed to report information about the District's most significant funds. Funds are accounting structures the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and bond covenants. The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues. Fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

- Governmental funds statements tell how basic services such as instruction and pupil services were financed in the short term as well as what remains for future spending. Most of the District's basic services are included in governmental funds. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information in the reconciliation statements that explains the relationship (or differences) between them.
- Proprietary funds statements offer financial information about the activities the district operates on a cost reimbursement basis, such as the self-insurance fund. Proprietary funds are reported in the same way as the district-wide statements.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong such as associated student body accounts. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in district-wide and fund financial statements. The notes to the financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's general fund budget, both the adopted and final version, with year-end actuals.

**ACTIVITIES**

- The District Office staff resided in two different locations as the new District Office was under construction.
- The District was awarded a grant for a lower emission school bus. The grant will be received in FY19.
- A comprehensive Mental Health initiative was expanded and is considered successful supporting our students.
- The Board of Trustees adopted a Sustainability Policy.
- An Actuarial Study was conducted, updating health care liabilities and disclosures.
- The Board of Trustees approved Design Technology Charter School's material reason for revising their charter based on location.
- CEQA exemption was determined for the BHS stadium public address system.
- The District collected payment for construction expenses incurred due to PG&E mismanagement.



**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

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- Citizen Oversight Committee presented their annual report.
- The Board of Trustees selected a site for the new Continuation High School. The District is pursuing acquiring the property using eminent domain. An architect was selected to design the new facility and a CEQA process began.
- Stadium lights at five comprehensive high schools were completed.
- On December 12, 2017, the District refinanced \$34.3 million of its Measure O bonds, saving taxpayers over \$6.3 million in interest cost. The refinancing decreased the average interest rate on these particular bonds from 5.04% to 3.6% and also converted prior capital appreciation bonds into current interest bonds. These savings also allow for additional bonding capacity in the future.
- As part of the refinancing process, the District had its Moody's general obligation bond credit rating reviewed. The District maintained its Aaa rating, which is the highest possible rating available.
- In their ratings rationale, Moody's noted the Districts' strong financial position, exceptionally large and growing tax base with high wealth levels, and participation in the Silicon Valley economy. The District's credit ratings allows for aggressive interest rate pricing when the bonds are sold to investors. This ultimately saves the taxpayers money.
- The District continues to investigate employee housing opportunities to attract exemplary classified and certificated staff to the District.
- LCAP process was underway throughout the year
- District goals were set in the fall and progress was tracked throughout the year.
- Design Technology Charter School provided an annual school update.
- The District received a grant to construct electric vehicle charging stations at every comprehensive site and the new District office

**FINANCIAL HIGHLIGHTS**

- The District received one-time Mandated Cost reimbursement grant totaling \$1,705,875
- The District received a Career Technology Grant totaling \$2.9M. The grant sunsets June 30, 2019.
- The District received a College Readiness Grant totaling \$297,135. The grant expires June 30, 2019.
- The District received Mills Peninsula Mental Health Grant totaling \$1,500,000 for 3 years (2016-17, 2017-18 & 2018-19).
- 5.5 Certificated FTE's were added to the budget from the prior year.
- 2.2 Classified FTE's were subtracted from the budget from the prior year.
- Salary schedules were increased by 4% for all bargaining groups.
- PERS rate increased 2.53% and STRS rate increased 1.85%, a \$2.5M.
- The District's ending balance increased from the Estimated Actuals by \$2,153,375. The contributing factors were the changes to revenues and expenditures. Revenues decreased by \$976,675. LCFF sources increased by \$425,332 from the estimated actuals due to the changes in State Aid and property Tax Transfers.
- The ending balance was composed of a 12% basic aid reserve consisting of \$19,234,817, unrestricted and restricted carry over program budgets of \$2,395,602, and a \$328,324 set aside to offset the 2018-19 deficit.
- Net Position decreased by \$41.5 million to (\$107,619,868) million as of June 30, 2018. The requirement under GASB 68 to recognize the District's share of its STRS and PERS liability attributed to the erosion of net position.
- Total salary and benefits for the General Fund represented 78% of total expenditures.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NET POSITION**

The District's combined net position, as of June 30, 2018, was (\$107,619,868) reflecting a decrease of 63%.

**Condensed Statement of Net Position**

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>Change</u>	<u>Percentage %</u>
<b>Assets:</b>				
Current Assets	\$ 194,142,267	\$ 185,826,058	\$ (8,316,209)	-4.3%
Capital Assets, Net	<u>526,285,439</u>	<u>522,696,526</u>	<u>(3,588,913)</u>	<u>-0.7%</u>
<b>Total Assets</b>	<u>720,427,706</u>	<u>708,522,584</u>	<u>(11,905,122)</u>	<u>-1.7%</u>
Deferred Outflows of Resources	<u>36,638,428</u>	<u>52,576,310</u>	<u>(15,937,882)</u>	<u>-43.5%</u>
<b>Liabilities:</b>				
Current Liabilities	21,392,958	23,293,183	1,900,225	8.9%
Long-term Liabilities	<u>750,486,839</u>	<u>779,323,919</u>	<u>28,837,080</u>	<u>3.8%</u>
<b>Total Liabilities</b>	<u>771,879,797</u>	<u>802,617,102</u>	<u>30,737,305</u>	<u>4.0%</u>
Deferred Inflows of Resources	<u>51,226,531</u>	<u>66,101,660</u>	<u>(14,875,129)</u>	<u>-29.0%</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	10,743,392	(9,546,694)	(20,290,086)	-188.9%
Restricted	35,804,026	36,725,424	921,398	2.6%
Unrestricted	<u>(112,587,612)</u>	<u>(134,798,598)</u>	<u>(22,210,986)</u>	<u>-19.7%</u>
<b>Total Net Position</b>	<u>\$ (66,040,194)</u>	<u>\$ (107,619,868)</u>	<u>\$ 41,579,674</u>	<u>63.0%</u>

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

**CHANGE IN NET POSITION**

The District's total revenues increased \$16,565,181, 8.4%, to \$213,745,583. The total cost of all programs and services increased 20.3% to \$252,819,128. The District's expenses are predominantly related to educating and caring for students (58.8%).

<b>Condensed Statement of Activities</b>				
	<b>2017</b>	<b>2018</b>	<b>Change</b>	<b>Percentage %</b>
<b>Revenues:</b>				
Charges for Services	\$ 791,961	\$ 877,663	\$ 85,702	10.8%
Operating Grants & Contributions	19,103,938	19,797,382	693,444	3.6%
Capital Grants & Contributions	19,942	2,437	(17,505)	-87.8%
Federal & State Aid, not restricted for specific purposes	5,939,275	5,233,739	(705,536)	-11.9%
Taxes and Subventions	161,629,901	175,546,915	13,917,014	8.6%
Interest & Investment Earnings	1,252,455	2,437,517	1,185,062	94.6%
Other General Revenues	8,442,930	9,849,930	1,407,000	16.7%
<b>Total Revenues</b>	<b>197,180,402</b>	<b>213,745,583</b>	<b>16,565,181</b>	<b>8.4%</b>
<b>Expenses:</b>				
Instruction	78,923,107	100,675,543	21,752,436	27.6%
Instruction Related Services	18,526,328	23,554,425	5,028,097	27.1%
Pupil Services	19,734,829	24,450,639	4,715,810	23.9%
General Administration	8,314,171	8,997,992	683,821	8.2%
Plant Services	23,790,463	24,659,700	869,237	3.7%
Interest on Long-Term Debt	41,085,731	29,809,017	(11,276,714)	-27.4%
Depreciation (unallocated)	28,071,997	27,585,555	(486,442)	-1.7%
Other Expenses	27,787,342	13,086,257	(14,701,085)	-52.9%
<b>Total Expenses</b>	<b>246,233,968</b>	<b>252,819,128</b>	<b>6,585,160</b>	<b>2.7%</b>
<b>Change in Net Position</b>	<b>\$ (49,053,566)</b>	<b>\$ (39,073,545)</b>	<b>\$ (9,980,021)</b>	<b>20.3%</b>

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

**LONG TERM LIABILITIES**

Total long-term liabilities increased by \$28,837,080 (3.8%).

	<u>2017</u>	<u>2018</u>	<u>Change</u>	<u>Percent Change</u>
Bonds Payable	\$ 538,171,882	\$ 530,960,287	\$ (7,211,595)	-1.34%
Accreted Interest	82,678,971	93,113,405	10,434,434	12.62%
Net OPEB Liability	85,836	2,755,146	2,669,310	3109.78%
Net Pension Liability	129,011,961	152,019,588	23,007,627	17.83%
Accumulated Vacation	538,189	475,493	(62,696)	-11.65%
Total	<u>\$ 750,486,839</u>	<u>\$ 779,323,919</u>	<u>\$ 28,837,080</u>	<u>3.84%</u>

The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

**CAPITAL ASSETS**

Capital assets, net of depreciation, decreased by \$3,588,913 (0.68%), due to current year acquisitions and improvements growing at a lower rate than accumulated depreciation and disposals.

	<u>2017</u>	<u>2018</u>
Land	\$ 3,693,384	\$ 3,693,384
Work-in-Progress	15,653,079	22,637,809
Buildings	224,580,715	224,580,715
Improvement of Sites	524,534,774	541,307,746
Equipment	8,034,542	8,273,496
Subtotals	776,496,494	800,493,150
Less: Accumulated Depreciation	<u>(250,211,055)</u>	<u>(277,796,624)</u>
Capital Assets, net	<u>\$ 526,285,439</u>	<u>\$ 522,696,526</u>

**GENERAL FUND**

*General Fund Budgetary Highlights*

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May revised figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim and any other time there are significant changes.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

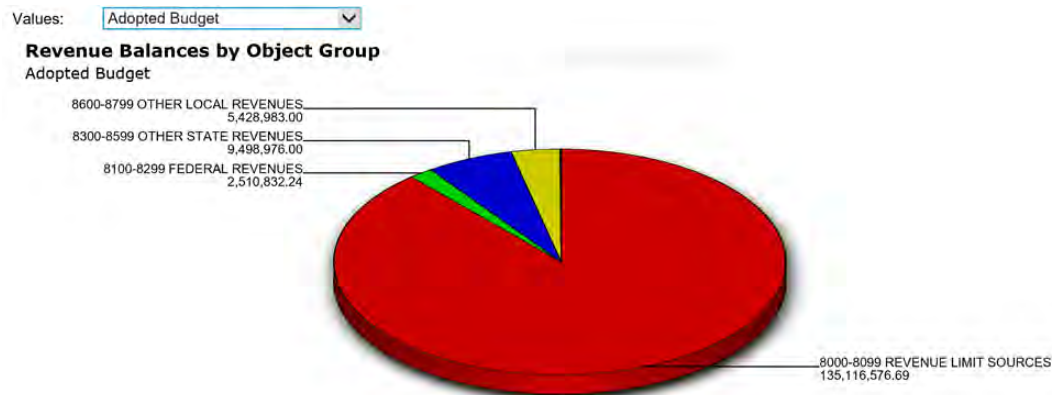
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The District incurred unanticipated expenditures in excess of appropriations for employee benefits and capital outlay of the general fund. The excess expenditures for employee benefits is due to the recognition of the state on-behalf payments for STRS, which are not included in the adopted budget.

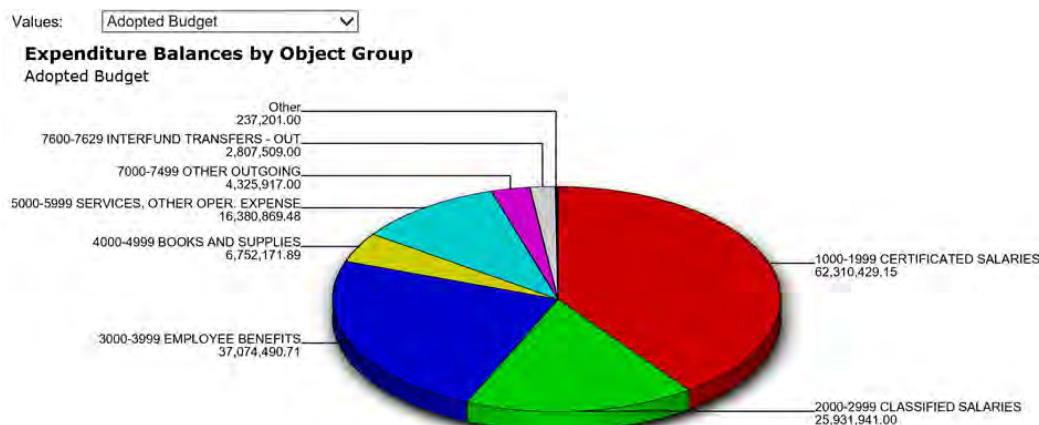
Other than the aforementioned instances, the District did not incur unanticipated expenditures in excess of appropriations in expenditure classifications for which the budget was not revised.

*Governmental Activities*

The following chart provides a breakdown of the \$152.6 million of General Fund revenues by category:



The following chart provides a breakdown of the \$155.6 million of General Fund expenditures by object:



Instruction and instruction-related services account for 51.5% of total expenditures by function. Overall, salary and benefits made up 78% of the total expenditures in the General Fund for 2017-18.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

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**ECONOMIC FACTORS AND THE FY 2017-18 BUDGET**

The LCFF was implemented to simplify funding for local educational agencies. The old funding model provided a per pupil allocation which was multiplied by the number of a school district's average daily attendance (ADA). Basic Aid school districts also received restricted monies for 50 different programs.

Under the LCFF and its revised models, revenue limits and most state categorical programs were eliminated. The LCFF creates funding targets based on student characteristics and provides greater flexibility to use these funds to improve student outcomes. For school districts and charter schools, the LCFF funding targets consist of grade span specific base grants plus supplemental and concentration grants that are calculated based on student demographic factors.

Basic aid districts, like SMUHSD receive more per-pupil funding than needed to meet their LCFF targets and their Economic Recovery Target. Because they lost funding as numerous categorical funds were rolled into the LCFF, they will continue to receive the same amount of state aid they received in 2012–13. The District is \$52.5M into Basic Aid.

The District's LCAP and the budget are aligned to the eight state priorities: Basic Services, Implementation of State Standards, Course Access, Pupil Achievement, Other Pupil Outcomes, Parent Involvement, Pupil Engagement, and Student Climate.

The Proposition 30 was extended by the electorate in the November 2016 ballot measure. This provides continued support for public education.

Basic aid districts have expenditure budgets that are built on local tax revenues. There is no safety net on basic aid revenues until they decline to the level of the revenue limit and the district ceases to be basic aid. Declines in revenue per student are quite common in basic aid districts; they happen every year in either small increments or large drops. Basic aid districts therefore must create their own safety net and must do it by maintaining higher-than-average reserves.

To safeguard the District against fluctuations, the Board of Trustees adopted a prudent Basic Aid contingency reserve equal to 12%.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our community, property taxpayers, parents, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability and safe guard of the money it receives. If you have questions regarding this report or need additional financial information, contact Elizabeth McManus, 650 Delaware Ave. San Mateo, CA 94401.

## **FINANCIAL SECTION**

**SAN MATEO UNION HIGH SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**JUNE 30, 2018**

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	<b><u>Governmental Activities</u></b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 179,947,361
Receivables	5,066,620
Prepaid expenses	765,508
Inventories	46,569
Capital assets, net of accumulated depreciation	<u>522,696,526</u>
Total Assets	<u>708,522,584</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on refunding of bonds	5,839,874
Deferred discount on bonds	702,109
Deferred outflows of resources relating to pensions (note 6)	<u>46,034,327</u>
Total deferred outflows	<u>52,576,310</u>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	21,401,929
Unearned revenue	1,891,254
Long-term liabilities:	
Due within one year	17,930,001
Due in more than one year	<u>761,393,918</u>
Total Liabilities	<u>802,617,102</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred bond premium revenue	44,241,565
Deferred inflows on pensions (note 6)	<u>21,860,095</u>
Total deferred inflows	<u>66,101,660</u>
<b>NET POSITION</b>	
Net investment in capital assets	(9,546,694)
Restricted	36,725,424
Unrestricted	<u>(134,798,598)</u>
Total Net Position	<u><u>\$ (107,619,868)</u></u>

The accompanying notes are an integral part of these financial statements.



**SAN MATEO UNION HIGH SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

		<b>Program Revenues</b>			<b>Net (Expense) Revenues and Changes in Net Position</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>
Governmental Activities					
Instruction	\$ 100,675,543	\$ 5,145	\$ 9,905,099	\$ 2,437	\$ (90,762,862)
Instruction - related services:					
Instructional supervision	7,058,724	440	1,270,500	-	(5,787,784)
Instructional library, media and technology	6,061,754	261	144,455	-	(5,917,038)
School site administration	10,433,947	3,550	1,576,692	-	(8,853,705)
Pupil Services:					
Home-to-school transportation	3,233,120	-	5,251	-	(3,227,869)
Food services	2,557,572	824,140	890,188	-	(843,244)
All other pupil services	18,659,947	82	880,070	-	(17,779,795)
General administration	8,997,992	43,268	192,766	-	(8,761,958)
Plant services	24,659,700	777	760,320	-	(23,898,603)
Ancillary services	5,625,393	-	132,249	-	(5,493,144)
Community services	27,000	-	-	-	(27,000)
Enterprise activities	1,900,690	-	-	-	(1,900,690)
Interest on long-term debt	29,809,017	-	-	-	(29,809,017)
Other outgo	5,533,174	-	4,039,792	-	(1,493,382)
Depreciation (unallocated)	27,585,555	-	-	-	(27,585,555)
Total governmental activities	<u>\$ 252,819,128</u>	<u>\$ 877,663</u>	<u>\$ 19,797,382</u>	<u>\$ 2,437</u>	<u>(232,141,646)</u>
General Revenues					
Taxes and subventions:					
Taxes levied for general purposes					137,883,392
Taxes levied for debt service					33,740,212
Taxes levied for other specific purposes					3,923,311
Federal and state aid not restricted to specific purposes					5,233,739
Interest and investment earnings					2,437,517
Interagency revenues					585,495
Miscellaneous					9,264,435
Total general revenues					<u>193,068,101</u>
Change in net position					<u>(39,073,545)</u>
Net Position - beginning, as originally reported					(66,040,194)
Prior period restatement (note 12)					<u>(2,506,129)</u>
Net Position - beginning, as restated					<u>(68,546,323)</u>
Net Position - June 30, 2018					<u>\$ (107,619,868)</u>

**SAN MATEO UNION HIGH SCHOOL DISTRICT**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2018**

	<b>General Fund</b>	<b>Building Fund</b>	<b>Bond Interest And Redemption Fund</b>	<b>All Non-Major Funds</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 32,128,111	\$ 91,830,472	\$ 32,337,621	\$ 23,651,157	\$ 179,947,361
Accounts receivable	3,734,149	476,693	124,347	731,431	5,066,620
Stores	46,569	-	-	-	46,569
Prepaid expenditures	765,508	-	-	-	765,508
Due from other funds	511,238	1,905,755	-	1,611,229	4,028,222
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 37,185,575</u>	<u>\$ 94,212,920</u>	<u>\$ 32,461,968</u>	<u>\$ 25,993,817</u>	<u>\$ 189,854,280</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 5,816,908	\$ 3,974,720	\$ -	\$ 2,665,704	\$ 12,457,332
Unearned revenue	1,744,781	-	-	146,473	1,891,254
Due to other funds	3,516,984	-	-	511,238	4,028,222
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>11,078,673</u>	<u>3,974,720</u>	<u>-</u>	<u>3,323,415</u>	<u>18,376,808</u>
Fund balances					
Nonspendable	832,077	-	-	-	832,077
Restricted	1,525,149	-	32,461,968	2,738,307	36,725,424
Committed	18,940,972	90,238,200	-	19,932,095	129,111,267
Unassigned	4,808,704	-	-	-	4,808,704
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balance	<u>26,106,902</u>	<u>90,238,200</u>	<u>32,461,968</u>	<u>22,670,402</u>	<u>171,477,472</u>
Total liabilities and fund balances	<u>\$ 37,185,575</u>	<u>\$ 94,212,920</u>	<u>\$ 32,461,968</u>	<u>\$ 25,993,817</u>	<u>\$ 189,854,280</u>

**SAN MATEO UNION HIGH SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**

**TO THE STATEMENT OF NET POSITION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Total fund balances - governmental funds	\$	171,477,472
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Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost:	\$ 800,493,150	
Accumulated depreciation:	<u>(277,796,624)</u>	
Net:		522,696,526

Unamortized costs: In governmental funds, debt issue costs and premiums are recognized in the period they are incurred. In the government-wide statements, debt issue costs and premiums are amortized over the life of the debt. Unamortized debt issue costs and premiums included in deferred inflows and outflows on the statement of net position are:

Unamortized portion of bond premiums		(44,241,565)
Unamortized portion of loss on refunding of bonds		5,839,874
Unamortized portion of bond discount		702,109

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unamatured interest owing at the end of the period was:

(8,944,597)

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General Obligation Bonds Payable	\$ (530,960,287)	
Net OPEB liability	(2,755,146)	
Accreted Interest on General Obligation Bonds Payable	(93,113,405)	
Compensated absences payable	(475,493)	
Net Pension Liability	<u>(152,019,588)</u>	
		(779,323,919)

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pension are reported.

Deferred outflows of resources relating to pensions		46,034,327
Deferred inflows of resources relating to pensions		<u>(21,860,095)</u>

Total net position, governmental activities:	\$	<u>(107,619,868)</u>
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**SAN MATEO UNION HIGH SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND**

**CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>General Fund</b>	<b>Building Fund</b>	<b>Bond Interest And Redemption Fund</b>	<b>All Non-Major Funds</b>	<b>Total</b>
<b>REVENUES</b>					
LCFF sources	\$ 140,020,947	\$ -	\$ -	\$ -	\$ 140,020,947
Federal revenue	2,778,826	-	2,273,815	1,283,177	6,335,818
Other state revenues	9,966,094	-	126,068	4,680,875	14,773,037
Other local revenues	8,020,476	6,711,786	33,938,444	3,945,081	52,615,787
Total revenues	160,786,343	6,711,786	36,338,327	9,909,133	213,745,589
<b>EXPENDITURES</b>					
Certificated salaries	62,337,304	-	-	2,686,896	65,024,200
Classified salaries	26,891,385	27,294	-	2,282,862	29,201,541
Employee benefits	36,395,978	3,603	-	1,879,492	38,279,073
Books and supplies	8,133,544	160,466	-	1,082,037	9,376,047
Services and other operating expenditures	16,923,560	1,291,143	-	1,735,977	19,950,680
Capital outlay	238,955	21,626,853	-	1,336,818	23,202,626
Other outgo	3,995,566	-	-	111,099	4,106,665
Debt service, principle	-	-	14,750,185	-	14,750,185
Debt service, interest	-	-	21,209,321	-	21,209,321
Total expenditures	154,916,292	23,109,359	35,959,506	11,115,181	225,100,338
Excess (deficiency) of revenues over expenditures	5,870,051	(16,397,573)	378,821	(1,206,048)	(11,354,749)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	2,547,509	-	2,826,346	5,373,855
Operating transfers out	(5,373,855)	-	-	-	(5,373,855)
Proceeds from debt issuance	-	41,930,000	0	-	41,930,000
Other uses	-	(40,877,099)	(8,400)	-	(40,885,499)
Total other financing sources (uses)	(5,373,855)	3,600,410	(8,400)	2,826,346	1,044,501
Net change in fund balances	496,196	(12,797,163)	370,421	1,620,298	(10,310,248)
Fund balances, July 1, 2017	25,610,706	103,035,363	32,091,547	21,050,104	181,787,720
Fund balances, June 30, 2018	\$ 26,106,902	\$ 90,238,200	\$ 32,461,968	\$ 22,670,402	\$ 171,477,472

# SAN MATEO UNION HIGH SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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Total net change in fund balances - governmental funds	\$ (10,310,248)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$ 23,996,655	
Depreciation expense:	<u>(27,585,555)</u>	
		(3,588,900)

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

17,685,000

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from were:

(7,538,590)

Accreted interest: In governmental funds, accreted interest on capital appreciation bonds and bond anticipation notes is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. Accreted interest incurred exceeded amounts paid during the year by:

(13,369,249)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:

93,814

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:

62,696

Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. The difference between OPEB costs and actual employer contributions was:

(2,669,310)

Pensions: In government funds, pension costs are recognized when employer contributions are made in the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:

(30,179,900)

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of premium or discount, or deferred gain or loss from debt refunding, for the period is:

Amortization of deferred inflows relating to loss from debt refunding	\$ 4,603,359	
Amortization of deferred outflows relating to debt issue premium	<u>3,631,654</u>	
		<u>8,235,013</u>

Total change in net position - governmental activities	<u>\$ (41,579,674)</u>
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**SAN MATEO UNION HIGH SCHOOL DISTRICT**

**STATEMENT OF FIDUCIARY NET POSITION**

**AGENCY FUNDS**

**JUNE 30, 2018**

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	<b>Student Body Funds</b>
	<hr/>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,244,904
Interest receivable	<hr/> 5,505
Total assets	<hr/> <hr/> \$ 1,250,409
<b>LIABILITIES</b>	
Due to student groups	\$ 1,216,110
Accounts payable	<hr/> 34,299
Total liabilities	<hr/> <hr/> \$ 1,250,409

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

San Mateo Union High School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

**A. REPORTING ENTITY**

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For San Mateo Union High School District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

For financial reporting purposes, the component unit has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and thus is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The San Mateo Union High School District Building Corporation (the Corporation) financial activity is presented in the financial statements as the Capital Projects for Blended Component Units Fund and the Debt Service for Blended Component Units Fund. Certificates of participation and other debt issued by the Corporation are included as long-term liabilities in the government-wide financial statements. Individually prepared financial statements are not prepared for the Corporation.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**B. BASIS OF PRESENTATION**

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

The government-wide statement of net position presents information on all of the District's assets and liabilities, with the difference between the two presented as net position. Net position is reported as one of three categories: net investment in capital assets; restricted; or unrestricted. Restricted net position are further classified as either net position restricted by enabling legislation or net assets that are otherwise restricted.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense function. Interest on long-term liabilities is considered an indirect expense and is reported separately in the Statement of Activities.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.



**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

Governmental Fund Financial Statements

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used, or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**D. FUND ACCOUNTING**

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

SAN MATEO UNION HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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**D. FUND ACCOUNTING (Continued)**

The District funds are as follows:

**Major Governmental Funds:**

The **General Fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The District also maintains a Special Reserve Fund for Other Than Capital Outlay Projects. The Special Reserve Fund for Other Than Capital Outlay Projects is not substantially composed of restricted or committed revenue sources, and does not meet the definition of a special revenue fund under GASB 54, therefore, activity in the fund is being reported within the General Fund.

The **Building Fund** exists primarily to account separately for proceeds from the sale of bonds (Education Code Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

The **Bond Interest and Redemption Fund** is used for the repayment of bonds issued for a district (Education Code Sections 15125-15262).

**Non-Major Governmental Funds:**

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources, other than for major capital projects, that are legally restricted to expenditures for specific purposes. The District maintains the following special revenue funds:

The **Child Development Fund** is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

The **Adult Education Fund** is used to account separately for Federal, State, and local revenues to operate adult education programs and is to be used only for expenditures for the operation of adult education programs.

The **Cafeteria Fund** is used to account separately for Federal, State, and local resources to operate the food service program (Education Code Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (Education Code Sections 38091 and 38100).

The **Deferred Maintenance Fund** is used to account separately for State apportionments and the District's contributions for deferred maintenance purposes (Education Code Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

The **Foundation Special Revenue fund** is used to account for resources received from local donations.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**D. FUND ACCOUNTING (Continued)**

The **Capital Project Funds** are used to account for and report financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

The **Capital Facilities Fund** is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (Education Code sections 17620-17626). Expenditures are restricted to the purposes specified in Government Code sections 65970-65981 or to the items specified in agreements with the developer (Government Code Section 66006).

The **County School Facilities Fund** is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code Section 17070 et seq.).

The **Special Reserve Fund for Capital Outlay Projects Fund** is used to account for funds set aside for Board designated construction projects.

The **Foundation Permanent Fund** is used to account for permanently restricted funds.

**Fiduciary Funds** are used to account for assets held in trustee or agent capacity for others that cannot be used to support the district's own programs. The fiduciary fund category includes Trust and agency funds. The District maintains the following fiduciary fund:

**Agency Funds** are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds include Associate Student Body that accounts for student body activities (ASB) and Foundation Fund. The District uses agency funds for student body funds to account for the raising and expending of money to promote the general welfare, morale and educational experience of the student body. These funds' activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These funds are custodial in nature and do not involve measurement of results of operations. Accordingly, the District presents only a statement of fiduciary net assets and does not present a statement of changes in fiduciary net assets. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**E. BUDGETS AND BUDGETARY ACCOUNTING**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

During the year, budget revisions by the District's governing board and district superintendent give consideration to unanticipated revenue and expenditures. The final revised budgets are presented in the financial statements.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by major object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account. The budgets are revised during the year by the District's Board of Education and District Superintendent to provide for unanticipated revenues and expenditures.

**F. 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. All encumbrances are liquidated at June 30.

**G. REVENUES – EXCHANGE AND NON-EXCHANGE TRANSACTIONS**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 90 days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
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**H. UNEARNED REVENUE**

Unearned Revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received before the eligibility requirements are met are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as deferred revenue.

**I. EXPENSES/EXPENDITURES**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which have not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

**J. INVESTMENT VALUATION AND INCOME RECOGNITION**

In accordance with *Education Code* Section 41001, the District maintains substantially all its cash in the San Mateo County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is credited to each fund. Any investment losses are proportionately shared by all funds in the pool.

**K. CASH AND CASH EQUIVALENTS**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

**L. INVESTMENTS**

Investments held at June 30, 2018, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

**M. RECEIVABLES**

Receivables consist of amounts due from the federal and state governments related to federal and state programs. The District has not established an allowance for doubtful accounts, due to the nature of these accounts. However, management continually monitors the accounts for collectability. The District does not charge interest on past due accounts.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**N. STORES INVENTORIES**

Inventories in the General Fund consist mainly of consumable supplies held for future use. Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of inventory items are recorded as expenditures in the governmental type funds when used.

**O. CAPITAL ASSETS**

Capital assets are those purchased or acquired with an original cost of \$25,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expenses as incurred. Depreciation on all capital assets is computed using the straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Buildings and Improvements	20 - 50 years
Furniture and Equipment	2 - 15 years
Vehicles	7 years

**P. INTERFUND BALANCES**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position.

**Q. COMPENSATED ABSENCES**

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**R. LONG-TERM OBLIGATIONS**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**S. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES**

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time.

**T. FUND BALANCE**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**Nonspendable:** This classification includes amounts that are not expected to be converted to cash, such as resources that are not in a spendable form (e.g. inventories and prepaids) or that are legally or contractually required to be maintained intact. The District has classified its revolving cash account as being nonspendable as it is required to be maintained intact.

**Restricted:** This classification includes amounts constrained to specific purposes by their providers or by law. The District has classified federal and state categorical programs as being restricted because their use is restricted by Statute. Debt service resources are to be used for future servicing of the general obligation bonds and are restricted through debt covenants.

**Committed:** This classification includes amounts constrained to specific sources by the Board. For this purpose, all commitments of funds shall be approved by a majority vote of the Board. The constraints shall be imposed no later than the end of the reporting period of June 30, although the actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements.

**Assigned:** This classification includes amounts which the Board or its designee intends to use for a specific purpose but are neither restricted nor committed. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

**Unassigned:** This classification represents fund balance that has not been restricted, committed, or assigned and may be utilized by the district for any purpose.

When multiple types of funds are available for an expenditure, the District shall first utilize funds from the restricted fund balance as appropriate, then from committed fund balance, then from the assigned fund balance, and lastly from the unassigned fund balance.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**T. NET POSITION**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

**U. RESTRICTED NET POSITION**

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The restriction for unspent categorical program revenues represents the portion of net position restricted to specific program expenditures. The restrictions on special revenues and capital projects represent the portion of net position for the special revenue and capital projects funds. The restriction for debt service represents the amount to be used for the repayment of long-term liabilities. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**V. OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are primarily interfund insurance premiums. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

**W. INTERFUND ACTIVITY**

Transfers between governmental activities in the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

**X. ESTIMATES**

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

**Y. ELIMINATIONS AND RECLASSIFICATIONS**

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.



**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**Z. PENSIONS**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the San Mateo Union High School District's California Public Employees' Retirement System (CalPERS) and California State Teachers Retirement System (CalSTRS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and CalSTRS, respectively. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**AA. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

For purposes of measuring the District's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan and additions to/deductions from the District Plan's fiduciary net position have been determined on the same basis as they are reported by the District's OPEB plan. For this purpose, the District's plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**BB. MINIMUM FUND BALANCE POLICY**

Pursuant to GASB Statement No. 54, the District adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted expenditures.

The Board of Trustees directs the maintenance of no less than a 12 percent Unrestricted General Fund Reserve for Economic Uncertainty. The Unrestricted General Fund Reserve for Economic Uncertainty will be composed of two elements:

- The first element will be composed of a 3% Unrestricted Reserve for Economic Uncertainty, and will be categorized as basic reserve and will align to the level set by the State for the Unrestricted Reserve for Economic Uncertainty.
- The second element will be composed of a 9% Unrestricted Strategic Reserve for Economic Uncertainty.

The total 12 percent Unrestricted General Fund Reserve for Economic Uncertainty will be achieved over a period of time by incrementally growing the unrestricted reserve. The Board intends to adjust its Unrestricted General Fund Reserve for Economic Uncertainty to align to a level comparable to other basic aid school districts. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless the governing board has provided otherwise in its commitment or assignment actions.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**CC. PROPERTY TAX CALENDAR**

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

**2. CASH AND EQUIVALENTS**

Cash at June 30, 2018 consisted of the following:

	Governmental Activities	Fiduciary Activities	Total
Cash in county treasury	\$ 179,814,890	\$ 1,244,904	\$ 181,059,794
Cash with fiscal agent	429	-	429
Cash in revolving fund	20,000	-	20,000
Cash on hand and in banks	112,042	-	112,042
Total Cash and Cash Equivalents	<u>\$ 179,947,361</u>	<u>\$ 1,244,904</u>	<u>\$ 181,192,265</u>

Cash in Bank and Revolving Funds

Cash balances held in banks and revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Mateo County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually into participating funds. Any investment losses are proportionately shared by all funds in the pool. Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required. In accordance with applicable state laws, the San Mateo County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2018, the San Mateo County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District'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 weighted average maturity of the pool is 387 days. The pool is rated AA by Standard and Poor's.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**2. CASH AND EQUIVALENTS (CONTINUED)**

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value.

Interest Rate Risk

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2018, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk

The District does not place limits on the amount it may invest in anyone issuer. At June 30, 2018, the District had no concentration of credit risk.

**3. INTERFUND TRANSACTIONS**

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Interfund Receivables/Payables

As of June 30, 2018, the interfund receivable and payable balances were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Fund		
General Fund	\$ 511,238	\$ 3,516,984
Building Fund	1,905,755	-
Non-major Funds		
Adult Education Fund	-	139
Cafeteria Fund	240,000	511,099
Deferred Maintenance Fund	769,883	-
Special Reserve for Capital Outlay Fund	601,346	-
Total	<u>\$ 4,028,222</u>	<u>\$ 4,028,222</u>

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**3. INTERFUND TRANSACTIONS (CONTINUED)**

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2016-2017 fiscal year are as follows:

Transfer from General Fund to the Cafeteria Fund for direct support of student nutrition services	\$ 500,000
Transfer from General Fund to the Building Fund for capital projects	2,547,509
Transfer from General Fund to the Special Reserve Fund for Capital Outlay Projects to set aside funds for maintenance projects	<u>2,326,346</u>
Total transfers	<u>\$ 5,373,855</u>

**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 is shown below:

	Balance July 1, 2017	Additions / Transfers In	Deletions / Transfers Out	Balance June 30, 2018
Non-depreciable assets:				
Land	\$ 3,693,384	\$ -	\$ -	\$ 3,693,384
Work in Progress	<u>15,653,079</u>	<u>19,097,985</u>	<u>12,113,255</u>	<u>22,637,809</u>
	<u>19,346,463</u>	<u>19,097,985</u>	<u>12,113,255</u>	<u>26,331,193</u>
Depreciable assets:				
Buildings	224,580,715	-	-	224,580,715
Improvement of Sites	524,534,775	16,772,971	-	541,307,746
Equipment	<u>8,034,542</u>	<u>238,954</u>	<u>-</u>	<u>8,273,496</u>
	<u>757,150,032</u>	<u>17,011,925</u>	<u>-</u>	<u>774,161,957</u>
Totals, at cost	<u>776,496,495</u>	<u>36,109,910</u>	<u>12,113,255</u>	<u>800,493,150</u>
Accumulated depreciation:				
Buildings	(136,806,483)	(2,749,698)	-	(139,556,181)
Improvement of Sites	(109,323,485)	(24,399,450)	-	(133,722,935)
Equipment	<u>(4,081,101)</u>	<u>(436,407)</u>	<u>-</u>	<u>(4,517,508)</u>
	<u>(250,211,069)</u>	<u>(27,585,555)</u>	<u>-</u>	<u>(277,796,624)</u>
Depreciable assets, net	<u>506,938,963</u>	<u>(10,573,630)</u>	<u>-</u>	<u>496,365,333</u>
Capital Assets, net	<u>\$ 526,285,426</u>	<u>\$ 8,524,355</u>	<u>\$ 12,113,255</u>	<u>\$ 522,696,526</u>

The entire amount of depreciation expense was unallocated in the Statement of Activities.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**5. LONG-TERM LIABILITIES**

Schedule of Changes in Long-Term Liabilities

The changes in the District's long-term obligations during the year consisted of the following:

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018	Amounts Due Within One Year
General Obligation Bonds					
Principal payments	\$ 538,171,882	\$ 41,930,000	\$ 49,141,595	\$ 530,960,287	\$ 14,475,906
Accreted interest	82,678,971	13,369,249	2,934,815	93,113,405	3,454,095
Net OPEB Liability	85,836	2,669,310	-	2,755,146	-
Net Pension Liability	129,011,961	23,007,627	-	152,019,588	-
Accumulated Vacation	538,189	-	62,696	475,493	-
Subtotal	750,486,839	80,976,186	52,139,106	779,323,919	17,930,001
Unamortized General Obligation Bond Premium	47,873,219	-	3,731,654	44,141,565	-
Unamortized Bond Discount	-	(731,671)	(29,562)	(702,109)	-
Unamortized Loss on Refunding	(1,938,624)	(4,615,336)	(714,086)	(5,839,874)	-
Total Long-Term Obligation	796,421,434	75,629,179	55,127,112	816,923,501	17,930,001

General Obligation Bonds

**Measure D**

An election was held on November 7, 2000, at which more than two-thirds of the voters in the District authorized the issuance and sale of \$137.5 million of general obligation bonds. The bonds are general obligations of the District, and the County is obligated to annually levy ad valorem taxes for the payment of, the interest on, and the principal of the bonds. Bond proceeds were for the purpose of constructing a number of projects within the District.

**Measure M**

An election was held on November 7, 2006, at which time more than fifty-five percent of the voters in the District authorized the issuance and sale of \$298 million of general obligation bonds. The bonds are general obligations of the District, and the County is obligated to annually levy ad valorem taxes for the payment of, the interest on, and the principal of the bonds. Bond proceeds were used to finance the costs of renovating, acquiring, constructing, repairing and equipping of District buildings and other facilities and to pay costs of issuance associated with the bonds.

A portion of the bonds, issued as Series 2010B, were designated "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). Pursuant to the Recovery Act, the District expects to receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the Series 2010B Bonds on or about each interest payment date. The cash payment does not constitute a full faith and credit guarantee of the United States Government, but is required to be paid by the Treasury under the Recovery Act. The District is obligated to deposit any cash subsidy payments it receives into the debt service fund for the Bonds.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**5. LONG-TERM LIABILITIES (CONTINUED)**

**Measure O**

On November 2, 2010, an election was held of the registered voters of the District, at which more than fifty five percent of the voters voting on the proposition approved the issuance and sale of \$186 million principal amount of General Obligation Bonds. The bonds are being issued to 1) prepay the District's 2007 Certificates of Participation, 2) to finance the costs of renovating, acquiring, constructing, repairing, and equipping of District buildings and other facilities and 3) to pay certain costs of issuance associated with the bonds.

**2012 General Obligation Refunding Bonds, Series A**

On February 13, 2012, the District issued \$10,835,000 of General Obligation Refunding Bonds. The Bonds consist of serial bonds bearing fixed rates ranging from 2.0 to 4.0 percent with annual maturities from September 2012 through September 2022. The net proceeds of \$12,205,678 (after issuance costs of \$141,341 and original issue premium of \$1,512,020) were used to refund a portion of the District's outstanding General Obligation Bonds, Election of 2000, Series C.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. Deferred amounts on the refunding of \$182,047 remain to be amortized. As of June 30, 2018, the entire amount has been repaid on the defeased debt.

**2012 General Obligation Refunding Bonds, Series B**

On November 7, 2012, the District issued \$38,940,000 of General Obligation Refunding Bonds. The bonds consist of serial bonds bearing fixed rates ranging from 0.478 to 3.22 percent with annual maturities from September 2013 through September 2024. The net proceeds of \$38,615,677 (after issuance costs of \$188,033 and underwriter's discount of \$136,290) were used to refund a portion of the District's outstanding General Obligation Bonds, 2004 Refunding.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net assets and are amortized to interest expense over the life of the liability. No deferred amounts on refunding remain to be amortized.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**5. LONG-TERM LIABILITIES (CONTINUED)**

**2014 Refunding General Obligation Bonds**

On November 13, 2014, the District issued \$50,190,000 of General Obligation Refunding Bonds. The bonds bear fixed interest rates ranging between 2.0% and 5.0% with annual maturities from September 1, 2015 through September 1, 2032. The net proceeds of \$60,583,437 (after premiums of \$10,751,678 and issuance costs of \$358,241) were used to prepay a portion of the District's outstanding Election of 2006 General Obligation Bonds, Series 2008 A.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the statement of net position and are amortized to interest expense over the life of the liability. Deferred amounts on refunding as of June 30, 2018, of \$31,151 remain to be amortized for this refunding.

**2016 General Obligation Refunding Bonds (2021 Crossover)**

On March 24, 2016, the District issued \$12,550,000 of General Obligation Refunding Bonds. The bonds bear fixed interest rates ranging between 2.0% and 5.0% with annual maturities from September 1, 2022 through September 1, 2034. The net proceeds of \$13,315,388 (after premiums of \$946,493 and issuance costs of \$181,105) were used to prepay a portion of the District's outstanding Election of 2006 General Obligation Bonds, Series 2011 A and Election of 2010 General Obligation Bonds, Series 2011 A.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the statement of net position and are amortized to interest expense over the life of the liability. Deferred amounts on refunding as of June 30, 2018, of \$316,526 remain to be amortized for this refunding.

The transaction resulted in an economic loss (difference between the present value of the debt service on the old and the new bonds) of \$362,210.

**2016 General Obligation Refunding Bonds**

On August 23, 2016, the District issued \$139,920,000 of General Obligation Refunding Bonds, Series B (\$38,380,000, Series C (\$58,530,000), Series D (\$12,000,000) and Series E (\$22,010,000). The bonds bear fixed interest rates ranging between 2.0% and 5.0% with annual maturities from September 1, 2017 through September 1, 2041. The net proceeds of \$152,482,533 (after premiums of \$22,303,307 and issuance costs of \$740,774) were used to prepay a portion of the District's outstanding Election of 2006 General Obligation Bonds, Series 2013 A, Series 2010 and Series 2012 A and Election of 2010 General Obligation Bonds, Series 2011 A and 2013 A.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**5. LONG-TERM LIABILITIES (CONTINUED)**

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the statement of net position and are amortized to interest expense over the life of the liability. Deferred amounts on refunding as of June 30, 2018, of \$802,505 remain to be amortized for this refunding.

**2017 General Obligation Refunding Bonds**

On December 12, 2017, the District issued \$41,930,000 of General Obligation Refunding Bonds. The bonds bear fixed interest rates ranging between 1.687% and 3.5% with annual maturities from September 1, 2018 through September 1, 2042. The net proceeds of \$40,877,099 (after discount of \$731,671 and issuance costs of \$321,230) were used to advance refund a portion of the District's outstanding Election of 2010 General Obligation Bonds, Series 2011A.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the statement of net position and are amortized to interest expense over the life of the liability. Deferred amounts on refunding as of June 30, 2018, of \$4,507,645 remain to be amortized for this refunding.



**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**5. LONG-TERM LIABILITIES (CONTINUED)**

A summary of outstanding general obligation bonds issued is presented below:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2017	Additions	Deductions	Advance Refunding	Balance, June 30, 2018
<b>Measure D:</b>									
2000B	7/24/2002	2027	2.0% - 5.69%	\$ 49,996,152	\$ 23,856,451		\$ 2,333,904		\$ 21,522,547
2000C	3/4/2004	2029	2.0% - 5.32%	27,503,798	12,658,798				12,658,798
<b>Measure M:</b>									
2008A	6/18/2008	2032	4.0% - 5.0%	62,700,000	2,195,000		990,000		1,205,000
2010A	2/17/2010	2018	5.0% - 5.5%	4,890,000	1,570,000		685,000		885,000
2010B	2/17/2010	2034	4.6% - 6.15%	65,110,000	2,430,000				2,430,000
2011A	7/6/2011	2051	2.0% - 7.0%	34,999,364	24,713,922				24,713,922
2011A-1	7/14/2011	2027	5.01%	25,000,000	20,225,000		1,400,000		18,825,000
2012A	2/13/2012	2039	4.0% - 12.0%	10,895,752	196,084				196,084
2013A	12/20/2013	2031	4.0% - 5.0%	94,400,576	58,860,309		2,261,187		56,599,122
<b>Measure O:</b>									
2011A	6/15/2011	2041	2.23% - 6.7%	89,999,989	85,780,673		135,094	34,391,410	51,254,169
2013A	12/20/2013	2041	4.0% - 5.0%	39,999,941	17,940,645				17,940,645
2015A	5/19/2015	2034	2.0% - 5.0%	56,000,000	55,915,000		2,060,000		53,855,000
<b>Refunding Issues:</b>									
2012A	2/13/2012	2022	2.0% - 4.0%	10,835,000	8,600,000.00		1,090,000		7,510,000
2012B	11/7/2012	2024	0.478% - 3.22%	38,940,000	30,215,000		3,500,000		26,715,000
2014	11/13/2014	2032	2.0% - 5.0%	50,190,000	49,545,000				49,545,000
2016	3/24/2016	2035	2.0% - 5.0%	12,550,000	12,550,000				12,550,000
2017B	9/1/2016	2042	2.0% - 4.0%	38,380,000	38,380,000		295,000		38,085,000
2017C	9/1/2016	2034	4.0% - 5.0%	58,530,000	58,530,000				58,530,000
2017D	9/1/2016	2039	2.0% - 4.0%	12,000,000	12,000,000				12,000,000
2017E	9/1/2016	2041	2.0% - 4.0%	22,010,000	22,010,000				22,010,000
2017F	11/14/2017	2042	2.0% - 4.0%	41,930,000	-	41,930,000			41,930,000
					<u>\$ 846,860,572</u>	<u>\$ 538,171,882</u>	<u>\$ 41,930,000</u>	<u>\$ 14,750,185</u>	<u>\$ 530,960,287</u>
			<b>Accreted Interest</b>	<b>Balance, July 1, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Advance Refunding</b>	<b>Balance, June 30, 2018</b>	
<b>Measure M:</b>									
2000B				\$ 29,180,248	\$ 3,012,884	\$ 2,429,292	\$ -	\$ 29,763,840	
2000C				11,088,715	1,279,168	-	-	12,367,883	
2011A				9,863,615	2,578,227	-	-	12,441,842	
2012A				865,159	244,405	3,456	-	1,106,108	
2013A				522,439	248,918	5,697	-	765,660	
<b>Measure O:</b>									
2011A				19,969,126	5,082,089	32,255	-	25,018,960	
2013A				813,101	401,577	-	-	1,214,678	
					<u>\$ 72,302,403</u>	<u>\$ 12,847,268</u>	<u>\$ 2,470,700</u>	<u>\$ -</u>	<u>\$ 82,678,971</u>

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**5. LONG-TERM LIABILITIES (CONTINUED)**

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2018, are as follows:

Year Ended June 30,	Principal	Interest	Total
2019	\$ 14,475,906	\$ 28,338,237	\$ 42,814,143
2020	14,822,463	28,579,287	43,401,750
2021	16,375,330	28,518,726	44,894,056
2022	17,759,932	24,380,908	42,140,840
2023	19,523,775	24,165,303	43,689,078
2024-2028	114,903,922	134,755,834	249,659,756
2029-2033	140,427,716	122,662,623	263,090,339
2034-2038	86,362,482	134,212,389	220,574,871
2039-2043	86,317,124	134,703,592	221,020,716
2044-2048	8,587,125	60,372,950	68,960,075
2049-2053	11,404,512	53,589,171	64,993,683
Total	<u>\$ 530,960,287</u>	<u>\$ 774,279,020</u>	<u>\$ 1,305,239,307</u>

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**6. EMPLOYEE RETIREMENT SYSTEMS**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS), and classified employees are members of the Public Employees' Retirement System (PERS).

**California Public Employees' Retirement System (CalPERS)**

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

**State Teachers' Retirement System (STRS)**

Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing, multiple-employer, public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<b>CalPERS</b>		<b>CalSTRS</b>	
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date				
Benefit formula	2% @ 55	2% @ 62	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	60	62
Monthly benefits, as a % of eligible compensation	2.0%	2.0%	2.0%	2.0%
Required employee contribution rates	7%	6%	10.25%	9.205%
Required employer contribution rates	15.531%	15.531%	14.43%	14.43%

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

Contributions

**CalPERS**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. San Mateo Union High School District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**STRS**

Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2018, the contributions recognized as part of pension expense for the Plan were:

	<u>CalPERS</u>	<u>STRS</u>	<u>Total</u>
Contributions - employer	\$ 3,888,696	\$ 8,784,508	\$ 12,673,204
On behalf contributions - state	-	5,027,684	5,027,684
Total	<u>\$ 3,888,696</u>	<u>\$ 13,812,192</u>	<u>\$ 17,700,888</u>

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

As of June 30, 2018, San Mateo Union High School District reported net pension liabilities for its proportionate share of the net pension liability of the Plans' of:

	<u>Proportionate Share of Net Pension Liability</u>
CalPERS	\$ 47,513,456
STRS	104,506,132
Total Net Pension Liability	<u>\$ 152,019,588</u>

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

San Mateo Union High School District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. San Mateo Union High School District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2015 and 2016 was as follows:

	<u>CalPERS</u>	<u>STRS</u>
Proportion - June 30, 2016	0.18479%	0.11438%
Proportion - June 30, 2017	0.19903%	0.11300%
Change - Increase (Decrease)	<u>0.01424%</u>	<u>-0.00138%</u>

For the year ended June 30, 2018, the District recognized pension expense of \$875,303 and (\$1,636,368) for CalPERS and STRS, respectively. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>CalPERS</u>		<u>STRS</u>		<u>Total</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 3,888,696	\$ -	\$ 13,812,192	\$ -	\$ 17,700,888	\$ -
Difference between proportionate share of aggregate employer contributions and actual contributions for 2016-17.	-	742,648	-	2,935,053	-	3,677,701
Changes of Assumptions	5,160,578	1,337,264	16,595,127	-	21,755,705	1,337,264
Differences between Expected and Actual Experience	2,390,534	-	331,263	3,927,702	2,721,798	3,927,702
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	2,128,763	935,797	7,092,637	935,797	9,221,400
Net differences between projected and actual investment earnings on pension plan investments	2,920,140	-	-	3,696,027	2,920,140	3,696,027
Total	<u>\$ 14,359,948</u>	<u>\$ 4,208,675</u>	<u>\$ 31,674,379</u>	<u>\$ 17,651,420</u>	<u>\$ 46,034,327</u>	<u>\$ 21,860,095</u>

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

The amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Year Ended June 30</b>	<b>CalPERS</b>	<b>STRS</b>	<b>Total Deferred Outflows/ (Inflows) of Resources</b>
2019	\$ 845,302	\$ (4,428,790)	\$ (3,583,488)
2020	2,469,656	(1,118,893)	1,350,763
2021	2,618,891	167,335	2,786,226
2022	328,728	1,060,561	1,389,290
2023	-	1,992,512	1,992,512
Thereafter	-	2,538,042	2,538,042
Total	<u>\$ 6,262,577</u>	<u>\$ 210,767</u>	<u>\$ 6,473,344</u>

**Actuarial Assumptions**

The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	<b>CalPERS</b>	<b>STRS</b>
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.75%	2.75%
Payroll Growth Rate	3.00%	3.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return (1)	7.15%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

(1) Net of pension plan investment expenses, including inflation

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

Discount Rate

**CalPERS**

The discount rate used to measure the total pension liability for the Plan was 7.15 percent and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate, the amortization and smoothing periods adopted by the Board in 2013 were used. For the Plan, projections of expected benefit payments and contributions at the statutorily required member and employer rates were performed to determine if the assets would run out. The tests revealed the assets would not run out for the Plan. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The crossover test results can be found on CalPERS' website at <https://www.calpers.ca.gov/page/employers/actuarial-services/gasb>.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class	CalPERS		
	New	Real Return	Real Return
	Strategic Allocation	Years 1-10 (a)	Years 11+ (b)
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0%	0.80%	2.27%
Inflation Assets	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
	<u>100.0%</u>		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

Discount Rate

**STRS**

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions and benefit payments occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance – PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class are summarized in the table below:

	<b>STRS</b>	
	<b>Assumed Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Asset Class</b>		
Global Equity	47.0%	6.30%
Private Equity	13.0%	9.30%
Real Estate	13.0%	5.20%
Fixed Income	12.0%	0.30%
Absolute Return/Risk Mitigating Strategies	9.0%	2.90%
Inflation Sensitive	4.0%	3.80%
Cash/Liquidity	2.0%	-1.00%
Total	100%	



**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<b>CalPERS</b>			
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability	\$ 69,907,520	\$ 47,513,456	\$ 28,935,705

<b>STRS</b>			
	Discount Rate - 1% (6.10%)	Current Discount Rate (7.10%)	Discount Rate + 1% (8.10%)
Plan's Net Pension Liability	\$ 153,448,180	\$ 104,506,132	\$ 64,786,344

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS and STRS financial reports.

Payable to the Pension Plan

At June 30, 2018, the District had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2018.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**General Information about the OPEB Plan**

*Plan description.* The District's defined benefit OPEB plan provides OPEB for all full time employees of the District with a minimum of 10 years of service. The plan is a single-employer defined benefit OPEB plan administered by the District. The Board of Trustees has the authority to establish and amend the benefit terms.

*Benefits provided.* The District provides postemployment health care benefits as follows:

	<u>Certificated</u>	<u>Classified</u>	<u>Certificated Management</u>	<u>Classified Management</u>
Benefit Types Provided	Medical	Medical	Medical	Medical
Duration of Benefits	10 years but not beyond age 65	10 years but not beyond age 65	10 years but not beyond age 65	10 years but not beyond age 65
Required Service	10 years	15 years	10 years	10 years
Minimum Age	Retirement	Retirement	Retirement	Retirement
Dependent Coverage	Spouse	Spouse	Spouse	Spouse
District Contribution Percent	100% to cap	100% to cap	100% to cap	100% to cap
District Cap	\$250 per month	\$250 per month	\$250 per month	\$250 per month

*Employees covered by benefit terms.* At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	36
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>870</u>
	<u>906</u>

*Contributions.* The Board of Trustees has the authority to establish and amend the contribution requirements of the District and employees. For the year ended June 30, 2018, the District paid \$120,815 for retiree health benefits. Employees are not required to contribute to the plan.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Net OPEB Liability**

The District's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

*Actuarial assumptions.* The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary Increases	2.75%
Investment rate of return	3.80%
Healthcare cost trend rate	4.00%

The discount rate of 3.8% was based on the Bond Buyer 20 Bond Index. There are currently no plan assets.

**Changes in the Net OPEB Liability**

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Balances at June 30, 2017	\$ 2,591,965	\$ -	\$ 2,591,965
Changes for the year:			
Service cost	151,046	-	151,046
Interest	99,623	-	99,623
Differences between expected and actual experience	-	-	-
Contributions - employer	-	87,488	(87,488)
Net investment income	-	-	-
Benefit payments	(87,488)	(87,488)	-
Administrative expense	-	-	-
Net changes	163,181	-	163,181
Balances at June 30, 2018	<u>\$ 2,755,146</u>	<u>\$ -</u>	<u>\$ 2,755,146</u>

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

*Sensitivity of the net OPEB liability to changes in the discount rate.* The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.8 percent) or 1-percentage-point higher (4.8 percent) than the current discount rate:

	<b>1% Decrease (2.8%)</b>	<b>Discount Rate (3.8%)</b>	<b>1% Increase (4.8%)</b>
Net OPEB liability (asset)	\$ 2,985,930	\$ 2,755,146	\$ 2,550,667

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.0 percent) or 1-percentage-point higher (5.0 percent) than the current healthcare cost trend rates:

	<b>1% Decrease (3%)</b>	<b>Healthcare Cost Trend Rates (4%)</b>	<b>1% Increase (5%)</b>
Net OPEB liability (asset)	\$ 2,678,457	\$ 2,755,146	\$ 2,803,148

*OPEB plan fiduciary net position.* There are currently no assets in the plan as there is no separate trust.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the District recognized OPEB expense of \$250,669. There are no reported deferred outflows of resources and deferred inflows of resources related to OPEB as the measurement date is June 30, 2018.

**Payable to the OPEB Plan**

At June 30, 2018, the District reported no outstanding amount of contributions to the Plan.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**8. FUND BALANCE**

As of these financial statements, the District has adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. The following schedule is a summary of the components of the ending fund balance by fund type at June 30, 2018:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Funds	Total
<b>Nonspendable:</b>					
Revolving cash	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Stores inventories	46,569	-	-	-	46,569
Prepaid expenditures	765,508	-	-	-	765,508
Total Nonspendable	832,077	-	-	-	832,077
<b>Restricted for:</b>					
California Clean Energy Jobs Act	1,200,633	-	-	-	1,200,633
Lottery: Instructional Materials	135,679	-	-	-	135,679
College Readiness Block Grant	188,837	-	-	-	188,837
Adult Education Block Grant Program	-	-	-	299,635	299,635
Adult Education Block Grant Data and Accountability	-	-	-	201,198	201,198
Other Restricted Local	-	-	-	2,074,924	2,074,924
Child Nutrition: School Programs	-	-	-	150,573	150,573
State School Facilities Projects	-	-	-	11,977	11,977
Debt Service	-	-	32,461,968	-	32,461,968
Total Restricted	1,525,149	-	32,461,968	2,738,307	36,725,424
<b>Committed:</b>					
Tier I Basic Aid Reserve	7,213,056	-	-	-	7,213,056
Tier II Basic Aid Reserve	7,213,057	-	-	-	7,213,057
Site Allocation/Department Carryovers	870,453	-	-	-	870,453
2017-18 Deficit Spending	328,324	-	-	-	328,324
Other Commitments	3,316,082	90,238,200	-	19,932,095	113,486,377
Total Committed	18,940,972	90,238,200	-	19,932,095	129,111,267
<b>Unassigned:</b>					
Economic Uncertainties	4,808,704	-	-	-	4,808,704
<b>Total</b>	<b>\$ 26,106,902</b>	<b>\$ 90,238,200</b>	<b>\$ 32,461,968</b>	<b>\$ 22,670,402</b>	<b>\$ 171,477,472</b>

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**9. JOINT VENTURES**

The San Mateo Union High School District participates in a joint venture under a joint powers agreement (JPA) with the San Mateo County Schools Insurance Group (SMCSIG). The relationship between the San Mateo Union High School District and the JPA is such that the JPA is not a component unit of the San Mateo Union High School District for financial reporting purposes.

The JPA arranges for and provide workers' compensation, property and liability and health insurance for its member school districts. The JPA is governed by a board consisting of a representative from each member district. The governing board controls the operations of the JPA independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA.

Condensed audited financial information for the year ended June 30, 2018, is as follows:

	<u><b>SMCSIG</b></u>
Total Assets	<u>\$ 25,372,792</u>
Deferred Outflows of Resources	<u>484,930</u>
Total Liabilities	<u>10,462,311</u>
Deferred Inflows of Resources	<u>41,702</u>
Net Position	<u>\$ 15,353,709</u>
Total Revenues	\$ 45,214,456
Total Expenditures	(42,672,851)
Change in accounting principle	<u>(227,669)</u>
Change in Net Postion	<u><u>\$ 2,313,936</u></u>

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**10. COMMITMENTS AND CONTINGENCIES**

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursement subsequently determined will not have a material effect on the District's financial position.

**11. RISK MANAGEMENT**

**A. PROPERTY AND LIABILITY**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2018, the District participated in the SMCSIG public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

**B. WORKERS COMPENSATION**

For fiscal year 2017-18, the District participated in the SMCSIG public entity risk pool for workers compensation, with excess commercial coverage provided by Arch Insurance Company.

**C. EMPLOYEE MEDICAL BENEFITS**

Dental and vision benefits are provided through the SMCSIG public entity risk pool.

**12. CHANGE IN ACCOUNTING PRINCIPLE**

The District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses related to the District's other postemployment benefit plan described in Note 7. This change in accounting principle required a prior period restatement which decreased the beginning net position by \$2,506,129.

**13. SUBSEQUENT EVENTS**

The district is seeking to acquire real property for purposes of relocating its continuation high school, which is presently located in San Bruno, CA. On October 5, 2018, the District deposited fair market value for the property in the sum of \$6,000,000 to acquire the property. The District will also be required to pay for relocation assistance for the owner's tenant, Essence Printing and good will damages caused by relocating Essence Printing to another site. The good will damages could not be assessed at the time of this report.

The District's management evaluated its June 30, 2018 financial statements for subsequent events through December 10, 2018, the date the financial statements were available to be issued. Management is not aware of any subsequent events, other than the refunding bond issuance discussed above, that would require recognition or disclosure in the financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**SAN MATEO UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND**

**CHANGES IN FUND BALANCE**

**BUDGET (NON-GAAP) AND ACTUAL – GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
LCFF sources	\$ 135,116,577	\$ 139,595,615	\$ 140,020,947	\$ 425,332
Federal revenue	2,510,832	3,169,835	2,778,826	(391,009)
Other state revenues	9,498,976	11,573,679	9,966,094	(1,607,585)
Other local revenues	5,443,172	7,392,339	8,020,476	628,137
Total revenues	152,569,557	161,731,468	160,786,343	(945,125)
<b>EXPENDITURES</b>				
Certificated salaries	62,310,429	62,453,358	62,337,304	116,054
Classified salaries	25,931,941	27,015,582	26,891,385	124,197
Employee benefits	37,074,491	37,205,480	36,395,978	809,502
Books and supplies	6,752,172	10,460,257	8,133,544	2,326,713
Services and other operating expenditures	16,380,869	17,501,852	16,923,560	578,292
Capital outlay	150,000	240,239	238,955	1,284
Other outgo	4,238,716	3,910,916	3,995,566	(84,650)
Total expenditures	152,838,618	158,787,684	154,916,292	3,871,392
Excess (deficiency) of revenues over expenditures	(269,061)	2,943,784	5,870,051	2,926,267
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out	(2,807,509)	(4,632,509)	(5,373,855)	(741,346)
Total other financing sources (uses)	(2,807,509)	(4,632,509)	(5,373,855)	(741,346)
Net change in fund balances	(3,076,570)	(1,688,725)	496,196	2,184,921
Fund balances, July 1, 2017	25,610,706	25,610,706	25,610,706	-
Fund balances, June 30, 2018	\$ 22,534,136	\$ 23,921,981	\$ 26,106,902	\$ 2,184,921

**SAN MATEO UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<b>CalPERS</b>	<b>June 30, 2014</b> (1)	<b>June 30, 2015</b> (1)	<b>June 30, 2016</b> (1)	<b>June 30, 2017</b> (1)
Proportion of the net pension liability	0.18185%	0.18521%	0.18479%	0.19903%
Proportionate share of the net pension liability	\$ 20,644,126	\$ 27,300,522	\$ 36,496,554	\$ 47,513,456
Covered-employee payroll <sup>(2)</sup>	\$ 18,555,909	\$ 20,373,259	\$ 18,911,499	\$ 22,695,190
Proportionate Share of the net pension liability as percentage of covered-employee payroll	111.25%	134.00%	192.99%	209.35%
Plans fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.90%	71.87%
Proportionate share of aggregate employer contributions <sup>(3)</sup>	\$ 2,184,216	\$ 2,413,620	\$ 2,626,429	\$ 3,524,790
<b>STRS</b>	<b>June 30, 2014</b> (1)	<b>June 30, 2015</b> (1)	<b>June 30, 2016</b> (1)	<b>June 30, 2017</b> (1)
Proportion of the net pension liability	0.11501%	0.11719%	0.11438%	0.11300%
Proportionate share of the net pension liability	\$ 67,206,560	\$ 78,893,947	\$ 92,515,407	\$ 104,506,132
Covered-employee payroll <sup>(2)</sup>	\$ 47,590,214	\$ 45,013,458	\$ 48,622,814	\$ 52,213,021
Proportionate Share of the net pension liability as percentage of covered-employee payroll	141.22%	175.27%	190.27%	200.15%
Plans fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%
Proportionate share of aggregate employer contributions <sup>(3)</sup>	\$ 4,226,011	\$ 4,829,944	\$ 6,116,750	\$ 7,534,339

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>(2)</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer.

<sup>(3)</sup> The Plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The Plan's proportionate share of aggregate contributions is based on the Plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF PENSION CONTRIBUTIONS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<b>CalPERS</b>	<b>Fiscal Year 2013- 14 <sup>(1)</sup></b>	<b>Fiscal Year 2014- 15 <sup>(1)</sup></b>	<b>Fiscal Year 2015- 16 <sup>(1)</sup></b>	<b>Fiscal Year 2016- 17 <sup>(1)</sup></b>
Actuarially Determined Contribution <sup>(2)</sup>	\$ 2,184,216	\$ 2,413,620	\$ 2,626,429	\$ 3,524,790
Contributions in relation to the actuarially determined contributions <sup>(2)</sup>	<u>(2,184,216)</u>	<u>(2,628,697)</u>	<u>(3,493,497)</u>	<u>(3,888,696)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (215,077)</u>	<u>\$ (867,068)</u>	<u>\$ (363,906)</u>
Covered-employee payroll <sup>(3)</sup>	\$ 18,555,909	\$ 20,373,259	\$ 18,911,499	\$ 22,695,190
Contributions as a percentage of covered-employee payroll <sup>(3)</sup>	11.771%	11.847%	13.888%	15.531%
<b>STRS</b>	<b>Fiscal Year 2013- 14 <sup>(1)</sup></b>	<b>Fiscal Year 2014- 15 <sup>(1)</sup></b>	<b>Fiscal Year 2015- 16 <sup>(1)</sup></b>	<b>Fiscal Year 2016- 17 <sup>(1)</sup></b>
Actuarially Determined Contribution <sup>(2)</sup>	\$ 4,226,011	\$ 4,829,944	\$ 6,116,750	\$ 7,534,339
Contributions in relation to the actuarially determined contributions <sup>(2)</sup>	<u>(4,226,011)</u>	<u>(6,138,654)</u>	<u>(7,678,654)</u>	<u>(8,784,508)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (1,308,710)</u>	<u>\$ (1,561,904)</u>	<u>\$ (1,250,169)</u>
Covered-employee payroll <sup>(3)</sup>	\$ 47,590,214	\$ 45,013,458	\$ 48,622,814	\$ 52,213,021
Contributions as a percentage of covered-employee payroll <sup>(3)</sup>	8.880%	10.730%	12.580%	14.430%

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>(2)</sup> Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

<sup>(3)</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY**

**AND RELATED RATIOS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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<b>Total OPEB liability</b>	
Service cost	\$ 151,046
Interest	99,623
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	<u>(87,488)</u>
<b>Net change in total OPEB liability</b>	163,181
<b>Total OPEB liability - beginning</b>	<u>2,591,965</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 2,755,146</u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 87,488
Net investment income	-
Benefit payments	(87,488)
Administrative expense	<u>-</u>
<b>Net change in plan fiduciary net position</b>	-
<b>Plan fiduciary net position - beginning</b>	<u>-</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ -</u>
<b>District's net OPEB liability - ending (a) - (b)</b>	<u><u>\$ 2,755,146</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%
Covered-employee payroll	\$74,908,211
District's net OPEB liability as a percentage of covered-employee payroll	4%

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**PURPOSE OF SCHEDULES**

**A - Schedule of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP) and Actual – General Fund**

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

**B - Schedule of Proportionate Share of the Net Pension Liability**

Changes in assumptions

There were no changes of assumptions.

Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

**C - Schedule of Pension Contributions**

If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**D - Schedule of Changes in the Net OPEB Liability and Related Ratios**

Benefit Changes

There were no changes in benefits during the year.

Changes in assumptions

There were no changes of assumptions.

Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

Actuarial cost method	Entry age
Amortization method	Level percent of pay
Amortization period	30 years
Asset valuation method	Fair value
Healthcare cost trend rates	4.00%
Salary increases	2.75%
Investment rate of return	3.80%

Retirement age

Certificated	<b>2009 CalSTRS Retirement Rates</b> The retirement assumptions are based on the 2009 CalSTRS Retirement Rates table created by CalSTRS. CalSTRS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.
Classified	<b>2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees</b> The retirement assumptions are based on the 2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.
Classified	<b>2009 CalPERS Retirement Rates for School Employees</b> The retirement assumptions are based on the 2009 CalPERS Retirement Rates for School Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**D - Schedule of Changes in the Net OPEB Liability and Related Ratios**

Mortality

Certificated	<b>2009 CalSTRS Mortality Table</b> The mortality assumptions are based on the 2009 CalSTRS Mortality table created by CalSTRS. CalSTRS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriated based on CalSTRS analysis.
Classified	<b>2014 CalPERS Retiree and Active Mortality for Miscellaneous Employees</b> The mortality assumptions are based on the 2014 CalPERS Retiree and Active Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriated based on CalPERS analysis.

## **SUPPLEMENTARY INFORMATION**



## COMBINING BALANCE SHEET

## ALL NON-MAJOR FUNDS

JUNE 30, 2018

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Special Revenue Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve For Capital Outlay Fund	Foundation Permanent Fund	Total
<b>ASSETS</b>									
Cash and cash equivalents	\$ 7,503,036	\$ 122,525	\$ 3,388,954	\$ 843,751	\$ 7,399,412	\$ 11,760	\$ 3,108,287	\$ 1,273,432	\$ 23,651,157
Accounts receivable	88,247	342,344	15,369	36,779	229,270	217	13,595	5,610	731,431
Due from other funds	-	240,000	769,883	-	-	-	601,346	-	1,611,229
Total assets	<u>\$ 7,591,283</u>	<u>\$ 704,869</u>	<u>\$ 4,174,206</u>	<u>\$ 880,530</u>	<u>\$ 7,628,682</u>	<u>\$ 11,977</u>	<u>\$ 3,723,228</u>	<u>\$ 1,279,042</u>	<u>\$ 25,993,817</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities									
Accounts payable	\$ 348,159	\$ 43,197	\$ 1,479,276	\$ 3,797	\$ 788,615	\$ -	\$ -	\$ 2,660	\$ 2,665,704
Unearned revenue	146,473	-	-	-	-	-	-	-	146,473
Due to other funds	139	511,099	0	0	0	-	-	-	511,238
Total Liabilities	494,771	554,296	1,479,276	3,797	788,615	-	-	2,660	3,323,415
Fund balances									
Restricted	501,433	150,573	-	574,324	-	11,977	1,500,000		2,738,307
Committed	6,595,079		2,694,930	302,409	6,840,067	-	2,223,228	1,276,382	19,932,095
Total Fund Balance	7,096,512	150,573	2,694,930	876,733	6,840,067	11,977	3,723,228	1,276,382	22,670,402
Total liabilities and fund balances	<u>\$ 7,591,283</u>	<u>\$ 704,869</u>	<u>\$ 4,174,206</u>	<u>\$ 880,530</u>	<u>\$ 7,628,682</u>	<u>\$ 11,977</u>	<u>\$ 3,723,228</u>	<u>\$ 1,279,042</u>	<u>\$ 25,993,817</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL NON-MAJOR FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Special Revenue Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve For Capital Outlay Fund	Foundation Permanent Fund	Total
<b>REVENUES</b>									
Federal revenue	\$ 447,470	\$ 835,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,283,177
Other state revenues	4,609,812	66,709	-	4,354	-	-	-	-	4,680,875
Other local revenues	446,160	901,915	49,799	675,308	1,818,229	2,437	33,346	17,887	3,945,081
Total revenues	5,503,442	1,804,331	49,799	679,662	1,818,229	2,437	33,346	17,887	9,909,133
<b>EXPENDITURES</b>									
Certificated salaries	2,630,752	-	-	56,144	-	-	-	-	2,686,896
Classified salaries	1,290,306	988,140	-	4,416	-	-	-	-	2,282,862
Employee benefits	1,413,897	444,628	-	20,967	-	-	-	-	1,879,492
Books and supplies	141,126	603,623	-	310,588	-	-	-	26,700	1,082,037
Services and other operating expenditures	393,924	79,774	1,062,909	118,035	81,035	-	-	300	1,735,977
Capital outlay	-	-	-	-	724,425	612,393	-	-	1,336,818
Other outgo	-	111,099	-	-	-	-	-	-	111,099
Total expenditures	5,870,005	2,227,264	1,062,909	510,150	805,460	612,393	-	27,000	11,115,181
Excess(deficiency) of revenues over expenditures	(366,563)	(422,933)	(1,013,110)	169,512	1,012,769	(609,956)	33,346	(9,113)	(1,206,048)
<b>OTHER FINANCING SOURCES (USES)</b>									
Operating transfers in	-	500,000	-	-	-	-	2,326,346	-	2,826,346
Total other financing sources (uses)	-	500,000	-	-	-	-	2,326,346	-	2,826,346
Net change in fund balances	(366,563)	77,067	(1,013,110)	169,512	1,012,769	(609,956)	2,359,692	(9,113)	1,620,298
Fund balances, July 1, 2017	7,463,075	73,506	3,708,040	707,221	5,827,298	621,933	1,363,536	1,285,495	21,050,104
Fund balances, June 30, 2018	\$ 7,096,512	\$ 150,573	\$ 2,694,930	\$ 876,733	\$ 6,840,067	\$ 11,977	\$ 3,723,228	\$ 1,276,382	\$ 22,670,402

**SAN MATEO UNION HIGH SCHOOL DISTRICT**

**ALL AGENCY FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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	<b>Balance</b>			<b>Balance</b>
	<b><u>July 1, 20167</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b><u>June 30, 2018</u></b>
<b>Assets:</b>				
Cash and Cash Equivalents				
Aragon High School	160,609	297,396	283,814	174,190
Burlingame High School	288,974	300,655	258,902	330,727
Capuchino High School	85,861	110,517	127,412	68,967
Hillsdale High School	172,954	400,490	366,134	207,309
Mills High School	145,435	198,139	200,265	143,310
Peninsula Alternative High School	2,109	246	187	2,169
San Mateo High School	203,933	324,035	273,322	254,646
Adult School	25,017	9,943	22,048	12,911
District	<u>69,652</u>	<u>30,958</u>	<u>49,935</u>	<u>50,675</u>
Total Cash and Cash Equivalents	1,154,544	1,672,379	1,582,019	1,244,904
Interest Receivable	<u>13,293</u>	<u>5,504</u>	<u>13,293</u>	<u>5,505</u>
Total Assets	<u><u>\$ 1,167,837</u></u>	<u><u>\$ 1,677,883</u></u>	<u><u>\$ 1,595,311</u></u>	<u><u>\$ 1,250,409</u></u>
<b>Liabilities:</b>				
Due to Student Groups	\$ 1,112,718	\$ 1,636,560	\$ 1,533,168	\$ 1,216,110
Accounts Payable	<u>55,119</u>	<u>41,323</u>	<u>62,144</u>	<u>34,299</u>
Total Liabilities	<u><u>\$ 1,167,837</u></u>	<u><u>\$ 1,677,883</u></u>	<u><u>\$ 1,595,311</u></u>	<u><u>\$ 1,250,409</u></u>

# **SAN MATEO UNION HIGH SCHOOL DISTRICT**

## **ORGANIZATION**

**JUNE 30, 2018**

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The San Mateo Union High School District was established on July 26, 1902, and is located in San Mateo County. There were no changes in the boundaries of the District in the current year. The District operates six high schools, one continuation high school, and an adult education school.

### **GOVERNING BOARD**

<u>Name</u>	<u>Office</u>	<u>Term Expires December</u>
Linda Lees Dwyer	President	2018
Greg Land	Vice-President	2020
Marc Friedman	Clerk	2020
Robert H. Griffin	Trustee	2018
Peter H. Hanley	Trustee	2018
Kei Nomura	Student Board Member	2020

### **ADMINISTRATION**

Kevin Skelly, Ph.D.  
Superintendent

Elizabeth McManus  
Deputy Superintendent, Business Services

Kirk Black, Ed.D.  
Deputy Superintendent, Human Resources and Student Services

Julia Kempkey  
Assistant Superintendent, Curriculum & Instruction

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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	<b>Second Period Report</b>	<b>Revised Second Period Report</b>	<b>Annual Report</b>	<b>Revised Annual Report</b>
Secondary:				
Ninth through Twelfth	8,380.92	8,373.91	8,356.63	8,356.63
Special Education	<u>34.35</u>	<u>34.35</u>	<u>36.83</u>	<u>36.83</u>
Total	<u>8,415.27</u>	<u>8,408.26</u>	<u>8,393.46</u>	<u>8,393.46</u>

**SAN MATEO UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF INSTRUCTIONAL TIME**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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<u>Site</u>	<u>Grade Level</u>	<u>Standard Minutes Requirement</u>	<u>2017-18 Actual Minutes</u>	<u>Instructional Days</u>	<u>Status</u>
Aragon High School	Grades 9 -12	64,800	66,409	180	In compliance
Burlingame High School	Grades 9 -12	64,800	65,447	180	In compliance
Capuchino High School	Grades 9 -12	64,800	66,103	180	In compliance
Hillsdale High School	Grades 9 -12	64,800	67,705	180	In compliance
Mills High School	Grades 9 -12	64,800	67,249	180	In compliance
Peninsula Alternative High School	Grades 9 -12	64,800	64,812	180	In compliance
San Mateo High School	Grades 9 -12	64,800	65,564	180	In compliance

**SAN MATEO UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF CHARTER SCHOOLS**

**FOR FISCAL YEAR ENDED JUNE 30, 2018**

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<u>Charter Schools Chartered by District</u>	<u>Included in District Financial Statements, or Separate Report</u>
Design Tech Charter School	Separately Reported

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT**  
**WITH AUDITED FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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There were no adjustments to any funds of the District.



**SAN MATEO UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<b>Federal CFDA Number</b>	<b>Grantor and Program Title</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Education</u>			
<i>Passed through California Department of Education</i>			
84.027	Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611 (formerly PL 94-142)	13379	\$ 1,252,129
84.027	Special Ed: IDEA Local Assistance, Part B, Sec 611, Private School ISPs	10115	10,728
84.027	Special Ed: IDEA Local Assistance, Part B, Sec 611, Early Intervening Services	10119	162,173
	Total Special Education Cluster		<u>1,425,030</u>
84.002A	Adult Education: Adult Basic Education & ESL	14508	237,048
84.002	Adult Education: Adult Secondary Education	13978	63,683
84.002A	Adult Education: English Literacy & Civics Education	14109	146,739
	Total Adult Education Cluster		<u>447,470</u>
84.365	NCLB: Title III, Immigrant Education Program	15146	17,674
84.365	NCLB: Title III, Limited English Proficient (LEP) Student Program	14346	89,588
	Total Title III Cluster		<u>107,262</u>
84.010	NCLB: Title I, Basic School Support	14416	* 642,511
84.367	NCLB: Title II, Part A, Teacher Quality	14341	213,285
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131	14894	143,490
84.126	Department of Rehab: Workability II, Transition Partnership	10006	<u>247,248</u>
	Total U.S. Department of Education		<u>3,226,296</u>
<u>U.S. Department of Agriculture</u>			
<i>Passed through California Department of Education</i>			
10.555	Child Nutrition: Meal Supplements in National School Lunch Program - Monetary Assistance	13524	835,707
10.555	Child Nutrition: Meal Supplements in National School Lunch Program - Nonmonetary Assistance	13524	61,161
	Total Child Nutrition Cluster		* <u>896,868</u>
	Total U.S. Department of Agriculture		<u>896,868</u>
	Total Federal Programs		<u>\$ 4,123,164</u>
* Tested as a major program			

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Adopted Budget 2018/2019</b>	<b>Actuals 2017/2018</b>	<b>Actuals 2016/2017</b>	<b>Actuals 2015/2016</b>
<b><u>General Fund</u></b>				
Revenues and Other Financial Sources	<u>\$ 163,603,780</u>	<u>\$ 160,786,343</u>	<u>\$ 149,520,029</u>	<u>\$ 141,368,288</u>
Expenditures	162,749,181	154,916,292	145,438,740	137,509,837
Other Uses and Transfers Out	<u>3,090,745</u>	<u>5,373,855</u>	<u>3,425,000</u>	<u>3,590,014</u>
Total Outgo	<u>165,839,926</u>	<u>160,290,147</u>	<u>148,863,740</u>	<u>141,099,851</u>
Change in Fund Balance	<u>(2,236,146)</u>	<u>496,196</u>	<u>656,289</u>	<u>268,437</u>
Ending Fund Balance	<u>\$ 23,870,756</u>	<u>\$ 26,106,902</u>	<u>\$ 25,610,706</u>	<u>\$ 24,954,417</u>
Available Reserves	<u>\$ 4,975,198</u>	<u>\$ 4,808,704</u>	<u>\$ 4,465,913</u>	<u>\$ 4,232,996</u>
Designated for Economic Uncertainties	<u>\$ 4,975,198</u>	<u>\$ 4,808,704</u>	<u>\$ 4,465,913</u>	<u>\$ 4,232,996</u>
Undesignated Fund Balance	<u></u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 707,037</u>
Available Reserves as a Percentage of Total Outgo	3.0%	3.0%	3.0%	3.0%
<b><u>All Funds</u></b>				
Total Long-Term Debt	\$ 761,393,918	\$ 779,323,919	\$ 750,486,839	\$ 722,735,470
Average Daily Attendance at P-2	8,540	8,408	8,298	8,104

\*Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the General Fund

The general fund balance has increased by \$1,420,922 over the past three years. For a District this size, the State of California recommends available reserves of at least 3 percent of total general fund expenditures, transfers out, and other uses (total outgo).

The District had incurred an operating surplus in each of the past three fiscal years and anticipates a deficit in the 2018-19 fiscal year.

Total long-term liabilities have increased by \$56,588,449 over the past two years due to the addition of G.O. Bonds and increase of the net pension liability.

Average Daily Attendance (ADA) has increased by 304 over the past two years. An increase of 132 ADA is projected for the 2018-19 fiscal year.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**

**NOTES TO SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**1. Schedule of Average Daily Attendance**

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

**2. Schedule of Instructional Time**

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

The District participated in the Longer Day incentives and met or exceeded its target funding.

**3. Schedule of Charter Schools**

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

**4. Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements**

This schedule provides information necessary to reconcile the Unaudited Actual Fund Financial Reports to the audited financial statements.

**5. Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of federal awards includes federal grant activity of the District and is presented under the modified accrual basis of accounting. Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with the Uniform Guidance and state requirements. Therefore, some amounts presented in this schedule may differ from amounts used in the preparation of the general purpose financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards

	<b><u>Federal Catalog Number</u></b>	<b><u>Amount</u></b>
Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balance		\$ 6,335,818
Reconciling items		
IRS Bond Interest Subsidies	None	(2,273,815)
Food Distribution - Commodities	10.555	<u>61,161</u>
Total Schedule of Expenditures of Federal Awards		<u><u>\$ 4,123,164</u></u>

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**6. Schedule of Financial Trends And Analysis**

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

## **OTHER INDEPENDENT AUDITOR'S REPORTS**



**James Marta & Company LLP**  
***Certified Public Accountants***

***Accounting, Auditing, Consulting, and Tax***

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH STATE LAWS AND REGULATIONS**

Board of Education  
San Mateo Union High School District  
San Mateo, California

**Report on Compliance for Each State Program**

We have audited the compliance of San Mateo Union High School District's (the "District") compliance with the types of compliance requirements described in the State of California's 2017-18 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2018

**Management's Responsibility**

Compliance with the requirements of state laws and regulations is the responsibility of District's management.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 2017-18 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

**Local Education Agencies Other Than Charter Schools**

<b>Description</b>	<b>Procedures Performed</b>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time for School Districts	Yes
Instructional Materials	
General Requirements	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive Program	No, see below

### **Local Education Agencies Other Than Charter Schools**

<b>Description</b>	<b>Procedures Performed</b>
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below

### **School Districts, County Offices of Education and Charter Schools**

<b>Description</b>	<b>Procedures Performed</b>
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before Schools Education and Safety Program	
General requirements	No, see below
After School	No, see below
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No, see below

### **Charter Schools**

<b>Description</b>	<b>Procedures Performed</b>
Attendance	Not applicable
Mode of Instruction	Not applicable
Nonclassroom-Based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes - Classroom Based	Not applicable
Charter School Facility Grant Program	Not applicable

We did not perform any procedures for Kindergarten Continuance or K-3 Grade Span Adjustment because these grade levels are not offered by the District.

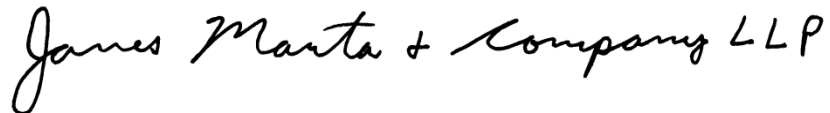
We did not perform any procedures for Independent Study or Continuation Education because the Average Daily Attendance reported for these programs were not material for compliance purposes.

We did not perform any procedures related to Early Retirement Incentive Program, Juvenile Court Schools, After Schools Education and Safety Program, Apprenticeship: Related and Supplemental Instruction or Independent Study-Course Based because the District did not offer these programs in the current year.

We did not perform any procedures related to Contemporaneous Records of Attendance for Charter Schools, Mode of Instruction for Charter Schools, Nonclassroom-Based Instruction/Independent Study for Charter Schools, Determination of Funding for Nonclassroom-Based Instruction for Charter Schools, and Annual Instructional Minutes-Classroom-Based for Charter Schools, Charter School Facility Grant Program because the District did not have any charter schools.

**Opinion on Compliance with State Laws and Regulations**

In our opinion, San Mateo Union High School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2018.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
December 10, 2018





**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting and Tax*

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**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***

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
San Mateo Union High School District  
San Mateo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Mateo Union High School District (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise San Mateo Union High School District's basic financial statements, and have issued our report thereon dated December 10, 2018.

**Internal Control Over Financial Reporting**

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

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

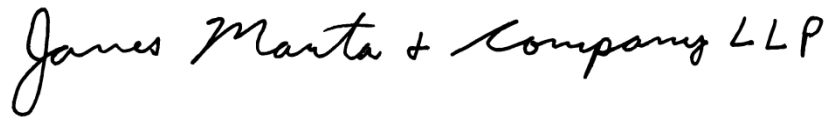
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
December 10, 2018



**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting and Tax*

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
San Mateo Union High School District  
Winters, California

**Report on Compliance for Each Major Federal Program**

We have audited San Mateo Union High School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

## Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

## Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

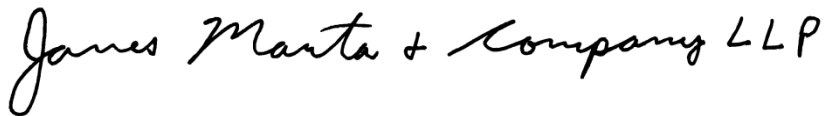
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 10, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
December 10, 2018

## **FINDINGS AND RECOMMENDATIONS**

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

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

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

**Federal Awards**

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

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516(a)? \_\_\_\_\_ Yes   X   No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.555	Child Nutrition Cluster
84.010	Title I, Basic School Support

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

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

**State Awards**

Type of auditor’s report issued on compliance for state programs: Qualified

Internal control over state programs:

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

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

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**Section II – Financial Statement Findings**

No matters were reported.



**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**Section IV – State Award Findings and Questioned Costs**

No matters were reported.

**SAN MATEO UNION HIGH SCHOOL DISTRICT**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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<b><u>Recommendation</u></b>	<b><u>Current Status</u></b>	<b><u>Explanation If Not Implemented</u></b>
<b>2017-01 School Accountability Report Card (72000)</b> It is recommended that management ensures oversight and a process of review of the School Accountability Report Cards to ensure they are complete and accurate.	Implemented	

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## APPENDIX C

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the San Mateo Union High School District (the “District”) in connection with the issuance of \$\_\_\_\_\_ of the District’s 2019 General Obligation Refunding Bonds, Series B (Federally Taxable) (the “Bonds”). The Bonds are being issued pursuant to a Resolution of the Board of Trustees of the District adopted on September 19, 2019 (the “Resolution”). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean initially Keygent LLC, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

“Financial Obligation” shall mean (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

“Holders” shall mean registered owners of the Bonds.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“Participating Underwriter” shall mean Stifel, Nicolaus & Company, Incorporated, and any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org/>, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

### SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than eight months after the end of the District’s fiscal year (presently ending June 30), commencing with the report for the 2018-19 Fiscal Year (which is due no later than March 1, 2020), provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice in a timely manner to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the Repository.

SECTION 4. Content and Form of Annual Reports. (a) The District’s Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District’s audited financial statements):

- (a) State funding received by the District for the last completed fiscal year;
- (b) average daily attendance of the District for the last completed fiscal year;

- (c) outstanding District indebtedness;
- (d) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;
- (e) assessed value of taxable property in the District, as shown on the most recent equalized assessment roll;
- (f) top 20 largest property taxpayers for the District, as shown in the most recent equalized assessment roll; and
- (g) the property tax levies, collections and delinquencies for the District, for the most recently completed fiscal year, to the extent that the County is no longer on the Teeter Plan.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format, and accompanied by identifying information, prescribed by the Municipal Securities Rulemaking Board.

#### SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

- 1. principal and interest payment delinquencies.
- 2. tender offers.
- 3. defeasances.
- 4. rating changes.
- 5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).
- 6. unscheduled draws on the debt service reserves reflecting financial difficulties.
- 7. unscheduled draws on credit enhancement reflecting financial difficulties.
- 8. substitution of the credit or liquidity providers or their failure to perform.
- 9. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed

jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.
2. modifications to rights of Bondholders.
3. optional, contingent or unscheduled bond calls.
4. unless described under Section 5(a)(5) above material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
5. release, substitution or sale of property securing repayment of the Bonds.
6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
7. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.
8. incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).



SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: November \_\_, 2019

SAN MATEO UNION HIGH SCHOOL DISTRICT

By: \_\_\_\_\_  
Elizabeth McManus  
Deputy Superintendent, Business Services

**EXHIBIT A**

**NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT**

Name of District:        SAN MATEO UNION HIGH SCHOOL DISTRICT

Name of Bond Issue:    2019 General Obligation Refunding Bonds, Series B (Federally Taxable)

Date of Issuance:        \_\_\_\_\_, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

SAN MATEO UNION HIGH SCHOOL DISTRICT

By \_\_\_\_\_ [form only; no signature required]

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## APPENDIX D

### GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF SAN MATEO, THE CITY OF BURLINGAME, THE CITY OF FOSTER CITY, THE TOWN OF HILLSBOROUGH AND SAN MATEO COUNTY

*The following information regarding the City of San Mateo (“San Mateo”), the City of Burlingame (“Burlingame”), and the City of Foster City (“Foster City,” and, together with San Mateo and Burlingame, the “Cities”), the Town of Hillsborough (the “Town”) and San Mateo County (the “County”), is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the Cities, the Town or the County. This material has been prepared by or excerpted from the sources as noted herein and has not been independently verified by the District, the Underwriter or the Municipal Advisor.*

#### General

***The City of San Mateo.*** Located 19 miles south of San Francisco and 30 miles north of San Jose, San Mateo is comprised of an area of 14.6 square miles. It is bordered by Burlingame to the north, Foster City to the east, the City of Belmont to the south, and the Town to the west. Incorporated in 1894, it became a charter city in 1922. With a council-manager form of government, San Mateo’s five City Council members are elected at large to four-year terms, with a Mayor selected from the members each year. As one of the major centers of economic activity in the County, San Mateo is home to over 10,000 businesses, with employment concentrated in professional and financial services, retail, and health, educational and recreational services.

***The City of Burlingame.*** Incorporated in 1908, Burlingame is located on the western shore of the San Francisco Bay, approximately 10 miles south of San Francisco, and has an area of approximately 6 square miles. It is a general law city and has a council-manager form of government, with a five-member council elected at-large to four-year terms. The City Council selects a Mayor from among its members annually. The top three revenue streams for Burlingame are transient occupancy tax, property tax and sales tax. It is known in the San Francisco Bay Area for its desirable retail businesses and restaurants.

***The City of Foster City.*** Incorporated in 1971, Foster City is a general law city with a council-manager form of government. Five council members are elected to staggered four-year terms, with a two-term limit. Situated 10 miles south of the San Francisco International Airport, real estate values in the area are currently at historic highs.

***The Town of Hillsborough.*** An affluent community that is primarily residential except for its schools and private clubs, the Town is located west of Highway 101 within a short commute to San Francisco. Incorporated in 1910, the Town is well-known for its rural nature and has a land area of approximately 6.23 square miles. Governed under the council-manager format, it has a City Council comprised of a Mayor, a Vice-Mayor and three council members. City Council members are elected biennially to staggered four-year terms, and the Mayor and Vice-Mayor are selected each year from among the members.

***San Mateo County.*** The County consists of 20 incorporated cities. It is the 14th most populous county in the State of California (the “State”) and encompasses an area of 455 square miles of land and 292 square miles of water. It covers most of the San Francisco Peninsula, with the Santa Cruz Mountains running through its entire length. The County borders San Francisco County to the north and Silicon Valley and Santa Cruz County to the south. The Pacific Ocean lies to the west and the San Francisco Peninsula to the east. The County was formed in 1856 as one of the State’s 18 original counties. The

County is governed by a five-member Board of Supervisors elected by district to four-year staggered terms.

## Population

The following table shows historical population figures for the Cities, the Town, the County and the State for the past 10 years.

**POPULATION ESTIMATES  
2010 through 2019  
City of San Mateo, City of Burlingame, City of Foster City, Town of Hillsborough,  
San Mateo County and the State of California**

<b><u>Year</u></b> <sup>(1)</sup>	<b><u>City of San Mateo</u></b>	<b><u>City of Burlingame</u></b>	<b><u>City of Foster City</u></b>	<b><u>Town of Hillsborough</u></b>	<b><u>San Mateo County</u></b>	<b><u>State of California</u></b>
2010 <sup>(2)</sup>	97,207	28,806	30,567	10,825	718,451	37,253,956
2011	98,301	29,095	30,919	10,954	727,319	37,594,781
2012	99,215	29,365	31,221	11,067	736,760	37,971,427
2013	100,168	29,807	31,540	11,110	747,186	38,321,459
2014	101,010	30,003	32,508	11,293	753,472	38,622,301
2015	102,346	30,214	32,724	11,485	760,679	38,952,462
2016	103,424	30,312	32,763	11,565	766,649	39,214,803
2017	103,769	30,306	32,944	11,643	769,570	39,504,609
2018	104,497	30,345	33,094	11,748	772,372	39,740,508
2019	104,570	30,317	33,693	11,769	774,485	39,927,315

<sup>(1)</sup> As of January 1.

<sup>(2)</sup> As of April 1.

Source: 2010: U.S. Department of Commerce, Bureau of the Census, for April 1.

2010-19 (2010 Demographic Research Unit Benchmark): California Department of Finance for January 1.

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## Income

The following table shows per capita personal income for the County, the State and the United States for the years 2008 through 2017.

**PER CAPITA PERSONAL INCOME**  
**2008 through 2017**  
**San Mateo County, State of California, and United States**

<u>Year</u>	<u>San Mateo County</u>	<u>State of California</u>	<u>United States</u>
2008	\$75,468	\$43,895	\$40,904
2009	71,694	42,050	39,284
2010	73,739	43,609	40,545
2011	79,872	46,145	42,727
2012	87,986	48,751	44,582
2013	87,501	49,173	44,826
2014	93,672	52,237	47,025
2015	102,516	55,679	48,940
2016	106,615	57,497	49,831
2017	113,410	59,796	51,640

Note: Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in thousands of current dollars (not adjusted for inflation). Estimates for 2010-2017 reflect county population estimates available as of March 2018. Last updated: March 6, 2019.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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## Principal Employers

The following tables list the principal employers located in the Cities and the County for the most recent year that statistics are available. The Town, a primarily residential community, is excluded.

### PRINCIPAL EMPLOYERS

2018

#### City of San Mateo

<u>Employer Name</u>	<u>Industry</u>	<u>Number of Employees</u>
County of San Mateo Medical Center	Health Services	1,425
San Mateo-Foster City Unified	Educational Services	1,191
Sony Interactive Entertainment	Computer Programming Services	1,168
Franklin Templeton Investor	Security Brokers, Dealers	1,055
San Mateo Union High School District <sup>(1)</sup>	Educational Services	1,026
San Mateo County Behavioral Health	Health Services	650
Netsuite Inc.	Prepackaged Software	600
City of San Mateo	Public Administration	547
Fisher Investments	Security Brokers, Dealers	423
Marketo Inc.	Prepackaged Software	410

<sup>(1)</sup> For more information regarding employment at the District, see “SAN MATEO UNION HIGH SCHOOL DISTRICT – Labor Relations” in the front part of this Official Statement.

Source: City of San Mateo Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2018.

### PRINCIPAL EMPLOYERS

2018

#### City of Burlingame

<u>Employer Name</u>	<u>Industry</u>	<u>Number of Employees</u>
Mills Peninsula Health Services	Health Services	1,960
Lufthansa Service Holdings Group Sky Chefs Inc.	Catering Services	569
Hyatt Regency San Francisco Airport	Hotel Services	425
Flying Food Group	Catering Services	425
Lahlouh Inc.	Commercial Printing, Lithographic	350
Burlingame School District	Educational Services	327
Burlingame Long Term Care	Health Services	297
Guittard Chocolate Co.	Chocolate and Cocoa Products	267
American Medical Response	Health Services	228
Hilton - San Francisco Airport	Hotel Services	176

Source: City of Burlingame Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2018.



**PRINCIPAL EMPLOYERS**  
**2018**  
**City of Foster City**

<u>Employer Name</u>	<u>Industry</u>	<u>Number of Employees</u>
Gilead Sciences, Inc.	Biotechnology	5,346
Visa U.S.A. Inc.	Global Payments Technology	1,802
Inovant LLC	Global Payments Technology	1,134
Guidewire Software, Inc.	Prepackaged Software	732
Cybersource Corporation	Computer and Data Processing	434
IBM Corporation	Computer Manufacturing	388
City of Foster City	Public Administration	338
Sledgehammer Games, Inc.	Computer Programming Services	313
Qualys Inc.	Business Consulting Services	294
CSG Consultants, Inc.	Business Consulting Services	286

*Source: City of Foster City and Estero Municipal Improvement District Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2018.*

**PRINCIPAL EMPLOYERS**  
**2018**  
**San Mateo County**

<u>Employer Name</u>	<u>Industry</u>	<u>Number of Employees</u>
United Airlines	Airline Transportation	12,000
Genentech Inc.	Biotechnology	11,000
Facebook Inc.	Social Network	7,091
Oracle Corp.	Computer Hardware and Software	6,781
County of San Mateo	Public Administration	5,485
Gilead Sciences Inc.	Biotechnology	3,900
Visa USA/Visa International	Global Payments Technology	3,500
Electronic Arts Inc.	Computer Programming Services	2,367
Robert Half International Inc.	Management Consulting Services	1,790
YouTube LLC	Communication Services	1,700

*Source: County of San Mateo Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2018.*

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## Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2014 through 2018 for the Cities, the Town, the County, and the State.

**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**  
**2014 through 2018<sup>(1)</sup>**  
**City of San Mateo, City of Burlingame, City of Foster City, Town of Hillsborough,**  
**San Mateo County, State of California, and the United States**

<u>Year</u>	<u>Area</u>	<u>Labor Force</u>	<u>Employment<sup>(2)</sup></u>	<u>Unemployment</u>	<u>Unemployment Rate (%)<sup>(3)</sup></u>
<b><u>2014</u></b>	City of San Mateo	60,400	58,000	2,500	4.1
	City of Burlingame	17,200	16,600	600	3.3
	City of Foster City	18,200	17,500	700	3.9
	Town of Hillsborough	5,200	5,100	200	3.6
	San Mateo County	426,900	408,900	18,000	4.2
	State of California	18,714,700	17,310,900	1,403,800	7.5
<b><u>2015</u></b>	City of San Mateo	61,400	59,400	2,000	3.3
	City of Burlingame	17,500	17,000	500	2.7
	City of Foster City	18,800	18,200	600	3.1
	Town of Hillsborough	5,300	5,200	200	2.9
	San Mateo County	434,700	419,800	14,800	3.4
	State of California	18,851,100	17,681,800	1,169,200	6.2
<b><u>2016</u></b>	City of San Mateo	62,700	60,900	1,800	2.9
	City of Burlingame	17,800	17,300	500	3.0
	City of Foster City	19,600	19,000	600	2.9
	Town of Hillsborough	4,900	4,800	100	3.0
	San Mateo County	442,100	428,700	13,500	3.0
	State of California	19,044,500	18,002,800	1,041,700	5.5
<b><u>2017</u></b>	City of San Mateo	63,300	61,600	1,700	2.6
	City of Burlingame	18,000	17,600	500	2.6
	City of Foster City	19,700	19,200	500	2.6
	Town of Hillsborough	5,100	4,900	100	2.8
	San Mateo County	446,100	433,900	12,100	2.7
	State of California	19,205,300	18,285,500	919,800	4.8
<b><u>2018</u></b>	City of San Mateo	64,500	63,100	1,300	2.1
	City of Burlingame	18,400	18,000	400	2.2
	City of Foster City	20,100	19,700	400	2.0
	Town of Hillsborough	5,100	5,000	100	2.3
	San Mateo County	454,900	444,900	10,000	2.2
	State of California	19,398,200	18,582,800	815,4000	4.2

Note: Data is not seasonally adjusted.

<sup>(1)</sup> Annual averages, unless otherwise specified.

<sup>(2)</sup> Includes persons involved in labor-management trade disputes.

<sup>(3)</sup> The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department, March 2018 Benchmark.

## Industry

The Cities, Town and County are located in the San Francisco-Redwood City-South San Francisco Metropolitan Division. The distribution of employment is presented in the following table for the past five years. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

### INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES 2014 through 2018 San Francisco-Redwood City-South San Francisco Metropolitan Division

<u>Category</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Farm	1,900	1,900	1,900	1,800	1,600
Total Nonfarm	995,600	1,044,300	1,086,200	1,111,100	1,144,400
Total Private	875,000	919,900	958,500	981,200	1,013,100
Goods Producing	68,600	72,500	76,900	79,300	81,200
Mining, Logging and Construction	32,800	36,100	38,700	40,000	42,300
Manufacturing	35,900	36,400	38,200	39,300	38,900
Service Providing	927,000	971,800	1,009,300	1,031,800	1,063,200
Private Service Producing	806,400	847,400	881,700	902,000	931,900
Trade, Transportation and Utilities	138,200	142,600	147,800	151,900	155,200
Wholesale Trade	24,500	25,600	26,200	26,700	27,100
Retail Trade	79,700	80,800	81,100	81,200	81,200
Transportation, Warehousing and Utilities	34,000	36,200	40,500	43,900	46,900
Information	55,600	63,800	71,300	77,800	85,700
Financial Activities	71,900	75,200	78,200	78,800	80,900
Professional and Business Services	244,000	259,700	270,300	275,900	287,200
Educational and Health Services	126,000	129,900	133,400	136,000	139,700
Leisure and Hospitality	131,100	136,100	139,900	140,500	141,500
Other Services	39,600	40,000	40,700	41,100	41,800
Government	<u>120,700</u>	<u>124,400</u>	<u>127,700</u>	<u>129,900</u>	<u>131,300</u>
Total, All Industries	997,600	1,046,200	1,088,100	1,112,900	1,146,000

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.

Source: State of California, Employment Development Department, Labor Market Information Division, Average Labor Force and Industry Employment. March 2018 Benchmark.

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## Commercial Activity

Summaries of annual taxable sales for the Cities, the Town and the County from 2014 through 2018 are shown in the following tables.

### ANNUAL TAXABLE SALES 2014 through 2018 City of San Mateo (Dollars in Thousands)

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Outlets Taxable Transactions</u>
2014	2,455	\$1,374,509	3,633	\$1,621,341
2015	--	1,376,103	--	1,639,305
2016	--	1,343,306	--	1,606,176
2017	--	1,349,365	--	1,652,321
2018	--	1,366,772	--	1,647,756

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry level data for 2015 are not comparable to that of prior years.

Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

### ANNUAL TAXABLE SALES 2014 through 2018 City of Burlingame (Dollars in Thousands)

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Outlets Taxable Transactions</u>
2014	897	\$708,760	1,521	\$978,375
2015	--	760,632	--	1,067,079
2016	--	741,286	--	1,036,936
2017	--	766,753	--	1,077,353
2018	--	847,023	--	1,188,033

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry level data for 2015 are not comparable to that of prior years.

Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

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**ANNUAL TAXABLE SALES**  
**2014 through 2018**  
**City of Foster City**  
**(Dollars in Thousands)**

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable</u>		<u>Total Permits</u>	<u>Total Outlets Taxable</u>	
		<u>Transactions</u>			<u>Transactions</u>	
2014	344	\$228,378		565	\$306,468	
2015	--	204,185		--	260,791	
2016	--	194,189		--	244,546	
2017	--	216,622		--	277,574	
2018	--	247,266		--	309,911	

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry level data for 2015 are not comparable to that of prior years.

Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

**ANNUAL TAXABLE SALES**  
**2014 through 2018**  
**Town of Hillsborough**  
**(Dollars in Thousands)**

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable</u>		<u>Total Permits</u>	<u>Total Outlets Taxable</u>	
		<u>Transactions</u>			<u>Transactions</u>	
2014	124	\$1,138		188	\$7,759	
2015	--	1,381		--	8,125	
2016	--	2,602		--	8,498	
2017	--	2,500		--	8,642	
2018	--	1,562		--	8,502	

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry level data for 2015 are not comparable to that of prior years.

Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

**ANNUAL TAXABLE SALES**  
**2014 through 2018**  
**San Mateo County**  
**(Dollars in Thousands)**

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable</u>		<u>Total Permits</u>	<u>Total Outlets Taxable</u>	
		<u>Transactions</u>			<u>Transactions</u>	
2014	12,673	\$10,278,717		19,999	\$15,298,434	
2015	--	10,301,197		--	15,478,010	
2016	--	10,394,055		--	15,658,573	
2017	--	10,949,848		--	16,552,584	
2018	--	11,674,214		--	17,547,097	

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry level data for 2015 are not comparable to that of prior years.

Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

## Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued from 2014 through 2018 for the Cities, the Town, and the County are shown in the following tables.

### BUILDING PERMITS AND VALUATIONS 2014 through 2018 City of San Mateo (Dollars in Thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Valuation</b>					
Residential	\$91,518	\$153,042	\$80,972	\$138,035	\$61,325
Non-residential	<u>39,260</u>	<u>221,918</u>	<u>105,021</u>	<u>289,074</u>	<u>178,120</u>
Total	\$130,778	\$374,960	\$185,993	\$427,109	\$239,445
<b>Units:</b>					
Single family	26	100	36	72	8
Multiple family	<u>142</u>	<u>323</u>	<u>74</u>	<u>373</u>	<u>63</u>
Total	168	423	110	445	71

Note: Totals may not add to sums because of rounding.

Source: Construction Industry Research Board.

### BUILDING PERMITS AND VALUATIONS 2014 through 2018 City of Burlingame (Dollars in Thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Valuation</b>					
Residential	\$34,586	\$32,940	\$38,911	\$156,166	\$120,462
Non-residential	<u>25,682</u>	<u>24,191</u>	<u>61,402</u>	<u>153,163</u>	<u>15,566</u>
Total	\$60,268	\$57,131	\$100,313	\$309,329	\$136,028
<b>Units:</b>					
Single family	19	15	20	14	17
Multiple family	<u>6</u>	<u>0</u>	<u>0</u>	<u>10</u>	<u>279</u>
Total	25	15	20	24	296

Note: Totals may not add to sums because of rounding.

Source: Construction Industry Research Board.

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**BUILDING PERMITS AND VALUATIONS**  
**2014 through 2018**  
**City of Foster City**  
**(Dollars in Thousands)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Valuation</b>					
Residential	\$51,768	\$90,077	\$39,422	\$10,670	\$12,004
Non-residential	<u>235,901</u>	<u>139,270</u>	<u>180,771</u>	<u>185,388</u>	<u>192,713</u>
Total	\$287,669	\$229,347	\$220,193	\$196,058	\$204,717
<b>Units:</b>					
Single family	0	0	0	0	0
Multiple family	<u>273</u>	<u>346</u>	<u>74</u>	<u>0</u>	<u>0</u>
Total	273	346	74	0	0

Note: Totals may not add to sums because of rounding.

Source: Construction Industry Research Board.

**BUILDING PERMITS AND VALUATIONS**  
**2014 through 2018**  
**Town of Hillsborough**  
**(Dollars in Thousands)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Valuation</b>					
Residential	\$49,975	\$54,654	\$48,268	\$58,721	\$44,786
Non-residential	<u>1,881</u>	<u>673</u>	<u>859</u>	<u>1,291</u>	<u>144</u>
Total	\$51,856	\$55,327	\$49,127	\$60,012	\$44,930
<b>Units:</b>					
Single family	23	26	19	24	18
Multiple family	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	23	26	19	24	18

Note: Totals may not add to sums because of rounding.

Source: Construction Industry Research Board.

**BUILDING PERMITS AND VALUATIONS**  
**2014 through 2018**  
**San Mateo County**  
**(Dollars in Thousands)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Valuation (\$000):</b>					
Residential	\$806,994	\$1,041,468	\$1,015,135	\$1,052,535	\$950,939
Non-residential	<u>1,016,791</u>	<u>1,010,485</u>	<u>1,613,446</u>	<u>2,390,996</u>	<u>2,555,752</u>
Total	\$1,823,785	\$2,051,953	\$2,628,581	\$3,443,531	\$3,506,691
<b>Units:</b>					
Single family	315	521	458	411	443
Multiple family	<u>1,302</u>	<u>1,386</u>	<u>1,319</u>	<u>1,169</u>	<u>1,046</u>
Total	1,617	1,907	1,777	1,580	1,489

Note: Totals may not add to sums because of rounding.

Source: Construction Industry Research Board.

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## APPENDIX E

### SAN MATEO COUNTY TREASURY POOL

*The following information concerning the San Mateo County Treasury Pool (the “Treasury Pool”) has been provided by the Treasurer, and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. The District, the Municipal Advisor and the Underwriter have not made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors, may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, none of the District, the Municipal Advisor or the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasury Pool may be obtained from the Treasurer at <http://www.sanmateocountytreasurer.org/investmentReports.html>; however, the information presented on such website is not incorporated herein by any reference.*

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**Sandie Arnott**  
TREASURER-TAX COLLECTOR

# SAN MATEO COUNTY INVESTMENT POOL FUND AUGUST 2019 MONTH END REPORT





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- I. Introduction Summary P. 3
- II. Portfolio Summary P. 4
- III. Fixed Income Distribution P. 5
- IV. Summary of Pool Earnings P. 6
- V. Portfolio Appraisal P. 7-14
- VI. Diversification P. 15
- VII. 12-Month Cash Flow P. 16



# INTRODUCTION SUMMARY

Gross earnings for the month ending August 31, 2019 were 2.281%. The current average maturity of the portfolio is 1.46 years with an average duration of 1.40 years. The current Par Value of the pool is \$5.065 Billion. The largest non-government aggregate positions are currently Wells Fargo Bank at 2.46%. The portfolio continues to hold no derivative products.

The San Mateo County Pool complies with Government Code Section 53646, which requires the ability to meet its expenditure requirements for the next six months.

I certify, and our compliance advisor, Silicon Valley Treasury Consulting Group, confirms these reports are in compliance with the Investment Policy dated Calendar Year 2019. Please visit our website if you wish to review Silicon Valley Treasury Consulting Group's monthly compliance report:

<https://treasurer.smcgov.org/investment-information>

If you have any questions regarding any of these reports, please call me at (650) 363-4470.

Best regards,

A handwritten signature in blue ink, which appears to read "Sandie Arnott".

Sandie Arnott  
Treasurer-Tax Collector



# SAN MATEO COUNTY TREASURER'S OFFICE PORTFOLIO REPORT

August 31, 2019

## Earnings Summary

Average Balance		\$	5,121,111,750.06
Gross Earnings Rate/Dollar	2.281%	\$	9,921,276.09
Administration Fees		\$	(413,196.55)
<b>Net Earnings Rates/Dollar</b>	<b>2.186%</b>	<b>\$</b>	<b>9,508,079.54</b>

## Portfolio Summary

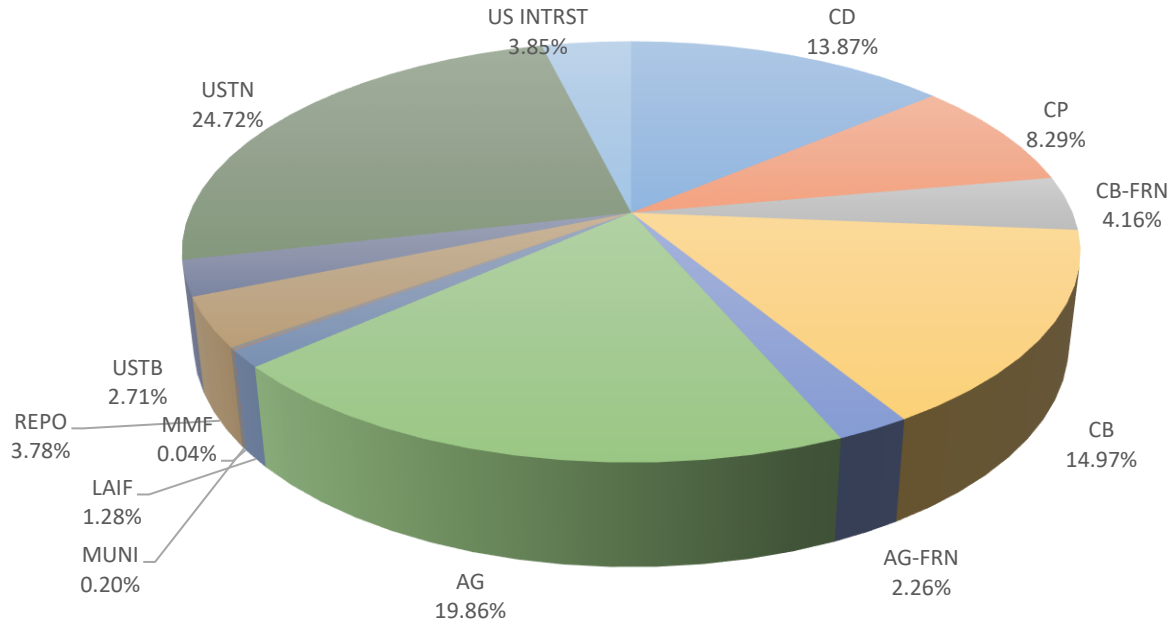
Average Yield to Maturity	1.97
Average Maturity (yrs)	1.46
Average Coupon	1.94
Average Duration	1.40
Average Moody Rating	Aa2/P-1
Average S&P Rating	AA/A-1

## Monthly Earnings Rates

	Month	SMC	LAIF
	March-19	2.505%	2.436%
	April-19	2.420%	2.445%
	May-19	2.494%	2.449%
	June-19	2.476%	2.428%
	July-19	2.336%	2.379%
	August-19	2.281%	2.341%

Investment Type	Par	Book	Market
Certificate of Deposit	702,678	702,971	707,673
Commercial Paper	420,000	415,103	418,433
Corporate Bond - Floaters	210,786	210,744	212,162
Corporate Bonds	758,185	760,025	769,663
Federal Agency - Floaters	114,650	114,656	114,732
Federal Agency Securities	1,006,137	1,006,533	1,016,919
Local Agency Investment Fund	65,000	65,000	65,202
Money Market Funds	2,148	2,148	2,148
Municipal Bonds	10,000	10,435	10,637
Repurchase Agreement	191,500	191,500	191,511
United States Treasury Bills	137,500	136,159	136,847
United States Treasury Notes	1,251,970	1,272,152	1,281,813
US Instrumentalities	195,000	194,162	195,964
<b>Grand Total</b>	<b>5,065,554</b>	<b>5,081,587</b>	<b>5,123,704</b>

Values in \$Thousands, Book Value does not reflect amortizations or accretions but includes purchased accrued interest. Market Value includes accrued Interest for reporting period and downloaded through Interactive Data Corp.





# SAN MATEO COUNTY TREASURER'S OFFICE FIXED INCOME DISTRIBUTION

August 31, 2019

## Distribution By Maturity

<u>Maturity</u>	<u>Number</u>	<u>Mkt Value</u>	<u>% Bond Holdings</u>	<u>Average YTM</u>	<u>Average Coupon</u>	<u>Average Duration</u>
Under 1 Yr	115	\$ 2,440,134,869.07	47.6%	2.2	1.604%	0.3
1 Yr - 3 Yrs	89	\$ 1,897,899,938.91	37.0%	1.9	2.174%	1.9
3 Yrs - 5 Yrs	28	\$ 785,669,213.76	15.3%	1.6	2.397%	3.6

## Distribution By Coupon

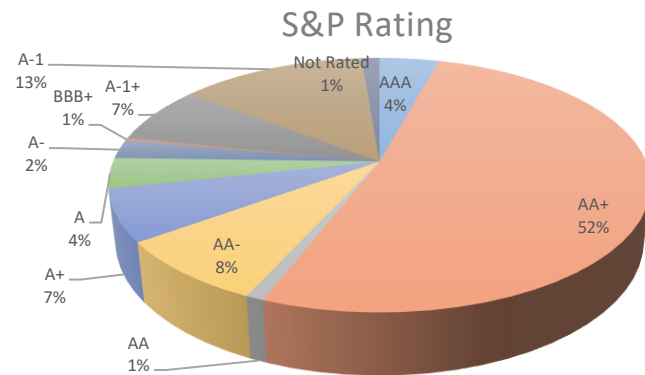
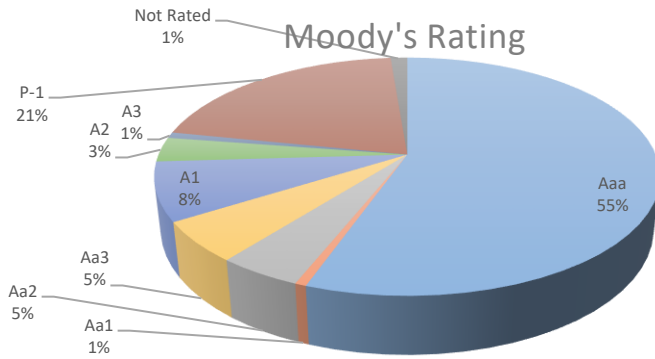
<u>Coupon %</u>	<u>Number</u>	<u>Mkt Value</u>	<u>% Bond Holdings</u>	<u>Average YTM</u>	<u>Average Coupon</u>	<u>Average Duration</u>
Under 1%	34	\$ 769,402,200.77	15.0%	2	0.000%	0.2
1% - 3%	182	\$ 4,140,856,321.47	80.8%	1.9	2.195%	1.6
3% - 5%	13	\$ 176,145,679.69	3.4%	2.3	3.636%	1.7
5% - 7%	3	\$ 37,299,819.81	0.7%	1.9	5.321%	1.5

## Distribution by Duration

<u>Duration</u>	<u>Number</u>	<u>Mkt Value</u>	<u>% Bond Holdings</u>	<u>Average YTM</u>	<u>Average Coupon</u>	<u>Average Duration</u>
Under 1 Yr	117	\$ 2,469,587,500.53	48.2%	2.2	1.614%	0.3
1 Yr - 3 Yrs	89	\$ 1,970,126,582.46	38.5%	1.8	2.149%	2
3 Yrs - 5 Yrs	26	\$ 683,989,938.75	13.3%	1.6	2.492%	3.7

## Distribution by Moody's Rating

<u>Rating</u>	<u>Number</u>	<u>Mkt Value</u>	<u>% Bond Holdings</u>	<u>Average YTM</u>	<u>Average Coupon</u>	<u>Average Duration</u>
Aaa	109	\$ 2,841,710,451.54	55.5%	1.7	1.881%	1.8
Aa1	5	\$ 31,571,873.50	0.6%	2.4	2.357%	1.4
Aa2	14	\$ 234,259,443.49	4.6%	2.3	2.756%	1.4
Aa3	16	\$ 279,553,469.79	5.5%	2.2	2.438%	1.6
A1	27	\$ 407,629,865.66	8.0%	2.1	2.587%	1.4
A2	14	\$ 170,548,275.17	3.3%	2.1	2.787%	1.9
A3	4	\$ 40,984,611.71	0.8%	2	2.910%	2.5
P-1	42	\$ 1,052,244,061.44	20.5%	2.4	1.303%	0.3
Not Rated	1	\$ 65,201,969.44	1.3%	2.4	2.380%	0



## Distribution by S&P Rating

<u>Rating</u>	<u>Number</u>	<u>Mkt Value</u>	<u>% Bond Holdings</u>	<u>Average YTM</u>	<u>Average Coupon</u>	<u>Average Duration</u>
AAA	14	\$ 217,121,555.05	4.2%	1.9	1.365%	0.7
AA+	99	\$ 2,645,799,292.64	51.6%	1.7	1.926%	1.9
AA	5	\$ 47,489,684.58	0.9%	1.9	2.314%	1.4
AA-	25	\$ 419,438,212.60	8.2%	2.1	2.534%	1.5
A+	22	\$ 338,840,906.20	6.6%	2.3	2.668%	1.6
A	14	\$ 197,403,844.22	3.9%	2	2.565%	1.1
A-	8	\$ 119,111,079.33	2.3%	2.1	2.905%	2.3
BBB+	2	\$ 21,053,416.23	0.4%	2.2	3.512%	3.6
A-1+	15	\$ 369,123,493.71	7.2%	2	1.264%	0.3
A-1	27	\$ 683,120,567.73	13.3%	2.6	1.324%	0.3
Not Rated	1	\$ 65,201,969.44	1.3%	2.4	2.380%	0

Market value on the Fixed Income Distribution Report includes any accrued interest that a security has earned. Total cost does not reflect amortizations or accretions but includes purchased accrued interest. Monthly Transaction Summary is available upon request.



# SUMMARY OF POOL EARNINGS

## COUNTY OF SAN MATEO ESTIMATED SUMMARY OF POOL EARNINGS AUGUST 2019

	<u>Par Value</u>	<u>Gross Earnings</u>	<u>Realized Gain/Loss &amp; Interest Received</u>	<u>Period Earnings</u>
<b>Fixed Income Securities Maturing &gt; 1 year</b>				
U S Treasury Notes	\$ 1,251,970,000.00	\$ 1,220,138.20	U S Treasury Notes	\$ 282,011.39
U.S. Instrumentalities	\$ 90,000,000.00	\$ 130,949.06	U.S. Instrumentalities	\$ 37,858.33
Federal Agencies	\$ 570,000,000.00	\$ 930,105.45	Federal Agencies	\$ 550,575.58
Corporate Notes	\$ 585,106,000.00	\$ 1,038,231.38	Corporate Notes	\$ 400,206.84
Certificate of Deposit	\$ 241,310,000.00	\$ 320,891.76	Floating Rate Securities	\$ 85,102.56
Floating Rate Securities	\$ 150,286,000.00	\$ 260,020.08	Commercial Paper	\$ 98,611.16
	<b>\$ 2,888,672,000.00</b>	<b>\$ 3,900,335.93</b>	Certificate of Deposit	\$ 284,879.63
			U S Treasury Bills	\$ 118,187.21
			Repurchase Agreements	\$ 329,343.70
			<b>Total Realized Income</b>	<b>\$ 2,186,776.41</b>
<b>Short Term Securities Maturing &lt; 1 year</b>				
U.S. Instrumentalities	\$ 115,000,000	\$ 233,238.91		
Federal Agencies	\$ 560,787,000.00	\$ 957,633.56		
Corporate Notes	\$ 144,769,000.00	\$ 298,542.17		
Floating Rate Securities	\$ 67,500,000.00	\$ 142,179.60		
LAIF	\$ 65,000,000.00	\$ 132,493.15		
Commercial Paper	\$ 420,000,000.00	\$ 878,483.54		
Certificate of Deposit	\$ 472,678,000.00	\$ 924,095.70		
U S Treasury Bills	\$ 137,500,000.00	\$ 222,388.24		
Repurchase Agreements	\$ 193,647,967.75	\$ 45,108.89		
	<b>\$ 2,176,881,967.75</b>	<b>\$ 3,834,163.75</b>		
<b>Total Accrued Interest</b>	<b>\$ 5,065,553,967.75</b>	<b>\$ 7,734,499.68</b>		
<b>Total Dollar Earnings for AUGUST</b>		<b>\$ 9,921,276.09</b>		

<b>AVERAGE BALANCE</b>		<b>\$ 5,121,111,750.06</b>
<b>GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS</b>	<b>2.281%</b>	<b>\$ 9,921,276.09</b>
<b>ADMINISTRATION FEES</b>		<b>(\$413,196.55)</b>
<b>NET EARNINGS RATE / NET DOLLAR EARNINGS</b>	<b>2.186%</b>	<b>\$9,508,079.54</b>





# PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE  
PORTFOLIO APPRAISAL  
*SAN MATEO COUNTY POOL*  
August 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
<b>CERTIFICATE OF DEPOSIT</b>													
HSBC BANK USA	2.59	10-02-19			40,000,000	100.00	40,000,000.00	100.00	40,000,000.00	434,544.44	40,434,544.44	A-1+	0.78
CITIBANK NA	2.57	10-21-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	230,229.17	25,230,229.17	A-1	0.49
MUFG UNION BANK NA	2.50	10-25-19			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	63,888.89	10,063,888.89	A-1	0.20
MUFG UNION BANK NA	2.48	11-08-19			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	63,377.78	10,063,377.78	A-1	0.20
NORINCHUKIN BANK NY	2.57	11-13-19			15,000,000	100.00	15,000,000.00	100.00	15,000,000.00	117,791.67	15,117,791.67	A-1	0.29
US BANK NA OHIO	2.35	11-15-19			20,000,000	100.17	20,034,600.00	100.00	20,000,000.00	20,872.27	20,020,872.27	A-1+	0.39
MIZUHO BANK LTD/NY	2.27	11-27-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	144,724.31	25,144,724.31	A-1	0.49
CREDIT SUISSE NY	2.63	12-02-19			50,000,000	100.00	50,000,000.00	100.00	50,000,000.00	551,569.44	50,551,569.44	A-1	0.98
TORONTO DOMINION BANK NY	2.40	12-04-19			30,700,000	100.09	30,727,068.19	100.00	30,700,000.00	180,106.67	30,880,106.67	A-1+	0.60
WESTPAC BANK N Y	3.02	12-12-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	163,583.33	25,163,583.33	A-1+	0.49
BNS HOUSTON YCD FRN	2.55	12-30-19			25,000,000	99.94	24,984,250.00	100.00	25,000,000.00	272,695.50	25,272,695.50	A-1	0.49
CITIBANK NA	2.58	01-03-20			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	216,791.67	25,216,791.67	A-1	0.49
TORONTO-DOMINION BANK NY	2.88	01-16-20			20,000,000	100.81	20,161,416.70	100.00	20,000,000.00	240,000.00	20,240,000.00	A-1+	0.39
SOCIETE GENERALE NY	2.42	01-27-20			35,500,000	100.04	35,512,613.51	100.00	35,500,000.00	83,376.93	35,583,376.93	A-1	0.70
CANADIAN IMPERIAL YCD FRN	2.46	01-30-20			5,000,000	100.00	5,000,000.00	100.00	5,000,000.00	10,914.44	5,010,914.44	A-1	0.10
CANADIAN IMPERIAL YCD FRN	2.46	01-30-20			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	21,828.89	10,021,828.89	A-1	0.20
CANADIAN IMPERIAL YCD FRN	2.46	01-30-20			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	21,828.89	10,021,828.89	A-1	0.20
BANK OF MONTREAL CHICAGO-YCD	2.44	01-31-20			11,478,000	100.00	11,478,000.00	100.00	11,478,000.00	259,357.21	11,737,357.21	A-1	0.22
NATIONAL AUSTRALIA BK/NY	2.33	02-10-20			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	33,992.00	25,033,992.00	A-1+	0.49
BNS HOUSTON YCD FRN-Q	2.30	02-18-20			5,000,000	100.00	5,000,000.00	100.00	5,000,000.00	89,940.92	5,089,940.92	A-1	0.10
BNS HOUSTON YCD FRN-Q	2.30	02-18-20			5,000,000	100.00	5,000,000.00	100.00	5,000,000.00	89,940.92	5,089,940.92	A-1	0.10
CANADIAN IMP BK COMM NY- FRN	2.57	03-18-20			20,000,000	100.10	20,020,368.96	100.00	20,000,000.00	105,737.78	20,105,737.78	A-1	0.39
SOCIETE GENERALE NY	2.68	05-01-20			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	223,333.33	25,223,333.33	A-1	0.49
SWEDBANK YCD FRN-Q	2.44	05-07-20			20,000,000	100.00	20,000,000.00	100.00	20,000,000.00	644,980.00	20,644,980.00	A-1+	0.39
BNS HOUSTON YCD- FRNQ	2.40	08-17-20			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	20,031.25	25,020,031.25	A+	0.49
SUMITOMO MITSUI BANK NY	2.54	08-28-20			25,000,000	100.21	25,052,250.00	100.00	25,000,000.00	5,300.27	25,005,300.27	A	0.49
HSBC BANK USA	2.70	10-02-20			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	111,750.00	10,111,750.00	AA-	0.20
SVENSKA HAND.YCD-FRN	2.58	01-29-21			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	59,027.60	25,059,027.60	AA-	0.49
NORDEA BANK NY - FRN	2.47	02-12-21			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	32,603.47	25,032,603.47	AA-	0.49
COOPERATIEVE RABO YCD FRN	2.77	03-01-21			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	175,064.41	25,175,064.41	A+	0.49
CREDIT AGRICOLE CIB NY	2.83	04-02-21			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	292,826.39	25,292,826.39	A+	0.49
NORDEA BANK ABP NY	1.85	08-26-22			50,000,000	100.00	50,000,000.00	100.00	50,000,000.00	12,847.22	50,012,847.22	AA-	0.98
					702,678,000		702,970,567.36		702,678,000.00	4,994,857.06	707,672,857.06		13.77
<b>COMMERCIAL PAPER</b>													
NATIXIS NY BRANCH	0.00	09-03-19			25,000,000	99.12	24,780,381.94	99.98	24,994,725.00	0.00	24,994,725.00	A-1	0.49
AMERICAN HONDA FINANCE	0.00	09-05-19			20,000,000	99.28	19,856,133.33	99.97	19,993,080.00	0.00	19,993,080.00	A-1	0.39
COOPERATIEVE RABOBANK UA	0.00	09-13-19			50,000,000	98.54	49,271,833.33	99.91	49,953,600.00	0.00	49,953,600.00	A-1	0.98
JP MORGAN SECURITIES LLC	0.00	09-16-19			20,000,000	98.70	19,739,561.11	99.88	19,976,980.00	0.00	19,976,980.00	A-1	0.39
JP MORGAN SECURITIES LLC	0.00	09-23-19			20,000,000	98.73	19,745,594.44	99.84	19,967,680.00	0.00	19,967,680.00	A-1	0.39
BNP PARIBAS NY	0.00	10-03-19			25,000,000	98.71	24,678,222.22	99.77	24,941,325.00	0.00	24,941,325.00	A-1	0.49
TOYOTA MOTOR CREDIT CORP	0.00	10-09-19			25,000,000	98.77	24,691,319.44	99.72	24,931,200.00	0.00	24,931,200.00	A-1+	0.49
EXXON MOBIL CORP	0.00	10-17-19			25,000,000	99.30	24,824,222.22	99.71	24,926,900.00	0.00	24,926,900.00	A-1+	0.49
BANK OF MONTREAL CHICAGO	0.00	10-22-19			25,000,000	98.71	24,677,843.75	99.63	24,908,450.00	0.00	24,908,450.00	A-1	0.49
COOPERATIEVE RABOBANK UA	0.00	11-04-19			25,000,000	98.71	24,677,083.33	99.55	24,887,150.00	0.00	24,887,150.00	A-1	0.49

\*\* TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.



# PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE  
PORTFOLIO APPRAISAL  
*SAN MATEO COUNTY POOL*  
August 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
NATIXIS NY BRANCH	0.00	11-04-19			25,000,000	98.72	24,680,000.00	99.54	24,884,450.00	0.00	24,884,450.00	A-1	0.49
NATIXIS NY BRANCH	0.00	11-05-19			10,000,000	99.04	9,904,450.00	99.57	9,957,100.00	0.00	9,957,100.00	A-1	0.20
ING (US) FUNDING LLC -FRN	2.31	11-08-19			50,000,000	100.00	50,000,000.00	100.00	50,000,000.00	0.00	50,000,000.00	A-1	0.98
CREDIT AGRICOLE CIB NY	0.00	01-31-20			25,000,000	98.07	24,518,125.00	98.91	24,726,950.00	0.00	24,726,950.00	A-1	0.48
MUFG BANK LTD/NY	0.00	02-21-20			20,000,000	98.09	19,618,916.67	98.77	19,753,500.00	0.00	19,753,500.00	A-1	0.39
MUFG BANK LTD/NY	0.00	02-21-20			30,000,000	98.13	29,439,183.33	98.77	29,630,250.00	0.00	29,630,250.00	A-1	0.58
					420,000,000		415,102,870.11		418,433,340.00	0.00	418,433,340.00		8.20
<b>LOCAL AGENCY INVESTMENT FUND</b>													
LAIF	2.38	09-01-19			65,000,000	100.00	65,000,000.00	100.00	65,000,000.00	201,969.44	65,201,969.44	NR	1.27
<b>REPURCHASE AGREEMENTS</b>													
REPURCHASE AGREEMENT(U.S. TREA	2.12	09-03-19			191,500,000	100.00	191,500,000.00	100.00	191,500,000.00	11,092.35	191,511,092.35	AA+	3.75
<b>UNITED STATES TREASURY-BILLS</b>													
UNITED STATES TREAS BILL	0.00	09-03-19			30,000,000	99.84	29,951,933.40	100.00	30,000,000.00	0.00	30,000,000.00	A-1+	0.59
UNITED STATES TREAS BILL	0.00	09-03-19			10,000,000	99.86	9,985,772.22	100.00	10,000,000.00	0.00	10,000,000.00	A-1+	0.20
UNITED STATES TREAS BILL	0.00	09-03-19			5,000,000	99.86	4,992,886.11	100.00	5,000,000.00	0.00	5,000,000.00	A-1+	0.10
UNITED STATES TREAS BILL	0.00	12-05-19			12,500,000	98.95	12,368,137.85	99.50	12,438,025.00	0.00	12,438,025.00	A-1+	0.24
UNITED STATES TREAS BILL	0.00	12-26-19			40,000,000	98.97	39,588,426.11	99.40	39,759,160.00	0.00	39,759,160.00	A-1+	0.78
UNITED STATES TREAS BILL	0.00	02-23-20			15,000,000	99.08	14,861,610.45	99.17	14,875,080.00	0.00	14,875,080.00	A-1+	0.29
UNITED STATES TREAS BILL	0.00	02-27-20			25,000,000	97.64	24,410,456.60	99.10	24,775,050.00	0.00	24,775,050.00	A-1+	0.49
					137,500,000		136,159,222.74		136,847,315.00	0.00	136,847,315.00		2.68
<b>UNITED STATES TREASURY-NOTES</b>													
UNITED STATES TREAS NTS	1.75	10-31-20			25,400,000	100.14	25,435,287.37	100.02	25,403,962.40	149,381.15	25,553,343.55	AA+	0.50
UNITED STATES TREAS NTS	2.25	02-15-21			25,000,000	100.46	25,115,234.38	100.87	25,217,775.00	24,456.52	25,242,231.52	AA+	0.49
UNITED STATES TREAS NTS	2.50	02-28-21			10,500,000	101.89	10,698,622.62	101.26	10,632,478.50	0.00	10,632,478.50	AA+	0.21
UNITED STATES TREAS NTS	2.62	06-15-21			20,000,000	102.34	20,468,890.88	101.84	20,368,760.00	110,450.82	20,479,210.82	AA+	0.40
UNITED STATES TREAS NTS	1.12	07-31-21			50,000,000	100.00	50,000,000.00	99.19	49,595,700.00	47,384.51	49,643,084.51	AA+	0.97
UNITED STATES TREAS NTS	1.12	07-31-21			23,500,000	98.58	23,166,777.34	99.19	23,309,979.00	22,270.72	23,332,249.72	AA+	0.46
UNITED STATES TREAS NTS	2.75	08-15-21			10,000,000	101.93	10,192,968.75	102.30	10,230,080.00	11,956.52	10,242,036.52	AA+	0.20
UNITED STATES TREAS NTS	2.75	08-15-21			14,160,000	101.82	14,417,756.25	102.30	14,485,793.28	16,930.43	14,502,723.71	AA+	0.28
UNITED STATES TREAS NTS	2.75	08-15-21			17,400,000	102.44	17,825,129.76	102.30	17,800,339.20	20,804.35	17,821,143.55	AA+	0.35
UNITED STATES TREAS NTS	1.12	08-31-21			50,000,000	99.62	49,812,500.00	99.21	49,605,450.00	4,585.60	49,610,035.60	AA+	0.97
UNITED STATES TREAS NTS	1.12	08-31-21			50,000,000	99.75	49,875,000.00	99.21	49,605,450.00	4,585.60	49,610,035.60	AA+	0.97
UNITED STATES TREAS NTS	1.12	09-30-21			50,000,000	99.78	49,890,625.00	99.19	49,595,700.00	235,394.02	49,831,094.02	AA+	0.97
UNITED STATES TREAS NTS	2.87	10-15-21			25,000,000	102.99	25,747,214.40	102.81	25,703,125.00	271,004.10	25,974,129.10	AA+	0.50
UNITED STATES TREAS NTS	1.25	10-31-21			50,000,000	100.00	50,000,000.00	99.44	49,720,700.00	210,040.98	49,930,740.98	AA+	0.97
UNITED STATES TREAS NTS	2.88	11-15-21			30,000,000	103.64	31,091,015.63	102.95	30,883,590.00	253,433.15	31,137,023.15	AA+	0.61
UNITED STATES TREAS NTS	2.12	12-31-21			20,000,000	101.76	20,351,460.60	101.45	20,290,620.00	71,994.54	20,362,614.54	AA+	0.40
UNITED STATES TREAS NTS	2.50	01-15-22			16,700,000	101.75	16,991,852.92	102.36	17,093,368.50	53,322.01	17,146,690.51	AA+	0.34
UNITED STATES TREAS NTS	2.25	04-15-22			40,000,000	101.62	40,649,001.02	102.02	40,806,240.00	339,344.26	41,145,584.26	AA+	0.80
UNITED STATES TREAS NTS	2.12	05-15-22			25,000,000	101.31	25,328,082.54	101.76	25,439,450.00	155,910.33	25,595,360.33	AA+	0.50
UNITED STATES TREAS NTS	1.75	05-31-22			25,200,000	100.07	25,217,611.17	100.79	25,398,853.20	111,448.37	25,510,301.57	AA+	0.50
UNITED STATES TREAS NTS	2.12	06-30-22			32,500,000	102.01	33,153,587.80	101.93	33,127,152.50	116,355.30	33,243,507.80	AA+	0.65

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# PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE  
PORTFOLIO APPRAISAL  
*SAN MATEO COUNTY POOL*  
August 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
UNITED STATES TREAS NTS	2.00	07-31-22			10,000,000	100.51	10,050,781.25	101.62	10,161,720.00	16,847.83	10,178,567.83	AA+	0.20
UNITED STATES TREAS NTS	2.00	07-31-22			25,000,000	100.45	25,113,281.25	101.62	25,404,300.00	42,119.57	25,446,419.57	AA+	0.50
UNITED STATES TREAS NTS	1.62	08-31-22			50,000,000	99.62	49,808,593.75	100.54	50,271,500.00	339,651.64	50,611,151.64	AA+	0.99
UNITED STATES TREAS NTS	1.87	09-30-22			50,000,000	99.73	49,863,281.25	101.35	50,675,800.00	392,323.37	51,068,123.37	AA+	0.99
UNITED STATES TREAS NTS	2.00	10-31-22			50,000,000	99.84	49,919,921.88	101.74	50,871,100.00	390,710.38	51,261,810.38	AA+	1.00
UNITED STATES TREAS NTS	2.00	11-30-22			50,000,000	99.49	49,746,093.75	101.79	50,894,550.00	251,366.12	51,145,916.12	AA+	1.00
UNITED STATES TREAS NTS	2.12	12-31-22			25,000,000	101.10	25,275,263.25	102.26	25,565,425.00	91,493.06	25,656,918.06	AA+	0.50
UNITED STATES TREAS NTS	2.75	05-31-23			50,000,000	105.12	52,557,761.27	104.78	52,390,600.00	347,486.41	52,738,086.41	AA+	1.03
UNITED STATES TREAS NTS	2.62	06-30-23			25,000,000	103.12	25,779,254.41	104.46	26,116,200.00	110,563.86	26,226,763.86	AA+	0.51
UNITED STATES TREAS NTS	2.75	07-31-23			25,000,000	103.65	25,912,109.38	105.00	26,249,025.00	57,914.40	26,306,939.40	AA+	0.51
UNITED STATES TREAS NTS	2.75	07-31-23			35,000,000	105.05	36,768,011.21	105.00	36,748,635.00	81,080.16	36,829,715.16	AA+	0.72
UNITED STATES TREAS NTS	2.75	08-31-23			11,800,000	104.55	12,336,691.58	105.11	12,403,369.40	2,645.38	12,406,014.78	AA+	0.24
UNITED STATES TREAS NTS	2.75	08-31-23			24,500,000	106.01	25,971,414.74	105.11	25,752,758.50	5,492.53	25,758,251.03	AA+	0.50
UNITED STATES TREAS NTS	2.87	09-30-23			9,485,000	105.24	9,981,938.03	105.73	10,028,537.92	113,994.93	10,142,532.85	AA+	0.20
UNITED STATES TREAS NTS	2.87	09-30-23			22,425,000	106.53	23,890,077.98	105.73	23,710,064.63	269,513.58	23,979,578.20	AA+	0.46
UNITED STATES TREAS NTS	1.62	10-31-23			50,000,000	100.16	50,078,125.00	100.82	50,412,100.00	273,053.28	50,685,153.28	AA+	0.99
UNITED STATES TREAS NTS	2.87	11-30-23			26,000,000	104.67	27,213,311.13	105.96	27,550,848.00	187,896.17	27,738,744.17	AA+	0.54
UNITED STATES TREAS NTS	2.62	12-31-23			25,000,000	103.64	25,908,840.01	105.04	26,258,800.00	111,168.03	26,369,968.03	AA+	0.51
UNITED STATES TREAS NTS	2.50	01-31-24			18,900,000	103.60	19,580,310.12	104.59	19,768,228.20	0.00	19,768,228.20	AA+	0.39
UNITED STATES TREAS NTS	2.50	01-31-24			43,000,000	104.52	44,943,836.61	104.59	44,975,334.00	0.00	44,975,334.00	AA+	0.88
UNITED STATES TREAS NTS	2.12	02-29-24			15,500,000	103.38	16,024,283.29	103.05	15,973,478.50	0.00	15,973,478.50	AA+	0.31
					1,251,970,000		1,272,151,799.57		1,276,496,940.73	5,316,373.97	1,281,813,314.70		25.02
<b>FEDERAL AGENCY - FLOATING RATE SECURITIES</b>													
FEDERAL HOME LOAN BANK - FRN	2.19	11-15-19			20,000,000	100.00	20,000,000.00	100.01	20,001,388.60	19,511.11	20,020,899.71	AA+	0.39
FREDDIE MAC	2.10	05-20-20			10,000,000	100.06	10,006,455.42	99.99	9,998,530.70	6,431.94	10,004,962.64	AA+	0.20
FEDERAL FARM CREDIT BANK-FRN	2.15	05-26-20			10,000,000	100.00	10,000,000.00	99.98	9,997,840.00	2,979.51	10,000,819.51	AA+	0.20
FEDERAL HOME LOAN BANK	2.42	06-19-20			19,650,000	100.00	19,650,000.00	99.99	19,648,644.94	96,626.15	19,745,271.08	AA+	0.39
FEDERAL FARM CR BKS FDG CORP	2.21	12-11-20			5,000,000	100.00	5,000,000.00	99.97	4,998,746.30	6,141.33	5,004,887.63	AA+	0.10
FEDERAL FARM CR BKS FDG CORP	2.21	08-09-21			15,000,000	100.00	15,000,000.00	99.80	14,970,739.95	20,269.79	14,991,009.74	AA+	0.29
FEDERAL FARM CR BKS FDG CORP	2.33	09-17-21			15,000,000	100.00	15,000,000.00	99.83	14,974,071.90	13,615.76	14,987,687.66	AA+	0.29
FEDERAL FARM CR BKS FDG CORP	2.33	09-17-21			5,000,000	100.00	5,000,000.00	99.83	4,991,357.30	4,538.59	4,995,895.89	AA+	0.10
FEDERAL FARM CR BKS FDG CORP	2.14	11-08-21			10,000,000	100.00	10,000,000.00	99.73	9,973,052.10	13,672.61	9,986,724.71	AA+	0.20
FEDERAL FARM CR BKS FDG CORP	2.14	11-08-21			5,000,000	100.00	5,000,000.00	99.73	4,986,526.05	6,836.30	4,993,362.35	AA+	0.10
					114,650,000		114,656,455.42		114,540,897.84	190,623.09	114,731,520.93		2.25
<b>FEDERAL AGENCY SECURITIES</b>													
FEDERAL HOME DISCOUNT NOTE	0.00	09-06-19			25,000,000	98.79	24,697,152.78	99.98	24,995,687.50	0.00	24,995,687.50	AA+	0.49
FEDERAL NATIONAL MORTGAGE	1.75	09-12-19			5,000,000	99.44	4,971,850.00	99.99	4,999,520.30	41,076.39	5,040,596.69	AA+	0.10
FEDERAL NATIONAL MORTGAGE	1.75	09-12-19			5,000,000	99.44	4,971,850.00	99.99	4,999,520.30	41,076.39	5,040,596.69	AA+	0.10
FEDERAL NATIONAL MORTGAGE	1.75	09-12-19			25,137,000	100.02	25,142,369.54	99.99	25,134,588.36	206,507.44	25,341,095.79	AA+	0.49
FEDERAL HOME LOAN BANK	0.00	09-17-19			15,000,000	98.82	14,822,533.33	99.92	14,987,925.00	0.00	14,987,925.00	AA+	0.29
FEDERAL HOME LOAN BANK	0.00	09-18-19			12,500,000	98.81	12,351,270.83	99.91	12,489,218.75	0.00	12,489,218.75	AA+	0.24
FEDERAL HOME LOAN BANK	0.00	09-19-19			15,000,000	98.80	14,820,516.67	99.91	14,986,200.00	0.00	14,986,200.00	AA+	0.29
FEDERAL HOME LOAN BANK	0.00	09-20-19			10,000,000	98.76	9,876,442.20	99.90	9,990,225.00	0.00	9,990,225.00	AA+	0.20
FED HOME LN DISCOUNT NT	0.00	09-25-19			45,000,000	99.45	44,754,300.00	99.87	44,943,075.00	0.00	44,943,075.00	AA+	0.88

\*\* TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.



# PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE  
PORTFOLIO APPRAISAL  
*SAN MATEO COUNTY POOL*  
August 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
FEDERAL HOME LOAN BANK	1.00	09-26-19			5,000,000	99.91	4,995,650.00	99.92	4,996,089.75	21,527.78	5,017,617.53	AA+	0.10
FEDERAL HOME LOAN BANK	1.00	09-26-19			10,000,000	99.91	9,991,300.00	99.92	9,992,179.50	43,055.56	10,035,235.06	AA+	0.20
FEDERAL HOME LOAN BANK	1.00	09-26-19			10,000,000	99.91	9,991,300.00	99.92	9,992,179.50	43,055.56	10,035,235.06	AA+	0.20
FEDERAL HOME DISCOUNT NOTE	0.00	09-27-19			15,000,000	98.76	14,813,458.33	99.86	14,979,300.00	0.00	14,979,300.00	AA+	0.29
FEDERAL HOME DISCOUNT NOTE	0.00	09-27-19			25,000,000	98.76	24,689,097.22	99.86	24,965,500.00	0.00	24,965,500.00	AA+	0.49
FEDERAL HOME DISCOUNT NOTE	0.00	09-30-19			10,000,000	98.74	9,873,622.22	99.84	9,984,475.00	0.00	9,984,475.00	AA+	0.20
FEDERAL HOME DISCOUNT NOTE	0.00	09-30-19			10,000,000	99.75	9,975,000.00	99.84	9,984,475.00	0.00	9,984,475.00	AA+	0.20
FEDERAL HOME LOAN BANK	0.00	10-01-19			6,000,000	98.72	5,923,366.67	99.84	5,990,526.66	0.00	5,990,526.66	AA+	0.12
FEDERAL HOME LOAN BANK	0.00	10-01-19			6,000,000	98.72	5,923,366.67	99.84	5,990,526.66	0.00	5,990,526.66	AA+	0.12
FEDERAL NATIONAL MORTGAGE	1.10	10-17-19			2,500,000	99.95	2,498,750.00	99.88	2,496,983.85	10,236.11	2,507,219.96	AA+	0.05
FEDERAL NATIONAL MORTGAGE	1.10	10-17-19			2,500,000	99.95	2,498,750.00	99.88	2,496,983.85	10,236.11	2,507,219.96	AA+	0.05
FEDERAL NATIONAL MORTGAGE	1.10	10-17-19			2,500,000	99.95	2,498,750.00	99.88	2,496,983.85	10,236.11	2,507,219.96	AA+	0.05
FEDERAL NATIONAL MORTGAGE	1.10	10-17-19			2,500,000	99.95	2,498,750.00	99.88	2,496,983.85	10,236.11	2,507,219.96	AA+	0.05
FEDERAL HOME LOAN BANK	1.50	10-21-19			5,000,000	99.82	4,991,150.00	99.92	4,996,086.25	29,166.67	5,025,252.92	AA+	0.10
FEDERAL HOME LOAN BANK	1.50	10-21-19			5,000,000	99.82	4,991,150.00	99.92	4,996,086.25	29,166.67	5,025,252.92	AA+	0.10
FEDERAL HOME LOAN BANK	1.50	10-21-19			10,000,000	99.82	9,982,300.00	99.92	9,992,172.50	58,333.33	10,050,505.83	AA+	0.20
FEDERAL HOME LOAN BANK	1.50	10-21-19			10,000,000	99.82	9,982,300.00	99.92	9,992,172.50	58,333.33	10,050,505.83	AA+	0.20
FEDERAL HOME DISCOUNT NOTE	0.00	10-23-19			15,000,000	98.79	14,819,025.00	99.72	14,957,708.40	0.00	14,957,708.40	AA+	0.29
FEDERAL HOME LOAN BANK	1.37	11-15-19			5,000,000	99.98	4,998,850.00	99.87	4,993,448.75	20,243.06	5,013,691.81	AA+	0.10
FEDERAL HOME LOAN BANK	1.37	11-15-19			5,000,000	99.98	4,998,850.00	99.87	4,993,448.75	20,243.06	5,013,691.81	AA+	0.10
FEDERAL HOME LOAN BANK	1.37	11-15-19			5,000,000	99.98	4,998,850.00	99.87	4,993,448.75	20,243.06	5,013,691.81	AA+	0.10
FEDERAL HOME LOAN BANK	1.37	11-15-19			10,000,000	99.98	9,997,700.00	99.87	9,986,897.50	40,486.11	10,027,383.61	AA+	0.20
FEDERAL NATIONAL MORTGAGE	1.75	11-26-19			7,500,000	99.55	7,466,550.00	99.93	7,494,835.35	101,354.17	7,596,189.52	AA+	0.15
FEDERAL HOME LOAN BANK	2.55	12-19-19	09-19-19	100.00	5,000,000	100.00	5,000,000.00	100.03	5,001,433.10	0.00	5,001,433.10	AA+	0.10
FEDERAL HOME LOAN BANK	2.55	12-19-19	09-19-19	100.00	20,000,000	100.00	20,000,000.00	100.03	20,005,732.40	0.00	20,005,732.40	AA+	0.39
FEDERAL NATIONAL MORTGAGE	1.62	01-21-20			10,000,000	99.90	9,989,900.00	99.88	9,987,688.30	18,055.56	10,005,743.86	AA+	0.20
FEDERAL NATIONAL MORTGAGE	1.65	01-27-20	10-27-19	100.00	2,500,000	100.00	2,500,000.00	99.85	2,496,214.90	3,895.83	2,500,110.73	AA+	0.05
FEDERAL HOME LOAN BANK	2.15	02-14-20	11-14-19	100.00	2,500,000	100.00	2,500,000.00	100.01	2,500,147.45	2,538.19	2,502,685.64	AA+	0.05
FEDERAL HOME LOAN BANK	2.15	02-14-20	11-14-19	100.00	5,000,000	100.00	5,000,000.00	100.01	5,000,294.90	5,076.39	5,005,371.29	AA+	0.10
FEDERAL HOME LOAN BANK	2.37	03-30-20			20,000,000	99.98	19,996,400.00	100.29	20,058,356.80	203,194.44	20,261,551.24	AA+	0.39
FEDERAL HOME LOAN BANK	2.37	03-30-20			9,000,000	99.98	8,998,380.00	100.29	9,026,260.56	91,437.50	9,117,698.06	AA+	0.18
FEDERAL HOME LOAN BANK-1	1.70	05-15-20			2,500,000	100.00	2,500,000.00	99.84	2,496,044.02	12,513.89	2,508,557.91	AA+	0.05
FEDERAL HOME LOAN BANK-1	1.70	05-15-20			5,000,000	100.00	5,000,000.00	99.84	4,992,088.05	25,027.78	5,017,115.83	AA+	0.10
FEDERAL HOME LOAN BANK-1	1.70	05-15-20			10,000,000	100.00	10,000,000.00	99.84	9,984,176.10	50,055.56	10,034,231.66	AA+	0.20
FEDERAL HOME LOAN BANK-1	1.70	05-15-20			5,000,000	100.00	5,000,000.00	99.84	4,992,088.05	25,027.78	5,017,115.83	AA+	0.10
FEDERAL HOME LOAN BANK-1	1.70	05-15-20			2,500,000	100.00	2,500,000.00	99.84	2,496,044.02	12,513.89	2,508,557.91	AA+	0.05
FEDERAL HOME LOAN BANK	2.62	05-28-20			5,000,000	99.96	4,998,200.00	100.55	5,027,377.80	168,437.50	5,195,815.30	AA+	0.10
FEDERAL HOME LOAN BANK	2.62	05-28-20			20,000,000	99.96	19,992,800.00	100.55	20,109,511.20	673,750.00	20,783,261.20	AA+	0.39
FEDERAL NATIONAL MORTGAGE	1.50	06-22-20			10,000,000	99.65	9,965,100.00	99.71	9,970,920.30	28,750.00	9,999,670.30	AA+	0.20
FEDERAL NATIONAL MORTGAGE	1.80	07-24-20	10-24-19	100.00	25,000,000	99.36	24,838,975.00	99.91	24,976,384.50	46,250.00	25,022,634.50	AA+	0.49
FEDERAL HOME LOAN BANK	2.12	08-06-20	11-06-19	100.00	10,000,000	100.00	10,000,000.00	99.95	9,994,673.50	14,756.94	10,009,430.44	AA+	0.20
FEDERAL HOME LOAN BANK	2.00	08-27-20	11-27-19	100.00	10,000,000	100.00	10,000,000.00	99.95	9,995,026.90	2,222.22	9,997,249.12	AA+	0.20
FEDERAL HOME LOAN BANK	2.00	08-27-20	11-27-19	100.00	10,000,000	100.00	10,000,000.00	99.99	9,999,320.10	2,222.22	10,001,542.32	AA+	0.20
FEDERAL HOME LOAN BANK	1.37	09-28-20			5,000,000	99.68	4,983,950.00	99.62	4,980,765.05	29,218.75	5,009,983.80	AA+	0.10
FEDERAL HOME LOAN BANK	1.37	09-28-20			10,000,000	99.68	9,967,900.00	99.62	9,961,530.10	58,437.50	10,019,967.60	AA+	0.20
FEDERAL HOME LOAN MORTGAGE	1.62	09-29-20			15,000,000	99.82	14,972,850.00	99.97	14,995,528.20	102,916.67	15,098,444.87	AA+	0.29

\*\* TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.



# PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE  
PORTFOLIO APPRAISAL  
*SAN MATEO COUNTY POOL*  
August 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
FEDERAL HOME LOAN BANK	2.62	10-01-20			25,000,000	99.78	24,946,250.00	101.00	25,249,068.75	644,083.33	25,893,152.08	AA+	0.49
FEDERAL HOME LOAN BANK	1.95	11-05-20	11-05-19	100.00	5,000,000	98.11	4,905,750.00	100.03	5,001,578.90	15,166.67	5,016,745.57	AA+	0.10
FEDERAL HOME LOAN MORTGAGE	2.25	11-24-20			5,000,000	100.42	5,021,100.00	100.73	5,036,690.50	30,312.50	5,067,003.00	AA+	0.10
FEDERAL HOME LOAN MORTGAGE	2.25	11-24-20			7,500,000	100.42	7,531,650.00	100.73	7,555,035.75	45,468.75	7,600,504.50	AA+	0.15
FEDERAL HOME LOAN MORTGAGE	2.25	11-24-20			7,500,000	100.42	7,531,650.00	100.73	7,555,035.75	45,468.75	7,600,504.50	AA+	0.15
FEDERAL NATIONAL MORTGAGE	1.50	11-30-20			5,000,000	99.91	4,995,350.00	99.80	4,990,075.25	18,750.00	5,008,825.25	AA+	0.10
FEDERAL HOME LOAN BANK	2.20	01-29-21	10-29-19	100.00	2,500,000	100.00	2,500,000.00	100.02	2,500,466.95	4,888.89	2,505,355.84	AA+	0.05
FEDERAL HOME LOAN BANK	2.20	01-29-21	10-29-19	100.00	2,500,000	100.00	2,500,000.00	100.02	2,500,466.95	4,888.89	2,505,355.84	AA+	0.05
FEDERAL HOME LOAN BANK	2.25	01-29-21	01-29-20	100.00	5,000,000	100.00	5,000,000.00	100.08	5,003,857.35	10,000.00	5,013,857.35	AA+	0.10
FEDERAL HOME LOAN BANK	2.25	01-29-21	01-29-20	100.00	2,500,000	100.00	2,500,000.00	100.08	2,501,928.67	5,000.00	2,506,928.67	AA+	0.05
FEDERAL FARM CREDIT BANK	2.44	05-14-21	11-14-19	100.00	25,000,000	99.90	24,975,000.00	100.06	25,014,627.00	181,305.56	25,195,932.56	AA+	0.49
FEDERAL FARM CREDIT BANK	2.12	06-07-21			20,000,000	100.44	20,087,138.89	100.92	20,183,486.20	99,166.67	20,282,652.87	AA+	0.40
FEDERAL HOME LOAN BANK	2.25	06-11-21			25,000,000	100.84	25,209,062.50	101.19	25,297,722.50	125,000.00	25,422,722.50	AA+	0.50
FEDERAL HOME LOAN BANK	2.25	06-11-21			30,000,000	100.74	30,222,300.00	101.19	30,357,267.00	150,000.00	30,507,267.00	AA+	0.60
FEDERAL NATIONAL MORTGAGE	2.75	06-22-21			25,000,000	99.98	24,994,250.00	102.16	25,539,032.75	131,770.83	25,670,803.58	AA+	0.50
FED FARM CREDIT	2.10	06-24-21	06-24-20	100.00	15,000,000	100.00	15,000,000.00	100.26	15,039,268.95	58,625.00	15,097,893.95	AA+	0.29
FEDERAL HOME LOAN BANK	1.87	07-07-21			25,000,000	99.76	24,940,250.00	100.60	25,149,039.50	70,312.50	25,219,352.00	AA+	0.49
FEDERAL HOME LOAN BANK	1.12	07-14-21			5,000,000	99.51	4,975,350.00	99.25	4,962,728.30	7,343.75	4,970,072.05	AA+	0.10
FEDERAL HOME LOAN BANK	1.12	07-14-21			5,000,000	99.51	4,975,350.00	99.25	4,962,728.30	7,343.75	4,970,072.05	AA+	0.10
FEDERAL HOME LOAN BANK	1.12	07-14-21			5,000,000	99.51	4,975,350.00	99.25	4,962,728.30	7,343.75	4,970,072.05	AA+	0.10
FEDERAL HOME LOAN BANK	1.12	07-14-21			5,000,000	99.51	4,975,350.00	99.25	4,962,728.30	7,343.75	4,970,072.05	AA+	0.10
FEDERAL NATIONAL MORTGAGE	1.25	08-17-21			10,000,000	99.59	9,959,500.00	99.41	9,941,474.50	4,861.11	9,946,335.61	AA+	0.19
FEDERAL HOME LOAN BANK	2.70	04-29-22	10-29-19	100.00	40,000,000	100.03	40,012,000.00	100.08	40,033,345.60	372,000.00	40,405,345.60	AA+	0.78
FEDERAL HOME LOAN BANK	2.12	06-10-22			40,000,000	100.76	40,305,672.22	101.67	40,668,719.20	191,250.00	40,859,969.20	AA+	0.80
FEDERAL HOME LOAN BANK	2.12	06-10-22			25,000,000	100.75	25,186,600.69	101.67	25,417,949.50	119,531.25	25,537,480.75	AA+	0.50
FEDERAL HOME LOAN BANK	5.25	06-10-22			15,000,000	109.98	16,496,512.50	110.11	16,517,213.55	177,187.50	16,694,401.05	AA+	0.32
FEDERAL HOME LOAN BANK	2.50	12-09-22			15,000,000	102.11	15,316,800.00	103.09	15,463,267.50	85,416.67	15,548,684.17	AA+	0.30
FEDERAL HOME LOAN BANK	2.12	06-09-23			20,000,000	100.89	20,178,461.11	102.36	20,471,901.80	96,805.56	20,568,707.36	AA+	0.40
FEDERAL HOME LOAN BANK	2.12	06-09-23			10,000,000	101.05	10,105,411.11	102.36	10,235,950.90	48,402.78	10,284,353.68	AA+	0.20
FREDDIE MAC	2.87	02-28-24	02-28-20	100.00	2,500,000	100.00	2,500,000.00	100.47	2,511,752.72	0.00	2,511,752.72	AA+	0.05
FREDDIE MAC	2.87	02-28-24	02-28-20	100.00	2,500,000	100.00	2,500,000.00	100.47	2,511,752.72	0.00	2,511,752.72	AA+	0.05
FREDDIE MAC	2.87	02-28-24	02-28-20	100.00	2,500,000	100.00	2,500,000.00	100.47	2,511,752.72	0.00	2,511,752.72	AA+	0.05
FEDERAL HOME LOAN BANK	2.87	06-14-24			5,000,000	104.49	5,224,678.47	106.37	5,318,443.25	30,746.53	5,349,189.78	AA+	0.10
					1,006,137,000		1,006,532,763.95		1,011,724,873.19	5,194,240.08	1,016,919,113.26		19.83

## US INSTRUMENTALITIES

IBRD DISCOUNT NOTE	0.00	09-13-19			20,000,000	98.82	19,763,377.80	99.94	19,988,500.00	0.00	19,988,500.00	AAA	0.39
IBRD DISCOUNT NOTE	0.00	09-16-19			20,000,000	98.79	19,758,350.00	99.93	19,985,050.00	0.00	19,985,050.00	AAA	0.39
INTERNATIONAL FIN. CORP	1.75	09-16-19			50,000,000	99.84	49,918,239.28	99.99	49,993,000.00	323,263.89	50,316,263.89	AAA	0.98
IBRD DISCOUNT NOTE	0.00	01-02-20			10,000,000	99.05	9,904,902.80	99.36	9,936,138.90	0.00	9,936,138.90	AAA	0.19
IBRD DISCOUNT NOTE	0.00	01-06-20			5,000,000	99.03	4,951,312.50	99.34	4,967,013.90	0.00	4,967,013.90	AAA	0.10
INTL BK RECON & DEVELOP	1.87	04-21-20			10,000,000	99.91	9,991,300.00	99.97	9,996,588.30	67,708.33	10,064,296.63	AAA	0.20
INTL BK RECON & DEVELOP-FLTR	2.35	08-21-20			15,000,000	100.08	15,012,000.00	100.06	15,008,578.50	362,291.67	15,370,870.17	AAA	0.29
INTL BK RECON & DEVELOP	1.62	09-04-20			5,000,000	99.98	4,998,950.00	99.82	4,991,038.80	39,947.92	5,030,986.72	AAA	0.10
INTL BK RECON & DEVELOP	1.62	03-09-21			20,000,000	99.85	19,969,400.00	99.99	19,998,171.00	155,277.78	20,153,448.78	AAA	0.39

\*\* TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.





# PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE  
PORTFOLIO APPRAISAL  
*SAN MATEO COUNTY POOL*  
August 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
INTL BK RECON & DEVELOP	1.37	05-24-21			20,000,000	99.74	19,948,000.00	99.61	19,921,082.00	74,097.22	19,995,179.22	AAA	0.39
INTER-AMERICAN DEVEL BK-FRN	2.60	01-15-22			10,000,000	100.00	10,000,000.00	99.88	9,988,200.00	33,183.89	10,021,383.89	AAA	0.20
INTL BK RECON & DEVELOP	2.00	01-26-22			10,000,000	99.46	9,945,700.00	101.15	10,114,965.10	19,444.44	10,134,409.54	AAA	0.20
					195,000,000		194,161,532.38		194,888,326.50	1,075,215.14	195,963,541.64		3.82
<b>FLOATING RATE SECURITIES</b>													
IBM CREDIT CORP-FRN	2.62	09-06-19			20,000,000	100.00	20,000,000.00	100.00	20,000,451.00	125,387.04	20,125,838.04	A	0.39
PROCTER & GAMBLE CO. - FLOATER	2.52	11-01-19			10,500,000	100.35	10,536,750.00	100.06	10,506,521.65	22,077.39	10,528,599.04	AA-	0.21
BERKSHIRE HATHAWAY FIN FRN	2.66	01-10-20			10,000,000	100.00	10,000,000.00	100.15	10,015,300.00	38,389.72	10,053,689.72	AA	0.20
US BANK NA CINCINNATI-FRN	2.60	01-24-20	12-24-19	100.00	10,000,000	100.00	10,000,000.00	100.09	10,009,096.20	27,473.47	10,036,569.67	AA-	0.20
WELLS FARGO & COMPANY	2.87	03-25-20	02-21-20	100.00	12,000,000	100.00	12,000,000.00	100.12	12,014,640.00	64,096.67	12,078,736.67	AA-	0.24
APPLE INC.-FRN	2.77	05-11-20			5,000,000	100.00	5,000,000.00	100.01	5,000,300.00	7,686.11	5,007,986.11	AA+	0.10
BANK OF NY MELLON CORP.-FRN	2.99	08-17-20			5,000,000	100.00	5,000,000.00	100.77	5,038,602.75	5,821.18	5,044,423.93	A	0.10
TOYOTA MOTOR CREDIT CORP	2.30	08-21-20			7,000,000	99.99	6,998,978.00	100.03	7,002,372.30	4,475.14	7,006,847.44	AA-	0.14
TOYOTA MOTOR CREDIT CORP.-FRN	2.57	09-18-20			10,021,000	99.97	10,018,494.75	100.13	10,033,934.91	52,979.91	10,086,914.82	AA-	0.20
US BANK NA OHIO-FLT	2.60	02-04-21			8,000,000	100.00	8,000,000.00	100.17	8,013,350.40	0.00	8,013,350.40	A+	0.16
UNITED PARCEL SERVICE-FRN	2.47	04-01-21			10,000,000	100.00	10,000,000.00	99.89	9,989,104.80	41,833.80	10,030,938.60	A+	0.20
US BANK NA OHIO-FRN	2.59	04-26-21			10,000,000	100.00	10,000,000.00	100.12	10,012,282.30	349,195.05	10,361,477.35	AA-	0.20
WELLS FARGO BANK NA-FLTR	2.53	05-21-21	05-21-21	100.00	20,000,000	100.00	20,000,000.00	100.07	20,013,303.60	14,063.89	20,027,367.49	A+	0.39
WELLS FARGO BANK NA-FRN	2.76	07-23-21	07-23-20	100.00	13,765,000	100.28	13,803,129.05	100.23	13,796,949.80	41,148.10	13,838,097.91	A+	0.27
WELLS FARGO BANK NA-FRN	2.76	07-23-21	07-23-20	100.00	9,000,000	100.28	9,024,930.00	100.23	9,020,889.81	26,903.95	9,047,793.76	A+	0.18
BANK OF AMERICA CORP.	2.33	10-01-21	10-01-20	100.00	18,000,000	99.03	17,826,108.00	100.17	18,029,734.38	174,600.00	18,204,334.38	A-	0.35
US BANK NA OHIO-FLT	2.55	11-16-21	10-15-21	100.00	10,000,000	100.00	10,000,000.00	100.22	10,022,185.50	10,618.25	10,032,803.75	A+	0.20
WELLS FARGO & COMPANY-FRN-1	3.11	02-11-22	02-11-21	100.00	10,000,000	100.00	10,000,000.00	100.58	10,057,604.60	17,283.33	10,074,887.93	A+	0.20
APPLE INC.-FRN	2.53	05-11-22			7,500,000	100.48	7,536,000.00	100.42	7,531,407.82	10,545.83	7,541,953.66	AA+	0.15
UNITED PARCEL SERVICE-FRN	2.55	05-16-22			5,000,000	100.00	5,000,000.00	100.28	5,014,143.50	5,309.12	5,019,452.62	A+	0.10
					210,786,000		210,744,389.80		211,122,175.33	1,039,887.98	212,162,063.31		4.14
<b>CORPORATE BONDS</b>													
PROCTER & GAMBLE CO	1.75	10-25-19			10,000,000	99.96	9,996,500.00	99.95	9,994,800.00	62,222.22	10,057,022.22	AA-	0.20
US BANK NA	2.12	10-28-19			10,000,000	99.91	9,991,000.00	99.98	9,998,475.10	72,604.17	10,071,079.27	AA-	0.20
CHEVRON CORP	2.19	11-15-19	10-15-19	100.00	3,000,000	99.23	2,976,900.00	100.02	3,000,587.04	19,737.00	3,020,324.04	AA	0.06
BLACKROCK INC	5.00	12-10-19			8,000,000	101.28	8,102,773.33	100.75	8,060,202.72	90,000.00	8,150,202.72	AA-	0.16
TOYOTA MOTOR CREDIT CORP	2.20	01-10-20			21,500,000	99.88	21,473,770.00	100.00	21,500,093.10	67,008.33	21,567,101.43	AA-	0.42
CISCO SYSTEMS INC	4.45	01-15-20			20,000,000	101.39	20,278,200.00	100.85	20,169,314.60	113,722.22	20,283,036.82	AA-	0.40
JP MORGAN CHASE	2.25	01-23-20			9,000,000	99.70	8,972,730.00	100.03	9,003,061.80	21,375.00	9,024,436.80	A-	0.18
APPLE INC.	1.55	02-07-20			3,400,000	99.15	3,371,100.00	99.76	3,391,821.37	3,513.33	3,395,334.70	AA+	0.07
MICROSOFT CORP.	1.85	02-12-20			19,000,000	99.83	18,967,510.00	99.96	18,991,494.27	18,551.39	19,010,045.66	AAA	0.37
BANK OF NEW YORK MELLON	2.15	02-24-20	01-24-20	100.00	10,000,000	99.40	9,940,500.00	100.00	9,999,691.50	4,180.56	10,003,872.06	A	0.20
AMERICAN EXPRESS CREDIT CORP.	2.20	03-03-20	02-03-20	100.00	10,000,000	99.77	9,976,914.56	100.05	10,004,724.80	89,222.22	10,093,947.02	A-	0.20
CHEVRON CORP.-FRN	1.96	03-03-20	02-03-20	100.00	7,183,000	98.65	7,086,029.50	99.98	7,181,361.63	34,823.38	7,216,185.01	AA	0.14
APPLE INC	1.80	05-11-20			5,242,000	99.20	5,200,064.00	99.89	5,236,290.68	28,831.00	5,265,121.68	AA+	0.10
BANK OF AMERICA CORP	5.62	07-01-20			12,000,000	103.36	12,403,428.00	102.86	12,342,716.04	112,500.00	12,455,216.04	A+	0.24
JOHN DEERE CAPITAL CORP.	2.37	07-14-20			11,035,000	99.67	10,999,025.90	100.31	11,069,246.35	34,216.16	11,103,462.51	A	0.22
ORACLE CORP.	3.87	07-15-20			10,000,000	101.61	10,160,800.00	101.62	10,161,843.00	49,513.89	10,211,356.89	AA-	0.20
ORACLE CORP.	3.87	07-15-20			5,909,000	101.48	5,996,216.84	101.62	6,004,633.03	29,257.76	6,033,890.79	AA-	0.12

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# PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE  
PORTFOLIO APPRAISAL  
*SAN MATEO COUNTY POOL*  
August 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
ORACLE CORP.	3.87	07-15-20			10,000,000	101.65	10,164,900.00	101.62	10,161,843.00	49,513.89	10,211,356.89	AA-	0.20
HSBC USA INC.	2.75	08-07-20			11,310,000	100.07	11,317,917.00	100.63	11,381,727.45	20,284.24	11,402,011.69	A	0.22
PACCAR FINL. GROUP	2.50	08-14-20			20,000,000	99.84	19,967,200.00	100.48	20,096,857.40	23,611.11	20,120,468.51	A+	0.39
BANK OF NY MELLON	2.60	08-17-20	07-17-20	100.00	18,450,000	99.76	18,405,535.50	100.59	18,559,412.93	18,655.00	18,578,067.93	A	0.36
BANK OF NY MELLON	2.60	08-17-20	07-17-20	100.00	13,162,000	100.27	13,197,800.64	100.59	13,240,053.82	13,308.24	13,253,362.06	A	0.26
STATE STREET CORP	2.55	08-18-20			15,000,000	99.96	14,993,550.00	100.58	15,086,445.45	13,812.50	15,100,257.95	A	0.30
AMAZON.COM INC.	1.90	08-21-20			10,000,000	99.21	9,921,100.00	99.93	9,993,456.70	5,277.78	9,998,734.48	AA-	0.20
AMERICAN EXPRESS CREDIT CORP.	2.60	09-14-20	08-14-20	100.00	10,000,000	99.97	9,996,666.67	100.55	10,055,074.20	120,611.11	10,175,685.31	A-	0.20
AMERICAN EXPRESS CREDIT CORP.	2.60	09-14-20	08-14-20	100.00	14,000,000	100.25	14,035,093.33	100.55	14,077,103.88	168,855.56	14,245,959.44	A-	0.28
AMERICAN HONDA FINANCE CORP	2.45	09-24-20			7,000,000	100.11	7,007,647.50	100.49	7,034,324.01	74,793.06	7,109,117.07	A	0.14
VISA INC.	2.20	12-14-20			25,000,000	99.67	24,918,500.00	100.46	25,116,025.25	117,638.89	25,233,664.14	AA-	0.49
AMERICAN HONDA FINANCE	3.15	01-08-21			10,000,000	100.89	10,089,000.00	101.49	10,149,355.50	46,375.00	10,195,730.50	A	0.20
WELLS FARGO BANK	2.60	01-15-21			20,000,000	98.77	19,753,600.00	100.74	20,147,484.20	66,444.44	20,213,928.64	A+	0.39
WELLS FARGO BANK	2.60	01-15-21			4,000,000	99.63	3,985,400.00	100.74	4,029,496.84	13,288.89	4,042,785.73	A+	0.08
WELLS FARGO BANK	2.60	01-15-21			11,000,000	99.63	10,959,740.00	100.74	11,081,116.31	36,544.44	11,117,660.75	A+	0.22
US BANK CORP	2.35	01-29-21			20,000,000	99.64	19,928,000.00	100.53	20,106,095.60	41,777.78	20,147,873.38	A+	0.39
US BANK NA OHIO	3.00	02-04-21	01-04-21	100.00	10,000,000	99.92	9,991,900.00	101.36	10,135,814.10	0.00	10,135,814.10	A+	0.20
CISCO SYSTEM INC	2.20	02-28-21			22,018,000	100.14	22,049,705.92	100.66	22,162,707.14	4,036.63	22,166,743.77	AA-	0.43
EXXON MOBIL CORP.	2.22	03-01-21	02-01-21	100.00	15,000,000	100.06	15,008,863.33	100.61	15,091,274.10	166,650.00	15,257,924.10	AA+	0.30
WELLS FARGO & COMPANY	2.50	03-04-21			10,000,000	99.38	9,937,838.89	100.59	10,059,456.90	115,277.78	10,174,734.68	A+	0.20
WELLS FARGO & COMPANY	2.50	03-04-21			10,000,000	99.44	9,943,711.11	100.59	10,059,456.90	115,277.78	10,174,734.68	A+	0.20
JOHN DEERE CAPITAL CORP	2.31	03-12-21			9,925,000	100.08	9,933,237.75	99.95	9,919,991.45	50,376.82	9,970,368.27	A	0.19
UNITED PARCEL SERVICE	2.05	04-01-21			20,000,000	99.84	19,968,400.00	100.09	20,018,156.80	170,833.33	20,188,990.13	A+	0.39
BANK OF NEW YORK MELLON CORP.	2.50	04-15-21	03-15-21	100.00	20,000,000	99.70	19,941,000.00	100.85	20,169,605.00	191,666.67	20,361,271.67	A	0.40
BANK OF NEW YORK	2.05	05-03-21	04-05-21	100.00	10,000,000	98.51	9,850,800.00	100.24	10,024,011.40	67,194.44	10,091,205.84	A+	0.20
PACCAR FINL. GROUP	3.10	05-10-21			5,045,000	100.81	5,085,864.50	101.92	5,141,805.93	48,221.79	5,190,027.72	A+	0.10
CATERPILLAR FINANCIAL SERVICE	2.65	05-17-21			9,715,000	99.95	9,710,336.80	101.47	9,858,087.28	74,373.72	9,932,461.00	A	0.19
PFIZER INC	1.95	06-03-21			10,000,000	98.94	9,893,700.00	100.29	10,028,790.80	47,666.67	10,076,457.47	AA	0.20
WELLS FARGO BANK NA	3.32	07-23-21			5,000,000	100.56	5,028,000.00	101.03	5,051,623.20	17,548.61	5,069,171.81	A+	0.10
JP MORGAN CHASE & CO.	4.35	08-15-21			20,000,000	103.46	20,692,200.00	104.34	20,868,590.80	38,666.67	20,907,257.47	A-	0.41
ORACLE CORP	1.90	09-15-21	08-15-21	100.00	20,000,000	98.68	19,736,466.67	99.99	19,998,534.20	175,222.22	20,173,756.42	AA-	0.39
CISCO SYSTEMS INC.	1.85	09-20-21	08-20-21	100.00	23,337,000	98.70	23,032,912.41	99.92	23,318,716.39	193,081.26	23,511,797.66	AA-	0.46
MASTERCARD INC	2.00	11-21-21	10-21-21	100.00	10,000,000	99.14	9,914,266.67	100.44	10,044,077.10	55,555.56	10,099,632.66	A+	0.20
3M COMPANY	2.75	03-01-22			10,000,000	99.95	9,995,300.00	102.26	10,226,148.60	0.00	10,226,148.60	AA-	0.20
CHEVRON CORP.	2.50	03-03-22	02-03-22	100.00	16,629,000	100.35	16,686,449.50	101.74	16,917,639.86	205,388.47	17,123,028.34	AA	0.33
PROCTER & GAMBLE	2.15	08-11-22			20,000,000	100.01	20,002,200.00	101.20	20,239,966.60	23,888.89	20,263,855.49	AA-	0.40
EXXON MOBIL CORP.	1.90	08-16-22			4,325,000	100.00	4,325,000.00	100.64	4,352,503.58	3,427.56	4,355,931.15	AA+	0.09
TOYOTA MOTOR CREDIT CORP.	2.70	01-11-23			10,000,000	101.81	10,180,950.00	102.89	10,288,658.40	37,500.00	10,326,158.40	AA-	0.20
GOLDMAN SACHS GROUP INC**	3.62	01-22-23			10,000,000	104.44	10,444,238.89	104.59	10,459,375.90	39,270.83	10,498,646.73	BBB+	0.21
AMERICAN EXPRESS CO**	3.40	02-22-24			10,000,000	103.82	10,382,500.00	105.46	10,546,269.50	8,500.00	10,554,769.50	BBB+	0.21
BANK OF AMERICA CORP.	4.00	04-01-24			10,000,000	107.96	10,796,177.78	108.13	10,812,549.20	166,666.67	10,979,215.87	A-	0.21
AMERICAN HONDA FINANCE	2.40	06-27-24			10,000,000	99.67	9,966,600.00	101.76	10,175,632.60	42,666.67	10,218,299.27	A	0.20
US BANCORP	2.40	07-30-24			10,000,000	99.92	9,992,433.33	101.89	10,189,384.70	20,000.00	10,209,384.70	A-	0.20
BB&T CORP.	2.50	08-01-24	07-01-24	100.00	15,000,000	99.91	14,986,000.00	101.60	15,239,608.35	31,250.00	15,270,858.35	A-	0.30
PACCAR FINANCIAL CORP.	2.15	08-15-24			8,000,000	100.16	8,012,471.11	100.48	8,038,402.56	7,644.44	8,046,047.00	A+	0.16
					758,185,000		760,024,637.43		765,863,068.91	3,799,924.05	769,662,992.96		15.01

\*\* TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.



# PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE  
PORTFOLIO APPRAISAL  
*SAN MATEO COUNTY POOL*  
August 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
<b>MONEY MARKET FUNDS</b>													
DREYFUS	1.89	09-03-19			2,147,968	100.00	2,147,967.75	100.00	2,147,967.75	0.00	2,147,967.75	AAA	0.04
<b>MUNICIPAL BONDS</b>													
CALIFORNIA STATE TAXBL	3.40	08-01-23			10,000,000	104.35	10,434,900.00	106.09	10,608,600.00	28,333.33	10,636,933.33	AA-	0.21
<b>TOTAL PORTFOLIO</b>					<b>5,065,553,968</b>		<b>5,081,587,106.51</b>		<b>5,101,851,505.24</b>	<b>21,852,516.50</b>	<b>5,123,704,021.74</b>		<b>100.00</b>

GOLDMAN SACHS GROUP INC\*\* - Moody's/Fitch Rating: A3/A  
AMERICAN EXPRESS CO\*\*- Moody's/Fitch Rating: A3/A


\*\* TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.





# DIVERSIFICATION BY ISSUER

	Cert. of Deposit	Comm. Papers	Corp. Floaters	Corp. Bonds	Municipalities	Total Par Value	Total %
3M Company				\$10,000,000		\$10,000,000	0.20%
Amazon				\$10,000,000		\$10,000,000	0.20%
American Express				\$44,000,000		\$44,000,000	0.87%
American Honda Finance		\$20,000,000		\$27,000,000		\$47,000,000	0.93%
Apple Inc.			\$12,500,000	\$8,642,000		\$21,142,000	0.42%
Bank of America			\$18,000,000	\$22,000,000		\$40,000,000	0.79%
Bank of Montreal	\$11,478,000	\$25,000,000				\$36,478,000	0.72%
Bank of New York			\$5,000,000	\$71,612,000		\$76,612,000	1.51%
Bank of Nova Scotia	\$60,000,000					\$60,000,000	1.18%
BB&T Corporation				\$15,000,000		\$15,000,000	0.30%
Berkshire Hathaway			\$10,000,000			\$10,000,000	0.20%
Blackrock Inc.				\$8,000,000		\$8,000,000	0.16%
BNP Paribas		\$25,000,000				\$25,000,000	0.49%
CA Municipal Obligation					\$10,000,000	\$10,000,000	0.20%
Can. Imperial Holding	\$45,000,000					\$45,000,000	0.89%
Caterpillar				\$9,715,000		\$9,715,000	0.19%
Chevron				\$26,812,000		\$26,812,000	0.53%
Cisco Systems				\$65,355,000		\$65,355,000	1.29%
Citibank	\$50,000,000					\$50,000,000	0.99%
Cooperatieve Rabobank	\$25,000,000	\$75,000,000				\$100,000,000	1.97%
Credit Agricole	\$25,000,000	\$25,000,000				\$50,000,000	0.99%
Credit Suisse New York	\$50,000,000					\$50,000,000	0.99%
Exxon Mobil		\$25,000,000		\$19,325,000		\$44,325,000	0.88%
Goldman Sachs				\$10,000,000		\$10,000,000	0.20%
HSBC Bank USA	\$50,000,000			\$11,310,000		\$61,310,000	1.21%
IBM Corporation			\$20,000,000			\$20,000,000	0.39%
ING Funding LLC		\$50,000,000				\$50,000,000	0.99%
John Deere				\$20,960,000		\$20,960,000	0.41%
JP Morgan		\$40,000,000		\$29,000,000		\$69,000,000	1.36%
Mastercard Inc.				\$10,000,000		\$10,000,000	0.20%
Microsoft				\$19,000,000		\$19,000,000	0.38%
Mizuho Bank	\$25,000,000					\$25,000,000	0.49%
MUFG Union Bank	\$20,000,000	\$50,000,000				\$70,000,000	1.38%
National Australia Bank	\$25,000,000					\$25,000,000	0.49%
Natixis NY Branch		\$60,000,000				\$60,000,000	1.18%
Nordea Bank APB NY	\$75,000,000					\$75,000,000	1.48%
Norinchukin Bank	\$15,000,000					\$15,000,000	0.30%
Oracle				\$45,909,000		\$45,909,000	0.91%
Paccar Financial Group				\$33,045,000		\$33,045,000	0.65%
Pfizer Inc.				\$10,000,000		\$10,000,000	0.20%
Proctor & Gamble			\$10,500,000	\$30,000,000		\$40,500,000	0.80%
Societe Generale	\$60,500,000					\$60,500,000	1.19%
State Street Bank				\$15,000,000		\$15,000,000	0.30%
Sumitomo Mitsui Bank Corp.	\$25,000,000					\$25,000,000	0.49%
Svenska Handelsbanken	\$25,000,000					\$25,000,000	0.49%
Swedbank	\$20,000,000					\$20,000,000	0.39%
Toronto Dominion Bank	\$50,700,000					\$50,700,000	1.00%
Toyota Motor Company		\$25,000,000	\$17,021,000	\$31,500,000		\$73,521,000	1.45%
United Parcel Service			\$15,000,000	\$20,000,000		\$35,000,000	0.69%
US Bank	\$20,000,000		\$38,000,000	\$50,000,000		\$108,000,000	2.13%
Visa Inc.				\$25,000,000		\$25,000,000	0.49%
Wells Fargo			\$64,765,000	\$60,000,000		\$124,765,000	2.46%
Westpac Bank Corp. NY	\$25,000,000					\$25,000,000	0.49%
<b>Total</b>	<b>\$702,678,000</b>	<b>\$420,000,000</b>	<b>\$210,786,000</b>	<b>\$758,185,000</b>	<b>\$10,000,000</b>	<b>\$2,101,649,000</b>	<b>41.49%</b>

Cash Flow Projection																										
	2019				2020								Grand Total													
	Qtr1		Qtr2		Qtr3				Qtr4			Qtr1														
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug														
Cash In	\$	218,187	\$	602,069	\$	728,222	\$	921,870	\$	236,098	\$	296,761	\$	470,783	\$	880,102	\$	194,413	\$	260,898	\$	184,720	\$	325,292	\$	5,319,413
Taxes	\$	16,631	\$	292,778	\$	533,173	\$	734,009	\$	78,806	\$	114,197	\$	270,915	\$	666,357	\$	21,781	\$	16,830	\$	13,395	\$	115,893	\$	2,874,766
Mixed	\$	16,327	\$	113,534	\$	311,451	\$	425,004	\$	41,326	\$	64,848	\$	158,839	\$	443,774	\$	16,371	\$	15,189	\$	9,159	\$	101,615	\$	1,717,436
Secured	\$	100	\$	177,940	\$	221,694	\$	308,623	\$	37,480	\$	47,246	\$	112,076	\$	222,583	\$	5,410	\$	1,441	\$	3,800	\$	-	\$	1,138,392
Supplemental	\$	-	\$	1,265	\$	28	\$	35	\$	-	\$	954	\$	-	\$	-	\$	-	\$	200	\$	122	\$	9,006	\$	11,610
Unsecured	\$	204	\$	39	\$	-	\$	348	\$	-	\$	1,149	\$	-	\$	-	\$	-	\$	-	\$	315	\$	5,273	\$	7,328
Treasurer's Collection	\$	127,287	\$	154,080	\$	170,308	\$	125,722	\$	119,366	\$	89,042	\$	105,701	\$	116,918	\$	96,082	\$	160,918	\$	98,697	\$	141,360	\$	1,505,481
Treasurer's Deposit	\$	93,349	\$	74,606	\$	144,774	\$	88,692	\$	62,726	\$	69,321	\$	80,427	\$	63,377	\$	79,806	\$	132,832	\$	64,518	\$	119,160	\$	1,073,589
Hospital	\$	17,397	\$	68,630	\$	10,470	\$	20,069	\$	35,910	\$	13,736	\$	16,255	\$	41,061	\$	9,953	\$	12,047	\$	14,868	\$	12,650	\$	273,044
Housing Authority	\$	2,315	\$	2,048	\$	3,402	\$	3,328	\$	4,927	\$	3,984	\$	3,294	\$	3,333	\$	3,549	\$	4,759	\$	8,107	\$	2,458	\$	45,504
Revenue Services	\$	220	\$	310	\$	217	\$	143	\$	237	\$	258	\$	173	\$	214	\$	174	\$	193	\$	857	\$	234	\$	3,231
County	\$	7,741	\$	5,747	\$	9,772	\$	9,866	\$	5,898	\$	-	\$	3,650	\$	7,580	\$	-	\$	102	\$	1,460	\$	500	\$	52,316
School	\$	6,265	\$	2,739	\$	1,673	\$	3,624	\$	9,669	\$	1,743	\$	1,902	\$	1,352	\$	2,599	\$	10,986	\$	8,886	\$	6,358	\$	57,797
State Apportionment	\$	71,833	\$	87,708	\$	21,555	\$	59,710	\$	34,141	\$	90,953	\$	91,342	\$	92,953	\$	72,878	\$	81,025	\$	62,843	\$	59,701	\$	826,643
Investment Income	\$	2,435	\$	1,503	\$	3,185	\$	2,429	\$	3,785	\$	2,568	\$	2,824	\$	3,874	\$	3,672	\$	2,125	\$	9,785	\$	8,338	\$	46,524
Bond Proceeds	\$	-	\$	66,000	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	66,000
Cash Out	\$	(441,068)	\$	(392,946)	\$	(321,409)	\$	(616,921)	\$	(484,498)	\$	(380,960)	\$	(479,797)	\$	(504,915)	\$	(327,996)	\$	(577,155)	\$	(548,417)	\$	(419,973)	\$	(5,496,054)
Wire Requests	\$	(63,485)	\$	(62,394)	\$	(62,581)	\$	(122,937)	\$	(107,781)	\$	(47,397)	\$	(102,944)	\$	(60,602)	\$	(66,938)	\$	(138,038)	\$	(97,846)	\$	(40,267)	\$	(973,211)
Bond Payment	\$	(97,714)	\$	(5,383)	\$	-	\$	-	\$	(14,599)	\$	(22,034)	\$	(25,754)	\$	(2,436)	\$	-	\$	(32,871)	\$	(47,316)	\$	(81,424)	\$	(329,531)
Department Exp.	\$	(19,576)	\$	(22,632)	\$	(27,143)	\$	(47,577)	\$	(23,692)	\$	(28,754)	\$	(30,319)	\$	(27,393)	\$	(22,886)	\$	(34,775)	\$	(71,331)	\$	(21,570)	\$	(377,649)
Payroll	\$	(151,622)	\$	(159,148)	\$	(106,242)	\$	(175,792)	\$	(129,959)	\$	(136,366)	\$	(167,063)	\$	(135,320)	\$	(105,673)	\$	(201,722)	\$	(138,176)	\$	(134,808)	\$	(1,741,891)
County	\$	(56,085)	\$	(55,620)	\$	(49,706)	\$	(49,237)	\$	(49,242)	\$	(40,965)	\$	(55,544)	\$	(31,592)	\$	(48,875)	\$	(65,587)	\$	(72,663)	\$	(49,244)	\$	(624,360)
School	\$	(65,677)	\$	(72,015)	\$	(31,814)	\$	(87,683)	\$	(56,665)	\$	(72,316)	\$	(80,107)	\$	(72,508)	\$	(32,488)	\$	(101,899)	\$	(37,444)	\$	(53,800)	\$	(764,416)
Retirement	\$	(18,081)	\$	(17,758)	\$	(17,758)	\$	(17,781)	\$	(17,113)	\$	(17,122)	\$	(17,856)	\$	(17,816)	\$	(17,762)	\$	(17,886)	\$	(17,123)	\$	(19,017)	\$	(213,074)
SMCCCD	\$	(11,779)	\$	(13,754)	\$	(6,964)	\$	(21,091)	\$	(6,940)	\$	(5,963)	\$	(13,554)	\$	(13,404)	\$	(6,548)	\$	(16,349)	\$	(10,946)	\$	(12,747)	\$	(140,041)
Controller's	\$	(55,516)	\$	(67,480)	\$	(72,318)	\$	(207,771)	\$	(169,664)	\$	(90,139)	\$	(89,634)	\$	(220,643)	\$	(64,929)	\$	(92,730)	\$	(114,396)	\$	(61,855)	\$	(1,307,074)
School Vendors	\$	(49,538)	\$	(68,892)	\$	(46,209)	\$	(49,530)	\$	(33,329)	\$	(46,810)	\$	(53,160)	\$	(49,700)	\$	(59,852)	\$	(70,654)	\$	(69,270)	\$	(75,059)	\$	(672,004)
SMCCCD	\$	(3,618)	\$	(7,017)	\$	(6,916)	\$	(13,313)	\$	(5,474)	\$	(9,460)	\$	(10,923)	\$	(8,820)	\$	(7,718)	\$	(6,364)	\$	(10,082)	\$	(4,990)	\$	(94,695)
Bookstore	\$	(467)	\$	(411)	\$	(87)	\$	(376)	\$	(452)	\$	(713)	\$	(960)	\$	(164)	\$	(301)	\$	(425)	\$	(2,798)	\$	(323)	\$	(7,478)
College District	\$	(3,150)	\$	(6,606)	\$	(6,829)	\$	(12,937)	\$	(5,021)	\$	(8,746)	\$	(9,963)	\$	(8,657)	\$	(7,417)	\$	(5,940)	\$	(7,284)	\$	(4,668)	\$	(87,218)
Net Cash Flow	\$	(222,881)	\$	209,123	\$	406,813	\$	304,949	\$	(248,400)	\$	(84,199)	\$	(9,015)	\$	375,187	\$	(133,583)	\$	(316,258)	\$	(363,697)	\$	(94,681)	\$	(176,641)
Maturity	\$	170,000	\$	62,000	\$	10,000	\$	-	\$	15,000	\$	34,000	\$	-	\$	-	\$	10,000	\$	19,650	\$	-	\$	45,000	\$	365,650
Callable	\$	-	\$	-	\$	30,000	\$	-	\$	19,000	\$	-	\$	-	\$	-	\$	20,000	\$	15,000	\$	-	\$	-	\$	84,000

Figures may not total to net figures due to rounding. Maturities exclude overnight vehicles and PFM held Securities. Please note: Securities held by PFM are readily available upon direction of the Treasurer.