

**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**

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**SAN MATEO UNION HIGH SCHOOL DISTRICT**

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# SAN MATEO UNION HIGH SCHOOL DISTRICT

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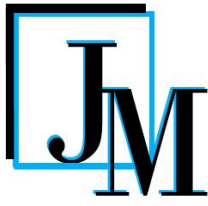
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**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting and Tax*

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## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Mateo Union High School District (the "District"), as of and for the year ended June 30, 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**

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**DISTRICT PROFILE**

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

The District is categorized as Basic Aid and receives 87% of its revenues from local property taxes. The District's assessed valuation (AV) growth for 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**

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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**

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**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**

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- 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**

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**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**

	<b>June 30, 2018</b>	<b>June 30, 2019</b>	<b>Change</b>	<b>Percentage %</b>
<b>Assets:</b>				
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%
<b>Total Assets</b>	<b>708,522,584</b>	<b>689,162,592</b>	<b>(19,359,992)</b>	<b>-2.7%</b>
Deferred Outflows of Resources	52,576,310	79,942,338	(27,366,028)	-52.1%
<b>Liabilities:</b>				
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%
<b>Total Liabilities</b>	<b>802,617,102</b>	<b>805,696,985</b>	<b>3,079,883</b>	<b>0.4%</b>
Deferred Inflows of Resources	66,101,660	66,958,183	(856,523)	-1.3%
<b>Net Position:</b>				
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%
<b>Total Net Position</b>	<b>\$ (107,619,868)</b>	<b>\$ (103,550,238)</b>	<b>\$ (4,069,630)</b>	<b>-3.8%</b>

**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>
<b>Revenues:</b>				
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%
<b>Total Revenues</b>	<u>213,745,583</u>	<u>232,927,286</u>	<u>19,181,703</u>	<u>9.0%</u>
<b>Expenses:</b>				
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%
<b>Total Expenses</b>	<u>252,819,128</u>	<u>228,857,656</u>	<u>(23,961,472)</u>	<u>-9.5%</u>
<b>Change in Net Position</b>	<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**

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**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.

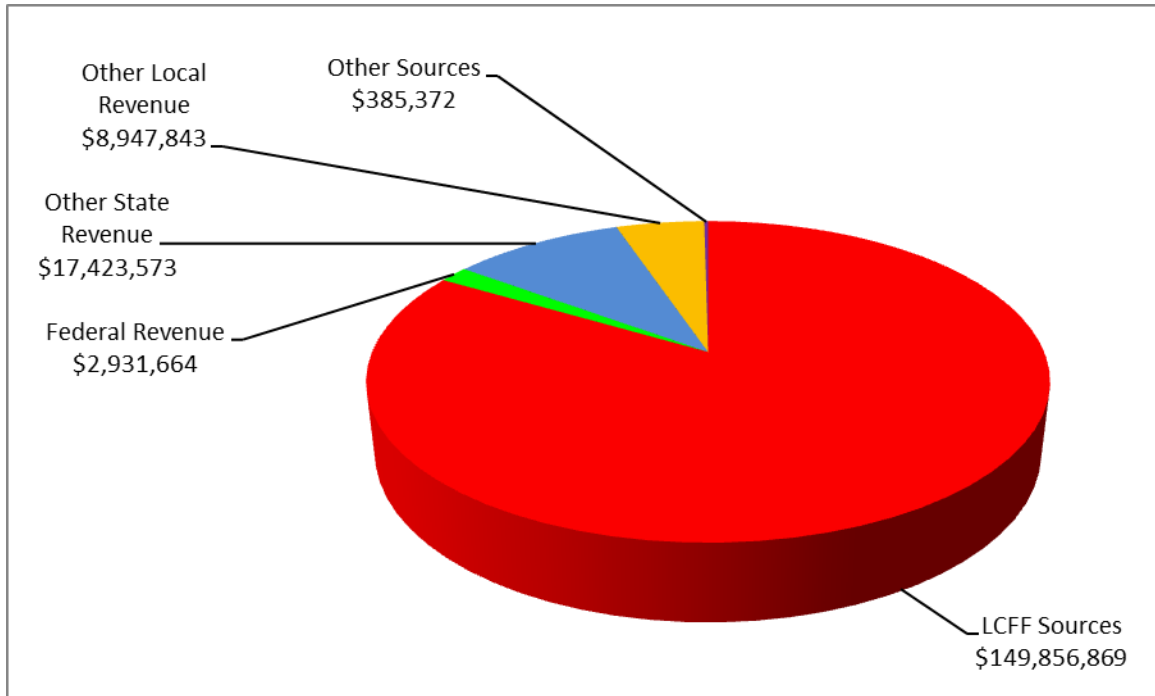
The District incurred unanticipated expenditures in excess of appropriations for salaries, employee benefits and capital outlay of the general fund. The excess expenditures for employee benefits is due to the recognition of the state on-behalf payments for STRS and PERS, which are not included in the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

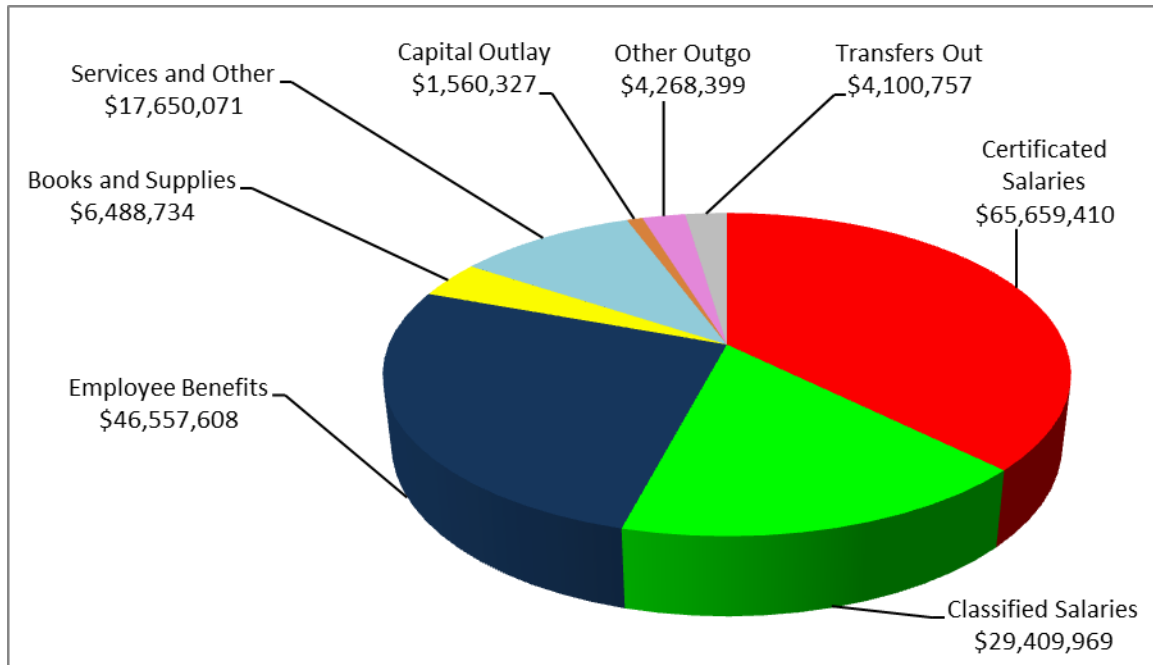
The following chart provides a breakdown of the \$179.5 million of General Fund revenues by category:

**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**

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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**

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<b>ASSETS</b>	<b><u>Governmental Activities</u></b>
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>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
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>
<b>LIABILITIES</b>	
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>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
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>
<b>NET POSITION</b>	
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**

	<b>General Fund</b>	<b>Building Fund</b>	<b>Bond Interest And Redemption Fund</b>	<b>All Non-Major Funds</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 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>
<b>LIABILITIES AND FUND BALANCES</b>					
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**

	<b>General Fund</b>	<b>Building Fund</b>	<b>Bond Interest And Redemption Fund</b>	<b>All Non-Major Funds</b>	<b>Total</b>
<b>REVENUES</b>					
LCFF sources	\$ 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>
<b>EXPENDITURES</b>					
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>
<b>OTHER FINANCING SOURCES (USES)</b>					
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**

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Total net change in fund balances - governmental funds	\$ (9,983,343)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Expenditures for capital outlay:	\$ 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	<u>\$ 4,069,630</u>
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**SAN MATEO UNION HIGH SCHOOL DISTRICT**

**STATEMENT OF FIDUCIARY NET POSITION**

**AGENCY FUNDS**

**JUNE 30, 2019**

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	<b>Student Body Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,252,982
Interest receivable	<u>7,740</u>
Total assets	<u><u>\$ 1,260,722</u></u>
<b>LIABILITIES</b>	
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**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

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

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

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

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

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

**JUNE 30, 2019**

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**B. BASIS OF PRESENTATION**

Government-wide Financial Statements

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

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

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

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

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

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

**D. FUND ACCOUNTING**

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

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

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**D. FUND ACCOUNTING (Continued)**

The District funds are as follows:

**Major Governmental Funds:**

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

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

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

**Non-Major Governmental Funds:**

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

The **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**

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**D. FUND ACCOUNTING (Continued)**

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

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

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

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

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

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

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



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

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**E. BUDGETS AND BUDGETARY ACCOUNTING**

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

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

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

**F. ENCUMBRANCES**

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

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

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

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

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

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

**JUNE 30, 2019**

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**H. UNEARNED REVENUE**

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

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

**I. EXPENSES/EXPENDITURES**

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

**J. INVESTMENT VALUATION AND INCOME RECOGNITION**

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

**K. CASH AND CASH EQUIVALENTS**

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

**L. INVESTMENTS**

Investments held at June 30, 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**

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**N. STORES INVENTORIES**

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

**O. CAPITAL ASSETS**

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

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

**P. INTERFUND BALANCES**

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

**Q. COMPENSATED ABSENCES**

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

**R. LONG-TERM OBLIGATIONS**

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

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

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

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

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

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

**T. FUND BALANCE**

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

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

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

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

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

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

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

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

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**T. NET POSITION**

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

**U. RESTRICTED NET POSITION**

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

**V. OPERATING REVENUES AND EXPENSES**

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

**W. INTERFUND ACTIVITY**

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

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

**X. ESTIMATES**

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

**Y. ELIMINATIONS AND RECLASSIFICATIONS**

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

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

**JUNE 30, 2019**

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**Z. PENSIONS**

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

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

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

**BB. MINIMUM FUND BALANCE POLICY**

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

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

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

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

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

**JUNE 30, 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**

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

**Measure O**

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

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

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

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

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

**2014 Refunding General Obligation Bonds**

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

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

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

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

<b>Series</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Balance, July 1, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>Advance Refunding</b>	<b>Balance, June 30, 2019</b>
<b>Measure D:</b>									
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
<b>Measure M:</b>									
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
<b>Measure O:</b>									
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
<b>Refunding Issues:</b>									
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
				<b>\$846,860,572</b>	<b>\$ 530,960,288</b>	<b>\$ -</b>	<b>\$ 14,475,906</b>	<b>\$ -</b>	<b>\$ 516,484,382</b>
				<b>Accreted Interest</b>	<b>Balance, July 1, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>Advance Refunding</b>	<b>Balance, June 30, 2019</b>
<b>Measure M:</b>									
					\$ 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
<b>Measure O:</b>									
					30,366,625	5,760,581	109,764	-	36,017,442
					1,637,409	445,093	-	-	2,082,502
					<b>\$ 93,113,405</b>	<b>\$ 13,876,312</b>	<b>\$ 3,454,094</b>	<b>\$ -</b>	<b>\$ 103,535,623</b>

**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:

	<b>CalPERS</b>		<b>CalSTRS</b>	
	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:

	<b>CalPERS</b>	<b>STRS</b>	<b>Total</b>
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:

	<b>Proportionate Share of Net Pension Liability</b>
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:

	<b>CalPERS</b>	<b>STRS</b>
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:

	<b>CalPERS</b>		<b>STRS</b>		<b>Total</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
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:

<b>Year Ended June 30</b>	<b>CalPERS</b>	<b>STRS</b>	<b>Total Deferred Outflows/ (Inflows) of Resources</b>
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
<b>Total</b>	<b>\$ 10,853,424</b>	<b>\$ 9,092,387</b>	<b>\$ 19,945,811</b>

Actuarial Assumptions

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

	<b>CalPERS</b>	<b>STRS</b>
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 <sup>(1)</sup>	7.15%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

<sup>(1)</sup> 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 <sup>(a)</sup>	Real Return Years 11+ <sup>(b)</sup>
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%		

<sup>(a)</sup> An expected inflation of 2.00% used for this period

<sup>(b)</sup> 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:

<b>Asset Class</b>	<b>STRS</b>	
	<b>Assumed Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return<sup>(a)</sup></b>
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%	

<sup>(a)</sup> 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:

	<b>CalPERS</b>		
	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

	<b>STRS</b>		
	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**

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</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:

	<b>1% Decrease (2.5%)</b>	<b>Discount Rate (3.5%)</b>	<b>1% Increase (4.5%)</b>
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:

	<b>1% Decrease (3%)</b>	<b>Healthcare Cost Trend Rates (4%)</b>	<b>1% Increase (5%)</b>
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
<b>Nonspendable:</b>					
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>
<b>Restricted for:</b>					
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>
<b>Committed:</b>					
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>
<b>Unassigned:</b>					
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**

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**9. JOINT VENTURES**

The San Mateo Union High School District participates in a joint venture under a joint powers agreement (JPA) with the San Mateo County Schools Insurance Group (SMCSIG). The relationship between the San Mateo Union High School District and the JPA is such that the JPA is not a component unit of the San Mateo Union High School District for financial reporting purposes.

The JPA arranges for and provide workers' compensation, property and liability and health insurance for its member school districts. The JPA is governed by a board consisting of a representative from each member district. The governing board controls the operations of the JPA independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA.

Condensed audited financial information for the year ended June 30, 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>\$ 15,603,090</u>
Total Revenues	\$ 45,275,439
Total Expenditures	<u>(45,026,058)</u>
Change in Net Postion	<u>\$ 249,381</u>

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

**JUNE 30, 2019**

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**10. COMMITMENTS AND CONTINGENCIES**

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursement subsequently determined will not have a material effect on the District's financial position.

**11. RISK MANAGEMENT**

**A. PROPERTY AND LIABILITY**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 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>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
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>
<b>EXPENDITURES</b>				
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
<b>OTHER FINANCING SOURCES (USES)</b>				
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**

<b>CalPERS</b>	<b>June 30, 2014</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>
	(1)	(1)	(1)	(1)	(1)
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 <sup>(2)</sup>	\$ 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 <sup>(3)</sup>	\$ 2,140,931	\$ 2,413,620	\$ 2,626,429	\$ 3,524,790	\$ 4,191,838
<b>STRS</b>					
	<b>June 30, 2014</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2018</b>
	(1)	(1)	(1)	(1)	(1)
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 <sup>(2)</sup>	\$ 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 <sup>(3)</sup>	\$ 4,209,920	\$ 4,829,944	\$ 6,116,750	\$ 7,534,339	\$ 9,183,155

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

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

<sup>(3)</sup> The Plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The Plan's proportionate share of aggregate contributions is based on the Plan's proportion of fiduciary net position 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**

<b>CalPERS</b>	<b>Fiscal Year 2014- 15<sup>(1)</sup></b>	<b>Fiscal Year 2015- 16<sup>(1)</sup></b>	<b>Fiscal Year 2016- 17<sup>(1)</sup></b>	<b>Fiscal Year 2017- 18<sup>(1)</sup></b>	<b>Fiscal Year 2018- 19<sup>(1)</sup></b>
Contractually required contribution <sup>(2)</sup>	\$ 2,140,931	\$ 2,413,620	\$ 2,626,429	\$ 3,524,790	\$ 4,191,838
Contributions in relation to the contractually required contribution <sup>(2)</sup>	(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 <sup>(3)</sup>	\$ 18,188,183	\$ 20,373,259	\$ 18,911,499	\$ 22,695,190	\$ 23,208,050
Contributions as a percentage of covered payroll <sup>(3)</sup>	11.771%	11.847%	13.888%	15.531%	18.062%
<b>STRS</b>	<b>Fiscal Year 2014- 15<sup>(1)</sup></b>	<b>Fiscal Year 2015- 16<sup>(1)</sup></b>	<b>Fiscal Year 2016- 17<sup>(1)</sup></b>	<b>Fiscal Year 2017- 18<sup>(1)</sup></b>	<b>Fiscal Year 2018- 19<sup>(1)</sup></b>
Contractually required contribution <sup>(2)</sup>	\$ 4,209,920	\$ 4,829,944	\$ 6,116,750	\$ 7,534,339	\$ 9,183,155
Contributions in relation to the contractually required contribution <sup>(2)</sup>	(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 <sup>(3)</sup>	\$ 47,409,009	\$ 45,013,458	\$ 48,622,814	\$ 52,213,021	\$ 56,407,586
Contributions as a percentage of covered payroll <sup>(3)</sup>	8.880%	10.730%	12.580%	14.430%	16.280%

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

<sup>(2)</sup> Employers are assumed to make contributions equal to the 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.

<sup>(3)</sup> 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>
<b>Total OPEB liability</b>		
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>
<b>Net change in total OPEB liability</b>	163,181	237,549
<b>Total OPEB liability - beginning</b>	<u>2,591,965</u>	<u>2,755,146</u>
<b>Total OPEB liability - ending (a)</b>	\$ 2,755,146	\$ 2,992,695
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 87,488	\$ 90,988
Net investment income	-	-
Benefit payments	(87,488)	(90,988)
Administrative expense	<u>-</u>	<u>-</u>
<b>Net change in plan fiduciary net position</b>	-	-
<b>Plan fiduciary net position - beginning</b>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ -</u>	<u>\$ -</u>
<b>District's net OPEB liability - ending (a) - (b)</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**

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**PURPOSE OF SCHEDULES**

**A - Schedule of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP) and Actual – General Fund**

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

**B - Schedule of Proportionate Share of the Net Pension Liability**

Changes in assumptions

There were no changes of assumptions.

Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

**C - Schedule of Pension Contributions**

If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

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

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

Benefit Changes

There were no changes in benefits during the year.

Changes in assumptions

There were no changes of assumptions.

Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

Actuarial cost method	Entry age
Amortization method	Level percent of pay
Amortization period	30 years
Asset valuation method	Fair value
Healthcare cost trend rates	4.00%
Salary increases	2.75%
Investment rate of return	3.80%

Retirement age

Certificated	<p>2009 CalSTRS Retirement Rates</p> <p>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.</p>
Classified	<p>2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees</p> <p>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.</p>
Classified	<p>2009 CalPERS Retirement Rates for School Employees</p> <p>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.</p>

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

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**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>
<b>ASSETS</b>									
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
<b>Total assets</b>	<b>\$ 7,278,870</b>	<b>\$ 532,842</b>	<b>\$ 2,719,751</b>	<b>\$ 871,521</b>	<b>\$ 6,981,926</b>	<b>\$ -</b>	<b>\$ 4,189,687</b>	<b>\$ 1,299,287</b>	<b>\$ 23,873,884</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities</b>									
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
<b>Total Liabilities</b>	<b>375,904</b>	<b>118,868</b>	<b>-</b>	<b>11,436</b>	<b>46,614</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>552,822</b>
<b>Fund balances</b>									
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
<b>Total Fund Balance</b>	<b>6,902,966</b>	<b>413,974</b>	<b>2,719,751</b>	<b>860,085</b>	<b>6,935,312</b>	<b>-</b>	<b>4,189,687</b>	<b>1,299,287</b>	<b>23,321,062</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,278,870</b>	<b>\$ 532,842</b>	<b>\$ 2,719,751</b>	<b>\$ 871,521</b>	<b>\$ 6,981,926</b>	<b>\$ -</b>	<b>\$ 4,189,687</b>	<b>\$ 1,299,287</b>	<b>\$ 23,873,884</b>

**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**

	<b>Adult Education Fund</b>	<b>Cafeteria Fund</b>	<b>Deferred Maintenance Fund</b>	<b>Foundation Special Revenue Fund</b>	<b>Capital Facilities Fund</b>	<b>County School Facilities Fund</b>	<b>Special Reserve For Capital Outlay Fund</b>	<b>Foundation Permanent Fund</b>	<b>Total</b>
<b>REVENUES</b>									
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>
<b>EXPENDITURES</b>									
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>
<b>OTHER FINANCING SOURCES (USES)</b>									
Operating transfers in	-	600,000	-	-	-	-	385,012	-	985,012
Total other financing sources (uses)	-	<u>600,000</u>	-	-	-	-	<u>385,012</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>
<b>Assets:</b>				
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>
<b>Liabilities:</b>				
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**

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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**

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

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

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<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**

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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**

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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>\$ 29,571,576</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**

	<b>Adopted Budget 2019/2020</b>	<b>Actuals 2018/2019</b>	<b>Actuals 2017/2018</b>	<b>Actuals 2016/2017</b>
<b><u>General Fund</u></b>				
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%
<b><u>All Funds</u></b>				
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**

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**1. Schedule of Average Daily Attendance**

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

**2. Schedule of Instructional Time**

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

The District participated in the Longer Day incentives and met or exceeded its target funding.

**3. Schedule of Charter Schools**

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

**4. Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements**

This schedule provides information necessary to reconcile the Unaudited Actual Fund Financial Reports to the audited financial statements.

**5. Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of federal awards includes federal grant activity of the District and is presented under the modified accrual basis of accounting. Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with the Uniform Guidance and state requirements. Therefore, some amounts presented in this schedule may differ from amounts used in the preparation of the general purpose financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards

	<b>Federal Catalog Number</b>	<b>Amount</b>
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	<u>72,259</u>
Total Schedule of Expenditures of Federal Awards		<u>\$ 4,433,219</u>



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

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**6. Schedule of Financial Trends And Analysis**

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

## **OTHER INDEPENDENT AUDITOR'S REPORTS**



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

*Accounting, Auditing, Consulting, and Tax*

**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**

<b>Description</b>	<b>Procedures Performed</b>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Independent Study	No, see below
Continuation Education	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**

<b>Description</b>	<b>Procedures Performed</b>
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below

**School Districts, County Offices of Education and Charter Schools**

<b>Description</b>	<b>Procedures Performed</b>
California Clean Energy Jobs Act	Yes
After/Before Schools Education and Safety Program	
General requirements	No, see below
After School	No, see below
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No, see below

**Charter Schools**

<b>Description</b>	<b>Procedures Performed</b>
Attendance	Not applicable
Mode of Instruction	Not applicable
Nonclassroom-Based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes - Classroom Based	Not applicable
Charter School Facility Grant Program	Not applicable

We did not perform any procedures for Kindergarten Continuance or K-3 Grade Span Adjustment because these grade levels are not offered by the District.

We did not perform any procedures for Independent Study 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***

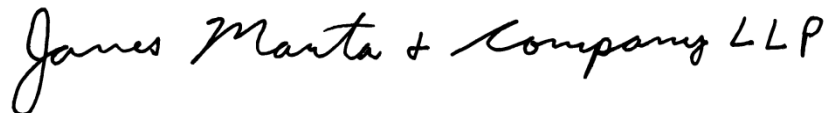
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, San Mateo Union High School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2019.

#### ***Unmodified Opinion on Each of the Other State Programs***

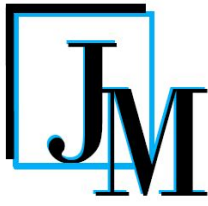
In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion on Compliance with State Laws and Regulations, San Mateo Union High School District complied, in all material respects, with the other applicable state compliance requirements referred to above for the year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

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

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
San Mateo Union High School District  
San Mateo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Mateo Union High School District (the "District") as of and for the year ended June 30, 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**

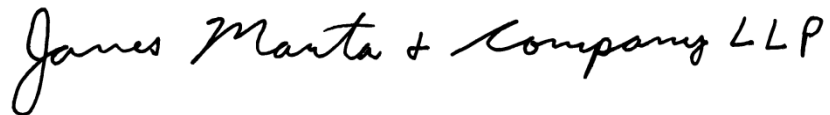
As part of obtaining reasonable assurance about whether District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Board of Education  
San Mateo Union High School District  
Winters, California

**Report on Compliance for Each Major Federal Program**

We have audited San Mateo Union High School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 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**

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**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:  
 Material weakness(es) identified? \_\_\_\_\_ Yes  X  No  
 Significant deficiency(ies) identified not  
 considered to be material weakness(es)?  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**

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**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**

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- **Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

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

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**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**

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No matters were reported.