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SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENTS

JUNE 30, 2021

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SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2021

OTHER INDEPENDENT AUDITORS' REPORTS

FINDINGS AND QUESTIONED COSTS SECTION

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
San Mateo County Community College District
San Mateo, California

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities, the fiduciary activities and the discretely presented component unit of San Mateo County Community College District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise San Mateo County Community College 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the fiduciary activities and the discretely presented component unit of the San Mateo County Community College District, as of June 30, 2021, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Change in Accounting Principle

During the year ended June 30, 2021, the District adopted the provisions of *Governmental Accounting Standards* Board Statement (GASB) No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the District reported a restatement for a change in accounting principle (see Note 15). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 31 and the Schedule of Changes in the Net OPEB Liability and Related Ratios, the Schedule of Contributions – OPEB, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Contributions - Pensions on pages 66 to 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the San Mateo County Community College District's basic financial statements. The accompanying schedule of expenditure of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The schedule of expenditures of federal awards and other supplementary information as listed in the table of contents, except for the Organization, have 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 and other supplementary information as listed in the table of contents, except for the information on page 73 titled District Organization, are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The information on page 73 titled District Organization has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2021 on our consideration of San Mateo County Community College 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 the effectiveness of San Mateo Community College District's 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 San Mateo County Community College District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
December 1, 2021

Introduction

The San Mateo County Community College District ("District") was established in 1922, and operates three colleges: Cañada College, College of San Mateo, and Skyline College. Located between San Francisco and the Silicon Valley, the District's colleges provide community college educational services to residents of the County of San Mateo, California. In total, the three Colleges of the District offer the first two years of college-level instruction in a wide variety of transfer programs as well as more than 120 career and technical education (CTE) programs to approximately 30,000 students annually. Students can earn an Associate in Arts or Science degree or receive Certificates of Proficiency in their chosen fields. Additionally, Skyline College offers one of 15 baccalaureate programs in the California Community College System, where students can earn a Bachelor of Science degree in Respiratory Care. Distance education courses are available at all three colleges, as well as courses and programs serving concurrently enrolled students. Noncredit short courses offerings for a fee are available through the District's Community Education Program.

This section of the District's Annual Financial Report presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2021. The discussion and analysis is to be read in conjunction with the financial statements and the notes, which follow this section.

The annual report consists of three basic financial statements that provide information on the District as a whole:

- The Statement of Net Position
- The Statement of Revenues, Expenses, and Changes in Net Position
- The Statement of Cash Flows

Each one of these statements will be discussed in the following pages.

Economic Position of the District within the State

The District continues its community-supported status for the eleventh consecutive year (since FY 2011-12). When the State sets the District's revenue limit (determining how many students the District is funded to serve) and deducts from the revenue limit local property taxes, student fees, funds received from the Education Protection Account, and an on-going allocation since FY 2015-16 for full-time faculty hiring, there is no need for State apportionment to sum to the revenue limit. This means that the District has more resources than it would normally receive as a revenue limit district and is no longer subject to the State's budgetary constraints for general apportionment resources. The District is now firmly in community- supported status and anticipates receiving upwards of $88 million in FY 2021-22 in excess of what the District would have received had it been subject to the revenue limit established by the State. In addition to an increase in property taxes, the District continues to receive funds from the dissolution of Redevelopment Agencies (RDAs). As fewer property taxes divert to the RDAs, the District receives more revenue. The former RDAs are also slowly selling assets, which brings additional one-time resources to the District's coffers. The District's revenues have steadily increased over the years; however, the impact of the pandemic on property taxes and thus this revenue stream for the District is uncertain. Given the District's community-supported status and its reliance on property taxes, which is dependent on assessed valuation (an economic lagging indicator), the District is anticipating lower property tax revenue increases over the next couple years and budgeting accordingly to ensure a balanced budget. The FY 2021-22 Final Budget anticipates an increase of 4.16%, which is consistent with data from the Assessor's Office.[1] However, even with this reduction in projected property tax revenue the District still projects a balanced budget for the next three fiscal years.

Salaries and Benefits

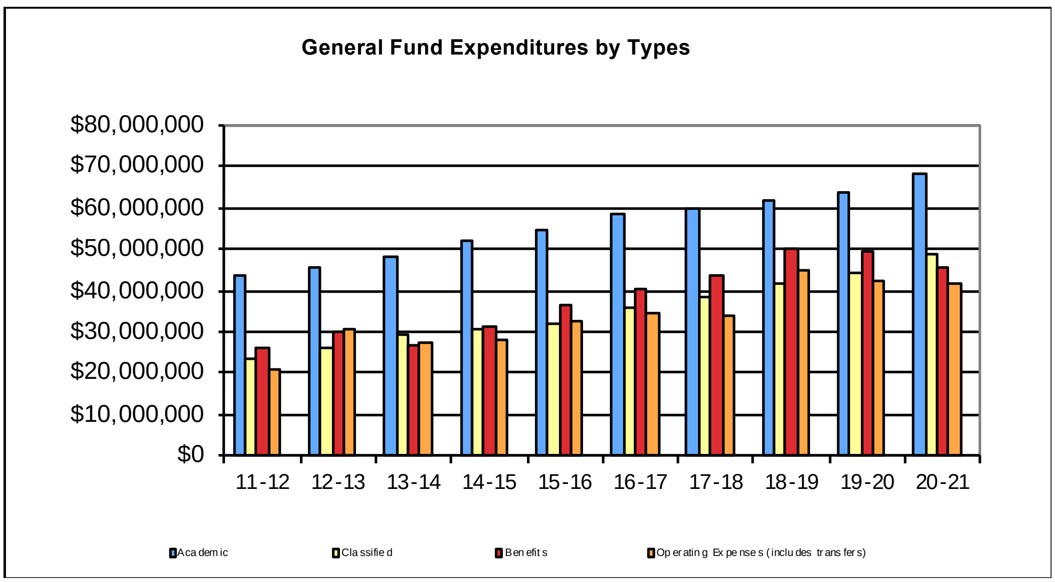
The expenditure projection for salaries includes annual increases for movement on step and column placements and longevity service increments. The FY 2021-22 budget includes anticipated salary adjustments (steps and/or column) for all employee groups and, effective January 1, 2022, a 2.75% cost increase in health premium rates.

[1] https://www.smcacre.org/assessor-clerk-recorder-press-releases-0

[1] https://www.smcacre.org/assessor-clerk-recorder-press-releases-0

The FY 2020-21 State Budget redirected $2.3 billion from the 2019-20 State Budget Act that was allocated to provide long-term relief for the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) to further reduce the employer contribution rates for FY 2020-21 and FY 2021-22. This action reduced the employer contribution rates by approximately 2% and provided short-term relief to employers; however, districts continue to grapple with long-term funding strategies as rates continue to rise. For FY 2021-22, the PERS employer rate increased from 20.70% to 22.91% for classified employees and the STRS employer rate increased from 16.15% to 16.92% for faculty and other academic employees. The District's Workers' Compensation costs have remained low allowing the District to maintain its internal charge percentage at less than one percent (0.871%) of salaries. The unemployment insurance contribution rate has increased due to the pandemic to 0.5% from 0.055% in prior year.

Below is a historical graphical depiction of unrestricted general fund expenditures by expenditure type:



Other Postemployment Benefits

To comply with Governmental Accounting Standards Board Statement 45, in FY 2009-10, the District began assessing an amount to cover the future retiree medical benefit costs for current employees. These charges appear as part of benefit expenses across all funds.

The District adopted Governmental Accounting Standards Board Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in FY 2016-17. This Statement replaced the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB plans. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, established new accounting and financial reporting requirements for OPEB plans.

GASB Statement 75 requires the liability of employers and non-employer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. As a result of GASB Statement 75 implementation, the District was required to recognize all of the OPEB liability rather than amortize it over 30 years.

The District made no contribution in FY 2020-21 and contracted to prepare an actuarial study as of June 30, 2021. This recent study determined that the District has fully funded its OPEB liability of $117 million. The fiduciary net position of the trust on June 30, 2021 was $157.2 million (or 34% "over-funded"). (See Note 12 in the financial statements for additional details.)

Given this funding status, the District anticipates disbursing approximately $8 million from the District Reserve Fund for Post-Retirement to fund its "pay as you go" retiree benefit costs in FY 2021-22. The District anticipates to start drawing from the Futuris Other Post-Employment Benefits (OPEB) Trust in FY 2022-23 to fund "pay as you go" retiree benefit costs while continuing to charge itself for future OPEB benefits for current employees. Effective FY 2020-21, this charge is 3% of payroll.

Bond construction

As of June 30, 2021, $321 million of the $388 million authorization for the Measure H November 2014 General Obligation Bond Program has either been spent or encumbered by contract. Below is a sample of projects funded:

CAÑADA COLLEGE
ESTABLISHED 1968

Building 1N Kinesiology and Wellness Center

Various projects were completed throughout the year including:

- Parking Lot 6 Expansion
- Building 1N Kinesiology and Wellness Center

College of San Mateo

Building 20 Demolition / Edison Lot 7 Expansion

Various projects were completed throughout the year including:

- Building 20 Demolition / Edison Lot 7 Expansion

Bond construction, continued

Skyline COLLEGE

Pacific Heights Swing Space

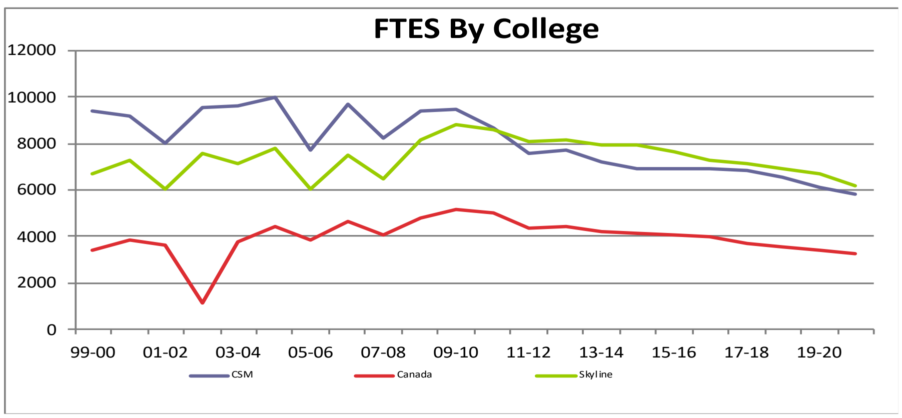
Various projects were completed throughout the year including:

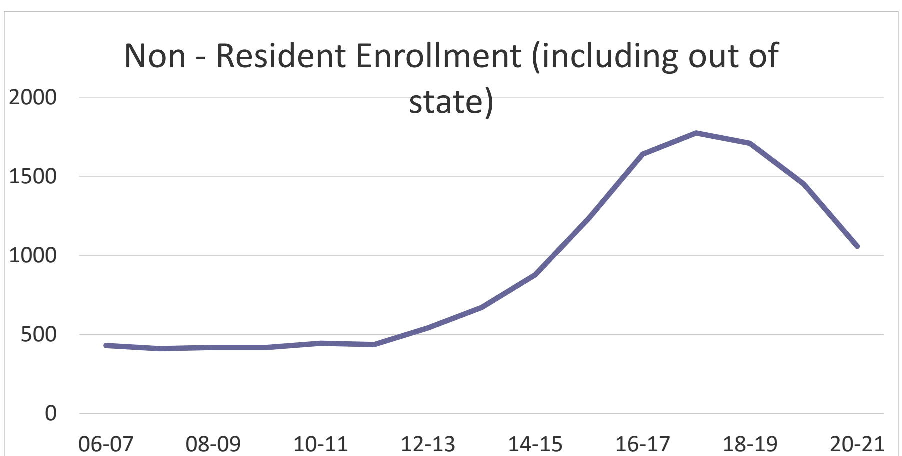
- Building 19 Pacific Heights Swing Space

Enrollment

For the District, enrollment is no longer the main driver of funding since property taxes and fees primarily determine its resource as a community-supported district. Historically, community college districts' enrollment increases when unemployment increases and decreases when the economy recovers. Accordingly, the District's enrollment has declined partially due to the dramatic improvement in the economy in the Bay Area. In FY 2019-20, the District's resident enrollment decline accelerated because of the pandemic. The pandemic's impact on global mobility resulted in international student enrollment reverting to the level of FY 2014-15, a 50% decline. The District anticipates educating close to 528 international students in FY 2021-22 and has implemented a program upon which international students can enroll in courses from their home country via distance education allowing students to receive a quality education while federal immigration policies are addressed and pandemic-related concerns persist.

Below is a historical graphical depiction illustrating Full Time Equivalent Students (FTES):





PERS and STRS Retirement Pensions

The District participates in the Public Employees Retirement System (CalPERS) and State Teachers Retirement System (CalSTRS). The District and the employee each pay a percentage of the employee's salary into one of these systems. The State of California contributes to these systems as well. The rates are set by the CalPERS Board for CalPERS and, pursuant to AB 1469, the legislation gives the CalSTRS Board limited authority to adjust employer contribution rates for CalSTRS. For many years, the employee rate for both systems did not change, but the CalPERS Board has increased the employer rate as deemed necessary. For the past few years, the employee rate for CalSTRS as well as the employer rates for both systems have increased significantly. At this time, both systems are under-funded in terms of their actuarially determined liability. The employer rate for CalPERS is projected (subject to change) to steadily increase to 27.1% by FY 2023-24 while the employer rate for CalSTRS will increase to 19.10%. Management anticipates these increases to cost the District at least $7.3 million by FY 2023-24 and has budgeted accordingly.

Below is a chart illustrating the employer rates for the PERS and STRS Retirement Pensions as known and projected:

	CalPERS	CalSTRS
2013-14	11.44%	8.25%
2014-15	11.77%	8.88%
2015-16	11.85%	10.73%
2016-17	13.89%	12.58%
2017-18	15.53%	14.43%
2018-19	18.06%	16.28%
2019-20	19.72%	17.10%
2020-21	20.70%	16.15%
2021-22	22.91%	16.92%
2022-23	26.10%	19.10%
2023-24	27.10%	19.10%

Effective FY 2014-15, GASB Statement 68 required the District to record its share of the pension systems' total liabilities for retirement benefits. The rationale is that public employers have pooled to create these systems and thus are jointly responsible for any shortfall in the systems' reserves. Each of the systems have less funding than their actuarial studies determined is needed to provide benefits for current and future retirees.

Below is a chart illustrating the effect of GASB Statement 68:

	CalPERS	CalSTRS	Total
Net Pension Liability	$ 30,683,075,983	$ 96,909,000,000	
SMCCCD Share	0.4110%	0.0970%	
SMCCCD Liability	$ 126,215,477	$ 94,163,889	$ 220,379,366

Accordingly, the District's net position as of June 30, 2021 will reflect an additional $10.9 million liability for a total of $220.4 million. See Note 11 for additional details regarding GASB 68 Net Pension Liability.

Statement of Net Position

	2021	2020	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	$ 447,718,631	$ 529,756,096	$ (82,037,465)
Noncurrent assets	854,870,514	787,336,513	67,534,001
Deferred outflows of resources	76,557,942	74,585,849	1,972,093
Total Assets and Deferred Outflows of Resources	1,379,147,087	1,391,678,458	(12,531,371)
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	107,158,904	104,067,336	3,091,568
Noncurrent liabilities	1,240,150,299	1,238,938,306	1,211,993
Deferred inflows of resources	45,111,401	28,865,588	16,245,813
Total Liabilities and Deferred Inflows of Resources	1,392,420,604	1,371,871,230	20,549,374
NET POSITION			
Net investment in capital assets	8,083,609	9,050,197	(966,588)
Restricted	241,318,832	139,156,685	102,162,147
Unrestricted	(262,675,958)	(128,399,654)	(134,276,304)
Total Net Position	$ (13,273,517)	$ 19,807,228	$ (33,080,745)

The Statement of Net Position above includes all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting basis used by private companies. Net Position, the difference between total assets and total liabilities, is one way to measure the financial condition of the District. The following are explanatory remarks regarding the statement:

- Cash and cash equivalents consist of cash in the Local Agency Investment Fund (LAIF) of the State Treasurer's Office, San Mateo County Investment Pool, a special deposit bond with Wells Fargo Bank, proceeds from the District's general obligation bonds, institutional investment pool, and certificates of deposit with various banks.

- Accounts receivable primarily consists of revenues from local, state, and federal sources which were not received as of June 30, 2021.

- Inventories and other assets include prepaid expenses and bookstore inventories.

- Capital assets, net of depreciation, are the net historical value of land, buildings, construction in progress, and equipment less accumulated depreciation.

- Accounts payable and accrued liabilities consist of benefits, salaries, and amounts owed to local vendors which the District incurred but for which payments were not issued as of June 30, 2021.

- Unearned revenues represent cash received during FY 2020-21 from the State, Federal grants, and student fees which were not "earned" as of June 30, 2021.

Statement of Net Position, continued

- Long-term liabilities include obligations to be paid over a period longer than one year. The current portion represents payments due within the next 12 months. The District has compensated absences payable and construction bonds payable in its long-term liabilities.

- According to the Governmental Accounting Standards Board, equity is to be reported as net position, rather than fund balance. The District's net position is classified as follows:

  - Net investment in capital assets, represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

  - Restricted net position consists of both expendable and nonexpendable portions. Restricted expendable net position includes resources which the District is contractually obligated to expend in accordance with restrictions imposed by external third parties.

  - Unrestricted net position represents resources used for transactions relating to the educational and general operations of the District.

Statement of Revenues, Expenses and Change in Net Position

The Statement of Revenues, Expenses and Change in Net Position shown below consists of operating and non-operating results for the District. Operating revenues represent all revenues from "exchange" transactions, in which each party gives and receives essentially equal value. Non-operating revenues include State revenues, property tax revenues, investment earnings, certain Federal and State grants, entitlements, and donations.

	2021	2020	Change
OPERATING REVENUES			
Tuition and fees	$ 15,885,815	$ 21,306,677	$ (5,420,862)
Auxiliary enterprises	6,496,570	8,254,405	(1,757,835)
Other sales and charges	1,018	1,611,079	(1,610,061)
Associated student sales	252,773	-	252,773
Total Operating Revenues	22,636,176	31,172,161	(8,535,985)
OPERATING EXPENSES			
Salaries and benefits	231,636,837	218,852,826	12,784,011
Supplies, materials, and other operating expenses	61,647,852	33,875,260	27,772,592
Student financial aid	23,291,835	25,459,324	(2,167,489)
Depreciation	31,424,019	29,120,378	2,303,641
Total Operating Expenses	348,000,543	307,307,788	40,692,755
Operating Loss	(325,364,367)	(276,135,627)	(49,228,740)
NON-OPERATING REVENUES (EXPENSES)			
State apportionments	3,980,945	-	3,980,945
Property taxes	238,904,185	235,020,785	3,883,400
Federal grants and contracts	31,187,042	24,726,255	6,460,787
State grants and contracts	24,408,207	31,922,316	(7,514,109)
State taxes and other revenues	23,423,044	13,176,975	10,246,069
Investment income (loss)	(2,810,712)	17,336,000	(20,146,712)
Interest expense, net	(44,941,072)	(44,395,984)	(545,088)
Other non-operating revenues	16,233,786	11,426,472	4,807,314
Total Non-Operating Revenues (Expenses)	290,385,425	289,212,819	1,172,606
OTHER REVENUES (EXPENSES)			
State and local capital income	447,505	329,019	118,486
Gain (loss) on disposal of fixed assets	40,426	(23,323)	63,749
Change in Net Position	(34,491,011)	13,382,888	(47,873,899)
NET POSITION, BEGINNING OF YEAR	19,807,228	6,424,340	13,382,888
PRIOR PERIOD ADJUSTMENT (SEE NOTE 15)	1,410,266	-	1,410,266
NET POSITION, END OF YEAR	$ (13,273,517)	$ 19,807,228	$ (33,080,745)

Statement of Revenues, Expenses and Change in Net Position, continued

The following are explanatory remarks regarding the statement:

- Tuition and fees include enrollment, health, non-resident tuition, and other student fees, less scholarship discounts and allowances as defined by GASB Statement 35.

- Auxiliary enterprise sales and charges consist of bookstore and cafeteria sales, community and contract instruction, and fitness center income.

- Internal services include premiums and self-insurance charges for general liability and workers compensation.

- State apportionments, non-capital includes state apportionment, apprenticeship, and child development apportionment. (This is not to be confused with general apportionment as the District does not receive this type of revenue given its community-funded status.)

- Local property taxes and other non-operating revenues consist primarily of secured and unsecured taxes which are payable to the District in December and April of each year. The County of San Mateo collects the taxes on behalf of the District. Other non-operating revenues are State lottery revenue and miscellaneous local income.

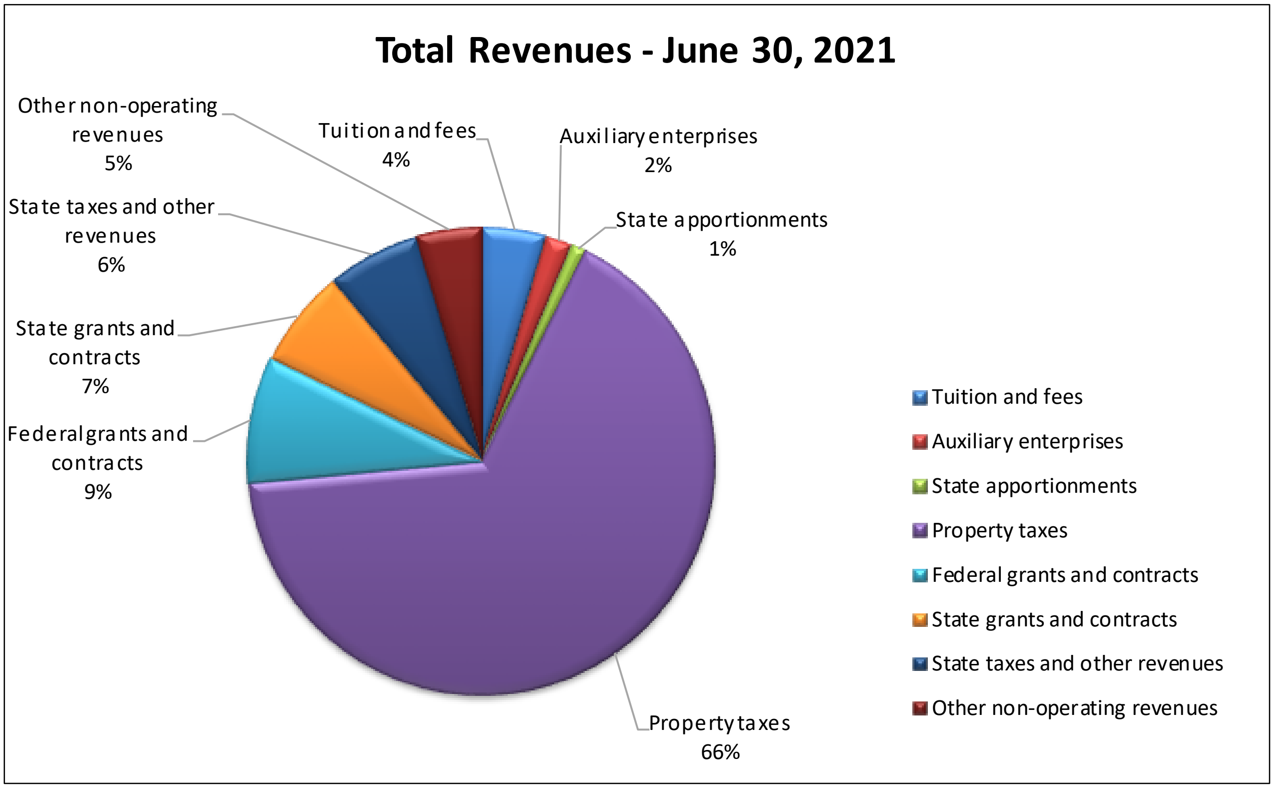
- Federal and state grants and contract services are exchange transactions for which the District files applications, complies with individual spending restrictions, files expenditure reports, and/or enters into contracts.

- Net investment income (loss) includes interest from the San Mateo County Investment Pool managed by the County Treasurer, certificates of deposit, bond proceeds, and the Local Agency Investment Fund (LAIF).

- State and local revenues - capital includes State scheduled maintenance funding and proceeds from the issuance of general obligation bonds issuance. These revenues relate mainly to construction activities.

Revenue by Sources

Below is an illustration of District major revenues by source:



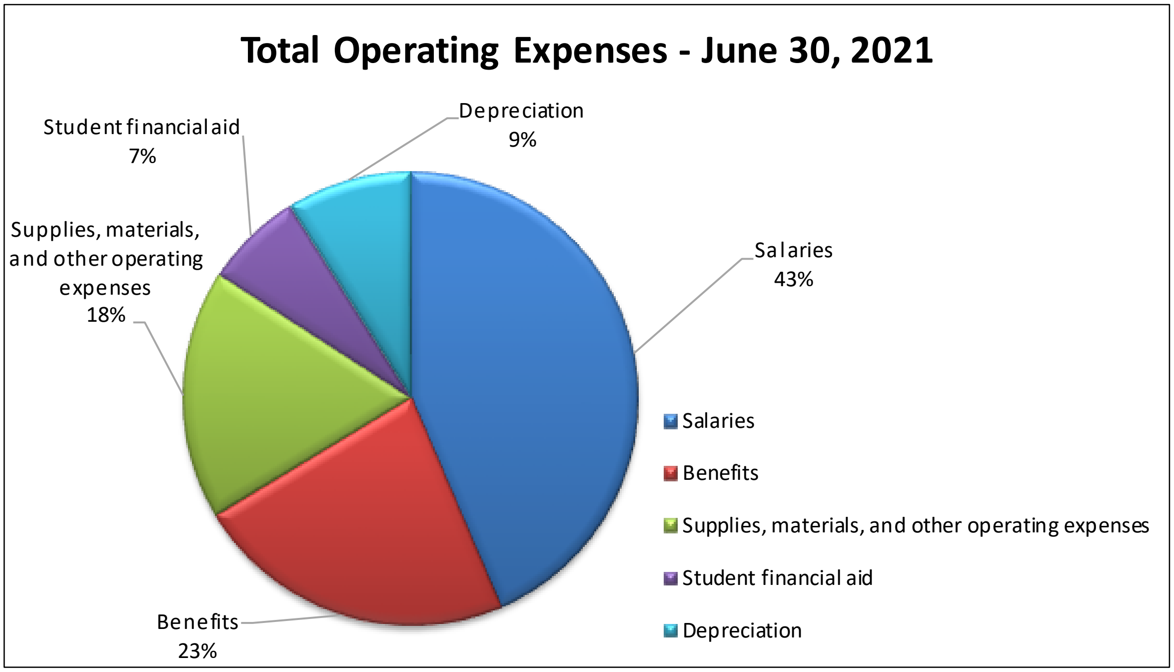
Revenues and expenses changed mainly due to the following:

- Operating revenue experienced a decrease due to a decrease in tuition and fees associated with pandemic –related enrollment declines and fee refunds, as well as a reduction to auxiliary operation revenues due to campus closures as a result of the pandemic.

- Non-operating revenue increased mainly due to an increase in local property taxes, State as well as federal grants.

- Due to the transition from the former auditor, Crowe LLP, certain revenue and expenses have been reclassified. For example, in 2019-20 Crowe LLP categorized State Apportionment as State Taxes and Other revenue while CWDL categorized as State Apportionment in 2020-21.

Operating Expenses by Accounts



The following are explanatory remarks regarding the above graph:

- Salaries and benefits expenses represent the largest percentage of the District's operating expenses.
- Supplies, materials, other operating expenses, services and utilities are the normal cost of operating expenses for exchange transactions.
- Depreciation of capital assets is computed and recorded using the straight-line method. The District maintains a capitalization threshold of $5,000 for equipment and $100,000 for building improvements. Useful lives of the assets are estimated as follows:
    - 5 to 10 years for equipment
    - 25 to 50 years for improvements
    - 25 to 50 years for buildings

Cash Flows

The Statement of Cash Flows shown below provides information about cash receipts and cash payments during the fiscal year. The statement also assists readers in understanding the District's ability to generate net cash flows and its ability to meet obligations as they come due and the District's need for assistance via external financing. The District has adopted the direct method, and under this method, data for cash flow present operating activities by major categories of gross receipts and gross payments as well as the resulting net amount. Additional explanatory information for the statement is as follows:

- The main cash receipts from operating activities consist of tuition, student fees, and auxiliary enterprise sales. Cash outlays include payment of salaries, benefits, supplies, and operating expenses.

- State apportionments, property taxes, and grants are the primary source of non-capital financing.

- For capital financing activities, the main sources are from special state apportionments and general obligation bond.

Cash from investing activities consists of interest from the County Investment Pool, the institutional investment pool, certificates of deposits, general obligation bonds, and the Local Agency Investment Fund (LAIF).

Cash Provided by (Used in)	2021	2020	Change
Operating activities	$ (292,710,759)	$ (240,222,667)	$ (52,488,092)
Noncapital financing activities	278,079,233	312,609,260	(34,530,027)
Capital financing activities	(61,934,937)	(153,632,767)	91,697,830
Investing activities	(1,985,701)	17,336,000	(19,321,701)
Net Increase (Decrease) in Cash	$ (78,552,164)	$ (63,910,174)	$ (14,641,990)

Economic Factors and the FY 2021-22 Budget

Being community-supported, the District's revenues primarily consist of property tax revenues and student fees and are relatively predictable. The County Assessor's Office has stated that the combined roll's assessed valuation increased 4.16% countywide in FY 2021-22 over prior year. Accordingly, the District has projected property tax revenues in FY 2021-22 to increase by 4.16%. This coupled with solid reserves of 15% and state, federal, and local dollars designated for response to pandemic-related expenditures puts the District on solid financial footing. The District continues to build multi-year financial plans and has planned for balanced budgets through FY 2023-24.

Construction Planning FY 2021-22 and Beyond

The District continues to revise and update its master schedule and the master budget associated with the Capital Improvement Program to coincide with funding and programming requirements. For several years, the District experienced a decline in State Capital Outlay funds for projects due to the fact that the State had failed to approve an educational facilities bond. However, with the passage of Proposition 51, a $9.1 billion statewide education facilities bond, in November 2016, the District is receiving $23M for the Skyline College Workforce and Economic Development Prosperity Center. Local matching funds are provided from Measure H.

Compilations of site-specific activities, which are currently in design or construction phase, are listed below:

Cañada College:
- Building 9 Reconfiguration
- Building 9 & 22 Roof Replacement
- Building 13 Multiple Program Instructional Center
- Building 16 & 18 Swing/Secondary Effects
- Building 22 Swing Spaces, Classroom Upgrades, and Public Safety Department Relocation

College of San Mateo:
- Building 3 Theatre Modernization
- Water Supply Tank Replacement
- Building 19 Facelift
- Building 36 Mechanical Engineering Upgrade

Skyline College:
- Building 1 Social Science and Creative Arts Building Facelift Phase 1 – Ceramics Lab, Piano/Midi Lab, Animation Lab, Sculpture Lab, 25 offices, Co-gen demo, Restroom Demo and Practice Room Refresh
- Building 6 Fireside Furniture Refresh and Technology Upgrade
- Building 1 Social Science and Creative Arts Building Facelift Phase 2
- Building 2 Workforce and Economic Development Prosperity Center

Construction Planning FY 2021-22 and Beyond, continued

Districtwide:

- Districtwide Information Telephone System Upgrades
- Districtwide UPS Device (MDF/IDF) Replacement
- Districtwide Firewall Network Switch Replacement
- Districtwide Video Camera Replacement
- Half Moon Bay Oil Well Removed
- Districtwide Facilities Master Plan
- Districtwide ADA Transition

The District is fortunate in having legislative authority to use a variety of construction delivery methods to best suit each project's character and bring best value to the colleges and community, including design- build, multiple-prime contracting, as well as the traditional design-bid-build delivery method.

Staff and Faculty Housing

In response to regional housing costs that are among the highest in the country, the District has undertaken initiatives to assist faculty and staff with the high cost of housing. The District currently owns and operates 104 housing units at its College of San Mateo and Cañada College, and a third complex with 30 units is under development at Skyline College. Employees are eligible to live in these units for up to seven years and pay rent that is well below market rate. Residents of the employee housing program are strongly encouraged to save the money from their reduced rent to apply towards a down payment to buy housing in the area. The District also has a second loan program for first-time homebuyers that will supplement employees' down payment savings up to $150,000 with a closing cost grant of up to a $1,000.

Locations

College Vista, located on the College of San Mateo campus, is a two and three-story complex with 44 units built on a 2-acre site with stunning views of the South Bay.

Locations, continued

Cañada Vista, located at Cañada College, consists of two three-story residential buildings with 60 units on 3.3 acres overlooking mountain views.

College Ridge, located at Skyline College, has completed initial site work development and it is anticipated that a contractor will be selected by late 2020 to begin construction on the 30-unit development. Anticipated opening of the new complex is spring 2022.

Contacting the District's Financial Management Office

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to illustrate the District's accountability for funding it receives. Questions or concerns about this report or requests for additional financial information should be addressed to Bernata Slater, Chief Financial Officer, by phone at 650-358- 6755 or by e-mail at slaterb@smccd.edu.

FINANCIAL SECTION

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS		
Current Assets:		
Cash and investments	$	177,481,541
Restricted investments		239,200,962
Accounts receivable, net		23,994,879
Inventory		3,497,425
Prepaid expenses		3,543,824
Total Current Assets		447,718,631
Noncurrent Assets:		
Other noncurrent assets		375,547
Net OPEB asset		40,256,406
Capital assets, net		814,238,561
Total Noncurrent Assets		854,870,514
TOTAL ASSETS		1,302,589,145
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to bond refundings		16,894,977
Deferred outflows related to OPEB		9,967,899
Deferred outflows related to pensions		49,695,066
TOTAL DEFERRED OUTFLOWS OF RESOURCES		76,557,942
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	1,379,147,087
LIABILITIES		
Current Liabilities:		
Accounts payable	$	22,487,903
Interest payable		9,288,687
Unearned revenue		14,448,075
Lease payable		14,443,454
Compensated absences, current portion		1,126,743
Long-term debt, current portion		45,364,042
Total Current Liabilities		107,158,904
Noncurrent Liabilities:		
Net pension liability		220,379,366
Compensated absences, noncurrent portion		7,225,542
Long-term debt, noncurrent portion		1,012,545,391
Total Noncurrent Liabilities		1,240,150,299
TOTAL LIABILITIES		1,347,309,203
DEFERRED INFLOWS OF RESOURCES		
Deferred charge on refunding		4,341,458
Deferred inflows related to OPEB		32,817,506
Deferred inflows related to pensions		7,952,437
TOTAL DEFERRED INFLOWS OF RESOURCES		45,111,401
NET POSITION		
Net investment in capital assets		8,083,609
Restricted for:		
Debt service		59,112,355
Capital projects		152,083,118
Educational programs		22,998,807
Other special purposes		7,124,552
Unrestricted		(262,675,958)
TOTAL NET POSITION		(13,273,517)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	1,379,147,087

See accompanying notes to the financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

OPERATING REVENUES	
Tuition and fees	$ 21,498,459
Less: Scholarship discounts and allowances	(5,612,644)
Net tuition and fees	15,885,815
Auxiliary enterprise sales and charges	
Bookstore	2,725,684
Cafeteria	17,631
Fitness Center	3,753,255
Other sales and charges	1,018
Associated student sales	252,773
TOTAL OPERATING REVENUES	22,636,176
OPERATING EXPENSES	
Salaries	153,266,146
Employee benefits	78,370,691
Supplies, materials, and other operating expenses and services	61,647,852
Student aid	23,291,835
Depreciation	31,424,019
TOTAL OPERATING EXPENSES	348,000,543
OPERATING LOSS	(325,364,367)
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	3,980,945
Local property taxes	179,304,163
Taxes levied for other specific purposes	59,600,022
State taxes and other revenues	23,423,044
Investment income (loss), noncapital	(2,810,712)
Interest expense on capital asset-related debt	(44,941,072)
Grants and Contracts, noncapital:	
Federal	31,187,042
State	24,408,207
Local grants and other non-operating income	16,233,786
TOTAL NON-OPERATING REVENUES (EXPENSES)	290,385,425
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(34,978,942)
State revenues, capital	447,505
Gain (loss) on disposal of fixed assets	40,426
TOTAL OTHER REVENUES	487,931
CHANGE IN NET POSITION	(34,491,011)
NET POSITION, BEGINNING OF YEAR	19,807,228
PRIOR YEAR ADJUSTMENT (SEE NOTE 15)	1,410,266
NET POSITION, END OF YEAR	$ (13,273,517)

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 15,885,815
Payments to vendors	(66,097,322)
Payments to or on behalf of employees	(226,116,235)
Payments to students	(23,133,378)
Auxiliary and other sales and charges	6,750,361
Net Cash Provided (Used) by Operating Activities	(292,710,759)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments	3,980,945
Federal grants and contracts	30,499,150
State grants and contracts	18,635,457
Property taxes - non debt related	179,304,163
State taxes and other apportionments	23,423,044
Local grants and other non-operating revenues	22,236,474
Net Cash Provided (Used) by Non-capital Financing Activities	278,079,233
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(68,824,634)
Proceeds from capital debt	18,998,152
State revenue, capital projects	447,505
Property taxes - related to capital debt	59,600,022
Principal paid on capital debt	(18,193,843)
Interest paid on capital debt	(53,962,139)
Net Cash Provided (Used) by Capital Financing Activities	(61,934,937)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	(1,985,701)
Net Cash Provided (Used) by Investing Activities	(1,985,701)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(78,552,164)
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	495,234,667
CASH & CASH EQUIVALENTS, END OF YEAR	$ 416,682,503

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	$ (325,364,367)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation expense	31,424,019
Changes in Assets and Liabilities:	
Accounts receivables, net	1,000,116
Inventory and prepaid expenses	926,840
Net OPEB asset	(29,717,413)
Deferred outflows of resources	4,924,967
Accounts payable and accrued liabilities	(3,967,564)
Unearned revenue	(841,659)
Compensated absences	1,126,743
Net pension liability	11,276,366
Deferred inflows of resources	16,501,193
Total Adjustments	32,653,608
Net Cash Used By Operating Activities	$ (292,710,759)
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:	
Cash and cash equivalents	$ 177,481,541
Restricted cash and cash equivalents	239,200,962
Total Cash and Cash Equivalents	$ 416,682,503
NON-CASH TRANSACTIONS:	
Amortization of premiums	$ 3,586,488
Accretion of interest	$ 24,285,551
Amortization of deferred (gain) loss on refunding	$ 748,963

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	OPEB Trust Fund
ASSETS	
Investments	$ 157,435,660
Total Assets	157,435,660
LIABILITIES	
Accounts payable	247,645
Total Liabilities	247,645
NET POSITION	
Restricted	157,188,015
Total Net Position	$ 157,188,015

See accompanying notes to the financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	OPEB Trust Fund
OPERATING REVENUES:	
Local revenue	$ 7,300,799
Interest and investment income	29,016,556
Total Operating Revenues	36,317,355
OPERATING EXPENSES:	
Retiree benefits	7,300,799
Administrative expenses	350,400
Total Operating Expenses	7,651,199
Net Change in Net Position	28,666,156
Net Position - Beginning of Year	128,521,859
Net Position - End of Year	$ 157,188,015

See accompanying notes to the financial statements.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF FINANCIAL POSITION - DISCRETELY PRESENTED COMPONENT UNIT
EDUCATIONAL HOUSING CORPORATION
JUNE 30, 2021

ASSETS		
Cash and cash equivalents	$	65,691
Due from District		122,000
Total Assets	$	187,691
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$	145,458
Unearned rent		3,846
Rent security deposits		670
Total Liabilities		149,974
Net Assets:		
Net assets without donor restriction		37,717
Total Liabilities and Net Assets	$	187,691

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT UNIT
EDUCATIONAL HOUSING CORPORATION
FOR THE YEAR ENDED JUNE 30, 2021

REVENUES:	
Rental income	$ 1,149,510
Total Revenues	1,149,510
EXPENSES:	
Operating expenses	819,001
Transfer to District	328,000
Total Operating Expenses	1,147,001
Net Change in Net Position	2,509
Net Position - Beginning of Year	35,208
Net Position - End of Year	$ 37,717

See accompanying notes to the financial statements.

Cash flow from operating activities:		
Change in net assets	$	2,509
Changes in assets and liabilities		
Accounts receivable		286
Accounts payable		145,458
Unearned rent		(16,130)
Rent security deposits		(101,903)
Net cash provided (used) by operating activities		30,220
Net change in cash and cash equivalents		30,220
Cash and cash equivalents, beginning of year		35,471
Cash and cash equivalents, end of year	$	65,691

See accompanying notes to the financial statements.

NOTE 1 - ORGANIZATION

San Mateo County Community College District (the "District") was established in 1922 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering post- secondary educational services to residents of San Mateo County and surrounding areas. The District operates under a locally elected five-member Board of Trustees form of government, which establishes the policies by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates three college campuses located in the cities of San Mateo, San Bruno, and Redwood City, California. While the District is a political subdivision of the State of California, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Codification Section (Cod. Sec.) 2100.101. The District is classified as a state instrumentality under Internal Revenue Code Section 115.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity
The decision to include potential component units in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America and GASB Cod. Sec. 2100. The three criteria for requiring a legally separate, tax-exempt organization to be presented as a component unit are the "direct benefit" criterion, the "entitlement/ability to access" criterion, and the "significance" criterion. The District identified the following potential component units:

- San Mateo County Community College District Financing Corporation
- San Mateo County Community College Educational Housing Corporation
- San Mateo County Community College Foundation

The San Mateo County Community College District Financing Corporation (the Corporation) is a legally separate organization component unit of the District. The Corporation was formed to issue debt specifically for the acquisition and construction of capital assets for the District. The Board of Trustees of the Corporation is the same as the Board of Trustees of the District. The financial activity has been "blended" or consolidated within the financial statements as of the District as if the activity was the District's. This activity is accounted for in the District's COP Payment Fund and COP Construction Fund. Individually-prepared financial statements are not prepared for the Corporation.

The *San Mateo County Community Colleges Educational Housing Corporation* (the Housing Corp.) is a non- profit organization under IRS Code Section 501(c)(3). The Housing Corp. meets the criteria of the governing authority's ability to significantly influence operations and accountability for fiscal matters and the criteria for inclusion in the District's reporting entity. Its purpose is to operate staff and faculty housing. The financial activity of the Housing Corp. is reported as a separate discretely presented component unit. Individually-prepared financial statements are not prepared for the Housing Corp.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Financial Reporting Entity, continued

The *San Mateo County Community Colleges Foundation* (the Foundation) is a non-profit organization under IRS Code Section 501(c)(3). The District has determined that the Foundation does not meet the criteria of the governing authority's ability to significantly influence operations and accountability for fiscal matters and the criteria for inclusion in the District's report entity. It is dedicated to providing assistance to the students, teachers, and programs of the Colleges. The financial activity of the Foundation is not included in this report. Individually-prepared financial statements can be obtained from the Foundation at: https://foundation.smccd.edu/.

Basis of Presentation and Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. Under this model, the District's financial statements provide a comprehensive entity-wide perspective at the District's financial position and activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when the obligation has been incurred. All significant intra-agency transactions have been eliminated. The budgetary and financial accounts of the District are recorded and maintained in accordance with the Chancellor's Office's *Budget and Accounting Manual*.

Fiduciary funds for which the District acts only as an agent or trust are not included in the business-type activities of the District. These funds are reported in the Statement of Fiduciary Net Position and Statement of Change in Fiduciary Net Position at the fund financial statement level.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the Statement of Cash Flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt or construction of capital assets.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon a five-year average ratio over actual revenues. The allowance was estimated at $1,975,194 as of June 30, 2021.

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Inventory

Inventory consists primarily of bookstore merchandise and supplies held for resale at each of the colleges. Inventories are stated at lower of cost or market, utilizing the first in, first out method. The cost is recorded as an expense as the inventory is consumed.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction-in-progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of $5,000 for equipment and $100,000 for land, buildings and improvements. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at acquisition value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, 25 to 50 years; equipment, 5 to 10 years.

Unearned Revenue

Revenue from Federal, State and local special projects and programs is recognized when qualified expenditures have been incurred. Tuition, fees and other support received but not earned are recorded as unearned revenue until earned.

Postemployment Benefits Other Than Pensions (OPEB)

For purpose of measuring the net OPEB liability, information about the fiduciary net position of the Other Postemployment Benefit Plan (the "Plan") and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the 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 interest-earning investment contracts that are reported at cost. The Plan is included in the District's financial report and separately presented as a fiduciary fund. Separate financial statements are also prepared for the Plan and may be obtained by contacting the San Mateo County Community College District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows/Inflows 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. The District has recognized a deferred loss on refunding reported in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the pension liability and OPEB liability reported in the Statement of Net Position.

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. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability and net OPEB (asset) liability reported which is in the Statement of Net Position.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) program of CalSTRS and Public Employers Retirement Fund B (PERF B) a program of CalPERS, and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each classified member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represents the difference between assets and liabilities. The net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

> Net investment in capital assets: This represents the District's total investment in capital assets, net of associated outstanding debt obligations related to those capital assets and deferred outflows of resources. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
>
> Restricted net position: Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. At June 30, 2021 there is no balance of nonexpendable restricted net position.
>
> Unrestricted net position: Unrestricted net position represents resources derived from student tuition and fees, State apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources, and then towards unrestricted resources.

On-Behalf Payments

GASB Statement No. 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' on behalf of all Community Colleges in California. The government-wide conversion entries relating to the pension reporting requirements of GASB Statement No. 68 rely on Local Educational Agencies (LEAs) having recognized the state's on-behalf pension contribution in their funds. Prior to the issuance of GASB Statement No. 68, the District recorded this entry at the consolidation entry level for GASB Statement No. 35 business-type activity reporting.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Classification of Revenues and Expenses
The District has classified its revenues as either operating or nonoperating revenues. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Cod. Sec. Co5.101 including State appropriations, local property taxes, and investment income. Nearly all the District's expenses are from exchange transactions. Revenues and expenses are classified according to the following criteria:

Operating revenues and expenses
Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises. All expenses are considered operating expenses except for interest expense on capital related debt.

Nonoperating revenues and expenses
Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as Pell grants, most Federal, State and local grants and contracts and Federal appropriations, gifts and contributions, and other revenue sources described in GASB Cod. Sec. Co5.101, such as State appropriations and investment income. Interest expense on capital related debt is a non-operating expense.

State Apportionments
Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these calculations and corrections are accrued in the year in which the measurements are generated.

Property Taxes
Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of San Mateo bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received. San Mateo County is on the Teeter Plan, which means that the District receives the property taxes that are owed to the District, regardless of the taxes actually collected by the County.

The voters of the District passed General Obligation Bonds in 2001, 2005, and 2014 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bonds, property taxes are assessed on the property within the District specifically for the repayment of the debts incurred. The taxes are billed and collected as noted above and remitted to the District when collected.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

California Promise Grant
Student tuition and fee revenue is reported net of allowances and fee waivers approved by the Board of Governors through the California Promise Grant in the Statement of Revenues, Expenditures, and Change in Net Position. Allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf. To the extent that fee waivers and payments have been used to satisfy tuition and fee charges, the District has recorded an allowance.

Estimates
The preparation of the financial statement 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.

Interfund Activity
Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively.

Component Unit - Educational Housing Corporation Financial Statement Presentation
The Educational Housing Corporation (the "Housing Corp.") presents its financial statements in accordance with the FASB Accounting Standards Codification. Under these reporting requirements, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction, and net assets with donor restriction.

The assets, liabilities, and net assets of the Housing Corp. are reported as unrestricted funds, which represent the portion of resources that are available for general purpose of the Housing Corp.'s operations.

Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting. Revenues are reported as increases in the unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless theiruse is restricted by explicit donor stipulation or by law.

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California Franchise Tax Codes.

NOTE 3 - CASH AND CASH EQUIVALENTS

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Summary of Cash and Cash Equivalents: Cash and cash equivalents of the District as of June 30, 2021 consisted of the following:

	Primary Government	Fiduciary Funds	Educational Housing Corporation
Cash in County Treasury	$ 383,208,456	$ -	$ -
Cash on hand and in banks	640,783	-	65,691
Cash in revolving	70,000	-	-
Cash with fiscal agent	32,763,264	157,435,660	-
Total Deposits and Investments	$ 416,682,503	$ 157,435,660	$ 65,691

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The District is considered to be an involuntary participant in an external investment pool. The District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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 risk classifications is required.

The District's deposits in the fund are considered to be highly liquid. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County Treasurer has indicated that there are no derivatives in the pool as of June 30, 2021.

Cash with Fiscal Agent

Cash with Fiscal Agent represents bond funds to be used in the future. At June 30, 2021, the funds are held with a bank in a money market account and recorded at fair value.

NOTE 3 - CASH AND CASH EQUIVALENTS, continued

Custodial Credit Risk - Deposits and Certificate of Deposits
Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC") and are collateralized by the respective financial institution. At June 30, 2021, the carrying amount of the District's cash in banks was $640,783. The bank balance was fully insured. At June 30, 2021, certificates of deposits totaling $488,998 were fully insured by the FDIC.

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the District. All cash held by the financial institutions that is not insured is collateralized.

NOTE 4 - INVESTMENTS - OPEB TRUST

The District's OPEB (the "Trust") Trust fund, a fiduciary fund, has adopted an internally developed investment policy that is governed by the standards established in the California Constitution. In addition, the Trust has written investment policies regarding the type of investments that may be made specifically for the Trust and the amount, which may be invested in any one financial institution or amounts that may be invested in long-term instruments. Management believes the Trust has complied with the provisions of statutes pertaining to the types of investments held, institutions in which deposits were made, and security requirements.

The fair values of the Trust's individual investments as of June 30, 2021 consisted of the following:

Mutual funds - fixed income	$	77,879,358
Mutual funds - domestic equities		54,947,060
Mutual funds - equity		14,310,785
Mutual funds - real estate		10,298,457
Total investments	$	157,435,660

During the fiscal year ended as of June 30, 2021, the Trust's investments (including gains and losses on investments bought and sold as well as held during the year) appreciated as follows:

Dividends and other	$	5,149,569
Realized gains, net		3,647,474
Unrealized gains, net		20,393,738
Administrative expense		(524,625)
Total Investment Income, net	$	28,666,156

NOTE 4 - INVESTMENTS - OPEB TRUST, continued

Custodial Credit Risk

The California Government Code requires California banks and savings and loan associations to secure the Trust's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the Trust. All cash held by financial institutions is entirely insured or collateralized.

Credit Risk

The Trust's investment policy requires all fixed income investments to be of investment grade quality or higher at purchase; that is, at the time of purchases, rated no lower than "BBB" by Standard and Poor's. The Trust Board, at their discretion, may impose a higher standard on an individual investment manager basis as circumstances or investment objectives dictate. At June 30, 2021, the Trust investments consisted of open-end mutual funds, therefore there are no credit ratings to disclose.

Interest Rate Risk

The Trust's investments consisted of open and closed-end mutual funds, therefore, there are no significant interest rate risk related to the investments held, as there are no maturities related to the mutual funds held.

Fair Value of Financial Instruments

The following methods and assumptions were used by the Trust to estimate the fair value of its financial instruments at June 30, 2021.

Fair Value Hierarchy

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

> Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
>
> Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
>
> Level 3 – Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

NOTE 4 - INVESTMENTS - OPEB TRUST, continued

Assets Recorded at Fair Value

The following table presents information about the District's assets measured at fair value on a recurring basis:

	June 30, 2021			
	Total	Level 1	Level 2	Level 3
OPEB Investments				
Mutual funds - fixed income	$ 77,879,358	$ 77,879,358	$ -	$ -
Mutual funds - domestic equities	54,947,060	54,947,060	-	-
Mutual funds - equity	14,310,785	14,310,785	-	-
Mutual funds - real estate	10,298,457	10,298,457	-	-
Total	$ 157,435,660	$ 157,435,660	$ -	$ -

Mutual funds were valued at closing prices from securities exchanges and are classified as Level 1 investments.

During the year ended June 30, 2021, there were no significant transfers in or out of Level 1.

There were no assets or liabilities measured at fair value on a non-recurring basis at June 30, 2021.

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivables for the District as of June 30, 2021, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. The accounts receivable are as follows:

Federal Government	
Categorical aid	$ 3,331,937
State Government	
Categorical aid	8,334,475
Lottery	853,960
Local Sources	
Interest	972,043
Financial aid receivables	850,114
Student receivables	959,024
Other local sources	10,668,520
Subtotal	25,970,073
Less: allowance for bad debt	(1,975,194)
Total	$ 23,994,879

As of June 30, 2021, receivables from other local sources includes $375,547 for loans made to District employees to purchase houses. All full-time employees who purchase a home and contribute at least 20 percent of the purchase price are eligible to receive loans of up to $150,000 per employee. Repayment terms and interest rates are: no payments due in years 1 through 5, payments of principal and interest in years 6-10, with final payment of any remaining balance, as well as shared appreciation, in year 10. Selling the property, withdrawing cash from the equity, or leaving the District’s employment accelerates the due date of the loan. Interest is charged at 4 percent per year. As of June 30, 2021, the District had over $5.1 million available for new loans.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District consists of the following at June 30, 2021:

	Balance July 1, 2020	Adjustments	Additions	Deductions	Balance June 30, 2021
Capital Assets Not Being Depreciated					
Land	$ 20,586,318	$ -	$ -	$ -	$ 20,586,318
Construction in progress	198,055,266	-	66,148,562	102,519,867	161,683,961
Total Capital Assets Not Being Depreciated	218,641,584	-	66,148,562	102,519,867	182,270,279
Capital Assets Being Depreciated					
Land improvements	140,420,080	-	-	-	140,420,080
Buildings and improvements	718,888,688	-	102,519,867	-	821,408,555
Furniture, equipment and vehicles	29,120,145	1,037,281	2,577,991	532,717	32,202,700
Total Capital Assets Being Depreciated	888,428,913	1,037,281	105,097,858	532,717	994,031,335
Total Capital Assets	1,107,070,497	1,037,281	171,246,420	103,052,584	1,176,301,614
Less Accumulated Depreciation					
Land improvements	56,266,489	-	6,637,571	-	62,904,060
Buildings and improvements	254,127,923	-	22,554,904	-	276,682,827
Furniture, equipment and vehicles	19,878,565	889,794	2,231,544	523,737	22,476,166
Total Accumulated Depreciation	330,272,977	889,794	31,424,019	523,737	362,063,053
Net Capital Assets	$ 776,797,520	$ 147,487	$ 139,822,401	$ 102,528,847	$ 814,238,561

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable for the District as of June 30, 2021, consisted of the following:

Vendor invoices	$ 5,622,812
Payroll related	6,027,529
Construction	8,572,505
Workers' compensation	2,208,000
Federal	57,057
Total	$ 22,487,903

The accounts payable of the Fiduciary Fund consists primarily of funds held for student clubs. The accounts payable of the Educational Housing Corporation consists of local vendor payables.

NOTE 8 - UNEARNED REVENUE

Unearned revenue as of June 30, 2021, consisted of the following:

State categorical aid	$ 7,824,357
Student fees	2,140,068
Other local	4,483,650
Total	$ 14,448,075

NOTE 9 – LONG TERM LIABILITIES

The long-term liabilities activity for the year ended June 30, 2021, is as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due Within One Year
General obligation bonds	$ 766,683,503	$ 188,200,000	$ 193,577,542	$ 761,305,961	$ 27,408,777
Unamortized premiums	60,856,091	-	22,500,085	38,356,006	14,368,777
Accreted Interest	246,399,374	24,285,551	12,437,459	258,247,466	3,586,488
Net pension liability	209,103,000	11,276,366	-	220,379,366	-
Compensated absences	7,225,542	5,011,290	3,884,547	8,352,285	1,126,743
Total	$ 1,290,267,510	$ 228,773,207	$ 232,399,633	$ 1,286,641,084	$ 46,490,785

On June 4, 2002, the District issued $96,857,613 of General Obligation Bonds Series 2001A. The Bonds were issued to finance the acquisition, construction and modernization of certain District property and facilities. The Current Interest Bonds of $53,335,000 were refunded during the fiscal year ended June 30, 2012. Capital Appreciation Bonds of $18,045,613 mature September 1, 2016 through September 1, 2026 with interest accreting at an average 5.55% compounded semiannually each year and due upon maturity.

Unamortized premiums and accreted interest on the capital appreciation bonds were $115,535 and $17,901,675 at June 30, 2021, respectively.

The following is a schedule of future payments as of June 30, 2021 for the Series 2001A Capital Appreciation Bonds:

Year End	Principal	Interest	Total
2022	$ 1,750,547	$ 3,304,454	$ 5,055,001
2023	1,771,959	3,678,042	5,450,001
2024	1,499,173	3,415,827	4,915,000
2025	1,522,960	3,792,040	5,315,000
2026	1,546,328	4,188,672	5,735,000
2027	1,571,078	4,608,920	6,179,998
Total	$ 9,662,045	$ 22,987,955	$ 32,650,000

On February 9, 2005, the District issued $69,995,132 of General Obligation Bonds Series 2001B. The Bonds were issued to finance the acquisition, construction and modernization of certain District property and facilities. The Current Interest Bonds of $22,375,000 were refunded during the fiscal years ended June 30, 2012 and 2015. Capital Appreciation Bonds of $23,095,132 mature September 1, 2021 through September 1, 2028 with interest accreting at an average 4.78% compounded semiannually each year and due upon maturity.

Unamortized premiums and accreted interest on the capital appreciation bonds were $311,800 and $26,472,567 at June 30, 2021, respectively.

NOTE 9 – LONG TERM LIABILITIES, continued

The following is a schedule of future payments as of June 30, 2021 for the Series 2001B Capital Appreciation Bonds:

Year End	Principal	Interest	Total
2022	$ 2,127,124	$ 2,367,876	$ 4,495,000
2023	2,126,338	2,623,663	4,750,001
2024	2,123,259	2,896,741	5,020,000
2025	2,117,544	3,187,456	5,305,000
2026	2,107,112	3,492,888	5,600,000
2027-2029	12,493,755	25,366,244	37,859,999
Total	$ 23,095,132	$ 39,934,868	$ 63,030,000

On April 11, 2006, the District issued $40,124,660 of General Obligation Bonds Series 2001C. The Bonds were issued to finance the acquisition, construction and modernization of certain District property and facilities. The Current Interest Bonds of $7,500,000 were partially refunded during the fiscal year ended June 30, 2015 with the remaining bonds maturing during the year ended June 30, 2016. Capital Appreciation Bonds of $25,469,660 mature September 1, 2016 through March 30, 2031 with interest accreting at an average 4.90% compounded semiannually each year and due upon maturity.

Unamortized premiums and accreted interest on the capital appreciation bonds were $101,878 and $23,061,781 at June 30, 2021, respectively.

The following is a schedule of future payments as of June 30, 2021 for the Series 2001C Capital Appreciation Bonds:

Year End	Principal	Interest	Total
2022	$ 874,686	$ 950,314	$ 1,825,000
2023	879,786	1,055,214	1,935,000
2024	883,714	1,166,286	2,050,000
2025	884,316	1,280,684	2,165,000
2026	887,729	1,407,271	2,295,000
2027-2031	16,757,210	37,272,791	54,030,001
Total	$ 21,167,441	$ 43,132,560	$ 64,300,001

On April 11, 2006, the District issued $135,429,395 of General Obligation Bonds Series 2005A. The Bonds were issued to finance the acquisition, construction and modernization of certain District property and facilities. The Current Interest Bonds of $61,795,000 matured during the fiscal year ended June 30, 2015. Capital Appreciation Bonds of $73,634,395 mature September 1, 2015 through September 1, 2030 with interest accreting at an average 4.86% compounded semiannually each year and due upon maturity.

Unamortized premiums and accreted interest on the capital appreciation bonds were $537,989 and $47,905,056 at June 30, 2020, respectively.

NOTE 9 – LONG TERM LIABILITIES, continued

The following is a schedule of future payments as of June 30, 2021 for the Series 2005A Capital Appreciation Bonds:

Year End	Principal	Interest	Total
2022	$ 4,658,602	$ 5,061,398	$ 9,720,000
2023	4,617,174	5,537,826	10,155,000
2024	4,571,603	6,033,397	10,605,000
2025	4,525,737	6,554,263	11,080,000
2026	4,477,326	7,097,674	11,575,000
2027-2031	21,800,673	44,459,327	66,260,000
Total	$ 44,651,115	$ 74,743,885	$ 119,395,000

On December 12, 2006, the District issued $332,570,194 of General Obligation Bonds Series 2005B. The Bonds were issued to finance the acquisition, construction and modernization of certain District property and facilities. The Current Interest Bonds of $41,155,000 were partially refunded during the fiscal years ended June 30, 2012 and 2015. The remaining Current Interest Bonds of $6,865,000 matured during the fiscal year ending June 30, 2017. Capital Appreciation Bonds of $163,005,194 mature September 1, 2020 through September 1, 2038 with interest accreting at an average 4.58% compounded semiannually each year and due upon maturity.

Unamortized premiums and accreted interest on the capital appreciation bonds were $3,694,196 and $142,906,386 at June 30, 2021, respectively.

The following is a schedule of future payments as of June 30, 2021 for the Series 2005B Capital Appreciation Bonds:

Year End	Principal	Interest	Total
2022	$ 4,957,819	$ 4,687,181	$ 9,645,000
2023	5,244,307	5,430,693	10,675,000
2024	5,502,657	6,217,343	11,720,000
2025	5,754,962	7,070,038	12,825,000
2026	6,004,040	7,995,960	14,000,000
2027-2031	33,567,769	56,557,231	90,125,000
2032-2036	58,925,829	139,219,171	198,145,000
2037-2039	38,357,845	115,852,155	154,210,000
Total	$ 158,315,228	$ 343,029,772	$ 501,345,000

On April 26, 2012, the District issued $107,595,000 of 2012 General Obligation Refunding Bonds. Proceeds were used to refund portions of the outstanding Series 2001A General Obligation Bonds, Series 2001B General Obligation Bonds, and Series 2005B General Obligation Bonds. The 2012 Refunding Bonds are general obligations of the District payable solely from ad valorem property taxes. The 2012 Refunding Bonds mature through September 1, 2022 and bear interest at rates ranging from 2.00% to 5.00% with interest due annually on September 1. For financial reporting purposes, the refunded debt has been considered defeased and therefore removed from the District's financial statements. On June 30, 2021, $42,925,000 of bonds outstanding are considered defeased.

NOTE 9 – LONG TERM LIABILITIES, continued

Unamortized premiums on the 2012 Refunding Bonds were $2,804,647 as of June 30, 2020.

The following is a schedule of the future payments as of June 30, 2021 for the 2012 Refunding Bonds:

Year End	Principal	Interest	Total
2022	$ 5,945,000	$ 400,150	$ 6,345,150
2023	6,225,000	140,625	6,365,625
Total	$ 12,170,000	$ 540,775	$ 12,710,775

On May 27, 2015, the District issued $127,000,000 of General Obligation Bonds Series 2014A. The Bonds were issued to finance the acquisition, construction and modernization of certain District property and facilities. The General Obligation Bonds Series 2014A mature September 1, 2016 through September 1, 2025 and bear interest at rates ranging from 3.00% to 5.00% with interest due semiannually on September 1 and March 1.

The premiums on the 2015 General Obligation Bonds Series 2014A were defeased during 2021 with the issuance of the 2021 General Obligation Refunding Bonds.

The following is a schedule of future payments as of June 30, 2021 for the Series 2014A General Obligation Bonds:

Year End	Principal	Interest	Total
2022	$ -	$ 98,000	$ 98,000
2023	205,000	92,875	297,875
2024	385,000	78,125	463,125
2025	580,000	54,000	634,000
2026	790,000	19,750	809,750
Total	$ 1,960,000	$ 342,750	$ 2,302,750

On September 4, 2014, the District issued $121,805,000 of 2014 General Obligation Refunding Bonds. Proceeds were used to refund portions of the outstanding Series 2001B General Obligation Bonds, Series 2001C General Obligation Bonds, and Series 2005B General Obligation Bonds. The 2014 Refunding Bonds are general obligations of the District payable solely from ad valorem property taxes. The 2014 Refunding Bonds mature September 1, 2015 through September 1, 2024 and bear interest at rates ranging from 2.00% to 5.00% with interest due annually on September 1.

Unamortized premiums on the 2014 Refunding Bonds were $2,665,130 as of June 30, 2021.

NOTE 9 – LONG TERM LIABILITIES, continued

The following is a schedule of the future payments as of June 30, 2021 for the 2014 Refunding Bonds:

Year End	Principal	Interest	Total
2022	$ 515,000	$ 217,150	$ 732,150
2023	535,000	196,150	731,150
2024	255,000	180,350	435,350
2025	3,505,000	87,625	3,592,625
Total	$ 4,810,000	$ 681,275	$ 5,491,275

On October 30, 2018, the District issued $261,000,000 of 2018 General Obligation Bonds Series 2018B. The Bonds were issued to finance the acquisition, construction, and modernization of certain District property and facilities. The 2018 General Obligation Bonds Series 2018B mature September 1, 2019 through September 1, 2045 and bear interest at rates ranging from 3.75% to 5.00% with interest due semiannually on September 1 and March 1.

Unamortized premiums on the 2018 General Obligation Bonds Series 2018B were $24,508,023 as of June 30, 2021.

The following is a schedule of the future payments as of June 30, 2021 for the 2018B Refunding Bonds:

Year End	Principal	Interest	Total
2022	$ 3,905,000	$ 11,154,000	$ 15,059,000
2023	-	11,056,375	11,056,375
2024	370,000	11,047,125	11,417,125
2025	845,000	11,016,750	11,861,750
2026	1,360,000	10,961,625	12,321,625
2027-2031	17,535,000	52,793,750	70,328,750
2032-2036	38,995,000	46,060,100	85,055,100
2037-2041	70,010,000	35,019,113	105,029,113
2042-2046	107,865,000	14,474,875	122,339,875
Total	$ 240,885,000	$ 203,583,713	$ 444,468,713

On October 30, 2018 the District issued $33,665,000 of 2018 General Obligation Refunding Bonds. Proceeds were used to refund portions of the outstanding principal amount of the District's 2014 General Obligation Refunding Bonds. The 2018 Refunding Bonds mature September 1, 2035 through September 1, 2038 and bear interest at rates ranging from 3.75% to 4.00% with interest due semiannually on September 1 and March 1.

Unamortized premiums on the 2014 Refunding Bonds were $863,427 as of June 30, 2021.

NOTE 9 – LONG TERM LIABILITIES, continued

The following is a schedule of the future payments as of June 30, 2021 for the 2018 Refunding Bonds:

Year End	Principal	Interest	Total
2022	$ -	$ 1,325,388	$ 1,325,388
2023	-	1,325,388	1,325,388
2024	-	1,325,388	1,325,388
2025	-	1,325,388	1,325,388
2026	-	1,325,388	1,325,388
2027-2031	-	6,626,938	6,626,938
2032-2036	8,330,000	6,460,338	14,790,338
2037-2039	25,335,000	1,470,469	26,805,469
Total	$ 33,665,000	$ 21,184,685	$ 54,849,685

On October 30, 2018 the District issued $22,725,000 of 2018 General Obligation Bonds (2018 Forward Delivery Refunding Bonds). Proceeds were used to refund portions of the outstanding principal amount of the District's 2015 General Obligation Bonds Series 2014A. The 2019 Forward Delivery Refunding Bonds mature September 1, 2036 through September 1, 2040 and bear interest at 5.00% with interest due annually on September 1.

There was no accrued interest or sinking fund resources related to the new debt proceeds. Unamortized premiums on the 2018 Forward Delivery Bonds were $2,607,616 as of June 30, 2021.

The following is a schedule of the future payments as of June 30, 2021 for the 2018 Forward Delivery Bonds:

Year End	Principal	Interest	Total
2022	$ -	$ 1,136,250	$ 1,136,250
2023	-	1,136,250	1,136,250
2024	-	1,136,250	1,136,250
2025	-	1,136,250	1,136,250
2026	-	1,136,250	1,136,250
2027-2031	-	5,681,250	5,681,250
2032-2036	-	5,681,250	5,681,250
2037-2041	22,725,000	3,100,375	25,825,375
Total	$ 22,725,000	$ 20,144,125	$ 42,869,125

On March 24, 2021 the District issued $188,200,000 of 2021 General Obligation Refunding Bonds. Proceeds were used to refund portions of the outstanding principal amounts of the District's 2012 General Obligation Refunding Bonds, 2014 General Obligation Refunding Bonds and 2015 General Obligation Refunding Bonds. The 2021 Refunding Bonds mature September 1, 2021 through September 1, 2045 and bear interest at rates ranging from 0.15% to 2.86% with interest due semiannually on September 1 and March 1.

NOTE 9 – LONG TERM LIABILITIES, continued

The following is a schedule of the future payments as of June 30, 2021 for the 2021 Refunding Bonds:

Year End	Principal	Interest	Total
2022	$ 2,675,000	$ 3,034,766	$ 5,709,766
2023	3,455,000	3,441,377	6,896,377
2024	11,010,000	3,423,420	14,433,420
2025	7,330,000	3,390,507	10,720,507
2026	11,170,000	3,321,470	14,491,470
2027-2031	58,110,000	14,356,416	72,466,416
2032-2036	54,975,000	8,181,527	63,156,527
2037-2041	-	5,742,153	5,742,153
2042-2046	39,475,000	3,051,425	42,526,425
Total	$ 188,200,000	$ 47,943,061	$ 236,143,061

NOTE 10 - RISK MANAGEMENT

Insurance Coverage
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 the year ending June 30, 2021, the District contracted with Risk Strategies, Inc., an insurance broker, to manage the District's insurance claims. The District is self-insured for the first $150,000. Settled claims have not exceeded this commercial coverage. The District has an Owner-Controlled Insurance Program (OCIP) that covers its capital projects over $1 million.

Workers' Compensation
For the fiscal year, the District contracted with Andreini and Company forplacement of excess workers' compensation insurance program. The District is self-insured for the first $350,000.

Employee Medical Benefits
The District has contracted with the CalPERS to provide employee medical and surgical benefits. CalPERS is a shared risk pool comprised of nearly 2,500 employers and covers five regions (Bay Area, Other Northern California, Southern California, Other Southern California, and Out of State). Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating Districts. Claims are paid for all participants regardless of claims flow. The CalPERS Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool. CalPERS requires the District to have a post-retirement medical benefit plan for CalPERS members.

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate costs of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

NOTE 10 - RISK MANAGEMENT, continued

Claim Liabilities
The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2019 to June 30, 2021:

	Workers' Compensation
Liability Balance, July 1, 2019	$ 2,211,000
Claims and changes in estimates	3,478,965
Claims payments	(3,516,965)
Liability Balance, June 30, 2020	2,173,000
Claims and changes in estimates	4,893,742
Claims payments	(4,747,742)
Liability Balance, June 30, 2021	$ 2,319,000
Assets available to pay claims at June 30, 2021.	$ 7,197,105

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2021, the District reported its proportionate share of the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 94,163,889	$ 24,520,708	$ 7,500,433	$ 11,432,857
CalPERS	126,215,477	25,174,358	452,004	23,893,694
Total	$ 220,379,366	$ 49,695,066	$ 7,952,437	$ 35,326,551

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS)

Plan Description
The District contributes to the State Teachers' Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple employer public employee retirement system defined benefit pension plan. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law.

Benefits Provided
The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes to the STRP Defined Benefit Program and STRP Defined Benefit Supplement Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP Defined Benefit Plan	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%*
Required employer contribution rate	16.15%	16.15%
Required state contribution rate	10.328%	10.328%

*The rate imposed on CalSTRS 2% at 62 members assuming no change in the normal cost of benefits.

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

Contributions

Required member, District, and state of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2021 are presented above and the total District contributions were $9,539,697.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ 94,163,889
State's proportionate share of the net pension liability associated with the District	48,541,103
Total	$ 142,704,992

The net pension liability was measured as of June 30, 2020. The 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 school districts and the state, actuarially determined. At June 30, 2020, the District's proportion was 0.097% which is a decrease of 0.002% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of $11,432,857. In addition, the District recognized revenue and corresponding expense of $4,950,332 for support provided by the state. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ 2,236,208	$ -
Differences between expected and actual experience	166,155	2,653,917
Changes in assumptions	9,180,648	-
Net changes in proportionate share of net pension liability	3,398,000	4,846,516
District contributions subsequent to the measurement date	9,539,697	-
Total	$ 24,520,708	$ 7,500,433

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

The net difference between projected and actual earnings on plan investments is amortized over a five-year period on a straight-line basis. All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2020 measurement date is seven years.

The remaining amount will be recognized to pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ 187,221
2023	2,397,556
2024	3,814,060
2025	1,484,800
2026	(412,221)
Thereafter	9,162
	$ 7,480,578

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2019 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

Actuarial Methods and Assumptions, continued

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 and adopted by the CalSTRS Board in January 2020 in conjunction with the most recent experience study. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized herein.

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Cash/Liquidity	2%	-1.00%
Absolute Return/Risk Mitigation Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
	100%	

*20-year geometric average

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. 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. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP'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 following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	$ 142,268,519	$ 94,163,889	$ 54,446,742

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate comprehensive annual financial report for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from CalSTRS.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for community college education. These payments consist of state general fund contributions of approximately $6,871,169 to CalSTRS.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan 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.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

The CalPERS provisions and benefits in effect at June 30, 2021 are summarized below:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.500%
Required employer contribution rate	20.70%	20.70%

Contributions

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 July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. 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. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021 are as presented above and the total District contributions were $13,470,217.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $126,215,477. The net pension liability was measured as of June 30, 2020. The 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 districts, actuarially determined. At June 30, 2020, the District's proportion was 0.411% which is an decrease 0.001% from its proportion measured as of June 30, 2019. For the year ended June 30, 2020, the District recognized pension expense of $23,893,694. In addition, At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ 2,627,404	$ -
Differences between expected and actual experience	6,259,900	-
Changes in assumptions	462,837	-
Net changes in proportionate share of net pension liability	2,354,000	452,004
District contributions subsequent to the measurement date	13,470,217	-
Total	$ 25,174,358	$ 452,004

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions, continued

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The net difference between projected and actual earnings on plan investments is amortized over a five-year period on a straight-line basis.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2020 measurement date is 4.1 years. The remaining amount will be recognized in pension expense as follows:

Year Ended June 30,	Outflows/(Inflows) of Resources
2022	$ 4,645,456
2023	3,459,366
2024	2,005,673
2025	1,141,642
	$ 11,252,137

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2019 used the methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of mortality improvements using 90% of scale MP 2016 published by the Society of Actuaries.

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

Actuarial Methods and Assumptions, continued
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 the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 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 equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized herein.

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**	Real Return Years 11+***
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	100%		

*In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
**An expected inflation of 2.0% used for this period
***An expected inflation of 2.92% used for this period

Discount Rate
The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Schools Pool Plan 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	$ 181,457,764	$ 126,215,477	$ 80,367,151

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

Plan Fiduciary Net Position
Detailed information about CalPERS Schools Pool Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2021, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Liability (Asset)	of Resources	of Resources	Expense
District Plan	$ (40,256,406)	$ 9,967,899	$ 32,817,506	$ (9,331,524)

Plan Description
In addition to the pension benefits described in Note 11, the District provides postemployment health care benefits (OPEB) for retired employees in accordance with negotiated contracts with the various bargaining units of the District. The Other Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the San Mateo County Community College District. The District provides the OPEB benefits through a single employer defined benefit OPEB plan that is administered by Benefit Trust Company. OPEB provisions are established and amended per contractual agreement with employee groups. The plan does issue separate financial statements, which are produced by the District and available upon request. The following is a description of the current retiree benefit plan:

Academic Employees
Employees of the San Mateo County Community College District, upon meeting the years of District service requirement and the “Magic 75” which is employee’s Age plus Years of District service, will qualify for retiree benefits as indicated in their union contract. Retiree Benefits package may differ depending on hire date. The years of District service required are 10 years if hired prior to September 8, 1993 and 20 years if hired on or after September 8, 1993.

CSEA & All Non-represented Employees
Employees of the San Mateo County Community College District, upon meeting the years of District service requirement and the “Magic 75” which is employee’s Age plus Years of District service, will qualify for retiree benefits as indicated in their union contract. Retiree Benefits package may differ depending on hire date. The years of District service required are 10 years if hired prior to July 1, 1992 and 20 years if hired on or after July 1, 1992.

AFCSME Employees
Employees of the San Mateo County Community College District, upon meeting the years of District service requirement and the “Magic 75” which is employee’s Age plus Years of District service, will qualify for retiree benefits as indicated in their union contract. Retiree Benefits package may differ depending on hire date. The years of District service required are 10 years if hired prior to July 1, 1992 and 20 years if hired on or after July 1, 1992.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Benefit Payments

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. The Plan is included in the District's financial report and separately presented as a fiduciary fund. Separate financial statements are also prepared for the Plan and may be obtained by contacting the San Mateo County Community College District.

During the year ended June 30, 2010 the District signed an irrevocable trust (the Trust) agreement. The District appointed a Board of Authority with authority to establish and amend benefits terms under the plan and make decisions on behalf of the District with respect to the Futuris Public Entity Investment Trust Program. The Benefit Trust Company was appointed as the custodian and trustee to administer the Futuris Public Entity Investment Trust.

Employees Covered by Benefit Term

The following is a table of plan participants at June 30, 2021 (measurement date):

	Number of Participants
Inactive Employees Receiving Benefits	667
Active Employees	1,021
	1,688

Contributions

California Government Code specifies that the District’s contribution requirements for covered employees are established and may be amended by the Governing Board. Eligible employees are not permitted to make contributions to the Trust. The Plan administrator shall, on behalf of the employer, make all contributions to the Trustee. All contributions shall be paid to the Trustee for investment and reinvestment pursuant to the terms of the trust agreement. The District does not have contractually required contributions rates, but contributes in an amount sufficient to fully fund the Net OPEB obligation over a period not to exceed 30 years. The District did not make any contributions to the Trust during the year ended June 30, 2021. As of June 30, 2021, the District's OPEB liability is fully funded.

OPEB Plan Investments

The plan discount rate of 6.5% was determined using the following asset allocation and assumed rate of return:

Asset Class	Percentage of Portfolio	Assumed Gross Return*
Fixed Income	50%	5%
Equities	50%	8%

*Geometric average

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

OPEB Plan Investments, continued

Rolling periods of time for all asset classes in combination we used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Additionally, the historic 28-year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 25 basis points. It was further assumed that contributions to the plan would be sufficient to fully fund the obligation over a period not to exceed 28 years.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determine using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation date	June 30, 2021
Measurement date	June 30, 2021
Actuarial cost methods	Entry age actuarial cost method
Inflation rate	2.75%
Investment rate of return	6.50%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2017 CalPERS active mortality for miscellaneous and school employees were used.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Changes in the Net OPEB (Asset) Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance July 1, 2020	$ 117,982,866	$ 128,521,859	$ (10,538,993)
Changes for the year:			
Service cost	3,028,055	-	3,028,055
Interest on TOL	7,528,114	-	7,528,114
Employer contributions	-	7,300,799	(7,300,799)
Change in assumptions	6,009,752	-	6,009,752
Expected investment income	-	29,190,781	(29,190,781)
Experience gains/losses	(10,257,675)	-	(10,257,675)
Administrative expense	-	(524,625)	524,625
Expected benefit payments	(7,359,503)	(7,300,799)	(58,704)
Net change	(1,051,257)	28,666,156	(29,717,413)
Balance June 30, 2021	$ 116,931,609	$ 157,188,015	$ (40,256,406)

Fiduciary Net Position as a percentage of the Total OPEB Liability, at June 30, 2021 was 134%.

Sensitivity of the net pension liability to assumptions:
The following presents the net OPEB liability calculated using the discount rate of 6.5 percent. The schedule also shows what the net OPEB liability and net OPEB asset would be if it were calculated using a discount rate that is 1 percent lower (5.5 percent) and 1 percent higher (7.5 percent):

	Discount Rate 1% Lower (5.5%)	Discount Rate (6.5%)	Discount Rate 1% Higher (7.5%)
Net OPEB liability	$ (26,657,085)	$ (40,256,406)	$ (51,602,017)

The following table presents the net OPEB liability calculated using the heath care cost trend rate of 4 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (3 percent) and 1 percent higher (5 percent):

	Health Care Trend Rate 1% Lower (3.0%)	Health Care Trend Rate Rate (4.0%)	Health Care Trend Rate 1% Higher (5.0%)
Net OPEB liability	$ (53,194,140)	$ (40,256,406)	$ (24,404,453)

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

OPEB Expense
For the year ended June 30, 2021, the District recognized OPEB expense of ($9,331,524).

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	of Resources	of Resources
Differences between projected and actual earnings on plan investments	$ -	$ 13,739,368
Differences between expected and actual experience	222,090	19,078,138
Change in assumptions	9,745,809	-
	$ 9,967,899	$ 32,817,506

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Outflows/(Inflows) of Resources
2022	$ (4,594,765)
2023	(4,830,782)
2024	(5,265,434)
2025	(5,830,275)
2026	(1,695,472)
Thereafter	(632,879)
	$ (22,849,607)

See required supplementary information following the notes to the basic financial statements, which presents multi-year trend information on whether assets are increasing or decreasing over time relative to the plan liabilities.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District.

Operating Leases

The District has entered into various operating leases for equipment with no lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date

Construction Commitments

As of June 30, 2021, the District has approximately $28,351,552 in outstanding commitments on construction contracts. The projects are funded through a combination of general obligation bonds and capital project apportionments from the State Chancellor's Office.

NOTE 14 – JOINT POWER AGREEMENTS

The District participates in joint ventures under joint power agreements with the following joint powers authorities (JPAs): School Excess Liability Fund (SELF) and San Mateo County School Insurance Group (SMCSIG). There have been no significant reductions in insurance coverage from the prior year. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes. The JPAs arrange for and provide property, liability, workers' compensation, dental, vision, and excess liability coverage for their members. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

Each JPA is governed by a board consisting of representatives from the members. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the boards. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA. The District's share of year end assets, liabilities, or fund equity is not calculated by the JPA's. Separately issued financial statements can be requested from each JPA.

NOTE 14 – JOINT POWER AGREEMENTS, continued

Condensed financial information of the JPAs for the most recent year available is as follows:

	SELF June 30, 2020	SMCSIG June 30, 2020
Total assets	$ 174,621,313	$ 30,122,943
Total deferred outflows of resources	$ 312,483	$ 399,381
Total liabilities	$ 141,193,559	$ 10,321,639
Total deferred inflows of resources	$ 64,325	$ 92,715
Net position	$ 33,675,912	$ 20,107,970
Total revenues	$ 77,945,029	$ 47,186,957
Total expenses	$ 64,133,389	$ 42,682,077
Change in net position	$ 13,811,640	$ 4,504,880

NOTE 15 – PRIOR PERIOD ADJUSTMENT

Beginning net position increased by $1,410,266 due to the implementation of GASB Statement No. 84, *Fiduciary Activities* for implementation of a change in accounting principal of $1,264,369 and an adjustment to capital assets of $145,897 to bring on the District's auxiliary funds and associated students capital asset balances.

REQUIRED SUPPLEMENTARY INFORMATION

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	$ 3,028,055	$ 2,593,072	$ 3,414,487	$ 3,359,195
Interest	7,528,114	7,015,191	8,335,093	7,957,577
Change in assumptions	6,009,752	5,910,554	-	-
Experience gains/losses	(10,257,675)	293,734	(15,800,542)	-
Benefit payments	(7,359,503)	(7,409,326)	(7,432,730)	(7,222,945)
Net change in total OPEB liability	(1,051,257)	8,403,225	(11,483,692)	4,093,827
Total OPEB liability, beginning of year	117,982,866	109,579,641	121,063,333	116,969,506
Total OPEB liability, end of year (a)	$ 116,931,609	$ 117,982,866	$ 109,579,641	$ 121,063,333
Plan fiduciary net position				
Employer contributions	$ 7,300,799	$ 7,409,326	$ 10,032,730	$ 19,422,945
Expected investment income	29,190,781	5,930,257	5,948,263	6,028,034
Administrative expense	(524,625)	(450,368)	(419,134)	(376,812)
Expected benefit payments	(7,300,799)	(7,409,326)	(7,432,730)	(7,222,945)
Change in plan fiduciary net position	28,666,156	5,479,889	8,129,129	17,851,222
Fiduciary trust net position, beginning of year	128,521,859	123,041,970	114,912,841	97,061,619
Fiduciary trust net position, end of year (b)	$ 157,188,015	$ 128,521,859	$ 123,041,970	$ 114,912,841
Net OPEB liability (asset), ending (a) - (b)	$ (40,256,406)	$ (10,538,993)	$ (13,462,329)	$ 6,150,492
Covered payroll	$ 100,583,668	$ 102,312,968	$ 98,883,699	$ 91,765,187
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	134%	109%	112%	95%
Net OPEB asset as a percentage of covered payroll	-40%	-10%	-14%	7%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - OPEB
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018
Actuarially determined contribution	$ 7,300,799	$ 7,409,326	$ 10,032,730	$ 19,422,945
Contributions in relations to the actuarially determined contribution	7,300,799	7,409,326	10,032,730	19,422,945
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 100,583,668	$ 102,312,968	$ 98,883,699	$ 91,765,187
Contribution as a percentage of covered-employee payroll	7.26%	7.24%	10.15%	21.17%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2021

	Reporting Fiscal Year (Measurement Date)			
CalSTRS	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
District's proportion of the net pension liability	0.097%	0.099%	0.100%	0.093%
District's proportionate share of the net pension liability	$ 94,163,889	$ 89,111,000	$ 91,965,000	$ 85,792,000
State's proportionate share of the net pension liability associated with the District	48,541,103	48,616,000	52,654,000	50,754,000
Total	$ 142,704,992	$ 137,727,000	$ 144,619,000	$ 136,546,000
District's covered - employee payroll	$ 51,023,000	$ 53,033,000	$ 53,265,000	$ 47,739,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	184.55%	168.03%	172.66%	179.71%
Plan fiduciary net position as a percentage of the total pension liability	71.80%	72.56%	70.99%	69.46%

	Reporting Fiscal Year (Measurement Date)			
CalPERS	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
District's proportion of the net pension liability	0.411%	0.412%	0.397%	0.380%
District's proportionate share of the net pension liability	$ 126,215,477	$ 119,992,000	$ 105,725,000	$ 91,241,000
District's covered - employee payroll	$ 56,870,000	$ 57,027,000	$ 52,301,000	$ 48,676,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	221.94%	210.41%	202.15%	187.45%
Plan fiduciary net position as a percentage of the total pension liability	70.00%	70.05%	70.85%	71.87%

Note: In the future, as data becomes available, ten years of information will be presented.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2021

	Reporting Fiscal Year (Measurement Date)		
CalSTRS	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.092%	0.105%	0.105%
District's proportionate share of the net pension liability	$ 74,125,000	$ 70,426,000	$ 60,122,504
State's proportionate share of the net pension liability associated with the District	42,202,000	37,248,000	37,062,000
Total	$ 116,327,000	$ 107,674,000	$ 97,184,504
District's covered - employee payroll	$ 45,675,000	$ 48,554,000	$ 46,781,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	162.29%	145.05%	128.52%
Plan fiduciary net position as a percentage of the total pension liability	70.04%	74.02%	76.52%

	Reporting Fiscal Year (Measurement Date)		
CalPERS	2017 (2016)	2016 (2015)	2015 (2014)
District's proportion of the net pension liability	0.370%	0.363%	0.358%
District's proportionate share of the net pension liability	$ 72,981,000	$ 53,485,000	$ 40,542,482
District's covered - employee payroll	$ 44,332,000	$ 40,172,000	$ 37,548,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	164.62%	133.14%	107.98%
Plan fiduciary net position as a percentage of the total pension liability	73.89%	79.43%	83.38%

Note: In the future, as data becomes available, ten years of information will be presented.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
FOR THE YEAR ENDED JUNE 30, 2021

	Reporting Fiscal Year			
CalSTRS	2021	2020	2019	2018
Statutorily required contribution	$ 9,539,697	$ 9,250,546	$ 8,821,372	$ 7,433,405
District's contributions in relation to the statutorily required contribution	9,539,697	9,250,546	8,821,372	7,433,405
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 59,069,331	$ 51,023,000	$ 54,185,000	$ 51,514,000
District's contributions as a percentage of covered-employee payroll	16.15%	17.10%	16.28%	14.43%

	Reporting Fiscal Year			
CalPERS	2021	2020	2019	2018
Statutorily required contribution	$ 13,470,217	$ 11,215,354	$ 10,306,432	$ 8,137,083
District's contributions in relation to the statutorily required contribution	13,470,217	11,215,354	10,306,432	8,137,083
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 65,073,512	$ 56,870,000	$ 57,061,000	$ 52,393,000
District's contributions as a percentage of covered-employee payroll	20.70%	19.72%	18.06%	15.53%

Note: In the future, as data becomes available, ten years of information will be presented.

	Reporting Fiscal Year		
CalSTRS	2017	2016	2015
Statutorily required contribution	$ 6,005,598	$ 4,900,874	$ 4,311,554
District's contributions in relation to the statutorily required contribution	6,005,598	4,900,874	4,311,554
District's contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 47,739,000	$ 45,675,000	$ 48,554,000
District's contributions as a percentage of covered-employee payroll	12.58%	10.73%	8.88%

	Reporting Fiscal Year		
CalPERS	2017	2016	2015
Statutorily required contribution	$ 6,760,065	$ 5,252,004	$ 4,728,591
District's contributions in relation to the statutorily required contribution	6,760,065	5,252,004	4,728,591
District's contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 48,676,000	$ 44,332,000	$ 40,172,000
District's contributions as a percentage of covered-employee payroll	13.89%	11.85%	11.77%

Note: In the future, as data becomes available, ten years of information will be presented.

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Changes in Net OPEB Liability and Related Ratios
The Schedule of Changes in Net OPEB liability is presented to illustrate the elements of the District's Net OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of Contributions – OPEB
This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, 10 years of information will be presented

Schedule of Proportionate Share of the Net Pension Liability
The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of Contributions – Pensions
The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10- year trend is compiled, governments should present information for those years for which information is available.

Changes of Benefit Terms
There are no changes in benefit terms reported in the Required Supplementary Information.

Changes of Assumptions
There are no changes in assumptions reported in the Required Supplementary Information.

SUPPLEMENTARY INFORMATION

The San Mateo County Community College District was established in 1922, and includes three college campuses located in San Mateo County. The District’s boundaries have been and remain co-terminus with the boarders of San Mateo County. The District's three colleges are each accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges. The District is governed by a board of trustees, comprised of five members elected from designated areas for four-year terms, and a student trustee elected to a one-year term.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Thomas A. Nuris	President	2022
Richard Holober	Vice President-Clerk	2022
Maurice Goodman	Trustee	2024
Lisa Petrides	Trustee	2024
John Pimentel	Trustee	2024
Ashley Garcia	Student Trustee	2022

DISTRICT ADMINISTRATION

Michael E. Claire
Chancellor

Dr. Richard Storti
Executive Vice Chancellor of Administrative Services

Bernata Slater
Chief Financial Officer

Kim Lopez
Interim President, Cañada College

Dr. Melissa Moreno
President, Skyline College

Dr. Jennifer Taylor-Mendoza
President, College of San Mateo

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Number	Total Program Expenditures	Sub-recipient Award Amount
U.S. DEPARTMENT OF EDUCATION				
Direct Program				
Student Financial Assistance Cluster				
Federal Work Study Program	84.033	-	$ 257,322	$ -
Federal Pell Grant	84.063	-	9,791,618	-
Federal Supplemental Educational Opportunity Grant	84.007	-	611,750	-
Federal Direct Student Loans	84.268	-	651,956	-
Subtotal Student Financial Aid Cluster			11,312,646	-
TRIO Cluster				
Student Support Services	84.042A	-	799,922	-
Upward Bound	84.047A	-	276,410	-
Subtotal TRIO Cluster			1,076,333	-
Higher Education Program				
Higher Education-Institutional Aid HSI STEM	84.031C	-	2,323,895	-
Higher Education-Institutional Aid HSI Cooperative	84.031S	-	1,622,205	152,290
Subtotal Higher Education			3,946,100	152,290
Minority Science and Engineering Improvement	84.120A	-	41,392	-
Higher Education Emergency Relief Fund				
COVID-19 HEERF Student Portion	84.425E	-	2,863,822	-
COVID-19 HEERF Institutional Portion	84.425F	-	9,507,006	-
COVID-19 HEERF Minority Serving Institutions	84.425L	-	409,434	-
Subtotal Higher Education Emergency Relief Fund			12,780,262	-
Passed through California Community Colleges Chancellor's Office				
CTEA I-C Basic Grants to States	84.048A	20-C01-052	501,986	-
Total Department of Education			29,658,719	152,290
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through California Community Colleges Chancellor's Office:				
Temporary Assistance for Needy Families	93.558	-	85,260	-
Title IV-E Foster Care	93.658	-	28,817	-
Passed through California Department of Education/CDTC:				
Child Care Development Cluster				
Child Care and Development Block Grant	93.575	20-21-4553, 20-21-4047, CCTR0249	39,602	-
COVID 19 - Child Care and Development Block Grant	93.575	-	7,718	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR0249	15,703	-
Subtotal Child Care Development Cluster			63,023	-
Total Department of Health and Human Services			177,100	-
NATIONAL SCIENCE FOUNDATION				
Research Cluster				
Direct Program				
Education and Human Resources	47.076	-	550,461	49,403
Passed through San Jose Evergreen Community College District				
Education and Human Resources	47.076	SC-SUB-G1288	100	-
Total National Science Foundation Research Cluster			550,561	49,403
US DEPARTMENT OF THE TREASURY				
Passed through California Community Colleges Chancellor's Office:				
COVID-19 Coronavirus Relief Fund	21.019	-	742,060	-
Passed through County of San Mateo				
COVID-19 Coronavirus Relief Fund	21.019	-	55,000	-
Total Department of Treasury			797,060	-
Total Federal Programs			$ 31,183,440	$ 201,693

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

	Program Revenues				Total
Program	Cash Received*	Accounts Receivable	Deferred Revenue	Total Revenue	Program Expenditures
AB 77/DSPS	$ 2,201,136	$ -	$ 59,575	$ 2,141,561	$ 2,141,561
Extended Opportunity Program	1,760,599	-	125,098	1,635,501	1,635,501
CARE/EOP	188,919	-	51,229	137,690	137,690
Foster & Kinship Care Education	56,670	-	-	56,670	56,670
AB602 FA Admin Allowance	760,558	-	-	760,558	760,558
T-Com and Technology	3,654	-	3,654	-	-
CalWORKs	447,906	-	78,876	369,030	369,030
AB1725 Staff Diversity	102,231	-	87,790	14,441	14,441
MESA CCCP/FSS	24,859	92,643	-	117,502	117,502
Lottery - Prop 20 - Instr Materials	510,839	480,923	-	991,762	752,157
YEP	(15,000)	15,000	-	-	-
UC Regents Puente Program-Skyline	-	2,500	-	2,500	2,500
UC Regents Puente Program-Canada	2,500	-	224	2,276	2,276
RSCCD CTE Data Unlocked Initiative	50,000	-	50,000	-	-
IEPI CCC Leadership Development	19,297	-	19,297	-	-
Feather River CCD IDRC Skyline	5,000	-	5,000	-	-
Guided Pathways Grant CCCCO	563,075	-	198,727	364,348	364,348
Disaster Relief Emergency SF Aid	157,678	-	9,979	147,699	147,699
CCC Mental Health Services Grant	61,335	-	-	61,335	61,335
Innovation in Higher Education	1,246,681	-	258,826	987,855	987,855
Student Equity and Achievement Prog	1,446,542	5,436,550	-	6,883,092	6,883,092
Nursing Education Program Support	208,243	-	-	208,243	208,243
SMUHSD - ACCEL CAEP	150,014	-	-	150,014	150,014
CCCCO 1819 Strong Workforce Local	1,207,280	-	-	1,207,280	1,207,280
Student Success Completion Grant	1,395,526	-	24,867	1,370,659	1,370,659
CCCCO Financial Aid Technology	370,159	-	140,948	229,211	229,211
Veteran Res Center Grant Prog	(2,182)	2,239	-	57	57
UC Regents Puente Program CSM	2,794	-	-	2,794	2,794
SBDC-HSUSPF GO-Biz TAEP 1819	(20)	20	-	-	-
Mental Health Support 2018-20	25,171	-	-	25,171	25,171
Veteran Resource Center 1819 approp	63,775	-	97	63,678	63,678
Incarcerated Students Reentry Prog	(1,551)	4,888	-	3,337	3,337
Classified Prof Dev 1819, apport	108,368	-	108,368	-	-
Umoja Program	6,100	-	-	6,100	6,100
SMUHSD- ACCEL CAEP 12/31/21	513,467	-	159,511	353,956	353,956
Cabrillo CCD Strong Workforce Reg	(8,449)	1,348,622	-	1,340,173	1,340,173
FHDA CCD, CCCCO Online CTE Pathways	356,426	-	-	356,426	356,426
RSCCD DSN Global Trade	(51,034)	98,644	-	47,610	47,610
RSCCD DSN Health	(13,884)	34,919	-	21,035	21,035
Veteran Resource Center 1920 approp	224,588	-	141,208	83,380	83,380
California College Promise 1920	154,721	-	-	154,721	154,721
CCCCO 1920 Strong Workforce Local	2,393,494	-	1,288,132	1,105,362	1,105,362
RSCCD DSN Energy Constr & Util 1920	58,266	-	-	58,266	58,266
Hunger Free Campus Support 2019-21	33,710	-	-	33,710	33,710
Cabrillo CCD 1920 Strong Workforce	-	862,232	-	862,232	862,232
SCCCD IEPI Equity Institute	200,000	-	-	200,000	200,000
Adult Ed Program - ACCEL 20-21	517,504	-	476,616	40,888	40,888
Veteran Resource Center 20-21	224,588	-	208,821	15,767	15,767
Strong Workforce Local CCCCO 20-21	2,356,943	-	2,356,943	-	-
California College Promise 20-21	1,597,541	-	120,646	1,476,895	1,476,895
COVID-19 Response Block Grant – ST	910,888	-	303,074	607,814	607,814
Umoja Program 2020-21	18,000	-	3,537	14,463	14,463
RSCCD RD Energy Constr & Util 2021	-	133,163	-	133,163	133,163
Dreamer Resource Liaisons 20-21	116,222	-	105,811	10,411	10,411
Veteran Resource Center One Time	108,028	-	108,028	-	-
RSCCD RD Global Trade	-	125,000	29,565	95,435	95,435
Immediate Action Emergency FA	1,048,208	-	1,048,208	-	-
Immediate Action Student Outreach	249,528	-	247,384	2,144	2,144
Immediate Action CalFresh Outreach	38,627	-	38,627	-	-
RSCCD RD Special Projects	-	134,726	-	134,726	134,726
Capital Outlay Projects	239,940	26,107	-	266,047	260,726
CDE Child Development	185,325	6,564	22,002	169,887	169,887
Cal Grant	1,311,351	10,657	5,181	1,316,827	1,316,827
Total	$ 25,912,154	$ 8,815,397	$ 7,885,849	$ 26,841,702	$ 26,596,776

**Cash received includes funds received in prior years*

CATEGORIES	Reported Data	Audit Adjustment	Audited Data
A. Summer Intersession (Summer 2020 only)			
1. Noncredit	2.13	-	2.13
2. Credit	2,436.32	-	2,436.32
B. Summer Intersession (Summer 2021 - Prior to July 1, 2021)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	5,493.60	-	5,493.60
(b) Daily Census Contact Hours	266.55	-	266.55
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	9.21	-	9.21
(b) Credit	457.95	-	457.95
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	4,450.05	-	4,450.05
(b) Daily Census Contact Hours	993.65	-	993.65
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	14,109.46	-	14,109.46
Supplemental Information (subset of above information)			
E. In-service Training Courses	-	-	-
H. Basic Skills Courses and Immigrant Education			
1. Credit	134.82	-	134.82
2. Noncredit	12.60	-	12.60
Total Basic Skills FTES	147.42	-	147.42

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2021.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

Total Fund Equity - District Funds Included in the Reporting Entity		
General fund	$ 86,854,739	
Debt service fund	59,112,355	
Capital project funds	235,990,508	
Internal service funds	19,582,225	
Auxiliary funds	8,161,434	
Student financial aid fund	81,380	
Student activity funds	1,470,916	$ 411,253,557
Assets recorded within the statements of net position not included in the District fund financial statements:		
Capital assets	$ 1,175,264,333	
Accumulated depreciation	(361,121,129)	814,143,204
Unmatured Interest		(9,288,687)
Lease payable		(14,443,454)
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred outflows related to bond refundings		16,894,977
Deferred outflows related to OPEB		9,967,899
Deferred outflows related to pensions		49,695,066
Liabilities recorded within the statement of net position not recorded in the District fund financial statements:		
General obligation bonds	$ 761,305,961	
Unamortized bond premiums	38,356,006	
Accreted interest	258,247,466	
Compensated absences	8,352,285	
Net OPEB liability/(asset)	(40,256,406)	
Net pension liability	220,379,366	(1,246,384,678)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred charge on refunding		(4,341,458)
Deferred inflows related to OPEB		(32,817,506)
Deferred inflows related to pensions		(7,952,437)
Net Assets Reported Within the Statement of Net Position		$ (13,273,517)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2021

		Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/ TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	28,052,761	-	28,052,761	28,052,761	-	28,052,761
Other	1300	18,989,613	-	18,989,613	18,989,613	-	18,989,613
Total Instructional Salaries		47,042,374	-	47,042,374	47,042,374	-	47,042,374
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	18,082,817	-	18,082,817
Other	1400	-	-	-	2,485,950	-	2,485,950
Total Non-Instructional Salaries		-	-	-	20,568,767	-	20,568,767
Total Academic Salaries		47,042,374	-	47,042,374	67,611,141	-	67,611,141
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	38,591,262	-	38,591,262
Other	2300	-	-	-	2,024,007	-	2,024,007
Total Non-Instructional Salaries		-	-	-	40,615,269	-	40,615,269
Instructional Aides							
Regular Status	2200	2,349,251	-	2,349,251	2,533,413	-	2,533,413
Other	2400	867,150	-	867,150	867,813	-	867,813
Total Instructional Aides		3,216,401	-	3,216,401	3,401,226	-	3,401,226
Total Classified Salaries		3,216,401	-	3,216,401	44,016,495	-	44,016,495
Employee Benefits	3000	19,395,192	-	19,395,192	43,105,428	-	43,105,428
Supplies and Materials	4000	-	-	-	1,541,079	-	1,541,079
Other Operating Expenses	5000	28,591	-	28,591	14,795,902	-	14,795,902
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		69,682,558	-	69,682,558	171,070,045	-	171,070,045
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	-	-	-	-	-	-
Std. Health Srvcs. Above Amount Collected	6441	-	-	-	866,790	-	866,790
Student Transportation	6491	-	-	-	32,169	-	32,169
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	118,888	-	118,888
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	2,457,549	-	2,457,549
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000						
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	-	-	-
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400						
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		$ -	$ -	$ -	$ 3,475,396	$ -	$ 3,475,396
Total for ECS 84362, 50% Law		$ 69,682,558	$ -	$ 69,682,558	$ 167,594,649	$ -	$ 167,594,649
Percent of CEE (Instructional Salary Cost/Total CEE)		41.58%	0.00%	41.58%	100.00%	0.00%	100.00%
50% of Current Expense of Education		$ -	$ -	$ -	$ 83,797,325	$ -	$ 83,797,325

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2021

EPA Revenue	1,525,427

Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	1,181,953	-	-	1,181,953
Media	6130	111,448	-	-	111,448
Custodial Services	6530	150,787	-	-	150,787
Management Information Systems	6780	81,239	-	-	81,239
Total		1,525,427	-	-	1,525,427

See accompanying note to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

District Organization
This schedule provides information about the District's governing board members and administration members.

Schedule of Expenditures of Federal Awards
The Schedule of Expenditure of Federal Awards includes the federal award activity of San Mateo Community College District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, Cost Principles for Educational Institutions or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Schedule of Expenditures of State Awards
The accompanying Schedule of State Financial Awards includes State grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented to comply with reporting requirements of the California Community College Chancellor's Office.

Schedule of Workload Measures for State General Apportionment – Annual Attendance
Full-time equivalent students is a measurement of the number of students 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 community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements
This schedule provides the information necessary to reconcile the fund balance of all funds reported on the CCFS-311 to the audited financial statements.

Reconciliation of Governmental Funds to the Statement of Net Position
This schedule provides the information necessary to reconcile the fund balances to the audited financial statements.

Reconciliation of Education Code Section 84362 (50 Percent Law) Calculation
ECS 84362 requires the District to expend a minimum of 50 percent of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

Education Protection Account (EPA) Expenditure Report
This schedule provides information about the District's EPA proceeds and summarizes how the EPA proceeds were spent.

OTHER INDEPENDENT AUDITORS' REPORTS

CWDL

INDEPENDENT AUDITORS' 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

The Board of Trustees
San Mateo County Community College 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 business-type activities, the fiduciary activities and the discretely presented component unit of San Mateo County Community College District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise San Mateo County Community College District's basic financial statements, and have issued our report thereon dated December 1, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered San Mateo County Community College District's internal control over financial reporting (internal control) as a basis for designing 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 San Mateo County Community College District's internal control. Accordingly, we do not express an opinion on the effectiveness of San Mateo County Community College 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Mateo County Community College 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 1, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERALPROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Trustees
San Mateo County Community College District
San Mateo, California

Report on Compliance for Each Major Federal Program

We have audited San Mateo County Community College District's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of San Mateo County Community College District's major federal programs for the year ended June 30, 2021. San Mateo County Community College 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 Federal statues, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of San Mateo County Community College 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 for Federal Awards (Uniform Guidance). 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 San Mateo County Community College 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 San Mateo County Community College District's compliance.

Opinion on Each Major Federal Program
In our opinion, San Mateo County Community College 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, 2021.

Report on Internal Control Over Compliance
Management of San Mateo County Community College 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 San Mateo County Community College 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 the 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 San Mateo County Community College 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 1, 2021

CWDL

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

The Board of Trustees
San Mateo County Community College District
San Mateo, California

Report on State Compliance
We have audited San Mateo County Community College District's (the District) compliance with the types of compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2020-21*, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2021.

Management's Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility
Our responsibility is to express an opinion on San Mateo County Community College District's compliance with the 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 *California Community Colleges Contracted District Audit Manual (CDAM) 2020-21*, issued by the California Community Colleges Chancellor's Office. Those standards 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 the state programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider 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.

Opinion of State Compliance
In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2021.

Other Matters
The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the 2020-21 Contracted District Audit Manual, published by the California Community Colleges Chancellor's Office, and which is described in the accompanying schedule of findings and questioned costs as item #2021-001. Our opinion on each state program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is 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 compliance and, accordingly, we express no opinion on the response.

Procedures Performed
In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

Section 411 – SCFF Data Management Control Environment
Section 412 – SCFF Supplemental Allocation Metrics
Section 413 – SCFF Success Allocation Metrics
Section 421 – Salaries of Classroom Instructors (50 Percent Law)
Section 423 – Apportionment for Activities Funded From Other Sources
Section 424 – Student Centered Funding Formula Base Allocation: FTES
Section 425 – Residency Determination for Credit Courses
Section 426 – Students Actively Enrolled
Section 427 – Dual Enrollment (CCAP and Non-CCAP)
Section 430 – Scheduled Maintenance Program
Section 431 – Gann Limit Calculation
Section 435 – Open Enrollment
Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475 – Disabled Student Programs and Services (DSPS)
Section 479 – To Be Arranged Hours (TBA)
Section 490 – Propositions 1D and 51 State Bond Funded Projects
Section 491 – Education Protection Account Funds
Section 499 – COVID-19 Response Block Grant Expenditures

Purpose of this Report
The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the California Community Colleges Contracted District Audit Manual (CDAM) 2020-21. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 1, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Schedule of Audit Findings and Questioned Costs

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards	No
Identification of major programs:	

CFDA Numbers	Name of Federal Program of Cluster
84.033, 84.063, 84.007, 84.268	Student Financial Aid Cluster
84.425E, 84.425F, 84.425L	Higher Education Emergency Relief Funds
21.019	COVID-19 Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$ 935,503
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for State programs:	Unmodified

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

There were no financial statement findings or recommendations identified during 2020-21.

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs identified during 2020-21.

Section IV – State Award Findings and Questioned Costs

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

FINDING #2021-001 – STATE COMPLIANCE – SALARIES OF CLASSROOM INSTRUCTORS (50 PERCENT LAW) (30000)

Criteria
Education Code Section 84362, commonly known as the 50 Percent Law, requires that a minimum of 50 percent of the district's Current Expense of Education (CEE) be expended during each fiscal year for "Salaries of Classroom Instructors."

Condition
The District failed to meet the required 50 percent minimum.

Effect
Less than 50 percent of the District's Current Expense of Education (CEE) was expended for salaries of classroom instructors, thereby the District is not in compliance with Education Code Section 84362.

Cause
The District expended more on non-instructional costs than instructional costs in the Current Expense of Education.

Fiscal Impact
None. The District is primarily funded from property taxes.

Recommendation
The District should come into compliance with the 50 Percent Law by expending a higher amount of the District's CEE for salaries of classroom instructors, or by reducing non- instructional costs.

Views of Responsible Officials
The District closely monitors spending and the requirements of the 50% law and proactively evaluates resources and spending options designed to address the gap from compliance. Recent allocation decisions demonstrate the District's commitment in reducing the compliance gap with direct investment in instruction. Included in the 2020-21 Adopted Budget was a $.7 million investment in on-going resources to convert part-time faculty to full-time faculty. In addition, the District also allocated $.6 million in 2020-21 and $1.5 million in 2021-22 in additional instructional resources addressing part-time faculty pay.

FINDING #2020-001 – STATE COMPLIANCE – SALARIES OF CLASSROOM INSTRUCTORS (50 PERCENT LAW) (30000)

Criteria
Education Code Section 84362, commonly known as the 50 Percent Law, requires that a minimum of 50 percent of the district's Current Expense of Education (CEE) be expended during each fiscal year for "Salaries of Classroom Instructors."

Condition
The District failed to meet the required 50 percent minimum.

Effect
Less than 50 percent of the District's Current Expense of Education (CEE) was expended for salaries of classroom instructors, thereby the District is not in compliance with Education Code Section 84362.

Cause
The District expended more on non-instructional costs than instructional costs in the Current Expense of Education.

Fiscal Impact
Not determinable.

Recommendation
The District should come into compliance with the 50 Percent Law by expending a higher amount of the District's CEE for salaries of classroom instructors, or by reducing non- instructional costs.

Views of Responsible Officials
The District allocated $.7 million in on-going funds in 2020-21 Adopted Budget to convert part- time faculty to full-time faculty as follows: four teaching faculty at Skyline College, three teaching faculty at the College of San Mateo, and three teaching faculty at Cañada College. The colleges have begun the process of prioritizing and will fill these new full-time positions as soon as possible. The District will continue monitoring the issue of 50% law compliance as new ongoing funding is identified and approved to bring the District closer to compliance with the law.

Current Status
See finding #2021-001.