

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. 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.

\$96,250,000
SAN MATEO UNION HIGH SCHOOL DISTRICT
(San Mateo County, California)
Election of 2020 General Obligation Bonds, Series A

Dated: Date of Delivery

Due: September 1, as shown on the 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 will have the meanings assigned thereto as provided in the Official Statement.

The San Mateo Union High School District (San Mateo County, California) Election of 2020 General Obligation Bonds, Series A (the "Bonds"), were authorized at an election of the registered voters of the San Mateo Union High School District (the "District") held on March 3, 2020, at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of \$385,000,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuance of 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 (except certain personal property which is taxable at limited rates), upon all property subject to taxation by the District, for the payment of the principal of and interest on the Bonds when due.

The Bonds will be dated as of their date of initial delivery, and will be issued as current interest bonds such that interest thereon will accrue from such initial delivery date and be payable semiannually. Interest on the Bonds will be payable on March 1 and September 1 of each year, commencing September 1, 2020. The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof.

The Bonds will be issued in book-entry form only, initially registered in the name of Cede & Co. as nominee of 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.

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 designated Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds.

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as further described herein.

Maturity Schedule
(see inside front cover)

The Bonds will be 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. Certain matters will be passed on for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel. Certain matters will be passed on for the Underwriter by Kutak Rock LLP, Denver, Colorado. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about June 10, 2020.

STIFEL

MATURITY SCHEDULE

Base CUSIP⁽¹⁾: 799017

\$96,250,000

**SAN MATEO UNION HIGH SCHOOL DISTRICT
(San Mateo County, California)
Election of 2020 General Obligation Bonds, Series A**

\$49,365,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Yield	CUSIP⁽¹⁾ Suffix
2021	\$6,120,000	4.000%	0.100%	WJ3
2022	8,535,000	4.000	0.160	WK0
2023	11,560,000	4.000	0.210	WL8
2029	1,305,000	4.000	0.700 ⁽²⁾	WV6
2030	1,500,000	4.000	0.850 ⁽²⁾	WW4
2031	1,705,000	4.000	1.000 ⁽²⁾	WM6
2032	1,930,000	1.875	1.500 ⁽²⁾	WN4
2033	2,130,000	4.000	1.300 ⁽²⁾	WP9
2034	2,385,000	3.000	1.680 ⁽²⁾	WQ7
2035	2,635,000	3.000	1.780 ⁽²⁾	WR5
2036	2,900,000	3.000	1.820 ⁽²⁾	WS3
2037	3,180,000	3.000	1.870 ⁽²⁾	WT1
2038	3,480,000	3.000	1.910 ⁽²⁾	WU8

\$17,095,000 – 2.250% Term Bonds due September 1, 2042 – Yield: 2.390%; CUSIP⁽¹⁾ Suffix: WY0

\$29,790,000 – 2.500% Term Bonds due September 1, 2047 – Yield: 2.520%; CUSIP⁽¹⁾ Suffix: WZ7

⁽¹⁾ 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, and no representation is made as to their correctness on the applicable Bonds or as included 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.

⁽²⁾ Yield to call at par on September 1, 2028.

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 unauthorized other information or representation 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 by Sections 3(a)2 and 3(a)12, respectively. 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 OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE 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.

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.

The District maintains a website and certain social media accounts. However, the information presented on the District’s website and such accounts 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.

SAN MATEO UNION HIGH SCHOOL DISTRICT

Board of Trustees

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

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

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\$96,250,000
SAN MATEO UNION HIGH SCHOOL DISTRICT
(San Mateo County, California)
Election of 2020 General Obligation Bonds, Series A

INTRODUCTION

This Official Statement, which includes the cover page, inside cover pages and appendices hereto, provides information in connection with the sale of San Mateo Union High School District (San Mateo County, California) Election of 2020 General Obligation Bonds, Series A (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 pages 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 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 247,000 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 “TAX BASE FOR REPAYMENT OF BONDS” herein for more information regarding the District’s assessed valuation, and “DISTRICT FINANCIAL INFORMATION” and “SAN MATEO UNION HIGH SCHOOL DISTRICT” herein for more information regarding the District generally. The District’s audited financial statements for the fiscal year ended June 30, 2019 are attached hereto as APPENDIX B and should be read in their entirety.

In order to curb the potential spread of the novel coronavirus known as COVID-19, on March 12, 2020 the Board of Trustees made the initial decision to close all District schools, and on April 7, 2020, the San Mateo County Office of Education, in conjunction with public health officers and the County Superintendents of Schools for five other County Offices of Education in the San Francisco bay area, extended school closures in the respective counties through at least the end of June 2020. The District has District has extended school closures for in-person learning through its summer school session. See “DISTRICT FINANCIAL INFORMATION– Outbreak of Disease; Coronavirus” herein. See also “TAX BASE FOR REPAYMENT OF THE BONDS –Assessed Valuations” regarding risks related to outbreaks of disease and other factors that may affect the assessed value of property within the District.

Purpose of the Bonds

The Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of the District sites and facilities, and (ii) pay the costs of issuing the Bonds.

See also “THE BONDS – Application and Investment of Bond Proceeds” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Government Code and pursuant to a resolution adopted by the District Board on May 7, 2020. 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 (the “County Board”) is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered 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”), who will act as securities depository for the Bonds. See “THE BONDS – General Provisions” and “– Book-Entry Only System” herein. Purchasers of the Bonds (the “Beneficial Owners”) will not receive physical certificates representing their interests 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 (as defined herein). See “THE BONDS – Discontinuation of Book-Entry Only System; Registration, Payment and Transfer of Bonds” herein.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the “Owners,” “Bondowners” or “Holders” of the Bonds (other than under the caption “TAX MATTERS” and in APPENDIX A) 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 multiples thereof.

Redemption. The Bonds are subject to optional and mandatory sinking fund redemption prior to their stated maturity dates as further described herein. See “THE BONDS – Redemption” herein.

Payments. The Bonds will be dated as of their date of initial delivery (the “Date of Delivery”) and will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and be payable semiannually on each March 1 and September 1 of each year (each, a “Bond Payment Date”), commencing September 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 (the “Paying Agent”), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, based on existing statutes, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. 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.

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 in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about June 10, 2020 (the “Closing Date”).

Bond Owner’s Risks

The Bonds are general obligations of the District payable solely from *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, and certain other considerations related thereto, see “TAX BASE FOR REPAYMENT OF BONDS”, “LIMITATION ON REMEDIES; BANKRUPTCY” and “DISTRICT FINANCIAL INFORMATION– Outbreak of Disease; Coronavirus.” herein.

Continuing Disclosure

Pursuant to that certain Continuing Disclosure Certificate relating to the Bonds, the District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events. The specific nature of the information to be made available and of the notices of listed events is summarized below under “LEGAL MATTERS – Continuing Disclosure” and “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS” herein. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the “Rule”).

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. Kutak Rock LLP is acting as counsel to the Underwriter (as defined herein) 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. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds or the District.

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,” “intend,” “expect,” “estimate,” “project,” “budget” 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 ACHIEVEMENTS 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.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code of the State of California, commencing with Section 53506 *et seq.*, as amended, Article XIII A of the California Constitution, other applicable law, and pursuant to a resolution of the Board adopted on May 7, 2020 (the “Resolution”). The District received authorization at an election held on March 3, 2020 by the requisite fifty-five percent of the votes cast by eligible voters within the District to issue \$385,000,000 aggregate principal amount of general obligation bonds (the “2020 Authorization”). The Bonds are the first series of bonds issued under the 2020 Authorization, and following the issuance thereof, \$288,750,000 of the 2020 Authorization will remain unissued.

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The County Board is empowered and obligated to annually levy such *ad valorem* property taxes, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), upon all property within the District subject to taxation thereby for the payment of the 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. While the County has historically levied *ad valorem* property taxes to establish such a reserve for other bonds of the District, the County is not obligated to establish or maintain such a reserve, and the District can make no representations that the County will do so in future years. Such taxes, when collected, will be placed by the County in the Debt Service Fund (defined herein) for the Bonds created by the Resolution, which is segregated and maintained by the County and which is designated for the payment of the principal of and interest on the Bonds 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 to which such fund relates. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds, and the County 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 becomes 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 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 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 property values, disruption in financial markets, outbreak of disease, 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 of California (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, flood, drought, fire, wildfire 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", "TAX BASE FOR REPAYMENT OF BONDS" and "DISTRICT FINANCIAL INFORMATION– Outbreak of Disease; Coronavirus." herein.

Statutory Liens

Pursuant to California 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, both as to 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 California 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 for DTC. Beneficial Owners will not receive physical certificates representing their interests in the Bonds. The Bonds will be dated as of the Date of Delivery.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and be payable semiannually on each Bond Payment Date, commencing September 1, 2020. Interest on the Bonds will be computed on the basis of a 360-day year of 12, 30-day months. Each Bond shall 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 that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before August 15, 2020, in which event it shall bear interest from the Date of Delivery. The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof. The Bonds mature on September 1 in the years and amounts set forth on the inside cover pages hereof.

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 15th 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 shall be payable upon maturity upon surrender at the principal office of the Paying Agent. The principal of, and interest, and redemption premiums, if any, on the Bonds shall 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.

Application and Investment of Bond Proceeds

The proceeds of the sale from the Bonds, net of costs of issuance and any premium received upon the sale thereof, will be deposited by the County to the credit of the building fund created by the Resolution (the “Building Fund”), and will be applied solely for the purposes for which the Bonds are being issued. Interest earnings in the Building Fund will be retained therein.

The *ad valorem* property taxes levied by the County for the payment of the Bonds, when collected, are required to be held separate and apart by the County in a debt service fund created by the Resolution (the “Debt Service Fund”), and used only for payment of principal of and interest on Bonds, and for no other purpose. Accrued interest and any premium received upon the sale of the Bonds will be deposited into the Debt Service Fund. Any interest earnings on moneys held in the Debt Service Fund will be retained therein. If, after all of the Bonds have been redeemed or paid and otherwise cancelled, there are moneys remaining in the Debt Service Fund, said moneys will be transferred to the general fund of the District as provided and permitted by law.

Investment of Funds. Moneys in the Debt Service Fund and the Building Fund are expected to be invested through the County’s pooled investment fund. See “APPENDIX E - SAN MATEO COUNTY TREASURY POOL” herein.

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Annual Debt Service

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

<u>Year Ending Sept. 1</u>	<u>Annual Principal Payment</u>	<u>Annual Interest Payment⁽¹⁾</u>	<u>Total Debt Service</u>
2020	--	\$656,364.38	\$656,364.38
2021	\$6,120,000.00	2,917,175.00	9,037,175.00
2022	8,535,000.00	2,672,375.00	11,207,375.00
2023	11,560,000.00	2,330,975.00	13,890,975.00
2024	--	1,868,575.00	1,868,575.00
2025	--	1,868,575.00	1,868,575.00
2026	--	1,868,575.00	1,868,575.00
2027	--	1,868,575.00	1,868,575.00
2028	--	1,868,575.00	1,868,575.00
2029	1,305,000.00	1,868,575.00	3,173,575.00
2030	1,500,000.00	1,816,375.00	3,316,375.00
2031	1,705,000.00	1,756,375.00	3,461,375.00
2032	1,930,000.00	1,688,175.00	3,618,175.00
2033	2,130,000.00	1,651,987.50	3,781,987.50
2034	2,385,000.00	1,566,787.50	3,951,787.50
2035	2,635,000.00	1,495,237.50	4,130,237.50
2036	2,900,000.00	1,416,187.50	4,316,187.50
2037	3,180,000.00	1,329,187.50	4,509,187.50
2038	3,480,000.00	1,233,787.50	4,713,787.50
2039	3,795,000.00	1,129,387.50	4,924,387.50
2040	4,105,000.00	1,044,000.00	5,149,000.00
2041	4,425,000.00	951,637.50	5,376,637.50
2042	4,770,000.00	852,075.00	5,622,075.00
2043	5,130,000.00	744,750.00	5,874,750.00
2044	5,520,000.00	616,500.00	6,136,500.00
2045	5,935,000.00	478,500.00	6,413,500.00
2046	6,370,000.00	330,125.00	6,700,125.00
2047	<u>6,835,000.00</u>	<u>170,875.00</u>	<u>7,005,875.00</u>
Total:	<u>\$96,250,000.00</u>	<u>\$40,060,289.38</u>	<u>\$136,310,289.38</u>

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

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

Redemption

Optional Redemption. The Bonds maturing on and before September 1, 2023 are not subject to redemption prior to their stated maturity dates. The Bonds maturing on and after September 1, 2029 may be redeemed prior to their respective stated maturity dates at the option of the District, from any source of funds, in whole or in part, on September 1, 2028 or on any date thereafter, at a redemption price equal to the principal amount of such Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Term Bonds maturing on September 1, 2042, are subject to redemption prior to maturity from mandatory sinking fund payments on September 1 of each year, on and after September 1, 2039, at a redemption price equal to the principal amount

thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amounts represented by such Bonds to be so redeemed and the dates therefor and the final principal payment date are as indicated in the following table:

Redemption Date (September 1)	Principal Amount
2039	\$3,795,000
2040	4,105,000
2041	4,425,000
2042 ⁽¹⁾	<u>4,770,000</u>
Total:	<u>\$17,095,000</u>

⁽¹⁾ Maturity.

In the event that a portion of the Term Bonds maturing on September 1, 2042 are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000 of principal amount, in respect of the portion of such Term Bonds optionally redeemed.

The Term Bonds maturing on September 1, 2047, are subject to redemption prior to maturity from mandatory sinking fund payments on September 1 of each year, on and after September 1, 2043, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amounts represented by such Bonds to be so redeemed and the dates therefor and the final principal payment date are as indicated in the following table:

Redemption Date (September 1)	Principal Amount
2043	\$5,130,000
2044	5,520,000
2045	5,935,000
2046	6,370,000
2047 ⁽¹⁾	<u>6,835,000</u>
Total:	<u>\$29,790,000</u>

⁽¹⁾ Maturity.

In the event that a portion of the Term Bonds maturing on September 1, 2047 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 of 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 Bonds of a series are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for redemption as directed by the District and, if not so directed, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that, with respect to redemption by lot, that the portion of any Bond to be redeemed in part shall be in a principal amount of \$5,000, or any integral multiple thereof.

Redemption Notice. When optional 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 portion of 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 service, to one of the Information Services; and (d) provide such 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” shall mean 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,” 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 execute and deliver to the Owner thereof a new Bond or Bonds of like series, tenor and maturity and of authorized denominations equal in principal amounts 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 “—Defeasance,” 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 shall cease to accrue and become payable.

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,” 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, and 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, 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, then such Bonds will no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Book-Entry Only System

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 none of the District, the Municipal Advisor or the Underwriter take any responsibility for the accuracy or completeness thereof. The District and the Underwriter cannot and do not give any assurances that DTC, DTC Direct Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest on, principal of or premium, if any, on 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 Participants are on file with DTC.

The Depository Trust Company, 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 maturity, 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 3.6 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," and together with the Direct Participants, the "Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. However, the information presented on such website is not incorporated herein by any reference.

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 ownership interest of each 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 effect 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, defaults, and proposed amendments to the Resolution. 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 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 and 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 the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by 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.

For every transfer and exchange of Bonds, Owners requesting such transfer or exchange may be charged a sum sufficient to cover any tax, governmental charge or transfer fees that may be imposed in relation thereto, which charge may include transfer fees imposed by the Paying Agent, DTC or the DTC Participant in connection with such transfers or exchanges.

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 the Owners thereof.

Discontinuation of Book-Entry Only System; Registration, Payment and Transfer of Bonds

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its principal office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall 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 system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, registration, transfer, exchange and replacement of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated office of the Paying Agent, initially located in Dallas, Texas. 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 series, tenor, maturity and Transfer Amount (which with respect to any outstanding Bonds means the principal amount thereof) upon presentation and surrender at the designated 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 upon presentation and surrender of the Bonds at the designated office of the Paying Agent, together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor, series, 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 (a) to 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 notice of redemption is given or (b) to 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 Bonds outstanding and designated for defeasance, including all principal thereof, accrued 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 amounts transferred from the Debt Service Fund, if any, and any other cash, if required, in such amount as will, together with 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, accrued interest thereon and redemption premiums, if any, at or before their maturity date;

then, notwithstanding that any such maturities of Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such outstanding Bonds designated for defeasance 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, or 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 (“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 proceeds of the Bonds are expected to be applied as follows:

Sources of Funds

Principal Amount of Bonds	\$96,250,000.00
Net Original Issue Premium	<u>4,828,309.40</u>
Total Sources	<u>\$101,078,309.40</u>

Uses of Funds

Costs of Issuance ⁽¹⁾	\$509,500.00
Deposit to Debt Service Fund	4,558,809.40
Deposit to Building Fund	<u>96,010,000.00</u>
Total Uses	<u>\$101,078,309.40</u>

⁽¹⁾ Reflects all costs of issuance, including but not limited to the underwriting discount, credit rating fees, printing costs, legal and Municipal Advisory fees, and the costs and fees of the Paying Agent. See also “MISCELLANEOUS – Underwriting” herein.

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 Bonds are payable solely from ad valorem property taxes. 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 rolls as 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. Other property is assessed on the "unsecured roll." 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 enrolled in August. Property taxes on the secured roll are due in two installments, November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a minimum 10% penalty attaches to any delinquent installment plus a \$10 cost on the second installment, plus any additional amount determined by the County Treasurer (the "Treasurer"). Property on the secured roll with delinquent taxes is declared tax-defaulted on or about June 30 of the calendar year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a minimum \$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 Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if they are not paid by August 31. In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien may be recorded against the assessee. 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. Information regarding District-wide tax delinquencies is not currently available. See also "—Alternative Method of Tax Apportionment – Teeter Plan" 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.

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, 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.

Assessed Valuations

The assessed valuation of property in the District is established by the tax assessing authority for the county in which such property is located, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the “full cash value” of the property, as defined in Article XIII A of the California Constitution. For a discussion of how properties currently are assessed, see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS” herein.

Property within the District had a total assessed valuation for fiscal year 2019-20 of \$83,526,113,064. The following table represents a 10-year history of assessed valuations in the District, as of the date the equalized assessment tax roll is established in August of each year, excluding any exemptions granted after such date in each year:

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

<u>Fiscal Year</u>	<u>Secured⁽¹⁾</u>	<u>Utility⁽¹⁾</u>	<u>Unsecured⁽¹⁾</u>	<u>Total⁽¹⁾</u>	<u>Total Annual % Change⁽²⁾</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

⁽¹⁾ Source: California Municipal Statistics, Inc.

⁽²⁾ 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 general market decline in property values, outbreak of disease, 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, flood, fire, wildfire, drought 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 rate levied by the County to pay the debt service with respect to the Bonds. See “THE BONDS – Security and Sources of Payment” and “DISTRICT FINANCIAL INFORMATION– Outbreak of Disease; Coronavirus.” herein.

Appeals and Adjustments of Assessed Valuations. Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed

by the SBE, with the appropriate county board of equalization or assessment appeals board. The County Assessor may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an 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, drought, fire, 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 “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Article XIII A of the California Constitution” herein.

No assurance can be given that property tax appeals currently pending or in the future, actions by the County assessor, or other factors in the future will not significantly reduce the assessed valuation of property within the District.

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 (“AB 102”). AB 102 restructures the functions of the SBE and creates 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 will take 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 will continue to perform the duties assigned by the State Constitution related to property taxes, however, beginning 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 tax 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.

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

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
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

	2019-20 Assessed Valuation⁽¹⁾	% of Total	No. of Parcels	% of Total	No. of Taxable Parcels	% Total
Non-Residential:						
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%
Residential:						
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%

⁽¹⁾ 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

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

<u>2019-20 Assessed Valuation</u>	<u>No. of Parcels⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$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%	

⁽¹⁾ 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

Property taxes on the secured roll are due in two installments, November 1 and February 1 of the calendar year, and if unpaid, become delinquent after December 10 and April 10, respectively. A 10% penalty attaches to any delinquent installment plus a minimum \$10 cost on the second installment, plus any additional amount determined by the Treasurer-Tax Collector of each county. See “— *Ad Valorem* Property Taxation” herein. Pursuant to Revenue and Taxation Code Section 2619, the San Mateo County Board of Supervisors adopted a resolution, which closed the County’s offices for business on April 10th, and thereby extending the date by which property taxes become delinquent to May 4, 2020.

Pursuant to Revenue and Taxation Code Section 4985.2, the Treasurer-Tax Collector may cancel any penalty, costs or other charges resulting from tax delinquency upon a finding that the late payment is due to reasonable cause and circumstances beyond the taxpayer’s control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect, provided the property taxes are paid within four fiscal years of such taxes coming due. See “— Alternative Method of Tax Apportionment - ‘Teeter Plan’” and “DISTRICT FINANCIAL INFORMATION – Outbreak of Disease; Coronavirus” herein.

In addition, on May 6, 2020, the Governor signed Executive Order N-61-20 (“Order N-61-20”). Under Order N-61-20, certain provisions of the State Revenue and Taxation Code are suspended until May 6, 2021 to the extent said provisions require a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent, subject to certain conditions set forth in in Order N-61-20.

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 2018-19.

SECURED TAX CHARGES AND DELINQUENCIES Fiscal Years 2008-09 through 2018-19 San Mateo County

	Secured Tax Charge ⁽¹⁾	Amount Delinquent June 30	% Delinquent June 30
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
2018-19	29,359,518.33	205,691.58	0.70

⁽¹⁾ 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 secured *ad valorem* property tax levy for the District’s general obligation bonds, including the Bonds, under the Teeter Plan.

There can be no assurance that the County will always maintain the Teeter Plan or will have sufficient funds available to distribute the full amount of the District’s share of property tax collections to the District. The ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies. Property tax delinquencies may be impacted by economic and other factors beyond the District’s or the County’s control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other pandemic or natural or manmade disaster. See “DISTRICT FINANCIAL INFORMATION – Outbreak of Disease; Coronavirus.” However, notwithstanding any possible future change to or discontinuation of the Teeter Plan, State law requires the County to levy *ad valorem* property taxes sufficient to pay the Bonds when due.

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 2019-20.

**SUMMARY OF *AD VALOREM* TAX RATES (TRA 12-001)⁽¹⁾
Fiscal Years 2014-15 through 2019-20
San Mateo Union High School District**

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
City of San Mateo Bond	.0105	.0102	.0090	.0084	.0077	.0071
San Mateo-Foster City School District Bond	.0388	.0402	.0546	.0542	.0530	.0437
San Mateo Union High School District Bond	.0475	.0466	.0415	.0433	.0407	.0385
San Mateo Community College District Bond	<u>.0190</u>	<u>.0250</u>	<u>.0247</u>	<u>.0235</u>	<u>.0175</u>	<u>.0266</u>
Total	1.1158%	1.1220%	1.1298%	1.1294%	1.1189%	1.1159%

⁽¹⁾ The fiscal year 2019-20 assessed valuation of TRA 12-001 was \$23,066,083,337.
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⁽¹⁾</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	<u>172,741,549</u>	<u>0.22</u>
			<u>\$7,150,146,164</u>	<u>9.27%</u>

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

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. effective as of April 1, 2020, for debt issued as of April 1, 2020. 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

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 4/1/20</u>
San Mateo Community College District	34.902%	\$267,587,876
San Mateo Union High School District	100.000	527,656,623⁽¹⁾
Burlingame School District	100.000	138,392,486
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	258,941,833
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	2,522,808
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,456,857,723
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
San Mateo County General Fund Obligations	34.902%	\$185,193,592
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	42,220,000
City of Burlingame Pension Obligation Bonds	100.000	8,510,000
City of Millbrae General Fund and Pension Obligation Bonds	100.000	6,078,670
City of San Bruno Pension Obligation Bonds	97.171	7,739,670
City of San Mateo General Fund Obligations	97.898	64,475,623
Highlands Recreation District General Fund Obligations	100.000	2,422,000
Midpeninsula Regional Open Space Park General Fund Obligations	0.006%	6,719
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$323,199,401
Less: City of Burlingame General Fund and Pension Obligations supported by enterprise revenues		3,586,100
City of San Mateo supported by enterprise revenues		14,170,736
Highlands Recreation District General Fund Obligations supported by enterprise revenues		1,889,160
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$303,553,405
<u>OVERLAPPING TAX INCREMENT DEBT:</u>		
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
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$61,015,000
GROSS COMBINED TOTAL DEBT		\$1,841,072,124
NET COMBINED TOTAL DEBT		\$1,821,426,128

Ratios to 2019-20 Assessed Valuation:

Direct Debt (\$527,656,623)	0.63%
Total Direct and Overlapping Tax and Assessment Debt.....	1.74%
Gross Combined Total Debt.....	2.20%
Net Combined Total Debt	2.18%

Ratios to Redevelopment Incremental Assessed Valuation (\$5,086,721,175):

Total Overlapping Tax Increment Debt.....	1.20%
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⁽¹⁾ Excludes the Bonds described herein.

⁽²⁾ 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 Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County on taxable property within the District in an amount sufficient 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 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 to 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 taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District’s voters in compliance with Article XIII A, Article XIII C, and all applicable laws.

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 State 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 base year value, adjusted for inflation. 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” 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 fifty-five percent 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 of all members of the State Legislature to change any State taxes for the purpose of increasing tax revenues.

Split Roll Property Tax Ballot Measures. On October 15, 2018, a proposed ballot initiative became eligible for the November 2020 Statewide ballot (the “Ballot Measure 1851”). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, Ballot Measure 1851 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, Ballot Measure 1851 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 Ballot Measure 1851, approximately 40% of the remaining additional tax revenues generated as a result of Ballot Measure 1851 would be deposited into a fund created pursuant to Ballot Measure 1851 called the Local School and Community College Property Tax Fund, with such funds being used to supplement, and not replace, existing funding school districts and community college districts receive under the State’s constitutional minimum funding requirement.

Proponents of Ballot Measure 1851 subsequently announced a revised version of its ballot initiative which has since been circulated for signature (the “Ballot Measure 1870” and, together with Ballot Measure 1851, the “Split Roll Measures”). According to a random sample released by the Secretary of State, Ballot Measure 1870 has received sufficient signatures, if deemed valid, for Ballot Measure 1870 to become eligible for the November 2020 Statewide ballot. Like Ballot Measure 1851, Ballot Measure 1870 would similarly amend the determination of “full cash value” of commercial and industrial real property, however the Split Roll Measures differ in the threshold at which commercial and industrial properties would be taxed at market value, which small business-owned properties would continue to be taxed based on purchase price, and how revenue would be allocated for schools.

The District cannot predict whether Ballot Measure 1870 will qualify for the November 2020 Statewide ballot, whether either Split Roll Measure will appear on the Statewide ballot at the November 2020 election or, if either does, whether such Split Roll 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 either Split Roll Measure will have on District revenues or the assessed valuation of real property in the District.

Property Tax Base Transfer Ballot Measure. On April 22, 2020, a proposed ballot initiative became eligible for the November 2020 Statewide ballot (“Ballot Measure 1864”). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, Ballot Measure 1864 would: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by a natural disaster or contamination, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) broaden the scope of legal entity ownership changes that trigger reassessment of properties. The District cannot predict whether Ballot Measure 1864 will appear on the Statewide ballot at the November 2020 election or, if it does, whether Ballot Measure 1864 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 Ballot Measure 1864 will have on 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 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 California State Supreme Court have upheld the general validity of Article XIII A.

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. State-assessed unitary and certain other property is allocated to the counties by 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 basic aid district, taxes lost through any reduction in assessed valuation will not be compensated by the State as equalization aid under the State’s school financing formula. See “DISTRICT FINANCIAL INFORMATION” herein.

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.

Intra-county transfers under Proposition 171 are more restrictive than inter-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.

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 to mean the percentage change in California 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 fifty percent 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" herein.

Proposition 26

On November 2, 2010, State voters approved Proposition 26. Proposition 26 amends Article XIII C 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 XIII D. 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.

Article XIII C and Article XIII D of the California Constitution

On November 5, 1996, State voters approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIII C and XIII D (respectively, "Article XIII C" and "Article XIII D"), 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 California 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 California 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 California 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.

Propositions 98 and 111

On November 8, 1988, State voters 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 have, however, been 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-12 school districts and community college districts (hereinafter referred to collectively as “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 XIIB 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 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, State voters 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 California 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 the minimum funding level for such districts. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into K-14 school district 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. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded 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 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 California 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, California voters approved an amendment (commonly known as Proposition 39) to the California Constitution. This amendment (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 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 California Constitution previously limited property taxes to 1% of the value of property, and 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 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 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that such bonds may be issued only if the tax rate per \$100,000 of taxable property value projected to be levied as the result of any single election would not exceed \$60 (for a unified school district), \$30 (for a high school, such as the District, or elementary school 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 Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor. See “— Article XIII A of the California Constitution” herein.

Proposition 1A and Proposition 22

On November 2, 2004, California 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. 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 State voters 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 expected 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, will be an increase in the State's general fund costs by approximately \$1 billion annually for several decades.

Jarvis vs. Connell

On May 29, 2002, the California 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 of California). 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 California 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 California Supreme Court upheld the holding of the Court of Appeal, stating that the 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 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 55

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, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased 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 revenues generated from the personal income tax increases will be included in the calculation of the Proposition 98 Minimum Funding Guarantee (defined herein) for school districts and community college districts. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and 111” herein. From an accounting perspective, the revenues generated from the 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.

Proposition 2

On November 4, 2014, State 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 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 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 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 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 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 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 be otherwise 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 A.D.A. 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 A.D.A. 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

basic aid school districts (also known as community funded 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 due.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is an initiative that was approved by State voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of \$9 billion in State general obligation bonds 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 districts lack 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 (\$500 million) and technical education (\$500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools 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 Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and Legislature will select among eligible projects as part of the annual State budget process.

The District makes no 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 California Constitution and Propositions 22, 26, 30, 39, 98, 51 and 55 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 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 or interest on the Bonds is payable from the general fund of the District. The Bonds shall be payable solely from the proceeds of an ad valorem property tax required to be levied by the County on taxable property within the District 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 uniform system of funding grants assigned to certain grade spans, as described below. See "—Local Control Funding Formula." 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.

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

<u>Fiscal Year</u>	<u>ADA</u> ⁽¹⁾	<u>Revenue Limit</u> <u>Per ADA</u> ⁽²⁾	<u>Enrollment</u> ⁽³⁾
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.

⁽¹⁾ 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.

⁽²⁾ 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.

⁽³⁾ 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 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 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 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. Full implementation of the LCFF is expected to occur over a period of several fiscal years. Beginning in fiscal year 2013-14, an annual transition adjustment has been 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 will have 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, the Base Grants have been 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” for information on the adjusted Base Grants provided by current budgetary legislation.

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. The LCFF 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, and are therefore not discussed herein separately). AB 97 authorizes a supplemental grant add-on (each, a “Supplemental Grant”) 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. 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 2020-21.

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ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2013-14 through 2020-21
San Mateo Union High School District

<u>Fiscal Year</u>	<u>ADA</u> ⁽¹⁾	<u>Enrollment</u> ⁽²⁾	<u>% of EL/LI Enrollment</u> ⁽²⁾
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	8,472	9,020	27.67
2019-20	8,748	9,113	29.02
2020-21 ⁽³⁾	8,698	9,061	28.94

⁽¹⁾ Reflects P-2 ADA. For the 2019-20 school year, due to the outbreak of COVID-19, P-2 ADA only reflects full school months from July 1, 2019 through February 29, 2020. See “-Outbreak of Disease; Coronavirus” herein.

⁽²⁾ 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.

⁽³⁾ 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 implementation 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 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 and the District currently projects that local property tax receipts will exceed the District's total LCFF allocation by approximately \$60.2 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 adopted every three years, beginning in fiscal year 2014-15, and updated annually thereafter. The State Board of Education has developed and adopted a template LCAP for use by school districts.

Support and Intervention. AB 97, as amended by SB 91, established a new system of support and intervention to assist school districts meet 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 identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF implementing legislation and charged with assisting school districts achieve 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 (i) to 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 of the District's 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, the District receives additional local revenues beyond local property tax collections, such as leases and rentals, interest earnings, interagency services, developer fees (as discussed below), parcel tax 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 \$997,321, respectively, and the District has projected receipt of \$820,265 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 \$2,163,727, respectively, and the District has projected receipt of \$2,348,264 in 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.

Outbreak of Disease; Coronavirus

An outbreak of disease or similar public health threat, such as the novel coronavirus ("COVID-19") outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results.

The spread of COVID-19 is having significant negative impacts throughout the world, including in the District. The World Health Organization has declared the COVID-19 outbreak to be a pandemic,

and states of emergency have been declared by the State and the United States. The purpose behind these declarations are to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for a wider spread of the virus. On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was signed by the President of the United States. The CARES Act appropriates over \$2 trillion to, among other things, (i) provide cash payments to individuals, (ii) expand unemployment assistance and eligibility, (iii) provide emergency grants and loans for small businesses, (iv) provide loans and other assistance to corporations, including the airline industry, (v) provide funding for hospitals and community health centers, (vi) expand funding for safety net programs, including child nutrition programs, and (vii) provide aid to state and local governments.

State law allows school districts to apply for a waiver to hold them harmless from the loss of LCFF funding based on attendance and state instructional time penalties when they are forced to close schools due to emergency conditions. In addition, the Governor of the State has enacted Executive Order N-26-20 (“Executive Order N-26-20”), which (i) generally streamlines the process of applying for such waivers for closures related to COVID-19 and (ii) directs school districts to use LCFF apportionment to fund distance learning and high quality educational opportunities, provide school meals and, as practicable, arrange for the supervision of students during school hours.

On March 17, 2020, Senate Bill 89 (“SB 89”) and Senate Bill 117 (“SB 117”) were signed by the Governor, both of which take effect immediately. SB 89 amends the Budget Act of 2019 by appropriating \$500,000,000 from the State general fund for any purpose related to the Governor’s March 4, 2020 emergency proclamation. SB 117, among other things, (i) specifies that for school districts that comply with Executive Order N-26-20, the ADA reported to the State Department of Education for the second period and the annual period for apportionment purposes for the 2019-20 school year only includes all full school months from July 1, 2019 through February 29, 2020, (ii) prevents the loss of funding related to an instructional time penalty because of a school closed due to the COVID-19 by deeming the instructional days and minutes requirements to have been met during the period of time the school was closed due to COVID-19, (iii) requires a school district to be credited with the ADA it would have received had it been able to operate its After School Education and Safety Program during the time the school was closed due to COVID-19, and (iv) appropriates \$100,000,000 from the State general fund to the State Superintendent to be apportioned to certain local educational agencies for purposes of purchasing personal protective equipment, or paying for supplies and labor related to cleaning school sites. The District has closed its schools commencing March 12, 2020, through the end of the current school year as well as during its summer session, and has implemented distance learning programs for its students during such period of closure.

On March 19, 2020, the Governor ordered all California residents to stay home or at their place of residence to protect the general health and well-being, except as needed to maintain continuity of 16 critical infrastructure sectors described therein (the “Stay Home Order”).

To date there have been a number of confirmed cases of COVID-19 in San Mateo County and health officials are expecting the number of confirmed cases to grow. The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools (including the District’s schools). See “INTRODUCTION – The District” herein. The U.S. is restricting certain non-US citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

Potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges relating to establishing distance learning programs or other measures to permit instruction while schools remain closed, disruption of the regional and local economy

with corresponding decreases in tax revenues, including property tax revenue, sales tax revenue and other revenues, increases in tax delinquencies, potential declines in property values, and decreases in new home sales, and real estate development. See “TAX BASE FOR REPAYMENT OF THE BONDS – Assessed Valuations” and “-Alternative Method of Tax Apportionment - Teeter Plan” herein. The economic consequences and the declines in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments, could have a material impact on the investments in the State pension trusts, which could materially increase the unfunded actuarial accrued liability of the STRS Defined Benefit Program and PERS Schools Pool, which, in turn, could result in material changes to the District’s required contribution rates in future fiscal years. See “SAN MATEO UNION HIGH SCHOOL DISTRICT – Retirement Programs” herein.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to: the Governor’s office (<http://www.gov.ca.gov>), the California Department of Public Health (<https://covid19.ca.gov/>), and San Mateo County Health (<https://www.smchealth.org/>). *The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such websites.*

The ultimate impact of COVID-19 on the District’s operations and finances is unknown. There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, state and national economies or the assessed valuation of property within the District, or adversely impact enrollment or average daily attendance within the District and, notwithstanding Executive Order N-26-20 or SB 117, materially adversely impact the financial condition or operations of the District. See also “TAX BASE FOR REPAYMENT OF THE BONDS –Assessed Valuations” 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.

Accounting Practices

The accounting practices 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 Section 41010 of the California Education Code, is to be followed by all California school districts.

The District's expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Delinquent taxes not received after the fiscal year end are not recorded as revenue until received. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The District's accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial resources not requiring a special type of fund. The District's fiscal year begins on July 1 and ends on June 30.

Comparative Financial Statements

The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2019 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 audited financial statements for the year ended June 30, 2019, are included in APPENDIX B hereto. The table on the following page reflects the District's audited general fund revenues, expenditures and fund balances from fiscal year 2013-14 to fiscal year 2018-19.

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AUDITED GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES⁽¹⁾⁽²⁾
Fiscal Years 2013-14 through 2018-19
San Mateo Union High School District

	Fiscal Year	Fiscal Year		Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2013-14	2014-15		2015-16	2016-17	2017-18	2018-19
Revenues			Revenues				
LCFF	\$108,642,201	\$110,952,985	LCFF	\$120,851,140	\$130,593,649	\$140,020,947	\$149,856,869
Federal sources	2,242,122	2,472,604	Federal sources	2,505,830	2,584,465	2,778,826	2,931,664
Other state sources	2,886,027	7,421,925	Other state sources	11,569,667	9,815,247	9,966,094	17,423,573
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>	<u>8,947,843</u>
Total revenues	122,111,372	129,661,219	Total revenues	140,928,274	149,520,029	160,786,343	179,159,949
Expenditures			Expenditures				
Instructional Services:			Certificated salaries	55,944,002	59,636,211	62,337,304	65,659,410
Instruction	59,077,531	64,485,841	Classified salaries	22,237,346	25,541,968	26,891,385	29,409,969
Instruction-Related Services:			Employee benefits	28,296,053	32,679,248	36,395,978	46,557,608
Supervision of instruction	3,176,457	3,924,512	Books and supplies	7,947,310	7,157,739	8,133,544	6,488,734
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	17,650,071
School site administration	6,217,647	6,379,185	Capital outlay	523,403	536,158	238,955	1,560,327
Pupil Support Services:			Other outgo	3,828,269	3,483,663	3,995,566	4,268,399
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	--	--	--	--	--	--	--
Total Expenditures	114,720,176	124,765,205	Total Expenditures	137,509,837	145,438,740	154,916,292	171,594,518
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,391,196	4,896,014	Excess (Deficiency) of Revenues Over (Under) Expenditures	3,418,437	4,081,289	5,870,051	7,565,431
Other Financing Sources (Uses)			Other Financing Sources (Uses)				
Interfund transfers in	--	--	Operating transfers in	35,031	--	--	--
Other sources	--	--	Other sources	--	--	--	385,372
Interfund transfers out ⁽³⁾	<u>(6,949,243)</u>	<u>(2,525,000)</u>	Operating transfers out ⁽³⁾	<u>(3,185,031)</u>	<u>(3,425,000)</u>	<u>(5,373,855)</u>	<u>(4,100,757)</u>
Total Other Financing Sources and (Uses)	(6,949,243)	(2,525,000)	Total Other Financing Sources and (Uses)	(3,150,000)	(3,425,000)	(5,373,855)	(3,715,385)
Net Change in Fund Balances	441,953	2,371,014	Net Change in Fund Balances	268,437	656,289	496,196	3,850,046
Fund Balance, July 1	<u>21,873,013</u>	<u>22,314,966</u>	Fund Balance, July 1	<u>24,685,980</u>	<u>24,954,417</u>	<u>25,610,706</u>	<u>26,106,902</u>
Fund Balance, June 30	<u>\$22,314,966</u>	<u>\$24,685,980</u>	Fund Balance, June 30	<u>\$24,954,417</u>	<u>\$25,610,706</u>	<u>\$26,106,902</u>	<u>\$29,956,948</u>

⁽¹⁾ From the District's comprehensive audited financial statements for fiscal years 2013-14 through 2018-19, 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.

⁽²⁾ 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.

⁽³⁾ Reflects contributions to the Cafeteria Special Revenue Fund and the Building Fund.

Source: San Mateo Union High School District.

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.

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 Public Instruction 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 fiscal year. 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 fiscal year or 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.

Within the past ten years, the District has never had an adopted budget disapproved by the county superintendent of schools and has never received a “qualified” or “negative” certification of an Interim Financial Report pursuant to A.B. 1200.

Budgeting Trends. The table on the following page sets forth the District’s general fund adopted budgets for fiscal years 2015-16 through 2019-20, ending results for fiscal years 2015-16 through 2018-19, and projected totals for fiscal year 2019-20. The projected totals for fiscal year 2019-20 do not factor the impact of COVID-19 on the District’s general fund for such fiscal year. The District cannot make any assurance that the District’s 2019-20 general fund budgeted results will be commensurate with what is presented below. See “—State Budget Measures” herein.

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

	Fiscal Year 2015-16 ⁽¹⁾		Fiscal Year 2016-17 ⁽¹⁾		Fiscal Year 2017-18 ⁽¹⁾		Fiscal Year 2018-19 ⁽¹⁾		Fiscal Year 2019-20	
	Adopted Budget	Audited Actuals	Adopted Budget	Audited Actuals	Adopted Budget	Audited Actuals	Adopted Budget	Audited Actuals	Adopted Budget ⁽²⁾	Projected Totals ⁽²⁾
REVENUES										
LCFF Sources	\$115,684,588	\$120,851,140	\$126,510,390	\$130,593,649	\$135,116,577	\$140,020,947	\$146,682,992	\$149,856,869	\$156,400,181	\$158,628,123
Federal Revenues	2,433,966	2,505,830	2,405,370	2,584,465	2,510,832	2,778,826	2,706,043	2,931,664	2,787,821	3,076,439
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	9,798,092
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>8,947,843</u>	<u>5,584,013</u>	<u>8,252,297</u>
TOTAL REVENUES	130,412,111	140,928,274	143,654,294	149,520,029	152,569,557	160,786,343	163,603,780	179,159,949	173,864,574	179,754,951
EXPENDITURES:										
Certificated Salaries	56,500,058	55,944,002	59,669,303	59,636,211	62,310,429	62,337,304	66,491,691	65,659,410	69,675,958	69,665,857
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	30,959,695
Employee Benefits	26,635,509	28,296,053	34,207,616	32,679,248	37,074,491	36,395,978	40,956,932	46,557,608	45,517,935	44,987,520
Books & Supplies	4,712,619	7,947,310	5,180,199	7,157,739	6,752,172	8,133,544	6,586,138	6,488,734	6,508,899	8,135,523
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	17,650,071	15,545,164	21,794,291
Capital Outlay	--	523,403	150,000	536,158	150,000	238,955	550,000	1,560,327	550,000	552,000
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>4,268,399</u>	<u>4,571,364</u>	<u>4,466,364</u>
TOTAL EXPENDITURES	130,227,153	137,509,837	146,054,609	145,438,740	152,838,618	154,916,292	162,749,181	171,594,518	173,220,978	180,561,250
Excess (Deficiency) of Revenues Over/(Under) Expenditures	184,958	3,418,437	(2,400,315)	4,081,289	(269,061)	5,870,051	854,599	7,565,431	643,596	(806,299)
OTHER FINANCING SOURCES/(USES):										
Transfers In	--	440,014	--	--	--	--	--	--	500,000	500,000
Transfers Out ⁽³⁾	(1,950,000)	(3,590,014)	(1,950,000)	(3,425,000)	(2,807,509)	(5,373,855)	(3,090,745)	(4,100,757)	(3,696,906)	(3,696,906)
Other Sources/Uses	--	--	--	--	--	--	--	385,372	--	--
TOTAL	(1,950,000)	(3,150,000)	(1,950,000)	(3,425,000)	(2,807,509)	(5,373,855)	(3,090,745)	(3,715,385)	(3,196,906)	(3,196,906)
NET INCREASE (DECREASE) IN FUND BALANCE	(1,765,042)	268,437	(4,350,315)	656,289	(3,076,570)	496,196	(2,236,146)	3,850,046	(2,553,310)	(4,003,205)
Fund Balance, July 1	<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>26,106,902</u>	<u>24,300,986⁽⁴⁾</u>	<u>24,300,986⁽⁴⁾</u>
Fund Balance, June 30	<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>\$23,870,756</u>	<u>\$29,956,948</u>	<u>\$21,747,676</u>	<u>\$20,297,781</u>

⁽¹⁾ From the District's comprehensive audited financial statements for fiscal years 2015-16 through 2018-19, 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.

⁽²⁾ From the District's Second Interim Report for fiscal year 2019-20, which was approved by the Board on March 12, 2020. Amounts are rounded to nearest whole number. Includes restricted and unrestricted general fund. Revised to reflect actual beginning fund balance.

⁽³⁾ Includes contributions to the Cafeteria Special Revenue Fund and the Building Fund.

⁽⁴⁾ Does not include the Special Reserve Fund for Other than Capital Outlay Projects, and includes a downward audit adjustment of \$332,839 to reflect an increase in accounts payable. See "APPENDIX B – 2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Reconciliation of Unaudited Financial Report with Audited Financial Statements" herein.

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.

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 summaries of the 2019-20 Budget prepared by the DOF and the LAO.

For fiscal year 2018-19, the 2019-20 Budget projected total general fund revenues and transfers of \$138 billion and total expenditures of \$142.7 billion. The State was 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 projected total general fund revenues and transfers of \$143.8 billion and authorized expenditures of \$147.8 billion. The State was 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 authorized a deposit to the PSSSA of \$376.5 million in order to comply with Proposition 2. The amount was projected to be 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."

For fiscal year 2019-20, the 2019-20 Budget set the minimum funding guarantee at \$81.1 billion. With respect to K-12 education, ongoing per-pupil spending was 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 also "DISTRICT FINANCIAL INFORMATION – 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 allocated (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 CalSTRS and CalPERS, 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, CalSTRS 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 CalPERS employer contribution will be reduced from 20.7% to 19.7% in fiscal year

2019-20, and the projected CalPERS 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 – Retirement Programs" 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 included \$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 estimated for property tax backfill for basic aid school districts impacted by wildfires which occurred in 2017 and 2018. The 2019-20 Budget also held both school districts and charter schools impacted by wildfires in 2018 harmless in terms of State funding for two years.
- *Proposition 51* – a total allocation of \$1.5 billion in Proposition 51 bond funds for K-12 school facility projects.

For additional information regarding the 2019-20 Budget, see the DOF and LAO websites at www.dof.ca.gov and www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Proposed 2020-21 Budget. On January 10, 2020, the Governor released his proposed State budget for fiscal year 2020-21 (the "Proposed 2020-21 Budget"). The following information is drawn from the summaries of the Proposed 2020-21 Budget prepared by the DOF and the LAO.

For fiscal year 2019-20, the Proposed 2020-21 Budget projects total general fund revenues and transfers of \$146.5 billion and total expenditures of \$149.7 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of \$20 billion, including \$3.1 billion in the traditional general fund reserve, \$16 billion in the BSA and \$900 million in the Safety Net Reserve Fund for the CalWORKs. The Proposed 2020-21 Budget also increases the deposit into the PSSA by \$147.7 million, for a total of \$524 million, in order to comply with Proposition 2. The amount continues to be 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."

For fiscal year 2020-21, the Proposed 2020-21 Budget projects total general fund revenues and transfers of \$151.6 billion and authorizes expenditures of \$153.1 billion. The State is projected to end the 2020-21 fiscal year with total available general fund reserves of \$20.5 billion, including \$1.6 billion in the traditional general fund reserve, \$18 billion in the BSA and \$900 million in the Safety Net Reserve Fund. The Proposed 2020-21 Budget also authorizes a deposit to the PSSSA of \$487 million in order to comply with Proposition 2. This amount is below the amount required to trigger certain maximum local reserve levels for school districts. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 858; SB 751.” Pursuant to the provisions of Proposition 2, the Proposed 2020-21 Budget also projects a draw on the PSSSA of approximately \$37.6 million.

The Proposed 2020-21 Budget makes certain revisions to Proposition 98 funding levels set by prior budgetary legislation. For fiscal year 2018-19, the minimum funding guarantee is revised to \$78.4 billion, an increase of \$301.5 million from prior levels. For fiscal year 2019-20, the minimum funding guarantee is revised to \$81.6 billion, an increase of \$517 million from the prior level. These increases are due largely to increases in property tax revenues in fiscal year 2018-19, and increases in State general fund revenues in both fiscal years.

For fiscal year 2020-21, the Proposed 2020-21 Budget sets the minimum funding guarantee at \$84 billion, an increase of approximately \$2.6 billion over the revised prior year level. With respect to K-12 education, ongoing per-pupil spending is set at \$17,964. Due to the year-to-year growth in State revenues and a projected decline in ADA, fiscal year 2020-21 is projected to be a “Test 1” year. Other significant features with respect to K-12 education funding include the following:

- *Local Control Funding Formula* – An increase of \$1.2 billion in Proposition 98 funding for the LCFF, reflecting a 2.29% COLA. This would bring total LCFF funding to \$64.2 billion. The Proposed 2020-21 Budget also includes \$600,000 in one-time Proposition 98 funding to improve LCFF fiscal accountability by making Statewide LCAP information more accessible to the public. Finally, the Proposed 2020-21 Budget includes an increase of \$5.7 million in LCFF funding for county offices of education, reflecting a 2.29% COLA.
- *Categorical Programs* – An increase of \$122.4 million in Proposition 98 funding for categorical programs that remain outside the LCFF, reflecting a 2.29% COLA.
- *Special Education* – A new special education base funding formula using a three-year rolling average of local educational agency ADA allocated to special education local plans areas. This funding level would include a 15% increase in the Proposition 98 contribution to the funding rate provided in the prior year’s budgetary legislation. The Proposed 2020-21 Budget also includes an additional \$250 million in ongoing Proposition 98 funding based on the number of children between ages three and five with exceptional needs. Funding would be allocated on a one-time basis to school districts based on the number of preschool-age children with disabilities.
- *Educator Recruitment and Professional Development* - \$900 million in one-time Proposition 98 funding for six initiatives aimed at improving school employee training, recruitment and retention.
- *Community Schools* - \$300 million in one-time Proposition 98 funding to implement community school models which typically integrate health, mental health and other services for students and families and provides these services directly on school campuses.

- *Opportunity Grants* - \$300 million in one-time Proposition 98 funding to establish opportunity grants for low-performing schools and school districts and to expand the Statewide system of support therefor.
- *Computer Science* - \$15 million in one-time Proposition 98 funding for grants to local educational agencies to support K-12 teachers earning a supplemental authorization to their teaching credential to teach computer science. The Proposed 2020-21 Budget also provides \$2.5 million in one-time Proposition 98 funding for county offices of education to identify, compile and share resources for computer science professional development, curriculum and best practices.
- *School Nutrition* - \$60 million in Proposition 98 funding to increase funding for school nutrition. Additionally, the Proposed 2020-21 Budget includes \$10 million in Proposition 98 funding to provide training for school food service workers.
- *School Facilities* – \$400 million in one-time, non-Proposition 98 funding for eligible school districts to construct new, or to retrofit existing, facilities for full-day kindergarten programs.
- *Proposition 51* – a total allocation of \$1.5 billion in Proposition 51 bond funds for K-12 school facility projects.

For additional information regarding the Proposed 2020-21 Budget, see the DOF website at www.dof.ca.gov and the LAO’s website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

The Proposed 2020-21 Budget was prepared prior to the novel COVID-19 outbreak, and the projections included therein did not account for any of the negative economic impacts to date associated with the outbreak, nor any potential impacts yet to be realized. See “DISTRICT FINANCIAL INFORMATION – Outbreak of Disease; Coronavirus” herein. The May revision (the “May Revision”) to the Proposed 2020-21 Budget reflects, and the final budget approved by the Legislature could reflect, significantly lower projections of State revenues or higher projections of State expenditures.

May Revision. On May 14, 2020, the Governor released his May Revision to the Proposed 2020-21 Budget. The following information is drawn from the LAO’s summary of the May Revision, as well as certain information from the LAO’s preliminary response to the May Revision.

The May Revision acknowledges that the rapid onset of COVID-19 has had an immediate and severe impact on the State’s economy, including nearly 4 million unemployment claims from mid-March through May 9, 2020. While job losses have occurred in nearly every sector, the May Revision indicates that losses have been most acute in leisure and hospitality, retail and personal services. Lower wage workers have also disproportionately borne the impact of job losses. The May Revision projects that the 2020 unemployment rate will peak at approximately 24.5% in the second quarter of 2020. Average wages in most sectors are also projected to decline as firms freeze hiring, postpone bonus and salary increases and cut work hours. The economic consequences of the pandemic are also expected to negatively impact other sources of income beyond wages and salaries. California personal income, which includes income from wages and salaries, businesses ownership, property ownership and government transfers is expected to decrease by 9 percent (or \$230 billion) in 2020, and is not projected to return to pre-pandemic levels until fiscal year 2022-23.

As compared to the projections included in the Proposed 2020-21 Budget, the State’s three main revenues sources are projected to decline as follows: (i) personal income taxes by \$33 billion, (ii) sales

and use tax receipts by \$10 billion, and (iii) corporation taxes by \$5 billion. The May Revision projects that total State general fund revenues will decline by \$41.2 billion from the projected level included in the Proposed 2020-21 Budget, including \$9.7 billion allocable to fiscal year 2019-20 and \$32 billion allocable to fiscal year 2020-21. The May Revision also anticipates that the State budget will face higher direct costs associated with responding to the COVID-19 outbreak and higher caseload-related costs to State safety net programs in light of worsening economic conditions. Collectively, these revenue reductions and cost increases are projected to result in an overall State budget deficit of approximately \$54.3 billion, absent the implementation of the May Revision's proposals.

The May Revision proposes a number of measures intended to address the projected deficit:

- *Baseline Adjustments* – The May Revision includes two “baseline” adjustments that do not require changes to current law in order to implement. Specifically, the May Revision would (i) recognize \$4.3 billion in State general fund budgetary solutions as a result of recent federal congressional approval for a temporary increase in the federal government’s share of State Medicaid costs, and (ii) removing or modifying \$2.1 billion in new spending proposals previously included in the Proposed 2020-21 Budget.
- *Draw Down of Reserves* – The May Revision would draw down \$16.2 billion of funds in the BSA over three fiscal years, including \$7.8 billion in fiscal year 2020-21, and allocate the Safety Net Reserve Fund to offset increased health and human services costs.
- *Increase Revenues* – The May Revision would temporarily suspend corporate net operating loss tax deductions and limit business tax credits, with an estimated increase in tax revenues of \$4.4 billion in fiscal year 2020-21.
- *Adjust K-14 Spending* – As a result of the projected drop in State general fund revenues, the May Revision projects a resulting drop in the Proposition 98 minimum funding guarantee (as further discussed herein). The May Revision proposes to reduce K-14 funding accordingly, resulting in State general fund savings of approximately \$16.5 billion.
- *Reduced Spending* – The May Revision proposes a number of flat reductions across programs or rates in several areas, with an estimated \$4.9 billion in savings. Approximately \$3.6 billion of these cuts are subject to being “triggered” off if sufficient federal funding is received. The May Revision also proposes approximately \$5.6 billion of targeted reductions to certain programs or benefit levels, of which \$2.3 billion is subject to triggers.
- *Cost Shifts* – The May Revision proposes \$3.3 billion in loans and transfers from special funds. The May Revision also proposes approximately \$1.7 billion in pension-related proposals that would shift certain State CalPERS and CalSTRS costs.
- *Federal Funds* – The United States Congress recently established the Coronavirus Relief Fund (“CRF”) to provide state, local, tribal and territorial governments money for necessary public health expenditures incurred in connection with the COVID-19 outbreak. California is eligible for approximately \$9.5 billion from the CRF, and the May Revision assumes that the State can use \$3.8 billion to offset underlying State costs. The May Revision proposes to remit the balance of these funds to local educational agencies (\$4 billion), counties (\$1.3 billion) and cities (\$450 million).

For fiscal year 2019-20, the May Revision projects total general fund revenues and transfers of \$136.8 billion and authorizes expenditures of \$146.5 billion. The State is projected to end the 2019-20

fiscal year with total available general fund reserves of \$17.1 billion, including \$16.2 billion in the BSA and \$900 million in the Safety Net Reserve Fund. For fiscal year 2020-21, the May Revision projects total general fund revenues and transfers of \$137.4 billion and authorizes expenditures of \$133.9 billion. The State is projected to end the 2020-21 fiscal year with total available general fund reserves of \$10.8 billion, including \$1.96 billion in the traditional general fund reserve, \$8.4 billion in the BSA and \$450 million in the Safety Net Reserve Fund.

As a result of the projected reduction of State revenues occasioned by the COVID-19 outbreak, the May Revision estimates that the Proposition 39 minimum funding guarantee will decline by approximately \$19 billion from the level included in the Proposed 2020-21 Budget. This is equal to an approximate 23% reduction in the guarantee from the prior-year level. Moreover, as a result of declining ADA projections and per-capita income numbers, the May Revision projects that, absent remedial action, the minimum funding guarantee will stay at a depressed level throughout the May Revision's revenue forecast.

The May Revision proposes several measures intended to ameliorate the immediate impact of COVID-19 to education funding, including (i) temporary revenue increases, as discussed above, which are projected to result in additional State general fund revenues that count toward the minimum funding guarantee, (ii) a one-time investment of \$4.4 billion in federal relief funds, as previously discussed, to local educational agencies to address learning losses related to COVID-19, and (iii) redirecting funds previously allocated towards prefunding accrued CalSTRS and CalPERS liabilities, and instead applying those funds to further reduce local educational agency contribution rates for such programs in fiscal years 2020-21 and 2021-22.

The May Revision also proposes a new, multi-year payment obligation to supplement K-14 education funding. The total obligation would equal approximately \$13 billion, and reflects the administration's estimate of the additional funding K-14 school districts would have received in the absence of COVID-19-related reductions. Under this proposal the State would make annual payments toward this obligation beginning in fiscal year 2021-22. These payments would equal 1.5% of State general fund revenue, and could be allocated to any school or community college program. The May Revision also proposes to recalibrate the Proposition 98 funding formula so that a portion of these supplemental payments would increase K-14 education funding on a permanent basis. Specifically, the May Revision proposes increasing the share of State general fund revenue required to be spent on K-14 community college districts from 38% to 40%.

Other significant features of K-12 education funding in the May Revision include the following:

- *Local Control Funding Formula* – Absent additional federal funds, the May Revision projects a required reduction to LCFF funding of \$6.5 billion, including the elimination of the previously-proposed 2.31% COLA. The May Revision also proposes apportionment deferrals in fiscal year 2019-20 of approximately \$1.9 billion to the following fiscal year, and an additional \$3.4 billion in fiscal year 2020-21. The May Revision also includes provisions that would exempt local educational agencies from apportionment deferrals that create a documented hardship.
- *Rate Increases and Programmatic Expansions* – The May Revision rescinds approximately \$1.8 billion in funding increases and programmatic expansions in a number of areas, including but not limited to workforce development, community schools, special education preschool, teacher residency programs, credentialing and child nutrition. Additionally, the May Revision suspends the statutory COLA of 2.31% in fiscal year 2020-21 for all eligible programs.

- *Categorical Programs* – Absent additional federal funds, the May Revision provides for approximately \$352.9 million in reductions to a wide variety of categorical programs. Funding levels also reflect a decrease of \$10.9 million in Proposition 98 funding for selected categorical programs, based on updated ADA estimates.
- *Flexibilities for Local Educational Agencies* – Recognizing the challenges that COVID-19 is creating at the local level, the May Revision includes provisions intended to provide local educational agencies with fiscal and programmatic flexibility, including (i) exemptions from apportionment deferrals (as discussed above), (ii) subject to public hearing, increases in inter-fund borrowing limits and (iii) authority to use proceeds from the sale of surplus property for one-time general fund purposes.

For additional information regarding the May Revision, see the DOF website at www.dof.ca.gov and the LAO’s website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Future Actions and Events. 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. The novel COVID-19 outbreak has already resulted in significant negative economic effects at State and federal levels, and additional negative economic effects are possible, each of which could negatively impact anticipated State revenue levels for fiscal year 2019-20 and beyond. In addition, the outbreak could also result in higher State expenditures, of both a direct nature (such as those related to managing the outbreak) and an indirect nature (such as higher public usage of need-based programs resulting from unemployment or disability). See “DISTRICT FINANCIAL INFORMATION – Outbreak of Disease; Coronavirus” herein. 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.

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SAN MATEO UNION HIGH SCHOOL DISTRICT

The information in this section concerning the operations of the District and the District’s finances are 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 or interest on the Bonds is payable from the general fund of the District. The Bonds shall be payable solely from the proceeds of an ad valorem property tax required to be levied by the County on taxable property within the District 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 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 247,000 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 at-large 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>
Marc Friedman	President	December 2020
Robert H. Griffin	Vice President	December 2022
Peter H. Hanley	Clerk	December 2022
Linda Lees Dwyer	Trustee	December 2022
Greg Land	Trustee	December 2020

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 a fiscal year 2019-20 enrollment of 555 students and has a projected 2020-21 enrollment of 555 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 ⁽¹⁾
American Federation of State County and Municipal Employees	17	June 30, 2019 ⁽¹⁾

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

Retirement Programs

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 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

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 was 10.250% for employees hired before the Implementation Date and 10.205% for employees hired after the Implementation Date. For fiscal year commencing July 1, 2020, the contribution rate will be 10.250% for employees hired before the Implementation Date and 10.205% employees hired after the Implementation Date.

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

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, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of \$1.117 billion to be allocated to reduce the employer’s share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment will be reflected in the June 30, 2020 actuarial valuation. For more information, 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 \$10,945,270 in fiscal year 2018-19. The District currently projects \$11,761,976 for its contribution to STRS for fiscal year 2019-20 and \$13,018,256 for fiscal year 2020-21.

The State also contributes to STRS, currently in an amount equal to 7.828% for fiscal year 2019-20 and 8.328% for fiscal year 2020-21. 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. The STRS Board approved State supplemental contribution rate for fiscal year 2020-21 reflects an increase of 0.5% of payroll, the maximum allowed under current law.

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, 2018 included 1,579 public agencies and 1,313 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. The employer contribution rate for fiscal year 2020-21 will be 22.68%, which reflects an initial actuarially determined rate of 23.35% that has been reduced by 0.67% pursuant to SB 90. 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 and will be 7% of such salaries in fiscal year 2020-21, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2019-20 and will be 7% in fiscal year 2020-21. 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. As a result of the payments made by the State pursuant to SB 90, the employer contribution rate for fiscal year 2019-20 is 19.721%. For more information, 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 \$5,318,906 in fiscal year 2018-19. The District currently projects \$6,822,865 for its contribution to PERS for fiscal year 2019-20 and \$7,276,537 for fiscal year 2020-21.

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; (ii) PERS: 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 following table 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)⁽¹⁾
Fiscal Years 2010-11 through 2018-19

<u>STRS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Value of Trust Assets (MVA)⁽²⁾</u>	<u>Unfunded Liability (MVA)⁽²⁾</u>	<u>Value of Trust Assets (AVA)⁽³⁾</u>	<u>Unfunded Liability (AVA)⁽³⁾</u>
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
2018-19	310,719	225,466	102,636	205,016	105,703

<u>PERS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Value of Trust Assets (MVA)</u>	<u>Unfunded Liability (MVA)</u>	<u>Value of Trust Assets (AVA)⁽³⁾</u>	<u>Unfunded Liability (AVA)⁽³⁾</u>
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	-- ⁽⁴⁾	-- ⁽⁴⁾
2014-15	73,325	56,814	16,511	-- ⁽⁴⁾	-- ⁽⁴⁾
2015-16	77,544	55,785	21,759	-- ⁽⁴⁾	-- ⁽⁴⁾
2016-17	84,416	60,865	23,551	-- ⁽⁴⁾	-- ⁽⁴⁾
2017-18	92,071	64,846	27,225	-- ⁽⁴⁾	-- ⁽⁴⁾
2018-19 ⁽⁵⁾	99,528	68,177	31,351	-- ⁽⁴⁾	-- ⁽⁴⁾

⁽¹⁾ Amounts may not add due to rounding.

⁽²⁾ 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.

⁽³⁾ Reflects actuarial value of assets.

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

⁽⁵⁾ On April 21, 2020, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2020-21 and released certain actuarial information to be incorporated into the June 30, 2019 actuarial valuation to be released in the latter half of 2020.

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) (the “2017 Experience Study”), 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%.

Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2015, through June 30, 2018) (the “2020 Experience Analysis”), on January 31, 2020, the STRS Board adopted a new set of actuarial assumptions that were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2019 (the “2019 STRS Actuarial Valuation”). While no changes were made to the actuarial assumptions discussed above, which were established as a result of the 2017 Experience Study, certain demographic changes were made, including: (i) lowering the termination rates to reflect a continued trend of lower than expected teachers leaving their employment prior to retirement, and (ii) adopting changes to the retirement rates for both employees hire before the Implementation Date and after the Implementation Date to better reflect the anticipated impact of years of service on retirements. The 2019 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed, additional State contributions, and actuarial asset gains recognized from the current and prior years, the 2019 STRS Actuarial Valuation reports that the unfunded actuarial obligation decreased by \$1.5 billion since the 2018 STRS Actuarial Valuation and the funded ratio increased by 2.0% to 66.0% over such time period.

According to the 2019 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 and includes the \$1.117 billion State contribution made in July 2019 pursuant to SB 90.

The actuary for the STRS Defined Benefit Program notes in the 2019 STRS Actuarial Report that, since such report is dated as of June 30, 2019, the significant declines in the investment markets that have occurred in the first half the 2020 calendar year are not directly reflected in the 2019 STRS Actuarial Report. The actuary notes that such declines will almost certainly impact the future of the STRS Defined Benefit Program funding, and that, all things being equal, it is expected that the actuarial valuation for the fiscal year ending June 30, 2020 will show a greater increase in the projected State contribution rate (and possibly the employer rate) and a possible decline in the funded ratio. See “DISTRICT FINANCIAL INFORMATION – Outbreak of Disease; Coronavirus” herein.

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 21, 2020, the PERS Board established the employer contribution rates for 2020-21 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2019, ahead of its release date in the latter half of 2020. From June 30, 2018 to June 30, 2019 the funded status for the Schools Pool decreased by 1.9% (from 70.4% to 68.5%); mainly due to the reduction in the discount rate from 7.25% to 7.00% and investment return in 2018-19 being lower than expected. The funded status as

of June 30, 2019 does not reflect the State's additional payment of \$660 million that was made pursuant to SB 90, since PERS received the payment in July 2019. PERS attributes the decline in the funded status over the last five years to recent investment losses in excess of investment gains, adoption of new assumptions, both demographic and economic, lowering of the discount rate, and negative amortization. Assuming all actuarial assumptions are realized, including investment return of 7% in fiscal year 2019-20, that no changes to assumptions, methods of benefits will occur during the projection period, 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 projected contribution rate for 2021-22 is projected to be 24.6%, with annual increases thereafter, resulting in a projected 26.2% employer contribution rate for fiscal year 2026-27. As of the April 21, 2020, PERS reported that the year to date return for the 2019-20 fiscal year was well below the 7% assumed return.

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, 2019, the District reported its shares of the net pension liabilities for the STRS and PERS plans as \$109,876,848 and \$54,559,869, respectively. For more information, see “—District Debt Structure” and “APPENDIX B – 2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 6” herein.

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 55th 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 65th birthday. Effective January 1, 2010, such a retiree will receive \$500 a month toward medical insurance until the retiree’s 65th 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 65th 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 65th 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 65th 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 65th 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 of expenditures for the Benefits. For fiscal year 2019-20, the District currently projects \$265,750 of expenditures for the Benefits. For fiscal year 2020-21, the District currently projects \$250,000 of expenditures for the Benefits.

The District has not established an irrevocable trust to prefund its OPEB liability, and no prefunding of benefits has been made by the District.

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 –2018-19 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 – 2018-19 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. For more information “APPENDIX B – 2018-19 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Notes 9 and 11” attached hereto.

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. The District anticipates issuing tax and revenue anticipation notes for fiscal year ending June 30, 2021, in an amount commensurate with the current fiscal year.

Long-Term Debt. A schedule of changes in long-term debt for the fiscal year ended June 30, 2019, is shown below:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
General Obligation Bonds:				
Principal Amount	\$530,960,288	--	\$14,475,906	\$516,484,382
Accreted Interest	93,113,405	\$13,876,312	3,454,094	103,535,623
Capital Leases Payable	--	391,321	70,686	320,635
Net OPEB Liability	2,755,146	237,549	--	2,992,695
Net Pension Liability	152,019,588	12,417,129	--	164,436,717
Accumulated Vacation	<u>475,493</u>	<u>71,605</u>	--	<u>547,098</u>
Subtotal	779,323,920	26,993,916	18,000,686	788,317,150
Unamortized General Obligation Bond Premium	44,141,565	--	3,229,709	40,911,856
Unamortized Bond Discount	(702,109)	--	(29,562)	(672,547)
Unamortized Loss on Refunding	<u>(5,839,874)</u>	--	<u>(635,252)</u>	<u>(5,204,622)</u>
Total Long-Term Obligations	<u>\$816,923,502</u>	<u>\$26,993,916</u>	<u>\$20,565,581</u>	<u>\$823,351,837</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 Series B 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 General Obligation Refunding Bonds in the aggregate principal amount of \$50,190,000 (the “2014 Refunding Bonds”), the proceeds of which were used to advance refund a portion of the then-outstanding 2006 Series 2008A Bonds. On November 7, 2019, the District issued its 2019 General Obligation Refunding Bonds, Series B (Federally Taxable) in the aggregate principal amount of \$40,355,000 (the “2019 Refunding Bonds, Series B”), the proceeds of which were used to advance refund a portion of the then-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 in the aggregate principal amount of \$56,000,000 (the “2010 Series 2015A Bonds”). 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”). On November 7, 2019, the District issued its 2019 General Obligation Refunding Bonds, Series B (Federally Taxable) in the aggregate principal amount of \$40,355,000, the proceeds of which were used to advance refund certain of the then-outstanding 2014 General Obligation Refunding Bonds (the “2019 Refunding Bonds, Series B”).

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

Year Ending September 1	2000 Series B Bonds	2000 Series C Bonds	2012 Refunding Bonds	2012 Refunding Bonds, Series B	Total Annual Debt Service
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	--	<u>16,850,000.00</u>	--	--	<u>16,850,000.00</u>
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.

2006 AUTHORIZATION GENERAL OBLIGATION BOND DEBT SERVICE SCHEDULE⁽¹⁾

San Mateo Union High School District

Year Ending September 1	2006 Series 2010B Bonds⁽²⁾⁽³⁾⁽⁵⁾	2006 Series 2011A Bonds⁽³⁾	2006 Series 2011A-1 Bonds⁽⁴⁾⁽⁵⁾	2006 Series 2012A Bonds⁽³⁾	2006 Series 2013A Bonds	2014 Refunding Bonds	2016C Refunding Bonds⁽⁶⁾	2016D Refunding Bonds⁽⁷⁾	2019 Refunding Bonds, Series B	Total Annual Debt Service
2020	\$5,451,576.60	\$346,150.00	\$2,393,083.00	\$273,600.00	\$4,579,000.00	\$2,191,800.00	\$2,419,250.00	\$465,537.50	\$1,656,567.19	\$19,776,564.29
2021	5,617,736.60	381,150.00	2,392,923.00	283,600.00	4,970,750.00	2,383,800.00	3,689,250.00	465,537.50	1,586,972.80	21,771,719.90
2022	5,783,176.60	410,100.00	2,413,755.00	298,600.00	5,373,750.00	2,582,300.00	3,883,450.00	465,537.50	1,586,010.80	22,796,679.90
2023	5,946,609.10	437,500.00	2,439,326.50	313,600.00	5,796,000.00	2,786,300.00	4,077,700.00	465,537.50	1,584,817.90	23,847,391.00
2024	6,120,969.10	468,700.00	2,459,136.50	333,600.00	3,085,000.00	2,999,800.00	4,293,450.00	465,537.50	1,583,079.36	21,809,272.46
2025	6,291,145.36	498,500.00	2,488,185.00	353,600.00	--	3,229,200.00	4,513,950.00	465,537.50	1,585,819.40	19,425,937.26
2026	6,465,535.36	535,250.00	2,510,720.50	373,600.00	--	--	4,738,200.00	465,537.50	4,906,779.40	19,995,622.76
2027	6,646,135.36	584,750.00	2,531,452.50	398,600.00	--	--	4,982,800.00	465,537.50	5,143,651.90	20,752,927.26
2028	6,825,110.36	1,586,250.00	--	683,600.00	--	--	5,233,200.00	465,537.50	5,392,970.66	20,186,668.52
2029	7,013,632.80	1,637,000.00	--	708,600.00	--	--	5,513,600.00	480,537.50	5,662,384.26	21,015,754.56
2030	7,202,530.06	1,737,000.00	--	753,600.00	--	--	5,797,200.00	525,237.50	5,928,314.10	21,943,881.66
2031	7,394,782.20	1,858,500.00	--	798,600.00	--	--	6,103,200.00	568,887.50	6,215,862.50	22,939,832.20
2032	7,593,032.70	1,980,000.00	--	848,600.00	--	--	6,420,000.00	621,525.00	6,516,179.50	23,979,337.20
2033	11,994,588.36	3,440,000.00	--	1,253,600.00	--	--	10,956,400.00	1,022,925.00	--	28,667,513.36
2034	12,823,969.96	3,490,000.00	--	1,283,600.00	--	--	12,032,800.00	1,053,800.00	--	30,684,169.96
2035	--	9,685,031.26	--	2,508,600.00	--	--	--	2,279,400.00	--	14,473,031.26
2036	--	9,300,531.26	--	2,768,600.00	--	--	--	2,540,000.00	--	14,609,131.26
2037	--	9,505,606.26	--	2,928,600.00	--	--	--	2,702,200.00	--	15,136,406.26
2038	--	10,021,781.26	--	2,276,600.00	--	--	--	2,049,400.00	--	14,347,781.26
2039	--	10,691,781.26	--	2,407,600.00	--	--	--	2,178,800.00	--	15,278,181.26
2040	--	11,212,443.76	--	--	--	--	--	--	--	11,212,443.76
2041	--	11,765,181.26	--	--	--	--	--	--	--	11,765,181.26
2042	--	12,344,593.76	--	--	--	--	--	--	--	12,344,593.76
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 ⁽⁷⁾	--	--	--	--	--	--	--	18,393,833.33
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>\$16,173,200.00</u>	<u>\$84,654,450.00</u>	<u>\$20,212,550.00</u>	<u>\$49,349,409.77</u>	<u>\$586,120,686.98</u>

⁽¹⁾ 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.

⁽²⁾ 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”).

⁽³⁾ 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.

⁽⁴⁾ 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”).

⁽⁵⁾ 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.

⁽⁶⁾ Includes debt service due on the 2016C Refunding Bonds and 2016D Refunding Bonds 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.

⁽⁷⁾ 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⁽¹⁾
San Mateo Union High School District**

Year Ending September 1	2010 Series 2011A Bonds⁽²⁾	2010 Series 2013A Bonds⁽²⁾	2010 Series 2015A Bonds	2016E Refunding Bonds⁽³⁾	2017 Refunding Bonds	Combined Annual Debt Service
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>

⁽¹⁾ 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.

⁽²⁾ 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.

⁽³⁾ 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**

Year Ending September 1	Combined 2000 Authorization Bonds⁽¹⁾	Combined 2006 Authorization Bonds⁽²⁾	Combined 2010 Authorization Bonds⁽³⁾	2016 Refunding Bonds⁽⁴⁾	2016B Refunding Bonds	2019 Refunding Bonds	<u>The Bonds</u>	Combined Annual Debt Service
2020	\$12,179,487.00	\$19,776,564.29	\$5,967,741.90	\$441,175.00	\$1,622,600.00	\$2,118,546.90	\$656,364.38	\$42,762,479.47
2021	12,681,247.00	21,771,719.90	6,262,753.34	441,175.00	1,625,400.00	2,116,981.70	9,037,175.00	53,936,451.94
2022	13,202,023.00	22,796,679.90	6,572,591.90	471,175.00	1,630,800.00	2,115,099.10	11,207,375.00	57,995,743.90
2023	13,931,093.00	23,847,391.00	6,748,591.90	479,675.00	1,625,800.00	2,117,817.10	13,890,975.00	62,641,343.00
2024	14,527,986.00	21,809,272.46	7,066,867.90	497,675.00	4,600,800.00	2,115,000.50	1,868,575.00	52,486,176.86
2025	10,875,000.00	19,425,937.26	11,414,174.40	774,675.00	4,816,600.00	5,481,350.50	1,868,575.00	54,656,312.16
2026	15,755,000.00	19,995,622.76	7,969,444.36	597,675.00	5,053,800.00	5,558,594.70	1,868,575.00	56,798,711.82
2027	16,195,000.00	20,752,927.26	8,056,078.50	628,675.00	5,291,000.00	5,802,726.70	1,868,575.00	58,594,982.46
2028	16,850,000.00	20,186,668.52	8,429,969.66	1,499,275.00	6,187,600.00	6,715,088.30	1,868,575.00	61,737,176.48
2029	--	21,015,754.56	24,015,735.00	1,395,475.00	6,446,600.00	7,584,134.40	3,173,575.00	63,631,273.96
2030	--	21,943,881.66	26,603,447.50	1,479,075.00	6,751,800.00	8,017,262.30	3,316,375.00	68,111,841.46
2031	--	22,939,832.20	27,903,292.50	1,582,675.00	2,085,600.00	3,529,515.10	3,461,375.00	61,502,289.80
2032	--	23,979,337.20	29,261,550.00	1,685,100.00	151,000.00	1,715,097.30	3,618,175.00	60,410,259.50
2033	--	28,667,513.36	30,598,825.00	2,927,812.50	150,800.00	2,397,869.70	3,781,987.50	68,524,808.06
2034	--	30,684,169.96	32,186,685.00	2,973,600.00	150,600.00	1,878,774.30	3,951,787.50	71,825,616.76
2035	--	14,473,031.26	24,997,230.00	--	150,400.00	1,972,346.70	4,130,237.50	45,723,245.46
2036	--	14,609,131.26	26,307,480.00	--	150,200.00	2,062,624.40	4,316,187.50	47,445,623.16
2037	--	15,136,406.26	27,696,145.00	--	150,000.00	2,163,307.30	4,509,187.50	49,655,046.06
2038	--	14,347,781.26	29,134,805.00	--	149,800.00	2,263,903.10	4,713,787.50	50,610,076.86
2039	--	15,278,181.26	30,658,445.00	--	149,600.00	2,374,247.70	4,924,387.50	53,384,861.46
2040	--	11,212,443.76	32,254,895.00	--	149,400.00	2,483,848.80	5,149,000.00	51,249,587.56
2041	--	11,765,181.26	33,368,510.00	--	724,200.00	2,597,542.30	5,376,637.50	53,832,071.06
2042	--	12,344,593.76	26,630,550.00	--	3,146,000.00	--	5,622,075.00	47,743,218.76
2043	--	12,958,812.50	--	--	--	--	5,874,750.00	18,833,562.50
2044	--	13,601,343.76	--	--	--	--	6,136,500.00	19,737,843.76
2045	--	14,385,656.26	--	--	--	--	6,413,500.00	20,799,156.26
2046	--	15,096,968.76	--	--	--	--	6,700,125.00	21,797,093.76
2047	--	14,344,250.00	--	--	--	--	7,005,875.00	21,350,125.00
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
Total	<u>\$126,196,836.00</u>	<u>\$586,120,686.98</u>	<u>\$470,105,808.86</u>	<u>\$17,874,912.50</u>	<u>\$52,960,400.00</u>	<u>\$75,181,678.90</u>	<u>\$136,310,289.38</u>	<u>\$1,464,750,612.62</u>

⁽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.

⁽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.

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, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond (to the extent that the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the applicable Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner 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. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the

Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS OR THE MARKET VALUE OF THE BONDS. PROPOSED LEGISLATIVE CHANGES OR OTHER CHANGES WHICH MIGHT BE INTRODUCED IN CONGRESS COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. IT IS POSSIBLE THAT LEGISLATIVE CHANGES WILL BE INTRODUCED WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME OR STATE TAX BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

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 thereby, 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 such a petition. 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 local agency or its governing 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 proceeds general obligation bonds can only be used to finance 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 general obligation bonds in California, 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 *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.

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

The proposed forms 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 California Financial Code, the Bonds are legal investments for commercial banks in California 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 of the State, are eligible for security for deposits of public moneys in the State.

Expanded 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.

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District will covenant for the benefit of the respective 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 nine months following the end of the District's fiscal year (which currently ends June 30), and to provide notices of the occurrence of certain listed events. The obligation to file Annual Reports and notices of

listed events will commence with the report for the 2019-20 fiscal year. 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 FOR THE BONDS” 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 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.

Financial Statements

The District’s audited financial statements with supplemental information for the year ended June 30, 2019 (the “2019 Audit”), 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 dated December 6, 2019 of James Marta & Company, LLP (the “Auditor”), are included in this Official Statement as APPENDIX B. In the 2019 Audit, the Auditor issued a qualified opinion with respect to certain State awards in connection with the District’s unduplicated LCFF pupil counts. For more information see “APPENDIX B – Findings and Recommendations.” In connection with the inclusion of the financial statements and the report of the Auditor herein, 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.

Legal Opinion

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

MISCELLANEOUS

Rating

Moody's has assigned a 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 furnishing the same. 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 such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price for the Bonds.

The District has covenanted in a Continuing Disclosure Certificate to file on The Electronic Municipal Market Access ("EMMA") website operated by the Municipal Securities Rulemaking Board notices of any rating changes on the Bonds. See "LEGAL MATTERS – Continuing Disclosure" herein and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS" 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.

Underwriting

Purchase of Bonds. Stifel, Nicolaus & Company, Incorporated, the Underwriter, has agreed, pursuant to a purchase contract by and between the District and the Underwriter, to purchase all of the Bonds (the "Purchase Contract"). The Underwriter will purchase the Bonds for a purchase price of \$100,808,809.40 (consisting of the initial principal amount of the Bonds of \$96,250,000.00, plus net original issue premium of \$4,828,309.40, and less an Underwriter's discount of \$269,500.00).

The purchase contract for the Bonds provide 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 such purchase contract, the approval of certain legal matters by bond counsel and certain other conditions. The initial offering prices stated on the inside front cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

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APPENDIX A

FORM OF OPINION OF BOND COUNSEL FOR THE BONDS

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

June 10, 2020

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 \$96,250,000 San Mateo Union High School District Election of 2020 General Obligation Bonds, Series A (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 Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code of the State of California (the “Act”), commencing with Section 53506 *et seq.*, a fifty-five percent vote of the qualified electors of the San Mateo Union High School District (the “District”) voting at an election held on March 3, 2020, and a resolution of the Board of Trustees of the District (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* 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 on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.
4. Interest on the Bonds is exempt from State of California personal income tax.
5. 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 redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner’s basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is

not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

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. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

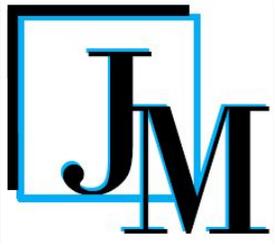
The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject 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,

APPENDIX B

2018-19 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, 2019

JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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SAN MATEO UNION HIGH SCHOOL DISTRICT

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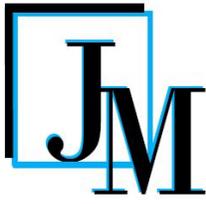
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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting and Tax

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, 2019, 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, 2019, 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 Changes in the Net OPEB Liability and Related Ratios, 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, Subpart F – Audit Requirements (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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 6, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

SAN MATEO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019

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 2019 was 6.8% 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 8,550. Design Technology Charter High School had 527 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 2024.

The District currently employs approximately 1,500 staff members.

This section of San Mateo Union High School District's 2018-19 annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019. 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, 2019

Enrollment

Grade	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
9	2,246	2,330	2,349	2,389	2,371	2,334	2,242	2,262	2,178	2,228	2,239
10	2,268	2,234	2,350	2,374	2,379	2,364	2,333	2,240	2,267	2,173	2,224
11	1,967	2,296	2,231	2,370	2,370	2,376	2,366	2,337	2,247	2,263	2,171
12	2,004	2,074	2,328	2,302	2,417	2,418	2,423	2,415	2,366	2,272	2,290
Subtotals	8,485	8,934	9,258	9,435	9,537	9,492	9,364	9,254	9,058	8,936	8,924
Pct Chg	0.0%	5.3%	3.6%	1.9%	1.1%	-0.5%	-1.3%	-1.2%	-2.1%	-1.3%	-0.1%
SDC	268	211	202	163	165	166	165	163	160	158	158
Totals	8,753	9,145	9,460	9,598	9,702	9,658	9,529	9,417	9,218	9,094	9,082
	Design Tech				589	597	595	593	591	588	588
	Total Enrollment without Dtech				9,113	9,061	8,934	8,824	8,627	8,506	8,494

2018-19 CBEDS

- o Primary enrollment 9,004
- o English Learners 879
- o Eligible Immigrants 397
- o Gifted and Talented 1,170
- o Special Education 900
- o Economically Disadvantaged 2,462

The preceding table shows the enrollment history for San Mateo Union High School District including its charter school. Design Technology Charter High School’s first year of operation was 2014-15. You will note that Design Technology’s enrollment increased thereafter until all four grades were feathered into and the high school was fully operational.

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 and is 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.

SAN MATEO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019

The relationship between revenues and expenses impacts the District's financial operating results. Basic Aid school districts are dependent upon the growth of assessed valuation and changes in enrollment. The Board has set up several safeguards to protect its assets by ensuring unforeseen changes in the assessed valuation does not negatively impact the educational programs we provide to students. The quality of the education, breadth and depth of support programs and services for all students and the safety of our schools are critical.

FUND FINANCIAL STATEMENTS

The fund financial statements are designed to report information about the District's most significant funds and are used to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by 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.

SAN MATEO UNION HIGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2019

DISTRICT ACTIVITIES

- Developed instructional programs to close the achievement gap for English Learners and disadvantaged students.
- Burlingame High School Varsity Football won the Central Coast Section Division IV.
- The District continued to investigate the feasibility of developing a teacher/staff housing project. The Bay Area is experiencing a severe affordable housing crisis. Affordable teacher/staff housing is critical in attracting and retaining exemplary teachers and staff.
- The District investigated options and the future use/disposition of the Crestmoor school site including the potential of selling the site.
- The Board of Trustees declared the Crestmoor site surplus and submitted a waiver request to the California Department of Education to waive certain surplus property procedures.
- The Board of Trustees considered another Prop 39 facilities bond and developed an extensive project needs list.
- The District continued to provide students with easy access to college classes.
- The Board of Trustees approved the revised facility use fees to account for compensation increases and increases in the cost of goods.
- The District refinanced the Election of 2006 General Obligation Bonds, Series 2013A and the Election of 2010 General Obligation Bonds, Series 2013A realizing a 9.68% saving and the Election of 2014 General Obligation Bonds realizing a 5.34% savings.
- Staff provided an update of the Canvas implementation.
- The Board of Trustees approved the LCAP and the Adopted Budgets, Interim Reports and Unaudited Actuals.
- Staff presented a bond feasibility study.
- The Board of Trustees approved a contract for an actuary to conduct a post-employment benefits analysis and value the liability and disclose them on the balance sheet. This is required and complies with GASB 74/75.
- The Board of Trustees approved a new homework policy.
- The Board of Trustees allocated \$350,000 for school site Innovative Grants. During the course of the year, staff updated the Board as to the progress achieved.
- The Board of Trustees approved a dress code.
- The District expanded its Middle College Program.
- The Board of Trustees approved building a new pool shell and deck at the Burlingame High School aquatic center after attempts at renovating the pool shell showed extensive construction flaws that could not be remedied economically. A lease-leaseback contract was awarded to Waterworks for this project.
- Aragon High School girls' basketball team won the CCS championship.
- The District encouraged students to enroll in classes at local community colleges to earn credits and diversity in coursework.
- Peninsula High School successfully completed its WASC.
- The Board of Trustees approved material revisions to the DTech Charter Petition Memorandum of Understanding by and between Sequoia Union High School District, the District and Design Tech relating to location and admissions preferences.
- The Board of Trustees approved a material revision to the 2014-19 Design Tech charter regarding lottery selection.
- The Board of Trustees approved a new amended and restated cost sharing agreement with the City of Burlingame for the Burlingame High School aquatic center.
- The District hired a landscape architect to develop athletic complexes at Mills High School and Capuchino High School.

SAN MATEO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019

- The District negotiated successful labor contracts with CTA, CSEA, AFSME and Administration. This includes a 4.25% salary schedule increase.
- The District began to participate in other joint powers cooperative consortiums providing more competitive procurement of goods and services.
- The District implemented the After School Activity Bus with the City of Foster City.
- The District modernized the property at 839 Hinckley as the Maintenance, Operations and Student Nutrition Facility.
- Maintenance, Operations and Student Nutrition moved from Crestmoor site to Hinckley location.
- The District successfully acquired through eminent domain proceedings the property at 858-860 Hinckley for the relocation of Peninsula High School.
- Authorized Lease-Leaseback for Alternative High School Site Development Project.
- The District implemented a sustainability report and has been monitoring the success of this vital initiative.
- The District has focused on an Equity Centered District
- The District implemented a four-tier medical contribution plan
- The District Office moved back into the new building after construction was completed in July. The parking lot was finished in early December.
- Aragon & Hillsdale High School Field Carpet replacement completed.
- Removed and replaced existing track surface and installation of new synthetic track surface at Burlingame and San Mateo High Schools.
- Burlingame High School Pool shell replacement was approved with best value Lease-Leaseback contract award.
- Capuchino Science Building modernization and reconfiguration was completed.
- The Hillsdale High School Administrative area reconfiguration was completed.
- A contract was entered into for Audio Visual Service for all sites was for large and small theatres.
- Citizen Oversight Committee presented their annual report.
- The District continues to explore the possibility of constructing teacher/staff housing to attract exemplary staff to the District.
- Design Technology High School Class of 2018 Outcomes Analysis board update was presented.
- Continuation/Alternative High School completion of drawings and submitted to DSA.
- The District continues to replace school buses to meet the Bay Area Air Quality Management District requirements.
- The District purchased additional vehicles for HVAC, Grounds and painting staff.
- Transportation bus yard installed a concrete pad and asphalt.
- The District agreed to issue Tax and Revenue Anticipation Notes for the coming school year.
- The District requested an Allowance of Attendance and Instructional Time Credit due to Emergency Conditions related to the fires in northern California in November 2018.
- LCAP process was underway throughout the year.
- District goals were set in the fall and progress was tracked throughout the year. Meetings with site and department administrators in the spring.

SAN MATEO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019

FINANCIAL HIGHLIGHTS

- The District received one-time Mandated Cost reimbursement grant totaling \$2,053,473.
- The District received a Career Technology Grant totaling \$375,000. The grant sunsets June 30, 2020.
- The District received a College Readiness Grant totaling \$297,135. The grant expired June 30, 2019.
- The District received Mills Peninsula Mental Health Grant totaling \$1,500,000 for 3 years and sunsets June 30, 2019.
- A Low Performing Students grant was received totaling \$207,483. The grant expires June 30, 2021.
- A Classified School Employee Professional Development grant was received totaling \$67,189. This grant has no expiration date.
- All bargaining unit salary schedules were increased by 4.25%.
- 11.4 Certificated FTE's were added to the budget from the prior year.
- 12.5 Classified FTE's were added to the budget from the prior year.
- Extra days were added for Athletic and Activity Directors and Teachers on Special Assignment.
- PERS rate increased 2.53% and STRS rate increased 1.85%, a \$2.1M increase.
- The District's ending balance increased from the Estimated Actuals by \$1,756,364. The actual unappropriated ending balance decreased by (\$1,125,865). The contributing factors to the decrease was the increase in revenues, program carry overs in Books & Supplies and Services and Other Operating Expense, GASB closing pension entries and 12% Basic Aid Reserve.
- Revenues increased by \$8,253,061. LCFF sources increased by \$1,786,341 due to the changes in Secured Roll Taxes and Property Tax Transfer for Special Education and the In-Lieu from Sequoia. Other State Revenues increased by \$6,413,156 due to the STRS and PERS On-Behalf liability.
- The ending balance was composed of a 12% basic aid reserve consisting of \$21,395,432, unrestricted and restricted carry over program budgets of \$1,343,527, stores \$45,997, prepaid expenses \$748,101 and an unappropriated balance \$767,929.
- Net Position increased/decreased by \$4 million to (\$103.5) million as of June 30, 2019. The requirement under GASB 68 to recognize the District's share of its STRS and PERS liability contributed to the negative net position.
- Total salary and benefits for the General Fund represented 79% of total expenditures.

SAN MATEO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019

NET POSITION

The District's combined net position, as of June 30, 2019, was (\$103,550,238) reflecting a \$4,069,630 increase of 3.8%.

Condensed Statement of Net Position

	June 30, 2018	June 30, 2019	Change	Percentage %
Assets:				
Current Assets	\$ 185,826,058	\$ 169,347,535	\$ (16,478,523)	-8.9%
Capital Assets, Net	522,696,526	519,815,057	(2,881,469)	-0.6%
Total Assets	708,522,584	689,162,592	(19,359,992)	-2.7%
Deferred Outflows of Resources	52,576,310	79,942,338	(27,366,028)	-52.1%
Liabilities:				
Current Liabilities	23,293,183	17,379,835	(5,913,348)	-25.4%
Long-term Liabilities	779,323,919	788,317,150	8,993,231	1.2%
Total Liabilities	802,617,102	805,696,985	3,079,883	0.4%
Deferred Inflows of Resources	66,101,660	66,958,183	(856,523)	-1.3%
Net Position:				
Net Investment in Capital Assets	(9,546,694)	(25,041,761)	(15,495,067)	162.3%
Restricted	36,725,424	41,606,737	4,881,313	13.3%
Unrestricted	(134,798,598)	(120,115,214)	14,683,384	10.9%
Total Net Position	\$ (107,619,868)	\$ (103,550,238)	\$ (4,069,630)	-3.8%

SAN MATEO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019

CHANGE IN NET POSITION

The District's total revenues increased \$19,181,703, 9%, to \$232,927,286. The total cost of all programs and services decreased 9.5% to \$228,857,656. The District's expenses are predominantly related to educating and caring for students (56.4%).

Condensed Statement of Activities

	<u>2018</u>	<u>2019</u>	<u>Change</u>	<u>Percentage %</u>
Revenues:				
Charges for Services	\$ 877,663	\$ 903,539	\$ 25,876	2.9%
Operating Grants & Contributions	19,797,382	29,538,019	9,740,637	49.2%
Capital Grants & Contributions	2,437	67	(2,370)	-97.3%
Federal & State Aid, not restricted for specific purposes	5,233,739	6,150,961	917,222	17.5%
Taxes and Subventions	175,546,915	185,940,930	10,394,015	5.9%
Interest & Investment Earnings	2,437,517	3,308,167	870,650	35.7%
Other General Revenues	9,849,930	7,085,603	(2,764,327)	-28.1%
Total Revenues	<u>213,745,583</u>	<u>232,927,286</u>	<u>19,181,703</u>	<u>9.0%</u>
Expenses:				
Instruction	100,675,543	86,760,978	(13,914,565)	-13.8%
Instruction Related Services	23,554,425	21,563,479	(1,990,946)	-8.5%
Pupil Services	24,450,639	20,815,028	(3,635,611)	-14.9%
General Administration	8,997,992	7,002,410	(1,995,582)	-22.2%
Plant Services	24,659,700	21,988,186	(2,671,514)	-10.8%
Interest on Long-Term Debt	29,809,017	30,084,467	275,450	0.9%
Depreciation (unallocated)	27,585,555	28,736,946	1,151,391	4.2%
Other Expenses	13,086,257	11,906,162	(1,180,095)	-9.0%
Total Expenses	<u>252,819,128</u>	<u>228,857,656</u>	<u>(23,961,472)</u>	<u>-9.5%</u>
Change in Net Position	<u>\$ (39,073,545)</u>	<u>\$ 4,069,630</u>	<u>\$ (43,143,175)</u>	<u>110.4%</u>

SAN MATEO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019

LONG TERM LIABILITIES

Total long-term liabilities increased by \$8,993,231 (1.15%).

	<u>2018</u>	<u>2019</u>	<u>Change</u>	<u>Percent Change</u>
Bonds Payable	\$ 530,960,287	\$ 516,484,382	\$ (14,475,905)	-2.73%
Accreted Interest	93,113,405	103,535,623	10,422,218	11.19%
Capital Leases	-	320,635	320,635	100.00%
Net OPEB Liability	2,755,146	2,992,695	237,549	8.62%
Net Pension Liability	152,019,588	164,436,717	12,417,129	8.17%
Accumulated Vacation	475,493	547,098	71,605	15.06%
Total	<u>\$ 779,323,919</u>	<u>\$ 788,317,150</u>	<u>\$ 8,993,231</u>	<u>1.15%</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 \$2,881,469 (0.55%), due to current year depreciation growing at a higher rate than acquisitions and improvements.

	<u>2018</u>	<u>2019</u>
Land	\$ 3,693,384	\$ 3,693,384
Work-in-Progress	22,637,809	10,897,277
Buildings	224,580,715	224,580,715
Improvement of Sites	541,307,746	577,343,429
Equipment	<u>8,273,496</u>	<u>9,833,822</u>
Subtotals	800,493,150	826,348,627
Less: Accumulated Depreciation	<u>(277,796,624)</u>	<u>(306,533,570)</u>
Capital Assets, net	<u>\$ 522,696,526</u>	<u>\$ 519,815,057</u>

**SAN MATEO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019**

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.

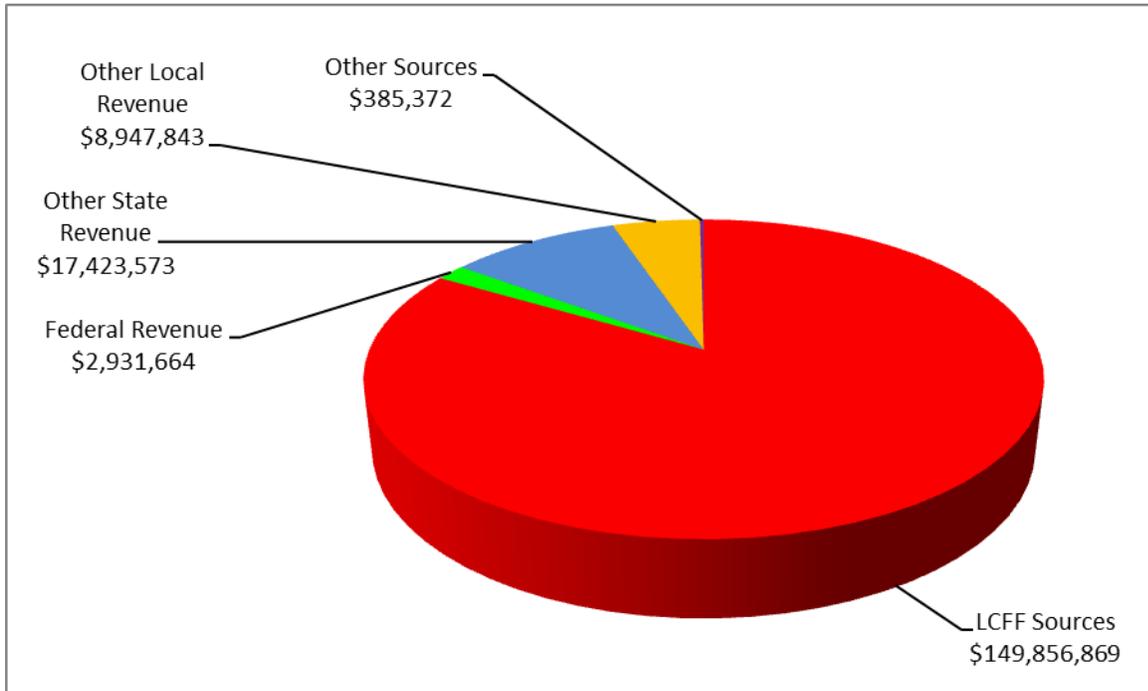
The District incurred unanticipated expenditures in excess of appropriations for salaries, employee benefits and capital outlay of the general fund. The excess expenditures for employee benefits is due to the recognition of the state on-behalf payments for STRS and PERS, which are not included in the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

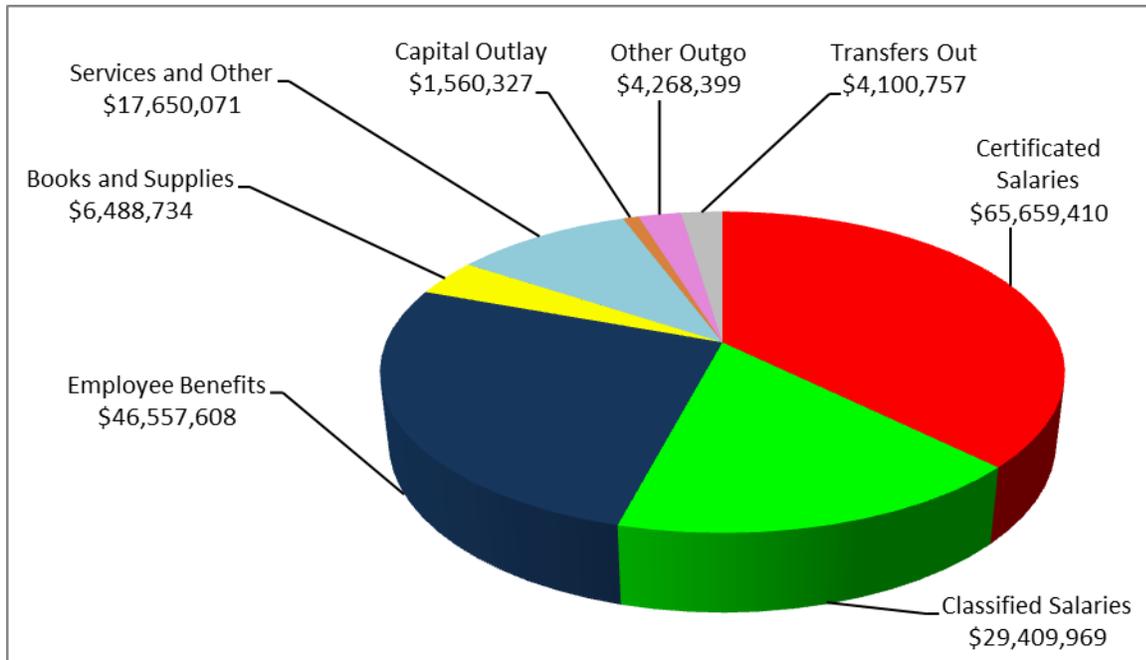
The following chart provides a breakdown of the \$179.5 million of General Fund revenues by category:

Revenue by Object Group



**SAN MATEO UNION HIGH SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019**

The following chart provides a breakdown of the \$175.7 million of General Fund expenditures by object:



Instruction and instruction-related services account for 47.3% of total expenditures by function. Overall, salary and benefits made up 81% of the total expenditures in the General Fund for 2018-19.

ECONOMIC FACTORS AND THE FY 2018-19 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 the District, receive more per-pupil funding than needed to meet their LCFF targets and their ERT. 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 \$52.5 M 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.

SAN MATEO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019

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

Basic aid districts have expenditure budgets that are built on local tax revenues. There is no safety net at all 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, Deputy Superintendent, Business Services, 650 Delaware Ave. San Mateo, CA 94401.

FINANCIAL SECTION

SAN MATEO UNION HIGH SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2019

ASSETS	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 162,501,589
Receivables	6,051,848
Prepaid expenses	748,101
Inventories	45,997
Capital assets, net of accumulated depreciation	<u>519,815,057</u>
Total Assets	<u>689,162,592</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding of bonds	5,204,622
Deferred discount on bonds	672,547
Deferred outflows of resources relating to pensions (note 6)	<u>74,065,169</u>
Total deferred outflows	<u>79,942,338</u>
LIABILITIES	
Accounts payable and other current liabilities	16,557,473
Unearned revenue	822,362
Long-term liabilities:	
Due within one year	18,584,287
Due in more than one year	<u>769,732,863</u>
Total Liabilities	<u>805,696,985</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred bond premium revenue	40,911,856
Deferred inflows on pensions (note 6)	25,975,735
Deferred inflows on OPEB (note 7)	<u>70,592</u>
Total deferred inflows	<u>66,958,183</u>
NET POSITION	
Net investment in capital assets	(25,041,761)
Restricted	41,606,737
Unrestricted	<u>(120,115,214)</u>
Total Net Position	<u>\$ (103,550,238)</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, 2019

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
Governmental Activities					
Instruction	\$ 86,760,978	\$ 3,625	\$ 14,810,369	\$ 67	\$ (71,946,917)
Instruction - related services:					
Instructional supervision	6,601,349	427	1,730,280	-	(4,870,642)
Instructional library, media and technology	5,176,145	210	380,424	-	(4,795,511)
School site administration	9,785,985	2,822	2,450,417	-	(7,332,746)
Pupil Services:					
Home-to-school transportation	3,264,597	-	115,468	-	(3,149,129)
Food services	2,110,969	849,827	1,037,485	-	(223,657)
All other pupil services	15,439,462	50	1,709,163	-	(13,730,249)
General administration	7,002,410	45,976	389,539	-	(6,566,895)
Plant services	21,988,186	602	847,272	-	(21,140,312)
Ancillary services	5,351,974	-	331,348	-	(5,020,626)
Community services	5,746	-	46	-	(5,700)
Enterprise activities	1,778,017	-	55,905	-	(1,722,112)
Interest on long-term debt	30,084,467	-	-	-	(30,084,467)
Other outgo	4,770,425	-	5,680,303	-	909,878
Depreciation (unallocated)	28,736,946	-	-	-	(28,736,946)
Total governmental activities	<u>\$ 228,857,656</u>	<u>\$ 903,539</u>	<u>\$ 29,538,019</u>	<u>\$ 67</u>	<u>(198,416,031)</u>
General Revenues					
Taxes and subventions:					
Taxes levied for general purposes					147,239,259
Taxes levied for debt service					34,321,557
Taxes levied for other specific purposes					4,380,114
Federal and state aid not restricted to specific purposes					6,150,961
Interest and investment earnings					3,308,167
Interagency revenues					566,367
Miscellaneous					6,519,236
Total general revenues					<u>202,485,661</u>
Change in net position					4,069,630
Net Position - July 1, 2018					<u>(107,619,868)</u>
Net Position - June 30, 2019					<u>\$ (103,550,238)</u>

SAN MATEO UNION HIGH SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2019

	General Fund	Building Fund	Bond Interest And Redemption Fund	All Non-Major Funds	Total
ASSETS					
Cash and cash equivalents	\$ 30,504,211	\$ 75,483,822	\$ 33,722,835	\$ 22,790,721	\$ 162,501,589
Accounts receivable	4,478,583	513,917	176,185	883,163	6,051,848
Stores	45,997	-	-	-	45,997
Prepaid expenditures	748,101	-	-	-	748,101
Due from other funds	<u>2,722,779</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>2,922,779</u>
Total assets	<u>\$ 38,499,671</u>	<u>\$ 75,997,739</u>	<u>\$ 33,899,020</u>	<u>\$ 23,873,884</u>	<u>\$ 172,270,314</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 5,015,821	\$ 1,680,640	\$ -	\$ 334,583	\$ 7,031,044
Unearned revenue	726,902	-	-	95,460	822,362
Due to other funds	<u>2,800,000</u>	<u>-</u>	<u>-</u>	<u>122,779</u>	<u>2,922,779</u>
Total Liabilities	<u>8,542,723</u>	<u>1,680,640</u>	<u>-</u>	<u>552,822</u>	<u>10,776,185</u>
Fund balances					
Nonspendable	814,098	-	-	-	814,098
Restricted	510,649	4,380,114	33,899,020	2,816,954	41,606,737
Committed	23,616,183	69,936,985	-	20,504,108	114,057,276
Unassigned	<u>5,016,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,016,018</u>
Total Fund Balance	<u>29,956,948</u>	<u>74,317,099</u>	<u>33,899,020</u>	<u>23,321,062</u>	<u>161,494,129</u>
Total liabilities and fund balances	<u>\$ 38,499,671</u>	<u>\$ 75,997,739</u>	<u>\$ 33,899,020</u>	<u>\$ 23,873,884</u>	<u>\$ 172,270,314</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, 2019

Total fund balances - governmental funds \$ 161,494,129

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:	\$ 826,348,627	
Accumulated depreciation:	<u>(306,533,570)</u>	
Net:		519,815,057

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		(40,911,856)
Unamortized portion of loss on refunding of bonds		5,204,622
Unamortized portion of bond discount		672,547

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:

(9,526,429)

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	\$ (516,484,382)	
Net OPEB liability	(2,992,695)	
Accreted Interest on General Obligation Bonds Payable	(103,535,623)	
Compensated absences payable	(547,098)	
Capital leases payable	(320,635)	
Net Pension Liability	<u>(164,436,717)</u>	
		(788,317,150)

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

Deferred outflows of resources relating to pensions		74,065,169
Deferred inflows of resources relating to pensions		(25,975,735)
Deferred inflows of resources relating to OPEB		<u>(70,592)</u>

Total net position, governmental activities: \$ (103,550,238)

SAN MATEO UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Building Fund	Bond Interest And Redemption Fund	All Non-Major Funds	Total
REVENUES					
LCFF sources	\$ 149,856,869	\$ -	\$ -	\$ -	\$ 149,856,869
Federal revenue	2,931,664	-	2,819,363	1,429,296	7,180,323
Other state revenues	17,423,573	-	117,755	5,136,722	22,678,050
Other local revenues	8,947,843	6,485,662	34,713,199	3,065,350	53,212,054
Total revenues	<u>179,159,949</u>	<u>6,485,662</u>	<u>37,650,317</u>	<u>9,631,368</u>	<u>232,927,296</u>
EXPENDITURES					
Certificated salaries	65,659,410	-	-	2,559,246	68,218,656
Classified salaries	29,409,969	1,384	-	2,421,923	31,833,276
Employee benefits	46,557,608	152	-	2,244,176	48,801,936
Books and supplies	6,488,734	1,018,640	-	861,179	8,368,553
Services and other operating expenditures	17,650,071	2,626,272	-	820,650	21,096,993
Capital outlay	1,560,327	21,876,060	-	942,424	24,378,811
Other outgo	4,268,399	-	-	116,122	4,384,521
Debt service, principle	-	-	14,475,906	-	14,475,906
Debt service, interest	-	-	21,727,334	-	21,727,334
Total expenditures	<u>171,594,518</u>	<u>25,522,508</u>	<u>36,203,240</u>	<u>9,965,720</u>	<u>243,285,986</u>
Excess (deficiency) of revenues over expenditures	<u>7,565,431</u>	<u>(19,036,846)</u>	<u>1,447,077</u>	<u>(334,352)</u>	<u>(10,358,690)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	3,115,745	-	985,012	4,100,757
Operating transfers out	(4,100,757)	-	-	-	(4,100,757)
Other sources	385,372	-	-	-	385,372
Other uses	-	-	(10,025)	-	(10,025)
Total other financing sources (uses)	<u>(3,715,385)</u>	<u>3,115,745</u>	<u>(10,025)</u>	<u>985,012</u>	<u>375,347</u>
Net change in fund balances	3,850,046	(15,921,101)	1,437,052	650,660	(9,983,343)
Fund balances, July 1, 2018	<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>
Fund balances, June 30, 2019	<u>\$ 29,956,948</u>	<u>\$ 74,317,099</u>	<u>\$ 33,899,020</u>	<u>\$ 23,321,062</u>	<u>\$ 161,494,129</u>

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, 2019

Total net change in fund balances - governmental funds \$ (9,983,343)

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:	\$ 25,855,477	
Depreciation expense:	<u>(28,736,946)</u>	(2,881,469)

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:

14,545,517

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:

(390,246)

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:

(10,422,218)

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:

(581,833)

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:

(71,605)

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:

(308,141)

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:

11,498,073

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	\$ (664,814)	
Amortization of deferred outflows relating to debt issue premium	<u>3,329,709</u>	2,664,895

Total change in net position - governmental activities \$ 4,069,630

SAN MATEO UNION HIGH SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUNDS

JUNE 30, 2019

	Student Body Funds
ASSETS	
Cash and cash equivalents	\$ 1,252,982
Interest receivable	<u>7,740</u>
Total assets	<u><u>\$ 1,260,722</u></u>
LIABILITIES	
Due to student groups	\$ 1,224,764
Accounts payable	<u>35,958</u>
Total liabilities	<u><u>\$ 1,260,722</u></u>

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

JUNE 30, 2019

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, 2019

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 position that is 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, 2019

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, 2019

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 **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, 2019

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, 2019

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
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019, 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

JUNE 30, 2019

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

JUNE 30, 2019

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

JUNE 30, 2019

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

JUNE 30, 2019

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, 2019

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, 2019 consisted of the following:

	Governmental Activities	Fiduciary Activities	Total
Cash in county treasury	\$ 162,307,491	\$ 1,252,982	\$ 163,560,473
Cash with fiscal agent	173,098	-	173,098
Cash in revolving fund	20,000	-	20,000
Cash on hand and in banks	1,000	-	1,000
Total Cash and Cash Equivalents	\$ 162,501,589	\$ 1,252,982	\$ 163,754,571

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, 2019, 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, 2019

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, 2019, 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, 2019, 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, 2019, the interfund receivable and payable balances were as follows:

	Interfund Receivables	Interfund Payables
Major Fund		
General Fund	\$ 2,722,779	\$ 2,800,000
Non-major Funds		
Adult Education Fund	-	6,647
Cafeteria Fund	200,000	116,125
Foundation Special Revenue Fund	-	7
Total	\$ 2,922,779	\$ 2,922,779

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

JUNE 30, 2019

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 2018-2019 fiscal year are as follows:

Transfer from General Fund to the Cafeteria Fund for direct support of student nutrition services	\$ 600,000
Transfer from General Fund to the Building Fund for Burlingame pool, deferred maintenance and security cameras.	3,115,745
Transfer from General Fund to the Special Reserve Fund for Capital Outlay Projects to set aside funds for mental health program.	<u>385,012</u>
Total transfers	<u><u>\$ 4,100,757</u></u>

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is shown below:

	Balance July 1, 2018	Additions / Transfers In	Deletions / Transfers Out	Balance June 30, 2019
Non-depreciable assets:				
Land	\$ 3,693,384	\$ -	\$ -	\$ 3,693,384
Work in Progress	22,637,809	20,161,534	31,902,066	10,897,277
	<u>26,331,193</u>	<u>20,161,534</u>	<u>31,902,066</u>	<u>14,590,661</u>
Depreciable assets:				
Buildings	224,580,715	-	-	224,580,715
Improvement of Sites	541,307,746	36,035,683	-	577,343,429
Equipment	8,273,496	1,560,326	-	9,833,822
	<u>774,161,957</u>	<u>37,596,009</u>	<u>-</u>	<u>811,757,966</u>
Totals, at cost	<u>800,493,150</u>	<u>57,757,543</u>	<u>31,902,066</u>	<u>826,348,627</u>
Accumulated depreciation:				
Buildings	(139,556,181)	(2,541,449)	-	(142,097,630)
Improvement of Sites	(133,722,935)	(25,830,499)	-	(159,553,434)
Equipment	(4,517,508)	(364,998)	-	(4,882,506)
	<u>(277,796,624)</u>	<u>(28,736,946)</u>	<u>-</u>	<u>(306,533,570)</u>
Depreciable assets, net	<u>496,365,333</u>	<u>8,859,063</u>	<u>-</u>	<u>505,224,396</u>
Capital Assets, net	<u>\$ 522,696,526</u>	<u>\$ 29,020,597</u>	<u>\$ 31,902,066</u>	<u>\$ 519,815,057</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, 2019

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, 2018	Additions	Deductions	Balance June 30, 2019	Amounts Due Within One Year
General Obligation Bonds					
Principal amount	\$ 530,960,288	\$ -	\$ 14,475,906	\$ 516,484,382	\$ 14,822,463
Accreted interest	93,113,405	13,876,312	3,454,094	103,535,623	3,687,537
Capital Leases Payable	-	391,321	70,686	320,635	74,287
Net OPEB Liability	2,755,146	237,549	-	2,992,695	-
Net Pension Liability	152,019,588	12,417,129	-	164,436,717	-
Accumulated Vacation	475,493	71,605	-	547,098	-
Subtotal	<u>779,323,920</u>	<u>26,993,916</u>	<u>18,000,686</u>	<u>788,317,150</u>	<u>18,584,287</u>
Unamortized General Obligation					
Bond Premium	44,141,565	-	3,229,709	40,911,856	-
Unamortized Bond Discount	(702,109)	-	(29,562)	(672,547)	-
Unamortized Loss on Refunding	<u>(5,839,874)</u>	<u>-</u>	<u>(635,252)</u>	<u>(5,204,622)</u>	<u>-</u>
Total Long-Term Obligation	<u>\$ 816,923,502</u>	<u>\$ 26,993,916</u>	<u>\$ 20,565,581</u>	<u>\$ 823,351,837</u>	<u>\$ 18,584,287</u>

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, 2019

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, 2019, 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, 2019

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, 2019, 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, 2019, 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, 2019

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, 2019, 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, 2019, of \$4,507,645 remain to be amortized for this refunding.

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

JUNE 30, 2019

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, 2018	Additions	Deductions	Advance Refunding	Balance, June 30, 2019
Measure D:									
2000B	7/24/2002	2027	2.0% - 5.69%	\$ 49,996,152	\$ 21,522,548	\$ -	\$ 2,324,428	\$ -	\$ 19,198,120
2000C	3/4/2004	2029	2.0% - 5.32%	27,503,798	12,658,798	-	-	-	12,658,798
Measure M:									
2008A	6/18/2008	2032	4.0% - 5.0%	62,700,000	1,205,000	-	1,205,000	-	-
2010A	2/17/2010	2018	5.0% - 5.5%	4,890,000	885,000	-	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	18,825,000	-	1,465,000	-	17,360,000
2012A	2/13/2012	2039	4.0% - 12.0%	10,895,752	196,084	-	8,682	-	187,402
2013A	12/20/2013	2031	4.0% - 5.0%	94,400,576	56,599,122	-	2,522,560	-	54,076,562
Measure O:									
2011A	6/15/2011	2041	2.23% - 6.7%	89,999,989	51,254,169	-	190,236	-	51,063,933
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	53,855,000	-	485,000	-	53,370,000
Refunding Issues:									
2012A	2/13/2012	2022	2.0% - 4.0%	10,835,000	7,510,000.00	-	1,210,000	-	6,300,000
2012B	11/7/2012	2024	0.478% - 3.22%	38,940,000	26,715,000	-	3,555,000	-	23,160,000
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	38,085,000	-	105,000	-	37,980,000
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	-	520,000	-	41,410,000
				<u>\$ 846,860,572</u>	<u>\$ 530,960,288</u>	<u>\$ -</u>	<u>\$ 14,475,906</u>	<u>\$ -</u>	<u>\$ 516,484,382</u>
				Accreted Interest	Balance, July 1, 2018	Additions	Deductions	Advance Refunding	Balance, June 30, 2019
Measure M:									
					\$ 29,917,850	\$ 2,808,438	\$ 3,140,572	\$ -	\$ 29,585,716
					13,716,018	1,420,511	-	-	15,136,529
					15,202,457	2,955,144	-	-	18,157,601
					1,363,904	272,285	1,318	-	1,634,871
					909,142	214,260	202,440	-	920,962
Measure O:									
					30,366,625	5,760,581	109,764	-	36,017,442
					1,637,409	445,093	-	-	2,082,502
					<u>\$ 93,113,405</u>	<u>\$ 13,876,312</u>	<u>\$ 3,454,094</u>	<u>\$ -</u>	<u>\$ 103,535,623</u>

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

JUNE 30, 2019

5. LONG-TERM LIABILITIES (CONTINUED)

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
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	20,466,470	25,345,871	45,812,341
2024-2029	122,364,624	141,125,986	263,490,610
2030-2034	142,722,164	109,299,089	252,021,253
2035-2039	66,958,645	146,899,619	213,858,264
2040-2044	76,787,518	115,123,275	191,910,793
2045-2049	9,572,997	61,484,600	71,057,597
2050-2052	9,130,464	41,018,119	50,148,583
Total	<u>\$ 516,484,382</u>	<u>\$ 745,940,783</u>	<u>\$ 1,262,425,165</u>

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

JUNE 30, 2019

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, 2019, are summarized as follows:

	CalPERS		CalSTRS	
	Prior to	On or after	Prior to	On or after
	<u>January 1, 2013</u>	<u>January 1, 2013</u>	<u>January 1, 2013</u>	<u>January 1, 2013</u>
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%	6.5%	10.25%	9.205%
Required employer contribution rates	18.062%	18.062%	16.28%	16.28%

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

JUNE 30, 2019

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, 2019, the contributions recognized as part of pension expense for the Plan were:

	CalPERS	STRS	Total
Contributions - employer	\$ 5,318,906	\$ 10,945,270	\$ 16,264,176
On behalf contributions - state	1,849,854	10,029,593	11,879,447
Total	\$ 7,168,760	\$ 20,974,863	\$ 28,143,623

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

As of June 30, 2019, San Mateo Union High School District reported net pension liabilities for its proportionate share of the net pension liability of the Plans' of:

	Proportionate Share of Net Pension Liability
CalPERS	\$ 54,559,869
STRS	109,876,848
Total Net Pension Liability	\$ 164,436,717

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

JUNE 30, 2019

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, 2018, 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, 2017 rolled forward to June 30, 2018 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, 2017 and 2018 was as follows:

	CalPERS	STRS
Proportion - June 30, 2017	0.19903%	0.11300%
Proportion - June 30, 2018	0.20463%	0.11955%
Change - Increase (Decrease)	0.00560%	0.00655%

For the year ended June 30, 2019, the District recognized pension expense of (\$857,876) and (\$10,217,375) for CalPERS and STRS, respectively. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS		STRS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,168,760	\$ -	\$ 20,974,863	\$ -	\$ 28,143,623	\$ -
Difference between proportionate share of aggregate employer contributions and actual contributions for 2017-18	-	1,227,347	-	3,861,352	-	5,088,698
Changes of Assumptions	7,555,716	532,746	28,460,413	-	36,016,129	532,746
Differences between Expected and Actual Experience	3,895,903	-	568,102	4,524,593	4,464,005	4,524,593
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	15,943	2,276,519	2,002,996	10,154,188	2,018,939	12,430,707
Net differences between projected and actual investment earnings on pension plan investments	3,422,473	-	-	3,398,992	3,422,473	3,398,992
Total	\$ 22,058,796	\$ 4,036,611	\$ 52,006,373	\$ 21,939,124	\$ 74,065,169	\$ 25,975,735

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

JUNE 30, 2019

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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	CalPERS	STRS	Total Deferred Outflows/ (Inflows) of Resources
2020	\$ 4,208,910	\$ (690,602)	\$ 3,518,308
2021	4,470,818	595,625	5,066,444
2022	2,084,193	1,482,149	3,566,342
2023	89,503	2,690,466	2,779,969
2024	-	3,776,396	3,776,396
Thereafter	-	1,238,354	1,238,354
Total	<u>\$ 10,853,424</u>	<u>\$ 9,092,387</u>	<u>\$ 19,945,811</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

	CalPERS	STRS
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.50%	2.75%
Payroll Growth Rate	2.75%	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, 2019

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		
	Assumed Asset Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	77.00%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	100.0%		

^(a) An expected inflation of 2.00% used for this period

^(b) An expected inflation of 2.92% used for this period

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

JUNE 30, 2019

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:

Asset Class	STRS	
	Assumed Asset Allocation	Long-Term Expected Real Rate of Return^(a)
Global Equity	47.0%	6.30%
Fixed Income	12.0%	0.30%
Real Estate	13.0%	5.20%
Private Equity	13.0%	9.30%
Risk Mitigating Strategies	9.0%	2.90%
Inflation Sensitive	4.0%	3.80%
Cash/Liquidity	2.0%	-1.00%
Total	100%	

^(a) 20-year average

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

JUNE 30, 2019

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:

	CalPERS		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability/(Asset)	\$ 77,263,561	\$ 54,559,869	\$ 32,993,176

	STRS		
	Discount Rate - 1% (6.10%)	Current Discount Rate (7.10%)	Discount Rate + 1% (8.10%)
Plan's Net Pension Liability	\$ 152,140,724	\$ 109,876,848	\$ 63,828,070

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, 2019, the District had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2019.

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

JUNE 30, 2019

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, 2019, 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, 2019, the District paid \$130,337 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, 2019

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2019, 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, 2019 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	3.50%
Healthcare cost trend rate	4.00%

The discount rate of 3.5% was based on the Bond Buyer 20 Bond Index. There are currently no plan assets.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018	\$ 2,755,146	\$ -	\$ 2,755,146
Changes for the year:			
Service cost	155,200	-	155,200
Interest	97,554	-	97,554
Differences between expected and actual experience	-	-	-
Assumption changes	75,783	-	75,783
Contributions - employer	-	90,988	(90,988)
Net investment income	-	-	-
Benefit payments	(90,988)	(90,988)	-
Administrative expense	-	-	-
Net changes	237,549	-	237,549
Balances at June 30, 2019	<u>\$ 2,992,695</u>	<u>\$ -</u>	<u>\$ 2,992,695</u>

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

JUNE 30, 2019

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 (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current discount rate:

	1% Decrease (2.5%)	Discount Rate (3.5%)	1% Increase (4.5%)
Net OPEB liability (asset)	\$ 3,233,514	\$ 2,992,695	\$ 2,775,847

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:

	1% Decrease (3%)	Healthcare Cost Trend Rates (4%)	1% Increase (5%)
Net OPEB liability (asset)	\$ 2,903,952	\$ 2,992,695	\$ 3,037,311

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, 2019, the District recognized OPEB expense of \$257,945. 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, 2019, 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, 2019

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, 2019:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Funds	Total
Nonspendable:					
Revolving cash	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Stores inventories	45,997	-	-	-	45,997
Prepaid expenditures	748,101	-	-	-	748,101
Total Nonspendable	<u>814,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>814,098</u>
Restricted for:					
Classified School Employee Professional Development Block Grant	67,189	-	-	-	67,189
Low-Performing Students Block Grant	194,375	-	-	-	194,375
Lottery: Instructional Materials	249,085	-	-	-	249,085
CalWORKs for ROCP or Adult Education	-	-	-	18,593	18,593
Adult Education Block Grant Program	-	-	-	161,816	161,816
Adult Education Block Grant Data and Accountability	-	-	-	25,280	25,280
Other Restricted Local	-	4,380,114	-	2,197,291	6,577,405
Child Nutrition: School Programs	-	-	-	413,974	413,974
Debt Service	-	-	33,899,020	-	33,899,020
Total Restricted	<u>510,649</u>	<u>4,380,114</u>	<u>33,899,020</u>	<u>2,816,954</u>	<u>41,606,737</u>
Committed:					
Tier I Basic Aid Reserve	8,023,287	-	-	-	8,023,287
Tier II Basic Aid Reserve	8,023,287	-	-	-	8,023,287
Site Allocation/Department Carryovers	832,879	-	-	-	832,879
2017-18 Deficit Spending	747,929	-	-	-	747,929
Other Commitments	5,988,801	69,936,985	-	20,504,108	96,429,894
Total Committed	<u>23,616,183</u>	<u>69,936,985</u>	<u>-</u>	<u>20,504,108</u>	<u>114,057,276</u>
Unassigned:					
Economic Uncertainties	5,016,018	-	-	-	5,016,018
Total	<u>\$ 29,956,948</u>	<u>\$ 74,317,099</u>	<u>\$ 33,899,020</u>	<u>\$ 23,321,062</u>	<u>\$ 161,494,129</u>

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

JUNE 30, 2019

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, 2019, is as follows:

	<u>SMCSIG</u>
Total Assets	<u>\$ 26,372,555</u>
Deferred Outflows of Resources	<u>392,825</u>
Total Liabilities	<u>11,091,438</u>
Deferred Inflows of Resources	<u>70,852</u>
Net Position	<u><u>\$ 15,603,090</u></u>
Total Revenues	\$ 45,275,439
Total Expenditures	<u>(45,026,058)</u>
Change in Net Postion	<u><u>\$ 249,381</u></u>

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

JUNE 30, 2019

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, 2019, 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 2018-19, 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. SUBSEQUENT EVENTS

The District issued \$57,175,000 of 2019 General Obligation Refunding Bonds on July 16, 2019. The bonds are being issued to advance refund a portion of the District's outstanding election of 2006 General Obligation Bonds, Series 2013A, the District's outstanding Election of 2010 General Obligation Bonds, Series 2013A and pay the costs of issuing the bonds. The refunding bonds carry interest rates ranging from 1.994% to 3.282% and mature through September 1, 2041.

The District's management evaluated its June 30, 2019 financial statements for subsequent events through December 6, 2019, 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, 2019

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
LCFF sources	\$ 146,682,992	\$ 148,403,367	\$ 149,856,869	\$ 1,453,502
Federal revenue	2,706,043	3,190,140	2,931,664	(258,476)
Other state revenues	9,645,512	11,010,417	17,423,573	6,413,156
Other local revenues	4,569,233	9,008,451	8,947,843	(60,608)
Total revenues	<u>163,603,780</u>	<u>171,612,375</u>	<u>179,159,949</u>	<u>7,547,574</u>
EXPENDITURES				
Certificated salaries	66,491,691	65,607,169	65,659,410	(52,241)
Classified salaries	28,498,720	29,149,548	29,409,969	(260,421)
Employee benefits	40,956,932	40,617,869	46,557,608	(5,939,739)
Books and supplies	6,586,138	9,193,672	6,488,734	2,704,938
Services and other operating expenditures	15,330,111	18,449,562	17,650,071	799,491
Capital outlay	550,000	1,100,745	1,560,327	(459,582)
Other outgo	4,335,589	4,222,589	4,268,399	(45,810)
Total expenditures	<u>162,749,181</u>	<u>168,341,154</u>	<u>171,594,518</u>	<u>(3,253,364)</u>
Excess (deficiency) of revenues over expenditures	854,599	3,271,221	7,565,431	4,294,210
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(3,090,745)	(3,425,757)	(4,100,757)	(675,000)
Other sources	-	-	385,372	385,372
Total other financing sources (uses)	<u>(3,090,745)</u>	<u>(3,425,757)</u>	<u>(3,715,385)</u>	<u>(289,628)</u>
Net change in fund balances	(2,236,146)	(154,536)	3,850,046	4,004,582
Fund balances, July 1, 2018	<u>26,106,902</u>	<u>26,106,902</u>	<u>26,106,902</u>	<u>-</u>
Fund balances, June 30, 2019	<u>\$ 23,870,756</u>	<u>\$ 25,952,366</u>	<u>\$ 29,956,948</u>	<u>\$ 4,004,582</u>

SAN MATEO UNION HIGH SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CalPERS	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
	<small>(1)</small>	<small>(1)</small>	<small>(1)</small>	<small>(1)</small>	<small>(1)</small>
Proportion of the net pension liability (asset)	0.17824%	0.18521%	0.18479%	0.19903%	0.20463%
Proportionate share of the net pension liability (asset)	\$ 20,235,018	\$ 27,300,522	\$ 36,496,554	\$ 47,513,456	\$ 54,559,869
Covered payroll ⁽²⁾	\$ 18,188,183	\$ 20,373,259	\$ 18,911,499	\$ 22,695,190	\$ 23,208,050
Proportionate Share of the net pension liability (asset) as percentage of covered payroll	111.25%	134.00%	192.99%	209.35%	235.09%
Plan fiduciary net position as a percentage of the total pension liability (asset)	83.38%	79.43%	73.90%	71.87%	70.85%
Proportionate share of aggregate employer contributions ⁽³⁾	\$ 2,140,931	\$ 2,413,620	\$ 2,626,429	\$ 3,524,790	\$ 4,191,838
STRS	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
	<small>(1)</small>	<small>(1)</small>	<small>(1)</small>	<small>(1)</small>	<small>(1)</small>
Proportion of the net pension liability (asset)	0.11457%	0.11719%	0.11438%	0.11300%	0.11955%
Proportionate share of the net pension liability (asset)	\$ 66,950,663	\$ 78,893,947	\$ 92,515,407	\$ 104,506,132	\$ 109,876,848
Covered payroll ⁽²⁾	\$ 47,409,009	\$ 45,013,458	\$ 48,622,814	\$ 52,213,021	\$ 56,407,586
Proportionate Share of the net pension liability (asset) as percentage of covered payroll	141.22%	175.27%	190.27%	200.15%	194.79%
Plan fiduciary net position as a percentage of the total pension liability (asset)	76.52%	74.02%	70.04%	69.46%	70.99%
Proportionate share of aggregate employer contributions ⁽³⁾	\$ 4,209,920	\$ 4,829,944	\$ 6,116,750	\$ 7,534,339	\$ 9,183,155

⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable.

⁽²⁾ Covered payroll is the payroll on which contributions to a pension plan are based.

⁽³⁾ 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 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, 2019

CalPERS	Fiscal Year 2014- 15⁽¹⁾	Fiscal Year 2015- 16⁽¹⁾	Fiscal Year 2016- 17⁽¹⁾	Fiscal Year 2017- 18⁽¹⁾	Fiscal Year 2018- 19⁽¹⁾
Contractually required contribution ⁽²⁾	\$ 2,140,931	\$ 2,413,620	\$ 2,626,429	\$ 3,524,790	\$ 4,191,838
Contributions in relation to the contractually required contribution ⁽²⁾	(2,184,216)	(2,628,697)	(3,493,497)	(3,888,696)	(5,318,906)
Contribution deficiency (excess)	\$ (43,285)	\$ (215,077)	\$ (867,068)	\$ (363,906)	\$ (1,127,068)
Covered payroll ⁽³⁾	\$ 18,188,183	\$ 20,373,259	\$ 18,911,499	\$ 22,695,190	\$ 23,208,050
Contributions as a percentage of covered payroll ⁽³⁾	11.771%	11.847%	13.888%	15.531%	18.062%
STRS	Fiscal Year 2014- 15⁽¹⁾	Fiscal Year 2015- 16⁽¹⁾	Fiscal Year 2016- 17⁽¹⁾	Fiscal Year 2017- 18⁽¹⁾	Fiscal Year 2018- 19⁽¹⁾
Contractually required contribution ⁽²⁾	\$ 4,209,920	\$ 4,829,944	\$ 6,116,750	\$ 7,534,339	\$ 9,183,155
Contributions in relation to the contractually required contribution ⁽²⁾	(4,226,011)	(6,138,654)	(7,678,654)	(8,784,508)	(10,945,270)
Contribution deficiency (excess)	\$ (16,091)	\$ (1,308,710)	\$ (1,561,904)	\$ (1,250,169)	\$ (1,762,115)
Covered payroll ⁽³⁾	\$ 47,409,009	\$ 45,013,458	\$ 48,622,814	\$ 52,213,021	\$ 56,407,586
Contributions as a percentage of covered payroll ⁽³⁾	8.880%	10.730%	12.580%	14.430%	16.280%

⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable.

⁽²⁾ Employers are assumed to make contributions equal to the contractually required contributions. However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the contractually required 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.

⁽³⁾ Covered payroll is the payroll on which contributions to a pension plan are based.

SAN MATEO UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>2018</u>	<u>2019</u>
Total OPEB liability		
Service cost	\$ 151,046	\$ 155,200
Interest	99,623	97,554
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	75,783
Benefit payments	<u>(87,488)</u>	<u>(90,988)</u>
Net change in total OPEB liability	163,181	237,549
Total OPEB liability - beginning	<u>2,591,965</u>	<u>2,755,146</u>
Total OPEB liability - ending (a)	\$ 2,755,146	\$ 2,992,695
Plan fiduciary net position		
Contributions - employer	\$ 87,488	\$ 90,988
Net investment income	-	-
Benefit payments	(87,488)	(90,988)
Administrative expense	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability - ending (a) - (b)	<u>\$ 2,755,146</u>	<u>\$ 2,992,695</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%
Covered-employee payroll	\$74,908,211	\$79,615,636
District's net OPEB liability as a percentage of covered-employee payroll	4%	4%

SAN MATEO UNION HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019

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	2009 CalSTRS Retirement Rates
	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	2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees
	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	2009 CalPERS Retirement Rates for School Employees
	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, 2019

D - Schedule of Changes in the Net OPEB Liability and Related Ratios

Mortality

Certificated	<p>2009 CalSTRS Mortality Table</p> <p>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.</p>
Classified	<p>2014 CalPERS Retiree and Active Mortality for Miscellaneous Employees</p> <p>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.</p>

SUPPLEMENTARY INFORMATION

SAN MATEO UNION HIGH SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

JUNE 30, 2019

	<u>Adult Education Fund</u>	<u>Cafeteria Fund</u>	<u>Deferred Maintenance Fund</u>	<u>Foundation Special Revenue Fund</u>	<u>Capital Facilities Fund</u>	<u>County School Facilities Fund</u>	<u>Special Reserve For Capital Outlay Fund</u>	<u>Foundation Permanent Fund</u>	<u>Total</u>
ASSETS									
Cash and cash equivalents	\$ 6,665,547	\$ 217,917	\$ 2,706,188	\$ 855,281	\$ 6,887,938	\$ -	\$ 4,166,242	\$ 1,291,608	\$ 22,790,721
Accounts receivable	613,323	114,925	13,563	16,240	93,988	-	23,445	7,679	883,163
Due from other funds	-	200,000	-	-	-	-	-	-	200,000
Total assets	\$ 7,278,870	\$ 532,842	\$ 2,719,751	\$ 871,521	\$ 6,981,926	\$ -	\$ 4,189,687	\$ 1,299,287	\$ 23,873,884
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	\$ 273,797	\$ 2,743	\$ -	\$ 11,429	\$ 46,614	\$ -	\$ -	\$ -	\$ 334,583
Unearned revenue	95,460	-	-	-	-	-	-	-	95,460
Due to other funds	6,647	116,125	-	7	-	-	-	-	122,779
Total Liabilities	375,904	118,868	-	11,436	46,614	-	-	-	552,822
Fund balances									
Restricted	205,689	413,974	-	562,279	-	-	1,635,012	-	2,816,954
Committed	6,697,277	-	2,719,751	297,806	6,935,312	-	2,554,675	1,299,287	20,504,108
Total Fund Balance	6,902,966	413,974	2,719,751	860,085	6,935,312	-	4,189,687	1,299,287	23,321,062
Total liabilities and fund balances	\$ 7,278,870	\$ 532,842	\$ 2,719,751	\$ 871,521	\$ 6,981,926	\$ -	\$ 4,189,687	\$ 1,299,287	\$ 23,873,884

SAN MATEO UNION HIGH SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL NON-MAJOR FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	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
REVENUES									
Federal revenue	\$ 508,868	\$ 920,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,429,296
Other state revenues	4,992,649	133,675	-	10,398	-	-	-	-	5,136,722
Other local revenues	460,065	932,047	47,973	366,884	1,148,508	67	81,447	28,359	3,065,350
Total revenues	<u>5,961,582</u>	<u>1,986,150</u>	<u>47,973</u>	<u>377,282</u>	<u>1,148,508</u>	<u>67</u>	<u>81,447</u>	<u>28,359</u>	<u>9,631,368</u>
EXPENDITURES									
Certificated salaries	2,489,156	-	-	70,090	-	-	-	-	2,559,246
Classified salaries	1,363,290	1,053,438	-	5,195	-	-	-	-	2,421,923
Employee benefits	1,701,825	510,447	-	31,904	-	-	-	-	2,244,176
Books and supplies	140,883	553,287	-	161,208	447	-	-	5,354	861,179
Services and other operating expenditures	459,974	89,455	23,152	125,533	122,436	-	-	100	820,650
Capital outlay	-	-	-	-	930,380	12,044	-	-	942,424
Other outgo	-	116,122	-	-	-	-	-	-	116,122
Total expenditures	<u>6,155,128</u>	<u>2,322,749</u>	<u>23,152</u>	<u>393,930</u>	<u>1,053,263</u>	<u>12,044</u>	<u>-</u>	<u>5,454</u>	<u>9,965,720</u>
Excess(deficiency) of revenues over expenditures	<u>(193,546)</u>	<u>(336,599)</u>	<u>24,821</u>	<u>(16,648)</u>	<u>95,245</u>	<u>(11,977)</u>	<u>81,447</u>	<u>22,905</u>	<u>(334,352)</u>
OTHER FINANCING SOURCES (USES)									
Operating transfers in	-	600,000	-	-	-	-	385,012	-	985,012
Total other financing sources (uses)	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,012</u>	<u>-</u>	<u>985,012</u>
Net change in fund balances	(193,546)	263,401	24,821	(16,648)	95,245	(11,977)	466,459	22,905	650,660
Fund balances, July 1, 2018	<u>7,096,512</u>	<u>150,573</u>	<u>2,694,930</u>	<u>876,733</u>	<u>6,840,067</u>	<u>11,977</u>	<u>3,723,228</u>	<u>1,276,382</u>	<u>22,670,402</u>
Fund balances, June 30, 2019	<u>\$ 6,902,966</u>	<u>\$ 413,974</u>	<u>\$ 2,719,751</u>	<u>\$ 860,085</u>	<u>\$ 6,935,312</u>	<u>\$ -</u>	<u>\$ 4,189,687</u>	<u>\$ 1,299,287</u>	<u>\$ 23,321,062</u>

SAN MATEO UNION HIGH SCHOOL DISTRICT

ALL AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Assets:				
Cash and Cash Equivalents				
Aragon High School	174,190	277,192	259,887	191,495
Burlingame High School	330,727	354,584	366,491	318,820
Capuchino High School	68,967	115,989	116,316	68,641
Hillsdale High School	207,309	313,439	323,672	197,076
Mills High School	143,310	192,657	186,668	149,299
Peninsula Alternative High School	2,169	264	-	2,433
San Mateo High School	254,646	708,087	698,035	264,698
Adult School	12,911	9,369	2,856	19,424
District	50,675	44,042	53,620	41,097
Total Cash and Cash Equivalents	<u>1,244,904</u>	<u>2,015,623</u>	<u>2,007,544</u>	<u>1,252,982</u>
Interest Receivable	<u>5,505</u>	<u>7,739</u>	<u>5,504</u>	<u>7,740</u>
Total Assets	<u>\$ 1,250,409</u>	<u>\$ 2,023,361</u>	<u>\$ 2,013,049</u>	<u>\$ 1,260,722</u>
Liabilities:				
Due to Student Groups	\$ 1,216,110	\$ 1,972,100	\$ 1,963,447	\$ 1,224,764
Accounts Payable	<u>34,299</u>	<u>51,261</u>	<u>49,602</u>	<u>35,958</u>
Total Liabilities	<u>\$ 1,250,409</u>	<u>\$ 2,023,361</u>	<u>\$ 2,013,049</u>	<u>\$ 1,260,722</u>

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

SAN MATEO UNION HIGH SCHOOL DISTRICT

ORGANIZATION

JUNE 30, 2019

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>
Greg Land	President	2020
Marc Friedman	Vice-President	2020
Robert H. Griffin	Clerk	2022
Linda Lees Dwyer	Trustee	2022
Peter H. Hanley	Trustee	2022

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, 2019

	Second Period Report	Annual Report
Secondary:		
Ninth through Twelfth	8,458.71	8,433.53
Special Education	<u>39.50</u>	<u>41.27</u>
Total	<u><u>8,498.21</u></u>	<u><u>8,474.80</u></u>

SAN MATEO UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Site</u>	<u>Grade Level</u>	<u>Standard Minutes Requirement</u>	<u>2018-19 Actual Minutes</u>	<u>Instructional Days</u>	<u>Status</u>
Aragon High School	Grades 9 -12	64,800	68,143	180	In compliance
Burlingame High School	Grades 9 -12	64,800	65,075	* 180	In compliance
Capuchino High School	Grades 9 -12	64,800	66,446	180	In compliance
Hillsdale High School	Grades 9 -12	64,800	67,923	180	In compliance
Mills High School	Grades 9 -12	64,800	66,995	180	In compliance
San Mateo High School	Grades 9 -12	64,800	65,564	180	In compliance

* Includes minutes for one school closure day due to air quality conditions. The District has submitted a waiver request, which is currently under review by the California Department of Education.

SAN MATEO UNION HIGH SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

FOR FISCAL YEAR ENDED JUNE 30, 2019

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report
Design Tech Charter School #1647	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, 2019

Fund Balance	<u>General Fund</u>
Balance, June 30, 2019, Unaudited Actuals	\$ 29,904,415
Decrease (increase) in:	
Accounts Payable	<u>(332,839)</u>
Balance, June 30, 2019, Audited Financial Statements	<u><u>\$ 29,571,576</u></u>

There were no adjustments to any other funds of the District.

SAN MATEO UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal CFDA Number	Grantor and Program Title	Pass-Through Entity Identifying Number	Federal Expenditures
<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	* \$ 1,554,082
84.002A	Adult Education: Adult Basic Education & ESL	14508	384,148
84.002	Adult Education: Adult Secondary Education	13978	71,387
84.002A	Adult Education: English Literacy & Civics Education	14109	53,333
	Total Adult Education Cluster		<u>508,868</u>
84.365	NCLB: Title III, Immigrant Education Program	15146	68,960
84.365	NCLB: Title III, Limited English Proficient (LEP) Student Program	14346	96,022
	Total Title III Cluster		<u>164,982</u>
84.010	NCLB: Title I, Basic School Support	14416	678,605
84.424	NCLB: Title IV, Part A Student Support and Academic Enrichment Grant	15396	8,054
84.UNK	EPA Environmental Education & Community Awareness Project	10048	18,505
84.367	NCLB: Title II, Part A, Teacher Quality	14341	147,808
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131	14894	141,034
84.126	Department of Rehab: Workability II, Transition Partnership	10006	218,594
	Total U.S. Department of Education		<u>3,440,532</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	920,428
10.555	Child Nutrition: Meal Supplements in National School Lunch Program - Nonmonetary Assistance	13524	72,259
	Total Child Nutrition Cluster		<u>992,687</u>
	Total U.S. Department of Agriculture		<u>992,687</u>
	Total Federal Programs		<u>\$ 4,433,219</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, 2019

	Adopted Budget 2019/2020	Actuals 2018/2019	Actuals 2017/2018	Actuals 2016/2017
<u>General Fund</u>				
Revenues and Other Financial Sources	\$ 174,364,574	\$ 179,878,160	\$ 160,786,343	\$ 149,520,029
Expenditures	173,220,978	171,594,518	154,916,292	145,438,740
Other Uses and Transfers Out	3,696,906	4,100,757	5,373,855	3,425,000
Total Outgo	176,917,884	175,695,275	160,290,147	148,863,740
Change in Fund Balance	(2,553,310)	4,182,885	496,196	656,289
Ending Fund Balance	<u>\$ 27,736,477</u>	<u>\$ 30,289,787</u>	<u>\$ 26,106,902</u>	<u>\$ 25,610,706</u>
Available Reserves	<u>\$ 5,307,537</u>	<u>\$ 5,016,018</u>	<u>\$ 4,808,704</u>	<u>\$ 4,465,913</u>
Designated for Economic Uncertainties	<u>\$ 5,307,537</u>	<u>\$ 5,016,018</u>	<u>\$ 4,808,704</u>	<u>\$ 4,465,913</u>
Undesignated Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Available Reserves as a Percentage of Total Outgo	3%	3%	3%	3%
<u>All Funds</u>				
Total Long-Term Debt	\$ 769,732,863	\$ 788,317,150	\$ 779,323,919	\$ 750,486,839
Average Daily Attendance at P-2	8,748	8,498	8,408	8,298

*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 \$5,335,370 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 2019-20 fiscal year.

Total long-term liabilities have increased by \$37,830,311 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 200 over the past two years. An increase of 250 ADA is projected for the 2019-20 fiscal year.

SAN MATEO UNION HIGH SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

	Federal Catalog Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balance		\$ 7,180,323
Reconciling items		
IRS Bond Interest Subsidies	None	(2,819,363)
Food Distribution - Commodities	10.555	72,259
Total Schedule of Expenditures of Federal Awards		\$ 4,433,219

SAN MATEO UNION HIGH SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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 2018-19 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, 2019

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 2018-19 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting, prescribed in Title 5, California Code of Regulations, section 19810. 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

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Independent Study	No, see below
Continuation Education	Yes
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

Description	Procedures Performed
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
Comprehensive School Safety Plan	Yes
District of Choice	No, see below

School Districts, County Offices of Education and Charter Schools

Description	Procedures Performed
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

Description	Procedures Performed
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 because the Average Daily Attendance reported for this program was 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, District of Choice 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

Basis for Qualified Opinion on Compliance with State Laws and Regulations

As described in Finding **2019-02** in the accompanying Schedule of Audit Findings and Questioned Costs, San Mateo Union High School District did not comply with requirements regarding the Unduplicated Local Control Funding Formula Pupil Counts. Compliance with such requirements is necessary, in our opinion, for San Mateo Union High School District to comply with state laws and regulations applicable to that program.

Qualified Opinion on Compliance with State Laws and Regulations

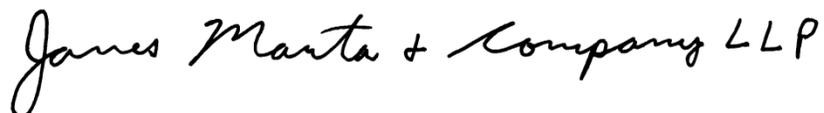
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, San Mateo Union High School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2019.

Unmodified Opinion on Each of the Other State Programs

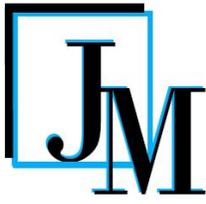
In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion on Compliance with State Laws and Regulations, San Mateo Union High School District complied, in all material respects, with the other applicable state compliance requirements referred to above for the year ended June 30, 2019.

Other Matters

San Mateo Union High School District's response to the finding identified in our audit is included in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit the District's response and, accordingly, express no opinion on it.



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 6, 2019



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting and Tax

**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, 2019, 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 6, 2019.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs to be significant deficiencies: **2019-01**.

Compliance and Other Matters

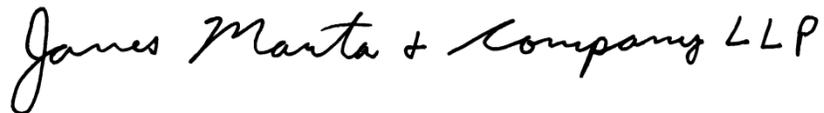
As part of obtaining reasonable assurance about whether District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

San Mateo Union High School District's Response to Findings

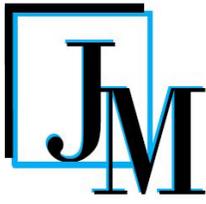
The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 6, 2019



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting and Tax

**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, 2019. 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, 2019.

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 6, 2019, 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.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 6, 2019

FINDINGS AND RECOMMENDATIONS

SAN MATEO UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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)? X Yes _____ 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>
84.027	Special Education

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? X Yes _____ None reported

SAN MATEO UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Section II – Financial Statement Findings

2019-1 New Hire Process (30000)

Finding:

A teacher hired at Hillsdale High School for the spring semester of the 2015/16 school year was placed on the incorrect salary schedule. This occurred because the employee did not provide previous employment information and the District did not follow up before placing the employee on the salary schedule. When the employee questioned his placement on the salary schedule in the current fiscal year, the District was able to verify previous employment and determined the employee should have been at a higher step on the salary schedule for 2016 through the current year. The estimated underpayment of salary to this employee was approximately \$32,000.

An assistant principal and principal were also hired at other schools within the district and placed on the incorrect salary schedule. In one case the employee preparing the contract entered the wrong amount while preparing the contract, while in the other case the new principal was erroneously placed at this same position on the step schedule as the predecessor principal. The estimated combined overpayment of these two employees is \$6,220.

In addition to the above, there was an underpayment of all Student Support Coordinators, as an old version of the step schedule was used when preparing the contracts.

Recommendation:

The District should have a checklist of required items that must be completed prior to a new employee starting. In this case, if the District does not receive previous employment history, then the employee would not start until the requisite information is provided. When all information is obtained the personnel department should review and approve the new employee's placement on the salary schedule. This information should then be reviewed and signed by the employee.

Corrective Action Plan:

1. The Certificated Employee New Hire Checklist includes a Notification of Employee Status form for Temporary employees (Currently Temporary employees only). The form is an acknowledgment wherein the employee acknowledges their placement on the salary schedule is contingent upon the District receiving official transcripts and verification of their previous employment.
 - Will be revised to include both Probationary & Temporary Teachers.
2. Notice of Salary Placement: Annual notification to all certificated employees identifying their placement on the salary schedule.
 - Will be revised with a signature line for the employee acknowledging their salary placement.
 - Said form is placed in the employee's personnel file.
3. Verification of Employment: Current procedure: New hire informs District of their previous employers and District sends Verification of Employment forms to those previous employers and follows up as needed.
 - New hire will be provided with Verification of Employment form along with official job offer and responsibility for obtaining verification and following up will fall on the new hire.

SAN MATEO UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

- **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, 2019

Section IV – State Award Findings and Questioned Costs

2019-2 Unduplicated LCFF Pupil Counts (40000)

Criteria:

Students classified as “Free or Reduced Price Meals (FRPM)” or “English Learner” (EL) status and are not directly certified on the CALPADS 1.18 FRPM English Learner/ Foster Youth-Student List Report must have supporting documentation that indicates the student was eligible for the designation. Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 2574(b)(3)(C), 44238.02(b)(3)(B), and 41020, Education Code.

Condition:

During the audit, we discovered there were 246 students reported as “FRPM” or “EL” status on the CALPADS 1.18 who should not have been.

As a result, 246 San Mateo Union High School District “FRPM” and/or “EL” students were incorrectly reported on the CALPADS 1.18 report.

Effect:

The effect of this finding is an overstatement of 246 unduplicated pupil counts by San Mateo Union High School District.

Cause:

Failure to review yearly CALPADS reports led to 246 pupils being incorrectly classified as “FRPM” or “EL” on the CALPADS 1.18 report.

Fiscal Impact:

The fiscal impact is a decrease of LCFF revenues of approximately \$145,680 for San Mateo Union High School District.

Recommendation:

The district should have processes in place to verify that the total population of FRPM and EL students are properly classified, and compare to data contained in the CALPADS reports to ensure completeness.

Corrective Action Plan:

Management has implemented procedures to ensure that all students are classified correctly as of the census date, and that incoming students from other districts are properly classified on the CALPADS report. This information is then compared to the CALPADS reports and verified for accuracy.

SAN MATEO UNION HIGH SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

No matters were reported.

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

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 \$96,250,000 of the District’s Election of 2020 General Obligation Bonds, Series A (the “Bonds”). The Bonds are being issued pursuant to the resolution of the Board of Trustees of the District adopted on May 7, 2020 (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 the Rule.

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” means: (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 Repository 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) or 5(b) of this Disclosure Certificate.

“Official Statement” shall mean the Official Statement dated as of May 27, 2020 and relating to the Bonds.

“Participating Underwriter” shall mean Stifel, Nicolaus & Company, Incorporated, as the original Underwriter 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 nine months after the end of the District’s fiscal year (presently ending June 30), commencing with the report for the 2019-20 Fiscal Year, 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(b).

(b) Not later than 30 days (nor more than 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 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 timely notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent, no later than the date required by subsection (a). 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. Material 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 District 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 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(a), 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(b), 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 of the District, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the District, any of which affect bondholders.

(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 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(a) or 5(b), 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: June 10, 2020

SAN MATEO UNION HIGH SCHOOL DISTRICT

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: SAN MATEO UNION HIGH SCHOOL DISTRICT

Name of Bond Issue: Election of 2020 General Obligation Bonds, Series A

Date of Issuance: June 10, 2020

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, Bond Counsel, 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. Foster City is situated 10 miles south of the San Francisco International Airport, at the junction of U.S. Highway 101 and California State Route 92, providing easy access to eastern cities in the San Francisco Bay Area.

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 of data currently available.

**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**

<u>Year</u> ⁽¹⁾	<u>City of San Mateo</u>	<u>City of Burlingame</u>	<u>City of Foster City</u>	<u>Town of Hillsborough</u>	<u>San Mateo County</u>	<u>State of California</u>
2010 ⁽²⁾	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

⁽¹⁾ As of January 1.

⁽²⁾ 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.

Income

The following table shows per capita personal income for the County, the State and the United States for the past 10 years of data currently available.

**PER CAPITA PERSONAL INCOME
2009 through 2018
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>
2009	\$71,677	\$42,044	\$39,284
2010	73,805	43,634	40,546
2011	79,903	46,170	42,735
2012	88,058	48,798	44,599
2013	87,711	49,277	44,851
2014	93,765	52,324	47,058
2015	102,606	55,758	48,978
2016	107,207	57,739	49,870
2017	117,389	60,156	51,885
2018	126,392	63,557	54,446

Note: Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2010-2018 reflect county population estimates available as of March 2019.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Principal Employers

The following tables list the principal employers located in the Cities and the County by number of employees. The Town, a primarily residential community, is excluded.

PRINCIPAL EMPLOYERS

2019

City of San Mateo

<u>Employer Name</u>	<u>Industry</u>	<u>Employees</u>
County of San Mateo Medical Center	Health Services	1,408
Sony Interactive Entertainment	Computer Programming Services	1,198
San Mateo-Foster City Unified School District	Educational Services	1,172
San Mateo Union High School District ⁽¹⁾	Educational Services	1,038
Franklin Templeton Investor	Security Brokers, Dealers	958
San Mateo County Behavioral Health	Health Services	640
Net Suite Inc.	Prepackaged Software	600
San Mateo Community College District	Educational Services	560
City of San Mateo	Public Administration	475
Fisher Investments	Security Brokers, Dealers	440

⁽¹⁾ 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, 2019.*

PRINCIPAL EMPLOYERS

2019

City of Burlingame

<u>Employer Name</u>	<u>Industry</u>	<u>Employees</u>
Mills Peninsula Health Services	Health Services	1,976
Lufthansa Service Holdings Group Sky Chefs Inc.	Catering Services	569
Flying Food Group	Catering Services	500
Hyatt Regency San Francisco Airport	Hotel Services	394
Lahlouh Inc.	Commercial Printing, Lithographic	350
Burlingame School District	Educational Services	345
Burlingame Long Term Care	Health Services	301
American Medical Response	Health Services	287
Guittard Chocolate Co.	Chocolate and Cocoa Products	238
Hilton - San Francisco Airport	Hotel Services	184

Source: *City of Burlingame Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2019.*

**PRINCIPAL EMPLOYERS
2019
City of Foster City**

<u>Employer Name</u>	<u>Industry</u>	<u>Employees</u>
Gilead Sciences, Inc.	Biotechnology	8,268
Visa U.S.A. Inc.	Global Payments Technology	2,152
Visa Technology & Operations LLC	Global Payments Technology	867
Guidewire Software, Inc.	Prepackaged Software	670
Zoox Inc.	Computer Software	530
Cybersource Corporation	Computer and Data Processing	409
Illumina Inc.	Biological Research and Development	389
IBM Corporation	Computer Manufacturing	367
CSG Consultants, Inc.	Business Consulting Services	364
Brightedge Technologies	Computer Software	356

Source: City of Foster City and Estero Municipal Improvement District Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2019.

**PRINCIPAL EMPLOYERS
2019
San Mateo County**

<u>Employer Name</u>	<u>Industry</u>	<u>Employees</u>
Facebook Inc.	Social Network	14,000
Genentech Inc.	Biotechnology	9,500
Gilead Sciences Inc.	Biotechnology	8,268
Oracle Corp.	Computer Hardware and Software	7,535
County of San Mateo	Public Administration	5,570
Walmart Labs	Retail Technology	2,000
YouTube LLC	Communication Services	2,000
Robert Half International Inc.	Management Consulting Services	1,668
Sony Interactive Entertainment	Interactive Entertainment	1,602
Electronic Arts Inc.	Interactive Entertainment	1,520

Source: County of San Mateo Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2019.

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Employment

The following table summarizes the labor force, employment and unemployment figures for the past five years of data currently available for the Cities, the Town, the County, and the State.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2015 through 2019⁽¹⁾
City of San Mateo, City of Burlingame, City of Foster City, Town of Hillsborough,
San Mateo County, and State of California

<u>Year</u>	<u>Area</u>	<u>Labor Force</u>	<u>Employment⁽²⁾</u>	<u>Unemployment</u>	<u>Unemployment Rate (%)⁽³⁾</u>
<u>2015</u>	City of San Mateo	61,300	59,300	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	434,300	419,400	14,800	3.4
	State of California	18,851,100	17,681,800	1,169,200	6.2
<u>2016</u>	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	19,500	19,000	600	2.9
	Town of Hillsborough	5,000	4,900	200	3.2
	San Mateo County	441,800	428,300	13,500	3.0
	State of California	19,044,500	18,002,800	1,041,700	5.5
<u>2017</u>	City of San Mateo	63,200	61,500	1,700	2.6
	City of Burlingame	18,000	17,500	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	445,500	433,400	12,100	2.7
	State of California	19,205,300	18,285,500	919,800	4.8
<u>2018</u>	City of San Mateo	64,000	62,700	1,400	2.1
	City of Burlingame	18,100	17,700	400	2.2
	City of Foster City	19,700	19,300	400	2.1
	Town of Hillsborough	5,100	5,000	100	2.4
	San Mateo County	449,500	439,300	10,200	2.3
	State of California	19,398,200	18,582,800	815,400	4.2
<u>2019</u>	City of San Mateo	65,500	64,300	1,300	1.9
	City of Burlingame	18,500	18,200	400	1.9
	City of Foster City	20,200	19,800	400	2.0
	Town of Hillsborough	5,200	5,100	100	2.1
	San Mateo County	460,000	450,600	9,400	2.0
	State of California	19,411,600	18,627,400	784,200	4.0

Note: Data is not seasonally adjusted.

(1) Annual averages, unless otherwise specified.

(2) Includes persons involved in labor-management trade disputes.

(3) 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. Last data release was for November 2019.

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 of data currently available. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2015 through 2019
San Francisco-Redwood City-South San Francisco Metropolitan Division

<u>Category</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Farm	1,900	1,900	1,800	1,600	1,600
Mining, Logging	100	100	100	100	100
Manufacturing	36,400	38,200	39,400	39,000	39,200
Wholesale Trade	25,600	25,900	26,100	26,500	26,000
Retail Trade	80,800	81,100	81,200	80,300	78,100
Transportation, Warehousing and Utilities	36,200	40,500	43,900	47,300	50,300
Information	63,200	70,300	76,600	85,400	97,100
Financial Activities	77,300	80,400	80,900	83,200	86,200
Professional and Business Services	251,900	262,100	267,200	277,900	291,100
Educational and Health Services	129,900	133,400	136,000	138,900	145,100
Leisure and Hospitality	137,100	141,400	142,400	143,600	147,700
Other Services	40,000	40,700	41,100	41,400	41,600
Government	<u>124,400</u>	<u>127,700</u>	<u>129,900</u>	<u>131,400</u>	<u>132,000</u>
Total, All Industries	1,040,800	1,082,200	1,106,500	1,138,900	1,179,600

Note: May not add to total due to independent rounding.

Source: California Employment Development Department, Labor Market Information Division. March 2019 Benchmark.

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Commercial Activity

Summaries of annual taxable sales for the Cities, the Town and the County for the past five years of data currently available 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	2,506	1,367,103	3,898	1,639,305
2016	2,491	1,343,306	3,910	1,606,176
2017	2,442	1,349,365	3,829	1,652,321
2018 ⁽¹⁾	2,447	1,366,772	4,000	1,647,756

⁽¹⁾ Preliminary, subject to change

Source: *Taxable Sales in California, California State Board of Equalization for 2014.*

Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2015-18. Some previously reported data has been revised by the CDTFA.

**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	909	760,632	1,667	1,067,079
2016	930	741,286	1,671	1,036,936
2017	911	766,754	1,647	1,077,353
2018 ⁽¹⁾	917	847,023	1,729	1,188,033

⁽¹⁾ Preliminary, subject to change

Source: *Taxable Sales in California, California State Board of Equalization for 2014.*

Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2015-18. Some previously reported data has been revised by the CDTFA.

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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 Transactions</u>	<u>Total Permits</u>	<u>Total Outlets Taxable Transactions</u>
2014	344	\$228,378	565	\$306,468
2015	347	230,951	603	287,558
2016	350	221,134	583	271,492
2017	354	244,870	579	305,822
2018 ⁽¹⁾	351	247,266	626	309,911

⁽¹⁾ Preliminary, subject to change

Source: *Taxable Sales in California, California State Board of Equalization for 2014.*

Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2015-18. Some previously reported data has been revised by the CDTFA.

**ANNUAL TAXABLE SALES
2014 through 2018
Town of Hillsborough
(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	124	\$1,138	188	\$7,759
2015	117	1,381	196	8,125
2016	106	2,602	179	8,498
2017	99	2,500	167	8,642
2018 ⁽¹⁾	95	1,562	182	8,502

⁽¹⁾ Preliminary, subject to change

Source: *Taxable Sales in California, California State Board of Equalization for 2014.*

Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2015-18. Some previously reported data has been revised by the CDTFA.

**ANNUAL TAXABLE SALES
2014 through 2018
San Mateo County
(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	12,673	\$10,278,717	19,999	\$15,298,434
2015	12,744	10,463,012	21,581	15,639,825
2016	12,909	10,557,452	21,805	15,821,971
2017	12,744	11,132,628	21,534	16,736,449
2018 ⁽¹⁾	12,802	11,674,214	22,554	17,547,097

⁽¹⁾ Preliminary, subject to change

Source: *Taxable Sales in California, California State Board of Equalization for 2014.*

Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2015-18. Some previously reported data has been revised by the CDTFA.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years of data currently available 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>
Valuation					
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
Units:					
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>
Valuation					
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
Units:					
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>
Valuation					
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
Units:					
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>
Valuation					
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
Units:					
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>
Valuation (\$000):					
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
Units:					
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.

APPENDIX E

SAN MATEO COUNTY TREASURY POOL

The following information concerning the San Mateo County (the “County”) Treasury Pool (the “Treasury Pool”) has been provided by the County Treasurer-Tax Collector (the “Treasurer”), and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. Neither the District, the Municipal Advisor nor the Underwriter has made an independent investigation of the investments in the Treasury Pool nor any 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 may change the 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, neither the District, the Municipal Advisor nor the Underwriter makes 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 is correct as of any time subsequent to its date. Further information may be obtained from the Treasurer at the following website: <https://treasurer.smcgov.org/>. However, the information presented on such website is not incorporated into this Official Statement by any reference.

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Sandie Arnott
TREASURER-TAX COLLECTOR

SAN MATEO COUNTY INVESTMENT POOL FUND APRIL 2020 MONTH END REPORT





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- VII. Monthly Yield Curve P. 17



INTRODUCTION SUMMARY

Gross earnings for the month ending April 30, 2020 were 1.717%. Current average maturity of the portfolio is 1.76 years with an average duration of 1.70 years. The target rate for the fiscal year of 2019-2020 is 1.80%, as of the end of this month, the pool is currently on pace to meet this target rate. The current Par Value of the pool is \$6.04 Billion. The largest non-government aggregate position is currently Wells Fargo Bank at 1.87%. The portfolio continues to hold no derivative products.

The estimated earnings for FY 2020-21 is 1.34%.

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 2020. 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,

Sandie Arnott
Treasurer-Tax Collector



SUMMARY OF POOL EARNINGS

COUNTY OF SAN MATEO ESTIMATED SUMMARY OF POOL EARNINGS APRIL 2020

	<u>Par Value</u>	<u>Gross Earnings</u>	<u>Realized Gain/Loss & Interest Received</u>	<u>Period Earnings</u>
<u>Fixed Income Securities Maturing > 1 year</u>				
U S Treasury Notes	\$ 2,220,515,000.00	\$ 2,517,300.52	U S Treasury Notes	\$ 582,494.32
Corporate Notes	567,556,000.00	991,200.84	Corporate Notes	42,289.17
Floating Rate Securities	95,265,000.00	113,590.00	Certificate of Deposit	61,580.63
Federal Agencies	643,850,000.00	781,634.86	Federal Agencies	163,948.20
U.S. Instrumentalities	75,000,000.00	80,998.12	U.S. Instrumentalities	68,173.98
Asset Backed Securities	86,465,000.00	69,753.67	Floating Rate Securities	44,670.13
Certificate of Deposit	135,000,000.00	223,472.60	Asset Backed Securities	60,626.17
	\$ 3,823,651,000.00	\$ 4,777,950.62	Dreyfus	1,587.84
			LAIF	96,031.40
			CAMP	157,100.78
			Union Bank Earnings Credit	30,599.13
			Total Realized Income	\$1,309,101.75
<u>Short Term Securities Maturing < 1 year</u>				
U S Treasury Notes	\$ 212,975,000.00	\$ 290,660.14		
Corporate Notes	251,384,000.00	533,030.70		
Floating Rate Securities	69,946,000.00	96,621.38		
Federal Agencies	331,670,000.00	316,588.37		
U.S. Instrumentalities	369,574,000.00	327,955.99		
U S Treasury Bills	25,000,000.00	31,927.09		
Certificate of Deposit	265,000,000.00	422,376.38		
Commercial Paper	150,000,000.00	70,358.34		
Dreyfus	16,069,299.92			
CAMP	450,000,000.00	263,946.58		
LAIF	75,000,000.00	77,465.75		
	\$ 2,216,618,299.92	\$ 2,430,930.73		
Total Accrued Interest	\$ 6,040,269,299.92	\$ 7,208,881.34		
Total Dollar Earnings for April		\$ 8,517,983.09		

AVERAGE BALANCE	\$ 6,035,595,710.30
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	1.717%
ADMINISTRATION FEES	(471,272.54)
NET EARNINGS RATE / NET DOLLAR EARNINGS	\$8,046,710.55

SAN MATEO COUNTY TREASURER'S OFFICE
FIXED INCOME DISTRIBUTION - SETTLED TRADES
SAN MATEO COUNTY POOL

April 30, 2020

Summary Information

<u>Totals</u>		<u>Weighted Averages</u>	
Par Value	6,040,269,300	Average YTM	0.69
Market Value	6,222,939,263.19	Average Maturity (yrs)	1.76
Total Cost	6,086,576,995.75	Average Coupon (%)	1.83
Net Gain/Loss	136,362,267.44	Average Duration	1.70
Annual Income	109,746,225.83	Average Moody Rating	Aa1/P-1
Accrued Interest	29,325,956.70	Average S&P Rating	AA/A-1
Number of Issues	245		

Distribution by Maturity

<u>Maturity</u>	<u>Number</u>	<u>Mkt Value</u>	<u>% Bond Holdings</u>	<u>Average Y T M</u>	<u>Average Coupon</u>	<u>Average Duration</u>
Under 1 Yr	99	2,360,696,051.68	37.9	0.9	1.383 %	0.3
1 Yr - 3 Yrs	85	2,494,074,083.80	40.1	0.5	1.988 %	1.9
3 Yrs - 5 Yrs	61	1,368,169,127.71	22.0	0.7	2.314 %	3.8

Distribution by Coupon

<u>Coupon %</u>	<u>Number</u>	<u>Mkt Value</u>	<u>% Bond Holdings</u>	<u>Average Y T M</u>	<u>Average Coupon</u>	<u>Average Duration</u>
Under 1%	36	971,140,424.07	15.6	0.6	0.408 %	0.3
1% - 3%	188	5,014,049,532.86	80.6	0.7	2.013 %	1.9
3% - 5%	19	208,567,065.90	3.4	1.5	3.596 %	2.5
5% - 7%	2	29,182,240.36	0.5	0.7	5.408 %	1.2

Distribution by Duration

<u>Duration</u>	<u>Number</u>	<u>Mkt Value</u>	<u>% Bond Holdings</u>	<u>Average Y T M</u>	<u>Average Coupon</u>	<u>Average Duration</u>
Under 1 Yr	101	2,390,927,090.97	38.4	0.9	1.375 %	0.3
1 Yr - 3 Yrs	87	2,573,448,019.40	41.4	0.5	2.024 %	1.9
3 Yrs - 5 Yrs	57	1,258,564,152.82	20.2	0.7	2.301 %	3.8

SAN MATEO COUNTY TREASURER'S OFFICE
FIXED INCOME DISTRIBUTION - SETTLED TRADES
SAN MATEO COUNTY POOL

April 30, 2020

Distribution by Moody Rating

<u>Rating</u>	<u>Number</u>	<u>Mkt Value</u>	<u>% Bond Holdings</u>	<u>Average Y T M</u>	<u>Average Coupon</u>	<u>Average Duration</u>
Aaa	144	4,572,517,799.93	73.5	0.4	1.728 %	1.8
Aa1	5	34,416,746.87	0.6	1.4	1.707 %	1.6
Aa2	12	277,287,141.00	4.5	1.8	2.341 %	1.3
Aa3	11	204,698,018.50	3.3	1.8	2.138 %	1.5
A1	26	351,687,654.80	5.7	1.3	2.364 %	1.2
A2	23	279,523,462.59	4.5	1.6	2.729 %	2.3
A3	10	131,324,443.43	2.1	1.4	2.823 %	3.5
P-1	13	296,438,058.58	4.8	1.3	0.901 %	0.2
Not Rated	1	75,045,937.50	1.2	1.5	1.470 %	0.0

Distribution by S&P Rating

<u>Rating</u>	<u>Number</u>	<u>Mkt Value</u>	<u>% Bond Holdings</u>	<u>Average Y T M</u>	<u>Average Coupon</u>	<u>Average Duration</u>
AAA	30	1,014,069,195.42	16.3	0.8	1.124 %	0.7
AA+	117	3,580,704,015.79	57.5	0.3	1.900 %	2.1
AA	2	27,445,214.30	0.4	0.7	2.294 %	1.5
AA-	19	310,018,440.72	5.0	1.4	2.179 %	1.4
A+	24	385,694,766.19	6.2	1.8	2.339 %	1.2
A	24	320,336,748.87	5.1	1.5	2.374 %	2.0
A-	12	170,889,470.09	2.7	1.6	3.000 %	2.6
BBB+	3	42,297,415.72	0.7	2.0	3.680 %	3.4
A-1+	6	126,440,991.32	2.0	1.2	1.252 %	0.2
A-1	7	169,997,067.26	2.7	1.3	0.641 %	0.3
Not Rated	1	75,045,937.50	1.2	1.5	1.470 %	0.0

** 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 REPORT IS AVAILABLE UPON REQUEST.

SAN MATEO COUNTY TREASURER'S OFFICE
PORTFOLIO APPRAISAL
SAN MATEO COUNTY POOL
April 30, 2020

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
CERTIFICATE OF DEPOSIT													
SOCIETE GENERALE NY	2.68	05-01-20			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	675,583.33	25,675,583.33	A-1	0.40
SWEDBANK YCD FRN-Q	1.97	05-07-20			20,000,000	100.00	20,000,000.00	100.00	20,000,000.00	783,175.25	20,783,175.25	A-1+	0.32
DNB NOR BANK ASA NY	1.63	05-22-20			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	89,423.61	25,089,423.61	A-1+	0.40
SWEDBANK NY	1.74	06-30-20			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	113,583.33	25,113,583.33	A-1+	0.40
MIZUHO BANK LTD/NY	1.66	07-10-20			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	91,069.44	25,091,069.44	A-1	0.40
BNS HOUSTON YCD- FRNQ	2.18	08-17-20			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	107,683.33	25,107,683.33	A+	0.40
SUMITOMO MITSUI BANK NY	2.03	08-28-20			25,000,000	100.21	25,052,250.00	100.00	25,000,000.00	87,542.71	25,087,542.71	A	0.40
HSBC BANK USA	2.70	10-02-20			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	289,500.00	10,289,500.00	AA-	0.16
ROYAL BANK OF CANADA NY	1.33	10-16-20			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	12,051.00	25,012,051.00	A-1+	0.40
SVENSKA HANDELSBANKEN YCD-FRN	2.09	01-29-21			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	1,454.86	25,001,454.86	AA-	0.40
NORDEA BANK NY - FRN	2.00	02-12-21			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	108,502.87	25,108,502.87	AA-	0.40
COOPERATIEVE RABO YCD FRN	1.83	03-01-21			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	76,265.83	25,076,265.83	A+	0.40
CREDIT AGRICOLE CIB NY	2.83	04-02-21			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	55,027.78	25,055,027.78	A+	0.40
SOCIETE GENERALE NY	1.80	02-14-22			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	35,500.00	10,035,500.00	A	0.16
NORDEA BANK ABP NY	1.85	08-26-22			50,000,000	100.00	50,000,000.00	100.00	50,000,000.00	164,444.44	50,164,444.44	AA-	0.81
SKANDINAV ENSKILDA BK NY	1.86	08-26-22			50,000,000	100.00	50,000,000.00	100.00	50,000,000.00	165,333.33	50,165,333.33	A+	0.81
DNB NOR BANK ASA NY	2.04	12-02-22			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	204,000.00	25,204,000.00	AA-	0.40
					<u>440,000,000</u>		<u>440,052,250.00</u>		<u>440,000,000.00</u>	<u>3,060,141.14</u>	<u>443,060,141.14</u>		<u>7.10</u>
COMMERCIAL PAPER													
MUFG BANK LTD/NY	0.00	06-05-20			25,000,000	99.36	24,841,138.89	99.83	24,957,000.00	0.00	24,957,000.00	A-1	0.40
JP MORGAN SECURITIES LLC	0.00	07-17-20			25,000,000	99.77	24,943,125.00	99.80	24,951,250.00	0.00	24,951,250.00	A-1	0.40
PFIZER INC	0.00	08-11-20			5,450,000	99.86	5,442,574.38	99.87	5,442,983.12	0.00	5,442,983.12	A-1+	0.09
CITIGROUP GLOBAL MARKETS	0.00	09-08-20			25,000,000	99.59	24,897,916.67	99.62	24,904,480.00	0.00	24,904,480.00	A-1	0.40
JP MORGAN SECURITIES LLC	0.00	10-23-20			19,550,000	99.75	19,500,581.94	99.76	19,502,211.98	0.00	19,502,211.98	A-1	0.31
CANADIAN IMPERIAL HOLDING	0.00	10-26-20			25,000,000	99.65	24,912,638.89	99.66	24,915,472.50	0.00	24,915,472.50	A-1	0.40
					<u>125,000,000</u>		<u>124,537,975.77</u>		<u>124,673,397.60</u>	<u>0.00</u>	<u>124,673,397.60</u>		<u>2.01</u>
LOCAL AGENCY INVESTMENT FUND													
LAIF	1.47	05-01-20			75,000,000	100.00	75,000,000.00	100.00	75,000,000.00	45,937.50	75,045,937.50	NR	1.21
CA ASSET MGMT PROGRAM	0.77	06-01-20			450,000,000	100.00	450,000,000.00	100.00	450,000,000.00	856,625.00	450,856,625.00	AAA	7.27
					<u>525,000,000</u>		<u>525,000,000.00</u>		<u>525,000,000.00</u>	<u>902,562.50</u>	<u>525,902,562.50</u>		<u>8.48</u>
UNITED STATES TREASURY-BILLS													
UNITED STATES TREAS BILL	0.00	05-07-20			25,000,000	99.23	24,806,309.00	100.00	24,999,775.00	0.00	24,999,775.00	A-1+	0.40
UNITED STATES TREASURY-NOTES													
UNITED STATES TREAS NTS	2.00	07-31-20			20,000,000	100.28	20,055,468.75	100.47	20,094,960.00	98,901.10	20,193,861.10	AA+	0.32
UNITED STATES TREAS NTS	1.62	07-31-20			20,000,000	100.04	20,007,031.25	100.38	20,076,220.00	80,357.14	20,156,577.14	AA+	0.32
UNITED STATES TREAS NTS	1.37	08-31-20			25,000,000	99.81	24,952,148.44	100.43	25,106,450.00	57,606.46	25,164,056.46	AA+	0.41
UNITED STATES TREAS NTS	1.37	08-31-20			25,000,000	99.80	24,951,171.88	100.43	25,106,450.00	57,606.46	25,164,056.46	AA+	0.41
UNITED STATES TREAS NTS	1.37	08-31-20			40,000,000	99.81	39,923,437.50	100.43	40,170,320.00	92,170.33	40,262,490.33	AA+	0.65
UNITED STATES TREAS NTS	1.37	08-31-20			25,000,000	99.84	24,960,937.50	100.43	25,106,450.00	57,606.46	25,164,056.46	AA+	0.41
UNITED STATES TREAS NTS	1.37	09-15-20			20,000,000	99.83	19,965,625.00	100.47	20,093,760.00	34,375.00	20,128,135.00	AA+	0.32
UNITED STATES TREAS NTS	2.75	09-30-20			2,500,000	100.82	2,520,605.47	101.10	2,527,540.00	5,791.44	2,533,331.44	AA+	0.04
UNITED STATES TREAS NTS	2.25	02-15-21			25,000,000	100.46	25,115,234.38	101.67	25,417,975.00	115,899.73	25,533,874.73	AA+	0.41
UNITED STATES TREAS NTS	2.50	02-28-21			10,475,000	100.96	10,575,658.21	101.95	10,678,770.17	43,408.63	10,722,178.80	AA+	0.17
UNITED STATES TREAS NTS	2.62	06-15-21			20,000,000	101.87	20,374,218.75	102.77	20,554,680.00	196,516.39	20,751,196.39	AA+	0.33
UNITED STATES TREAS NTS	2.62	06-15-21			9,200,000	101.49	9,337,281.25	102.77	9,455,152.80	90,397.54	9,545,550.34	AA+	0.15
UNITED STATES TREAS NTS	1.12	06-30-21			28,950,000	99.17	28,709,126.95	101.12	29,273,429.40	108,264.25	29,381,693.65	AA+	0.47
UNITED STATES TREAS NTS	1.12	07-31-21			50,000,000	100.00	50,000,000.00	101.20	50,601,550.00	139,079.67	50,740,629.67	AA+	0.82
UNITED STATES TREAS NTS	1.12	07-31-21			23,500,000	98.58	23,166,777.34	101.20	23,782,728.50	65,367.45	23,848,095.95	AA+	0.38

SAN MATEO COUNTY TREASURER'S OFFICE
PORTFOLIO APPRAISAL
SAN MATEO COUNTY POOL
April 30, 2020

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	2.75	08-15-21			10,000,000	101.93	10,192,968.75	103.32	10,332,030.00	56,662.09	10,388,692.09	AA+	0.17
UNITED STATES TREAS NTS	2.75	08-15-21			14,160,000	101.82	14,417,756.25	103.32	14,630,154.48	80,233.52	14,710,388.00	AA+	0.24
UNITED STATES TREAS NTS	2.75	08-15-21			17,400,000	102.40	17,817,328.13	103.32	17,977,732.20	98,592.03	18,076,324.23	AA+	0.29
UNITED STATES TREAS NTS	1.12	08-31-21			50,000,000	99.62	49,812,500.00	101.26	50,628,900.00	95,810.44	50,724,710.44	AA+	0.82
UNITED STATES TREAS NTS	1.12	08-31-21			50,000,000	99.75	49,875,000.00	101.26	50,628,900.00	95,810.44	50,724,710.44	AA+	0.82
UNITED STATES TREAS NTS	1.12	09-30-21			50,000,000	99.78	49,890,625.00	101.36	50,679,700.00	47,384.51	50,727,084.51	AA+	0.82
UNITED STATES TREAS NTS	1.12	09-30-21			20,000,000	98.73	19,746,093.75	101.36	20,271,880.00	18,953.80	20,290,833.80	AA+	0.33
UNITED STATES TREAS NTS	1.50	09-30-21			10,425,000	100.16	10,441,289.06	101.87	10,620,062.17	13,031.25	10,633,093.42	AA+	0.17
UNITED STATES TREAS NTS	2.87	10-15-21			25,000,000	102.16	25,541,015.63	103.94	25,984,375.00	29,456.97	26,013,831.97	AA+	0.42
UNITED STATES TREAS NTS	1.25	10-31-21			50,000,000	100.00	50,000,000.00	101.60	50,798,850.00	0.00	50,798,850.00	AA+	0.82
UNITED STATES TREAS NTS	2.88	11-15-21			30,000,000	102.91	30,873,046.88	104.09	31,226,940.00	396,189.15	31,623,129.15	AA+	0.50
UNITED STATES TREAS NTS	2.88	11-15-21			18,585,000	102.51	19,051,802.93	104.09	19,345,089.33	245,439.18	19,590,528.51	AA+	0.31
UNITED STATES TREAS NTS	2.88	11-15-21			4,870,000	102.57	4,994,956.81	104.09	5,069,173.26	64,314.71	5,133,487.97	AA+	0.08
UNITED STATES TREAS NTS	2.12	12-31-21			20,000,000	101.46	20,291,406.25	103.20	20,639,840.00	141,666.67	20,781,506.67	AA+	0.33
UNITED STATES TREAS NTS	2.12	12-31-21			15,500,000	101.17	15,681,035.16	103.20	15,995,876.00	109,791.67	16,105,667.67	AA+	0.26
UNITED STATES TREAS NTS	2.00	12-31-21			28,280,000	100.67	28,470,006.25	102.98	29,121,782.48	188,015.38	29,309,797.86	AA+	0.47
UNITED STATES TREAS NTS	2.00	12-31-21			25,500,000	100.72	25,683,281.25	102.98	26,259,033.00	169,532.97	26,428,565.97	AA+	0.42
UNITED STATES TREAS NTS	2.50	01-15-22			16,700,000	101.68	16,980,507.81	103.90	17,351,684.10	121,579.67	17,473,263.77	AA+	0.28
UNITED STATES TREAS NTS	2.50	01-15-22			13,500,000	101.62	13,718,320.31	103.90	14,026,810.50	98,282.97	14,125,093.47	AA+	0.23
UNITED STATES TREAS NTS	2.50	01-15-22			26,000,000	101.87	26,485,468.75	103.90	27,014,598.00	189,285.71	27,203,883.71	AA+	0.44
UNITED STATES TREAS NTS	2.50	02-15-22			19,575,000	102.00	19,966,500.00	104.10	20,377,124.77	100,832.76	20,477,957.54	AA+	0.33
UNITED STATES TREAS NTS	2.50	02-15-22			14,700,000	101.71	14,950,933.59	104.10	15,302,361.90	75,721.15	15,378,083.05	AA+	0.25
UNITED STATES TREAS NTS	1.87	02-28-22			12,300,000	100.71	12,387,925.78	103.05	12,675,248.40	38,228.60	12,713,477.00	AA+	0.20
UNITED STATES TREAS NTS	1.87	03-31-22			50,000,000	100.48	50,238,281.25	103.19	51,593,750.00	78,974.18	51,672,724.18	AA+	0.83
UNITED STATES TREAS NTS	1.87	03-31-22			10,500,000	101.02	10,606,640.63	103.19	10,834,687.50	16,584.58	10,851,272.08	AA+	0.17
UNITED STATES TREAS NTS	1.87	03-31-22			15,625,000	101.59	15,872,802.73	103.19	16,123,046.87	24,679.43	16,147,726.31	AA+	0.26
UNITED STATES TREAS NTS	2.25	04-15-22			40,000,000	101.05	40,420,312.50	103.99	41,595,320.00	36,885.25	41,632,205.25	AA+	0.67
UNITED STATES TREAS NTS	2.12	05-15-22			25,000,000	100.90	25,225,585.94	103.89	25,971,675.00	243,732.83	26,215,407.83	AA+	0.42
UNITED STATES TREAS NTS	2.12	05-15-22			1,900,000	101.80	1,934,289.06	103.89	1,973,847.30	18,523.70	1,992,371.00	AA+	0.03
UNITED STATES TREAS NTS	2.12	05-15-22			16,600,000	101.80	16,899,578.13	103.89	17,245,192.20	161,838.60	17,407,030.80	AA+	0.28
UNITED STATES TREAS NTS	1.75	05-31-22			25,200,000	99.77	25,142,906.25	103.19	26,004,232.80	184,153.85	26,188,386.65	AA+	0.42
UNITED STATES TREAS NTS	2.12	06-30-22			32,500,000	101.70	33,052,246.09	104.15	33,848,230.00	229,575.89	34,077,805.89	AA+	0.55
UNITED STATES TREAS NTS	2.12	06-30-22			19,960,000	101.24	20,207,940.63	104.15	20,788,020.64	140,994.92	20,929,015.56	AA+	0.34
UNITED STATES TREAS NTS	1.75	07-15-22			30,895,000	100.31	30,990,340.04	103.39	31,942,525.87	157,445.67	32,099,971.54	AA+	0.52
UNITED STATES TREAS NTS	1.87	07-31-22			49,400,000	100.78	49,784,007.81	103.73	51,244,793.60	146,656.25	51,391,449.85	AA+	0.83
UNITED STATES TREAS NTS	1.87	07-31-22			14,135,000	100.96	14,271,380.66	103.73	14,662,857.44	41,963.28	14,704,820.72	AA+	0.24
UNITED STATES TREAS NTS	2.00	07-31-22			10,000,000	100.51	10,050,781.25	104.02	10,402,340.00	49,450.55	10,451,790.55	AA+	0.17
UNITED STATES TREAS NTS	2.00	07-31-22			25,000,000	100.45	25,113,281.25	104.02	26,005,850.00	123,626.37	26,129,476.37	AA+	0.42
UNITED STATES TREAS NTS	1.62	08-31-22			50,000,000	99.62	49,808,593.75	103.27	51,632,800.00	66,598.36	51,699,398.36	AA+	0.83
UNITED STATES TREAS NTS	1.87	09-30-22			50,000,000	99.73	49,863,281.25	103.98	51,988,300.00	78,974.18	52,067,274.18	AA+	0.84
UNITED STATES TREAS NTS	2.00	10-31-22			50,000,000	99.84	49,919,921.88	104.41	52,205,100.00	54,644.81	52,259,744.81	AA+	0.84
UNITED STATES TREAS NTS	2.00	11-30-22			50,000,000	99.49	49,746,093.75	104.54	52,271,500.00	422,222.22	52,693,722.22	AA+	0.84
UNITED STATES TREAS NTS	1.62	12-15-22			11,000,000	102.61	11,287,000.73	103.65	11,401,753.00	67,527.78	11,469,280.78	AA+	0.18
UNITED STATES TREAS NTS	2.12	12-31-22			25,000,000	100.93	25,233,398.44	105.02	26,255,850.00	450,086.81	26,705,936.81	AA+	0.42
UNITED STATES TREAS NTS	2.37	01-31-23			20,000,000	102.30	20,460,156.25	105.86	21,172,660.00	117,445.05	21,290,105.05	AA+	0.34
UNITED STATES TREAS NTS	2.37	01-31-23			25,000,000	102.50	25,625,000.00	105.86	26,465,825.00	146,806.32	26,612,631.32	AA+	0.43
UNITED STATES TREAS NTS	2.37	01-31-23			24,500,000	102.41	25,090,488.28	105.86	25,936,508.50	143,870.19	26,080,378.69	AA+	0.42
UNITED STATES TREAS NTS	2.62	02-28-23			30,000,000	102.91	30,873,046.88	106.72	32,016,810.00	531,562.50	32,548,372.50	AA+	0.52
UNITED STATES TREAS NTS	2.62	02-28-23			10,935,000	103.16	11,280,990.23	106.72	11,670,127.24	193,754.53	11,863,881.78	AA+	0.19
UNITED STATES TREAS NTS	2.50	03-31-23			25,100,000	103.48	25,972,617.19	106.55	26,745,229.70	54,034.72	26,799,264.42	AA+	0.43
UNITED STATES TREAS NTS	1.50	03-31-23			27,800,000	99.32	27,612,132.81	103.67	28,820,788.20	35,127.72	28,855,915.92	AA+	0.47
UNITED STATES TREAS NTS	2.75	04-30-23			11,900,000	103.93	12,367,632.81	107.46	12,788,311.20	0.00	12,788,311.20	AA+	0.21
UNITED STATES TREAS NTS	2.75	04-30-23			22,700,000	104.12	23,634,601.56	107.46	24,394,509.60	0.00	24,394,509.60	AA+	0.39
UNITED STATES TREAS NTS	2.75	05-31-23			50,000,000	104.48	52,242,187.50	107.64	53,822,250.00	574,175.82	54,396,425.82	AA+	0.87
UNITED STATES TREAS NTS	2.62	06-30-23			25,000,000	102.91	25,727,539.06	107.46	26,864,250.00	218,149.04	27,082,399.04	AA+	0.43

SAN MATEO COUNTY TREASURER'S OFFICE
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SAN MATEO COUNTY POOL
April 30, 2020

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	2.75	07-31-23			25,000,000	103.65	25,912,109.38	108.04	27,008,800.00	169,986.26	27,178,786.26	AA+	0.44
UNITED STATES TREAS NTS	2.75	07-31-23			35,000,000	104.89	36,713,085.94	108.04	37,812,320.00	237,980.77	38,050,300.77	AA+	0.61
UNITED STATES TREAS NTS	2.75	08-31-23			11,800,000	103.55	12,218,531.25	108.21	12,769,346.40	532,720.83	13,302,067.23	AA+	0.21
UNITED STATES TREAS NTS	2.75	08-31-23			24,500,000	104.76	25,665,664.06	108.21	26,512,626.00	1,106,072.92	27,618,698.92	AA+	0.43
UNITED STATES TREAS NTS	2.87	09-30-23			9,485,000	104.35	9,897,745.70	108.83	10,322,715.20	22,351.95	10,345,067.15	AA+	0.17
UNITED STATES TREAS NTS	2.87	09-30-23			22,425,000	105.45	23,646,987.30	108.83	24,405,576.00	52,845.80	24,458,421.80	AA+	0.39
UNITED STATES TREAS NTS	1.62	10-31-23			50,000,000	100.16	50,078,125.00	104.68	52,341,800.00	0.00	52,341,800.00	AA+	0.85
UNITED STATES TREAS NTS	2.87	11-30-23			26,000,000	104.20	27,092,812.50	109.21	28,394,834.00	310,437.16	28,705,271.16	AA+	0.46
UNITED STATES TREAS NTS	2.62	12-31-23			25,000,000	103.46	25,864,257.81	108.48	27,121,100.00	546,875.00	27,667,975.00	AA+	0.44
UNITED STATES TREAS NTS	2.50	01-31-24			18,900,000	103.59	19,577,742.19	108.20	20,450,385.90	116,826.92	20,567,212.82	AA+	0.33
UNITED STATES TREAS NTS	2.50	01-31-24			43,000,000	104.37	44,879,570.31	108.20	46,527,333.00	265,796.70	46,793,129.70	AA+	0.75
UNITED STATES TREAS NTS	2.50	01-31-24			19,000,000	103.36	19,639,023.44	108.20	20,558,589.00	117,445.05	20,676,034.05	AA+	0.33
UNITED STATES TREAS NTS	2.37	02-29-24			31,790,000	103.20	32,805,789.84	107.88	34,294,702.31	125,151.53	34,419,853.84	AA+	0.55
UNITED STATES TREAS NTS	2.12	02-29-24			15,500,000	102.43	15,876,601.56	106.91	16,571,081.00	54,597.49	16,625,678.49	AA+	0.27
UNITED STATES TREAS NTS	2.12	02-29-24			40,000,000	101.59	40,635,937.50	106.91	42,764,080.00	140,896.74	42,904,976.74	AA+	0.69
UNITED STATES TREAS NTS	2.12	03-31-24			29,300,000	102.23	29,953,527.34	107.09	31,376,168.70	53,614.93	31,429,783.63	AA+	0.51
UNITED STATES TREAS NTS	2.25	04-30-24			15,000,000	102.87	15,430,664.06	107.71	16,156,050.00	0.00	16,156,050.00	AA+	0.26
UNITED STATES TREAS NTS	2.25	04-30-24			25,000,000	102.44	25,610,351.56	107.71	26,926,750.00	0.00	26,926,750.00	AA+	0.43
UNITED STATES TREAS NTS	2.00	04-30-24			15,000,000	102.04	15,305,859.38	106.72	16,007,820.00	0.00	16,007,820.00	AA+	0.26
UNITED STATES TREAS NTS	2.50	05-15-24			25,000,000	104.22	26,055,664.06	108.77	27,192,375.00	286,744.51	27,479,119.51	AA+	0.44
UNITED STATES TREAS NTS	2.00	05-31-24			15,125,000	102.32	15,475,437.16	106.84	16,158,929.87	127,722.22	16,286,652.10	AA+	0.26
UNITED STATES TREAS NTS	2.00	06-30-24			5,100,000	101.89	5,196,222.66	106.94	5,453,812.50	33,906.59	5,487,719.09	AA+	0.09
UNITED STATES TREAS NTS	2.00	06-30-24			10,000,000	101.85	10,185,156.25	106.94	10,693,750.00	66,483.52	10,760,233.52	AA+	0.17
UNITED STATES TREAS NTS	2.00	06-30-24			25,000,000	101.44	25,360,351.56	106.94	26,734,375.00	166,208.79	26,900,583.79	AA+	0.43
UNITED STATES TREAS NTS	2.12	07-31-24			25,000,000	101.98	25,496,093.75	107.57	26,893,550.00	131,353.02	27,024,903.02	AA+	0.43
UNITED STATES TREAS NTS	1.87	08-31-24			25,000,000	100.86	25,213,867.19	106.64	26,661,125.00	79,842.03	26,740,967.03	AA+	0.43
UNITED STATES TREAS NTS	2.12	09-30-24			15,900,000	102.27	16,260,855.47	107.84	17,147,164.20	27,694.67	17,174,858.87	AA+	0.28
UNITED STATES TREAS NTS	1.50	09-30-24			9,000,000	100.80	9,072,070.31	105.12	9,460,548.00	11,250.00	9,471,798.00	AA+	0.15
UNITED STATES TREAS NTS	1.50	10-31-24			33,895,000	99.94	33,875,139.65	105.18	35,651,981.22	0.00	35,651,981.22	AA+	0.58
					<u>2,433,490,000</u>		<u>2,467,434,791.78</u>		<u>2,542,063,211.45</u>	<u>13,313,034.48</u>	<u>2,555,376,245.93</u>		<u>41.04</u>
FEDERAL AGENCY - FLOATING RATE SECURITIES													
FEDERAL HOME LOAN BANK	0.00	05-08-20			20,000,000	100.00	20,000,000.00	100.00	20,000,084.00	137.50	20,000,221.50	AA+	0.32
FREDDIE MAC	0.01	05-20-20			10,000,000	100.00	9,999,967.92	100.00	9,999,651.00	291.67	9,999,942.67	AA+	0.16
FEDERAL FARM CREDIT BANK-FRN	0.49	05-26-20			10,000,000	100.00	10,000,000.00	100.00	10,000,140.60	541.39	10,000,681.99	AA+	0.16
FEDERAL HOME LOAN BANK	0.08	06-19-20			19,650,000	100.00	19,650,000.00	100.00	19,649,805.27	1,948.62	19,651,753.89	AA+	0.32
FEDERAL HOME LOAN BANK	0.03	09-28-20			8,000,000	100.00	8,000,000.00	99.91	7,992,505.60	482.22	7,992,987.82	AA+	0.13
FED HOME LN BANK	0.13	10-07-20			7,000,000	100.00	7,000,000.00	99.99	6,999,381.13	581.39	6,999,962.52	AA+	0.11
FEDERAL FARM CR BKS FDG CORP	0.84	12-11-20			5,000,000	100.00	5,000,000.00	100.07	5,003,270.15	2,213.71	5,005,483.86	AA+	0.08
FEDERAL FARM CR BKS FDG CORP	0.86	08-09-21			15,000,000	100.00	15,000,000.00	100.13	15,019,173.00	7,555.62	15,026,728.62	AA+	0.24
FEDERAL FARM CR BKS FDG CORP	0.77	09-17-21			15,000,000	100.00	15,000,000.00	100.01	15,001,169.55	4,174.90	15,005,344.45	AA+	0.24
FEDERAL FARM CR BKS FDG CORP	0.77	09-17-21			5,000,000	100.00	5,000,000.00	100.01	5,000,389.85	1,391.63	5,001,781.48	AA+	0.08
FEDERAL FARM CR BKS FDG CORP	0.26	11-08-21			10,000,000	100.00	10,000,000.00	99.69	9,969,390.30	5,923.13	9,975,313.43	AA+	0.16
FEDERAL FARM CR BKS FDG CORP	0.26	11-08-21			5,000,000	100.00	5,000,000.00	99.69	4,984,695.15	2,961.57	4,987,656.72	AA+	0.08
					<u>129,650,000</u>		<u>129,649,967.92</u>		<u>129,619,655.60</u>	<u>28,203.36</u>	<u>129,647,858.95</u>		<u>2.09</u>
FEDERAL AGENCY SECURITIES													
FED HOME LOAN MORTG. CORP.	1.37	05-01-20			15,000,000	100.00	14,999,281.25	100.00	15,000,000.00	102,552.08	15,102,552.08	AA+	0.24
FEDERAL HOME LOAN BANK-DISCOUN	0.00	05-08-20			10,000,000	99.22	9,921,512.50	100.00	9,999,825.00	0.00	9,999,825.00	AA+	0.16
FEDERAL HOME LOAN BANK-1	1.70	05-15-20			2,500,000	100.00	2,500,000.00	100.05	2,501,319.60	19,479.17	2,520,798.77	AA+	0.04
FEDERAL HOME LOAN BANK-1	1.70	05-15-20			5,000,000	100.00	5,000,000.00	100.05	5,002,639.20	38,958.33	5,041,597.53	AA+	0.08
FEDERAL HOME LOAN BANK-1	1.70	05-15-20			2,000,000	100.00	2,000,000.00	100.05	2,001,055.68	15,583.33	2,016,639.01	AA+	0.03

SAN MATEO COUNTY TREASURER'S OFFICE
PORTFOLIO APPRAISAL
SAN MATEO COUNTY POOL
April 30, 2020

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	05-28-20			19,000,000	99.96	18,993,160.00	100.17	19,032,086.06	213,354.17	19,245,440.23	AA+	0.31
FEDERAL HOME LOAN BANK	2.62	05-28-20			3,520,000	100.57	3,539,930.53	100.17	3,525,944.36	39,526.67	3,565,471.03	AA+	0.06
FEDERAL HOME DISCOUNT NOTE	0.00	07-06-20			10,000,000	99.00	9,900,130.56	99.98	9,997,800.00	0.00	9,997,800.00	AA+	0.16
FEDERAL HOME LOAN BANK	0.00	07-10-20			20,000,000	99.04	19,807,766.67	99.98	19,995,333.40	0.00	19,995,333.40	AA+	0.32
DISCOUN													
FEDERAL HOME LOAN DISCOUNT NOT	0.00	07-13-20			10,000,000	99.98	9,998,100.00	99.98	9,997,566.70	0.00	9,997,566.70	AA+	0.16
FEDERAL HOME DISCOUNT NOTE	0.00	08-14-20			25,000,000	99.78	24,945,472.22	99.96	24,991,250.00	0.00	24,991,250.00	AA+	0.40
FEDERAL HOME LOAN BANK	1.37	09-28-20			5,000,000	99.68	4,983,950.00	100.49	5,024,502.10	6,111.11	5,030,613.21	AA+	0.08
FEDERAL HOME LOAN BANK	1.37	09-28-20			10,000,000	99.68	9,967,900.00	100.49	10,049,004.20	12,222.22	10,061,226.42	AA+	0.16
FEDERAL HOME LOAN	1.62	09-29-20			15,000,000	99.82	14,972,850.00	100.60	15,089,778.30	20,989.58	15,110,767.88	AA+	0.24
MORTGAGE COR													
FEDERAL HOME LOAN BANK	2.62	10-01-20			25,000,000	99.78	24,946,250.00	100.86	25,214,142.75	52,864.58	25,267,007.33	AA+	0.41
FEDERAL HOME LOAN BANK	2.62	10-01-20			20,000,000	100.83	20,166,800.00	100.86	20,171,314.20	42,291.67	20,213,605.87	AA+	0.33
FEDERAL HOME LOAN	2.25	11-24-20			5,000,000	100.42	5,021,100.00	101.11	5,055,631.80	48,750.00	5,104,381.80	AA+	0.08
MORTGAGE COR													
FEDERAL HOME LOAN	2.25	11-24-20			7,500,000	100.42	7,531,650.00	101.11	7,583,447.70	73,125.00	7,656,572.70	AA+	0.12
MORTGAGE COR													
FEDERAL HOME LOAN	2.25	11-24-20			7,500,000	100.42	7,531,650.00	101.11	7,583,447.70	73,125.00	7,656,572.70	AA+	0.12
MORTGAGE COR													
FEDERAL NATIONAL MORTGAGE ASSO	1.50	11-30-20			5,000,000	99.91	4,995,350.00	100.77	5,038,728.35	31,250.00	5,069,978.35	AA+	0.08
FEDERAL HOME LOAN DISCOUNT NOT	0.00	01-12-21			10,000,000	99.89	9,989,208.33	99.89	9,989,333.30	0.00	9,989,333.30	AA+	0.16
FEDERAL HOME LOAN BANK	0.00	02-26-21			10,000,000	99.78	9,977,933.33	99.87	9,987,458.30	0.00	9,987,458.30	AA+	0.16
DISCOUN													
FEDERAL NATIONAL MORTGAGE DISC	0.00	03-01-21			10,000,000	99.81	9,981,444.44	99.86	9,986,488.90	0.00	9,986,488.90	AA+	0.16
FEDERAL HOME LOAN DISCOUNT NOT	0.00	04-22-21			10,000,000	99.82	9,981,850.00	99.84	9,984,177.80	0.00	9,984,177.80	AA+	0.16
FEDERAL HOME LOAN DISCOUNT NOT	0.00	04-30-21			10,000,000	99.83	9,982,763.89	99.84	9,983,822.20	0.00	9,983,822.20	AA+	0.16
FEDERAL HOME LOAN BANK	0.21	05-03-21			25,000,000	100.00	25,000,000.00	99.98	24,995,978.50	0.00	24,995,978.50	AA+	0.40
FEDERAL FARM CREDIT BANK	2.12	06-07-21			20,000,000	100.23	20,047,000.00	101.97	20,394,291.20	168,819.44	20,563,110.64	AA+	0.33
FEDERAL HOME LOAN BANK	2.25	06-11-21			25,000,000	100.70	25,176,250.00	102.36	25,591,140.00	217,187.50	25,808,327.50	AA+	0.41
FEDERAL HOME LOAN BANK	2.25	06-11-21			30,000,000	100.57	30,169,800.00	102.36	30,709,368.00	260,625.00	30,969,993.00	AA+	0.50
FEDERAL NATIONAL MORTGAGE ASSO	2.75	06-22-21			25,000,000	99.98	24,994,250.00	102.88	25,720,253.50	244,444.44	25,964,697.94	AA+	0.42
FED FARM CREDIT (1)	2.10	06-24-21	06-24-20	100.00	15,000,000	100.00	15,000,000.00	100.24	15,036,420.15	110,250.00	15,146,670.15	AA+	0.24
FEDERAL HOME LOAN BANK	1.87	07-07-21			25,000,000	99.76	24,940,250.00	101.99	25,496,505.75	147,135.42	25,643,641.17	AA+	0.41
FEDERAL HOME LOAN BANK	1.12	07-14-21			5,000,000	99.51	4,975,350.00	101.06	5,052,922.95	16,562.50	5,069,485.45	AA+	0.08
FEDERAL HOME LOAN BANK	1.12	07-14-21			5,000,000	99.51	4,975,350.00	101.06	5,052,922.95	16,562.50	5,069,485.45	AA+	0.08
FEDERAL HOME LOAN BANK	1.12	07-14-21			5,000,000	99.51	4,975,350.00	101.06	5,052,922.95	16,562.50	5,069,485.45	AA+	0.08
FEDERAL HOME LOAN BANK	1.12	07-14-21			5,000,000	99.51	4,975,350.00	101.06	5,052,922.95	16,562.50	5,069,485.45	AA+	0.08
FEDERAL HOME LOAN BANK	1.12	07-14-21			5,000,000	99.51	4,975,350.00	101.06	5,052,922.95	16,562.50	5,069,485.45	AA+	0.08
FEDERAL NATIONAL MORTGAGE ASSO	1.25	08-17-21			10,000,000	99.59	9,959,500.00	101.25	10,125,316.80	25,347.22	10,150,664.02	AA+	0.16
FANNIE MAE	2.62	01-11-22			24,300,000	102.13	24,818,076.00	103.98	25,268,135.33	193,134.37	25,461,269.70	AA+	0.41
FEDERAL HOME LOAN BANK	2.12	06-10-22			40,000,000	100.59	40,237,200.00	103.96	41,582,890.80	330,555.56	41,913,446.36	AA+	0.67
FEDERAL HOME LOAN BANK	2.12	06-10-22			25,000,000	100.53	25,132,000.00	103.96	25,989,306.75	206,597.22	26,195,903.97	AA+	0.42
FEDERAL HOME LOAN BANK	5.25	06-10-22			15,000,000	109.41	16,411,200.00	110.42	16,562,569.20	306,250.00	16,868,819.20	AA+	0.27
FANNIE MAE	1.37	09-06-22			25,000,000	99.65	24,913,000.00	102.59	25,646,785.50	51,562.50	25,698,348.00	AA+	0.41
FEDERAL HOME LOAN BANK	2.50	12-09-22			15,000,000	101.86	15,279,300.00	105.55	15,833,196.90	146,875.00	15,980,071.90	AA+	0.26
FEDERAL HOME LOAN BANK	1.37	02-17-23			27,165,000	99.82	27,115,016.40	102.92	27,957,473.14	75,741.30	28,033,214.44	AA+	0.45
FEDERAL HOME LOAN BANK	2.12	06-09-23			20,000,000	100.67	20,133,600.00	105.37	21,074,680.20	166,458.33	21,241,138.53	AA+	0.34

SAN MATEO COUNTY TREASURER'S OFFICE
PORTFOLIO APPRAISAL
SAN MATEO COUNTY POOL
April 30, 2020

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	2.12	06-09-23			10,000,000	100.82	10,081,800.00	105.37	10,537,340.10	83,229.17	10,620,569.27	AA+	0.17
FEDERAL HOME LOAN BANK	2.87	06-14-24			5,000,000	104.25	5,212,300.00	109.47	5,473,399.45	54,305.56	5,527,705.01	AA+	0.09
FEDERAL HOME LOAN BANK	2.87	09-13-24			4,000,000	109.77	4,390,630.56	109.96	4,398,424.56	15,013.89	4,413,438.45	AA+	0.07
FANNIE MAE	1.62	10-15-24			38,200,000	99.83	38,134,678.00	104.68	39,986,220.92	25,864.58	40,012,085.51	AA+	0.65
FANNIE MAE	1.62	10-15-24			12,300,000	103.37	12,714,141.00	104.68	12,875,144.43	8,328.12	12,883,472.56	AA+	0.21
FANNIE MAE	1.62	01-07-25			34,900,000	99.68	34,788,669.00	105.05	36,661,172.31	173,288.19	36,834,460.51	AA+	0.59
FREDDIE MAC	1.50	02-12-25			41,535,000	99.92	41,503,018.05	104.44	43,377,313.58	131,527.50	43,508,841.08	AA+	0.70
FEDERAL HOME LOAN BANK	2.37	03-14-25			18,800,000	106.99	20,114,381.11	108.41	20,380,806.46	57,052.78	20,437,859.24	AA+	0.33
					828,220,000		832,778,863.84		849,724,845.89	4,072,588.52	853,797,434.41		13.72
US INSTRUMENTALITIES													
INTERNATIONAL BANK RECON & DEV	0.00	06-05-20			25,000,000	99.25	24,813,395.75	99.99	24,997,569.50	0.00	24,997,569.50	AAA	0.40
INTER-AMERICAN DEVEL BK	1.87	06-16-20			30,000,000	100.12	30,034,800.00	100.17	30,049,800.00	209,375.00	30,259,175.00	AAA	0.49
INTER-AMERICAN DEVEL BK	1.87	06-16-20			5,889,000	100.30	5,906,402.00	100.17	5,898,775.74	41,100.31	5,939,876.05	AAA	0.10
IBRD DISCOUNT NOTE	0.00	06-19-20			20,000,000	99.78	19,956,600.00	99.99	19,997,277.80	0.00	19,997,277.80	AAA	0.32
IBRD DISCOUNT NOTE	0.00	07-01-20			10,000,000	99.77	9,976,888.89	99.98	9,997,966.70	0.00	9,997,966.70	AAA	0.16
INTER-AMERICAN DEVEL BK	1.84	07-15-20			10,000,000	100.06	10,006,000.00	100.11	10,010,600.00	7,671.87	10,018,271.87	AAA	0.16
IBRD DISCOUNT NOTE	0.00	07-17-20			10,000,000	99.92	9,992,083.33	99.97	9,997,433.30	0.00	9,997,433.30	AAA	0.16
INTL BK RECON & DEVELOP	1.12	08-10-20			20,000,000	99.61	19,922,600.00	100.06	20,012,660.40	50,000.00	20,062,660.40	AAA	0.32
INTL BK RECON & DEVELOP	1.12	08-10-20			30,000,000	99.64	29,893,500.00	100.06	30,018,990.60	75,000.00	30,093,990.60	AAA	0.48
INTL BK RECON & DEVELOP-FLTR	1.79	08-21-20			15,000,000	100.08	15,012,000.00	99.97	14,995,353.30	454,212.50	15,449,565.80	AAA	0.24
INTL BK RECON & DEVELOP-FLTR	1.79	08-21-20			4,685,000	100.11	4,690,149.48	99.97	4,683,548.68	141,865.70	4,825,414.38	AAA	0.08
INTL BK RECON & DEVELOP	1.62	09-04-20			5,000,000	99.98	4,998,950.00	100.42	5,021,106.40	4,998.99	5,033,745.29	AAA	0.08
INTL BK RECON & DEVELOP	1.62	09-04-20			20,000,000	99.95	19,990,400.00	100.42	20,084,425.60	50,555.56	20,134,981.16	AAA	0.32
INTL BK RECON & DEVELOP	1.62	09-04-20			9,000,000	99.94	8,995,050.00	100.42	9,037,991.52	22,750.00	9,060,741.52	AAA	0.15
INTERNATIONAL FIN. CORP	1.66	09-25-20			50,000,000	100.00	50,000,000.00	99.99	49,995,990.00	11,505.21	50,007,495.21	AAA	0.81
IBRD DISCOUNT NOTE	0.00	10-09-20			10,000,000	99.86	9,985,766.67	99.94	9,994,186.10	0.00	9,994,186.10	AAA	0.16
INTERNATIONAL FIN. CORP	1.60	10-09-20			25,000,000	100.00	25,000,000.00	100.42	25,105,891.00	106,666.67	25,212,557.67	AAA	0.41
INTL BK RECON & DEVELOP	1.95	10-13-20			10,000,000	100.15	10,015,400.00	100.16	10,015,967.70	9,198.32	10,025,166.02	AAA	0.16
INTERNATIONAL FIN. CORP	1.62	01-27-21			25,000,000	100.00	25,000,000.00	100.69	25,173,071.75	104,625.00	25,277,696.75	AAA	0.41
INTL BK RECON & DEVELOP	1.62	03-09-21			20,000,000	99.85	19,969,400.00	101.23	20,245,786.40	46,041.67	20,291,828.07	AAA	0.33
INTL BK RECON & DEVELOP	1.62	03-09-21			20,000,000	101.23	20,246,396.67	101.23	20,245,786.40	46,041.67	20,291,828.07	AAA	0.33
INTL BK RECON & DEVELOP	1.62	03-09-21			10,000,000	101.17	10,117,356.67	101.23	10,122,893.20	23,020.83	10,145,914.03	AAA	0.16
INTL BK RECON & DEVELOP	1.37	05-24-21			20,000,000	99.74	19,948,000.00	101.04	20,207,928.40	119,166.67	20,327,095.07	AAA	0.33
INTL BK RECON & DEVELOP	1.37	05-24-21			10,000,000	101.66	10,166,193.33	101.04	10,103,964.20	59,583.33	10,163,547.53	AAA	0.16
INTER-AMERICAN DEVEL BK-FRN	1.83	01-15-22			10,000,000	100.00	10,000,000.00	99.71	9,970,600.00	7,630.21	9,978,230.21	AAA	0.16
INTL BK RECON & DEVELOP	2.00	01-26-22			10,000,000	99.46	9,945,700.00	102.85	10,284,700.00	52,222.22	10,336,922.22	AAA	0.17
INTL BK RECON & DEVELOP	1.62	01-15-25			15,000,000	99.77	14,966,177.08	105.02	15,752,550.00	71,093.75	15,823,643.75	AAA	0.25
					449,574,000		449,549,209.87		452,022,814.69	1,721,965.38	453,744,780.07		7.30
FLOATING RATE SECURITIES													
APPLE INC.-FRN	1.80	05-11-20			5,000,000	100.00	5,000,000.00	100.02	5,000,862.10	19,759.66	5,020,621.76	AA+	0.08
BANK OF NY MELLON CORP.-FRN	2.56	08-17-20			5,000,000	100.00	5,000,000.00	100.10	5,005,123.45	25,973.30	5,031,096.75	A	0.08
TOYOTA MOTOR CREDIT CORP	1.85	08-21-20			7,000,000	99.99	6,998,978.00	99.75	6,982,386.60	24,767.17	7,007,153.77	AA-	0.11
TOYOTA MOTOR CREDIT CORP.-FRN	1.06	09-18-20			10,021,000	99.97	10,018,494.75	99.87	10,008,375.84	12,680.28	10,021,056.12	AA-	0.16
US BANK NA OHIO-FLT (A)	2.06	02-04-21	01-04-21	100.00	8,000,000	100.00	8,000,000.00	99.85	7,987,648.00	39,390.48	8,027,038.48	A+	0.13
JOHN DEERE CAPITAL CORP	1.02	03-12-21			9,925,000	100.08	9,933,237.75	99.49	9,874,502.49	38,963.88	9,913,466.37	A	0.16
UNITED PARCEL SERVICE-FRN	1.58	04-01-21			10,000,000	100.00	10,000,000.00	99.57	9,956,805.00	12,755.01	9,969,560.01	A+	0.16
US BANK NA OHIO-FRN	1.31	04-26-21			10,000,000	100.00	10,000,000.00	99.78	9,978,019.00	263,733.09	10,241,752.09	AA-	0.16
WELLS FARGO BANK NA-FLTR (Q)	2.08	05-21-21	05-21-21	100.00	20,000,000	100.00	20,000,000.00	99.45	19,890,049.00	79,580.00	19,969,629.00	A+	0.32
WELLS FARGO BANK NA-FRN (A)	1.54	07-23-21	07-23-20	100.00	13,765,000	100.28	13,803,129.05	99.50	13,696,570.88	4,129.88	13,700,700.76	A+	0.22
WELLS FARGO BANK NA-FRN (A)	1.54	07-23-21	07-23-20	100.00	9,000,000	100.28	9,024,930.00	99.50	8,955,258.84	2,700.25	8,957,959.09	A+	0.14

SAN MATEO COUNTY TREASURER'S OFFICE
PORTFOLIO APPRAISAL
SAN MATEO COUNTY POOL
April 30, 2020

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
BANK OF AMERICA CORP. (1)	2.33	10-01-21	10-01-20	100.00	18,000,000	99.02	17,823,780.00	100.14	18,025,349.22	33,756.00	18,059,105.22	A-	0.29
US BANK NA OHIO-FLT (A)	2.07	11-16-21	10-15-21	100.00	10,000,000	100.00	10,000,000.00	99.12	9,911,871.20	42,585.97	9,954,457.17	A+	0.16
WELLS FARGO & COMPANY-FRN-1	2.66	02-11-22	02-11-21	100.00	10,000,000	100.00	10,000,000.00	99.32	9,931,900.00	58,391.53	9,990,291.53	A+	0.16
APPLE INC.-FRN	2.08	05-11-22			7,500,000	100.48	7,536,000.00	99.58	7,468,190.77	34,247.82	7,502,438.59	AA+	0.12
UNITED PARCEL SERVICE-FRN	2.07	05-16-22			5,000,000	100.00	5,000,000.00	99.30	4,964,950.00	21,292.99	4,986,242.99	A+	0.08
					158,211,000		158,138,549.55		157,637,862.40	714,707.30	158,352,569.70		2.55
CORPORATE BONDS													
BANK OF AMERICA CORP	5.62	07-01-20			12,000,000	103.36	12,403,428.00	100.75	12,090,296.16	223,125.00	12,313,421.16	A+	0.20
JOHN DEERE CAPITAL CORP.	2.37	07-14-20			11,035,000	99.67	10,999,025.90	100.21	11,058,394.20	77,168.37	11,135,562.57	A	0.18
ORACLE CORP.	3.87	07-15-20			5,000,000	101.61	5,080,400.00	100.63	5,031,500.00	56,510.42	5,088,010.42	AA-	0.08
ORACLE CORP.	3.87	07-15-20			5,909,000	101.48	5,996,216.84	100.63	5,946,226.70	66,784.01	6,013,010.71	AA-	0.10
ORACLE CORP.	3.87	07-15-20			10,000,000	101.65	10,164,900.00	100.63	10,063,000.00	113,020.83	10,176,020.83	AA-	0.16
HSBC USA INC.	2.75	08-07-20			11,310,000	100.07	11,317,917.00	100.41	11,355,873.81	70,920.54	11,426,794.35	A	0.18
PACCAR FINL. GROUP	2.50	08-14-20			11,500,000	99.84	11,481,140.00	100.38	11,544,243.37	60,694.44	11,604,937.82	A+	0.19
BANK OF NY MELLON (1)	2.60	08-17-20	07-17-20	100.00	18,450,000	99.76	18,405,535.50	100.32	18,508,169.34	97,272.50	18,605,441.84	A	0.30
BANK OF NY MELLON (1)	2.60	08-17-20	07-17-20	100.00	13,162,000	100.27	13,197,800.64	100.32	13,203,497.29	69,392.99	13,272,890.27	A	0.21
STATE STREET CORP	2.55	08-18-20			15,000,000	99.96	14,993,550.00	100.47	15,070,814.70	76,500.00	15,147,314.70	A	0.24
AMAZON.COM INC.	1.90	08-21-20			10,000,000	99.21	9,921,100.00	100.46	10,046,464.20	36,416.67	10,082,880.87	AA-	0.16
AMERICAN EXPRESS CREDIT CORP.	2.60	09-14-20	08-14-20	100.00	10,000,000	99.81	9,981,500.00	100.45	10,045,021.20	33,222.22	10,078,243.42	A-	0.16
AMERICAN EXPRESS CREDIT CORP.	2.60	09-14-20	08-14-20	100.00	14,000,000	99.90	13,986,560.00	100.45	14,063,029.68	46,511.11	14,109,540.79	A-	0.23
AMERICAN HONDA FINANCE CORP	2.45	09-24-20			7,000,000	99.80	6,986,210.00	100.30	7,020,996.85	17,150.00	7,038,146.85	A	0.11
VISA INC. (A)	2.20	12-14-20	11-16-20	100.00	10,000,000	99.67	9,967,400.00	100.80	10,080,133.00	83,111.11	10,163,244.11	AA-	0.16
AMERICAN HONDA FINANCE	3.15	01-08-21			10,000,000	100.89	10,089,000.00	100.90	10,089,952.30	98,000.00	10,187,952.30	A	0.16
WELLS FARGO & COMPANY CB	2.60	01-15-21			20,000,000	98.77	19,753,600.00	101.09	20,217,215.40	151,666.67	20,368,882.07	A+	0.33
WELLS FARGO & COMPANY CB	2.60	01-15-21			4,000,000	99.63	3,985,400.00	101.09	4,043,443.08	30,333.33	4,073,776.41	A+	0.07
WELLS FARGO & COMPANY CB	2.60	01-15-21			11,000,000	99.63	10,959,740.00	101.09	11,119,468.47	83,416.67	11,202,885.14	A+	0.18
US BANK CORP (A)	2.35	01-29-21	12-29-20	100.00	20,000,000	99.64	19,928,000.00	100.84	20,167,052.20	118,805.56	20,285,857.76	A+	0.33
US BANK NA OHIO (A)	3.00	02-04-21	01-04-21	100.00	10,000,000	99.92	9,991,900.00	101.28	10,128,042.70	71,666.67	10,199,709.37	A+	0.16
CISCO SYSTEM INC	2.20	02-28-21			22,018,000	100.14	22,049,705.92	101.26	22,295,119.87	83,423.76	22,378,543.62	AA-	0.36
EXXON MOBIL CORP. (A)	2.22	03-01-21	02-01-21	100.00	15,000,000	99.59	14,938,500.00	100.89	15,133,151.85	54,624.17	15,187,776.02	AA+	0.24
WELLS FARGO & COMPANY	2.50	03-04-21			10,000,000	99.30	9,930,200.00	101.08	10,108,166.10	38,888.89	10,147,054.99	A+	0.16
WELLS FARGO & COMPANY	2.50	03-04-21			10,000,000	99.33	9,932,600.00	101.08	10,108,166.10	38,888.89	10,147,054.99	A+	0.16
UNITED PARCEL SERVICE	2.05	04-01-21			20,000,000	99.84	19,968,400.00	101.02	20,204,194.60	33,027.78	20,237,222.38	A+	0.33
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	101.35	20,270,124.80	20,833.33	20,290,958.13	A	0.33
PACCAR FINL. GROUP	3.10	05-10-21			5,045,000	100.81	5,085,864.50	102.30	5,161,207.59	73,853.19	5,235,060.78	A+	0.08
PFIZER INC	1.95	06-03-21			10,000,000	98.94	9,893,700.00	101.48	10,148,343.80	79,625.00	10,227,968.80	AA	0.16
WELLS FARGO BANK NA	3.32	07-23-21	07-23-20	100.00	5,000,000	100.56	5,028,000.00	100.31	5,015,427.45	44,795.14	5,060,222.59	A+	0.08
JP MORGAN CHASE & CO.	4.35	08-15-21			20,000,000	103.46	20,692,200.00	103.96	20,791,717.40	181,250.00	20,972,967.40	A-	0.34
ORACLE CORP	1.90	09-15-21	08-15-21	100.00	5,000,000	98.43	4,921,450.00	101.31	5,065,738.40	11,875.00	5,077,613.40	AA-	0.08
CISCO SYSTEMS INC. (A)	1.85	09-20-21	08-20-21	100.00	23,337,000	98.48	22,981,344.12	101.67	23,726,027.79	47,970.50	23,773,998.29	AA-	0.38
3M COMPANY	2.75	03-01-22			10,000,000	99.95	9,995,300.00	104.50	10,449,777.80	45,069.44	10,494,847.24	AA-	0.17
CHEVRON CORP. (A)	2.50	03-03-22	02-03-22	100.00	16,629,000	99.83	16,601,063.28	103.14	17,151,475.03	65,770.47	17,217,245.50	AA	0.28
IBM CORP.	2.85	05-13-22			25,000,000	102.12	25,530,312.50	103.98	25,994,500.00	326,562.50	26,321,062.50	A	0.42
PROCTER & GAMBLE	2.15	08-11-22			20,000,000	100.01	20,002,200.00	103.58	20,715,682.80	94,361.11	20,810,043.91	AA-	0.33
EXXON MOBIL CORP.	1.90	08-16-22			4,325,000	100.00	4,325,000.00	102.25	4,422,379.88	16,909.31	4,439,289.19	AA+	0.07
APPLE INC	1.70	09-11-22			9,465,000	99.98	9,463,390.95	102.59	9,710,449.98	21,900.96	9,732,350.94	AA+	0.16
GOLDMAN SACHS GROUP INC	3.62	01-22-23			10,000,000	104.24	10,424,100.00	104.89	10,488,801.10	98,680.56	10,587,481.66	BBB+	0.17
JP MORGAN CHASE & CO	3.20	01-25-23			14,300,000	103.55	14,807,650.00	104.38	14,925,738.68	120,755.56	15,046,494.24	A-	0.24
ADOBE INC.	1.70	02-01-23			4,520,000	99.86	4,513,807.60	102.57	4,635,992.69	18,569.67	4,654,562.36	A	0.07
PACCAR FINANCIAL CORP.	1.90	02-07-23			15,000,000	99.99	14,999,250.00	101.25	15,187,429.05	65,708.33	15,253,137.38	A+	0.25

SAN MATEO COUNTY TREASURER'S OFFICE
PORTFOLIO APPRAISAL
SAN MATEO COUNTY POOL
April 30, 2020

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
PNC BANK NA - 1	1.74	02-24-23	02-24-22	100.00	7,380,000	100.00	7,380,000.00	100.70	7,431,912.69	23,225.47	7,455,138.17	A	0.12
BB&T CORP.	2.20	03-16-23			10,000,000	99.93	9,992,600.00	102.28	10,228,265.10	26,888.89	10,255,153.99	A-	0.17
AMERICAN HONDA FINANCE	1.95	05-10-23			18,180,000	99.96	18,173,273.40	99.42	18,073,683.36	108,322.50	18,182,005.86	A	0.29
UNITED HEALTH GROUP INC.	3.50	06-15-23			4,700,000	104.79	4,925,177.00	108.58	5,103,147.90	61,687.50	5,164,835.40	A+	0.08
TOYOTA MOTOR CREDIT CORP	2.25	10-18-23			10,000,000	101.59	10,159,400.00	102.57	10,257,024.10	7,500.00	10,264,524.10	AA-	0.17
ABBOTT LABORATORIES (A)	3.40	11-30-23	09-30-23	100.00	10,000,000	109.10	10,909,744.44	108.48	10,847,535.50	141,666.67	10,989,202.17	A-	0.18
CHARLES SCHWAB CORP	3.55	02-01-24			10,000,000	105.50	10,550,000.00	107.50	10,750,209.70	87,763.89	10,837,973.59	A	0.17
BANK OF NY MELLON CORP.	3.65	02-04-24			5,000,000	106.31	5,315,650.00	109.30	5,464,892.25	43,597.22	5,508,489.47	A	0.09
AMERICAN EXPRESS CO (1)	3.40	02-22-24	01-22-24	100.00	10,000,000	103.82	10,382,500.00	105.98	10,598,028.60	64,222.22	10,662,250.82	BBB+	0.17
BANK OF AMERICA CORP.	4.00	04-01-24			10,000,000	106.68	10,668,400.00	108.30	10,830,448.00	32,222.22	10,862,670.22	A-	0.17
IBM CORP	3.00	05-15-24			5,000,000	106.51	5,325,716.67	107.08	5,353,815.10	68,750.00	5,422,565.10	A	0.09
CATERPILLAR FINANCIAL SERVICE	2.85	05-17-24			4,785,000	102.97	4,927,018.80	106.06	5,075,082.63	61,746.44	5,136,829.07	A	0.08
AMERICAN HONDA FINANCE	2.40	06-27-24			10,000,000	99.55	9,954,600.00	100.33	10,032,605.40	82,000.00	10,114,605.40	A	0.16
GOLDMAN SACHS GROUP INC.(A)	3.85	07-08-24	04-08-24	100.00	9,500,000	105.49	10,021,835.00	106.79	10,145,471.80	113,788.89	10,259,260.69	BBB+	0.16
GOLDMAN SACHS GROUP INC.(A)	3.85	07-08-24	04-08-24	100.00	9,990,000	107.95	10,783,969.13	106.79	10,668,764.56	119,658.00	10,788,422.56	BBB+	0.17
BANK OF AMERICA CORP. (1)	3.86	07-23-24			5,000,000	105.18	5,258,950.00	106.62	5,331,025.95	52,056.67	5,383,082.62	A-	0.09
BANK OF AMERICA CORP. (1)	3.86	07-23-24			5,000,000	107.15	5,357,533.33	106.62	5,331,025.95	52,056.67	5,383,082.62	A-	0.09
US BANCORP (A)	2.40	07-30-24	06-28-24	100.00	10,000,000	99.91	9,991,100.00	104.22	10,421,554.40	60,000.00	10,481,554.40	A-	0.17
BB&T CORP. (A)	2.50	08-01-24	07-01-24	100.00	15,000,000	99.86	14,979,750.00	103.12	15,468,493.20	92,708.33	15,561,201.53	A-	0.25
PACCAR FINANCIAL CORP.	2.15	08-15-24			8,000,000	100.13	8,010,560.00	101.44	8,115,301.68	35,833.33	8,151,135.01	A+	0.13
UNITED HEALTH GROUP INC.	2.37	08-15-24			5,000,000	100.47	5,023,500.00	105.29	5,264,644.05	24,739.58	5,289,383.63	A+	0.09
WALT DISNEY CO. (A)	1.75	08-30-24	07-30-20	100.00	9,115,000	99.59	9,077,810.80	101.37	9,240,283.58	27,471.60	9,267,755.18	A	0.15
BANK OF NY MELLON CORP.	2.10	10-24-24			10,785,000	100.44	10,832,454.00	102.82	11,088,719.30	3,774.75	11,092,494.05	A	0.18
PNC FINANCIAL SERVICES	2.20	11-01-24			5,000,000	100.01	5,000,488.89	103.62	5,181,014.45	54,694.44	5,235,708.89	A-	0.08
PNC FINANCIAL SERVICES	2.20	11-01-24			10,000,000	99.82	9,981,744.44	103.62	10,362,028.90	109,388.89	10,471,417.79	A-	0.17
CATERPILLAR FINL SERVICE	2.15	11-08-24			10,000,000	99.84	9,983,980.56	103.71	10,370,640.60	102,722.22	10,473,362.82	A	0.17
CATERPILLAR FINL SERVICE	2.15	11-08-24			25,000,000	100.61	25,152,548.61	103.71	25,926,601.50	256,805.56	26,183,407.06	A	0.42
JOHN DEERE CAPITAL CORP	2.05	01-09-25			12,000,000	100.12	12,014,180.00	103.65	12,437,981.40	75,850.00	12,513,831.40	A	0.20
JP MORGAN CHASE & CO (A)	3.12	01-23-25			7,500,000	106.44	7,982,761.46	105.83	7,936,893.75	63,151.04	8,000,044.79	A-	0.13
					805,940,000		813,732,609.28		825,939,542.83	5,319,325.64	831,258,868.46		13.34
MONEY MARKET FUNDS													
DREYFUS-713762	0.00	05-01-20			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	0.06	10,000,000.06	AAA	0.16
DREYFUS-715757	0.00	05-01-20			6,069,300	100.00	6,069,299.92	100.00	6,069,299.92	0.03	6,069,299.95	AAA	0.10
					16,069,300		16,069,299.92		16,069,299.92	0.10	16,069,300.02		0.26
ASSET BACKED SECURITIES													
MERCEDES-BENZ AUTO LEASE TRUST	1.84	12-15-22			13,430,000	99.99	13,428,229.93	100.55	13,503,865.00	10,296.33	13,514,161.33	AAA	0.22
FORD CREDIT AUTO LEASE	1.85	03-15-23			9,975,000	100.00	9,974,515.22	100.08	9,982,980.00	7,689.06	9,990,669.06	AAA	0.16
TOYOTA AUTO RECEIVABLES A3	1.66	05-15-24			18,315,000	99.99	18,313,677.66	101.18	18,531,117.00	12,667.87	18,543,784.87	AAA	0.30
GM FINANCIAL	1.84	09-16-24			10,165,000	99.98	10,162,606.14	101.37	10,304,260.50	7,273.62	10,311,534.12	AAA	0.17
HARLEY DAVIDSON TRUST (A)	2.35	10-15-24			9,200,000	99.98	9,197,993.48	99.73	9,175,160.00	9,008.33	9,184,168.33	AAA	0.15
TOYOTA AUTO RECEIVABLES	2.60	11-15-24			14,260,000	102.02	14,547,428.13	102.94	14,679,244.00	15,448.33	14,694,692.33	AAA	0.24
CARMAX A3	1.89	12-16-24			11,120,000	99.98	11,117,818.26	100.93	11,223,416.00	8,757.00	11,232,173.00	AAA	0.18
					86,465,000		86,742,268.82		87,400,042.50	71,140.56	87,471,183.06		1.41
MUNICIPAL BONDS													
CALIFORNIA STATE TAXBL	3.40	08-01-23			10,000,000	104.35	10,434,900.00	106.54	10,654,200.00	84,055.56	10,738,255.56	AA-	0.17
SAN DIEGO CCD	2.00	08-01-23			5,790,000	100.00	5,790,000.00	101.88	5,898,736.20	28,571.08	5,927,307.28	AAA	0.10
CHAFFEY JT UN HSD	2.10	08-01-24			1,860,000	100.00	1,860,000.00	102.68	1,909,922.40	9,661.10	1,919,583.50	AA-	0.03
					17,650,000		18,084,900.00		18,462,858.60	122,287.73	18,585,146.33		0.30

SAN MATEO COUNTY TREASURER'S OFFICE
PORTFOLIO APPRAISAL
SAN MATEO COUNTY POOL
April 30, 2020

<u>Security</u>	<u>Coupon</u>	<u>Mature Date</u>	<u>Call Date One</u>	<u>Call Price One</u>	<u>Quantity</u>	<u>Unit Cost</u>	<u>Total Cost</u>	<u>Market Price</u>	<u>Market Value</u>	<u>Accrued Interest</u>	<u>Market Value + Accrued Interest</u>	<u>S&P</u>	<u>Pct Assets</u>
TOTAL PORTFOLIO					6,040,269,300	6,086,576,995.75	6,193,613,306.48	29,325,956.70	6,222,939,263.19		100.00		

** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

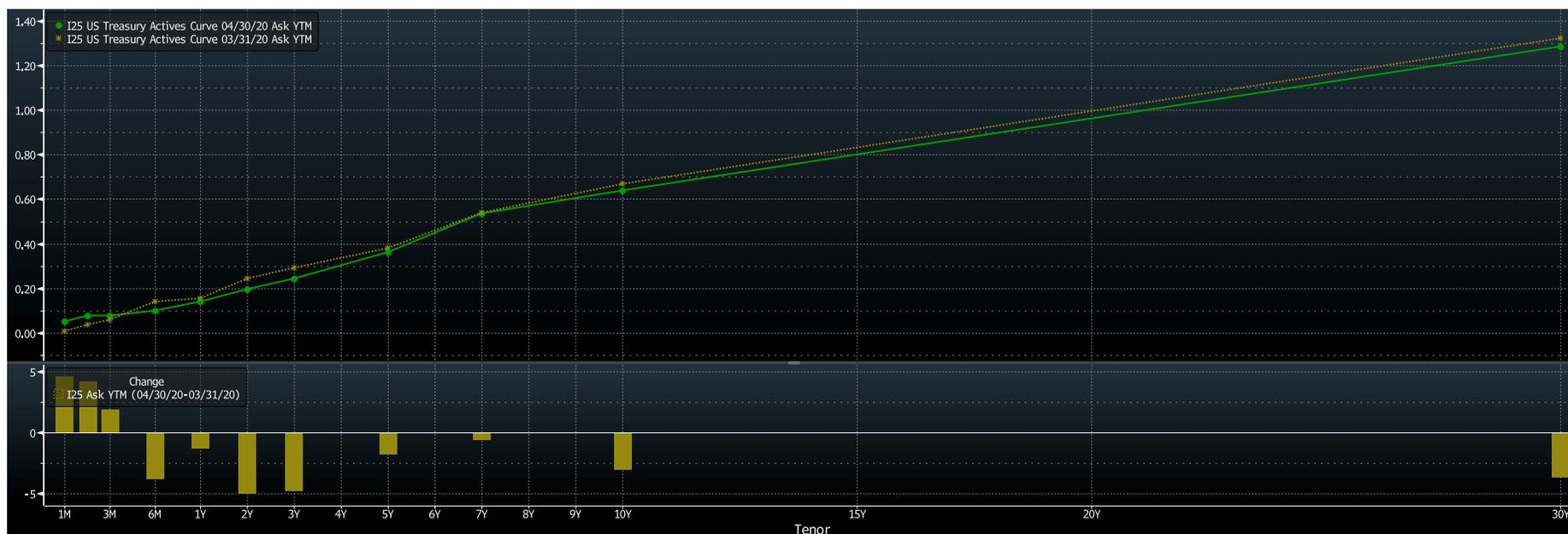
DIVERSIFICATION BY ISSUER

30-Apr-20	Asset-Backed	Cert. of Deposit	Comm. Paper	Corp. Floaters	Corp. Bonds	Municipal Bonds	Total Par Value	Total %
3M Company					\$10,000,000		\$10,000,000	0.17%
Abbott Laboratories					\$10,000,000		\$10,000,000	0.17%
Adobe Inc.					\$4,520,000		\$4,520,000	0.07%
Amazon					\$10,000,000		\$10,000,000	0.17%
American Express					\$34,000,000		\$34,000,000	0.56%
American Honda Finance					\$45,180,000		\$45,180,000	0.75%
Apple Inc.				\$12,500,000	\$9,465,000		\$21,965,000	0.36%
Bank of America				\$18,000,000	\$32,000,000		\$50,000,000	0.83%
Bank of New York				\$5,000,000	\$67,397,000		\$72,397,000	1.20%
Bank of Nova Scotia		\$25,000,000					\$25,000,000	0.41%
BB&T Corporation					\$25,000,000		\$25,000,000	0.41%
CA Municipal Obligation						\$10,000,000	\$10,000,000	0.17%
Canadian Imperial			\$25,000,000				\$25,000,000	0.41%
Carmax	\$11,120,000						\$11,120,000	0.18%
Caterpillar					\$39,785,000		\$39,785,000	0.66%
Chaffey JT Union HSD						\$1,860,000	\$1,860,000	0.03%
Charles Schwab Corp.					\$10,000,000		\$10,000,000	0.17%
Chevron					\$16,629,000		\$16,629,000	0.28%
Cisco Systems					\$45,355,000		\$45,355,000	0.75%
Citigroup			\$25,000,000				\$25,000,000	0.41%
Cooperatieve Rabobank		\$25,000,000					\$25,000,000	0.41%
Credit Agricole		\$25,000,000					\$25,000,000	0.41%
DNB Nor Bank ASA		\$50,000,000					\$50,000,000	0.83%
Exxon Mobil					\$19,325,000		\$19,325,000	0.32%
Ford Credit Auto	\$9,975,000						\$9,975,000	0.17%
GM Financial	\$10,165,000						\$10,165,000	0.17%
Goldman Sachs					\$29,490,000		\$29,490,000	0.49%
Harley Davidson	\$9,200,000						\$9,200,000	0.15%
HSBC Bank USA		\$10,000,000			\$11,310,000		\$21,310,000	0.35%
IBM Corp.					\$30,000,000		\$30,000,000	0.50%
John Deere				\$9,925,000	\$23,035,000		\$32,960,000	0.55%
JP Morgan			\$44,550,000		\$41,800,000		\$86,350,000	1.43%
Mercedes-Benz Auto Lease	\$13,430,000						\$13,430,000	0.22%
Mizuho Bank		\$25,000,000					\$25,000,000	0.41%
MUFG Union Bank			\$25,000,000				\$25,000,000	0.41%
Nordea Bank APB NY		\$75,000,000					\$75,000,000	1.24%
Oracle					\$25,909,000		\$25,909,000	0.43%
Paccar Financial Group					\$39,545,000		\$39,545,000	0.65%
Pfizer Inc.			\$5,450,000		\$10,000,000		\$15,450,000	0.26%
PNC Financial Services					\$22,380,000		\$22,380,000	0.37%
Proctor & Gamble					\$20,000,000		\$20,000,000	0.33%
Royal Bank of Canada NY		\$25,000,000					\$25,000,000	0.41%
San Diego CA CCD						\$5,790,000	\$5,790,000	0.10%
Skandinaviska Enskilda BK NY		\$50,000,000					\$50,000,000	0.83%
Societe Generale		\$35,000,000					\$35,000,000	0.58%
State Street Bank					\$15,000,000		\$15,000,000	0.25%
Sumitomo Mitsui Bank Corp.		\$25,000,000					\$25,000,000	0.41%
Svenska Handelsbanken		\$25,000,000					\$25,000,000	0.41%
Swedbank		\$45,000,000					\$45,000,000	0.74%
Toyota Motor Company	\$32,575,000			\$17,021,000	\$10,000,000		\$59,596,000	0.99%
United Health Group Inc.					\$9,700,000		\$9,700,000	0.16%
United Parcel Service				\$15,000,000	\$20,000,000		\$35,000,000	0.58%
US Bank				\$28,000,000	\$40,000,000		\$68,000,000	1.13%
Visa Inc.					\$10,000,000		\$10,000,000	0.17%
Walt Disney Co.					\$9,115,000		\$9,115,000	0.15%
Wells Fargo				\$52,765,000	\$60,000,000		\$112,765,000	1.87%
Grand Total	\$86,465,000	\$440,000,000	\$125,000,000	\$158,211,000	\$805,940,000	\$17,650,000	\$1,633,266,000	27.04%

	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUGUST</u>	<u>SEPTEMBER</u>	<u>OCTOBER</u>	<u>NOVEMBER</u>	<u>DECEMBER</u>	<u>JANUARY</u>	<u>FEBRUARY</u>	<u>MARCH</u>	<u>APRIL</u>	<u>TOTAL</u>
CASH IN:													
Taxes:													
Secured	\$5,410	\$1,441	\$3,800	\$0	\$73	\$177,940	\$221,694	\$302,869	\$33,733	\$45,225	\$144,308	\$149,842	\$1,086,335
Mixed	\$16,371	\$15,189	\$9,459	\$115,893	\$904	\$114,839	\$311,451	\$605,490	\$36,241	\$63,234	\$165,979	\$422,841	\$1,877,891
Automatics	\$65,785	\$34,386	\$41,197	\$54,105	\$56,291	\$62,937	\$2,972	\$51,709	\$8,602	\$61,700	\$60,585	\$50,673	\$550,942
Unscheduled Sub. (Lockbox)	\$7,093	\$46,639	\$31,992	\$5,596	\$18,505	\$24,771	\$18,584	\$20,956	\$21,883	\$9,227	\$33,578	\$25,615	\$264,438
Treasurer's Deposit	\$79,806	\$132,832	\$74,864	\$119,160	\$78,202	\$74,606	\$117,731	\$87,432	\$58,680	\$63,128	\$88,783	\$219,250	\$1,194,475
Hospitals (Treasurer's Office)	\$9,953	\$12,047	\$14,868	\$12,650	\$13,852	\$62,630	\$10,470	\$12,453	\$35,171	\$13,422	\$14,590	\$62,044	\$274,150
Revenue Services	\$174	\$857	\$857	\$234	\$276	\$310	\$217	\$764	\$215	\$221	\$119	\$125	\$4,369
Retirement Deposit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,000	\$16,998	\$32,998
Housing Authority	\$3,549	\$4,759	\$8,107	\$2,458	\$7,170	\$2,048	\$3,402	\$2,593	\$4,926	\$3,984	\$3,454	\$3,610	\$50,060
TRAN	\$0	\$0	\$6,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,000
Other Deposits	\$2,599	\$11,086	\$9,886	\$6,350	\$14,726	\$8,486	\$11,395	\$1,455	\$15,435	\$1,743	\$1,765	\$2,816	\$87,742
Bond/BANS Proceeds	\$9,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2	\$9,002
Coupon Interest	\$9,672	\$9,799	\$9,785	\$8,338	\$2,435	\$9,503	\$3,185	\$10,126	\$3,211	\$2,568	\$11,268	\$6,878	\$86,768
LAIF Withdrawal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL CASH IN:	<u>\$209,412</u>	<u>\$269,035</u>	<u>\$210,815</u>	<u>\$324,784</u>	<u>\$192,434</u>	<u>\$538,070</u>	<u>\$701,101</u>	<u>\$1,095,847</u>	<u>\$218,097</u>	<u>\$264,452</u>	<u>\$540,429</u>	<u>\$960,693</u>	<u>\$5,525,169</u>
CASH OUT:													
Tax Apportionments:	\$0	\$0	\$0	(\$2,013)	\$0	\$0	\$0	(\$167,111)	(\$69,371)	\$0	(\$13,829)	(\$104,238)	(\$356,562)
Outside Withdrawals	(\$46,093)	(\$65,736)	(\$57,561)	(\$20,515)	(\$35,959)	(\$30,170)	(\$25,411)	(\$124,564)	(\$59,592)	(\$36,108)	(\$30,003)	(\$49,935)	(\$581,647)
Returned Checks/Miscellaneous	\$0	(\$16)	(\$10)	(\$5)	(\$31)	(\$166)	(\$14)	(\$131)	(\$19)	(\$65)	(\$50)	(\$110)	(\$616)
TRAN	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Payments	(\$20,845)	(\$72,302)	(\$40,286)	(\$16,286)	(\$2,479)	(\$32,224)	(\$37,170)	(\$49,376)	(\$47,727)	(\$11,262)	(\$57,391)	(\$3,676)	(\$391,024)
GO Bond/BANS Payments	\$0	(\$48,040)	(\$48,122)	(\$84,265)	(\$94,003)	(\$5,733)	\$0	\$0	\$0	(\$22,378)	(\$23,671)	\$0	(\$326,212)
Housing Authority	(\$4,450)	(\$4,284)	(\$5,854)	(\$4,993)	(\$4,662)	(\$24,627)	(\$6,398)	(\$3,179)	(\$4,454)	(\$3,861)	(\$3,921)	(\$3,860)	(\$74,544)
Payroll - County	(\$50,633)	(\$59,263)	(\$68,965)	(\$51,044)	(\$44,151)	(\$67,321)	(\$50,591)	(\$49,927)	(\$50,870)	(\$49,625)	(\$58,295)	(\$54,751)	(\$655,437)
Schools	(\$42,588)	(\$101,899)	(\$37,444)	(\$53,800)	(\$44,641)	(\$72,015)	(\$31,814)	(\$79,907)	(\$16,332)	(\$72,102)	(\$98,183)	(\$77,889)	(\$728,614)
Retirement	(\$19,126)	(\$19,486)	(\$59,578)	(\$19,017)	(\$16,543)	(\$19,358)	(\$19,258)	(\$19,141)	(\$19,141)	(\$16,268)	(\$19,462)	(\$21,222)	(\$267,601)
School Vendors	(\$59,852)	(\$70,654)	(\$69,270)	(\$75,059)	(\$60,713)	(\$68,892)	(\$46,209)	(\$53,660)	(\$29,790)	(\$61,783)	(\$48,173)	(\$46,917)	(\$690,973)
Controllers 10090	(\$64,929)	(\$92,730)	(\$114,396)	(\$61,855)	(\$86,147)	(\$67,480)	(\$72,318)	(\$64,759)	(\$81,632)	(\$211,827)	(\$90,147)	(\$64,514)	(\$1,072,735)
SMCCCD	(\$14,266)	(\$6,364)	(\$21,028)	(\$17,737)	(\$18,039)	(\$20,771)	(\$13,880)	(\$30,356)	(\$21,926)	(\$28,894)	(\$12,988)	(\$10,993)	(\$217,242)
Other ARS Debits	(\$18,186)	(\$29,925)	(\$25,222)	(\$30,956)	(\$25,556)	(\$19,079)	(\$20,273)	(\$18,953)	(\$16,240)	(\$27,562)	(\$26,985)	(\$14,598)	(\$273,535)
LAIF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL CASH OUT:	<u>(\$340,968)</u>	<u>(\$570,699)</u>	<u>(\$547,736)</u>	<u>(\$437,545)</u>	<u>(\$432,925)</u>	<u>(\$427,836)</u>	<u>(\$323,336)</u>	<u>(\$661,064)</u>	<u>(\$417,094)</u>	<u>(\$541,735)</u>	<u>(\$483,099)</u>	<u>(\$452,705)</u>	<u>(\$5,636,741)</u>
TOTAL ESTIMATED CASH FLOW	(\$131,556)	(\$301,663)	(\$336,921)	(\$112,761)	(\$240,491)	\$110,234	\$377,766	\$434,784	(\$198,997)	(\$277,283)	\$57,330	\$507,988	(\$111,572)
MATURING SECURITIES (SMC)	\$108,520	\$150,539	\$135,000	\$209,685	\$109,500	\$72,000	\$0	\$0	\$35,000	\$10,000	\$40,000	\$20,000	\$890,244
LAIF/CAMP/REPO (SMC)	\$525,000												
CALLABLE SECURITIES (SMC)	\$20,000	\$15,000	\$0	\$35,000									

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.

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