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SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

AUDIT REPORT

JUNE 30, 2024

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2024

Independent Auditors' Report	1
Management's Discussion and Analysis	4

FINANCIAL SECTION

Basic Financial Statements	
Primary Government	
Statement of Net Position	23
Statement of Revenues, Expenses, and Changes in Net Position	24
Statement of Cash Flows	25
Fiduciary Fund	
Statement of Net Position	27
Statement of Changes in Net Position	28
Discretely Presented Component Unit - Educational Housing Corporation	
Statement of Financial Position	29
Statement of Activities	30
Statement of Cash Flows	31
Notes to Financial Statements	32

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios	70
Schedule of Contributions - OPEB	72
Schedule of Proportionate Share of the Net Pension Liability	73
Schedule of Contributions - Pensions	75
Note to Required Supplementary Information	77

SUPPLEMENTARY INFORMATION

District Organization	78
Schedule of Expenditures of Federal Awards	79
Schedule of Expenditures of State Awards	80
Schedule of Workload Measures for State General Apportionment - Annual Attendance	82
Reconciliation of Governmental Funds to the Statement of Net Position	83
Reconciliation of Education Code Section 84362 (50 Percent Law) Calculation	84
Education Protection Account (EPA) Expenditure Report	85
Note to Supplementary Information	86

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2024

OTHER INDEPENDENT AUDITORS' REPORTS

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 <i>Government Auditing Standards</i>	87
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	89
Independent Auditors' Report on State Compliance	82

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Schedule of Audit Findings and Questioned Costs	95
Financial Statement Findings and Recommendations	96
Federal Award Findings and Questioned Costs	97
State Award Findings and Questioned Costs	98
Summary Schedule of Prior Year Audit Findings	101



INDEPENDENT AUDITORS' REPORT

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

Report on Audit of Financial Statements

Opinions

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 (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 District, as of June 30, 2024, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 2 to financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, for the year ended June 30, 2024. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information section as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 District's basic financial statements. The accompanying supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the District's internal control over financial reporting and compliance.



San Diego, California
November 21, 2024

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Introduction

The San Mateo County Community College District (the "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 33 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, 2024. The discussion and analysis are 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.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Economic Position of the District

The District continues its community-supported (basic aid) status for the fourteenth 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 firmly in community-supported status and anticipates receiving upwards of \$115 million in FY 2024-25 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 economic headwinds, inflationary costs, interest rates, and stock-market fluctuation has affected the Bay Area real estate market. 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 year-over-year increases in the out years and budgeting accordingly to ensure a balanced budget. The FY 2024-25 Final Budget anticipates an increase of 5.75%, which is consistent with data from the Assessor's Office.¹

For 2025-26 and FY 2026-27 the District is budgeting a conservative 5.25% and 5.5% respectively year-over-year increase in property taxes and will revise these assumptions accordingly as more information becomes available.

Salaries and Benefits

The expenditure projection for salaries includes annual increases for movement on step and column placements and longevity service increments. The FY 2024-25 budget includes negotiated salary adjustments (steps, COLA and/or column) for all employee groups and, effective January 1, 2025, the cost increase in health premium rates offset by negotiated medical caps paid by the District.²

¹ <https://smcacre.gov/media/7048/download?attachment>

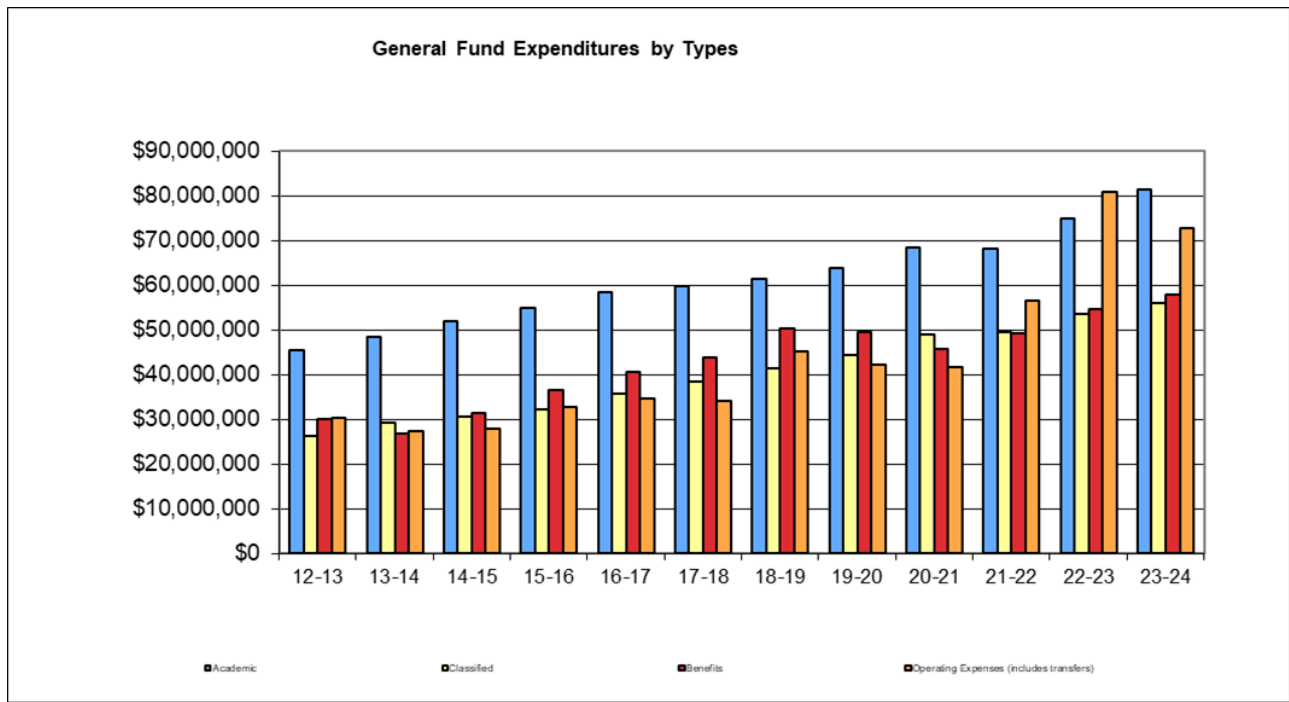
² <https://www.calpers.ca.gov/page/newsroom/calpers-news/2024/calpers-announces-2025-health-plan-premiums-and-expanded-cost-saving-options-for-members>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Salaries and Benefits, continued

Since 2013, community colleges experienced continued increases to their employer STRS and PERS rates. When the State’s budget allowed, funding was allocated to mitigate the impact of these increases; however, with the State’s budget anticipating revenue shortfalls, as in the recent prior years, no funding has been allocated in FY 2024-25 to mitigate the cost of rate increases. Although the rate for CalSTRS remained constant at 19.1%, the CalPERS rate increased .325% in FY 2024-25 from 26.68% to 27.05% and is estimated to increase to 29.2% by FY 2027-28 while CalSTRS is projected to remain at 19.1%. These increases provide continued challenges for districts as they grapple with long-term funding strategies and compliance with the 50% Law. The District's Workers' Compensation costs have remained low allowing the District to maintain its internal charge percentage at less than one percent (0.886%) of salaries. The unemployment insurance contribution rate has remained at 0.05%.

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



**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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 2023-24 and withdrew \$3.8 million for pay-as-you go expenses from its Futuris Other Post-Employment Benefits (OPEB) Irrevocable Trust to partially offset the costs associated with its "pay-as-you-go" retiree benefit costs in FY 2023-24. The District contracted with Total Compensation Services for a full actuarial study as of June 30, 2024. This recent study determined that the District has fully funded its OPEB liability of \$127.8 million. The fiduciary net position of the irrevocable trust on June 30, 2024 was \$148.5 million (or over 16.2% "over-funded").

Given this funding status, the District anticipates disbursing approximately \$7.9 million from the District's Reserve Fund for Post-Retirement to fund its "pay-as-you-go" retiree benefit costs in FY 2024-25. The District anticipates withdrawing \$2.8 million from its Futuris Other Post-Employment Benefits (OPEB) Trust in FY 2024-25 to partially fund the afore-mentioned "pay-as you-go" retiree benefit costs. The District continues to charge itself for future OPEB benefits for current employees. Effective FY 2020-21, this charge is 3% of payroll.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Capital Improvement Program Planning and Construction

Capital improvement projects are funded by a combination of state, local, and general obligation bond funds.

As of June 30, 2024, \$378.2 million of the \$388 million authorization for the Measure H November 2014 General Obligation Bond Program has either been spent or encumbered.

The following is a list of site-specific activities that have been recently completed or are currently in design, pre-construction, or construction phases. Construction dates listed reflect currently planned schedules as of June 30, 2024, but are subject to change.



4200 Farm Hill Boulevard
Redwood City, CA 94061



Architectural Renderings of Cañada College Child Development Center

Completed Project – The following project was completed in FY 2023-24:

- Hillside Erosion Mitigation Project

Active Construction Project – The following project is under construction:

- Building 13 Multiple Program Instructional Center (anticipated completion – Summer 2024)

Projects in Planning – The following projects are in the planning and design stage:

- Building 1 Permanent Basketball Hoops
- Child Development Center

Future State Capital Outlay Funded Project – The following project has been submitted for future State Capital Outlay funding; however, the District may rescind the submission if matching funds are not identified:

- Building 3 Performing Arts Center Technology and Environmental Modernization (Initial Project Proposal – IPP) – Pending Review

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Capital Improvement Program Planning and Construction, continued

College of San Mateo

1700 W. Hillsdale Boulevard
San Mateo, CA 94402



CSM Football Field and Track Replacement



CSM Building 19 Facelift

Completed Projects – The following projects were completed in FY 2023-24:

- Building 5 Health Center Relocation
- Football Field and Track Replacement

Active Construction Projects – The following projects are under construction:

- Building 19 Emerging Technologies Facelift (anticipated completion – Spring 2024)
- Building 36 Mechanical Engineering Project (anticipated completion – Fall 2024)

Projects in Planning – The following projects are in the planning and design stage:

- Buildings 1/3/12/14/16/18 Motor Control Center Replacement
- Building 30 Football Team Room Renovation
- CSM Coast-side Education Center Tenant Improvements
- Beach Volleyball Project

Future State Capital Outlay Funded Projects – The following projects have been submitted for future State Capital Outlay funding; however, the District may rescind the submissions if matching funds are not identified:

- Building 8 Kinesiology Modernization (IPP) – Pending Review
- Building 19 Emerging Technologies Modernization (IPP) – Pending Review

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Capital Improvement Program Planning and Construction, continued



3300 College Drive
San Bruno, CA 94066



Skyline College Building 2 Modernization

Completed Projects – The following projects were completed in FY 2023-24:

- Lot L Electric Vehicle Charging Stations Replacement
- Tennis Courts Repair and Resurfacing

Active Construction Projects – The following projects are under construction:

- Building 1 Social Science and Creative Arts Building Facelift Phase 2 (anticipated completion – Fall 2024)
- Building 2 Workforce and Economic Development Prosperity Center (anticipated completion – Summer 2025)
- Buildings 3/7 Exhaust Fan and B7 HVAC Split Units Replacement (anticipated completion – Summer 2024)
- Distributed Antenna System (anticipated completion – Fall 2025)

Projects in Planning – The following projects are in the planning and design stage:

- SKY B1 Boiler Pump and Flue Replacement
- Sports Fields Replacement

Future State Capital Outlay Funded Projects – The following projects have been submitted for future State Capital Outlay funding; however, the District may rescind the submissions if matching funds are not identified:

- Boiler Plant Replacement (Final Project Proposal - FPP)
- Building 1 Visual and Performing Arts Modernization (IPP) – Pending Review
- Building 5 Learning Resource Center Technology and Environmental Modernization (IPP) - Pending Review

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Capital Improvement Program Planning and Construction, continued



3401 CSM Drive
San Mateo, CA 94402



Architectural Rendering of Districtwide Student Housing at the College of San Mateo

Active Districtwide Projects – The following projects are under construction:

- Districtwide Americans with Disabilities Act (ADA) Signage Project (anticipated completion – Fall 2024)
- Districtwide Americans with Disabilities Act (ADA) Transition Plan Implementation (ongoing)

Project in Planning – The following project is in the planning and design stage:

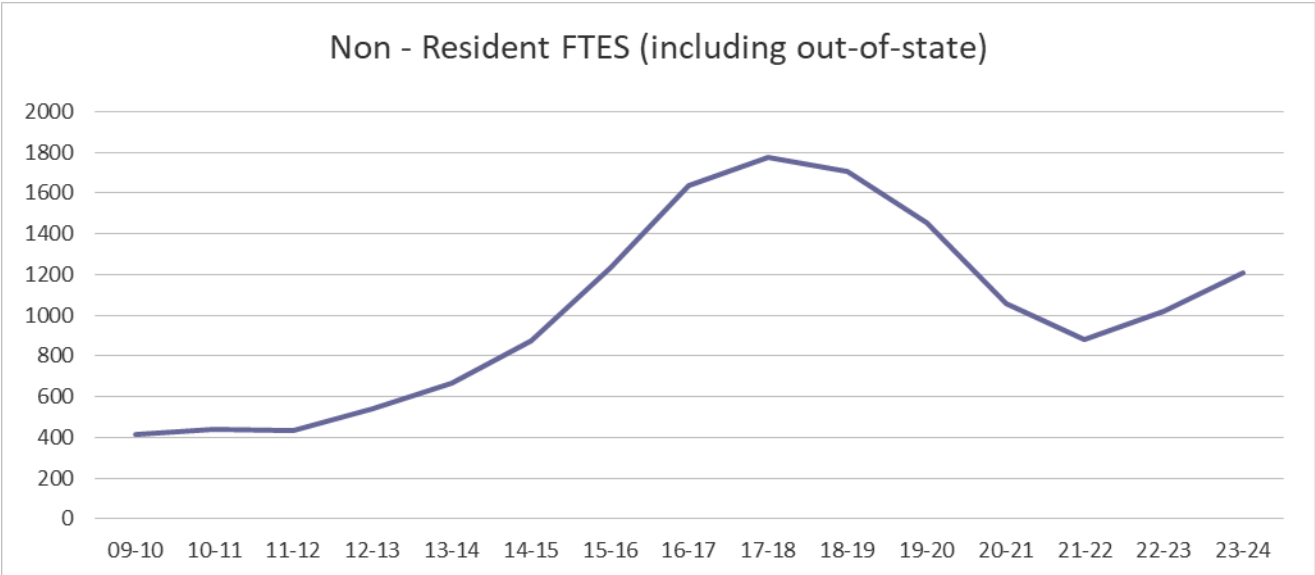
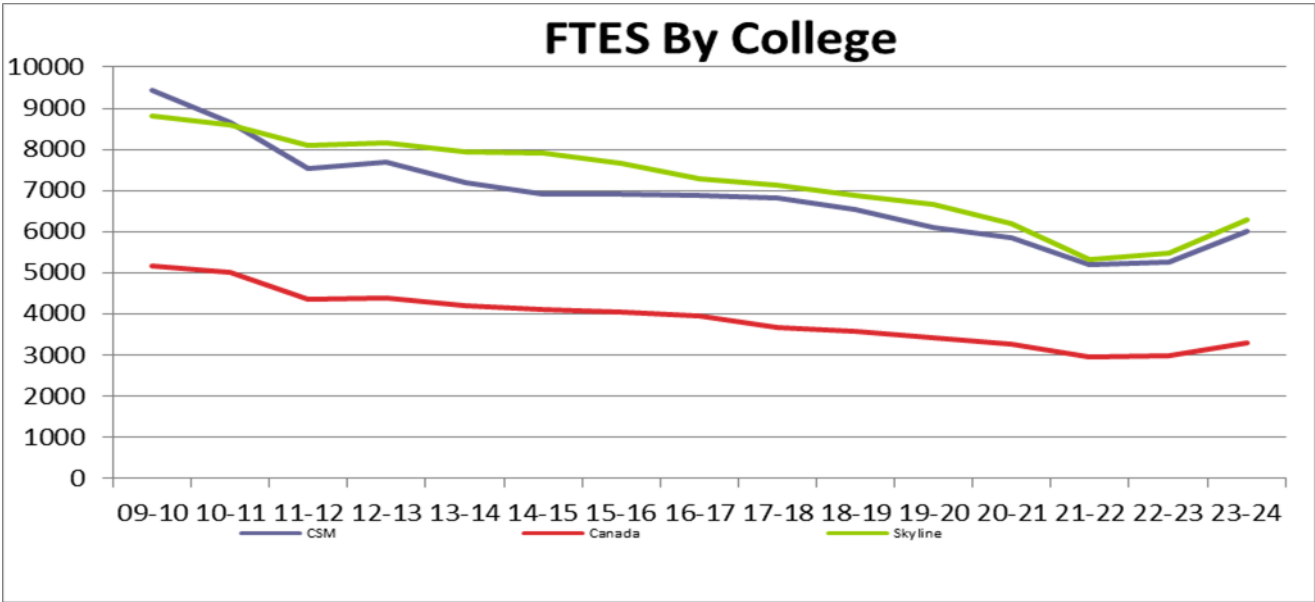
- Districtwide Student Housing at the College of San Mateo

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 declined for many years due to the improved 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. With the passage of SB893, which became effective January 1, 2023, the District is now able to use its revenue from the unrestricted general fund to remove financial barriers so students can pursue their education. As a result of this support, as well as, increased marketing, the District experienced an increase in enrollment beginning in Spring 2023 with continued enrollment growth in FY 2023-24. FY 2024-25 enrollment is trending upwards at a year-over-year increase of 5%.

A historical graphical depiction illustrating Full Time Equivalent Students (FTES) enrolled in the District over the past fifteen years is provided on the next page.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**



**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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 several years, the employer rate for both systems increased significantly; however, CalSTRS has leveled while CalPERS continues to have significant increases as noted below.

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

Fiscal Year	Rates	
	CalPERS	CalSTRS
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	25.37%	19.10%
2023-24	26.68%	19.10%
2024-25	27.70%	19.10%
2025-26*	27.40%	19.10%
2026-27*	27.50%	19.10%
2027-28*	28.50%	19.10%
2028-29*	28.20%	19.10%
2029-30*	27.80%	19.10%

**estimates from School Services of California, Inc.*

The District’s budget anticipates these increases; however, they provide continued challenges for districts as they grapple with long-term funding strategies including the impact to compliance with the 50% Law since the majority of employees in CalPERS are non-instructional.

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.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2024**

PERS and STRS Retirement Pensions, continued

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

	CalPERS	CalSTRS	Total
Net Pension Liability	\$ 36,198,887,739	\$ 76,161,000,000	
SMCCCD Share	0.399%	0.101%	
SMCCCD Liability	\$ 144,454,329	\$ 76,626,209	\$ 221,080,538

Accordingly, the District's net position as of June 30, 2024, will reflect an increase of \$3.9 million liability for a total of \$221.1 million. See Note 12 on page 54 for additional details regarding GASB 68 Net Pension Liability.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Statement of Net Position

	2024	2023	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	\$ 436,387,656	\$ 454,697,587	\$ (18,309,931)
Non-current assets	846,953,221	840,997,955	5,955,266
Deferred outflows of resources	103,259,473	112,662,926	(9,403,453)
Total Assets and Deferred Outflows of Resources	1,386,600,350	1,408,358,468	(21,758,118)
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	117,737,335	140,130,253	(22,392,918)
Non-current liabilities	1,175,751,401	1,193,665,826	(17,914,425)
Deferred inflows of resources	40,434,699	47,219,055	(6,784,356)
Total Liabilities and Deferred Inflows of Resources	1,333,923,435	1,381,015,134	(47,091,699)
NET POSITION			
Net investment in capital assets	30,965,190	44,045,936	(13,080,746)
Restricted	282,744,363	271,810,215	10,934,148
Unrestricted	(261,032,638)	(288,512,817)	27,480,179
Total Net Position	\$ 52,676,915	\$ 27,343,334	\$ 25,333,581

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.

- Cash and investments 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, 2024.
- 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, 2024.
- Unearned revenues represent cash received during FY 2023-24 from the State and student fees which were not earned as of June 30, 2024.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes 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.

	2024	2023	Change
OPERATING REVENUES			
Tuition and fees, net	\$ 18,941,550	\$ 15,234,347	\$ 3,707,203
Auxiliary enterprise sales and charges	12,167,466	8,103,156	4,064,310
Other sales and charges	140,234	120,983	19,251
Associated student sales	606,542	585,072	21,470
Total Operating Revenues	31,855,792	24,043,558	7,812,234
OPERATING EXPENSES			
Salaries and employee benefits	256,866,399	232,269,946	24,596,453
Supplies, materials, and other operating expenses	56,414,695	45,539,988	10,874,707
Student financial aid	30,106,990	26,527,568	3,579,422
Depreciation and amortization	41,187,946	39,713,098	1,474,848
Total Operating Expenses	384,576,030	344,050,600	40,525,430
Operating Income/(Loss)	(352,720,238)	(320,007,042)	(32,713,196)
NON-OPERATING REVENUES/(EXPENSES)			
State apportionments	3,919,274	4,112,856	(193,582)
Property taxes	283,374,839	268,322,136	15,052,703
Federal grants and contracts	21,192,925	25,594,735	(4,401,810)
State grants and contracts	38,907,241	27,267,082	11,640,159
State taxes and other revenues	15,160,788	12,149,089	3,011,699
Investment income/(loss)	21,303,966	8,148,871	13,155,095
Interest expense, net	(38,992,441)	(32,609,861)	(6,382,580)
Transfer in	-	-	-
Local grants and other non-operating income	23,577,322	22,338,605	1,238,717
Total Non-Operating Revenues/(Expenses)	368,443,914	335,323,513	33,120,401
OTHER REVENUES (EXPENSES)			
State revenues, capital	9,588,743	5,442,189	4,146,554
Gain/(loss) on disposal of fixed assets	21,162	(5,404)	26,566
Change in Net Position	25,333,581	20,753,256	4,580,325
NET POSITION, BEGINNING OF YEAR	27,343,334	6,590,078	20,753,256
NET POSITION, END OF YEAR	\$ 52,676,915	\$ 27,343,334	\$ 25,333,581

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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

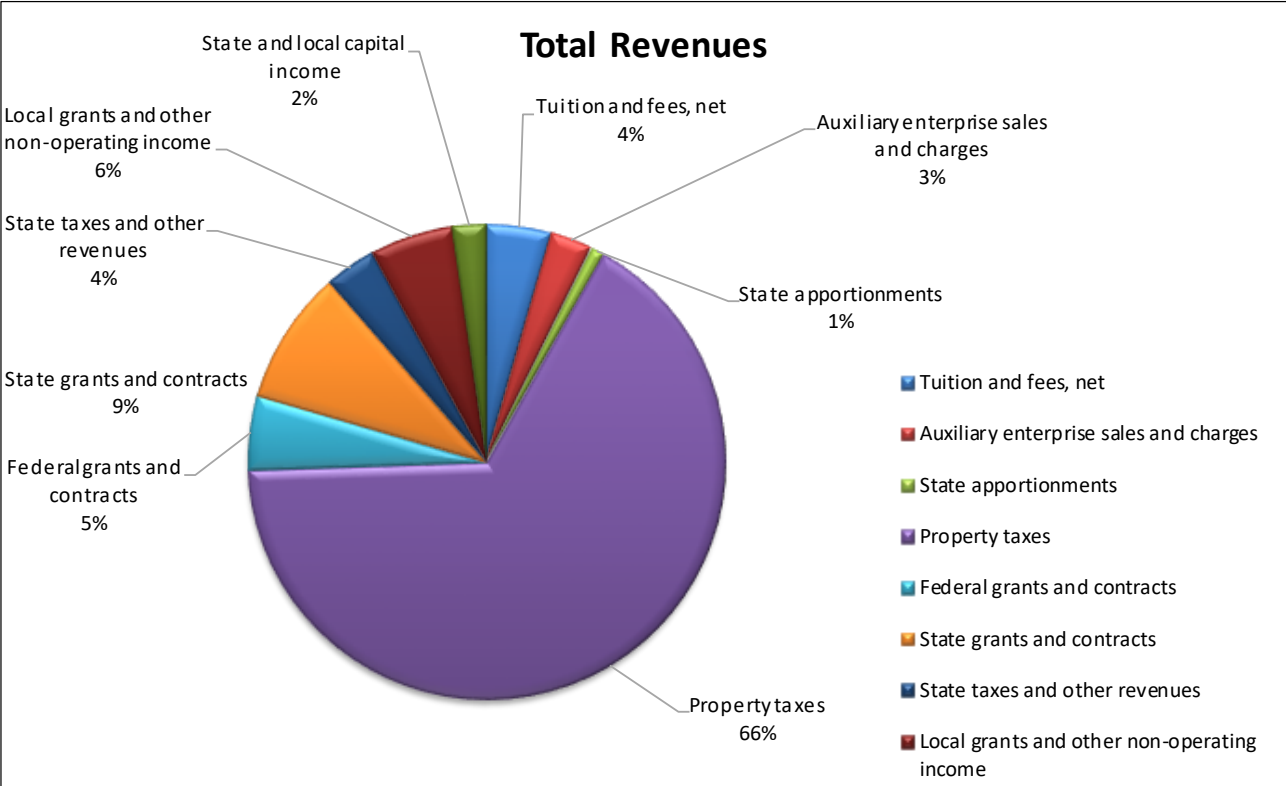
The following are explanatory remarks regarding the statement:

- 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.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Revenue by Sources

Below is an illustration of District major revenues by source:

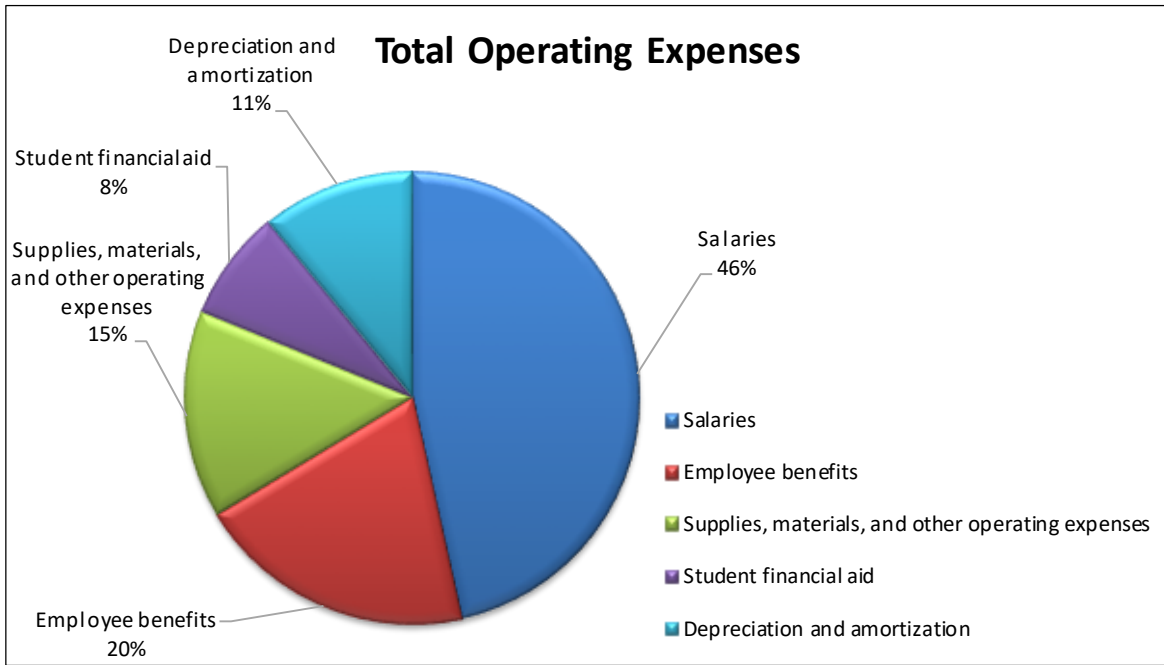


Year over year revenues changed mainly due to the following:

- Operating revenue experienced an increase due to an increase in tuition and fees as well as Auxiliary enterprises, specifically the Athletic Clubs, due to increasing memberships in the post pandemic environment.
- Non-operating revenue increased mainly due to an increase in local property taxes, as well as State grants.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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.
- Student Financial Aid represents federal and state direct aid to students.
- 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 20 years for equipment
 - 25 to 50 years for improvements
 - 25 to 50 years for buildings

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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)	2024	2023	Change
Operating activities	\$ (331,752,792)	\$ (274,283,449)	\$ (57,469,343)
Non-capital financing activities	309,489,051	316,121,640	(6,632,589)
Capital financing activities	(26,858,479)	(28,798,532)	1,940,053
Investing activities	24,308,788	6,123,427	18,185,361
Net Increase/(Decrease) in Cash	<u>\$ (24,813,432)</u>	<u>\$ 19,163,086</u>	<u>\$ (43,976,518)</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Economic Factors and the FY 2024-25 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 5.75% countywide in FY 2024-25 over prior year. Accordingly, the District has projected property tax revenues in FY 2024-25 to increase by 5.75%. This coupled with solid reserves of over 15% puts the District on solid financial footing. The District's community-supported status protects the District's budget from some of the State's current budgetary challenges. The District is also aware that many outside circumstances, including global unrest, interest rates, and inflation are warnings that the positive economic conditions may not continue in the out years. Given such, the District is anticipating lower property tax revenue increases over the next couple of years and is planning accordingly by setting aside one-time funding to buttress against a potential economic downturn. The District continues to build multi-year financial plans and has planned for balanced budgets through FY 2027-28.

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 Peter Fitzsimmons, Chief Financial Officer, by phone at 650-358- 6778 or by e-mail at fitzsimmonsp@smccd.edu.

FINANCIAL SECTION

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS	
Current Assets:	
Cash and investments	\$ 198,013,797
Restricted investments	193,858,847
Accounts receivable, net	35,572,044
Inventory	3,744,917
Prepaid expenses	5,198,051
Total Current Assets	<u>436,387,656</u>
Non-current Assets:	
Net OPEB asset	22,475,179
Right-of-use assets, net	3,108,317
Capital assets, net	821,028,840
Other non-current assets	340,885
Total Non-current Assets	<u>846,953,221</u>
TOTAL ASSETS	<u>1,283,340,877</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to bond refunding	12,843,590
Deferred outflows related to OPEB	19,086,827
Deferred outflows related to pensions	71,329,056
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>103,259,473</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,386,600,350</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	\$ 26,226,396
Interest payable	8,045,948
Unearned revenue	33,321,823
Compensated absences, current portion	5,770,539
Long-term debt, current portion	44,372,629
Total Current Liabilities	<u>117,737,335</u>
Non-current Liabilities:	
Net pension liability	221,080,538
Compensated absences, non-current portion	2,638,874
Long-term debt, non-current portion	952,031,989
Total Non-current Liabilities	<u>1,175,751,401</u>
TOTAL LIABILITIES	<u>1,293,488,736</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to bond refunding	3,575,318
Deferred inflows related to OPEB	17,477,028
Deferred inflows related to pensions	19,382,353
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>40,434,699</u>
NET POSITION	
Net investment in capital assets	30,965,190
Restricted for:	
Debt service	67,951,294
Capital projects	182,835,791
Educational programs	24,685,464
Other special purposes	7,271,814
Unrestricted	<u>(261,032,638)</u>
TOTAL NET POSITION	<u>52,676,915</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 1,386,600,350</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

OPERATING REVENUES	
Tuition and fees, gross	\$ 25,600,326
Less: Scholarship discounts and allowances	(6,658,776)
Tuition and fees, net	<u>18,941,550</u>
Auxiliary enterprise sales and charges	
Bookstore	2,569,730
Cafeteria	225,047
Fitness center and community education	9,372,689
Other sales and charges	140,234
Associated student sales	606,542
TOTAL OPERATING REVENUES	<u>31,855,792</u>
OPERATING EXPENSES	
Salaries	179,261,649
Employee benefits	77,604,750
Supplies, materials, and other operating expenses and services	56,414,695
Student financial aid	30,106,990
Depreciation and amortization	41,187,946
TOTAL OPERATING EXPENSES	<u>384,576,030</u>
OPERATING INCOME/(LOSS)	<u>(352,720,238)</u>
NON-OPERATING REVENUES/(EXPENSES)	
State apportionments	3,919,274
Local property taxes	216,695,018
Taxes levied for other specific purposes	66,679,821
State taxes and other revenues	15,160,788
Investment income/(loss)	21,303,966
Interest expense on capital asset-related debt	(38,992,441)
Grants and contracts, non-capital:	
Federal	21,192,925
State	38,907,241
Local grants and other non-operating income	23,577,322
TOTAL NON-OPERATING REVENUES/(EXPENSES)	<u>368,443,914</u>
OTHER REVENUES	<u>15,723,676</u>
State revenues, capital	9,588,743
Gain/(loss) on disposal of fixed assets	21,162
TOTAL OTHER REVENUES	<u>9,609,905</u>
CHANGE IN NET POSITION	25,333,581
NET POSITION, BEGINNING OF YEAR	<u>27,343,334</u>
NET POSITION, END OF YEAR	<u>\$ 52,676,915</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees, net	\$ 18,941,550
Payments to vendors	(67,718,570)
Payments to or on behalf of employees	(261,043,819)
Payments to students	(34,846,195)
Auxiliary and other sales and charges	12,914,242
Net Cash Provided by/(Used in) Operating Activities	<u>(331,752,792)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State apportionments	3,919,274
Federal grants and contracts	21,974,978
State grants and contracts	27,347,304
Property taxes - non-debt related	216,695,018
State taxes and other apportionments	15,160,788
Local grants and other non-operating revenues	24,391,689
Net Cash Provided by/(Used in) Non-capital Financing Activities	<u>309,489,051</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Purchase of capital assets	(38,700,460)
State revenue, capital	9,588,743
Property taxes - related to capital debt	66,679,821
Principal paid on leases	(905,927)
Principal paid on capital debt	(27,587,916)
Interest paid on capital debt	(35,932,740)
Net Cash Provided by/(Used in) Capital Financing Activities	<u>(26,858,479)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest from investments	<u>24,308,788</u>
Net Cash Provided by/(Used in) Investing Activities	<u>24,308,788</u>

NET INCREASE/(DECREASE) IN CASH AND INVESTMENTS (24,813,432)

CASH AND INVESTMENTS, BEGINNING OF YEAR 416,686,076

CASH INVESTMENTS, END OF YEAR \$ 391,872,644

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

**RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH
PROVIDED BY/(USED IN) OPERATING ACTIVITIES**

Operating income/(loss)	\$ (352,720,238)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/ (Used in) Operating Activities:	
Depreciation and amortization	41,187,946
Changes in Assets and Liabilities:	
Accounts receivables, net	(4,773,255)
Inventory and prepaid expenses	1,623,167
Net OPEB asset	(8,473,392)
Deferred outflows of resources	8,037,683
Accounts payable and accrued liabilities	(14,573,122)
Unearned revenue	34,050
Compensated absences	543,116
Net pension liability	3,890,229
Deferred inflows of resources	(6,528,976)
Total Adjustments	<u>20,967,446</u>
Net Cash Provided by/(Used in) Operating Activities	<u>\$ (331,752,792)</u>

CASH AND INVESTMENTS CONSIST OF THE FOLLOWING:

Cash and investments	\$ 198,013,797
Restricted investments	193,858,847
Total Cash and Investments	<u>\$ 391,872,644</u>

NON-CASH TRANSACTIONS:

Amortization of premiums	\$ 2,341,658
Accretion of interest	\$ 23,058,761
Amortization of deferred (gain)/loss on refunding	\$ 1,110,390

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
FIDUCIARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2024**

	OPEB Trust Fund
ASSETS	
Investments	\$ 150,477,820
Total Assets	<u>150,477,820</u>
LIABILITIES	
Accounts payable and accrued liabilities	<u>2,021,714</u>
Total Liabilities	<u>2,021,714</u>
NET POSITION	
Restricted	<u>148,456,106</u>
Total Net Position	<u>\$ 148,456,106</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 FIDUCIARY FUND
 STATEMENT OF CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2024**

	OPEB Trust Fund
OPERATING REVENUES:	
Local revenue	\$ 7,232,369
Interest and investment income	15,032,702
Total Operating Revenues	<u>22,265,071</u>
OPERATING EXPENSES:	
Retiree benefits	7,232,369
Withdrawal	3,800,000
Total Operating Expenses	<u>11,032,369</u>
Net Change in Net Position	11,232,702
Net Position - Beginning of Year	<u>137,223,404</u>
Net Position - End of Year	<u>\$ 148,456,106</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT – EDUCATIONAL HOUSING CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024**

ASSETS	
Cash and investments	\$ 359,692
Accounts receivable	41
Due from District	102,497
Total Assets	<u>\$ 462,230</u>
LIABILITIES	
Accounts payable	\$ 606,368
Unearned rent	12,710
Rent security deposits	190,508
Total Liabilities	<u>809,586</u>
NET ASSETS	
Net assets without donor restriction	<u>(347,356)</u>
Total Net Assets	<u>(347,356)</u>
Total Liabilities and Net Assets	<u>\$ 462,230</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT – EDUCATIONAL HOUSING CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

REVENUES:	
Rental income	\$ 2,304,740
Other local income	26,493
Total Revenues	<u>2,331,233</u>
EXPENSES:	
Operating expenses	1,626,777
Transfer to District	704,456
Total Expenses	<u>2,331,233</u>
Net Change in Net Position	-
Net Assets - Beginning of Year	<u>(347,356)</u>
Net Assets - End of Year	<u>\$ (347,356)</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT – EDUCATIONAL HOUSING CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

CASH FLOW FROM OPERATING ACTIVITIES:	
Change in net assets	\$ -
Changes in assets and liabilities	
Accounts receivable	(41)
Due from District	19,503
Accounts payable	190,298
Unearned rent	5,280
Rent security deposits	32,171
Net Cash Provided By/(Used In) Operating Activities	<u>247,211</u>
Net Change in Cash and Investments	247,211
Cash and Investments, Beginning of Year	112,481
Cash and Investments, End of Year	<u>\$ 359,692</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 six-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 Colleges 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 College 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.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 Internal Revenue Service (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, faculty, 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 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. Fair values of cash in county treasury and state investment pools are determined by the program sponsors.

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 \$600,036 as of June 30, 2024.

Prepaid Expenses

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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.

Right-of-Use-Assets

The District has recorded right-of-use-assets as a result of implementing GASB 87 and 96. The right-of-use-assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-of-use assets are amortized on a straight-line basis over the life of the related lease.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction-in-progress, buildings and improvements, furniture, equipment and vehicles. The District maintains an initial unit cost capitalization threshold of \$5,000 for furniture, equipment and vehicles 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; furniture, equipment and vehicles, 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.

Accounts Payable, Accrued Liabilities and Long-term Liabilities

All payables, accrued liabilities, interest payable and long-term liabilities are reported in the District and fiduciary fund financial statements. In general, accounts payable and accrued liabilities that, once incurred, are paid in a timely manner and in full, from current financial resources are reported as liabilities of the District.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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) 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/(asset) 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 bond refundings, 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 Employee's 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.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences, continued

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. 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.

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, 2024 there is no balance of nonexpendable restricted net position.

Unrestricted net position: Unrestricted net position represents resources derived from property taxes, 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 practice is to first apply the expense toward restricted resources, and then towards unrestricted resources.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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' Retirement System 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.

Classification of Revenues and Expenses

The District has classified its revenues as either operating or non-operating revenues. Certain significant revenue streams relied upon for operations are recorded as non-operating 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.

Non-operating revenues and expenses

Non-operating revenues include activities that have the characteristics of nonexchange transactions, such as property taxes, 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.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property Taxes, continued

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.

Scholarships, Discounts, and Allowances

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, Expenses, and Changes 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 Financial Accounting Standards Board (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 their use 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.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Adoption of New Accounting Standards

The following GASB Pronouncements were adopted by the District during the year ending June 30, 2024:

GASB Statement No. 100 – In June 2022, GASB issued GASB Statement No. 100 which focuses on accounting changes and error corrections, providing clarity and guidance on how these should be handled in financial statements. It aims to improve the consistency and transparency of reporting such changes. This statement is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Upcoming GASB Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the District.

GASB Statement No. 101 – In June 2022, GASB issued GASB Statement No. 101 which addresses compensated absences, revising the recognition and measurement of liabilities related to employee leave benefits. It aims to standardize how these liabilities are reported across different governmental entities. This statement is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102 – In December 2023, GASB issued GASB Statement No. 102 which pertains to the disclosure of non-current liabilities, including guidance on how these liabilities should be presented in financial statements to enhance the relevance and comparability of the information. This statement is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103 – In December 2023, GASB issued GASB Statement No. 103 which introduces changes to the presentation model for business-type activities (BTAs). It revises the required sections and subtotals in financial statements, particularly affecting the presentation of operating and non-operating activities. One significant change is the separate identification of non-capital subsidies within non-operating activities. This statement is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 - CASH AND INVESTMENTS

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 investments of the district as of June 30, 2024 consisted of the following:

	Primary Government	Fiduciary Funds	Educational Housing Corporation
Cash in County Treasury	\$ 358,591,848	\$ -	\$ -
Cash on hand and in banks	642,202	-	359,692
Cash in revolving	14,873	-	-
Cash with fiscal agent	32,623,721	150,477,820	-
Total Cash and Investments	\$ 391,872,644	\$ 150,477,820	\$ 359,692

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, 2024.

Cash with Fiscal Agent

Cash with Fiscal Agent represents mutual funds to be used in the future. At June 30, 2024, the funds are held with a bank in a money market account and recorded at fair value.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 - CASH AND INVESTMENTS, 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, 2024, the carrying amount of the District's cash in banks was \$443,704. The bank balance was fully insured. At June 30, 2024, certificates of deposits totaling \$280,618 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, 2024 consisted of the following:

Mutual funds - fixed income	\$	45,035,837
Mutual funds - domestic equities		85,981,647
Mutual funds - equity		11,921,786
Mutual funds - real estate		7,538,550
Total investments	\$	<u>150,477,820</u>

During the fiscal year ended as of June 30, 2024, 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	\$	5,366,971
Realized gains, net		3,200,076
Unrealized gains, net		6,938,766
Investment fees		(473,111)
Total investment income, net	\$	<u>15,032,702</u>

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024, 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, 2024.

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.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024			
	Total	Level 1	Level 2	Level 3
OPEB Investments				
Mutual funds - fixed income	\$ 45,035,837	\$ 45,035,837	\$ -	\$ -
Mutual funds - domestic equities	85,981,647	85,981,647	-	-
Mutual funds - equity	11,921,786	11,921,786	-	-
Mutual funds - real estate	7,538,550	7,538,550	-	-
Total	<u>\$ 150,477,820</u>	<u>\$ 150,477,820</u>	<u>\$ -</u>	<u>\$ -</u>

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

During the year ended June 30, 2024, 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, 2024.

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivables for the District as of June 30, 2024, consisted primarily of inter-governmental grants, entitlements, interest, and other local sources. The accounts receivable are as follows:

Federal Government	
Categorical aid	\$ 1,362,548
State Government	
Categorical aid	8,173,291
Lottery	1,461,544
Local Sources	
Financial aid receivables	6,119,430
Student receivables	5,625,665
Other local sources	13,429,602
Subtotal	<u>36,172,080</u>
Less: Allowance for bad debt	<u>(600,036)</u>
Total	<u>\$ 35,572,044</u>

As of June 30, 2024, receivables from other local sources includes \$340,885 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 were 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 3 percent plus Eleventh District Cost of Funds Index (COFI) percent per year.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 – RIGHT-OF-USE ASSETS

The amount of lease assets by major class of underlying assets as of June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Right-of-use Assets:				
Leased vehicles	\$ 446,304	\$ -	\$ -	\$ 446,304
Leased equipment	1,051,746	-	-	1,051,746
Leased buildings	272,400	-	-	272,400
Leased - others	135,517	-	-	135,517
Leased software	3,274,272	-	-	3,274,272
Total Right-of-use Assets	<u>5,180,239</u>	<u>-</u>	<u>-</u>	<u>5,180,239</u>
Less Accumulated Amortization				
Leased vehicles	190,529	82,622	-	273,151
Leased equipment	292,191	105,491	-	397,682
Leased buildings	240,620	31,780	-	272,400
Leased - others	88,459	6,707	-	95,166
Leased software	326,787	706,736	-	1,033,523
Total Accumulated Amortization	<u>1,138,586</u>	<u>933,336</u>	<u>-</u>	<u>2,071,922</u>
Right-of-use Assets, net	<u>\$ 4,041,653</u>	<u>\$ (933,336)</u>	<u>\$ -</u>	<u>\$ 3,108,317</u>

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the District consists of the following at June 30, 2024:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Capital Assets Not Being Depreciated				
Land	\$ 20,586,318	\$ -	\$ -	\$ 20,586,318
Construction in progress	62,999,859	34,909,218	6,572,083	91,336,994
Total Capital Assets Not Being Depreciated	<u>83,586,177</u>	<u>34,909,218</u>	<u>6,572,083</u>	<u>111,923,312</u>
Capital Assets Being Depreciated				
Land improvements	154,068,514	4,581,649	-	158,650,163
Buildings and improvements	977,371,489	1,990,434	818,168	978,543,755
Furniture, equipment and vehicles	42,003,641	3,829,264	505,543	45,327,362
Total Capital Assets Being Depreciated	<u>1,173,443,644</u>	<u>10,401,347</u>	<u>1,323,711</u>	<u>1,182,521,280</u>
Total Capital Assets	<u>1,257,029,821</u>	<u>45,310,565</u>	<u>7,895,794</u>	<u>1,294,444,592</u>
Less Accumulated Depreciation				
Land improvements	76,815,145	7,361,859	-	84,177,004
Buildings and improvements	331,277,833	29,466,832	801,308	359,943,357
Furniture, equipment and vehicles	26,375,015	3,425,919	505,543	29,295,391
Total Accumulated Depreciation	<u>434,467,993</u>	<u>40,254,610</u>	<u>1,306,851</u>	<u>473,415,752</u>
Capital Assets, net	<u>\$ 822,561,828</u>	<u>\$ 5,055,955</u>	<u>\$ 6,588,943</u>	<u>\$ 821,028,840</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable for the District as of June 30, 2024, consisted of the following:

Vendor invoices	\$	6,159,471
Payroll related		8,106,674
Construction		8,644,425
Workers' compensation		3,266,000
Federal		49,826
Total	\$	<u>26,226,396</u>

The accounts payable of the Educational Housing Corporation consists of local vendor payables.

NOTE 9 - UNEARNED REVENUE

Unearned revenue as of June 30, 2024, consisted of the following:

State categorical aid	\$	22,006,559
Student fees		4,770,466
Other local		6,544,798
Total	\$	<u>33,321,823</u>

NOTE 10 – LONG TERM LIABILITIES

The long-term liabilities activity for the year ended June 30, 2024, is as follows:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due Within One Year
General obligation bonds	\$ 708,837,620	\$ -	\$ 26,600,406	\$ 682,237,214	\$ 27,055,519
Unamortized premiums	30,635,625	-	2,341,658	28,293,967	2,341,658
Accreted Interest	279,330,420	23,058,761	19,729,593	282,659,588	14,805,519
Lease liability	1,157,445	-	221,669	935,776	169,933
Software leases	2,962,331	-	684,258	2,278,073	649,819
Net pension liability	217,190,309	3,890,229	-	221,080,538	-
Compensated absences	7,866,297	6,475,431	5,932,315	8,409,413	5,770,539
Total	\$ 1,247,980,047	\$ 33,424,421	\$ 55,509,899	\$ 1,225,894,569	\$ 50,792,987

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024**

NOTE 10 – LONG TERM LIABILITIES, continued

General Obligation Bonds

2001A Capital Appreciation Bonds

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 accruing at an average 5.55% compounded semiannually each year and due upon maturity.

Unamortized premiums and accreted interest on the capital appreciation bonds were \$46,214 and \$11,475,518 at June 30, 2024, respectively.

The following is a schedule of future payments as of June 30, 2024 for the Series 2001A Capital Appreciation Bonds:

Year End	Principal	Interest	Total
2025	\$ 1,522,960	\$ 3,792,040	\$ 5,315,000
2026	1,546,328	4,188,672	5,735,000
2027	1,571,080	4,608,920	6,180,000
Total	\$ 4,640,368	\$ 12,589,632	\$ 17,230,000

2001B Capital Appreciation Bonds

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 accruing at an average 4.78% compounded semiannually each year and due upon maturity.

Unamortized premiums and accreted interest on the capital appreciation bonds were \$194,875 and \$25,898,178 at June 30, 2024, respectively.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10 – LONG TERM LIABILITIES, continued

General Obligation Bonds, continued

2001B Capital Appreciation Bonds, continued

The following is a schedule of future payments as of June 30, 2024 for the Series 2001B Capital Appreciation Bonds:

Year End	Principal	Interest	Total
2025	\$ 2,117,544	\$ 3,187,456	\$ 5,305,000
2026	2,107,112	3,492,888	5,600,000
2027	2,099,943	3,815,057	5,915,000
2028	5,220,190	10,344,810	15,565,000
2029	5,173,623	11,206,377	16,380,000
Total	\$ 16,718,412	\$ 32,046,588	\$ 48,765,000

2001C Capital Appreciation Bonds

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 \$63,674 and \$27,323,643 at June 30, 2024, respectively.

The following is a schedule of future payments as of June 30, 2024 for the Series 2001C Capital Appreciation Bonds:

Year End	Principal	Interest	Total
2025	\$ 884,316	\$ 1,280,684	\$ 2,165,000
2026	887,729	1,407,271	2,295,000
2027	891,309	1,533,691	2,425,000
2028	2,167,359	4,052,641	6,220,000
2029	2,158,225	4,391,775	6,550,000
2030-2031	11,540,317	27,294,683	38,835,000
Total	\$ 18,529,255	\$ 39,960,745	\$ 58,490,000

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10 – LONG TERM LIABILITIES, continued

General Obligation Bonds, continued

2005A Capital Appreciation Bonds

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 \$327,454 and \$44,928,538 at June 30, 2024, respectively.

The following is a schedule of future payments as of June 30, 2024 for the Series 2005A Capital Appreciation Bonds:

Year End	Principal	Interest	Total
2025	\$ 4,525,737	\$ 6,554,263	\$ 11,080,000
2026	4,477,326	7,097,674	11,575,000
2027	4,447,355	7,652,645	12,100,000
2028	4,406,150	8,238,850	12,645,000
2029	4,355,990	8,864,010	13,220,000
2030-2031	8,591,178	19,703,822	28,295,000
Total	\$ 30,803,736	\$ 58,111,264	\$ 88,915,000

2005B General Obligation Bonds

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 \$2,308,872 and \$173,033,710 at June 30, 2024, respectively.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10 – LONG TERM LIABILITIES, continued

General Obligation Bonds, continued

2005B General Obligation Bonds, continued

The following is a schedule of future payments as of June 30, 2024 for the Series 2005B Capital Appreciation Bonds:

Year End	Principal	Interest	Total
2025	\$ 5,754,962	\$ 7,070,038	\$ 12,825,000
2026	6,004,040	7,995,960	14,000,000
2027	6,248,468	8,996,532	15,245,000
2028	6,486,883	10,073,117	16,560,000
2029	6,718,249	11,226,751	17,945,000
2030-2034	48,746,771	102,628,229	151,375,000
2035-2039	62,651,071	178,703,929	241,355,000
Total	\$ 142,610,444	\$ 326,694,556	\$ 469,305,000

2012 General Obligation Refunding Bonds

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.

2014A General Obligation Bonds

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, 2024 for the Series 2014A General Obligation Bonds:

Year End	Principal	Interest	Total
2025	\$ 580,000	\$ 54,000	\$ 634,000
2026	790,000	19,750	809,750
Total	\$ 1,370,000	\$ 73,750	\$ 1,443,750

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10 – LONG TERM LIABILITIES, continued

General Obligation Bonds, continued

2014 General Obligation Refunding Bonds

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 \$978,499 as of June 30, 2024.

The following is a schedule of the future payments as of June 30, 2024 for the 2014 Refunding Bonds:

Year End	Principal	Interest	Total
2025	\$ 3,505,000	\$ 87,625	\$ 3,592,625
Total	\$ 3,505,000	\$ 87,625	\$ 3,592,625

2018 General Obligation Bonds Series 2018B

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 \$21,445,307 as of June 30, 2024.

The following is a schedule of the future payments as of June 30, 2024 for the 2018B Refunding Bonds:

Year End	Principal	Interest	Total
2025	\$ 845,000	\$ 11,016,750	\$ 11,861,750
2026	1,360,000	10,961,625	12,321,625
2027	2,170,000	10,873,375	13,043,375
2028	2,785,000	10,749,500	13,534,500
2029	3,455,000	10,593,500	14,048,500
2030-2034	29,490,000	49,296,625	78,786,625
2035-2039	56,690,000	40,036,150	96,726,150
2040-2044	90,655,000	24,285,938	114,940,938
2045-2046	49,160,000	2,512,750	51,672,750
Total	\$ 236,610,000	\$ 170,326,213	\$ 406,936,213

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10 – LONG TERM LIABILITIES, continued

General Obligation Bonds, continued

2018 General Obligation Refunding Bonds

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 \$711,058 as of June 30, 2024.

The following is a schedule of the future payments as of June 30, 2024 for the 2018 Refunding Bonds:

Year End	Principal	Interest	Total
2025	\$ -	\$ 1,325,388	\$ 1,325,388
2026	-	1,325,388	1,325,388
2027	-	1,325,388	1,325,388
2028	-	1,325,388	1,325,388
2029	-	1,325,388	1,325,388
2030-2034	-	6,626,938	6,626,938
2035-2039	33,665,000	3,954,644	37,619,644
Total	\$ 33,665,000	\$ 17,208,522	\$ 50,873,522

2018 General Obligation Bonds (2018 Forward Delivery Refunding Bonds)

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 \$2,173,014 as of June 30, 2024.

The following is a schedule of the future payments as of June 30, 2024 for the 2018 Forward Delivery Bonds:

Year End	Principal	Interest	Total
2025	\$ -	\$ 1,136,250	\$ 1,136,250
2026	-	1,136,250	1,136,250
2027	-	1,136,250	1,136,250
2028	-	1,136,250	1,136,250
2029	-	1,136,250	1,136,250
2030-2034	-	5,681,250	5,681,250
2035-2039	12,060,000	4,825,250	16,885,250
2040-2041	10,665,000	547,625	11,212,625
Total	\$ 22,725,000	\$ 16,735,375	\$ 39,460,375

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10 – LONG TERM LIABILITIES, continued

General Obligation Bonds, continued

2021 General Obligation Refunding Bonds

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.

The following is a schedule of the future payments as of June 30, 2024 for the 2021 Refunding Bonds:

Year End	Principal	Interest	Total
2025	\$ 7,330,000	\$ 3,390,507	\$ 10,720,507
2026	11,170,000	3,321,470	14,491,470
2027	12,140,000	3,203,502	15,343,502
2028	6,915,000	3,085,525	10,000,525
2029	7,160,000	2,977,631	10,137,631
2030-2034	71,740,000	10,715,015	82,455,015
2035-2039	15,130,000	6,001,562	21,131,562
2040-2044	21,895,000	4,825,785	26,720,785
2045-2046	17,580,000	522,501	18,102,501
Total	\$ 171,060,000	\$ 38,043,498	\$ 209,103,498

Leases

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and 96 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The general terms are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Lease Payments
Equipment	2	4.00%	2/11/2019 - 11/17/2030	\$ 127,497
Building	1	4.00%	2/1/2019 - 1/31/2024	\$ 35,000
Vehicle	12	4.60%	8/20/2019 - 9/14/2027	\$ 92,462
Other	2	4.00%	1/1/2009 - 12/31/2030	\$ 9,780
Software	4	2.36%	10/17/2022 - 2/16/2028	\$ 311,941

Future minimum lease payments on noncancellable leases at June 30, 2024 are as follows:

Year End	Principal	Interest	Total
2025	\$ 819,752	\$ 80,421	\$ 900,173
2026	792,007	58,179	850,186
2027	798,122	36,253	834,375
2028	503,444	16,418	519,862
2029	124,751	9,304	134,055
2030-2031	175,773	4,465	180,238
Total	\$ 3,213,849	\$ 205,040	\$ 3,418,889

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 - 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, 2024, 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 ending June 30, 2024, the District contracted with AmWins for placement 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.

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, 2022 to June 30, 2024:

	Workers' Compensation
Liability Balance, July 1, 2022	\$ 2,811,000
Claims and changes in estimates	4,937,659
Claims payments	(4,565,659)
Liability Balance, June 30, 2023	<u>3,183,000</u>
Claims and changes in estimates	5,117,533
Claims payments	(5,034,533)
Liability Balance, June 30, 2024	<u>\$ 3,266,000</u>
Assets available to pay claims at June 30, 2024	<u>\$ 7,095,153</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – 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, 2024, 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	\$ 76,626,209	\$ 21,942,941	\$ 8,192,792	\$ 10,574,106
CalPERS	144,454,329	49,386,115	11,189,561	22,380,573
Total	\$ 221,080,538	\$ 71,329,056	\$ 19,382,353	\$ 32,954,679

California State Teachers’ Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the 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.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

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.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers’ Retirement System (CalSTRS), continued

The STRP provisions and benefits in effect at June 30, 2024, 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%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

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, 2024 are presented above and the total District contributions were \$12,955,795.

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

At June 30, 2024, 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	\$ 76,626,209
State's proportionate share of the net pension liability associated with the District	36,714,434
Total	<u>\$ 113,340,643</u>

The net pension liability was measured as of June 30, 2023. 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. The District’s proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.101 percent and 0.105 percent, resulting in a net decrease in the proportionate share of 0.004 percent.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers’ Retirement System (CalSTRS), continued

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

For the year ended June 30, 2024, the District recognized pension expense of \$10,574,106. In addition, the District recognized revenue and corresponding expense of (\$533,162) for support provided by the state. At June 30, 2024, 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	\$ 324,167	\$ -
Differences between expected and actual experience	6,021,990	4,098,885
Changes in assumptions	443,694	-
Net changes in proportionate share of net pension liability	2,197,295	4,093,907
District contributions subsequent to the measurement date	12,955,795	-
Total	<u>\$ 21,942,941</u>	<u>\$ 8,192,792</u>

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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (1,570,144)
2026	(4,885,741)
2027	5,531,962
2028	(48,593)
2029	763,205
Thereafter	1,003,665
	<u>\$ 794,354</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers’ Retirement System (CalSTRS), continued

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, 2022, and rolling forward the total pension liability to June 30, 2023. 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, 2022 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term investment rate of return assumption 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 investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS’ independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	38%	5.25%
Real Estate	15%	4.05%
Private Equity	14%	6.75%
Fixed Income	14%	2.45%
Risk Mitigating Strategies	10%	2.25%
Inflation Sensitive	7%	3.65%
Cash/Liquidity	2%	0.05%
	<u>100%</u>	

*20-year average. Real rates of return of net of assumed 2.75% inflation.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024**

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers’ Retirement System (CalSTRS), continued

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	\$ 128,534,351	\$ 76,626,209	\$ 33,510,447

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 \$5,872,424 to CalSTRS.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees’ Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

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 55 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 62 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 55 (or 62 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.

The CalPERS provisions and benefits in effect at June 30, 2024 are summarized below:

	<u>School Employer Pool (CalPERS)</u>	
	On or before December 31, 2012	On or after January 1, 2013
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	7.00%	7.00%
Required employer contribution rate	26.68%	26.68%

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, 2024 are as presented above and the total District contributions were \$20,070,522.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$144,454,329. The net pension liability was measured as of June 30, 2023. 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. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.399 percent and 0.419 percent, resulting in a net decrease in the proportionate share of 0.020 percent.

For the year ended June 30, 2024, the District recognized pension expense of \$22,380,573. In addition, at June 30, 2024, 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	\$ 15,429,787	\$ -
Differences between expected and actual experience	5,271,547	2,218,606
Changes in assumptions	6,654,953	-
Net changes in proportionate share of net pension liability	1,959,306	8,970,955
District contributions subsequent to the measurement date	20,070,522	-
Total	<u>\$ 49,386,115</u>	<u>\$ 11,189,561</u>

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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 6,369,340
2026	3,132,808
2027	9,288,822
2028	(664,938)
	<u>\$ 18,126,032</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity - cap-weighted	30%	4.54%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
	100%	

*An expected inflation of 2.30% used for this period.

**Figures are based on the 2021-22 Asset Liability Management study.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024**

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

Discount Rate

The discount rate used to measure the total pension liability was 6.90% 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 (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan’s net pension liability	\$ 208,843,620	\$ 144,454,329	\$ 91,238,045

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.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024**

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2024, the District reported net OPEB liability/(asset), deferred outflows of resources, deferred inflows of resources, and OPEB expense/(benefit) for the following plans:

OPEB Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/(Benefit)
District Plan	\$ (22,475,179)	\$ 19,086,827	\$ 17,477,028	\$ (3,002,818)

Plan Description

In addition to the pension benefits described in Note 12, 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.

AFSCME 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.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 – 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 as of the June 30, 2024 valuation:

	Number of Participants
Inactive Employees Receiving Benefits	673
Active Employees	1,035
	<u>1,708</u>

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, 2024. As of June 30, 2024, the District's OPEB liability is fully funded.

OPEB Plan Investments

The plan discount rate of 6.00% was determined using the following asset allocation and assumed rate of return:

Asset Class	Percentage of Portfolio	Assumed Gross Return
Fixed Income	50%	4.50%
Equities	50%	7.50%

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024**

NOTE 13 – 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, 2024 actuarial valuation was determine using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Actuarial cost methods	Entry age actuarial cost method
Inflation rate	2.50%
Investment rate of return	6.00%
Discount rate	6.00%
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 2021 CalPERS active mortality for miscellaneous and school employees were used.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Changes in the Net OPEB Liability/(Asset)

	Increase/(Decrease)		
	Total OPEB Liability/(Asset)	Total Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance July 1, 2023	\$ 123,221,617	\$ 137,223,404	\$ (14,001,787)
Changes for the year:			
Service cost	3,808,699	-	3,808,699
Interest on TOL	7,310,754	-	7,310,754
Employer contributions	-	7,232,369	(7,232,369)
Expected investment income	-	8,164,336	(8,164,336)
Investment gains/losses	-	7,170,643	(7,170,643)
Administrative expense	-	(302,277)	302,277
Expected benefit payments	(6,560,143)	(9,232,369)	2,672,226
Net changes	4,559,310	13,032,702	(8,473,392)
Balance June 30, 2024	\$ 127,780,927	\$ 150,256,106	\$ (22,475,179)

Fiduciary net position as a percentage of the total OPEB liability/(asset), at June 30, 2024 was 118 percent.

Sensitivity of the net pension liability to assumptions

The following presents the net OPEB liability/(asset) calculated using the discount rate of 6.00 percent. The schedule also shows what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1.00 percent lower (5.00 percent) and 1.00 percent higher (7.00 percent):

	1% Decrease	Current	1% Increase
	(5.00%)	Discount Rate (6.00%)	(7.00%)
Net OPEB liability/(asset)	\$ (6,157,125)	\$ (22,475,179)	\$ (35,918,500)

The following table presents the net OPEB liability/(asset) calculated using the health care cost trend rate of 4.00 percent. The schedule also shows what the net OPEB liability/(asset) would be if it were calculated using a health care cost trend rate that is 1.00 percent lower (3.00 percent) and 1.00 percent higher (5.00 percent):

	1% Decrease	Healthcare Cost	1% Increase
	(3.00%)	Trend Rate (4.00%)	(5.00%)
Net OPEB liability/(asset)	\$ (38,913,257)	\$ (22,475,179)	\$ (1,944,048)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

OPEB Expense/(Benefit), Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, 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
Differences between projected and actual earnings on plan investments	\$ 4,826,549	\$ -
Differences between expected and actual experience	2,666,297	17,477,028
Change in assumptions	11,593,981	-
	<u>\$ 19,086,827</u>	<u>\$ 17,477,028</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 407,316
2026	4,542,116
2027	(1,710,207)
2028	(1,633,532)
2029	69,438
Thereafter	(65,332)
	<u>\$ 1,609,799</u>

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.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 14 – 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.

Construction Commitments

As of June 30, 2024, the District has approximately \$40,489,782 in outstanding commitments on construction contracts. The projects are funded through a combination of general obligation bonds, capital project apportionments from the State Chancellor's Office and local resources.

NOTE 15 – 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.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 15 – JOINT POWER AGREEMENTS, continued

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

	SELF	SMCSIG
	June 30, 2023	June 30, 2023
Total assets	\$ 279,749,592	\$ 70,139,063
Total deferred outflows of resources	\$ 706,136	\$ 1,311,216
Total liabilities	\$ 241,775,359	\$ 34,461,159
Total deferred inflows of resources	\$ 104,291	\$ 1,586,055
Net position	\$ 38,576,078	\$ 35,403,065
Total revenues	\$ 57,218,250	\$ 66,352,203
Total expenses	\$ 108,529,460	\$ 59,860,626
Change in net position	\$ (32,465,617)	\$ 6,491,577

REQUIRED SUPPLEMENTARY INFORMATION

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023	2022	2021
Total OPEB liability/(asset)				
Service cost	\$ 3,808,699	\$ 3,569,573	\$ 3,278,810	\$ 3,028,055
Interest	7,310,754	7,648,219	7,482,831	7,528,114
Change in assumptions	-	5,293,185	3,363,426	6,009,752
Experience gains/losses	-	(10,307,214)	294,258	(10,257,675)
Benefit payments	(6,560,143)	(7,137,737)	(7,195,343)	(7,359,503)
Net change in total OPEB liability/(asset)	4,559,310	(933,974)	7,223,982	(1,051,257)
Total OPEB liability/(asset), beginning of year	123,221,617	124,155,591	116,931,609	117,982,866
Total OPEB liability/(asset), end of year (a)	\$ 127,780,927	\$ 123,221,617	\$ 124,155,591	\$ 116,931,609
Plan fiduciary net position				
Employer contributions	\$ 7,232,369	\$ 7,116,798	\$ 7,195,343	\$ 7,300,799
Expected investment income	15,334,979	9,477,073	(28,763,797)	29,190,781
Administrative expense	(302,277)	(315,863)	(362,024)	(524,625)
Expected benefit payments	(9,232,369)	(7,116,798)	(7,195,343)	(7,300,799)
Change in plan fiduciary net position	13,032,702	9,161,210	(29,125,821)	28,666,156
Fiduciary trust net position, beginning of year	137,223,404	128,062,194	157,188,015	128,521,859
Fiduciary trust net position, end of year (b)	\$ 150,256,106	\$ 137,223,404	\$ 128,062,194	\$ 157,188,015
Net OPEB liability/(asset), ending (a) - (b)	\$ (22,475,179)	\$ (14,001,787)	\$ (3,906,603)	\$ (40,256,406)
Covered payroll	\$ 126,666,667	\$ 112,990,768	\$ 111,818,610	\$ 100,583,668
Plan fiduciary net position as a percentage of the total OPEB liability/(asset)	118%	111%	103%	134%
Net OPEB liability/(asset) as a percentage of covered payroll	-18%	-12%	-3%	-40%

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024

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

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

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - OPEB
FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023	2022	2021
Actuarially determined contribution	\$ 7,232,369	\$ 7,116,798	\$ 7,195,343	\$ 7,300,799
Contributions in relations to the actuarially determined contribution	7,232,369	7,116,798	7,195,343	7,300,799
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 126,666,667	\$ 112,990,768	\$ 111,818,610	\$ 100,583,668
Contribution as a percentage of covered-employee payroll	5.71%	6.30%	6.43%	7.26%

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

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, 2024**

	Reporting Fiscal Year (Measurement Date)				
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
CalSTRS					
District's proportion of the net pension liability	0.101%	0.105%	0.105%	0.097%	0.099%
District's proportionate share of the net pension liability	\$ 76,626,209	\$ 72,971,682	\$ 47,851,412	\$ 94,163,889	\$ 89,111,000
State's proportionate share of the net pension liability associated with the District	36,714,434	36,544,432	24,077,476	48,541,103	48,616,000
Total	\$ 113,340,643	\$ 109,516,114	\$ 71,928,888	\$ 142,704,992	\$ 137,727,000
District's covered-employee payroll	\$ 68,947,435	\$ 59,688,310	\$ 59,069,331	\$ 51,023,000	\$ 53,033,000
District's proportionate share of the net pension liability as percentage of covered-employee payroll	111%	122%	81%	185%	168%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%

	Reporting Fiscal Year (Measurement Date)				
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
CalPERS					
District's proportion of the net pension liability	0.399%	0.419%	0.445%	0.411%	0.412%
District's proportionate share of the net pension liability	\$ 144,454,329	\$ 144,218,627	\$ 90,474,263	\$ 126,215,477	\$ 119,992,000
District's covered-employee payroll	\$ 76,479,018	\$ 64,181,104	\$ 65,073,512	\$ 56,870,000	\$ 57,027,000
District's proportionate share of the net pension liability as percentage of covered-employee payroll	189%	225%	139%	222%	210%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	81%	70%	70%

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024**

	Reporting Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalSTRS					
District's proportion of the net pension liability	0.100%	0.093%	0.092%	0.105%	0.105%
District's proportionate share of the net pension liability	\$ 91,965,000	\$ 85,792,000	\$ 74,125,000	\$ 70,426,000	\$ 60,122,504
State's proportionate share of the net pension liability associated with the District	52,654,000	50,754,000	42,202,000	37,248,000	37,062,000
Total	\$ 144,619,000	\$ 136,546,000	\$ 116,327,000	\$ 107,674,000	\$ 97,184,504
District's covered-employee payroll	\$ 53,265,000	\$ 47,739,000	\$ 45,675,000	\$ 48,554,000	\$ 46,781,000
District's proportionate share of the net pension liability as percentage of covered-employee payroll	173%	180%	162%	145%	129%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%

	Reporting Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalPERS					
District's proportion of the net pension liability	0.397%	0.380%	0.370%	0.363%	0.358%
District's proportionate share of the net pension liability	\$ 105,725,000	\$ 91,241,000	\$ 72,981,000	\$ 53,485,000	\$ 40,542,482
District's covered-employee payroll	\$ 52,301,000	\$ 48,676,000	\$ 44,332,000	\$ 40,172,000	\$ 37,548,000
District's proportionate share of the net pension liability as percentage of covered-employee payroll	202%	187%	165%	133%	108%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
FOR THE YEAR ENDED JUNE 30, 2024**

CaSTRS	Reporting Fiscal Year				
	2024	2023	2022	2021	2020
Statutorily required contribution	\$ 12,955,795	\$ 11,665,906	\$ 10,099,262	\$ 9,539,697	\$ 9,250,546
District's contributions in relation to the statutorily required contribution	12,955,795	11,665,906	10,099,262	9,539,697	9,250,546
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 67,831,387	\$ 68,947,435	\$ 59,688,310	\$ 59,069,331	\$ 51,023,000
District's contributions as a percentage of covered-employee payroll	19.10%	16.92%	16.92%	16.15%	17.10%

CaPERS	Reporting Fiscal Year				
	2024	2023	2022	2021	2020
Statutorily required contribution	\$ 20,070,522	\$ 17,521,343	\$ 14,703,891	\$ 13,470,217	\$ 11,215,354
District's contributions in relation to the statutorily required contribution	20,070,522	17,521,343	14,703,891	13,470,217	11,215,354
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 75,226,844	\$ 76,479,018	\$ 64,181,104	\$ 65,073,512	\$ 56,870,000
District's contributions as a percentage of covered-employee payroll	26.68%	22.91%	22.91%	20.70%	19.72%

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
FOR THE YEAR ENDED JUNE 30, 2024**

CalSTRS	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 8,821,372	\$ 7,433,405	\$ 6,005,598	\$ 4,900,874	\$ 4,311,554
District's contributions in relation to the statutorily required contribution	8,821,372	7,433,405	6,005,598	4,900,874	4,311,554
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 54,185,000	\$ 51,514,000	\$ 47,739,000	\$ 45,675,000	\$ 48,554,000
District's contributions as a percentage of covered-employee payroll	16.28%	14.43%	12.58%	10.73%	8.88%

CalPERS	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 10,306,432	\$ 8,137,083	\$ 6,760,065	\$ 5,252,004	\$ 4,728,591
District's contributions in relation to the statutorily required contribution	10,306,432	8,137,083	6,760,065	5,252,004	4,728,591
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 57,061,000	\$ 52,393,000	\$ 48,676,000	\$ 44,332,000	\$ 40,172,000
District's contributions as a percentage of covered-employee payroll	18.06%	15.53%	13.89%	11.85%	11.77%

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios

The Schedule of Changes in the Net OPEB liability/(asset) is presented to illustrate the elements of the District's Net OPEB liability/(asset). 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 in Benefit Terms* – There were no changes in benefit terms.
- *Changes of Assumptions* – The inflation rate changed from 2.75 percent to 2.5 percent from the previous valuation.

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.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – The consumer price inflation rate changed from 2.50 percent to 2.30 percent CalPERS. There were no changes of assumptions for CalSTRS.

Schedule of Contributions – Pensions

The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions.

SUPPLEMENTARY INFORMATION

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATION
FOR THE YEAR ENDED JUNE 30, 2024**

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 borders 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
John Pimentel	President	2024
Mike Guingona	Vice President	2026
Richard Holober	Trustee	2026
Dr. Lisa Petrides	Trustee	2024
Wayne Lee	Trustee	2024
Chloe Johnson	Student Trustee	2025

DISTRICT ADMINISTRATION

Melissa Moreno, J.D.
Chancellor

Dr. Richard Storti
Executive Vice Chancellor of Administrative Services

Dr. Aaron McVean
Vice Chancellor of Educational Services and Planning

Peter Fitzsimmons
Chief Financial Officer

Julie Johnson
Chief Human Resources Officer

Kim Lopez
President, Cañada College

Dr. Newin Orante
Acting President, Skyline College

Dr. Manuel Alejandro Pérez
President, College of San Mateo

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Number	Total Program Expenditures	Sub-recipient Award Amount
U.S. DEPARTMENT OF EDUCATION				
<i>Direct Program</i>				
Student Financial Assistance Cluster				
Federal Work Study Program	84.033	-	\$ 393,190	\$ -
Federal Pell Grant	84.063	-	13,610,182	-
Federal Supplemental Educational Opportunity Grant	84.007	-	496,356	-
Federal Direct Student Loans	84.268	-	1,071,621	-
Subtotal Student Financial Aid Cluster			<u>15,571,349</u>	<u>-</u>
TRIO Cluster				
Student Support Services	84.042A	-	853,398	-
Subtotal TRIO Cluster			<u>853,398</u>	<u>-</u>
Higher Education Institutional Aid				
Hispanic-Serving Institutions STEM Title III	84.031C	-	256,170	-
Developing Hispanic Serving Institutions Title V	84.031S	-	1,885,824	11,067
<i>Passed through San Francisco State University</i>				
Asian American and Native American Pacific Islander-Serving Instit	84.031L	S23-0002	322,294	-
Subtotal Higher Education Institutional Aid			<u>2,464,288</u>	<u>11,067</u>
<i>Passed through California Community Colleges Chancellor's Office</i>				
CTEA I-C Basic Grants to States	84.048A	23-C01-370, 17652	525,596	-
Total Department of Education			<u>19,414,631</u>	<u>11,067</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed through California Community Colleges Chancellor's Office:</i>				
Temporary Assistance for Needy Families	93.558	-	86,559	-
Title IV-E Foster Care	93.658	-	25,860	-
<i>Passed through California Department of Education/CDTC:</i>				
Child Care Development Cluster				
COVID 19 - Child Care and Development Block Grant	93.575	CSPP	117,826	-
<i>Passed through California Department of Social Services</i>				
Child Care and Development Block Grant		23-24-4553CC, 23-24-4047SC,		
COVID 19 - Child Care and Development Block Grant	93.575	CCTR3293	44,621	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.575	CCTR	17,256	-
Subtotal Child Care Development Cluster	93.596	CCTR3293	<u>32,023</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>211,726</u>	<u>-</u>
			<u>324,145</u>	<u>-</u>
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed through California Department of Social Services:</i>				
Child and Adult Care Food Program	10.558	1754-0A	995	-
Total U.S. Department of Agriculture			<u>995</u>	<u>-</u>
NATIONAL SCIENCE FOUNDATION				
<i>Research Cluster</i>				
<i>Direct Program</i>				
Education and Human Resources	47.076	-	867,055	-
<i>Passed through San Francisco State University</i>				
Education and Human Resources	47.076	S22-0001	17,326	-
Subtotal Research Cluster			<u>884,381</u>	<u>-</u>
Total National Science Foundation			<u>884,381</u>	<u>-</u>
U.S. DEPARTMENT OF ENERGY				
<i>Direct Program</i>				
Office of Science Financial Assistance Program	81.049	-	293,017	-
Total U.S. Department of Energy			<u>293,017</u>	<u>-</u>
U.S. DEPARTMENT OF TREASURY				
<i>Passed through California Community Colleges Chancellor's Office:</i>				
COVID-19 Coronavirus State Fiscal Recovery Fund	21.027	-	481,587	-
Total U.S. Department of Treasury			<u>481,587</u>	<u>-</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>Passed through California Governor's Office of Emergency Services</i>				
Federal Emergency Management Agency (FEMA)				
Disaster Grants - Public Assistance (Presidentially Declared Disaste	97.036	FEMA DR-4683-CA	(227,301)	-
COVID 19 - Disaster Grants - Public Assistance (Presidentially Decl.	97.036	FEMA DR-4482-CA	17,101	-
Subtotal Federal Emergency Management Agency (FEMA)			<u>(210,200)</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>(210,200)</u>	<u>-</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
<i>Direct Program</i>				
AmeriCorps State and National	94.006	-	436	-
Total Corporation for National and Community Service			<u>436</u>	<u>-</u>
Total Federal Programs			<u>\$ 21,188,992</u>	<u>\$ 11,067</u>

See accompanying note to supplementary information.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Program	Program Revenues			Total Revenue	Total Program Expenditures
	Cash Received*	Accounts Receivable	Deferred Revenue		
AANHPI Student Achievement 2324	\$ 388,800	\$ -	\$ 362,424	\$ 26,376	\$ 26,376
AANHPI Student Achievement Program	301,394	-	66,336	235,058	235,058
AB 77/DSPS	3,251,926	-	378,796	2,873,130	2,873,130
AB1725 Staff Diversity	363,906	-	314,214	49,692	49,692
AB602 FA Admin Allowance	852,945	-	-	852,945	852,945
Adult Ed Program - ACCEL 20-21	5,703	-	5,703	-	-
Adult Ed Program - ACCEL 21-22	151,792	-	-	151,792	151,792
Adult Ed Program - ACCEL 22-23	444,343	-	148,033	296,310	296,310
Adult Ed Program - ACCEL 23-24	614,110	-	433,006	181,104	181,104
Basic Needs Center 21-22	171,255	-	-	171,255	171,255
Basic Needs Center 22-23	681,046	-	-	681,046	681,046
Basic Needs Center 23-24	739,378	-	642,678	96,700	96,700
Cabrillo CCD 2122 Strong Workforce	(393,655)	634,746	-	241,091	241,091
Cabrillo CCD 2223 Strong Workforce	367,420	495,227	-	862,647	862,647
Cabrillo CCD 2324 Strong Workforce	439,616	-	439,616	-	-
CAI ECAP Skyline College	(25,164)	121,824	-	96,660	96,660
CAI VDM Pre-Apprenticeship Program	-	12,965	-	12,965	12,965
CAI XR Apprenticeship Program	(31,397)	124,165	-	92,768	92,768
CAI XR Pre - Apprenticeship Program	(42,987)	174,100	-	131,113	131,113
Cal Grant	1,713,716	21,454	-	1,735,170	1,735,170
Calif State Preschool Program CDE/CCTR CDSS	358,508	182,495	-	541,003	541,003
California College Promise 2223	226,107	-	-	226,107	226,107
California College Promise 23-24	1,667,581	-	-	1,667,581	1,667,581
California Energy Commission CALeVIP	-	67,500	-	67,500	67,500
CalWORKs	492,536	-	38,287	454,249	454,249
Capital Outlay	3,066,428	6,220,246	-	9,286,674	9,286,674
CARE/EOP	385,079	-	118,745	266,334	266,334
CCCCO Financial Aid Technology	192,069	-	138,807	53,262	53,262
CDPH CalVaxGrant	10,000	-	6,795	3,205	3,205
Chafee Grant	60,000	2,500	-	62,500	62,500
Child and Adult Care Food Program	44	-	-	44	44
Classified Prof Dev 1819, apport	108,368	-	19,462	88,906	88,906
Classified Summer Assistance Prog	-	13,566	-	13,566	13,566
COVID-19 Recovery Block Grant	8,896,243	-	1,339,806	7,556,437	7,556,437
CRPP Innovative Best Practices	595,552	-	406,931	188,621	188,621
CSU Easy Bay Foundation - INCLUDE	-	11,354	-	11,354	11,354
Culturally Competent Faculty PD	76,126	-	5,739	70,387	70,387
Dreamer Resource Liaisons 20-21	8,590	-	-	8,590	8,590
Dreamer Resource Liaisons 21-22	81,522	-	20,297	61,225	61,225
Dreamer Resource Liaisons 22-23	124,682	-	84,353	40,329	40,329
Dreamer Resource Liaisons 23-24	253,179	-	114,757	138,422	138,422
EEO Best Practices	208,333	-	206,215	2,118	2,118
ELL Healthcare Pathways Grant 23-24	613,986	-	613,986	-	-
Emergency FA Grants (Supplemental)	216,580	-	-	216,580	216,580
Equitable Placement and Completion	976,203	-	835,357	140,846	140,846
Extended Opportunity Program	2,809,668	-	469,623	2,340,045	2,340,045
Feather River CCD IDRC Skyline	5,000	-	-	5,000	5,000
Foster & Kinship Care Education	74,002	-	26,626	47,376	47,376
Guided Pathways 22-23	368,774	-	213,988	154,786	154,786
Guided Pathways Grant CCCCCO	3	-	-	3	3
IEPI CCC Leadership Development	19,297	-	19,297	-	-
Immediate Action CalFresh Outreach	37,702	-	28,983	8,719	8,719
Immediate Action Student Outreach	37,364	-	-	37,364	37,364
Instructional Equipment	-	-	-	-	640,517
IT and Data Security Funding	400,000	-	400,000	-	-
LAEP ACA	104,213	-	104,213	-	-
Learning-Aligned Employment Program	1,972,571	-	1,925,927	46,644	46,644
LGBTQ+ Services 21-22	197,767	-	122,347	75,420	75,420
LGBTQ+ Services 23-24	176,964	-	171,776	5,188	5,188
Local IT and Data Security Funding	295,715	-	123,331	172,384	172,384
Lottery - Prop 20 - Instr Materials	1,102,057	620,036	-	1,722,093	1,065,930
LSP Operational Services 21-22	10,527	-	5,764	4,763	4,763
MESA CCCP/FSS	2,322,289	28,000	1,609,080	741,209	741,209
Middle Class Scholarship	36,427	-	-	36,427	36,427

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Program	Program Revenues			Total Revenue	Total Program Expenditures
	Cash Received*	Accounts Receivable	Deferred Revenue		
NextUp	773,818	-	749,509	24,309	24,309
NextUp 22-23	550,906	-	263,068	287,838	287,838
Nursing Education Program Support	7,641	-	-	7,641	7,641
Nursing Enrollment and Retention	160,684	-	212	160,472	160,472
Reg Equity & Recovery Partnerships	75,213	-	20,948	54,265	54,265
Retention/Enrollment Outreach 22-23	913,010	-	65,419	847,591	847,591
Retention/Enrollment Outreach 23-24	650,105	-	410,178	239,927	239,927
Rising Scholars - Juvenile Justice	-	22,271	-	22,271	22,271
Rising Scholars Network	321,599	-	176,595	145,004	145,004
RSCCD CTE Data Unlocked Initiative	50,000	-	50,000	-	-
RSCCD RD Global Trade	(9,880)	9,880	-	-	-
San Mateo County Office of Education - QRIS	15,942	-	15,942	-	-
SCCCD IEP/PCI	39,003	-	-	39,003	39,003
Scheduled Maintenance	81,204	-	-	81,204	5,269,094
Strong Workforce Local CCCC 21-22	752,036	-	-	752,036	752,036
Strong Workforce Local CCCC 22-23	2,932,658	-	932,837	1,999,821	1,999,821
Strong Workforce Local CCCC 23-24	2,805,245	-	2,571,892	233,353	233,353
Student Basic Needs 21-22	255,642	-	89,818	165,824	165,824
Student Basic Needs 22-23	450,321	-	321,677	128,644	128,644
Student Basic Needs 23-24	727,155	-	727,155	-	-
Student Equity and Achievement Prog	7,466,600	-	105,845	7,360,755	7,360,755
Student Mental Health Services 2223	193,239	-	-	193,239	193,239
Student Mental Health Services 2324	568,532	-	276,934	291,598	291,598
Student Success Completion Grant	2,056,295	-	104,024	1,952,271	1,952,271
Student Transfer Achievement Reform	1,695,651	-	1,611,783	83,868	83,868
T-Com and Technology	3,654	-	3,654	-	-
Transfer Ed & Articulation-Seamless	146,085	-	117,053	29,032	29,032
UC Regents Puente Program	295,000	-	257,924	37,076	37,076
UC Regents Puente Program CSM	48,644	-	17,938	30,706	30,706
UC Regents Puente Program-Canada	32,617	-	-	32,617	32,617
UC Regents Puente Program-Skyline	31,900	-	-	31,900	31,900
Umoja Campus Programs	159,427	-	34,387	125,040	125,040
Umoja Program 2020-21	(16,000)	16,000	-	-	-
Veteran Resource Center 1920 approp	14,019	-	-	14,019	14,019
Veteran Resource Center 20-21	100,955	-	50,388	50,567	50,567
Veteran Resource Center 21-22	191,677	-	81,810	109,867	109,867
Veteran Resource Center 22-23	223,664	-	182,903	40,761	40,761
Veteran Resource Center 23-24	242,048	-	242,048	-	-
Veteran Resource Center One Time	106,314	-	71,447	34,867	34,867
Wellness Vending Machine Pilot	15,000	-	7,456	7,544	7,544
YEP	(15,000)	15,000	-	-	-
Zero Textbook Cost Grant - One Time	615,000	-	486,332	128,668	128,668
Zero Textbook Cost Grant Phase 1	57,500	-	35,061	22,439	22,439
Total	64,367,326	8,793,329	22,043,535	51,117,120	56,289,364

*Cash received includes funds received in prior years.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT – ANNUAL
ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2024**

CATEGORIES	Reported Data	Audit Adjustment	Audited Data
A. Summer Intersession (Summer 2023 only)			
1. Noncredit	0.37	-	0.37
2. Credit	1,961.98	-	1,961.98
B. Summer Intersession (Summer 2024 - Prior to July 1, 2024)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	4,518.88	-	4,518.88
(b) Daily Census Contact Hours	431.48	-	431.48
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	5.02	-	5.02
(b) Credit	840.52	-	840.52
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	5,059.74	-	5,059.74
(b) Daily Census Contact Hours	1,423.03	-	1,423.03
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	<u>14,241.02</u>	-	<u>14,241.02</u>
Supplemental Information (subset of above information)			
E. Basic Skills Courses and Immigrant Education			
1. Credit	140.64	-	140.64
2. Noncredit	5.49	-	5.49
Total Basic Skills FTES	<u>146.13</u>	-	<u>146.13</u>

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

Total Fund Equity - District Funds Included in the Reporting Entity

General fund	\$	77,598,757	
Debt service fund		67,951,294	
Capital project funds		211,029,021	
Internal service funds		13,880,495	
Auxiliary funds		4,718,728	
Student financial aid fund		390,536	
Student activity funds		<u>1,708,022</u>	\$ 377,276,853

Assets recorded within the statement of net position not included in the District fund financial statements:

Capital assets	\$	1,293,878,839	
Right-of-use-assets		3,108,317	
Accumulated depreciation and amortization		<u>(472,946,530)</u>	824,040,626

Unmatured Interest (8,045,948)

Net OPEB liability/(asset) 22,475,179

Deferred outflows recorded within the statement of net position not included in the District fund financial statements:

Deferred outflows related to bond refundings			12,843,590
Deferred outflows related to OPEB			19,086,827
Deferred outflows related to pensions			71,329,056

Liabilities recorded within the statement of net position not recorded in the District fund financial statements:

General obligation bonds	\$	682,237,214	
Unamortized bond premiums		28,293,967	
Accreted interest		282,659,588	
Compensated absences		8,409,413	
Lease liability		935,776	
Software leases		2,278,073	
Net pension liability		<u>221,080,538</u>	(1,225,894,569)

Deferred inflows recorded within the statement of net position not included in the District fund financial statements:

Deferred inflows related to bond refundings			(3,575,318)
Deferred inflows related to OPEB			(17,477,028)
Deferred inflows related to pensions			<u>(19,382,353)</u>

Net Position Reported Within the Statement of Net Position \$ 52,676,915

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2024**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 30,007,518	\$ -	\$ 30,007,518	\$ 30,007,518	\$ -	\$ 30,007,518
Other	1300	26,707,657	-	26,707,657	26,707,657	-	26,707,657
Total Instructional Salaries		56,715,175	-	56,715,175	56,715,175	-	56,715,175
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	21,225,562	-	21,225,562
Other	1400	-	-	-	3,451,155	-	3,451,155
Total Non-Instructional Salaries		-	-	-	24,676,717	-	24,676,717
Total Academic Salaries		56,715,175	-	56,715,175	81,391,892	-	81,391,892
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	44,751,026	-	44,751,026
Other	2300	-	-	-	4,009,829	-	4,009,829
Total Non-Instructional Salaries		-	-	-	48,760,855	-	48,760,855
Instructional Aides							
Regular Status	2200	2,972,269	-	2,972,269	3,077,675	-	3,077,675
Other	2400	1,078,567	-	1,078,567	1,081,625	-	1,081,625
Total Instructional Aides		4,050,836	-	4,050,836	4,159,300	-	4,159,300
Total Classified Salaries		4,050,836	-	4,050,836	52,920,155	-	52,920,155
Employee Benefits	3000	24,642,087	-	24,642,087	56,421,080	-	56,421,080
Supplies and Materials	4000	-	-	-	2,667,120	-	2,667,120
Other Operating Expenses	5000	14,673	-	14,673	18,793,928	-	18,793,928
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		85,422,771	-	85,422,771	212,194,175	-	212,194,175
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	-	-	-	-	-	-
Std. Health Svcs. Above Amount Collected	6441	-	-	-	616,828	-	616,828
Student Transportation	6491	-	-	-	282,336	-	282,336
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	116,827	-	116,827
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	3,337,505	-	3,337,505
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		\$ -	\$ -	\$ -	\$ 4,353,496	\$ -	\$ 4,353,496
Total for ECS 84362, 50% Law		\$ 85,422,771	\$ -	\$ 85,422,771	\$ 207,840,679	\$ -	\$ 207,840,679
Percent of CEE (Instructional Salary Cost/Total CEE)		41.10%	0.00%	41.10%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 103,920,340	\$ -	\$ 103,920,340

See accompanying note to supplementary information.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
 FOR THE YEAR ENDED JUNE 30, 2024**

EPA Revenue	\$ 1,093,042
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 849,462	\$ -	\$ -	\$ 849,462
Media	6130	134,757	-	-	134,757
Custodial Services	6530	108,823	-	-	108,823
Total		\$ 1,093,042	\$ -	\$ -	\$ 1,093,042

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

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 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



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 (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 21, 2024.

Adoption of New Accounting Standard

As discussed in Note 2 to financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, for the year ended June 30, 2024. Our opinions are not modified with respect to this matter.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.



San Diego, California
November 21, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM 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

Opinion on Each Major Federal Program

We have audited San Mateo County Community College District's (the "District") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
November 21, 2024



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

Report on State Compliance

Opinion on State Compliance

We have audited San Mateo County Community College District's (the "District") compliance with the types of compliance requirements as identified in the 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual* for the year ended June 30, 2024. The applicable state compliance requirements are identified in the table below.

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, 2024.

Basis for Opinion

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 compliance requirements described in the 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards and the compliance requirements are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's compliance with the requirements listed in the table below.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the 2023-24 *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 #2024-001. 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.

Compliance Requirements Tested

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)
- Section 430 – Scheduled Maintenance Program
- Section 431 – Gann Limit Calculation
- Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
- Section 475 – Disabled Student Programs and Services (DSPS)
- Section 490 – Propositions 1D and 51 State Bond Funded Projects
- Section 491 – Education Protection Account Funds
- Section 492 – Student Representation Fee
- Section 494 – State Fiscal Recovery Fund
- Section 499 – COVID-19 Response Block Grant Expenditures

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in 2023-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
November 21, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

Section I – Schedule of Audit Findings and Questioned Costs

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	<u>No</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
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	<u>No</u>
Identification of major programs:	

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.033, 84.063, 84.007, 84.268</u>	<u>Student Financial Aid Cluster</u>
<u>21.027</u>	<u>COVID-19 Coronavirus State Fiscal Recovery Fund</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

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

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2024**

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 2023-24.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

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 2023-24.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

Section IV – State Award Findings and Questioned Costs

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

FINDING #2024-001 – 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.

Repeat Finding

Yes

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

FINDING #2024-001 – STATE COMPLIANCE – SALARIES OF CLASSROOM INSTRUCTORS (50 PERCENT LAW) (30000), continued

Views of Responsible Officials

As a matter of background, the Fifty-Percent Law was enacted in 1961. The mode of instruction and higher education, in general, has drastically changed over the last 63 years, including but not limited to:

- the establishment of academic senates, participatory governance, and collective bargaining;
- heightened focus on in-classroom supports for distance education, technology, open-educational resources, and smart classrooms; and
- the implementation of a variety of student success initiatives designed to support the ever-increasing diverse student needs to provide better access, persistence, and achievement with a focus on equity and basic needs.

Additionally, the district is under increased pressure to comply with a variety of compliance initiatives such as:

- Equal Employment Opportunities
- Diversity, Equity, Inclusion, and Access (DEIA)
- Title IX regulations
- Financial aid fraud prevention
- Workplace violence prevention and other safety measures
- Corrective action plans as recommended by the district’s internal performance auditor

The district prides itself for offering fair and equitable compensation, staff housing, tuition reimbursement, and generous professional development opportunities for faculty and staff while annually exceeding the FON by a large margin (e.g., Fall 2023 was 130.1 FTEF over the obligation) and consistently outperforming the majority of other districts in relation to the 75/25 Goal (e.g., the prior three-year average was 69%). Moreover, the district’s strategic plan incorporates many “student-first” initiatives that support students, which based upon the current definition of the statute, are primarily considered non-instructional. The afore-mentioned has resulted in significant additional resources allocated to meet these initiatives – many of which fall on what is commonly referred to as the “wrong side” of the equation.

These resources are predominantly personnel-related that offer much-needed student-centric services to ensure the success of the students served by the district. This has ultimately resulted in the district’s unrestricted general fund non-instructional headcount increasing while simultaneously experiencing significant enrollment declines.

Despite this, the district has implemented several strategies in an effort to comply with the Fifty-Percent Law while also continuing to provide the robust supports needed for students to be successful in this era. These strategies include, but are not limited to, the following:

- The district allocated \$.7 million on-going to convert part-time faculty to full-time faculty in 2020-21.
- The district allocated \$.6 million on-going to increase part-time faculty parity in 2020-21.
- The district allocated an additional \$1.5 million on-going to increase part-time faculty parity in 2021-22.
- The state allocated \$1.5 million on-going to increase the number of full-time faculty in 2021-22.
- Over the past couple years, the district has reduced its administrative overhead by decreasing the number of vice-chancellors from seven to two.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

FINDING #2024-001 – STATE COMPLIANCE – SALARIES OF CLASSROOM INSTRUCTORS (50 PERCENT LAW) (30000), continued

- Effective 2022-23, the district negotiated a new salary schedule with the faculty union to mirror the full-time faculty schedule in an effort to better define and achieve parity with both parties continued commitment to negotiate in good faith to reach agreed-upon parity goals.
- The district negotiated a 22.5% cost-of-living adjustment spread over three years for instructional part-time faculty towards parity goals, while classified staff, non-instructional part-time faculty, and full-time faculty received 15%; administrators received 13% during the same period; and the chancellor will receive 0% over the next three years.
- The district engages in regular conversations with the colleges about the supplementary guidance provided by the State Chancellor's Office pertaining to "Fine Tuning Your 50% Law Equation" found on their website.
- The district hired an independent subject-matter expert to review and analyze its lack of compliance with the 50% Law and to provide recommendations, which it has implemented.
- The district has negotiated part-time faculty employer-paid health and welfare benefits effective July 1, 2024.
- The district has revised its resource allocation model effective 2024-25, which should assist towards compliance.
- The district is prioritizing the exploration of strategies to right-size its workforce to better match enrollment trends.

The district closely monitors spending and the requirements of the Fifty-Percent Law and has proactively evaluated and continues to evaluate resources and spending options within its control (e.g., the disparate employer cost increases between STRS and PERS, is outside of the district's control and have posed a significant headwind on the district's ability to comply). Recent decisions demonstrate the district's current administration's commitment to reducing the compliance gap while not reducing much-needed student supports. As a result, compliance increased by .63% from 40.47% in 2022-23 to 41.10% in 2023-24.

The district strives to balance an antiquated regulation against the ever-increasing number of costly external mandates; the district's "student first" strategic plan, which recognizes the importance of non-instructional support; and the alignment with the Chancellor's Office's Vision for Success designed to advance student success and completion. It would be antithetical to the district's mission and indeed the mission of the entire system to stop allocating resources to support students to ensure they are successful inside and outside of the classroom. It is clear that the operating model for community colleges has changed significantly since the implementation of the Fifty-Percent Law over 60 years ago, as have the needs of the modern-day students that the district serves.

The district appreciates the opportunity to actively participate and advance meaningful statewide discussions on Education Code Section 84362 and California Code of Regulations §59204 given its stated goal for increased accountability and "radical" transparency. The district will continue to make every possible effort to comply with the Fifty Percent Law without impeding the district's "student-first" philosophy.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2024**

Section IV – State Award Findings and Questioned Costs, continued

FINDING #2023-001 – 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 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. In 2020-21, the District allocated \$700K in on-going funds 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 and an additional \$600K to increase part-time faculty parity for a total of \$1.5 million. In FY 2022-23, the District allocated \$1.5 million to increase part-time faculty parity. In FY 2022-23, the State provided \$1.5 million to increase the number of full-time faculty. In addition to the aforementioned, the District has defined part-time faculty parity as 85% of full-time faculty compensation and is committed to achieving this goal over time. The District and AFT entered an MOU under which the District placed instructional faculty on a schedule that included the same number of columns and steps that appear on the regular salary schedule. The District also negotiated cost of living increases of 7%, 5% and 3% for full time certificated employees for three years: 2022-23, 2023-24, and 2024-25, respectively, as well as, cost of living increases for instructional adjuncts on qualified schedules as follows: 9.5%, 7.5%, 5.5% during the same period 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.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2024**

FINDING #2023-001 – STATE COMPLIANCE – SALARIES OF CLASSROOM INSTRUCTORS (50 PERCENT LAW) (30000), continued

Current Status

See finding #2024-001.