



# City of San Mateo



## Comprehensive Annual Financial Report

Fiscal year ended June 30, 2020



**CITY OF SAN MATEO  
SAN MATEO, CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2020**

**Prepared by:**

**FINANCE DEPARTMENT**



**City of San Mateo**  
**Comprehensive Annual Financial Report**  
**For the year ended June 30, 2020**  
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## LETTER OF TRANSMITTAL



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November 30, 2020

Residents of the City of San Mateo,  
Honorable Mayor, and  
Honorable Members of the City Council

The City of San Mateo follows the best management practice of publishing a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants within six months of the close of the fiscal year. This report is prepared by the City of San Mateo's Department of Finance in accordance with Section 5.26 of the City's Charter. Pursuant to the requirements, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City for the fiscal year ended June 30, 2020.

This report consists of management's representations concerning the finances of the City and its blended component unit. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To provide a reasonable basis for making those representations, management of the City has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with U.S. GAAP. The first note in the Notes to the Financial Statements provides a detailed explanation of the City's significant accounting policies. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Badawi & Associates, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City and its blended component unit for the fiscal year ended June 30, 2020, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's basic financial statements as of and for the year ended June 30, 2020. The independent auditors' report is presented as the first component of the financial section of this report.

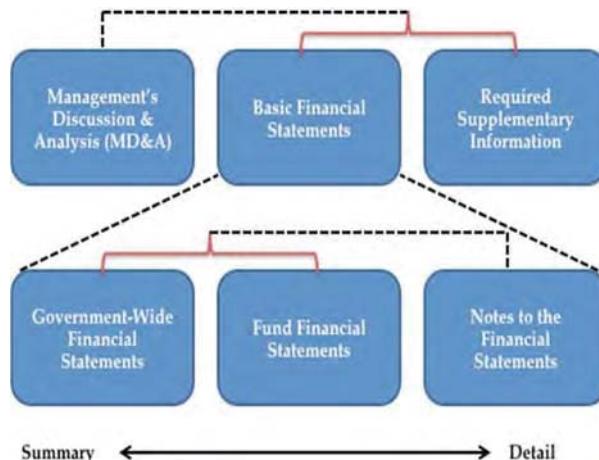
The analysis of the financial condition and the result of operations are in the Management's Discussion and Analysis (MD&A) section immediately following the auditor's report. This transmittal letter is designed to complement the MD&A and should be read in conjunction with the MD&A.

## THE REPORT

The CAFR is presented in three sections:

- The **Introduction** section includes this letter of transmittal, City Council introduction, the City's organizational chart, and certificates of achievement.
- The **Financial** section includes the report of the independent auditors; Management's Discussion and Analysis (MD&A); the basic financial statements, including the government-wide financial statements; and the accompanying notes to the financial statements. The Financial Section also includes the fund financial statements, including the governmental funds financial statements, the proprietary funds financial statements, the fiduciary funds financial statements, and the combining individual funds financial statements for the non-major governmental funds and the internal service funds. Required supplementary information other than the MD&A is also included in the financial section.
- The **Statistical** section includes selected financial and demographic information, presented on a multi-year basis.

### CAFR Organization



This CAFR includes all funds of the City and the City's component unit, which is a legally separate organization for which the City is financially accountable or whose relationship with the City is of a nature and significance that would cause the City's financial statements to be incomplete were it not included.

In addition to the financial audit, the City typically undertakes a single audit in conformance with the Single Audit Act Amendments of 1996 and the Uniform Guidance.

## CITY PROFILE

The City of San Mateo is in San Mateo County and is situated 19 miles south of San Francisco and 30 miles north of San Jose. The City covers an area of 14.6 square miles and includes tidelands from the Bay to the east and coastal mountains to the west. With its Mediterranean climate, residents enjoy warm, sunny summers and mild damp winters, ideal for various recreational activities in the City's many neighborhoods and regional parks.

One of the larger suburbs of the San Francisco Peninsula, San Mateo is bordered by the cities of Burlingame to the north, Foster City to the east, Belmont to the south, and Hillsborough to the west. Based on projections from the California Department of Finance, the City of San Mateo had an estimated 2020 population projection of over 103,000, compared to the over 773,200 residents in San Mateo County.

## CITY HISTORY

The first inhabitants of what is now the City of San Mateo were members of a tribe of the Ohlone Indians (called Coastanoans by Spanish explorers). This Tribe lived in the area from South San Francisco to Belmont for at least 4,000 years before explorers first arrived on the Peninsula. In 1776, Spanish explorers came to today's San Mateo. During a scouting trip to locate a place to start a colony on the Peninsula, Lieutenant Colonel Juan Bautista de Anza, Padre Pedro Font, Lieutenant Jose Joaquin Moraga, and eleven soldiers set up camp in San Mateo. Father Font named the creek that they slept by "San Mateo Creek." In 1793, the mission fathers in San Francisco created an outpost of the mission on the Peninsula. The outpost was the first building built in San Mateo by non-natives.

In 1822, California received word of Mexico's independence from Spanish rule. The Mexican Land Grants (1835) would leave a few residents owning vast expanses of land in the area. These ranches were so large that what is now the City of San Mateo is comprised of only two land grants - Rancho San Mateo and Rancho de las Pulgas. The year 1889 saw many important events in the developing San Mateo community. Under head engineer, Herman Schussler, the Crystal Springs dam was completed. The completion of this project assured that the people of San Mateo would have quality drinking water, allowing for further growth in the area.

In the same year, William Howard had part of his estate opened for subdivision, the first successful attempt at selling smaller plots of land. With this, the middle class moved to San Mateo. In this same year, Richard H. Jury and Charles N. Kirkbride established the "Leader", San Mateo's first successful newspaper and one of the earliest proponents of the incorporation of San Mateo. On September 3, 1894, with a vote of 150 in favor and 25 against incorporation, San Mateo became a town.

## CITY ORGANIZATION

The City was incorporated in 1894 and was originally chartered in 1922. The current charter was adopted in 1971 and revised in 2002. Since 2002, there have been three other voter-approved amendments to the charter. San Mateo has a Council-Manager form of government. Five Council members serve at-large for four-year terms. The Council selects a Mayor from among its members each December for a one-year term. The City Manager is appointed by the Council and serves as chief executive officer responsible for the day-to-day administration of City affairs. The City Council also appoints a City Attorney. There are twelve Advisory Boards and Commissions, nine of which are appointed by the City Council.

The City provides a wide range of municipal services, including police, public works, parks and recreation, library, planning and zoning, building, sewer enterprise, street maintenance, economic development, and general administrative services. The City offers 35 parks, six recreation centers, an 18-hole golf course, and three libraries, including a state-of-the-art main library. In January 2019, the cities of San Mateo, Foster City, and Belmont consolidated their respective fire departments into the San Mateo Consolidated Fire Department. California Water Service, a private company, provides water to City residents.

The City's management has adopted a set of "organizational principles" that reflect the City's management philosophy. These principles are:

- Engaged and accountable workforce;
- Working as one organization;
- Maintaining long-term perspective;
- Seeking constant improvement; and
- Leading through informed risk-taking.

These principles, which were adopted in 2016, are intended to guide management actions throughout the City organization. The goals of City management are to see that necessary and desired services are provided in an efficient and effective manner, and that planning and continued improvement take place to provide for the community's future.

The City operates on a two-year budget cycle. The two-year budget process requires that each department submit two one-year expenditure plans and revenue estimates to the City Council for approval. In each alternate year, the department directors present mid-cycle performance reports to the City Manager and City Council summarizing budget status to date and seeking approval for year-two funding. The City utilizes a five-year plan for capital improvements. The plan serves as a guide for allocation of future resources. In response to the economic volatility from COVID-19, the City has temporarily shifted to a one-year budget process, and anticipates returning to a two-year budget cycle for the 2022-24 Business Plan.

The City maintains budgetary controls that have the objective of ensuring compliance with legal provisions embodied in the annual appropriated budget submitted by the City Manager and adopted by the City Council. The annual operating budget and the long-term capital improvement plan are adopted on or before June 30th by City Council and can be amended by the City Manager for transactions that have a net zero impact on fund balance. All other budget amendments require City Council approval. The two-year business plan for operations is adopted in June of every even-numbered year and is amended in the second year of the plan as part of the annual budget development process.

Budgetary control (the level at which expenditures and encumbrances cannot legally exceed the appropriated amount) is established at the department level within individual funds. Departmental operating budgets may be reallocated among programs within a department and within the same fund, but expenditures may not exceed annually budgeted appropriations at the department/fund level without Council approval. Project-length budgets are adopted for the General Fund, some special revenue funds, and all capital project funds. Capital improvement expenditures may not exceed budgeted amounts without Council approval.

The City has an Audit Committee consisting of the Mayor and Deputy Mayor. The audit committee is responsible for the selection and management of the external auditor. The Audit Committee discusses any matters related to the audit with the external auditor, and accepts the results of the annual financial audit.



## LOCAL AND REGIONAL ECONOMY

The information presented in the financial statements is perhaps best understood when it is considered from a broader perspective of the specific environment in which the City operates. The City is one of the major centers of economic activity in San Mateo County, serving as a business, recreational, educational, and cultural hub. Employment in San Mateo is concentrated in three sectors: professional and financial services; retail; and health, educational, and recreational services.

The City boasts a diversity of businesses, including sole proprietorships, supporting its employment and retail base. Key examples include:

- Franklin Templeton Investments - world headquarters, a global investment firm;
- Sony PlayStation - national headquarters, an interactive and digital entertainment company;
- Apple Stores, Macy's, Nordstrom, and Target - national retailers in the electronic, high-end, and value-oriented segments of the retail spectrum; and
- GoPro - maker of the world's most versatile cameras.

## **COVID-19 Impact on Local Economy and Tax Revenues**

COVID-19 had an immediate and severe effect on the local economy. The associated travel ban drove occupancy rates at hotels and motels in the region to single digits, which reduced transient occupancy tax (TOT) revenues to approximately 10% of what had been received from March through June of the prior fiscal year. As such, TOT revenues were \$2.8 million, or 35%, less than the adopted budget. In compliance with local health orders, non-essential businesses were closed, which drove sales tax revenues, including Measure S, to be \$1.8 million, or 7%, less than the adopted budget.

In response to the significant financial impact of COVID-19 on the San Mateo community, the City Council authorized:

- A contribution of \$0.4 million to San Mateo County Strong, which was bolstered by \$0.3 million in matching contributions from the County of San Mateo, private foundations, and private businesses. The combined contributions provided funding for up to 64 local businesses grants.
- Waiver of business tax penalties and interest.
- Redeployment of staff to make thousands of outreach calls to local businesses to share COVID-19 resources.
- Closure of downtown city streets to facilitate temporary parklets and outdoor dining.

While TOT and sales tax revenues were susceptible to COVID-19, real property transfer tax revenues of \$9.1 million reflected the real estate market's ability to adapt to the challenges of the pandemic and the resultant shelter-in-place order. In the quarter ending June 30, 2020, sales performance metrics for single family residential properties in the table below demonstrated the real estate industry's resilience, including an average number of days on the market of just over three weeks and a median sales price of \$1.6 million.

#### Real Estate Sales Metrics – Single Family Residential Homes

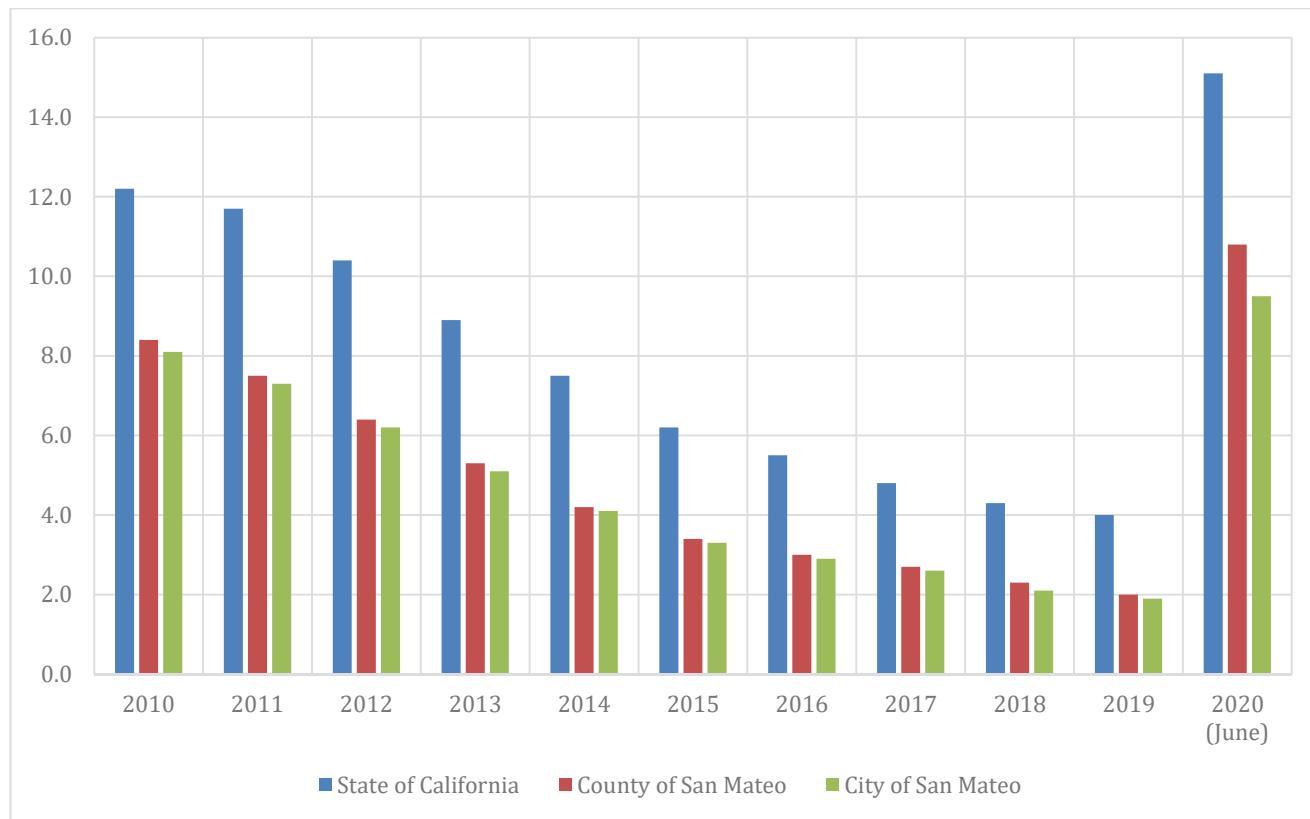


Source: San Mateo County Association of Realtors

The timing of the lien date for property taxes inoculates them from being immediately impacted by COVID-19. Property tax revenues were \$67.1 million – an increase of 5.0% compared to the prior fiscal year, reflecting a lien date of the property tax roll of January 1, 2019, and a maximum 2% increase in the State of California's Consumer Price Index (CPI), which was applied to the assessed value of secured property on an annual basis pursuant to the state constitution. With a lien date of January 1, 2020, property tax revenues for 2020-21 will also be unaffected by COVID-19, however, it is expected that the CPI increase on assessed value that will be incorporated into the lien date of January 1, 2021, will be less than 2%, impacting property tax revenues for fiscal year 2021-22.

In the years that followed the Great Recession, unemployment rates in the state, county, and city improved on an annual basis, and approached historical lows, nearing full employment. The instantaneous impact of COVID-19 on the labor market unemployment resulted in unemployment rates of over 10%, 11%, and 16% for the City of San Mateo, County of San Mateo, and State of California, respectively, in April 2020. While unemployment rates have continued to decline from the acute spike, unemployment rates as of September 2020 of over 6%, 7%, 10%, respectively, are still well above pre-COVID levels.

#### Unemployment rates



Source: State of California Employment Development Department

## CITY FINANCIAL POLICIES & PLAN

Formal financial policies and prudent operating practices have enabled the City to maintain core services and minimize the impact of economic fluctuations on residents as much as possible. Formal policies exist in areas such as balanced budgets, revenue diversification, operating expenditures, reserves, investments, and debt.

Trust has been built over the years between the City and the community through establishing and following formal financial policies, as well as maintaining prudent operating practices. This trust and confidence were demonstrated by the voters in San Mateo, who in November 2009 approved a  $\frac{1}{4}$  cent general sales tax on purchases made in the City. This measure generated \$6.1 million in additional revenue for FY 2018-19 to support General Fund operations. With this tax set to expire April 2018, the voters again demonstrated their confidence in the City's financial management by voting in November 2015 to extend the tax until 2048 to fund critical infrastructure and enhancements to public safety services.

## REVENUE ADMINISTRATION

The City's two main sources of revenue to fund operating expenditures are property and sales taxes, which make up over 60 percent of total General Fund revenues. In addition, the City's revenue administration includes a review of all fees, fines, and charges for services to ensure the charges are meeting cost-recovery goals. One-time and unpredictable revenues are spent on one-time expenditures, such as equipment replacement, or transferred to capital improvement funds for repair and rehabilitation projects.

Since October 2018, the City Council has been considering various revenue enhancement options to address the General Fund structural deficit, where requirements (projected expenditures) are greater than resources (projected revenues). The Council considered revenue enhancement options including an increase the City's real property transfer tax, TOT, and business tax. After conducting a statistically valid community survey to assess likely voters' support of a revenue enhancement ballot measure, the City Council moved forward with placing Measure W on the November 2020 ballot to increase the City's TOT rate from 12% to 14%.

## EXPENDITURE ADMINISTRATION

City departments and the Finance Department carefully review expenditure budgets. The department directors are responsible for containing expenditures within their Council-approved budget appropriations. The City maintains an encumbrance accounting system as an additional means of budgetary control. Encumbered amounts in the operating budget lapse one year after the end of the fiscal year.

In response to the financial impact of COVID-19, the City Council approved a hiring freeze to provide temporary and immediate relief to the General Fund. Given the ongoing and uncertain nature of the duration of COVID-19, the City Council approved Phase I of the City's Fiscal Sustainability Plan in May 2020, which includes negotiating employee concessions, strategically identifying vacant positions to permanently eliminate, use of other available funds to partially supplant the General Fund's support of the City's Capital Improvement Plan, and the TOT ballot measure.

## RESERVES

The City Council's budget policy for the use of reserves varies depending on the reserve type, but generally limits the use of reserves to respond to revenue shortfalls, unanticipated expenditures, severe economic downturns, or natural disasters. The policy further states that use of reserves should be combined with structural changes to bring the budget back into balance if it is out of balance. The General Fund reserve policy adopted by the City Council seeks to reflect three months of General Fund budgeted operating expenditures, or 25 percent. Given the extraordinary global impact of COVID-19, and the City Council's direction to make structural changes in 2020-21 to ensure the City's long-term fiscal sustainability, use of \$2.6 million in General Fund reserves in the year ended June 30, 2020 was consistent with the City's reserves policy. As of the close of the 2019-20 fiscal year, the General Fund had \$82.7 million in unassigned fund balance. This amount is well above the 25 percent reserve threshold, which would be \$32.2 million based on fiscal year 2020-21 budgeted operating expenditures.

The Sewer Fund's total operating revenues for the fiscal year ended June 30, 2020, were \$58.7 million – an increase of 13% compared to the prior fiscal year, driven by the approved sewer service rate increase of 14%. Total operating expenses were \$25.9 million, a decrease of only 5% compared to the prior year. As such, the Sewer Fund generated \$32.8 million in operating income, which was the primary factor in available cash increasing to \$49.7 million – a 43% increase compared to the prior fiscal year, and 192% relative to the fund's operating expenses, well above the enterprise's reserve policy target of 33%. The strong available cash position of the sewer enterprise ensures liquidity during the active construction period of the Clean Water Program, a 12 year, \$1.0 billion capital improvement program to upgrade and expand the jointly owned wastewater treatment plant with the Estero Municipal Improvement District/City of Foster City, and

improvements to the City of San Mateo's collection facilities. In addition to maintaining a strong cash position, the favorable operating surplus also maintains the Sewer Enterprise Fund's continued high debt service coverage ratio of approximately 3.46X, which is the ratio of \$38.7 million in net surplus (revenues excluding capital contributions from regional customers less expenses excluding interest) divided by \$11.2 million in debt service. Both the cash position and debt service coverage affirm the high-quality credit rating the Sewer Enterprise received of AA- from S&P Global Ratings (formerly known as Standard & Poor's) and AA rating from Kroll Bond Rating Agency.

There are additional reserves established in the City's other funds for vehicle and equipment replacement, general liability, and capital improvements.

## DEBT ADMINISTRATION

The City manages the issuance of new debt and proactively communicates with the investment community in the administration of its outstanding debt. In doing so, the City seeks to ensure that debt is issued prudently and affordably, and bondholders are provided all the information required by the Municipal Securities Rulemaking Board as governed by the Securities and Exchange Commission.

Proposition 13 amended the State Constitution by requiring California cities to obtain voter approval prior to issuing general obligation bonds. State statutes further limit general obligation bonded debt to 15% of the assessed value of all real and personal property within the City. At June 30, 2020, the City's general obligation bonded debt of \$20.6 million amounted to 0.48% of the \$4.3 billion legal debt limit.

According to standard measures used by the primary credit rating agencies to assess debt (e.g. fund balance as a percent of operating expenses, debt-to-assessed valuation ratios, debt per capita, etc.), the City's level of direct debt obligations is considered low in comparison to similarly-sized cities. Rating agencies cite the City's strong financial management and prudent fiscal policies as credit strengths. As of June 30, 2020, the City's rating for general obligation bonds is AA+ by Standard & Poor's and Aaa from Moody's Investor Service. The City of San Mateo Joint Powers Public Financing Authority manages two bond issues totaling \$20 million.

## CASH MANAGEMENT

The State Government Code regulates the securities in which the City may invest its funds. Legally permissible investments include, but are not limited to, obligations of the United States Government, its agencies, and sponsored corporations; prime bankers' acceptances; prime commercial paper; certificates of deposit issued by banks and savings and loan institutions; highly rated municipal securities; and money market funds that purchase only the types of securities specified herein.

The objectives of the City Council-adopted investment policy, in order of priority, are to maintain principal, to ensure the availability of funds to meet obligations promptly, and to maximize yield on the investment portfolio. Bank deposits are either insured by federal deposit insurance or collateralized according to state law. Investments are held at a third-party bank in a safekeeping account in the City's name. The City had a total cash and investments portfolio of \$577.6 million at the fiscal year ended June 30, 2020.

## LONG-TERM FINANCIAL PLANNING

The City of San Mateo has a long tradition of disciplined and prudent fiscal management. To address the significant impacts of the Great Recession, the City Council adopted various strategies for financial sustainability that have been successfully implemented to achieve not only a balanced General Fund budget, but also create a mechanism for the City to accumulate sufficient resources to better position its General Fund to be prepared for economic retraction or disaster. The City's prudent efforts to adopt a reserves policy and accumulate additional reserves during the years of economic prosperity have proven prescient within context of the immediate and severe financial impact of COVID-19.

The City continues to adhere to a planning process that focuses on financial sustainability. To this end, the City annually updates a long-term General Fund financial projection model designed to inform decision makers of the long-term impacts of near-term financial proposals. The City also maintains a five-year long-range capital planning process and capital improvement plan that is annually updated. This plan drives capital project funding decisions and periodic new bonded debt issuances for larger capital infrastructure investments. For General Fund operations, revenues and expenditures are forecasted out for ten years to continually assess the long-term structural balance of that fund and allow adequate time for thoughtful course correction if a structural imbalance occurs.

In October 2018, the City Council held a study session to consider revenue enhancement options to address an approximate \$3 million General Fund imbalance that was identified through the General Fund long-term financial plan. Given the pervasive and consequential nature of COVID-19 on the City's tax revenues, the General Fund imbalance has grown to \$8 million in 2020-21. It is worthwhile to note that the revenue assumptions contained in the General Fund long-term financial plan are fluid, as the duration and magnitude of COVID-19 are still unknown.

## MAJOR INITIATIVES

### GENERAL PLAN UPDATE

The General Plan update is underway to address the changing needs of the City and its residents, businesses, and civic organizations. The Land Use and Circulation Elements establish a pattern for land use and set out clear standards for the density of population and the intensity of development for each of the proposed land uses. These elements are intended to serve as the guiding policy document for evaluation of proposed development and redevelopment within the City.

A number of long-range planning related issues are presently under consideration, including:

- Downtown Plan
- Traffic
- Measure P, which establishes maximum density and height and is due to sunset at the end of 2020
- Rail Corridor Plan

Rather than take the items above as independent items, they will be included under the umbrella of a comprehensive update of the City's General Plan. This provides the City an opportunity to look at the "big picture" and establish goals and policies that will guide review of anticipated development applications.

While updating the General Plan, other elements, such as the Noise Element (largely dependent upon traffic), Safety Element (incorporation of the City's recent Local Hazard Mitigation Plan), and other Elements will also be touched upon to ensure internal consistency and as required by State law.

Additionally, as the update of the General Plan is a community-wide planning effort, it is vitally important to ensure the community engagement strategy be inclusive and reach as many community members as possible. The engagement approach consists of three major components:

- Face-to-face engagement
- Digital engagement
- A General Plan Subcommittee appointed by the City Council

These long-range planning efforts will help continue the focus on the vitality and economic strength of the City's commercial areas as an asset to the City residents, businesses, visitors, and the greater San Mateo community.

Work on the General Plan began in 2018-19 and was picking up good momentum, with numerous community workshops to solicit feedback and a community survey that was completed this fiscal year. With the shelter-in-place order, momentum on the General Plan Update has been temporarily slowed. It is expected that large scale gatherings that have traditionally been part of the General Plan process will not be permitted for an extended amount of time. Furthermore, even when gatherings are allowed, many members of the public may be hesitant to attend meetings in person. An updated community engagement strategy, including various remote protocols and guidelines, innovative virtual platforms, and small group meetings is currently being developed.

#### **BAY MEADOWS PHASE II DEVELOPMENT**

Bay Meadows Phase II is a major transit-oriented mixed-use redevelopment project providing much needed revitalization and housing at the former Bay Meadows Race Track. The development plans on the 83-acre site move away from the previous single-use to include a significant amount of residential, commercial office, and retail space along the Caltrain rail corridor, which includes 1,048 residential units, approximately 1,200,500 square feet of office space, and approximately 67,000 square feet of retail and restaurant space across the entire Phase II area. Additionally, a 450-student private high school, the nationally-recognized Nueva School, opened in 2014, and three public parks opened as well.

Infrastructure construction of the project began in 2009 and vertical construction of the first townhomes began in 2013. Over two-thirds of the project has been completed or is currently under construction. Mixed use block MU1 is near completion, which is the 68-unit affordable apartment building by Bridge Housing. The City expects the recently approved STA 1 and STA 5 office blocks as well as the RES 6 residential block to begin construction in the coming year. The City is currently reviewing a planning application for a modification of a previously approved Site Plan and Architectural Review (SPAR) planning application for the final mixed-use blocks, MU2 and MU3. Together with the STA 1 and STA 5 modifications, these modifications would bring the total approved office space to approximately 1,200,500 square feet and the total approved residential units to 1,048 units across the entire Phase II area. Full development of the project is expected to be completed in approximately 3-5 years.

#### **STATION PARK GREEN MIXED-USE**

Station Park Green is a 12-acre transit-oriented mixed-use redevelopment project near the Caltrain station and State Route 92, located on the site of a former Kmart. The project includes 599 residential units, 10,000-15,000 square feet of office space, 25,000-30,000 square feet of retail and restaurant space, and approximately 3.4 acres of parks and open space. The original Specific Plan and Design Guidelines were approved by the City Council in 2011. The planning application was approved in 2015 and included revisions to that document as well as to the site plans and building designs. The project is currently under construction, and when finished, will provide valuable revitalization and housing.

## HILLSDALE SHOPPING CENTER NORTH BLOCK RENOVATION

The Hillsdale Shopping Center is the City's largest commercial site with over 1.3 million square feet of retail commercial space. The North Block renovation project is near completion, which includes the replacement of Sears and food court with new retail, restaurant space, food court, luxury bowling alley, an outdoor plaza, and a new luxury movie theatre. The planning application was approved by the City Council in March 2016. The dining terrace and many new tenant spaces have opened to the public, including Cinepolis, Pinstripes, Shake Shack, and West Elm. Many other tenant spaces currently in building permit-review with the City. This project will provide an important revitalization of the City's largest regional shopping center and is expected to improve the City's tax revenue base.

## ADDITIONAL HOUSING PROJECTS

In addition to the housing being added as part of the larger Bay Meadows and Station Park Green projects, there are a number of other housing projects in various stages of the development process that add much-needed housing to the City. These include Central Park South (60 apartment units – completed), 1, 2, & 3 Waters Park Dr. "One 90" (190 single-family and townhome units – under construction), and 1650 S. Delaware Street Apartments (73 apartment units – under construction). Additional mixed-use projects that add residential units include 406 E. Third Ave (mixed use office and 25 apartment units – under construction), 405 E. Fourth Ave (mixed use office and 15 apartment units – completed), and 303 Baldwin Avenue (mixed use retail, office and 64 apartment units – under construction). Approved projects, which have not yet started construction, include Hillsdale Terrace (67 units). Additional projects that would add housing that are under review include Passage at San Mateo (mixed use retail and 961 apartment units) and the Downtown Affordable Housing Sites by MidPen (225 affordable apartment units).

## SEWER UTILITY INFRASTRUCTURE NEEDS

The Clean Water Program is a major City initiative and 12-year capital improvement program for the rehabilitation and upgrade of the sewer utility that began in 2015 and involves approximately \$1 billion in improvements to the wastewater treatment and collection systems in order to comply with the State of California Water Quality Control Board's cease and desist order and wastewater treatment discharge permit. The program is expected to be funded with a combination of operating surpluses, sewer charge rate increases, capital contributions from the utility's sub-regional partners, bond financing, and loans through Water Infrastructure Finance and Innovation Act from the Environmental Protection Agency. In addition, the City has pursued state loans through the State Revolving Fund to complement the funding approach. Long-range capital improvement plans and an updated Integrated Sewer Master Plan to meet the cease and desist order and discharge permit requirements have been developed and projects within the overall Clean Water Program are underway.

## SAN MATEO CONSOLIDATED FIRE DEPARTMENT

For nearly the past decade, the City of San Mateo, the City of Belmont/Belmont Fire Protection District, and the City of Foster City/Esterio Municipal Improvement District have been working diligently to bring together fire services with the goal of providing a high level of shared fire, rescue, and emergency medical services to all three communities, while also achieving a cost-efficient service delivery. The diligence culminated into the formation of a Joint Powers Authority (JPA) that was created on November 22, 2017, to form the San Mateo Consolidated Fire Department (SMC Fire). SMC Fire commenced operations on January 13, 2019, and continues to provide integrated and comprehensive emergency response services to all three communities. The City transferred its fire operations, including fire protection activities, to SMC Fire concurrent with commencement of operations. SMC Fire contracts with the City of San Mateo for financial and human resources services.

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the year ended June 30, 2019. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This report must satisfy both U.S. GAAP and applicable legal requirements. This was the thirtieth consecutive year that the City has received this award. A Certificate of Achievement is valid for one year only. We believe this FY 2019-20 CAFR continues to conform to the Certificate of Achievement program requirements, and we will submit it to the GFOA to determine its eligibility for another certificate.

The preparation of this CAFR could not have been accomplished without the efficient and dedicated service of the highly qualified staff in the Finance Department. The dedication and cooperation of staff in all City departments in the administration of financial policies throughout the year is also appreciated. We also acknowledge the thorough and professional manner in which our independent auditors, Badawi & Associates, conducted their audit.

In closing, City staff wishes to express deep appreciation to the City Council for their leadership, support, and responsiveness to the financial concerns of the City.

Respectfully submitted,



Drew Corbett, City Manager



Rich Lee, Finance Director

# City of San Mateo

## City Council Members - 2020



Joe Goethals  
Mayor



Eric Rodriguez  
Deputy Mayor



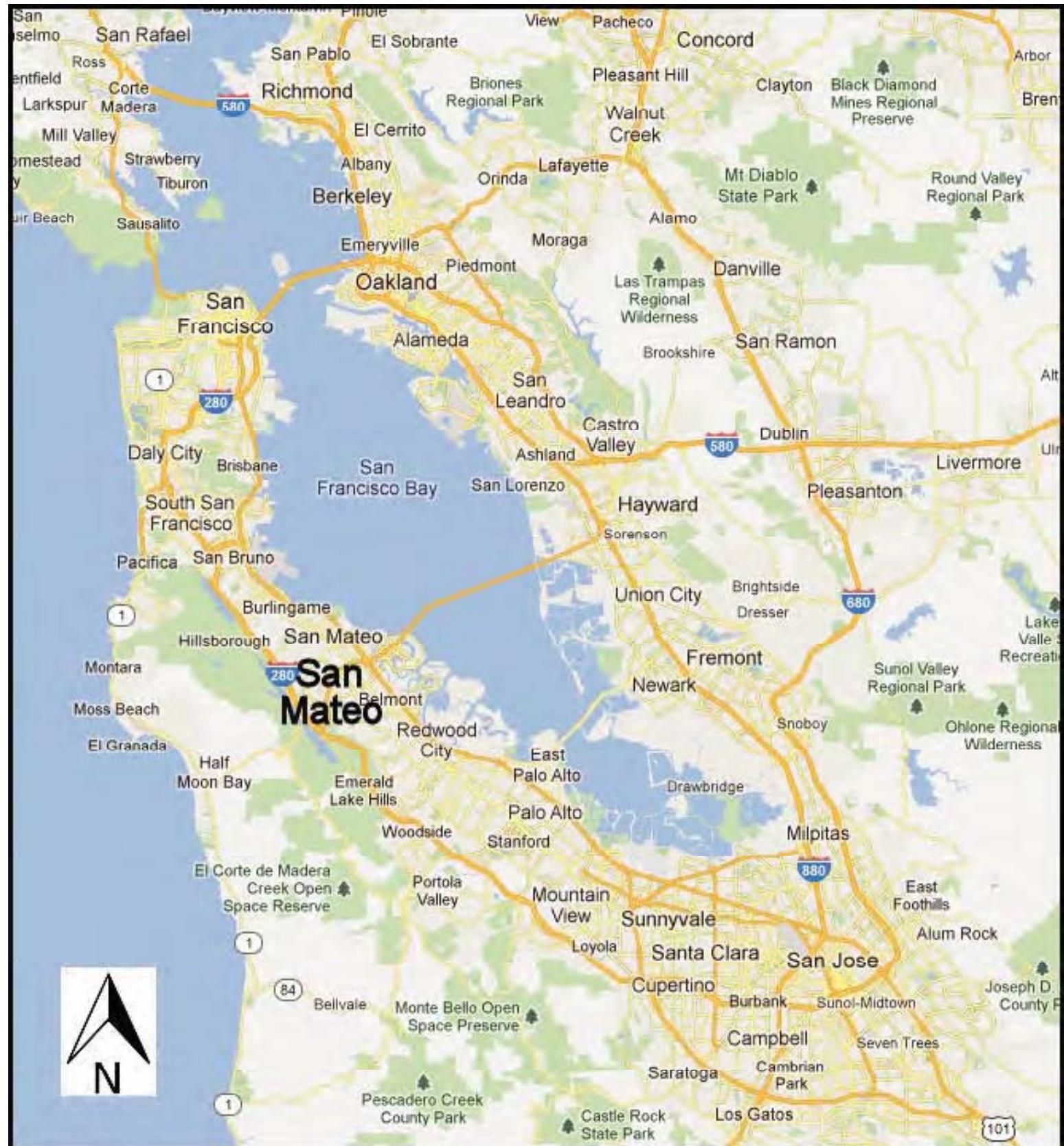
Rick Bonilla  
Council Member

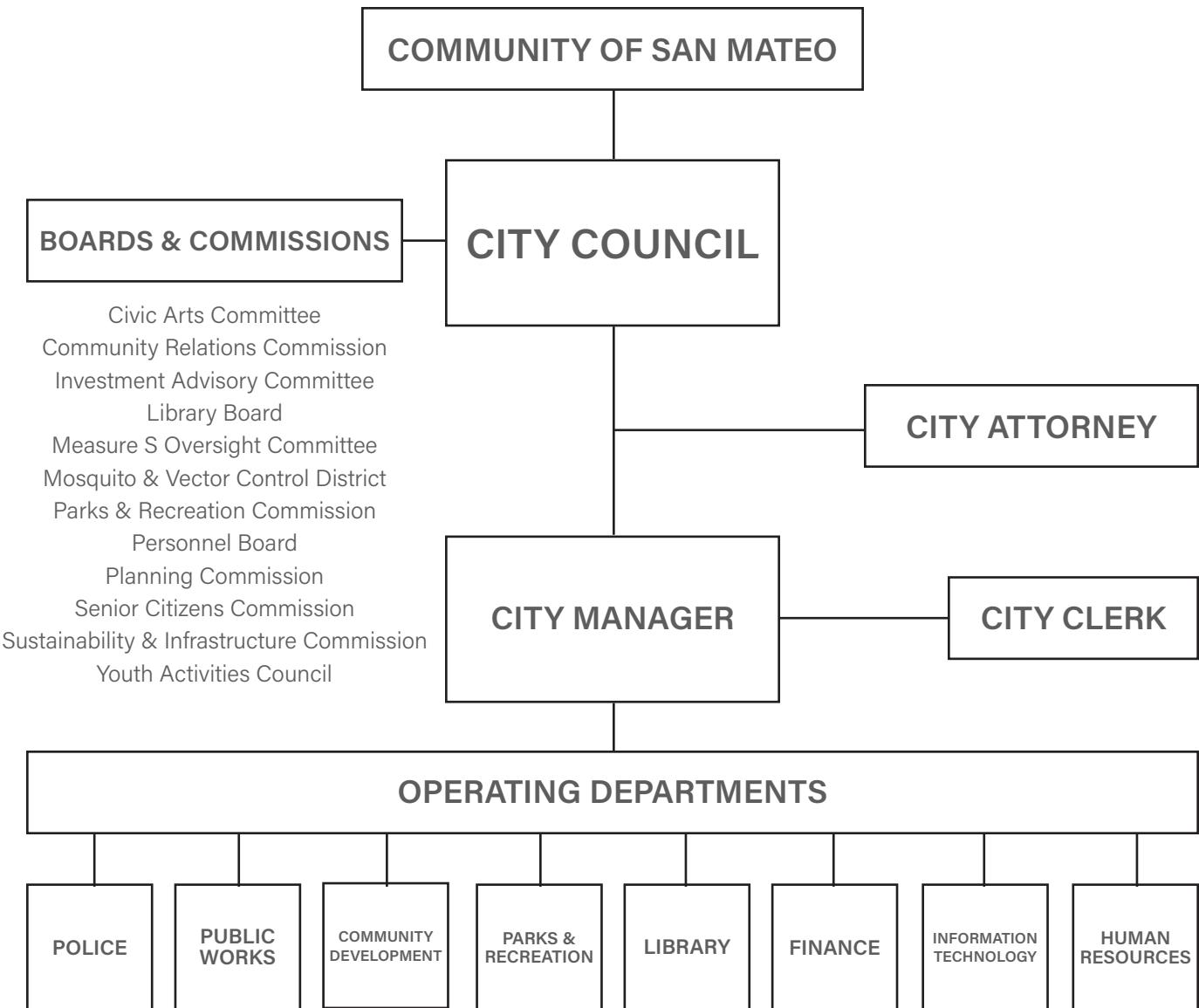


Amourence Lee  
Council Member



Diane Papan  
Council Member







Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of San Mateo  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Monill*

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of San Mateo  
California**

For the Fiscal Year Beginning

**July 1, 2018**

*Christopher P. Morill*

Executive Director

2018 Distinguished Budget Presentation Award

2018 Distinguished Budget Presentation Award

# *California Society of Municipal Finance Officers*

*Certificate of Award*

**Excellence Award**  
**Fiscal Year 2018-2019 Operating Budget**

*Presented to the*

**City of San Mateo**

For meeting the criteria established to achieve the CSMFO Excellence Award in Budgeting

*January 4, 2019*

  
*Margaret Moggia*

*Margaret Moggia*  
CSMFO President

  
*Sara Roush*

*Sara Roush, Chair*  
Recognition Committee

*Dedicated Excellence in Municipal Financial Reporting*







## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
of the City of San Mateo  
San Mateo, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Mateo, California (City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Honorable Mayor and Members of the City Council  
of the City of San Mateo  
San Mateo, California  
Page 2

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension required supplementary information, and OPEB required supplementary information on pages 5-25 and 136-145, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules on pages 154 to 168, schedule of assessments and impact fees, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

To the Honorable Mayor and Members of the City Council  
of the City of San Mateo  
San Mateo, California  
Page 3

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and schedule of assessments and impact fees on pages 150 to 185 are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements, the budgetary comparison schedules, and the schedule of assessments and impact fees on pages 150 to 185 are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is fluid and cursive, with "Badawi" on the first line and "& Associates" on the second line.

Badawi and Associates  
Certified Public Accountants  
Berkeley, California  
November 30, 2020



Management of the City of San Mateo (City) offers readers of the financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in our letter of transmittal, the financial statements, and notes. The focus of the information herein is on the primary government.

### FINANCIAL HIGHLIGHTS

- At the close of the fiscal year, the City's total net position increased by \$34 million, or 5.9%, from the previous fiscal year. The increase largely reflects an increase in Business-Type Activities program revenues, stemming from the second year of an approved five-year sewer service charge rate increase, as well as capital contributions from the sewer enterprise's regional customers.
- The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$611.7 million (net position). The total net position includes \$534.9 million for net investment in capital assets, \$59.7 million for restricted net position, and \$17.1 million for unrestricted net position.
- In February 2020, the City issued \$45.8 million in lease revenue bonds in two series. Series A was issued in the amount of \$42.3 million to finance the cost of flood control capital improvements for North Shoreview and city-wide street rehabilitation. Series B was issued in the amount of \$3.5 million to refund bonds issued in 2011 for South Bayfront flood control improvements. The North Shoreview flood control improvements will remove approximately 1,500 homes from the FEMA flood zone. The refunding bonds will save over \$0.1 million in annual debt service over the next 10 years. The lease revenue bonds were the primary driver for changes in Governmental Activities Current and other assets (from \$284.9 million to \$351.3 million), and Non-current liabilities (from \$287.0 million to \$342.5 million).
- Primary government total revenues were \$253.0 million, an increase of 4.8% compared to the prior year, which reflects a \$17.3 million increase in business-type activities total revenues offset by a \$5.6 million decrease in governmental activities total revenues. Business-type activities total revenues increased to \$71.9 million, a 31.7% increase compared to the prior year, which was primarily due to an approved sewer service charge rate increase. Governmental activities accounted for \$181.1 million in total revenues, which decreased 3.0% compared to the prior fiscal year, largely due to the impact of COVID-19 on the City's tax revenues (other than property tax).
- Primary government total expenditures increased by \$25.6 million to \$219.1 million. The majority of the 13.2% increase was primarily reflected in public safety and sewer expenses. Public safety expenses increased by \$12.6 million to \$85.0 million, largely due to its share of pension expense from the measurement period of June 30, 2018, pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68. The City's business-type activities accounted for \$39.2 million in sewer expenses, which was an increase of \$8.2 million compared to the prior fiscal year. The increase was directly attributable to the interest expense from the 2019 Wastewater Bonds that were issued in the prior fiscal year to provide funding for capital improvements for the Clean Water Program.

- The City's net pension liability increased \$10.8 million to \$230.5 million, which was a 4.9% increase from the prior year. The net increase in pension liability is attributable a \$30.7 million increase in total pension liability offset by a \$19.9 million increase in net position of the City's miscellaneous and safety pension plans with the California Public Employees' Retirement System (CalPERS). The \$30.7 million increase in total pension liability is the result of \$9.7 million in service cost, \$47.4 million in interest on the total pension liability, and \$9.0 million in unfavorable variance between actual and expected experience offset by \$35.4 million in benefit payments. The \$19.9 million increase in net position for the City's pension plans was due to \$21.5 million in employer contributions, \$4.7 million in employee contributions, and \$29.4 million in net investment income offset by \$35.4 million in benefit payments. As of June 30, 2019 (the latest available data), the City's mature defined benefit pension plan's funding ratios were 72.3% for the Miscellaneous plan and 63.3% for the Safety plan.
- The net OPEB liability as of June 30, 2019, was \$11.0 million, which was \$4.4 million less than the prior fiscal year. The reduction reflected a \$3.1 million reduction in the total OPEB liability and a \$1.3 million increase in California Employers' Retiree Benefit Trust (CERBT), the City's OPEB trust fund. The \$3.1 million reduction in total OPEB liability stems from \$0.7 million in additional service cost and \$1.3 million in additional interest on the OPEB liability offset by a \$3.5 million favorable variance of between the actual and expected experience, \$0.5 million reduction due to a change in assumptions, and \$1.2 million in benefit payments. The \$1.3 million increase in the plan fiduciary net position with CERBT was principally the result of a \$2.0 million contribution from the City, \$0.5 million in net investment income, and \$1.2 million in benefit payments that flowed through the City's CERBT account. The funded ratio of the plan was 33.6%.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains the required supplementary information.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector businesses.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows and inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating.

The Statement of Activities reports how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, loan receivables, and earned but unused compensated leaves).

The governmental activities reflect the City's basic services, including general government, community development, public safety, public works, parks and recreation, and library. These services are principally financed by property, sales, and other taxes.

The business-type activities reflect private-sector-type operations where fees for services typically cover all or most of the cost of operations, including depreciation expenses. The City's sewer enterprise is the activity reported in this category.

The government-wide financial statements include not only the City itself (referred to as the primary government), but also other legally separate entities for which the City is financially accountable. Financial information for the City's one component unit, which is the San Mateo Joint Powers Financing Authority, is reported separately from the financial information presented for the primary government itself. The component unit, although legally separate, functions essentially as an agency of the City, and therefore is included as an integral part of the City. The government-wide financial statements can be found on pages 30-33 of this report.

### FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the readers determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided that reconciles the governmental fund financial statements to the government-wide statements explaining the relationship (or differences) between them.

The governmental funds comprise 18 individual funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances of the General, Capital Projects, and Construction Services funds, each of which is considered to be a major fund. Data for the other 15 governmental funds are combined into a single aggregated presentation. Individual fund data for these non-major governmental funds is provided in the form of combining statements, beginning on page 150 of this report. The basic governmental fund financial statements can be found on pages 38-44 of this report.

Since July 1, 1986, the City has employed a two-year budget cycle. The two-year budget process includes preparation of two one-year expenditure plans and revenue estimates that are presented to the City Council for consideration. The focus of the first year of the business plan is the City's operating budget, while the focus of the second year of the business plan is the City's Capital Improvement Plan. In any budget cycle, to remain adaptable to changing economic and/or operational conditions, the City may choose to develop one-year instead of two-year budget plans. As such, in response to the economic volatility brought on by COVID-19, the City temporarily shifted to a one-year budget for fiscal year 2020-21, and anticipates returning to a two-year budget cycle for the 2022-24 business plan.

Budgetary comparison schedules, beginning on page 136, have been provided to demonstrate compliance with these budgets in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

The City maintains two types of **proprietary funds**: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Sewer Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its general liability, fleet and building maintenance, vehicle and equipment replacement, workers' compensation, dental, and other employee benefit programs. The internal service funds provide services that predominantly benefit governmental rather than business-type functions. They have been included within governmental activities to reflect the consolidation for internal services fund activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Fund. Data for the enterprise fund and all of the internal service funds are combined into their respective single aggregated presentations. Individual fund data for the non-major internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 46-50 of this report.

**Fiduciary funds** are used to account for resources held on behalf of outside parties, including other governments. When these assets are held under the terms of formal trust agreement, a private-purpose trust is used. The City maintains a private-purpose trust fund for the Successor Agency of the City of San Mateo Redevelopment Agency (Successor Agency). In addition, the City uses custodial funds for assets that the City are holding for San Mateo Consolidated Fire Department, the Community Facilities District No. 2008-01 (Bay Meadows), and other entities. Fiduciary funds generally are used to account for assets that the City holds on behalf of others as their agent. Fiduciary funds are not reported in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 52-53 of this report.

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 56-133 of this report.

**Other information** in addition to the basic financial statements and accompanying notes is presented in the form of certain required supplementary information concerning the City's budgetary comparison schedules for all major governmental funds and the City's progress in funding its obligation for the provision of pension and other post-employment benefits to its employees. The combining statements supplementary information referred to earlier in connection with non-major funds and internal services funds are also presented in this section. Required supplementary information can be found on pages 136-145 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial performance. At the close of the fiscal year, the City's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$612 million, a 5.9% increase from the prior year.

As of June 30, 2020, the City reported \$534.9 million in net position for its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to the community; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City also reported \$59.7 million in restricted net position. These are resources subject to external restrictions as to how they may be used, such as housing and economic development, capital projects, debt service, and other purposes.

The remaining \$17.1 million of net position is unrestricted. The unrestricted net position includes the City's total net pension liability of \$230.5 million, which is not a claim on current financial assets. The total net pension liability increased \$10.8 million, or 4.9%, from the prior fiscal year. The City has two agent multiple-employer defined benefit pension plans with California Public Employees' Retirement System. The Miscellaneous plan's net pension liability increased by \$5.8 million, or 8.1%, to \$77.9 million. Its funding ratio slightly decreased to 72.3% compared to 72.9% from the prior fiscal year. The Safety plan's net pension liability increased by \$5.0 million, or 3.4%, to \$152.6 million. Its funding ratio slightly increased to 63.3% compared to 63.1% in the prior fiscal year.

The tables on the following pages present a summary and net changes of the City's net position as of June 30, 2019 and June 30, 2020.

STATEMENT OF NET POSITION

(Amounts in millions)

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	19-20	18-19	19-20	18-19	19-20	18-19
Current and other assets	\$ 351.3	\$ 284.9	\$ 247.8	\$ 286.4	\$ 599.1	\$ 571.3
Capital assets	430.9	421.4	303.6	230.7	\$ 734.5	652.1
<b>Total assets</b>	<b>782.2</b>	<b>706.3</b>	<b>551.4</b>	<b>517.1</b>	<b>1,333.6</b>	<b>1,223.4</b>
Deferred employer pension contributions	19.0	20.0	1.6	1.4	20.6	21.4
Deferred outflows - pension related amounts	9.0	15.9	0.6	0.6	9.6	16.5
Deferred outflows - OPEB related amounts	1.6	1.7	0.2	0.3	1.8	2.0
Deferred loss of refunding	1.1	1.0	0.1	0.2	1.2	1.2
<b>Total deferred outflows of resources</b>	<b>30.7</b>	<b>38.6</b>	<b>2.5</b>	<b>2.5</b>	<b>33.2</b>	<b>41.1</b>
Current liabilities	46.6	39.7	8.4	4.7	55.0	44.4
Non-current liabilities	342.5	287.0	350.4	352.0	692.9	639.0
<b>Total liabilities</b>	<b>389.1</b>	<b>326.7</b>	<b>358.8</b>	<b>356.7</b>	<b>747.9</b>	<b>683.4</b>
Deferred inflows - pension related amounts	3.5	2.9	0.3	0.3	3.8	3.2
Deferred inflows - OPEB related amounts	3.0	0.1	0.5	-	3.5	0.1
<b>Total deferred inflows of resources</b>	<b>6.5</b>	<b>3.0</b>	<b>0.8</b>	<b>0.3</b>	<b>7.3</b>	<b>3.3</b>
<b>Net position:</b>						
Net investment in capital assets	380.8	374.8	154.1	137.3	534.9	512.1
Restricted	58.6	57.0	1.1	1.1	59.7	58.1
Unrestricted	(22.0)	(16.6)	39.1	24.2	17.1	7.6
<b>Total net position</b>	<b>\$ 417.4</b>	<b>\$ 415.2</b>	<b>\$ 194.4</b>	<b>\$ 162.6</b>	<b>\$ 611.8</b>	<b>\$ 577.8</b>

**STATEMENT OF ACTIVITIES**

(Amounts in millions)

	Governmental Activities		Business-Type Activities		Total	
					Primary	Government
	19-20	18-19	19-20	18-19	19-20	18-19
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 37.8	\$ 36.6	\$ 58.7	\$ 52.0	\$ 96.5	\$ 88.6
Operating grants and contributions	7.6	7.1	-	-	7.6	7.1
Capital grants and contributions	10.8	11.2	7.3	1.2	18.1	12.4
General revenues:						
Property taxes	67.1	64.0	-	-	67.1	64.0
Sales taxes	27.0	28.6	-	-	27.0	28.6
Property transfer taxes	9.1	13.9	-	-	9.1	13.9
Business, hotel & other taxes	11.2	15.0	-	-	11.2	15.0
Franchise taxes	3.2	3.1	-	-	3.2	3.1
Investment earnings & other revenue	7.4	7.2	5.9	1.4	13.2	8.6
<b>Total revenues</b>	<b>181.1</b>	<b>186.7</b>	<b>71.9</b>	<b>54.6</b>	<b>253.0</b>	<b>241.3</b>
<b>Expenses:</b>						
General government	24.8	22.5	-	-	24.8	22.5
Community development	11.1	10.7	-	-	11.1	10.7
Public safety	85.0	72.4	-	-	85.0	72.4
Public works	26.4	25.3	-	-	26.4	25.3
Parks and recreation	18.8	18.6	-	-	18.8	18.6
Library	9.6	9.1	-	-	9.6	9.1
Interest on long term debt	2.0	1.5	-	-	2.0	1.5
Sewer	-	-	39.2	31.0	39.2	31.0
Golf	2.4	2.4	-	-	2.4	2.4
<b>Total expenses</b>	<b>179.9</b>	<b>162.5</b>	<b>39.2</b>	<b>31.0</b>	<b>219.1</b>	<b>193.5</b>
<b>Increase (decrease) in net position before special items and transfers</b>	<b>1.2</b>	<b>24.2</b>	<b>32.7</b>	<b>23.6</b>	<b>33.9</b>	<b>47.8</b>
Transfers	-	(1.8)	-	1.8	-	-
Transfers of fire activities	-	(8.9)	-	-	-	(8.9)
<b>Total transfers</b>	<b>-</b>	<b>(10.7)</b>	<b>-</b>	<b>1.8</b>	<b>-</b>	<b>(8.9)</b>
<b>Change in net position</b>	<b>1.2</b>	<b>13.5</b>	<b>32.7</b>	<b>25.4</b>	<b>33.9</b>	<b>38.9</b>
Net position - Beginning of Year (restated)*	416.2	401.7	161.6	137.2	577.9	538.9
<b>Net position - End of year</b>	<b>\$ 417.4</b>	<b>\$ 415.2</b>	<b>\$ 194.4</b>	<b>\$ 162.6</b>	<b>\$ 611.8</b>	<b>\$ 577.8</b>

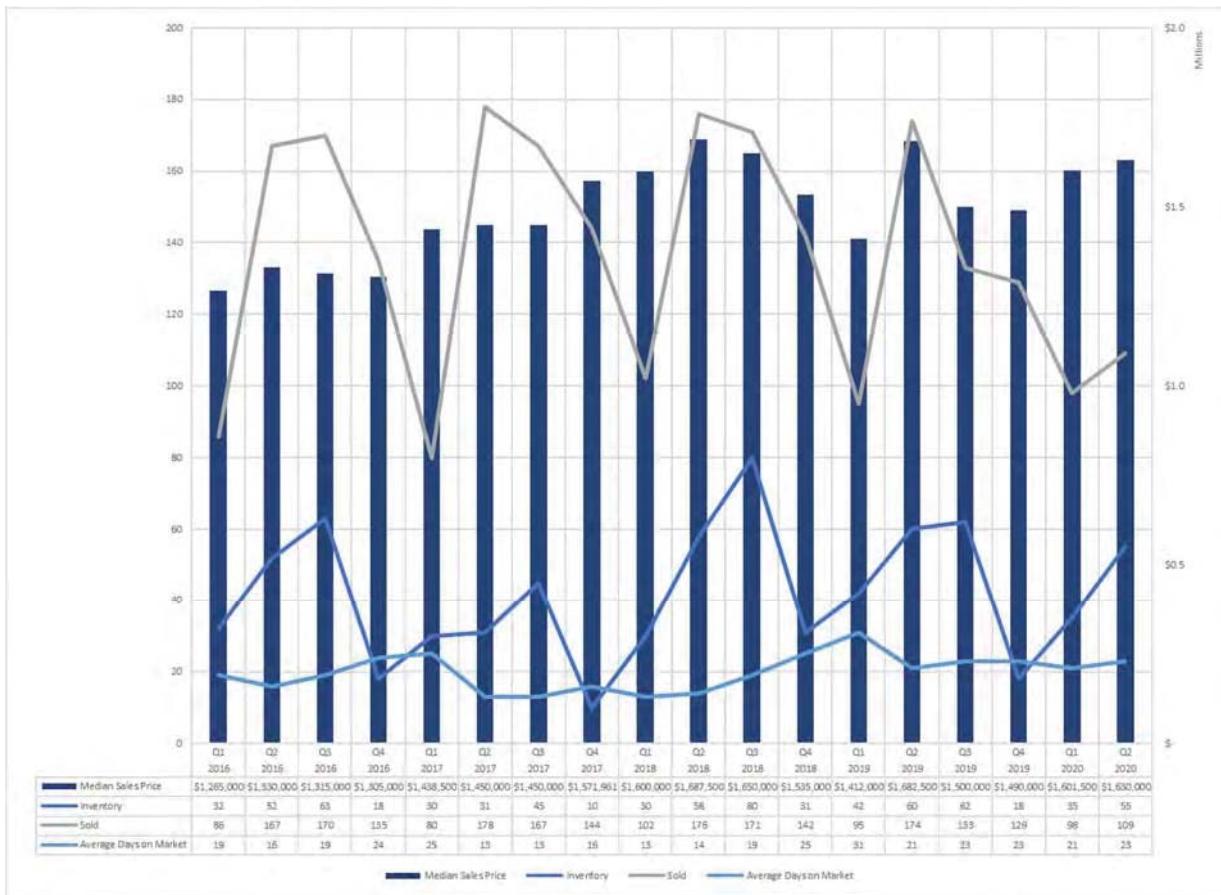
\*Restated to correct the allocation of pension related balances for the City's Miscellaneous Pension Plan in FY2018-19 and to implement GASB Statement No. 84.

See Note 18 for additional information.

## GOVERNMENTAL ACTIVITIES

Governmental activities increased the City's total net position by \$1.2 million. Key elements contributing to the increase are described below.

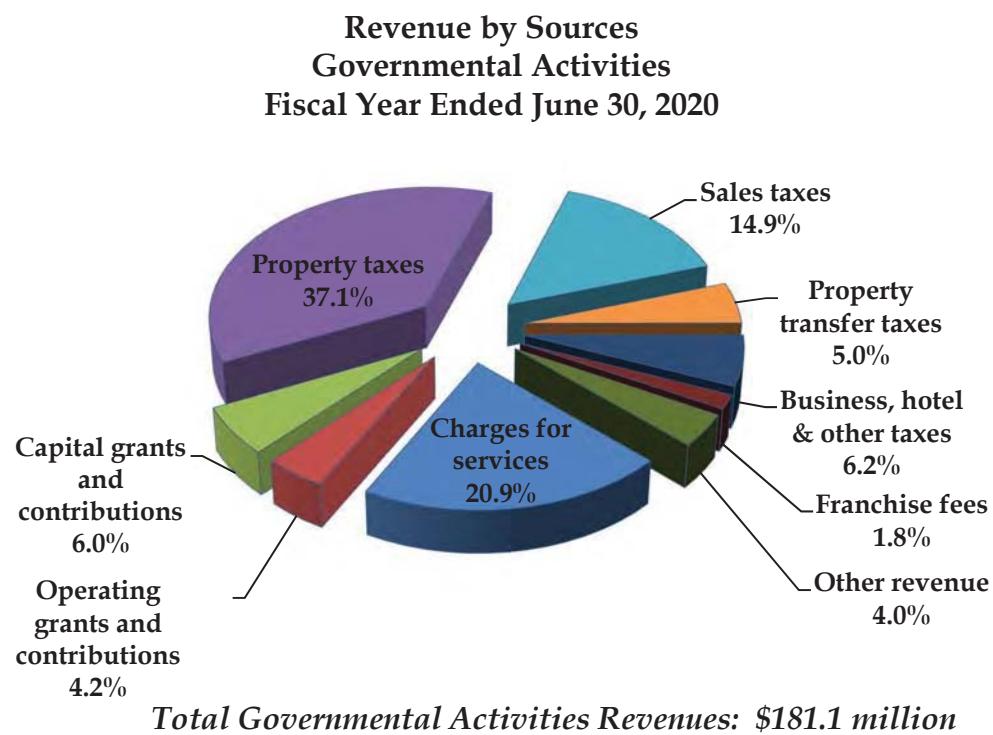
- Overall, total revenues from governmental activities were \$181.1 million, a \$5.6 million (3.0%) decrease over the prior fiscal year, largely reflecting the impact of COVID-19 on the City's tax revenues. For the same period, expenses totaled \$179.9 million.
- Property tax revenues, recorded in the governmental funds, totaled \$67.1 million, an increase of \$3.1 million, or 4.8%, reflecting an increase in the assessed value of land and improvements, the sale of properties which reset assessed value to market rate, and new developments that were added to the City's property tax roll. Property tax revenues were unaffected by COVID-19 in the fiscal year ended June 30, 2020, as the assessed value and change in the Consumer Price Index for the State of California (CCPI) between October 2017 and 2018 was applied on the lien date of January 1, 2019. The same timing will prevent COVID-19 from having an impact on the City's property tax revenues for fiscal year 2020-21, though the remittance periodicity will likely be atypical due to the Governor's Executive Order N-61-20, which provides for waiver of penalties and interest on property tax owed for taxpayers that have suffered economic hardship or were otherwise unable to pay property taxes as a result of COVID-19. The County of San Mateo is on the Teeter Plan, which ensures that taxing entities will receive 100% of secured property taxes, while the county collects the penalties and interest. However, it is anticipated that property taxes for fiscal year 2021-22 will be impacted by COVID-19, as the change in CCPI for October 2020 (which will become available in December 2020) is expected to be less than 2%, the maximum allowed by the state constitution.
- While property transfer tax revenues decreased to \$9.1 million compared to the historic high of \$13.9 million in the prior year, the local real estate market was able to adapt and perform despite the challenge of the COVID-19 pandemic. In the quarter ended June 30, 2020, accompanied by historic lows in mortgage interest rates, sales metrics for single family residential properties shown in the graph on the following page, including the median sales price and average days on market, were indicative of a robust real estate market and demonstrative of the continued high demand for real estate in the San Francisco Bay Area.

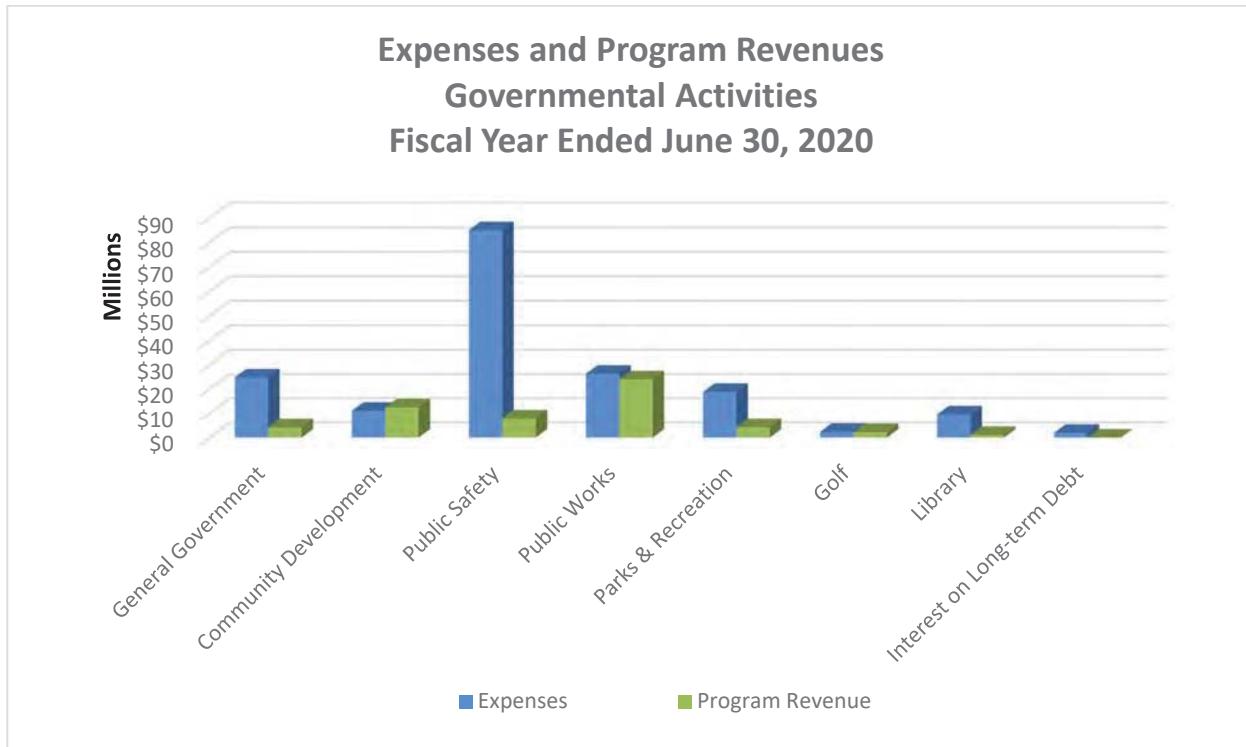


- In an effort to flatten the hospitalization rate from COVID-19, the shelter-in-place health order and closure of non-essential businesses during the last quarter of the fiscal year also had a negative impact on sales tax revenues, which decreased by \$1.6 million, from \$28.6 million to \$27.0 million. The negative impact of COVID-19 was partially offset by the South Dakota v. Wayfair (Wayfair Decision) by the Supreme Court of the United States from June 2018 that overturned the long-standing prevailing case law from the Quill v. North Dakota decision in 1992 that required a physical nexus for online retailers to be compelled to collect use tax. As a part of the Wayfair Decision, each state was given the latitude to adopt their own threshold that determines if a business without a physical presence in the state is required to collect use tax. As such, the State of California adopted Assembly Bill (AB) 147 in April 2019 which established an economic nexus threshold of \$0.5 million for remote sellers to collect use tax. In addition, AB 147 also enacted the State's comprehensive Marketplace Facilitator Act, which extended the requirement to collect use tax to third-party sellers beginning October 2019. The additional use tax collected is included with other use tax that is remitted to the county pool, which is then proportionately allocated by each municipality's share of the 1% sales and use tax they receive pursuant to the Bradley-Burns Uniform Sales and Use Tax law.
- COVID-19's impact on the global tourism industry was immediate and severe, with regional hotel occupancy rates reaching a nadir of below 10%, which in turn resulted in a \$3.3 million decline in transient occupancy tax (TOT) compared to the prior fiscal year.

- Charges for services revenue increased by \$7.9 million, or 8.9%, which is principally due to the increase in the City's sewer service charge rate – the second year of a five-year rate plan that shifted to a 50% volumetric and 50% flat rate structure in the prior fiscal year to provide greater revenue stability for the sewer enterprise as well as cash to pay for a portion of the capital costs for the Clean Water Program.
- Revenue from capital grants and contributions increased from \$12.4 million to \$18.1 million, reflecting capital contributions from wastewater treatment plant regional customers (Town of Hillsborough, Crystal Springs County Sanitation District, and County of San Mateo) for their share of capital costs for the sewer enterprise.
- Total expenses of all governmental activities for the fiscal year were \$179.9 million, an increase of \$17.4 million, or 10.7%. The increase was primarily attributable to public safety expenses, which increased by \$12.6 million, from \$72.4 million in the prior fiscal year to \$85.0 million in the year ended June 30, 2020. The increase was largely representative of the total pension expense recognized pursuant to GASB Statement No. 68 for the safety pension plan in the measurement period ended June 30, 2019.

The following charts of governmental activities revenue by source, expense, and program revenue were derived from the Statement of Activities.





The cost of all governmental activities for the fiscal year ended June 30, 2020, was \$179.9 million. Some of the costs were paid by those directly benefiting from the programs (\$37.8 million), by other governments and organizations which subsidized programs with operating grants and contributions (\$7.6 million), or capital grants and contributions (\$10.8 million). The City paid for the remaining “public benefit” portion of governmental activities with \$123.7 million in taxes (some of which could only be used for certain programs) and investment earnings of \$7.3 million.

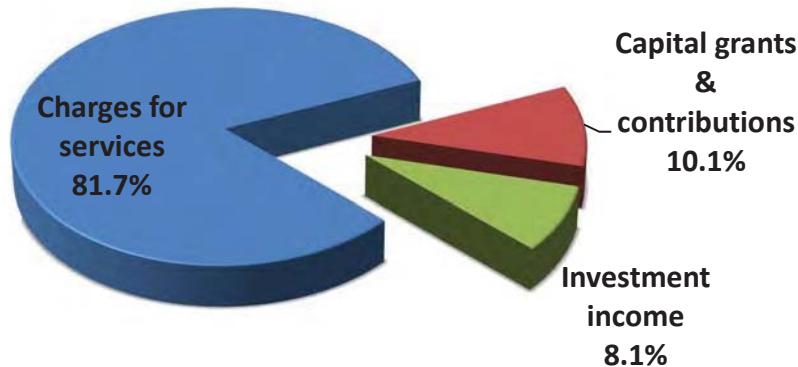
#### BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net position by \$32.7 million. Key elements contributing to the increase are described below.

- Total program revenues of \$66.0 million were \$12.8 million higher, or 24.1% more than the prior year. The fiscal year ended June 30, 2020 marked the second year of an approved five-year sewer service rate increase to fund the Clean Water Program's capital needs and to better stabilize revenue recovery by changing the sewer service charge from being solely based on volume to being half fixed cost and half volumetric. The rate increase in fiscal year 2019-20 was the primary driver for the increase in business-type activities program revenues.
- Charges for services, the amount paid by users of the sewer enterprise, totaled \$58.7 million, or 81.7% of total revenues. Charges for services were \$6.7 million, or 12.9%, higher than the prior year and reflect the rate increases discussed above.
- Capital grants and contributions for Sewer enterprise were \$7.3 million, an increase of \$6.1 million, or 508.3% compared to the prior fiscal year, reflecting capital contributions from regional customers related to the Clean Water Program.

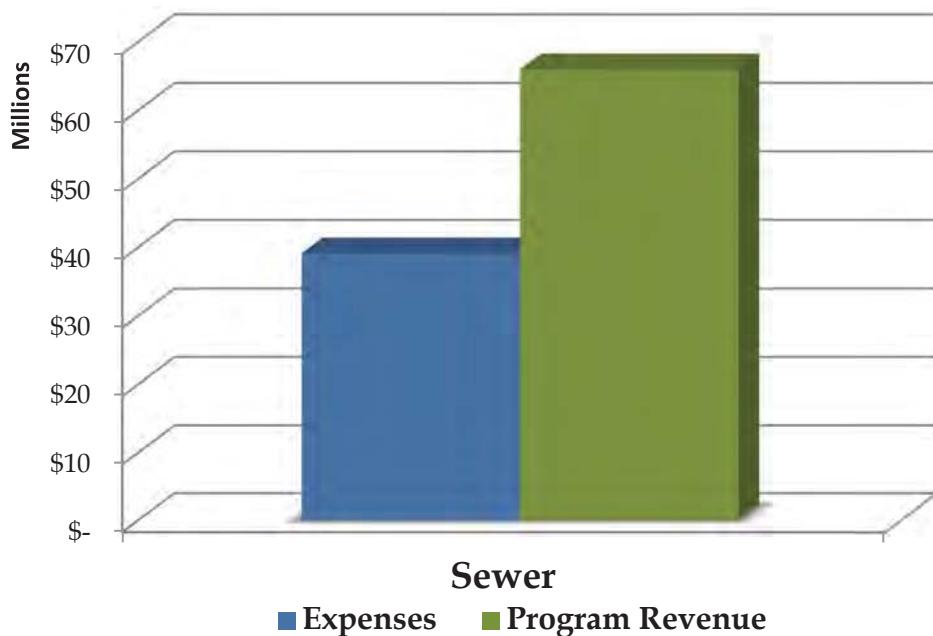
The following charts of business-type activities revenue by source, expense, and program revenues were derived from the Statement of Activities.

**Revenue by Sources**  
**Business-Type Activities**  
**Fiscal Year Ended June 30, 2020**



*Total Business-Type Activities Revenues: \$71.9 million*

**Expenses and Program Revenues**  
**Business-Type Activities**  
**Fiscal Year ended June 30, 2020**



Total business-type activities expenses for the fiscal year ended June 30, 2020 were \$39.2 million, an increase of \$8.2 million, or 26.5%, compared to the prior year. The increase was primarily due to the additional interest expense from the 2019 Wastewater Bonds that were issued in the prior fiscal year, where the first debt service payment was accounted for in the year ended June 30, 2020.

Cash and investments of business-type activities totaled \$49.7 million, an increase of \$14.9 million compared to the prior year. Similar to the increase in business-type activities charges for services, the increase in the sewer service rate was the primary driver behind the healthy cash position, which is intentional in order to provide strong liquidity during the construction phase of the Clean Water Program, as well as a robust debt coverage ratio consistent with the Sewer enterprise's AA credit rating. Non-depreciable assets increased by \$46.3 million to \$151.6 million, reflecting increased Sewer capital projects construction activities for the sewer collection and treatment systems during the fiscal year.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

### **GOVERNMENTAL FUNDS**

The focus of the City's governmental funds is to provide information on current year revenues, expenditures, and balances of spendable resources. Such information is useful in assessing the City's near-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2020, the City's governmental funds reported a combined ending fund balance of \$268.9 million, an increase of \$55.2 million, or 25.8% over the prior fiscal year. Of the total fund balances, \$82.7 million is unassigned fund balance, which is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. The unassigned fund balance of the General Fund was \$82.7 million, while the total fund balance was \$85.6 million. As a measure of liquidity, both unassigned fund balance and total fund balance can be compared to total fund expenditures. Unassigned fund balance and total fund balance represents 67.4% and 69.7% of total General Fund expenditures of \$122.8 million, respectively. The City Council policy goal is to have reserves of at least three months of budgeted operating expenditures, which for the fiscal year 2019-20 is projected to be \$32 million.

While the City's unassigned fund balance is above the policy goal, the recession brought on by COVID-19 and the impact on the City's tax revenues are expected to significantly draw down on the General Fund's unassigned fund balance while the global and local economy recover. In May 2020, the City Council approved Phase 1 of its Fiscal Sustainability Plan (Plan) to address the anticipated financial impact of COVID-19. The principal elements of Phase 1 of the Plan include negotiation of employee concessions, strategic and permanent elimination of vacant positions, partially supplanting General Fund support of the City's Capital Improvement Plan, and revenue enhancement through a TOT ballot measure. Absent the Plan, General Fund fund balance was anticipated to draw down by nearly \$50 million over the next five years. While implementation of the Plan in full would not be a panacea, it would temper the draw down on unassigned fund balance and provide General Fund revenues time to recover as the global and local economy recover from the effects of COVID-19.

In response to the ubiquitous and immediate affect of COVID-19, General Fund total revenues decreased by 6.9% to \$130.2 million. While property tax revenues increased 5.4% to \$64.7 million, other than investment income, all other General Fund revenue categories declined in comparison to the prior fiscal year. General Fund sales tax revenues decreased by 10.4% in comparison to the prior fiscal year to \$23.3 million, reflecting the shelter-in-place order and closure of non-essential businesses. General Fund transient occupancy tax revenues, included with other taxes for presentation purposes, decreased by \$2.6 million, or 39.2% in response to the devastating impact of COVID-19 on the tourism industry. Property transfer tax revenues, the City's most volatile tax revenue source, also included with other taxes for presentation purposes, decreased by \$4.8 million from a historical high of \$13.9 million in the prior fiscal year to \$9.1 million. As shown in earlier analysis, the local real estate market was able to adapt in reaction to the challenges of the pandemic and garner sales and performance metrics that demonstrate the ongoing high value and demand for real estate.

General Fund non-tax revenues were also susceptible to the accompanying economic volatility of COVID-19, including revenues from charges for services, which were \$1.0 million less than the prior year as a result of recreation programs and classes that had to be cancelled. Revenue from fines and forfeitures decreased by 50.0% to \$0.9 million due to the temporary suspension of parking enforcement and cessation of the red light camera program. Intergovernmental revenues decreased by 17.0%, as a significant portion of the prior year revenues were for the former fire department's response to calls for mutual aid. With the formation of the San Mateo Consolidated Fire Department (SMC Fire) with the cities of Foster City and Belmont to provide fire services, reimbursements for responses to mutual aid incidents are credited to SMC Fire.

The General Fund accounted for \$122.8 million in total expenditures, which was an increase of \$8.6 million compared to the prior fiscal year, the majority of which was from increases in the cost of public safety. Police expenditures increased by \$2.5 million, reflecting negotiated employee compensation increases and the escalating cost of the City's pension contribution. With commencement of operations for SMC Fire on January 13, 2019, the prior fiscal year's General Fund expenditures reflected the cost of the City operating its own fire department for a little over six months at \$17.5 million, and the City's operating contribution of \$9.9 million to SMC Fire for its shared cost for the remainder of the fiscal year as a special item. In contrast, the City's operating contribution to SMC Fire for the full fiscal year ended June 30, 2020 was \$22.5 million. From a presentation perspective, Fire expenditures increased by \$5.0 million in comparison to the prior fiscal year. However, including the special item from the prior year in the comparison results in a decrease of \$4.9 million.

For the year, the General Fund's total revenue exceeded expenditures by \$7.5 million, before other financing uses of \$10.1 million. The net other financing uses amount was primarily transfers out for capital projects. As such, the net change in fund balance for the General Fund was a reduction of \$2.6 million, drawing fund balance down to \$85.6 million.

The General Capital Projects Fund was established to account for the City's major infrastructure improvement needs and other capital projects. At the end of the fiscal year, the total fund balance was \$83.4 million, increasing by \$53.2 million, or 176.1%, over the prior fiscal year. Total expenditures were \$31.1 million and were spent on completion of various capital projects, such as \$12.0 million for city-wide street rehabilitation/reconstruction and sidewalk repair, \$5.3 million for the rail corridor grade separation project, and \$3.0 million for Fire Station No. 25. The Capital Projects Fund also accounted for \$71.3 million in other financing sources, the majority of which reflects lease revenue bonds that were issued in February 2020 to finance the cost of flood control capital improvements and city-wide street rehabilitation. Completion of the flood control capital improvements is expected in 2023, which will remove approximately 1,500 homes from the Federal Emergency Management Agency (FEMA) flood zone. The city-wide street rehabilitation will repair streets that had been identified as failed in 2013 and ensure that the City will be able to maintain its Pavement Condition Index score of 75.

The Construction Services Fund was established to account for building permit revenue and expenditures for activities relating to the review of private development projects to achieve long-term economic growth in the City. At the end of the fiscal year, the total fund balance was \$43.1 million, increasing by \$1.0 million, or 2.4%, over the prior fiscal year, which was indicative of the demand for permit services despite the restrictions related to the shelter-in-place order and COVID-19.

The fund balance in the Non-Major Governmental Funds totaled \$56.8 million, increasing by \$3.6 million, or 6.7%, over the prior fiscal year. Revenues and transfers in totaling \$25.6 million increased by \$1.1 million, or 4.7%, while total expenditures and transfers out of \$22.0 million increased by \$3.1 million, or 16.4%.

### PROPRIETARY FUNDS

Proprietary Funds are comprised of enterprise and internal service funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but with some additional details.

The City has a sewer enterprise operation. Total enterprise fund net position was \$194.4 million, an increase of \$31.7 million, or 19.5%, over the prior fiscal year net position.

The unrestricted net position of the Sewer Enterprise Fund at the end of the fiscal year was \$39.1 million, which is an increase of \$14.9 million in unrestricted net position from the prior fiscal year. This is due primarily to the rate increase that took effect in the fiscal year ended June 30, 2020, which was the second year of an overall five-year rate plan that was approved by the City Council that began in the prior fiscal year. In addition to shifting the rate to be 50% volumetric and 50% flat rate to provide greater revenue stability, the significant rate increases also provide a critical funding source for the Clean Water Program and ensures that the Sewer Enterprise Fund has the cash position and debt service coverage ratio that is consistent with a viable and sustainable enterprise and commensurate with its high credit rating.

The internal service funds' total net position of \$22.7 million increased \$0.9 million, or 4.1%, from the prior year. The Vehicle & Equipment Replacement Fund's net position of \$19.7 million comprises 87.0% of the total internal service funds' net position. The current year increase in net position of the internal service funds is due to a variety of factors that are discussed in more detail below.

The Workers' Compensation Insurance Fund's net position of \$0.2 million was an increase of \$1.7 million compared to last fiscal year's net position, as the City Council authorized a \$3.5 million transfer in from the General Fund to offset the negative net position from the prior year and the projected unfavorable difference between the revenues generated from collection rates charged to operating funds and the actual workers' compensation expenses incurred for the year ended June 30, 2020. While the net position improved to be positive, prospectively, the City will balance increasing the workers' compensation collection rate charged to operating departments with promoting programs to reduce the magnitude and frequency of workers' compensation claims.

The Dental Fund ending the fiscal year with a net position of \$0.7 million; an increase of \$0.2 million compared to the prior year. The Benefits Fund's ending net position was \$0.4 million, an increase of \$0.2 million, or 70.5%.

The Comprehensive Liability Insurance Fund's ending net position was \$1.9 million, a decrease of \$0.4 million, or 17.0%. This was primarily due to insurance premiums that were greater than anticipated during the budget development process, which is when internal service charge rates are developed. Over the past couple of years, the insurance industry has sustained significant losses due to a plethora of natural disasters, which has resulted in considerable increases in insurance premiums. The City will need to adjust collection rates on a prospective basis to account for this trend.

The Vehicle and Equipment Replacement Fund's net position decreased by \$0.6 million, or 2.7%, in comparison to the previous year, which largely reflected the City's contribution to SMC Fire for resources that the City had accumulated in the Vehicle and Equipment Replacement Fund for the former fire department. As a part of the transition to SMC Fire, the member agencies agreed to transfer accumulated replacement resources over a three year period, with the first contribution in the prior fiscal year, and the second contribution in the year ended June 30, 2020. Pursuant to the agreement, the finance directors of the member agencies met to review the net position of SMC Fire's Vehicle and Equipment Fund and determined that the third contribution would not be necessary in fiscal year 2020-21.

The Fleet and Building Maintenance Fund ended the year with a net position of negative \$0.2 million, which was a slight reduction compared to the prior fiscal year. The decline in net position was expected due to increases in expenses in the fund to cover the cost of various projects at city facilities. While the ending net position was negative, the negative change in net position was nearly five times smaller than the change in net position from the prior year, which reflects the City's plan to gradually adjust its collection rates and bring the net position of the Fleet and Building Maintenance Fund's net position back to positive by fiscal year 2022-23.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The City's final budget differs from the original adopted budget in that revenues were adjusted upward by \$0.2 million, expenditures were adjusted upward by \$0.8 million, transfers in were increased by \$0.4 million, and transfers out were increased by \$5.4 million. In total, the final 2019-20 budget for the General Fund reflected a net deficit of \$10.1 million, as revenue/transfer in estimates of \$134.3 million were less than amended appropriations of \$144.4 million and net transfers out. On the following page is a summary of General Fund budgetary comparison schedule (amounts in millions).

## MANAGEMENT'S DISCUSSION & ANALYSIS

### SUMMARY OF GENERAL FUND BUDGETARY COMPARISON SCHEDULE

	Original Budget	Final Budget	Actual Results	Variance from Final Budget
				Favorable (Unfavorable)
<b>Resources:</b>				
Revenues	\$ 131.9	\$ 132.1	\$ 130.2	\$ (1.9)
Transfers in	1.8	2.1	2.1	-
<b>Total resources</b>	<b>133.7</b>	<b>134.2</b>	<b>132.3</b>	<b>(1.9)</b>
<b>Charges to appropriations:</b>				
Expenditures	129.5	130.3	123.4	6.9
Transfers out	8.6	14.0	12.2	1.8
<b>Total charges</b>	<b>138.1</b>	<b>144.3</b>	<b>135.6</b>	<b>8.7</b>
Net change in fund balance	<u>\$ (4.4)</u>	<u>\$ (10.1)</u>	<u>(3.3)</u>	<u>\$ 6.8</u>
Beginning fund balance			88.2	
Encumbrance adjustments			0.6	
<b>Ending fund balance</b>	<b>\$ 85.5</b>			

General Fund total resources - actual revenues and transfers in were \$1.9 million less than the final budgeted estimate, while total charges - actual expenditures and transfers out were \$8.7 million under the final budget. At the end of the fiscal year, the total General Fund balance was \$85.5 million (including \$0.6 million in encumbrance adjustments), which was a decrease of \$2.7 million compared to the prior fiscal year.

The following schedule shows differences between the final estimated revenues and actual revenues of greater than \$1.0 million in value (amounts in millions).

Revenue Source	Estimated Revenues	Actual	
	Revenues	Revenues	Difference
Sales taxes	\$ 25.2	\$ 23.3	\$ (1.9)
Other taxes	24.6	22.7	(1.9)
Investment Income	0.9	3.5	2.6

COVID-19 is the primary culprit for all the significant budget variance noted above. Actual sales tax revenues were less than the budget due to the shelter-in-place and closure of non-essential businesses. The unfavorable budget variance in other taxes largely reflects the global impact of COVID-19 on the tourism industry, which reflected occupancy rates dropping to below 10% and General Fund TOT actual revenues being \$2.3 million less than the final budget. Charges for services were \$0.9 million under budget largely due to the cancellation of recreation classes due to the restrictions of the shelter-in-place order. While there was a favorable budget variance of \$2.6 million for investment income, the majority of the variance was attributable to the \$1.3 million market value adjustment pursuant to GASB 31 and indicative of the value of the City's investment portfolio relative to the historic low interest rate environment.

Actual expenditures were \$6.9 million less than the final budget. The largest favorable budget variance was \$2.7 million in Non-departmental as a result of the City opting to forgo the \$2.4 million additional discretionary payment (ADP) to CalPERS to address the City's pension liability. Given the negative financial impact of COVID-19 on the City's tax revenues, and the anticipated draw on the General Fund's unassigned fund balance, in order to ensure the long-term sustainability of the General Fund, the City has suspended its ADP strategy for the duration of the 10-year forecast unless the economic recovery is greater than anticipated, at which time the City Council will re-evaluate the value of making an ADP relative to the net position of the General Fund and the overall health of the local economy. The other significant favorable budget variance was a \$1.9 million in the Parks and Recreation Department, which reflects the salary/wage savings from class that had classes cancelled due to the restrictions of the shelter-in-place order due to COVID-19.

The above favorable budget variances were partially offset by a \$0.3 million unfavorable budget variance in the Public Works Department, which reflects more staff time needed for encroachment and right-of-way activities as opposed to charging developer deposit and Capital Improvement Projects. Sufficient fund balances were available to fund departments that exceeded budgeted expenditures.

## CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

### CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$734.5 million, which is \$82.5 million (12.7%) more than the prior year. This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, and infrastructure - park facilities, roads, highways, bridges, lighting systems, sewer and storm systems, and the golf course. Major capital asset activity during the current fiscal year included city-wide sanitary sewer and storm improvements, city-wide street rehabilitation and reconstruction, and the rail corridor grade separation. Additional information on the City's capital assets can be found in Note 7 on pages 90-92 of this report.

### CAPITAL ASSETS

(Amounts in millions)

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	19-20	18-19	19-20	18-19	19-20	18-19
<b>Non-depreciable assets:</b>						
Land	\$ 52.1	\$ 52.2	\$ 4.0	\$ 4.0	\$ 56.1	\$ 56.2
Construction in progress	40.0	40.5	147.6	101.3	187.6	141.8
<b>Total non-depreciable assets</b>	<b>92.1</b>	<b>92.7</b>	<b>151.6</b>	<b>105.3</b>	<b>243.7</b>	<b>198.0</b>
<b>Depreciable assets (net of depreciation):</b>						
Building and improvements	116.9	116.5	-	-	116.9	116.5
Treatment plant & transmission lines	-	-	150.9	124.3	150.9	124.3
Machinery and equipment	10.1	9.9	1.1	1.1	11.2	11.0
Infrastructure	211.8	202.2	-	-	211.8	202.2
<b>Total depreciable assets (net)</b>	<b>338.8</b>	<b>328.6</b>	<b>152.0</b>	<b>125.4</b>	<b>490.8</b>	<b>454.0</b>
<b>Total capital assets</b>	<b>\$ 430.9</b>	<b>\$ 421.3</b>	<b>\$ 303.6</b>	<b>\$ 230.7</b>	<b>\$ 734.5</b>	<b>\$ 652.0</b>

## LONG-TERM DEBT

At the end of the current fiscal year, the City had total long-term debt outstanding of \$434.1 million. Of this amount, \$20.6 million comprises debt backed by the full faith and credit of the City. The remainder of outstanding debt is primarily composed of bonds secured by specified revenue sources; e.g., sewer charges, and loans.

### OUTSTANDING DEBT

#### General Obligation and Revenue Bonds

(Amounts in millions)

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	19-20	18-19	19-20	18-19	19-20	18-19
General Obligation Bonds	\$ 20.6	\$ 22.1	\$ -	\$ -	\$ 20.6	\$ 22.1
Revenue Bonds	74.4	25.4	334.8	338.1	409.2	363.5
Loans payable	4.3	2.7	-	-	4.3	2.7
Capital lease payable	-	0.1	-	-	-	0.1
<b>Total outstanding debt</b>	<b>\$ 99.3</b>	<b>\$ 50.3</b>	<b>\$ 334.8</b>	<b>\$ 338.1</b>	<b>\$ 434.1</b>	<b>\$ 388.4</b>

The City's rating for General Obligation Bonds is AA+ from Standard & Poor's and Aaa from Moody's. Standard & Poor's has assigned a rating of Aa2 for the City's revenue bonds. The Redevelopment Successor Agency's underlying rating for its series 2017A is AA-, 2015A and 2015B merged area and housing Tax Allocation Bonds are rated A by Standard & Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total assessed valuation. The current debt limitation for the City is approximately \$4.3 billion, and at June 30, 2020, the City was only at 0.48% of its legal debt limit. Additional information on the City of San Mateo's long-term debt can be found in Note 8 on pages 93-109 of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The global financial impact of COVID-19 was immediate, ubiquitous, and potent. By April 2020, Unemployment in the State of California, County of San Mateo, and City of San Mateo had increased by five fold from the pre-COVID-19 respective historic lows. Non-essential businesses were closed, and tourism slowed to a crawl, which in turn, severely impacted the City's small businesses. The demand from local businesses for funding support from the federal, state, and local government was manifest through their participation in various programs, including:

- 2,182 San Mateo businesses received \$240 million in the federal government's Paycheck Protection Program, which allowed local businesses to retain more than 24,000 jobs
- 21 grants to childcare programs valued at over \$1.1 million
- 66 small businesses received \$10,000 grants through contributions from the City, matched by the County of San Mateo's Measure K, and private donations.

In addition to the \$0.4 million contribution to San Mateo County Strong to support local small businesses, the City also waived penalties and interest on business license taxes, temporarily suspended parking enforcement, and closed targeted streets in the downtown area to permit outdoor dining and set up parklets to provide further relief and support to the business community.

The duration of the recovery from the recession brought on by COVID-19 is unknown. The Federal Open Market Committee (FOMC) of the Board of Governors of the Federal Reserve System (Fed) anticipate that the federal funds rate, which is the overnight rate at which commercial banks borrow and lend their excess reserves to each other, will continue to be at historic lows through 2023 as long as inflation continues to run below its 2.0% target.

The adopted 2020-21 budget anticipates \$129.0 million in total revenues and \$136.8 million in expenditures, resulting in a projected \$7.8 million net deficit for the General Fund, which reflects certain assumptions for the ongoing impact of COVID-19 on tax revenues. In response to the sudden and severe financial impact of COVID-19, in May 2020, the City Council approved Phase 1 of the Fiscal Sustainability Plan (Plan). The primary elements of the Plan include negotiating employee concessions, strategic and permanent elimination of certain vacant positions, supplanting a portion of the General Fund's support of its Capital Improvement Plan, and revenue enhancement through a TOT ballot measure in November 2020. Even with the Plan fully implemented, the City expects to draw down on fund balance in the General Fund by approximately \$23 million by 2025. The financial update presented to the City Council in October 2020 also folds in the anticipated ramifications of CalPERS' 4.7% return on investment (ROI) for fiscal year 2019-20. Beginning in fiscal year 2022-23, the City will pay approximately \$1.5 million in additional pension contributions, based on CalPERS' 5-year ramping method, where 20% of the annual payment on the amortized loss is recognized each year, due to the difference between CalPERS' discount rate of 7.0% and its actual ROI.

The narrative below discusses the impact of COVID-19 on the City's major tax revenues for the adopted 2020-21 budget and beyond:

### *Property Tax*

Property tax, the City's largest tax revenue source, are expected to be unaffected by COVID-19 for fiscal year 2020-21 due to the lien date of January 1, 2020, which preceded the onset of COVID-19 in March 2020. However, property tax revenues for fiscal year 2021-22 are expected to be impacted, as the California Consumer Price Index (CCPI) through August 2020 has only increased by 0.88%. The change in CCPI serves as the basis for the increase in assessed value (AV) for property tax purposes, which is limited to a maximum increase of 2% pursuant to the state constitution. However, if CCPI is less than 2%, then the lower percentage change in CCPI is applied to AV.

### *Sales Tax*

As manifest in the General Fund results for the year ended June 30, 2020, sales tax, the City's second largest tax revenue source, was immediately impacted by COVID-19. The top sales tax generating business sector in the City, general retail, which primarily reflects the two regional malls located in the City, Hillsdale and Bridgepointe, have had to intermittently close non-essential stores based on restrictions from the shelter-in-place order. The pandemic magnified the impact of the shift in consumer habits from purchasing goods from brick-and-mortar stores to purchasing their goods online and erosion of the tax base by taxing goods and not services, which collectively contributed to the City's sales tax revenues not keeping pace with inflation.

In addition, the City's second largest sales tax generating business sector, food services and restaurants, was also impacted by COVID-19. Prior to the onset of COVID-19, the food services and restaurant business sector was growing by approximately 6% on a quarter over quarter basis, and helped to offset the shift in consumer habits with general retail. However, the restrictions from the shelter-in-place order precluding or limiting indoor dining have severely reduced restaurant profit margins, making it difficult for them to survive long-term. In response to the need for support from the City, the City Council authorized closure of targeted streets in the downtown area to allow for outdoor dining and parklets.

In comparing the sales tax revenue projections from the General Fund Long-Term Financial Plan included in the adopted 2020-21 budget with the current sales tax revenue projections from the City's sales tax consultant, sales tax revenues, including the Measure S transactions and use tax, are an average of \$2.4 million overestimated.

### *Transient Occupancy Tax*

The adopted 2020-21 budget assumed low occupancy rates through the first quarter of the fiscal year, followed by a recovery to 50% occupancy in the subsequent quarters, and a gradual recovery back to the baseline established in fiscal year 2018-19 of \$7.0 million by fiscal year 2023-24. The majority of the City's transient occupancy tax (TOT) revenues are based on business-based travel, not leisure. As such, the gradual recovery of TOT revenues largely depends on changes in organizations that travel to San Mateo for conferences and meetings, which have shifted to a virtual platform in response to the restrictions on large in-person gatherings.

### *Property Transfer Tax*

Property transfer tax is the City's most volatile tax revenue source, as it is highly susceptible to changes in the market value of land. For example, in fiscal year 2006-07, prior to the Great Recession, the City received \$10.4 million in property transfer tax. By fiscal year 2008-09, real property transfer tax revenues were \$3.3 million - less than one-third of what had been received just two years prior. As such, the City has historically employed a long-term perspective in its assumption for property transfer tax by assuming the ten-year average, rather than trying to predict the ebb and flow of the market. Within the context of COVID-19, property transfer tax revenues are projected to decline to \$6.0 million for the adopted 2020-21 budget, which is \$2.5 million, or nearly 30% below the previous ten-year average of \$8.5 million, and gradually recover over the subsequent five year period before returning to its historical average.

Overall, based on the adopted budget, the General Fund is expected to end fiscal year 2020-21 with a net deficit of \$7.8 million, which would reduce total fund balance from \$85.6 million to \$77.8 million. Of this amount, \$32.2 million represents the General Fund's operating reserve, which is set at 25% of budget operating expenditures per Council's reserve policy. This reserve, as well as the amount in excess of the reserve being held in fund balance, is just one example of the City's fiscal discipline that has assisted in achieving its financial objectives.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of San Mateo's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 330 West 20<sup>th</sup> Avenue, San Mateo, California, 94403.



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**BASIC  
FINANCIAL STATEMENTS**

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# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**City of San Mateo**  
**Statement of Net Position**  
**June 30, 2020**

	Primary Government			
	Governmental Activities		Business-Type Activities	
			Total	
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 274,464,642	\$ 49,720,916	\$ 324,185,558	
Accounts receivable, net	4,138,189	11,122,530	15,260,719	
Interest receivable	782,070	665,306	1,447,376	
Taxes receivable	5,309,603	-	5,309,603	
Grants receivable	926,665	-	926,665	
Prepays and supplies	1,064,781	343	1,065,124	
Total current assets	286,685,950	61,509,095	348,195,045	
Noncurrent assets:				
Restricted cash and investments with fiscal agents	48,034,749	186,284,661	234,319,410	
Property held for investment	867,900	-	867,900	
Investment in joint venture (Note 16)	10,859,454	-	10,859,454	
Loans and notes receivable, net	4,906,979	-	4,906,979	
Capital assets:				
Non-depreciable	92,073,913	151,629,964	243,703,877	
Depreciable, net	338,794,845	151,999,343	490,794,188	
Total capital assets	430,868,758	303,629,307	734,498,065	
Total noncurrent assets	495,537,840	489,913,968	985,451,808	
<b>Total assets</b>	<b>782,223,790</b>	<b>551,423,063</b>	<b>1,333,646,853</b>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred employer pension contributions	18,988,345	1,599,216	20,587,561	
Deferred outflows - pension related amounts	8,976,330	553,981	9,530,311	
Deferred employer OPEB contributions	1,589,027	235,973	1,825,000	
Deferred loss on refunding	1,188,667	77,375	1,266,042	
<b>Total deferred outflows of resources</b>	<b>30,742,369</b>	<b>2,466,545</b>	<b>33,208,914</b>	

**City of San Mateo**  
**Statement of Net Position**  
**June 30, 2020**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	25,003,751	654,701	25,658,452
Interest payable	1,020,408	5,515,926	6,536,334
Retentions payable	1,140,609	4,598	1,145,207
Accrued salaries and wages payable	3,266,533	-	3,266,533
Deposits payable	7,534,878	357,312	7,892,190
Unearned revenue	1,169,063	-	1,169,063
Claims and judgments payable - due within one year	3,100,000	-	3,100,000
Landfill postclosure cost payable - due within one year	98,700	-	98,700
Compensated leaves payable - due within one year	832,315	118,717	951,032
Capital lease payable - due within one year	29,249	-	29,249
Loans payable - due within one year	347,697	-	347,697
Bonds payable - due within one year	3,035,000	1,730,000	4,765,000
<b>Total current liabilities</b>	<b>46,578,203</b>	<b>8,381,254</b>	<b>54,959,457</b>
Noncurrent liabilities:			
Claims and judgments payable - due in more than one year	13,308,000	-	13,308,000
Landfill postclosure costs payable - due in more than one year	1,480,500	-	1,480,500
Compensated leaves payable - due in more than one year	6,734,190	960,531	7,694,721
Loans payable - due in more than one year	3,974,943	-	3,974,943
Bonds payable - due in more than one year, net	91,905,053	333,022,021	424,927,074
Net OPEB liability	9,606,434	1,426,566	11,033,000
Net pension liability	215,518,215	15,008,158	230,526,373
<b>Total noncurrent liabilities</b>	<b>342,527,335</b>	<b>350,417,276</b>	<b>692,944,611</b>
<b>Total liabilities</b>	<b>389,105,538</b>	<b>358,798,530</b>	<b>747,904,068</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - pension related amounts	3,449,350	283,247	3,732,597
Deferred inflows - OPEB related amounts	3,035,259	450,741	3,486,000
<b>Total deferred inflows of resources</b>	<b>6,484,609</b>	<b>733,988</b>	<b>7,218,597</b>
<b>NET POSITION</b>			
Net investment in capital assets	380,800,232	154,095,718	534,895,950
Restricted for:			
Housing and economic development	14,091,421	-	14,091,421
Capital projects	34,924,656	-	34,924,656
Debt service	5,340,311	1,143,604	6,483,915
Other purposes	4,258,718	-	4,258,718
<b>Total restricted</b>	<b>58,615,106</b>	<b>1,143,604</b>	<b>59,758,710</b>
Unrestricted	(22,039,326)	39,117,768	17,078,442
<b>Total net position</b>	<b>\$ 417,376,012</b>	<b>\$ 194,357,090</b>	<b>\$ 611,733,102</b>

**City of San Mateo**  
**Statement of Activities**  
**For the year ended June 30, 2020**

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Functions/Programs	Expenses	Program Revenues					Total			
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions					
<b>Primary Government:</b>										
<b>Governmental activities:</b>										
General government	\$ 24,844,817	\$ 4,196,601	\$ -	\$ 21,255	\$ 4,217,856					
Community development	11,079,458	11,367,968	1,094,315	-	12,462,283					
Public safety	84,968,332	6,334,734	1,532,473	36,962	7,904,169					
Public works	26,353,672	10,140,356	4,262,712	9,631,814	24,034,882					
Parks and recreation	18,827,857	3,158,517	43,892	1,124,930	4,327,339					
Golf	2,363,389	2,206,781	-	-	2,206,781					
Library	9,546,338	395,001	680,338	-	1,075,339					
Interest on long-term debt	1,967,739	-	-	-	-					
<b>Total governmental activities</b>	<b>179,951,602</b>	<b>37,799,958</b>	<b>7,613,730</b>	<b>10,814,961</b>	<b>56,228,649</b>					
<b>Business-type activities:</b>										
Sewer	39,159,040	58,741,767	-	7,290,894	66,032,661					
<b>Total business-type activities</b>	<b>39,159,040</b>	<b>58,741,767</b>	<b>-</b>	<b>7,290,894</b>	<b>66,032,661</b>					
<b>Total primary government</b>	<b>\$ 219,110,642</b>	<b>\$ 96,541,725</b>	<b>\$ 7,613,730</b>	<b>\$ 18,105,855</b>	<b>\$ 122,261,310</b>					

**General Revenues:**

Taxes:

Property taxes  
 Sales taxes  
 Property transfer taxes  
 Transient occupancy taxes  
 Business license taxes  
 Franchise fee  
 Other taxes

Total taxes

Investment earnings

Other

**Total general revenues**

**Change in net position**

**Net position - beginning of year, as restated**

**Net position - end of year**

Net (Expense) Revenue  
and Changes in Net Position

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Governmental Activities	Business-Type Activities	Total
\$ (20,626,961)	\$ -	\$ (20,626,961)
1,382,825	-	1,382,825
(77,064,163)	-	(77,064,163)
(2,318,790)	-	(2,318,790)
(14,500,518)	-	(14,500,518)
(156,608)	-	(156,608)
(8,470,999)	-	(8,470,999)
(1,967,739)	-	(1,967,739)
<hr/>	<hr/>	<hr/>
(123,722,953)	-	(123,722,953)
<hr/>	<hr/>	<hr/>
-	26,873,621	26,873,621
-	26,873,621	26,873,621
<hr/>	<hr/>	<hr/>
(123,722,953)	26,873,621	(96,849,332)
<hr/>	<hr/>	<hr/>
67,106,048	-	67,106,048
26,958,595	-	26,958,595
9,137,370	-	9,137,370
5,090,202	-	5,090,202
5,895,591	-	5,895,591
3,170,550	-	3,170,550
187,342	-	187,342
<hr/>	<hr/>	<hr/>
117,545,698	-	117,545,698
7,259,659	5,845,282	13,104,941
64,312	-	64,312
<hr/>	<hr/>	<hr/>
124,869,669	5,845,282	130,714,951
1,146,716	32,718,903	33,865,619
416,229,296	161,638,187	577,867,483
<hr/>	<hr/>	<hr/>
\$ 417,376,012	\$ 194,357,090	\$ 611,733,102
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# FUND FINANCIAL STATEMENTS

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*Governmental Fund Financial Statements*

*Proprietary Fund Financial Statements*

*Fiduciary Fund Financial Statements*



## GOVERNMENTAL FUND FINANCIAL STATEMENTS

***General Fund*** accounts for resources traditionally associated with governmental functions that are not required legally or by sound financial management to be accounted for in another fund.

***General Capital Projects Fund*** accounts for the expenditures for capital improvements for the City, including equipment, acquisition and construction of parks, recreation areas, public safety facilities or other public works. The primary sources of funding are intergovernmental revenues, Measure A (half cent sales tax), developer impact fees and transfers from other governmental funds.

***Construction Services Special Revenue Fund*** accounts for revenue and expenditures of activities relating to building permits.

***Non-Major Governmental Funds*** is the aggregate of all the non-major governmental funds.

**City of San Mateo**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

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	Major Funds			Construction Service Special Revenue	
	General		Capital Projects		
	General	Capital Projects			
<b>ASSETS</b>					
Cash and investments	\$ 92,019,191	\$ 54,202,027	\$ 44,384,857		
Restricted cash and investments held by fiscal agents	-	47,879,846	-		
Accounts receivable, net	582,576	2,732,010	-		
Interest receivable	782,070	-	-		
Taxes receivable	4,287,759	203,035	-		
Due from other funds	608,407	-	-		
Prepays and supplies	460,607	-	-		
Advances to other funds	341,000	-	-		
Grants receivable	3,373	485,410	-		
Loans and notes receivable, net	-	297,410	-		
<b>Total assets</b>	<b>\$ 99,084,983</b>	<b>\$ 105,799,738</b>	<b>\$ 44,384,857</b>		
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 2,416,931	\$ 20,695,405	\$ 466,970		
Retention payable	-	1,140,609	-		
Accrued salaries and wages payable	3,266,533	-	-		
Due to other funds	-	-	-		
Advances from other funds	-	-	-		
Deposits payable	7,474,715	-	-		
Unearned revenue	364,526	-	804,537		
<b>Total liabilities</b>	<b>13,522,705</b>	<b>21,836,014</b>	<b>1,271,507</b>		
<b>Deferred inflows of resources:</b>					
Unavailable revenues	-	530,262	-		
<b>Fund Balances: (Note 9)</b>					
Nonspendable	801,607	-	-		
Restricted	-	69,466,648	-		
Committed	1,370,873	13,966,814	43,113,350		
Assigned	670,609	-	-		
Unassigned	82,719,189	-	-		
<b>Total fund balances</b>	<b>85,562,278</b>	<b>83,433,462</b>	<b>43,113,350</b>		
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 99,084,983</b>	<b>\$ 105,799,738</b>	<b>\$ 44,384,857</b>		

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Non-Major Governmental Funds	Total Governmental Funds
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\$ 52,402,018	\$ 243,008,093
154,903	48,034,749
92,652	3,407,238
-	782,070
818,811	5,309,605
-	608,407
-	460,607
-	341,000
437,881	926,664
4,609,568	4,906,978
<hr/>	<hr/>
\$ 58,515,833	\$ 307,785,411

\$ 498,245	\$ 24,077,551
-	1,140,609
-	3,266,533
334,293	334,293
341,000	341,000
5,248	7,479,963
-	1,169,063
<hr/>	<hr/>
1,178,786	37,809,012

581,171	1,111,433
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-	801,607
38,415,189	107,881,837
18,340,687	76,791,724
-	670,609
-	82,719,189
<hr/>	<hr/>
56,755,876	268,864,966

\$ 58,515,833	\$ 307,785,411
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# City of San Mateo

## Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position

June 30, 2020

Total Fund Balances - Total Governmental Funds \$ 268,864,966

Amounts reported for governmental activities in the Statement of Net Position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. Except for the internal service funds reported below, the capital assets were adjusted as follows:

	Government-Wide Statement of Net Position	Internal Service Funds	Total
Non-depreciable	\$ 92,073,913	\$ -	\$ 92,073,913
Depreciable, net	338,794,845	(6,671,785)	332,123,060
Total capital assets	<u>\$ 430,868,758</u>	<u>\$ (6,671,785)</u>	<u>424,196,973</u>

Unavailable revenue recorded in the fund financial statements resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements. 1,111,433

Investment in joint ventures are not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. 10,859,454

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet. (1,020,408)

Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds were included in governmental activities in the Government-Wide Statement of Net Position. 22,668,130

Deferred amounts related to the refunding of long-term debt were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. This amount is to be amortized over the life of the long-term debt. 1,188,667

In the Government-Wide Financial Statement certain differences between actuarial estimates and actual results for pensions are deferred and amortized over a period of time, however, in the governmental funds no transactions are recorded. In addition, employer contributions for pensions and OPEB were recorded as expenditures in the governmental funds, however, in the Government-Wide Financial Statement these contributions are deferred.

Deferred outflows of resources - pension	27,964,675
Deferred outflows of resources - OPEB	1,589,027
Deferred inflows of resources - pension	(3,449,350)
Deferred inflows of resources - OPEB	(3,035,259)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

	Government-Wide Statement of Net Position	Internal Service Funds	Total
Claims and judgments payable - due within one year	\$ (3,100,000)	\$ 3,100,000	\$ -
Landfill closure and postclosure cost payable - due within one year	(98,700)	-	(98,700)
Compensated leaves payable - due within one year	(832,315)	-	(832,315)
Capital lease payable - due within one year	(29,249)	-	(29,249)
Loans payable - due within one year	(347,697)	-	(347,697)
Bonds payable - due within one year	(3,035,000)	-	(3,035,000)
Long term liabilities - due in more than one year	<u>(342,527,335)</u>	<u>13,308,000</u>	<u>(329,219,335)</u>
Total long-term liabilities	<u>\$ (349,970,296)</u>	<u>\$ 16,408,000</u>	<u>\$ (333,562,296)</u>
<b>Net Position of Governmental Activities</b>			<b>\$ 417,376,012</b>

# City of San Mateo

## Statement of Revenues, Expenditures and Changes in Fund Balances

### Governmental Funds

For the year ended June 30, 2020

	Major Funds		
	General	General	Construction Services Special Revenue
		Capital Projects	
<b>REVENUES:</b>			
Property taxes	\$ 64,742,316	\$ -	\$ -
Sales taxes	23,330,453	3,628,143	-
Other taxes	22,667,498	-	-
Licenses, building and other permits	43,788	-	6,189,292
Fines, forfeitures and penalties	941,160	-	-
Intergovernmental	2,888,895	4,905,977	-
Charges for services	8,939,036	64,718	1,329,265
Investment income	3,466,272	113,708	1,340,815
Assessments and garbage collection surcharge	-	538,274	-
Parking meter and lease revenue	6,510	2,874,404	-
Impact fees	-	753,323	-
In lieu fees	-	-	-
Capital contribution	-	-	-
Other revenues	3,219,771	308,334	2,189
<b>Total revenues</b>	<b>130,245,699</b>	<b>13,186,881</b>	<b>8,861,561</b>
<b>EXPENDITURES:</b>			
Current:			
General government:			
City Council	312,350	-	-
City Manager	2,612,317	-	7,865
City Clerk	785,987	-	-
City Attorney	1,205,295	-	163,764
Finance	3,647,882	-	-
Information technology	3,284,804	-	91,117
Human resources	1,992,029	-	-
Community development	1,804,051	-	6,668,977
Public safety:			
Police	45,257,348	-	-
Fire	22,477,412	-	-
Public works	7,152,496	-	456,933
Parks and recreation	15,165,331	-	-
Golf	2,210,391	-	-
Library	7,260,024	-	-
Non-departmental	6,535,562	-	-
Capital outlay	77,723	30,435,513	-
Debt service:			
Principal	722,918	285,000	-
Interest, and fiscal charges	284,852	210,550	-
Cost of issuance	-	380,166	-
<b>Total expenditures</b>	<b>122,788,772</b>	<b>31,311,229</b>	<b>7,388,656</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>7,456,927</b>	<b>(18,124,348)</b>	<b>1,472,905</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of debt	-	47,595,599	-
Issuance of debt - premium	-	8,068,164	-
Debt refunding - payment to escrow	-	(4,006,995)	-
Proceeds from sale of capital assets	-	713,154	-
Transfers in	2,147,500	18,977,057	-
Transfers out	(12,229,438)	-	(448,675)
<b>Total other financing sources (uses)</b>	<b>(10,081,938)</b>	<b>71,346,979</b>	<b>(448,675)</b>
<b>Net change in fund balances</b>	<b>(2,625,011)</b>	<b>53,222,631</b>	<b>1,024,230</b>
<b>FUND BALANCES:</b>			
Beginning of year	88,187,289	30,210,831	42,089,120
End of year	<b>\$ 85,562,278</b>	<b>\$ 83,433,462</b>	<b>\$ 43,113,350</b>

Non-Major Governmental Funds	Total Governmental Funds
\$ 2,363,732	\$ 67,106,048
-	26,958,596
813,557	23,481,055
2,278,530	8,511,610
545,313	1,486,473
5,660,380	13,455,252
1,807,198	12,140,217
1,530,554	6,451,349
1,413,893	1,952,167
3,079,341	5,960,255
3,717,765	4,471,088
710,540	710,540
750,000	750,000
910,204	4,440,498
<u>25,581,007</u>	<u>177,875,148</u>

-	312,350
24,509	2,644,691
-	785,987
-	1,369,059
-	3,647,882
-	3,375,921
-	1,992,029
1,430,578	9,903,606
1,872,835	47,130,183
-	22,477,412
3,585,238	11,194,667
12,470	15,177,801
-	2,210,391
-	7,260,024
-	6,535,562
36,416	30,549,652
1,735,000	2,742,918
1,059,086	1,554,488
-	380,166
<u>9,756,132</u>	<u>171,244,789</u>
<u>15,824,875</u>	<u>6,630,359</u>

-	47,595,599
-	8,068,164
-	(4,006,995)
-	713,154
-	21,124,557
(12,267,472)	(24,945,585)
<u>(12,267,472)</u>	<u>48,548,894</u>
3,557,403	55,179,253
53,198,473	213,685,713
<u>\$ 56,755,876</u>	<u>\$ 268,864,966</u>

# City of San Mateo

## Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities

### For the year ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 55,179,253
Amounts reported for governmental activities in the Statement of Activities were different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period, net of Internal Service Funds of \$1,306,793.	
	27,009,276
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds, net of Internal Service Funds of \$1,408,066.	(17,159,556)
In the Statement of Activities, only the gain or (loss) on the sale of capital assets is reported, whereas in the governmental funds proceeds from sales increases financial resources. This represents the difference between proceeds and the loss on disposal of capital assets.	(242,461)
Accrued compensated leave payable was an expenditure in governmental funds, but the accrued payable increased compensated leave liabilities in the Government-Wide Statement of Net Position.	(770,571)
OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(806,268)
Payment of landfill closure and postclosure cost payable was an expenditure in governmental funds, but the payment reduced landfill closure and postclosure cost liabilities in the Government-Wide Statement of Net Position. Increases in the liability were reflected as expenses in the Government-Wide Statement of Activities, however, no expenditures are reported in the governmental funds.	391,438
Bond proceeds provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	(55,663,763)
Long-term debt issuance	2,742,918
Long-term debt repayments	4,006,995
Payment to escrow	
Revenues that are not considered to be available are reported as unavailable revenues in the governmental funds, however, these amounts are recognized in the Government-Wide Statement of Activities. This amount represents the change in unavailable revenues.	(740,821)
Current year employer pension contributions are recorded as expenditures in the governmental funds, however, these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.	18,988,345
Current year employer OPEB contributions are recorded as expenditures in the governmental funds, however, these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.	1,589,027
Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however, pension expense is not recognized in the governmental funds.	(37,021,139)
Deferred amounts related to the refunding of long-term debt were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. This amount is to be amortized over the life of the long-term debt.	
This amount is the current year amortization expense	(92,171)
Long-term debt premium and discount was recorded as an other financing source or (use) in the governmental funds, but the payment was treated as an increase (decrease) in long-term liabilities and will be amortized over the life of the bonds in the Government-Wide Statement of Net Position.	
- This amount is the current year amortization expense	204,196
Interest expense on long-term debt is reported on the accrual basis on the Government-Wide Statements, but expenditures on long-term debt in the governmental funds statements are recorded when paid. The following amount represents the change in accrued interest from the prior year.	(525,276)
Investment in joint ventures are not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.	3,155,680
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management to individual funds. The net revenue of the internal service funds was reported with governmental activities.	901,614
Change in Net Position of Governmental Activities	\$ 1,146,716

## PROPRIETARY FUND FINANCIAL STATEMENTS

***Sewer Fund*** accounts for the activities of the wastewater collection and treatment system, which provides service to residents and businesses of the City and some neighboring cities.

***Internal Service Funds*** are used to account for the financing of goods and services provided by one department or agency to other departments or agencies on a cost reimbursement basis.

**City of San Mateo**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2020**

	Sewer Enterprise Fund	Governmental Activities	Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 49,720,916	\$ 31,456,548	
Accounts receivable, net	11,122,530	730,951	
Interest receivable	665,306	-	
Due from other funds	-	-	
Prepays and supplies	343	604,174	
<b>Total current assets</b>	<b>61,509,095</b>	<b>32,791,673</b>	
Noncurrent assets:			
Restricted cash and investments with fiscal agents	186,284,661	-	
Property held for investment	-	867,900	
Capital assets:			
Non-depreciable	151,629,964	-	
Depreciable, net	151,999,343	6,671,785	
<b>Total capital assets</b>	<b>303,629,307</b>	<b>6,671,785</b>	
Total noncurrent assets	489,913,968	7,539,685	
<b>Total assets</b>	<b>551,423,063</b>	<b>40,331,358</b>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred employer pension contributions	1,599,216	-	
Deferred outflows - pension related amounts	553,981	-	
Deferred employer OPEB contributions	235,973	-	
Deferred loss on refunding	77,375	-	
<b>Total deferred outflows of resources</b>	<b>2,466,545</b>	<b>-</b>	

**City of San Mateo**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2020**

	Sewer Enterprise Fund	Governmental Activities	Internal Service Funds
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	654,701	926,199	
Retention payable	4,598	-	
Interest payable	5,515,926	-	
Deposits payable	357,312	54,915	
Due to other fund	-	274,114	
Claims and judgments payable - due within one year	-	3,100,000	
Compensated leaves payable - due within one year	118,717	-	
Bonds payable - due within one year	1,730,000	-	
Total current liabilities	<u>8,381,254</u>	<u>4,355,228</u>	
Noncurrent liabilities:			
Claims and judgments payable - due in more than one year	-	13,308,000	
Compensated leaves payable - due in more than one year	960,531	-	
Net OPEB liability	1,426,566	-	
Net pension liability	15,008,158	-	
Bonds payable - due in more than one year	333,022,021	-	
Total noncurrent liabilities	<u>350,417,276</u>	<u>13,308,000</u>	
<b>Total liabilities</b>	<b><u>358,798,530</u></b>	<b><u>17,663,228</u></b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - pension related amounts	283,247	-	
Deferred inflows - OPEB related amounts	<u>450,741</u>	<u>-</u>	
<b>Total deferred inflows of resources</b>	<b><u>733,988</u></b>	<b><u>-</u></b>	
<b>NET POSITION</b>			
Net investment in capital assets	154,095,718	6,671,785	
Restricted for:			
Debt service	1,143,604	-	
Unrestricted	<u>39,117,768</u>	<u>15,996,345</u>	
<b>Total net position</b>	<b><u>\$ 194,357,090</u></b>	<b><u>\$ 22,668,130</u></b>	

# City of San Mateo

## Statement of Revenues, Expenses and Changes in Fund Net Position

### Proprietary Funds

For the year ended June 30, 2020

	Sewer Enterprise Fund	Governmental Activities Internal Service Funds
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 58,190,132	\$ 47,421,692
Connection fees	301,556	-
Impact fees	235,364	-
Other	<u>14,715</u>	<u>175,551</u>
<b>Total operating revenues</b>	<b><u>58,741,767</u></b>	<b><u>47,597,243</u></b>
<b>OPERATING EXPENSES:</b>		
Costs of sales and services	19,928,516	46,342,495
Administration	2,899,304	2,124,525
Depreciation and amortization	<u>3,086,619</u>	<u>1,408,066</u>
<b>Total operating expenses</b>	<b><u>25,914,439</u></b>	<b><u>49,875,086</u></b>
<b>OPERATING INCOME (LOSS)</b>	<b><u>32,827,328</u></b>	<b><u>(2,277,843)</u></b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest income	5,845,282	808,311
Gain on sale of capital assets	-	81,584
Unrealized gain on property held for investment	-	(68,380)
Interest expense and fiscal charges	<u>(13,244,601)</u>	-
<b>Total nonoperating revenues (expenses)</b>	<b><u>(7,399,319)</u></b>	<b><u>821,515</u></b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b><u>25,428,009</u></b>	<b><u>(1,456,328)</u></b>
Contributions	7,290,894	-
Contributions to other government	-	(1,463,086)
Transfers in	-	3,910,000
Transfers out	-	(88,972)
<b>Total contributions and transfers</b>	<b><u>7,290,894</u></b>	<b><u>2,357,942</u></b>
<b>Change in net position</b>	<b><u>32,718,903</u></b>	<b><u>901,614</u></b>
<b>NET POSITION</b>		
Beginning of year, as restated	<u>161,638,187</u>	<u>21,766,516</u>
<b>End of year</b>	<b><u>\$ 194,357,090</u></b>	<b><u>\$ 22,668,130</u></b>

**City of San Mateo**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2020**

	Sewer Enterprise Fund	Governmental Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 53,041,375	\$ -
Cash received from other funds	-	47,421,379
Cash payments to suppliers for goods and services	(10,815,964)	(42,973,911)
Cash paid to employees	(10,759,712)	(3,193,862)
Cash received from others	-	175,551
<b>Net cash provided by (used in) operating activities</b>	<b>31,465,699</b>	<b>1,429,157</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash received from other funds	-	4,350,758
Cash disbursements to other funds	-	(255,616)
Cash contributions to other agencies	-	(1,463,086)
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>2,632,056</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash capital contributions	7,290,894	-
Proceeds from sale of capital assets	-	101,120
Acquisition of capital assets	(77,658,196)	(1,306,793)
Long-term debt repayments	(1,650,000)	-
Interest paid and fiscal charges	(9,532,845)	-
<b>Net cash used in capital and related financing activities</b>	<b>(81,550,147)</b>	<b>(1,205,673)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income received	5,594,269	808,311
<b>Net cash provided by investing activities</b>	<b>5,594,269</b>	<b>808,311</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(44,490,179)</b>	<b>3,663,851</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>280,495,756</b>	<b>27,792,697</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 236,005,577</b>	<b>\$ 31,456,548</b>
<b>FINANCIAL STATEMENT PRESENTATION:</b>		
Cash and investments	\$ 49,720,916	\$ 31,456,548
Restricted cash and investments with fiscal agents	186,284,661	-
<b>Total</b>	<b>\$ 236,005,577</b>	<b>\$ 31,456,548</b>

**City of San Mateo**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2020**

	Sewer Enterprise Fund	Governmental Activities Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>		
Operating income (loss)		
Adjustments to reconcile operating income (loss)	\$ 32,827,328	\$ (2,277,843)
to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,086,619	1,408,066
Changes in assets, deferred outflows and inflows of resources, and liabilities		
Accounts receivable, net	(5,640,738)	(313)
Prepays and supplies	(13)	-
Deferred outflows of resources - pension	112,400	-
Deferred outflows of resources - OPEB	16,162	-
Accounts payable	(72,223)	(124,257)
Deposits payable	(59,654)	13,504
Retention payable	4,598	
Claims and judgments payable	-	2,410,000
Compensated leaves payable	227,544	-
Net OPEB liability	(565,041)	-
Net pension liability	1,123,695	-
Deferred inflows of resources - pension	(27,616)	-
Deferred inflows of resources - OPEB	432,638	-
<b>Total adjustments</b>	<b>(1,361,629)</b>	<b>3,707,000</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 31,465,699</b>	<b>\$ 1,429,157</b>
<b>NONCASH ITEMS:</b>		
Unrealized gain or loss on investment	\$ -	\$ (68,380)
<b>Total noncash items</b>	<b>\$ -</b>	<b>\$ (68,380)</b>

## FIDUCIARY FUND FINANCIAL STATEMENTS

### **Custodial Funds**

*Custodial Funds* accounts for assets that the City is holding for the San Mateo Consolidated Fire Department, Community Facilities District No. 2008-01, and others for which the City is acting as an agent.

### **Private Purpose Trust Funds**

*Private-Purpose Trust Fund* accounts for assets and liabilities transferred from the City to the Successor Agency Trust Fund.

**City of San Mateo**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2020**

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	Custodial Funds	Private-Purpose Trust Funds
<b>ASSETS</b>		
Current assets		
Cash and investments	\$ 583,150	\$ 4,828,183
Total current assets	<u>583,150</u>	<u>4,828,183</u>
Noncurrent assets		
Restricted cash and investments	12,863,724	1
Total noncurrent assets	<u>12,863,724</u>	<u>1</u>
<b>Total assets</b>	<u>13,446,874</u>	<u>4,828,184</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on refunding	-	693,314
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>693,314</u>
<b>LIABILITIES</b>		
<b>Liabilities:</b>		
Current liabilities		
Accounts payable	62,288	1,038
Interest payable	-	1,001,987
Bonds payable - due in one year	-	3,570,000
Total current liabilities	<u>62,288</u>	<u>4,573,025</u>
Noncurrent liabilities		
Bonds payable - due in more than one year, net	-	51,475,264
Total noncurrent liabilities	-	51,475,264
<b>Total liabilities</b>	<u>62,288</u>	<u>56,048,289</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred gain on refunding	-	52,017
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>52,017</u>
<b>NET POSITION</b>		
Restricted for:		
Individuals, organizations, and other government	13,384,586	-
Held in trust for dissolution of RDA	-	(50,578,808)
<b>Total net position</b>	<u>\$ 13,384,586</u>	<u>\$ (50,578,808)</u>

**City of San Mateo**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2020**

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	Custodial Funds	Private-Purpose Trust Funds
<b>ADDITIONS:</b>		
Fee collections for other governments	\$ 619,697	\$ -
Special assessments for other governments	5,303,187	-
Investment income	298,089	454
RDA property tax trust fund distribution	<u>-</u>	<u>5,994,768</u>
<b>Total additions</b>	<b><u>6,220,973</u></b>	<b><u>5,995,222</u></b>
<b>DEDUCTIONS:</b>		
Administration	31,471	20,000
Payments on conduit bonds - principal	575,000	-
Payments on conduit bonds - interest	4,555,173	-
Project payments	12,699,696	-
Payments to other governments	545,188	-
Other	192,220	-
Interest expense	<u>-</u>	<u>1,947,444</u>
<b>Total deductions</b>	<b><u>18,598,748</u></b>	<b><u>1,967,444</u></b>
<b>Change in net position</b>	<b>(12,377,775)</b>	<b>4,027,778</b>
<b>NET POSITION:</b>		
Beginning of year, as restated	<u>25,762,361</u>	<u>(54,606,586)</u>
End of year	<u>\$ 13,384,586</u>	<u>\$ (50,578,808)</u>



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# **NOTES TO BASIC FINANCIAL STATEMENTS**

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**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of San Mateo, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

***A. Financial Reporting Entity***

The City of San Mateo (City) was incorporated as a charter city on September 4, 1894; the current charter was adopted in 1971 and revised in 2002. The City operates under the Council-Manager form of government and provides the following services: police; building inspection; parks and streets; sanitation; leisure services; planning and zoning; general administration services; and redevelopment.

These basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. The City had no discretely presented component units. The blended component unit has a June 30 year-end. The following entity is reported as a blended component unit:

The San Mateo Joint Powers Financing Authority (Authority) was established solely to assist the City in the issuance of certain revenue bonds. It is controlled by and financially dependent on the City; its financial activities were accounted for as part of the respective funds.

Separate financial statements for the San Mateo Joint Powers Financing Authority are not available.

***B. Basis of Accounting and Measurement Focus***

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity with its own self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses. These funds are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations, restrictions, or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**Government-Wide Financial Statements**

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus, Continued***

**Government-Wide Financial Statements, Continued**

These financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred inflows/outflows of resources, and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liabilities are incurred.

Certain types of transactions reported as program revenues for the City are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Transfers in/out

The City applies all applicable GASB pronouncements including all NCGA Statements and Interpretations currently in effect.

**Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that meet specific qualifications.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus, Continued***

**Governmental Fund Financial Statements, Continued**

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

The City reports the following funds as major governmental funds of the City.

General Fund accounts for resources traditionally associated with governmental activities that are not required legally or by sound financial management to be accounted for in another fund.

General Capital Projects Fund accounts for the expenditures for capital improvements for the City, including equipment, acquisition, and construction of parks, recreation areas, public safety facilities or other public works. The primary sources of funding are intergovernmental revenues, Measure A (half cent sales tax), developer impact fees, and transfers from other governmental funds.

Construction Services Special Revenue Fund accounts for revenue and expenditures of activities relating to building permits. These revenues have been committed by City Council for construction service activities.

The City reports the following governmental funds as non-major governmental funds of the City.

Police Grants & Safety Special Revenue Fund accounts for the revenues and expenditures of State and Federal grants, such as State SLESF (Supplemental Law Enforcement Services Fund), and asset forfeiture.

Community Development Block Grant Special Revenue Fund (CDBG) accounts for revenue and expenditures of CDBG funds awarded by the Department of Housing and Urban Development.

HOME Special Revenue Fund accounts for revenues and expenditures of the Federal HOME grant program.

City Housing Special Revenue Fund accounts for revenues from a former Federal Rental Rehabilitation program and loan payments from the First Time Homebuyer program.

Low Moderate Income Housing Special Revenue Fund accounts for revenues and expenditures of the former Redevelopment Agency Special Revenue Fund.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**B. Basis of Accounting and Measurement Focus, Continued**

**Governmental Fund Financial Statements, Continued**

Gas Tax Special Revenue Fund accounts for gasoline tax revenues as required by State law.

Advance Planning Special Revenue Fund accounts for fees collected through building permits and expenditures for activities relating to long-term planning, including the general plan update.

Parking Special Revenue Fund accounts for parking meter revenues and expenditures of the City's downtown parking facilities.

Solid Waste Special Revenue Fund accounts for garbage collection surcharge revenues. The use of funds is restricted by City ordinance to street cleaning and waste disposal.

Park and Recreation Special Revenue Fund accounts for the park and recreation tax, as well as the parks and recreation impact and in lieu fees to fund Parks and Recreation related projects through a transfer to the Capital Improvement Projects Fund.

Traffic Impact Fee Special Revenue Fund accounts for traffic impact fees to mitigate the cumulative impacts of new development and to accommodate future development.

Commercial Linkage Fee Special Revenue Fund accounts for the City's commercial linkage fees to be used for housing programs including acquisition, rehabilitation, or new construction of housing.

Landfill Bonds Debt Service Fund accounts for debt service payments on landfill revenue bonds (to finance expenditures related to final closure of the former landfill site, and construction of related park improvements) and post-closure monitoring costs.

General Obligation Bonds Debt Service Fund accounts for voter-approved property tax revenues and debt service payments on general obligation bonds.

2% Hotel Tax Capital Projects Fund accounts for the voter approved 2% hotel tax revenue Measure C, the related transfers to the capital improvement fund, and debt service on variable rate bonds.

Revenues are recorded when received in cash, except revenues subject to accrual (generally those received 90 days after year-end) are recognized when due. The primary revenue sources that have been treated as susceptible to accrual by the City are property taxes, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes, franchise taxes, etc.), grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus, Continued***

**Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which a liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the Sewer Enterprise Fund and Internal Service Funds as proprietary funds of the City.

Sewer Fund accounts for the activities of the wastewater collection and treatment system, which provides service to residents and the businesses of the City and some neighboring cities.

Internal service fund balances and activities have been combined with governmental activities in the Government-Wide Financial Statements, and are comprised of the following funds:

Workers' Compensation Insurance Fund accounts for all workers' compensation self-insurance activities.

Dental Self-Insurance Fund accounts for the City's self-insurance activities related to the dental plan it provides to its employees.

Benefits Fund accounts for charges for other funds and expenditures relating to employee benefits other than those accounted for in the Workers' Compensation and Dental Self-Insurance Funds.

Comprehensive Liability Insurance Fund accounts for general liability self-insurance transactions.

Vehicle and Equipment Replacement Fund accounts for charges to the City departments for funding and acquisition of replacement vehicles and equipment.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**B. Basis of Accounting and Measurement Focus, Continued**

**Proprietary Fund Financial Statements, Continued**

Fleet and Building Maintenance Fund accounts for the charges to user departments and the expenses related to the maintenance of City vehicles and buildings.

**Fiduciary Fund Financial Statements**

Fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City has two types of fiduciary funds, custodial funds and private-purpose trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Private-purpose trust funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments (i.e. unclaimed property/escheat property). Fiduciary funds are accounted for using the accrual basis of accounting. The City reports the following fiduciary funds:

San Mateo Consolidated Fire Department Custodial Fund – accounts for assets that the City is holding for the San Mateo Consolidated Fire Department.

CFD 2008-1 Custodial Fund – accounts for assets held by the City for the Community Facilities District No. 2008-1 (Bay Meadows).

Other Custodial Fund – accounts for assets held by the City for other entities for which the City is acting as an agent.

Successor Agency Private Purpose Trust Fund – accounts for assets and liabilities transferred in fiscal year 2012 from the Redevelopment Agency of the City of San Mateo to the Successor Agency Trust Fund.

**C. Cash, Cash Equivalents, and Investments**

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**C. *Cash, Cash Equivalents, and Investments, Continued***

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City had one investment in property that is measured using Level 3 inputs.

The City participates in an investment pool managed by the State of California entitled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to the change in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as "Cash and Investments" in the accompanying Basic Financial Statements.

For the purpose of the statement of cash flows, the City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

**D. *Restricted Cash and Investments***

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt, for acquisition and construction of capital projects, and to meet bond indenture debt reserve requirements. Cash and investments are also restricted for deposits held for others within the enterprise funds.

**E. *Inventory and Prepaid Items***

Inventory, consisting of expendable supplies, is valued at first in first out basis. The cost of governmental funds inventory is recorded as expenditure at the time the individual inventory is consumed. Prepaid items are recorded at cost. Using the consumption method, prepaid items are recorded as expenditures over the period that service is provided. Reported inventory and prepaid items are equally offset by a fund balance reservation, which indicates that they do not constitute "available spendable resources" even though they are a component of current assets.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***F. Capital Assets***

Capital assets, which include land, buildings, improvements, equipment, furniture, and infrastructure assets (e.g. roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at acquisition value on the date donated.

City policy has set the capitalization threshold for reporting capital assets at the following amounts:

General Capital Assets	\$10,000
Infrastructure Capital Assets	\$100,000
Intangible Assets	\$1,000,000

For capital assets, depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Sewer Treatment Plant and Transmission Lines	up to 60 years
Buildings and Improvements	20 - 40 years
Machinery and Equipment	Greater than 1 year - 30 years
Infrastructure	25 - 60 years

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include:

- Street systems
- Site amenities such as parking and landscaped areas used by the City in the conduct of its business

Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping, and land. These subsystems were not delineated in the Basic Financial Statements. The appropriate operating department maintains information regarding the subsystems.

The City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City conducted a valuation of its infrastructure assets as of July 1, 2002. This valuation determined the original cost using one of the following methods:

- Use of historical records where available.
- Standard unit costs appropriate for the construction/acquisition date.
- Present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***F. Capital Assets, Continued***

Accumulated depreciation is defined as the total depreciation from the date of construction/acquisition to the current date on a straight-line method using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

Interest accrued during capital assets construction, if any, is capitalized for the business-type activities as part of the asset cost.

***G. Interest Payable***

In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is incurred for governmental fund types and proprietary fund types.

In the Fund Financial Statements, proprietary fund types recognize the interest payable when the liability is incurred.

***H. Unearned revenue***

Unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues in the Government-Wide Financial Statements are prepaid charges for services. On the Construction Services Special Revenue Fund, the City elected to defer 80% of revenue to account for the majority of the review and inspection services for development projects that will be provided subsequent to the payment of permit fees.

***I. Claims and Judgments***

The short-term and long-term workers' compensation claims liability is reported in the Workers' Compensation Insurance Internal Service Fund. The short-term and long-term general claims liability is reported in the Comprehensive Liability Insurance Internal Service Fund. The short-term liability which will be liquidated with current financial resources is the amount of settlement reached, but unpaid, related to claims and judgments entered.

***J. Long-Term Debt***

Government-Wide Financial Statements - Long-term debt and other long-term obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable is reported net of the applicable bond premium or discount. Bond issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***J. Long-Term Debt, Continued***

Fund Financial Statements – The governmental fund financial statements do not present long-term debt. As such, long-term debt is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

Bond premiums and discounts are recognized during the current period as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Bond proceeds are reported as other financing sources.

Proprietary Fund and Fiduciary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements.

***K. Property Taxes***

San Mateo County (County) assesses properties and it bills, collects, and distributes property taxes to all taxing entities within its jurisdiction including the City. Under State law, known as the Teeter Plan, the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are assessed on January 1. Secured property tax is due in two installments, on November 1 and March 1. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. Collection of delinquent accounts is the responsibility of the County, which retains all penalties.

The term “unsecured” refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are levied provided they become available as defined above.

***L. Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position (balance sheet) will sometimes report 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 so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position (balance sheet) 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 so will not be recognized as an inflow of resources (revenue) until that time.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***M. Net Position***

**Government-Wide Financial Statements**

In the Government-Wide Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of governments.

Unrestricted – This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position” as defined above.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City’s policy is to apply restricted net position first.

***N. Fund Balances***

**Fund Financial Statements**

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). The classifications of fund balances are listed below:

**Non-spendable Fund Balances**

These include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact, e.g., the principal of an endowment fund. Examples of “not in spendable form” include inventory, prepaid amounts, long-term notes and loans, property held for resale, and other items not expected to be converted to cash. However, if the proceeds from the eventual sale or liquidation of the items would be considered restricted, committed, or assigned (as defined further on) then these amounts would be included in the restricted, committed, or assigned instead of the non-spendable classification. A debt service reserve fund held by a trustee is an example of fund balance in non-spendable form that is classified as restricted instead of non-spendable since the reserve is eventually liquidated to make the final debt service principal payment.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**N. Fund Balances, Continued**

**Restricted Fund Balances**

Restricted fund balances have externally enforceable limitations on use. The limitations on use can be imposed by creditors, grantors, or contributors as well as by constitutional provisions, City charter, enabling legislation, laws, and government regulations. Examples of funds subject to limitation by grantors include Federal Highway Bridge Replacement and Rehabilitations (HBRRP) grant for street rehabilitation, the Office of Traffic Safety grant for the Selective Traffic Enforcement Program, the Community Block Development Grant, and the portion of the fund balance in the City Housing Fund remaining from a former Federal Rental Rehabilitation program and loan payments from the First Time Homebuyer Program.

Taxes and assessments collected under voter-approved indebtedness, revenues pledged by indenture to secure debt repayment, debt service reserve funds and the unspent fund balances from these revenues are examples of fund balances subject to limitations imposed by creditors. Developer impact fees, Measure A sales tax, Measure W sales tax, the gas tax, the  $\frac{1}{2}$  cent public safety sales tax, and the Measure C 2% Transient Occupancy Tax (TOT) are examples of revenue enabled by legislation or government regulation for which the unspent balance would be classified as restricted in the fund within which they are accounted.

**Committed Fund Balances**

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (Resolution) of the City Council are classified as committed fund balances. The formal action that is required to be taken to establish, modify, or rescind the fund balance commitment is resolution. In the City of San Mateo, this category generally is comprised of amounts committed to specific projects in Capital Improvement Program and the special revenue funds for Solid Waste, Advance Planning, Construction Services, Parking, Parks and Recreation, Traffic Impact Fee, and Commercial Linkage Fee.

The General Fund transfers to specific projects in the Capital Improvement Fund are committed once approved by the City Council and under the City Charter cannot be used for any purpose other than specified without subsequent Council action.

The special revenue funds Solid Waste, Advance Planning, Construction Services, Parking, Parks and Recreation, Traffic Impact Fee, and Commercial Linkage Fee have been established by the City Council to account for and report specified revenue that is committed to fund expenditures for specified purposes. A substantial portion of the revenue in each of these funds is generated from fees charged to provide the services and conduct the activities related to the funds' stated purposes. The fees are established in the Comprehensive Fee Schedule that the City Council approves annually after holding public hearings.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**N. *Fund Balances, Continued***

**Assigned Fund Balances**

Fund balance amounts for which the City Council has expressed intent for use but not taken formal action to commit are reported as assigned under GASB 54. These include funds encumbered by purchase order in the General Fund for which the authorization has not lapsed, amounts held in petty cash accounts in the General Fund, interest accrued to restricted or committed fund balances when such interest is not required to be classified as restricted or committed and the operating budget contingency. The City Council has not delegated the authority to assign fund balance to management.

**Unassigned Fund Balance**

The residual classification for the General Fund, collectively comprised of the General Fund, the Reserves Fund, Recreational Services Fund, and Golf Fund is unassigned fund balance. The General Fund is the only fund that may report a positive unassigned balance. An example of residual revenue which would comprise the Unassigned Fund Balance in the General Fund is the unspent portion of the additional 0.25% sales tax and 2% Transient Occupancy Tax approved by voters as Measure L, M, and S to fund the City's general operating services.

Although the Reserves Fund is included in the unassigned fund balance classification, it is used to account for amounts set aside by City Council action as Reserves for Contingency pursuant to the City Charter. The balance in the Reserves Fund is not available for appropriation unless the Council takes action to transfer amounts to another fund for appropriation to proposed expenditures it deems consistent with the purpose of the reserves.

**Hierarchy of Expenditures to Classify Fund Balance Amounts**

To determine the composition of ending fund balances, the Council established the order in which restricted and unrestricted (committed, assigned, and unassigned) funds are to be expended. To this purpose, for expenditures made in any governmental fund, the restricted amounts will be reduced first, followed by committed amounts, assigned amounts, and then unassigned amounts.

The City uses encumbrance accounting throughout the fiscal year to encumber appropriations based upon purchase orders issued to the City's vendors. Encumbrances outstanding at year-end are reported as expenditures in the budgetary financial statements reported in the Required Supplementary Information and the Supplementary Information. General Fund encumbrances not lapsed at year-end are reported as assigned amounts. For all other funds, encumbrances not lapsed at year-end are reported as part of the funds' restricted or committed balances according to the original source of funds.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***N. Fund Balances, Continued***

At year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Fund	Fund Balance Classification	Amount
Major funds:		
General	Assigned	\$ 649,003
General Capital Project	Restricted	69,466,649
General Capital Project	Committed	13,966,814
Construction Services	Committed	1,033,345
Total Major Funds		<u>\$ 85,115,811</u>
Nonmajor governmental funds	Restricted	<u>\$ 194,899</u>
Nonmajor governmental funds	Committed	<u>\$ 50,878</u>

***O. Compensated Leave Payable***

For governmental funds, compensated leave payable is recorded as current and noncurrent liabilities and as expenses only on the Government-Wide Financial Statements. For proprietary funds, current and noncurrent liabilities for compensated leave payable are recorded as expenses in both the Government-Wide Financial Statements and the Fund Financial Statements.

***P. Pension***

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

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Q. Other Postemployment Benefits (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

***R. Use of Estimates***

The preparation of the Basic Financial Statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amounts of revenues and expenses. Actual results could differ from these estimates and assumptions.

***S. New Accounting Pronouncements***

In 2020, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 84, *Fiduciary Activities* – The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities of all state and local government. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The City restated net position of fiduciary funds to account for activities previously reported in governmental fund and agency funds in custodial funds as part of implementing the requirements of the statement.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**2. CASH AND INVESTMENTS**

The City maintains a cash and investment pool for all funds. Certain restricted funds that are held and invested by independent outside custodians through contractual agreements are not pooled. These restricted funds include cash and investment held by trustees.

The following is a summary of cash and investments at June 30, 2020.

Government-Wide Statement of Net Position					
	Governmental Activities	Business-Type Activities	Fiduciary Funds		Total
Deposits and investments	\$ 274,464,642	\$ 49,720,916	\$ 5,411,333	\$ 329,596,891	
Restricted cash and investments	48,034,749	186,284,661	12,863,725		247,183,135
Property held for investment	867,900	-	-		867,900
<b>Total cash and investments</b>	<b>\$ 323,367,291</b>	<b>\$ 236,005,577</b>	<b>\$ 18,275,058</b>	<b>\$ 577,647,926</b>	

**A. Summary of Cash and Investments**

Cash and investments as of June 30, 2020 consist of the following:

Cash on hand	\$ 42,750
Deposits with financial institution	979,333
<b>Total cash on hand and deposits</b>	<b>1,022,083</b>
Local Agency Investment funds	74,956,398
San Mateo County Pool	90,634,338
CAMP	51,407,181
Investments	111,576,891
Property held for investment	867,900
<b>Total investments</b>	<b>329,442,708</b>
<b>Total City Treasury</b>	<b>330,464,791</b>
Cash and investments with fiscal agent	247,183,135
<b>Total cash and investments</b>	<b>\$577,647,926</b>

**B. Deposits**

The carrying amount of the City's cash deposit was \$979,333 at June 30, 2020. Bank balances before reconciling items were a positive amount of \$1,287,966 at June 30, 2020. The City's cash deposit was fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities held by the pledging financial institutions in the City's name.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**2. CASH AND INVESTMENTS, Continued**

***B. Deposits, Continued***

The California Government Code (Code) Section 53652 requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. The Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The fair value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

***C. Investments***

Under the provisions of the City's investment policy, and in accordance with the Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Securities issued by the U.S. Treasury	5 years	No limit	No limit
U.S. Agency Securities and Instrumentalities	5 years	70%	40% of portfolio
Mortgage-Backed Securities	5 years	20%	20% of portfolio
Banker's acceptances	180 days	10%	5% of portfolio
Repurchase agreements	90 days	10%	10% of portfolio
Local Agency Investment Fund	N/A	65%	65% of portfolio
San Mateo County Pool	N/A	30%	30% of portfolio
California Asset Management Program	N/A	20%	20% of portfolio
Money Market/Mutual Funds	N/A	20%	10% of portfolio
Prime Commercial Paper	270 days	10%	5% of portfolio
Medium-term Corporate Notes	5 years	30%	5% of portfolio
Obligations of State of California or Other California Local Agency	5 years	20%	5% of portfolio
Non-negotiable Certificates of Deposit	3 years	30%	5% of portfolio
Negotiable Certificates of Deposit	5 years	30%	5% of portfolio
Asset-Backed Securities	5 years	10%	5% of portfolio
Non-Agency Mortgage Securities	5 years	10%	5% of portfolio

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**2. CASH AND INVESTMENTS, Continued**

**C. Investments, Continued**

Investments are stated at fair value using the aggregate method in all funds, resulting in the following investment income in all funds:

Interest income	\$ 11,339,448
Realized gain on investments	451,317
Unrealized gain in changes in fair value of investments	1,246,251
<b>Total investment income</b>	<b><u>\$ 13,037,016</u></b>

The City's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise. The portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. Generally the City's practice is to buy and hold investments until maturity dates. Consequently, the City's investments are carried at fair value.

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2020, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes - are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities - the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2020, the City had \$74,956,398 invested in LAIF, which had invested 3.37% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 1.77% in the previous year. The LAIF fair value factor of 1.004912795 was used to calculate the fair value of the investments in LAIF.

The City is also a voluntary participant in the San Mateo County Investment Fund (County Pool) that is regulated by Code Section 16429 under the oversight of the Treasurer of the County. The City reports its investment in the County Pool at the fair value amount provided by the County. Included in the County Pool's investment portfolio are US Treasury Notes, Obligations issued by agencies of the United States Government, LAIF, Corporate Notes, Commercial Paper, collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The fair value factor of 1.0198 was used to calculate the fair value of the investments in the County Pool.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**2. CASH AND INVESTMENTS, Continued**

**C. Investments, Continued**

The City also participated in the California Asset Management Program (CAMP) which seeks to maintain a constant net asset value (NAV) per share of \$1.00. The City had \$51,407,181 invested in CAMP as of June 30, 2020.

**D. Risk Disclosures**

*Interest Risk:* Interest rate risk is the market value fluctuation due to overall changes in the interest rates. It is mitigated by limiting the average maturity of the City's portfolio to three years or less.

Investments held in the City Treasury grouped by maturity date at June 30, 2020, are shown below:

Investment Type	Total	Investment Maturities (in years)					4 years or More
		1 year or Less	1 - 2 years	2 - 3 years	3 - 4 years		
<b>Securities of U.S. Government</b>							
Treasury and Agencies:							
Federal Farm Credit Bank Bonds (FFCB)	\$ 27,175,225	\$ 2,008,280	\$ 2,090,692	\$ 8,024,769	\$ 3,002,439	\$ 12,049,045	
Federal Home Loan Bank Bonds (FHLB)	11,793,975	2,001,720	2,039,418	3,745,771	4,007,066		-
Federal Home Loan Mortg. Corp. (FHLMC)	11,996,459	2,007,114	-	2,836,343	-		7,153,002
Federal Natl. Mortg. Assn. Notes (FNMA)	8,888,336	-	4,416,108	1,003,945	2,371,830		1,096,453
US Treasuries	19,046,696	-	3,651,947	5,386,749	4,117,321		5,890,679
Corporate Notes:							
Adobe Inc	207,005	-	-	207,005	-	-	-
Amazon.com Inc	441,284	-	-	441,284	-	-	-
American Honda Finance	533,118	-	141,988	391,130	-	-	-
Bank of America	519,026	519,026	-	-	-	-	-
Citigroup Inc	525,371	-	525,371	-	-	-	-
Goldman Sachs Group Inc	483,003	-	483,003	-	-	-	-
IMB	774,278	-	774,278	-	-	-	-
JP Morgan Chase	527,978	-	-	527,978	-	-	-
Pepsico Inc.	329,167	329,167	-	-	-	-	-
Royal Bank of Canada	683,904	-	-	-	-		683,904
Toronto Dominion Bank	695,555	-	-	-		695,555	-
Toyota Motor Credit Corporation	731,435	-	-	-		731,435	-
Truist Financial Corporation	422,753	267,246	155,507	-	-	-	-
TWDC Enterprises 18 Corporation	538,949	-	-	-	-		538,949
U.S. Bank NA	686,633	-	-	-	-		686,633
Wal-Mart Stores	1,061,043	-	-	-	-		1,061,043
Wells Fargo & Company	9,938,795	-	-	4,991,330	-		4,947,465
Asset-Backed Securities	2,844,110	-	-	979,782	1,025,108		839,220
Collateralized Mortgage Obligations	2,570,648	-	483,506	247,700	1,366,498		472,944
Municipal Bonds	698,848	-	-	-	698,848		-
Money Market	40,733	40,733	-	-	-		-
Time Deposits	7,422,564	3,892,681	1,520,000	2,009,883	-		-
Subtotal	111,576,891	11,065,967	16,281,818	30,793,669	18,016,100		35,419,337
California Asset Management Program	51,407,181	51,407,181	-	-	-		-
Local Agency Investment Fund	74,956,398	74,956,398	-	-	-		-
San Mateo County Pool	90,634,338	90,634,338	-	-	-		-
<b>Total</b>	<b>\$ 328,574,808</b>	<b>\$ 228,063,884</b>	<b>\$ 16,281,818</b>	<b>\$ 30,793,669</b>	<b>\$ 18,016,100</b>		<b>\$ 35,419,337</b>

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**2. CASH AND INVESTMENTS, Continued**

**D. Risk Disclosures, Continued**

*Liquidity Standard:* As a means of maintaining liquidity, the City's investment policy limits are as follows:

<b>Maturity</b>	<b>% of Portfolio</b>
Up to six months	25% (Minimum)
Six months to five years	75% (Maximum)

*Credit Risk:* Credit risk is the risk that a security or a portfolio will lose some or all its value due to a real or perceived change in the ability of an issuer to repay its debt. The City mitigates credit risk through diversification in its portfolio as outlined by the City's Investment Policy. The Investment Policy also guides the rating quality of purchased securities provided by Nationally Recognized Statistical Rating Organizations (NRSRO). As of June 30, 2020, the City's deposits and investments were rated as follows:

	<b>Credit Quality Ratings</b>	
	<b>Moody's</b>	<b>S&amp;P</b>
Deposits	P-1 to AA3	A-1+ to AA-
Investments:		
Securities of U.S. Government Agencies:		
Federal Farm Credit Bank Bonds (FFCB)	Aaa	AA+
Federal Home Loan Bank Bonds (FHLB)	Aaa	AA+
Federal Home Loan Mortg. Corp. Notes (FHLMC)	Aaa	AA+
Federal Home Loan Mortg. Corp.		
Mortgage-Backed Security (FHLMC)	Aaa	AA+
Federal National Mortg. Assn. Notes (FNMA)	Aaa	AA+
US Treasuries	Aaa	AA+
Corporate Notes:		
Adobe Inc	A2	A
Amazon.com Inc	A2	AA-
American Honda Finance	A3	A-
Bank of America	A2	A-
Citigroup Inc	A3	BBB+
Goldman Sachs Group Inc	A3	BBB+
IMB	A2	A
JP Morgan Chase	A2	A-
Pepsico Inc.	A1	A+
Royal Bank of Canada	A2	A
Toronto Dominion Bank	Aa3	A
Toyota Motor Credit Corporation	A1	A+
Truist Financial Corporation	A3	A-
TWDC Enterprises 18 Corporation	A2	A-
U.S. Bank NA	A1	AA-
Wal-Mart Stores	Aa2	AA
Wells Fargo & Company	A2	A-

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**2. CASH AND INVESTMENTS, Continued**

**D. Risk Disclosures, Continued**

	Credit Quality Ratings	
	Moody's	S&P
Asset-Backed Securities	Aaa	AAA to Not Rated
Collateralized Mortgage Obligations	Aaa	AA+
Municipal Bonds	Aaa to Aa2	AA- to AAA
Local Agency Investment Funds	Not Rated	Not Rated
San Mateo County Pool	Not Rated	Not Rated
California Asset Management Program	Not Rated	AAAm
Money Market Funds	Aaa	AAA

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Securities are to be held by a third party custodian. The City's Investment Policy limits its exposure to custodial credit risk by requiring that all security transactions entered into by the City, be conducted on a delivery-versus-payment basis.

**E. Investment Valuation**

Investments (except for money market accounts, time deposits, and commercial paper) are measured at fair value on a recurring basis. *Recurring* fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2020 are described on the following page.

Investments included in restricted cash and investments included money market accounts and guaranteed investment contracts are not subject to fair value measurements.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**2. CASH AND INVESTMENTS, Continued**

*E. Investment Valuation, Continued*

Investment Type	Fair Value	Fair Value Measurement Using			
		Level 1	Level 2	Level 3	
Securities of U.S. Government					
Treasury and Agencies:					
Federal Farm Credit Bank Bonds (FFCB)	\$ 27,175,225	\$ -	\$ 27,175,225	\$ -	
Federal Home Loan Banks (FHLB)	11,793,975	-	11,793,975	-	
Federal Home Loan Mortg Corp (FHLMC)	11,996,459	-	11,996,459	-	
Federal National Mortg Assoc Notes (FNMA)	8,888,336	-	8,888,336	-	
US Treasuries	19,046,696	-	19,046,696	-	
Corporate Notes:					
Adobe Inc	207,005	-	207,005	-	
Amazon.com Inc	441,284	-	441,284	-	
American Honda Finance	533,118	-	533,118	-	
Bank of America	519,026	-	519,026	-	
Citigroup Inc	525,371	-	525,371	-	
Goldman Sachs Group Inc	483,003	-	483,003	-	
IMB	774,278	-	774,278	-	
JP Morgan Chase	527,978	-	527,978	-	
Pepsico Inc.	329,167	-	329,167	-	
Royal Bank of Canada	683,904	-	683,904	-	
Toronto Dominion Bank	695,555	-	695,555	-	
Toyota Motor Credit Corporation	731,435	-	731,435	-	
Truist Financial Corporation	422,753	-	422,753	-	
TWDC Enterprises 18 Corporation	538,949	-	538,949	-	
U.S. Bank NA	686,633	-	686,633	-	
Wal-Mart Stores	1,061,043	-	1,061,043	-	
Wells Fargo & Company	9,938,795	-	9,938,795	-	
Asset-Backed Securities	2,844,110	-	2,844,110	-	
Collateralized Mortgage Obligations	2,570,648	-	2,570,648	-	
Municipal Bonds	698,848	-	698,848	-	
Property held for investment	867,900	-	-	867,900	
Total investments subject to fair value	104,981,494	\$ -	\$ 104,113,594	\$ 867,900	
<u>Investments not subject to levelling:</u>					
Money Market	40,733				
Time Deposits	7,422,564				
Local Agency Investment Fund	74,956,398				
San Mateo County Pool	90,634,338				
<u>Investments reported at net asset value per share:</u>					
California Asset Management Program	51,407,181				
<b>Total Investments</b>	<b>\$ 329,442,708</b>				

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**2. CASH AND INVESTMENTS, Continued**

**E. Investment Valuation, Continued**

Treasury Securities, Federal Farm Credit Bank Bonds, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation Notes and Mortgage-Backed Securities, Federal National Mortgage Association Notes, and Corporate Notes categorized as Level 2 are valued based on matrix pricing which use observable market inputs such as yield curves and market indices that are derived principally from or corroborated by observable market data by correlation to other means. Property held for investment was categorized as Level 3 and was valued by a sale comparison appraisal approach, which was derived by using quoted prices of similar assets in active markets adjusted for differences between the City's investment property and assets for which quotes were obtained.

**F. Property held for Investment - Related Party Transaction**

In March 2003, the City and the new appointed City Attorney (Employee) agreed to hold title to a property purchased as an investment and for use as a personal residence by Employee and his family. The City's share of the purchase cost was \$455,575. The agreement will terminate upon whichever of the following events first occur: (1) termination of the employment relationship between the City and the employee by either party, (2) the death of the employee, (3) the failure by the employee to occupy said property as his principal place of residence for a period of ninety consecutive days. The City and the employee will share in the profits and losses of the property at 52.6% and 47.4%, respectively.

**3. INTERFUND TRANSACTIONS**

**A. Due To/From Other Funds**

At June 30, 2020, the City had the following due to/from other funds:

<b>Due To Other Funds</b>	<b>Due From Other Funds</b>	
	<b>General Fund</b>	<b>Total</b>
Non-Major Governmental Funds	\$ 334,293	\$ 334,293
Internal Service Funds	274,114	274,114
<b>Total</b>	<b>\$ 608,407</b>	<b>\$ 608,407</b>

The amounts due to the General Fund from other funds represent reclassified temporary negative cash balances pending grant reimbursements or other receivables. Current interfund balances arise in the normal course of operations and are expected to be repaid shortly after the end of the fiscal year.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**3. INTERFUND TRANSACTIONS, Continued**

**B. Advances To/From Other Funds**

At June 30, 2020, the City had the following advance to/from other funds:

<b>Advance from General Fund</b>	<b>Advance to Other Funds</b>
Non-Major Governmental Funds	\$ 341,000
Total	\$ 341,000

The General Fund loaned the Landfill Bonds Debt Service Fund \$1,000,000 in January 2018 to pay in full an installment payment obligation related to the City of San Mateo Joint Powers Financing Authority Revenue Bonds (Landfill Closure Project), Series 2003. During the fiscal year ended June 30, 2020, the Landfill Bonds Debt Service fund paid the General Fund \$333,000 in principal per the adopted installment payment schedule. The advance is to be fully repaid by February 1, 2021 and has an interest rate of 2.34%.

**C. Transfers**

For the year ended June 30, 2020, the City had the following transfers in/out which arose in the normal course of operations.

Transfers Out	Transfers In				Total
	General	Capital Projects	Internal Service Funds		
<b>Major Funds:</b>					
General Fund	\$ -	\$ 8,319,438	\$ 3,910,000	\$ 12,229,438	
Construction Services					
Special Revenue Fund	400,000	48,675	-	448,675	
Non-major Gov't'l Funds	1,747,500	10,519,972	-	12,267,472	
Total Govt Funds	2,147,500	18,888,085	3,910,000	24,945,585	
Internal Service Funds	-	88,972	-	88,972	
Total	\$ 2,147,500	\$ 18,977,057	\$ 3,910,000	\$ 25,034,557	

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**3. INTERFUND TRANSACTIONS, Continued**

**C. Transfers, Continued**

Transfers to the General Fund from non-major funds primarily originated from gas taxes and were used to supplement street repairs and maintenance costs. Transfers from the General Fund were made to: (1) the General Capital Projects Fund for budgeted projects related to street and sidewalks repair and rehabilitation, bikeway and pedestrian path improvements, and the high voltage street light conversion project; (2) the Vehicle & Equipment Replacement Internal Service Fund to accrue amounts for the future purchases of assets; and (3) the Workers' Compensation Internal Service Fund to provide additional funding for long term workers' compensation liabilities.

Transfers to the General Capital Projects Fund were made from the General Fund, Community Development Block Grant Fund, Advance Planning Fund, Construction Services Fund, Gas Tax Fund, Downtown Parking and Security Fund, Solid Waste Fund, Traffic Impact Fee Fund, 2% Hotel Tax Fund, Vehicle & Equipment Replacement Internal Service Fund, and the Fleet & Building Maintenance Internal Service Fund to fund various capital projects during the year.

**4. LOANS AND NOTES RECEIVABLE**

The City, acting as the successor agency of the former redevelopment agency, engages in programs designed to encourage construction or improvement in low-to-moderate income housing or other projects. Under these programs, loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms.

The amounts for potential loan forgiveness represent the best estimate of the amount of loans receivable that may not be collectible from borrowers. It does not necessarily reflect subsequent actual payments, which could differ from expectations.

At June 30, 2020, the City's loans and notes receivable consisted of the following:

Loans and notes receivable	\$ 59,057,228
Allowances for potential forgiveness	<u>(54,150,250)</u>
<b>Loans and notes receivable, net</b>	<b><u>\$ 4,906,978</u></b>

Loans and notes receivable, including accrued interest, comprised balances from the following programs, all of which are discussed on the following page.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**4. LOANS AND NOTES RECEIVABLE, Continued**

Description	Year Due	Balance June 30, 2020	Balance June 30, 2019
Governmental Funds:			
First-Time Homebuyer Loans	Various	\$ 18,895,596	\$ 19,994,978
Home Rehabilitation Loans	Various	1,030,083	1,217,116
106 N. Eldorado	2036	450,000	450,000
Darcy Building	2040	1,385,778	1,394,119
Edgewater Isle Senior Apartments	2048	4,791,735	4,792,251
Belmont Building	2032	800,000	800,000
St. Matthew Hotel	2036	2,701,341	2,670,118
Rotary Hacienda & Rotary Floritas	2058	4,702,047	4,652,837
First Step for Families (Turning Point)	2018	1,020,214	998,268
12 N. Idaho Street	2034	100,000	100,000
200 S. Delaware Street	2049	2,041,703	2,003,723
232 S. Humboldt Street	2021	789,151	774,151
11 S. Delaware Street	2032	1,259,241	1,234,349
El Camino Family Housing	2042	4,144,681	4,024,681
MP San Mateo Transit Associates	2062	8,382,201	8,290,720
MP Delaware Pacific Associates LP	2067	1,323,569	1,288,910
MP Foster Square	2070	370,594	362,143
Gateway Commons Assessment Loan	Various	484,208	497,035
Cal Home Loans	Various	297,410	291,546
HIP Housing -1100 Cypress Avenue	2071	1,234,337	1,201,337
Bay Meadows Affordable Association	2074	2,090,739	2,034,685
Child Care Facility Project Loans	2049	762,600	829,000
Total governmental funds		<u>59,057,228</u>	<u>59,901,967</u>
Total Primary Government		<u>\$ 59,057,228</u>	<u>\$ 59,901,967</u>

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**4. LOANS AND NOTES RECEIVABLE, Continued**

**First-Time Homebuyer Loans**

The City has had provided various loan programs for first time homebuyers since 1989. In general they provide secondary financing for low and moderate buyers in the City of San Mateo that have deferred payments in order to allow the buyer to maximize their purchasing capacity. The various loan terms are described below:

Gateway Commons Original Buyers – Second loans accrue interest that compounds annually. Interest accrues for 20 years. Starting in year 21, 10% of principal and accrued interest is forgiven until the loan is fully forgiven in year 30. Payment of principal and interest is paid upon sale of property. Units are sold at market value, and at that time, the City also receives as payment a share of the appreciation based on the percentage of the City loan to original purchase price.

First Time Buyer Resale Program – Subsequent buyers at Gateway Commons and other first time buyer complexes have different loan terms: Prior to 2007, second loans up to \$60,000 accrue interest that is compounded annually. The resale price is restricted by applying the percentage increase in median income from the time of the purchase date to the sale date, to the initial sales price. The principal is repaid, but payment of the accrued interest is waived. The City has the first right to purchase to roll unit to a new eligible buyer at the restricted sales price. If the City does not exercise the option to purchase, the unit can be sold at fair market value to a non-eligible buyer. In this case, the principal, interest, and appreciation share payment is paid to the City. After 2007, the second loans were restructured to eliminate the interest rate and appreciation share in the event the unit is sold to non-eligible buyer. Instead, “contingent interest” is paid to the City, which is determined by the difference between the restricted price and the actual sales price (market value).

Neighborhood Purchase Program – A second loan of up to 20% of the purchase price, or maximum of \$60,000, accrues simple interest of 3% per year. This is an amortized loan, where monthly payments are deferred for five years and then repaid over 25 years. This program is no longer active. There are no resale price restrictions.

Countywide Home Investment Partnership (CHIP) Program – This program provides a second loan of up to 20% of the purchase price, or maximum of \$60,000. No interest and no payments are due for 10 years. Then payments are amortized at 4% for 25 years. Upon sale of the property or refinance, an appreciation share payment is due to the City.

Meadow Court Program – This program provides first-time homebuyers down payment assistance for the purchase of units at Meadow Court. The loans are secured by a second deed of trust with a term of 40 years and interest compounding annually. At year 31, provided that the property has not been sold or transferred, 10% of principal and interest will be forgiven each year until year 40, at which time the entire note is forgiven.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**4. LOANS AND NOTES RECEIVABLE, Continued**

**Home Rehabilitation Loans**

The City has administered various housing rehabilitation loan programs using Community Development Block Grant funds, former Redevelopment Agency Housing Set-Aside funds, and City Housing funds. Under these Programs, individuals with incomes below a certain level are eligible to receive low interest, variable term loans, secured by deeds of trust for rehabilitation work on their homes. The maximum loan limit is \$85,000 for standard properties and \$100,000 for historic properties. The loan repayments may be amortized over the life of the loans, deferred, or a combination of both.

**106 N. Eldorado**

The City loaned \$450,000 to Housing Association for the Needy and Dispossessed, Inc. (HAND), a non-profit organization, to acquire and rehabilitate six apartment units at 106 N. Eldorado for low-income housing. The loan bears no interest and is due in 40 years. If the property has not been sold or transferred, beginning in 2027, ten percent of the principal will be forgiven annually until 2036, at which time the entire loan principal will be forgiven.

**Darcy Building**

On June 30, 2000, the City and the former Redevelopment Agency made four loans, the proceeds of which were used to conduct substantial rehabilitation and residential conversion of the Darcy Building for low income households. The loans carry interest at rates that vary from 0% to 5% with a term of 30 years. If the property remains in the developer's hands, two of the loans allow partial forgiveness beginning in year 30, with full forgiveness in year 40.

**Edgewater Isle Senior Apartments**

On June 30, 2000, the City and the former Redevelopment Agency made a loan to the Human Investment Project for the purchase and minor rehabilitation of ninety-two low and moderate income senior rental units at Edgewater Isle. Payments of principal and 3% interest are deferred until 2048 or the sale or transfer of the property, whichever comes first.

**Belmont Building**

On June 30, 2000, the City and the former Redevelopment Agency made two loans, the proceeds of which were used to convert this building into six one-bedroom units for very low income families. The loans bear no interest and are for a term of 40 years. If the property remains in the developer's hands, beginning in year 2023, ten percent of the principal will be forgiven annually until year 2032, at which time the entire loan principal will have been forgiven.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**4. LOANS AND NOTES RECEIVABLE, Continued**

**St. Matthew Hotel**

On June 30, 2000, the City and the former Redevelopment Agency made a loan to a developer, who used these funds to rehabilitate this hotel into a single room occupancy development for very low-income households. Interest is at 0% to 3%; principal and interest are due in 2036. Annual payments on the 3% loan are based on available cash flow, if any.

**Rotary Hacienda**

In 1988, the former Redevelopment Agency entered into a Development and Disposition Agreement with Rotary Hacienda Inc. for the construction and operation of an 82-unit senior rental housing project. The Agreement includes a promissory note in the amount of \$968,383, which bears simple interest at a rate of 8.75% compounded annually, and is due on December 30, 2028. In 2004, the loan was recast for \$968,000 with 0% interest, a 40-year term and no prepayment penalty.

**Rotary Floritas**

The former Redevelopment Agency provided \$3,000,000 for the construction of 50 senior rental units at Rotary Floritas on March 24, 2006. The interest rate is 3% for 55 years. Annual payments of principal and interest are based on the "available cash flow" from the borrower's preceding fiscal year.

**First Step for Families (Turning Point)**

On June 26, 1988, the City provided zero interest deferred loans of \$69,262 in City CDBG funds and \$305,000 in former Redevelopment Agency funds to Mid-Peninsula Coalition Belle Haven, Inc. (MPCBH), for the acquisition and development of an emergency housing shelter called Turning Point. In 2002, MPCBH redeveloped the site into a new facility consisting of both emergency beds and transitional housing units to assist 39 families. The original loans plus interest were recast effective on April 1, 2002, in the amounts of \$95,320 and \$419,566 respectively. The loans bear 3% interest; principal and accrued interest are due in 30 years. At the same time, the City provided an additional \$500,000 (\$143,500 CDBG and \$356,500 HOME) for the new project. These loans bear 3% interest, and annual payments are based on "available cash flow". As long as the facility is operated as emergency and transitional housing, 1/30 of the principal and accrued interest annually until it fully forgiven in 30 years.

**12 N. Idaho Street**

In 1994, HAND, Inc., a non-profit organization, received loans of \$100,000 from the former Redevelopment Agency and \$10,436 from the City to assist in the purchase of a six-unit apartment building located at 12 N. Idaho Street to be used as an affordable housing complex. The Agency loan carries an interest rate of 10% and is for a period of 40 years. The City loan carries no interest and is for a period of 15 years. Principal payments on both loans are deferred until the earlier of sale or transfer of the property or the maturity date.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**4. LOANS AND NOTES RECEIVABLE, Continued**

**200 S. Delaware Street**

On October 6, 1999, the City and the former Redevelopment Agency loaned \$1,266,000 to HAND to acquire and rehabilitate sixteen units at 200 S. Delaware Street for low-income housing. The loan bears an interest rate of 3%. Principal and interest are due in 2049. HAND has an option of renewing the loan agreement for another fifty years.

**232 S. Humboldt Street**

On February 9, 2001, the City and the former Redevelopment Agency loaned \$500,000 to Mateo Lodge, Inc., to rehabilitate nine units at 232 S. Humboldt Street for low-income housing. The loan bears an interest rate of 3%. Principal and interest are due in 2021. Mateo Lodge, Inc. has an option of renewing the loan agreement for another twenty years.

**11 S. Delaware Street**

On June 17, 2002, the City loaned \$660,000 to HAND to acquire and rehabilitate eleven units at 11 S. Delaware Street for affordable housing. The loan bears an interest rate of 3%. Principal and interest are due in 2032. However, HAND has an option of renewing the loan agreement for another thirty years.

**El Camino Family Housing**

In December 2002, El Camino Family Housing, L.P., received a loan of \$3,386,000 from the former Redevelopment Agency to develop the Santa Inez Apartments at an interest rate of 3% and for a period of 40 years. Annual payments of principal and interest in the amount of \$140,688 are based on the "available cash flow" from the borrower's preceding fiscal year. On January 19, 2018, the project was refinanced in order to allow one of the general partners to purchase the property as Santa Inez Apartments, LP. Upon closing, a portion of the accrued interest was paid to the City. The promissory note was amended to revise the principal amount to \$4,000,000 (original principal plus remaining accrued interest). The other original terms remained the same for another 25 years.

**MP San Mateo Transit Associates Loan**

In November 2006, the City and the former Redevelopment Agency entered into a loan agreement with the Mid-Peninsula Housing Coalition. The agreement includes three promissory notes in the amounts of \$1,230,000 (City funds), \$1,200,000 (Agency funds), and \$2,870,000 (Agency funds), which bear 3% interest. The payment of principal and interest is due on the maturity date or the sale or transfer of the property except for a sale or transfer to an affiliate nonprofit public benefit corporation or to a limited partnership in which an affiliate is the general partner. The maturity date shall occur fifty-five (55) years from the date of the receipt of the final certificate of occupancy. Beginning with borrower's first fiscal year following the first year after receipt of the certificate of occupancy, borrower shall make annual payments of principal and interest to the City only from "Available Cash Flow" which is defined from borrower's preceding fiscal year.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**4. LOANS AND NOTES RECEIVABLE, Continued**

**MP San Mateo Transit Associates Loan, Continued**

In October 2009, the City received Infill Infrastructure Grant funds from the State of California in the amount of \$3,854,240, which was passed on to the Mid-Peninsula Housing Coalition in the form of a deferred zero interest loan which is due at maturity, which is 55 years from receipt of the final certificate of occupancy.

**MP Delaware Pacific Associates L.P.**

In April 2012, the City and the Successor Agency entered into a loan agreement with the Mid-Peninsula Delaware Pacific Associates, LP. The agreement includes two promissory notes in the amounts of \$880,000 (HOME Grant funds) and \$320,000 (Successor Agency Funds), which bear 3% interest. Beginning with borrower's first fiscal year following the first year after receipt of the certificate of occupancy, borrower shall make annual payments of principal and interest to the City only from "Available Cash Flow", which is defined from borrower's preceding fiscal year. The payment of remaining principal and interest is due on the maturity date or the sale or transfer of the property except for a sale or transfer to an affiliate nonprofit public benefit corporation or to a limited partnership in which an affiliate is the general partner.

The maturity date shall occur fifty-five (55) years from the date of the receipt of the final certificate of occupancy.

**MP Foster Square**

In July 2014, the City entered into a loan agreement with Mid-Peninsula Foster Square Associates, LP. The agreement includes one promissory note in the amount of \$420,000 (HOME Grant funds), which bears 3% interest. Beginning with borrower's first fiscal year following the first year after receipt of the certificate of occupancy, borrower shall make annual payments of principal and interest to the City only from "Residual Receipts", which is defined from the project's preceding fiscal year. The payment of remaining principal and interest is due on the maturity date or the sale or transfer of the property. The maturity date shall occur fifty-five (55) years from the date of the receipt of the final certificate of occupancy.

**Gateway Commons Assessment Loan**

In February 2011, the City and the former Redevelopment Agency entered into a loan agreement with the Gateway Commons Owners Association to assist the owner with paying for a special assessment for needed repairs at the complex. This agreement provides eligible owners of the affordable units loans in the range of \$10,000 to \$30,000 as one-time lump sum special assessment to Gateway Commons. The original term of the loan is 15 years with an interest rate varying between 0% and 3%. The loan repayment are amortized, deferred, or a combination of both.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**4. LOANS AND NOTES RECEIVABLE, Continued**

**Cal Home Loans**

In June 2009, the City entered into a program agreement with the California Department of Housing and Community Development to receive \$750,000 in grant funds from the CalHOME program for its Owner Occupancy Rehabilitation Program. These funds are used for home repair loans up to \$60,000 for low and moderate income households at 3% interest, with payments deferred for 30 years. Loan repayments will go into a revolving loan fund to be used for future housing loans for owner occupied units. HIP Housing Development

**HIP Housing Development**

In May 2016, the City entered into two loan agreements with HIP Housing Development Corporation in the amounts of \$590,000 and \$510,000 to be used for the acquisition of 1110 Cypress Avenue in the City of San Mateo, a 16-unit apartment complex, for the purpose of providing affordable housing to low and moderate income households. Commencing on the first day of the month following the first anniversary of the notes, the borrower shall make annual payments of principal and interest to the City only from "Residual Receipts", the amount by which gross revenue exceeds annual operating expenses from the project's preceding fiscal year. The payment of remaining principal and interest is due on the maturity date or the sale or transfer of the property. The loans bear simple interest of 3% per annum, and mature fifty-five (55) years from the date of the notes.

**Bay Meadows Affordable Housing**

In December 2018, the City lent \$2,000,000 to Bay Meadows Affordable Associates, LP for the construction of 68 family rental units. The interest rate is 3%. Annual payments are due beginning with the first fiscal year after construction completion (estimated summer 2020) based on the City's share of "Residual Receipts" which is defined from the project's preceding fiscal year. The payment of remaining principal and interest is due in full 55 years after construction completion.

**Child Care Facility Project Loans**

On October 15, 2018, the City Council approved Resolution 2018-107, establishing the Interim Child Care Fund Guidelines and authorized staff to release a Notice of Funding Available (NOFA). The NOFA was intended to invite a wide breadth of proposals that result in increasing the number of child care spaces in the City of San Mateo with the earliest possible completion. The NOFA was released on January 7, 2019 with a deadline date of February 21, 2019. The City held an informational meeting for potential applicants on January 21, 2019 to review the NOFA document and requirements and respond to questions from attendees. As this was the first time in providing this NOFA, the loan documents were developed after the submittal of applications, as it was entirely unknown as to what types of projects would apply for funds and the potential structure of the funding. Each project offered differing levels of available leveraged funding, from zero to over 50% of the total development costs. The City had three loans outstanding as of June 30, 2020 that totaled \$762,600.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**5. UNEARNED REVENUE**

Unearned revenues in the Government-Wide and Fund Financial Statements represent amounts for which money has been received but revenues have not been earned. At June 30, 2020, unearned revenues were as follows:

	<b>Unearned Revenues</b>
Prepaid summer course registration	\$ 337,521
Prepaid recreation facilities reservation	27,005
Unearned building permit revenue	804,537
<b>Total</b>	<b>\$ 1,169,063</b>

**6. DEFERRED INFLOWS/OUTFLOWS OF RESOURCES**

**A. *Unavailable Revenues***

At June 30, 2020, the following unavailable revenues were recorded and classified as deferred inflows of resources in the governmental fund financial statements, because the revenues were not available to finance expenditures of the current period:

	<b>General Capital Projects Fund</b>	<b>Non-Major Funds</b>	<b>Total</b>
Long-Term Notes Receivable			
Interest Accruals	\$ 44,852	\$ 516,632	\$ 561,484
Grants Receivable	485,410	64,539	549,949
<b>Total</b>	<b>\$ 530,262</b>	<b>\$ 581,171</b>	<b>\$ 1,111,433</b>

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**6. DEFERRED INFLOWS/OUTFLOWS OF RESOURCES, Continued**

***B. Deferred Gains and Losses on Refunding of Bonds***

Unamortized gains and losses on refunding of debt were reported as deferred inflows/outflows of resources as of June 30, 2020.

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
<b><u>Government-Wide Financial Statements</u></b>				
<b><i>Governmental Activities</i></b>				
2013 General Obligation Bonds				
Deferred Loss on Refunding	\$ 870,131	\$ -	\$ (78,508)	\$ 791,623
2018 Golf Course Refunding Bonds				
Deferred Loss on Refunding	136,630	-	(13,663)	122,967
2020B South Bayfront Refunding Bonds				
Deferred Loss on Refunding	-	274,077	-	274,077
	<b>\$ 1,006,761</b>	<b>\$ 274,077</b>	<b>\$ (92,171)</b>	<b>\$ 1,188,667</b>
<b><i>Business Type Activities</i></b>				
2011 Sewer Bonds Revenue				
Deferred Loss on Refunding	\$ 181,490	\$ -	\$ (104,115)	\$ 77,375
<b><u>Fund Financial Statements</u></b>				
<b><i>Sewer Enterprise Fund</i></b>				
2011 Series Sewer Revenue				
Bonds Deferred Loss on Refunding	\$ 181,490	\$ -	\$ (104,115)	\$ 77,375
<b><i>Fiduciary Funds</i></b>				
2015 Series A Refunding Tax Allocation				
Bonds Deferred Gain on Refunding	\$ (56,337)	\$ -	\$ 4,320	\$ (52,017)
2017 Series A Refunding Tax Allocation				
Bonds Deferred Loss on Refunding	\$ 829,705	\$ -	\$ (136,391)	\$ 693,314

See Note 13, Employee Retirement Plans on page 113 for information about deferred inflows and outflows of resources related to the City's pension plans.

See Note 14, Other Post Employment Benefits (OPEB) on page 127-128 for information about deferred inflows and outflows of resources related to the City's OPEB plan.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**7. CAPITAL ASSETS**

**A. Government-Wide Financial Statements**

At June 30, 2020, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
<b>Non-depreciable assets:</b>			
Land	\$ 52,064,002	\$ 4,052,298	\$ 56,116,300
Construction in progress	40,009,911	147,577,666	187,587,577
<b>Total non-depreciable assets</b>	<b>92,073,913</b>	<b>151,629,964</b>	<b>243,703,877</b>
<b>Depreciable assets:</b>			
Buildings and improvements	182,117,002	-	182,117,002
Treatment plant & transmission lines	-	250,668,482	250,668,482
Machinery and equipment	32,612,293	2,440,489	35,052,782
Infrastructure	495,124,076	-	495,124,076
<b>Total depreciable assets</b>	<b>709,853,371</b>	<b>253,108,971</b>	<b>962,962,342</b>
<b>Less accumulated depreciation:</b>			
Buildings and improvements	65,202,853	-	65,202,853
Treatment plant & transmission lines	-	99,811,688	99,811,688
Machinery and equipment	22,493,691	1,297,940	23,791,631
Infrastructure	283,361,982	-	283,361,982
<b>Total accumulated depreciation</b>	<b>371,058,526</b>	<b>101,109,628</b>	<b>472,168,154</b>
<b>Total depreciable assets, net</b>	<b>338,794,845</b>	<b>151,999,343</b>	<b>490,794,188</b>
<b>Total capital assets</b>	<b>\$ 430,868,758</b>	<b>\$ 303,629,307</b>	<b>\$ 734,498,065</b>

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**7. CAPITAL ASSETS, Continued**

**A. Government-Wide Financial Statements, Continued**

The following is a summary of changes in the capital assets for the governmental activities during the fiscal year:

	Balance July 1, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
<b>Non-depreciable assets:</b>					
Land	\$ 52,240,185	\$ -	\$ (176,183)	\$ -	\$ 52,064,002
Construction in progress	40,560,815	26,721,230	(51,318)	(27,220,816)	40,009,911
<b>Total non-depreciable assets</b>	<b>92,801,000</b>	<b>26,721,230</b>	<b>(227,501)</b>	<b>(27,220,816)</b>	<b>92,073,913</b>
<b>Depreciable assets:</b>					
Building and improvements	176,809,368	-	-	5,307,634	182,117,002
Machinery and equipment	31,024,611	1,594,839	(771,599)	764,442	32,612,293
Infrastructure	473,975,336	-	-	21,148,740	495,124,076
	<b>681,809,315</b>	<b>1,594,839</b>	<b>(771,599)</b>	<b>27,220,816</b>	<b>709,853,371</b>
<b>Less accumulated depreciation:</b>					
Building and improvements	60,357,488	4,845,365	-	-	65,202,853
Machinery and equipment	21,173,156	2,057,639	(737,104)	-	22,493,691
Infrastructure	271,697,363	11,664,619	-	-	283,361,982
<b>Total accumulated depreciation</b>	<b>353,228,007</b>	<b>18,567,623</b>	<b>(737,104)</b>	<b>-</b>	<b>371,058,526</b>
<b>Total depreciable assets, net</b>	<b>328,581,308</b>	<b>(16,972,784)</b>	<b>(34,495)</b>	<b>27,220,816</b>	<b>338,794,845</b>
<b>Total capital assets</b>	<b>\$ 421,382,308</b>	<b>\$ 9,748,446</b>	<b>\$ (261,996)</b>	<b>\$ -</b>	<b>\$ 430,868,758</b>

Depreciation expense by program for capital assets for the year ended June 30, 2020 was as follows:

General government	\$ 308,225
Community development	221,920
Public safety	2,603,706
Public works	10,799,175
Parks and recreation	2,749,568
Library	1,885,029
<b>Total depreciation expense</b>	<b>\$ 18,567,623</b>

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**7. CAPITAL ASSETS, Continued**

**A. Government-Wide Financial Statements, Continued**

The following is a summary of changes in the capital assets for business-type activities during the fiscal year:

	Balance July, 1, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
<b>Non-depreciable assets:</b>					
Land	\$ 4,052,298	\$ -	\$ -	\$ -	\$ 4,052,298
Construction in progress	101,304,365	77,615,061	-	(31,341,760)	147,577,666
<b>Total non-depreciable assets</b>	<b>105,356,663</b>	<b>77,615,061</b>	<b>-</b>	<b>(31,341,760)</b>	<b>151,629,964</b>
<b>Depreciable assets:</b>					
Sewer treatment plant and transmission lines	219,540,297	-	-	31,128,185	250,668,482
Machinery and equipment	2,280,649	43,135	(96,870)	213,575	2,440,489
<b>Total depreciable assets</b>	<b>221,820,946</b>	<b>43,135</b>	<b>(96,870)</b>	<b>31,341,760</b>	<b>253,108,971</b>
<b>Less accumulated depreciation:</b>					
Sewer treatment plant & transmission lines	95,285,087	4,526,601	-	-	99,811,688
Machinery and equipment	1,211,461	180,195	(93,716)	-	1,297,940
<b>Total accumulated depreciation</b>	<b>96,496,548</b>	<b>4,706,796</b>	<b>(93,716)</b>	<b>-</b>	<b>101,109,628</b>
<b>Total depreciable assets, net</b>	<b>125,324,398</b>	<b>(4,663,661)</b>	<b>(3,154)</b>	<b>31,341,760</b>	<b>151,999,343</b>
<b>Total capital assets</b>	<b>\$ 230,681,061</b>	<b>\$ 72,951,400</b>	<b>\$ (3,154)</b>	<b>\$ -</b>	<b>\$ 303,629,307</b>

Depreciation expense for the year ended June 30, 2020 was as follows:

Sewer	\$ 4,706,796
<b>Total depreciation expense</b>	<b>\$ 4,706,796</b>

**B. Governmental Fund Financial Statements**

The governmental fund financial statements do not present general government capital assets but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**8. LONG-TERM DEBT**

**A. Governmental Activities**

The following is a summary of long-term debt transactions including amortization for the year ended June 30, 2020:

	Original Issue Amount	Balance June 30, 2019	Additions	Deletions	Bond Discount/ Premium	Balance June 30, 2020	Due Within One Year	Due in More than One Year
<b>Governmental Activities:</b>								
Bonds Payable:								
General Obligation Bond:								
Series 2013, Refunding	\$ 27,295,000	\$ 22,086,295	\$ -	\$ (1,345,000)	\$ (157,109)	\$ 20,584,186	\$ 1,395,000	\$ 19,189,186
Lease Revenue Bonds, Series 2007A	17,400,000	14,865,000	-	(390,000)	-	14,475,000	415,000	14,060,000
S. Bayfront Flood Ctrl, Series 2011A	5,745,000	4,017,918	-	(4,080,000)	62,082	-	-	-
2018A Golf Course Refunding Bonds	6,050,000	6,524,790	-	(430,000)	(47,087)	6,047,703	450,000	5,597,703
North Shoreview Street and Flood								
Control, 2020A	42,310,000	-	42,310,000	-	8,068,164	50,378,164	465,000	49,913,164
S. Bayfront Flood Refinancing, 2020B	3,455,000	-	3,455,000	-	-	3,455,000	310,000	3,145,000
Total bonds payable	<u>102,255,000</u>	<u>47,494,003</u>	<u>45,765,000</u>	<u>(6,245,000)</u>	<u>7,926,050</u>	<u>94,940,053</u>	<u>3,035,000</u>	<u>91,905,053</u>
Loans Payable:								
CEC Streetlight Loan	3,000,000	2,727,780	-	(235,739)	-	2,492,041	238,174	2,253,867
PG&E - Energy Efficiency Retrofit Loan	1,830,599	-	1,830,599	-	-	1,830,599	109,523	1,721,076
Total loans payable	<u>4,830,599</u>	<u>2,727,780</u>	<u>1,830,599</u>	<u>(235,739)</u>	<u>-</u>	<u>4,322,640</u>	<u>347,697</u>	<u>3,974,943</u>
Capital Lease Payable:								
Golf Course - Equipment	247,872	86,428	-	(57,179)	-	29,249	29,249	-
Total long-term debt	<u>\$ 107,333,471</u>	<u>50,308,211</u>	<u>\$ 47,595,599</u>	<u>\$ (6,537,918)</u>	<u>\$ 7,926,050</u>	<u>99,291,942</u>	<u>\$ 3,411,946</u>	<u>\$ 95,879,996</u>
Less: Due within one year		<u>(2,742,918)</u>				<u>(3,411,946)</u>		
Due in more than one year		<u>\$ 47,565,293</u>				<u>\$ 95,879,996</u>		

**General Obligation Refunding Bonds (Library Improvement Project), Series 2013 – Original Issue \$27,295,000**

On March 21, 2013, the City of San Mateo issued \$27,295,000 principal amount General Obligation Refunding Bonds (Library Improvement Project), Series 2013 (2013 Refunding Bonds). The proceeds of the 2013 Refunding Bonds were used to refund the 2000 and 2004A General Obligation Bonds. The 2000 and 2004A General Obligation Bonds were used to finance the construction, acquisition and improvement of a new main library and the improvement of the City's branch libraries.

The General Obligation Refunding Bonds mature annually each August 1 through 2030, with installments ranging from \$1,395,000 to \$2,070,000. The interest on the Bonds is payable semi-annually on each February 1 and August 1, with coupons ranging from 3.0% to 4.0%. The 2013 Refunding Bonds are secured by voter-approved, ad valorem property taxes. Annual principal and interest payments on the bonds are expected to require 100% percent of net revenues. The outstanding principal balance net of bond premium was \$20,584,186 as of June 30, 2020. Total principal and interest remaining to be paid on the 2013 Refunding Bonds is \$22,735,975. For the current year, principal and interest paid on the 2013 Refunding Bonds was \$2,037,950 and ad valorem property tax net revenues were \$2,363,732.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**8. LONG-TERM DEBT, Continued**

**A. *Governmental Activities, Continued***

**General Obligation Refunding Bonds (Library Improvement Project), Series 2013 – Original Issue \$27,295,000, Continued**

The annual debt service requirements on the 2013 General Obligation Refunding Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 1,395,000	\$ 638,150	\$ 2,033,150
2022	1,465,000	580,950	2,045,950
2023	1,520,000	521,250	2,041,250
2024	1,590,000	459,050	2,049,050
2025	1,660,000	402,350	2,062,350
2026-2030	9,300,000	1,103,175	10,403,175
2031	2,070,000	31,050	2,101,050
Subtotal	19,000,000	\$ 3,735,975	\$ 22,735,975
Bond Premium	1,584,186		
<b>Total</b>	<b>\$ 20,584,186</b>		

**Variable Rate Demand Lease Revenue Bonds (Public Safety Project), Series 2007A – Original Issue \$17,400,000**

On April 19, 2007, the City of San Mateo Joint Powers Financing Authority issued \$17,400,000 principal amount Variable Rate Demand Lease Revenue Bonds (Public Safety Project), Series 2007A (2007A Variable Rate Bonds). The proceeds of the 2007A Variable Rate Bonds contributed to the construction of a new police administration facility with a total project cost of \$58,500,000. Other sources of funding for this project included transient occupancy tax (hotel tax), redevelopment agency funds, sale of the existing police facility site, and General Fund contributions.

The 2007A Variable Rate Bonds mature annually each April 1 through 2039 with installments ranging from \$415,000 to \$1,195,000. The outstanding principal balance was \$14,475,000 as of June 30, 2020. The interest on the Bonds is payable monthly from the lease revenue to the Authority from the City. The interest rate on the Bonds is based on the weekly variable rate set by the remarketing agent, which can be no greater than 12% per annum. Weekly rates during the fiscal year varied from 0.07% to 5.85%, for an average weekly interest rate for the fiscal year of 1.03%. In addition, the letter of credit is with Wells Fargo and has an annual fee of 0.45%. The City also pays letter of credit (LOC) bank fees and remarketing agent fees on a quarterly basis. The remarketing agent is Stifel, Nicolaus & Co. and the annual remarketing fee has been 0.09% since 2007.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities, Continued**

**Variable Rate Demand Lease Revenue Bonds (Public Safety Project), Series 2007A - Original Issue \$17,400,000, Continued**

The City has elected to use the 2% transient occupancy tax (hotel tax) authorized by Measure C, backed by a General Fund lease, to pay the annual principal and interest payments on the bonds. For the current year, principal, interest and other debt expenses paid were \$671,642 and the 2% transient occupancy tax (hotel tax) net revenues were \$813,556. This annual debt service coverage of 2:1 and the accumulated surplus of hotel tax revenues not needed for debt service serve as a built-in hedge against interest rate volatility. Variable rate debt requires that the City constantly monitor risk versus return and consider whether to retain this debt structure.

The annual principal requirements on these bonds are as follows:

<b>Year Ending</b>		
<b>June 30,</b>		<b>Principal</b>
2021	\$	415,000
2022		445,000
2023		480,000
2024		510,000
2025		545,000
2026-2030		3,280,000
2031-2035		4,365,000
2036-2039		<u>4,435,000</u>
<b>Total</b>	<b>\$</b>	<b><u>14,475,000</u></b>

**Revenue Bonds (South Bayfront Flood Control Project), Series 2011A - Original Issue \$5,745,000**

On February 9, 2011, the City of San Mateo Joint Powers Financing Authority issued \$5,745,000 principal amount Revenue Bonds (South Bayfront Flood Control Project), Series 2011A (Revenue Bonds). The proceeds of the Revenue Bonds were used to finance certain levee and flood control improvements within the South Bayfront Levee and Flood Control Facilities Benefit Assessment District.

The Revenue Bonds were solely payable from revenues consisting of Base Rental Payments pursuant to a Facility Lease and Installment Payments pursuant to an Installment Payment Contract made between the Authority and the City.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**8. LONG-TERM DEBT, Continued**

*A. Governmental Activities, Continued*

**Revenue Bonds (South Bayfront Flood Control Project), Series 2011A - Original Issue \$5,745,000, Continued**

The City funded installments to the Authority from all revenue received by the City from the levy and collection of assessments from the South Bayfront Levee and Flood Control Facilities Benefit Assessment District.

The current year principal and interest payments amounted to \$493,349 and the assessment net revenues were \$538,274.

In fiscal year 2020, the Revenue bonds were defeased by the issuance of the San Mateo-Foster City Public Financing Authority Revenue Bonds, Series 2020B Bonds by the San Mateo-Foster City Public Financing Authority.

**Revenue Bonds (Golf Course Project), Refunding Series 2018A - Original Issue \$6,050,000**

On May 1, 2018, the City of San Mateo Joint Powers Financing Authority issued \$6,050,000 in Revenue Refunding Bonds Series 2018A (2018A Revenue Bonds) to refinance the City of San Mateo Joint Powers Financing Authority Revenue Bonds, Refunding Series 2007B, which were issued to refinance the City of San Mateo Joint Powers Financing Authority Revenue Bonds, Series 1999 (issued to finance the construction and renovation of an 18-hole municipal golf course and appurtenant facilities). The refunding resulted in \$516,000 gross debt service (principal and interest) savings over 20 years, and an economic gain of \$420,000. The refunding resulted in an accounting deferred loss on refunding of \$163,957.

The 2018A Revenue Bonds mature annually each August 1 beginning in 2019 through 2030, with installments ranging from \$450,000 to \$665,000. The interest on the Bonds is payable semi-annually on each February 1 and August 1, and coupons range from 2.25% to 5% annually. The 2018A Revenue Bonds are payable solely from golf course facility lease revenue to the Authority. The 2018A Revenue Bonds are subject to early redemption provisions. The outstanding principal balance of the 2018A Revenue Bonds was \$5,620,000 at June 30, 2020.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**8. LONG-TERM DEBT, Continued**

*A. Governmental Activities, Continued*

**Revenue Bonds (Golf Course Project), Refunding Series 2018A - Original Issue \$6,050,000, Continued**

Prior to fiscal year 2018-19, the City funded the lease payments to the Authority from golf charges for services from the enterprise Golf Fund. Beginning fiscal year 2018-19, in recognition of the annual subsidy of golf operations from the City's General Fund, the City moved its enterprise Golf Fund to the General Fund as a sub-fund. As such, lease payments to the Authority are funded by the City's General Fund since 2018-19. The total principal and interest remaining to be paid on the Bonds is \$6,694,563. Principal and interest paid for the current year and golf course facility lease gross revenues were \$670,600 and \$2,206,781, respectively.

Year Ending June 30,	Principal	Interest	Total
2021	\$ 450,000	\$ 218,600	\$ 668,600
2022	475,000	195,475	670,475
2023	495,000	171,225	666,225
2024	520,000	145,850	665,850
2025	550,000	119,100	669,100
2026-2030	<u>3,130,000</u>	<u>224,313</u>	<u>3,354,313</u>
Subtotal	<u>5,620,000</u>	<u>\$ 1,074,563</u>	<u>\$ 6,694,563</u>
Bond Premium	<u>427,703</u>		
Total	<u><u>\$ 6,047,703</u></u>		

**North Shoreview Street and Flood Control, 2020A - San Mateo-Foster City Public Financing Authority Revenue Bonds, Series 2020A - Original Issue \$42,310,000**

On February 27, 2020, the San Mateo-Foster City Joint Powers Financing Authority issued \$42,310,000 principal amount Revenue Bonds (City of San Mateo Street and Flood Control Projects), Series 2020A (Revenue Bonds). The proceeds of the Revenue Bonds are to be used to finance certain city-wide street rehabilitation and flood control improvements within the City's North Shoreview Levee and Flood Control Facilities Improvements Assessment District.

The Revenue Bonds mature annually each May 1 from 2021 through 2048, with installments ranging from \$465,000 to \$2,530,000. Interest is payable semi-annually on May 1 and November 1 commencing November 1, 2020, with rates ranging from 4.00% to 5.00%. The Revenue Bonds are solely payable from revenues consisting of Base Rental Payments pursuant to a Facility Lease and Installment Payments pursuant to an Installment Payment Contract made between the Authority and the City. The outstanding principal balance net of bond premium was \$50,378,164 as of June 30, 2020. Total principal and interest remaining to be paid on the Revenue Bonds is \$73,672,371. For the current year, principal and interest paid on the Revenue Bonds was \$0.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**8. LONG-TERM DEBT, Continued**

*A. Governmental Activities, Continued*

**North Shoreview Street and Flood Control, 2020A – San Mateo-Foster City Public Financing Authority Revenue Bonds, Series 2020A – Original Issue \$42,310,000, Continued**

Approximately 7% of the debt service for Series A is funded by assessments from the North Shoreview Levee and Flood Control Facilities Improvement Assessment District for the next 20 years. The remaining debt service is funded by an appropriation of the Measure S Fund, which is a sub-fund of the City's General Fund, which reflects the City's commitment to use the funds generated by the 0.25% Measure S transactions and use tax that was passed by San Mateo voters in 2015 to pay for flood control capital improvements to the North Shoreview neighborhood.

The annual debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 465,000	\$ 2,168,171	\$ 2,633,171
2022	815,000	1,817,650	2,632,650
2023	855,000	1,776,900	2,631,900
2024	895,000	1,734,150	2,629,150
2025	940,000	1,689,400	2,629,400
2026-2030	5,405,000	7,757,800	13,162,800
2031-2035	6,710,000	6,443,000	13,153,000
2036-2040	8,515,000	4,641,700	13,156,700
2041-2045	10,410,000	2,742,000	13,152,000
2045-2048	7,300,000	591,600	7,891,600
Subtotal	42,310,000	\$ 31,362,371	\$ 73,672,371
Bond Premium	8,068,164		
<b>Total</b>	<b>\$ 50,378,164</b>		

**South Bayfront Flood Refinancing, 2020B – San Mateo-Foster City Public Financing Authority Revenue Bonds, Series 2020B – Original Issue \$3,455,000**

On February 27, 2020, the San Mateo-Foster City Joint Powers Financing Authority issued \$3,455,000 principal amount Revenue Bonds (City of San Mateo 2011A South Bayfront Refinancing), Series 2020B (Revenue Refunding Bonds). The proceeds of the Revenue Refunding Bonds were used to defease and redeem the outstanding Joint Powers Financing Authority Revenue Bonds (South Bayfront Flood Control Project), Series 2011A (2011A Bonds). As of June 30, 2020, the defeased 2011A Bonds had an outstanding balance of \$3,795,000.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**8. LONG-TERM DEBT, Continued**

**A. *Governmental Activities, Continued***

**South Bayfront Flood Refinancing, 2020B – San Mateo-Foster City Public Financing Authority Revenue Bonds, Series 2020B – Original Issue \$3,455,000, Continued**

The Revenue Bonds mature annually each May 1 from 2021 through 2030, with installments ranging from \$310,000 to \$375,000. Interest is payable semi-annually on May 1 and November 1 commencing November 1, 2020, with rates ranging from 1.55% to 2.25%. The Refunding Revenue Bonds are solely payable from revenues consisting of Base Rental Payments pursuant to a Facility Lease and Installment Payments pursuant to an Installment Payment Contract made between the Authority and the City. The outstanding principal balance was \$3,455,000 as of June 30, 2020. Total principal and interest remaining to be paid on the Revenue Bonds is \$3,866,323. For the current year, principal and interest paid on the Revenue Bonds was \$0.

The City funds installments to the Authority from all revenue received by the City from the levy and collection of assessments from the South Bayfront Levee and Flood Control Facilities Benefit Assessment District. The debt refunding resulted in an accounting deferred loss on refunding of \$274,077 and an economic gain of \$422,043. The aggregate difference between the remaining debt service requirements of the 2011A Bonds and the Revenue Refunding Bonds at the time of refunding was \$1,057,558.

The annual debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 310,000	\$ 78,651	\$ 388,651
2022	330,000	61,974	391,974
2023	330,000	56,529	386,529
2024	335,000	50,754	385,754
2025	345,000	44,724	389,724
2026-2030	1,805,000	118,691	1,923,691
<b>Total</b>	<b>\$ 3,455,000</b>	<b>\$ 411,323</b>	<b>\$ 3,866,323</b>

**CEC Streetlight Loan**

On January 14, 2015, the City entered into a loan agreement with the State of California Energy Conservation and Development Commission in the amount of \$3,000,000 for the City-wide LED and High Voltage Conversion project. Loan funds are to be disbursed to the City on a reimbursement basis based on invoices submitted by the City for actual expenditures incurred for the project.

Semiannual payments due to the Energy Commission under this agreement are expected to be made from savings in energy costs or other available funds. The Loan accrues interest at a rate of 1.00% per annum on the unpaid principal computed from the date of each disbursement to the City.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**8. LONG-TERM DEBT, Continued**

**A. *Governmental Activities, Continued***

**CEC Streetlight Loan, Continued**

The annual debt service requirements on the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 238,174	\$ 24,328	\$ 262,502
2022	240,562	21,940	262,502
2023	242,973	19,529	262,502
2024	245,364	17,138	262,502
2025	247,868	14,634	262,502
2026-2030	1,277,100	35,410	1,312,510
Total	<u>\$ 2,492,041</u>	<u>\$ 132,979</u>	<u>\$ 2,625,020</u>

**PG&E - Energy Efficiency Retrofit Loan**

On February 24, 2020, the City modified the loan agreement with Pacific Gas and Electric Company in the amount of \$1,830,599 for the Sustainable Solutions Turnkey project. Loan funds are to be disbursed to the City on a reimbursement basis based on invoices submitted by the City for actual expenditures incurred for the project.

Monthly payments due under this agreement are expected to be made from savings in energy costs or other available funds. The Loan does not accrue interest. The annual debt service requirements on the loan are as follows:

Year Ending June 30,	Principal
2021	\$ 109,523
2022	187,754
2023	187,754
2024	187,754
2025	187,754
2026-2030	938,769
2031	<u>31,291</u>
Total	<u>\$ 1,830,599</u>

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**8. LONG-TERM DEBT, Continued**

**A. Governmental Activities, Continued**

**Capital Lease Payable - Golf Course Carts**

The City entered into a lease agreement to acquire equipment for the City's golf course. The lease agreement provides for 60 annual payments of \$4,918 through December 29, 2020. Payments include interest at 0.25%. The cost of the equipment was \$247,872, with accumulated depreciation of \$125,964 at June 30, 2020.

As of June 30, 2020, future minimum lease payments under the capital lease obligation were as follows:

Fiscal Year Ending June 30,	
	2021
Total payments	\$ 29,511
Less amounts representing interest	(262)
Net present value of future minimum lease payments	\$ 29,249

**B. Business-Type Activities**

The following is a summary of long-term debt transactions including amortization for the year ended June 30, 2020:

	Original Issue Amount	Balance June 30, 2019	Additions	Deletions	Bond Discount/ (Premium)	Balance June 30, 2020	Due Within One Year	Due in More Than One Year
<b>Business-Type Activities:</b>								
Sewer Revenue Bonds:								
Series 2011A	\$ 31,990,000	\$ 21,702,415	\$ -	\$ (640,000)	\$ (31,701)	\$ 21,030,714	\$ 665,000	\$ 20,365,714
Series 2014A	32,255,000	33,177,189	-	(1,010,000)	(75,688)	32,091,501	1,065,000	31,026,501
PFA Series 2019 Wastewater	236,180,000	283,246,709	-	-	(1,616,903)	281,629,806	-	281,629,806
Total sewer revenue bonds	300,425,000	338,126,313	-	(1,650,000)	(1,724,292)	334,752,021	1,730,000	333,022,021
Total long-term debt	\$300,425,000	338,126,313	\$ -	\$ (1,650,000)	\$ (1,724,292)	334,752,021	\$ 1,730,000	\$333,022,021
Less: Due within one year			(1,650,000)				(1,730,000)	
Due in more than one year			\$336,476,313				\$333,022,021	

**Sewer Revenue Bonds, Series 2011A - Original Issue \$31,990,000**

On May 11, 2011, the City of San Mateo issued Sewer Revenue Bonds, Series 2011A (Series 2011A Bonds), totaling \$31,990,000. The purpose was to refund the City's outstanding (a) Sewer Revenue Refunding Bonds, Series 1996A, (b) Sewer Revenue Bonds, Series 1998A, and (c) Sewer Revenue Refunding Bonds, Series 1998B, finance various improvements to the City's municipal sewer enterprise, and make a deposit into reserve fund for the Series 2011A Bonds and the 2003 Bonds.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**8. LONG-TERM DEBT, Continued**

***B. Business-Type Activities, Continued***

**Sewer Revenue Bonds, Series 2011A – Original Issue \$31,990,000, Continued**

The Series 2011A Bonds mature annually each August 1 through 2041, with installments ranging from \$665,000 to \$1,340,000. The interest on the Series 2011A Bonds is payable semi-annually on February 1 and August 1 of each year, and the interest rates range from 4.15% to 5.25%. The Series 2011A Bonds are payable solely from net revenues received by the City from the operation of the sewer enterprise and certain funds and accounts held under the Indenture. The outstanding principal balance net of bond premium Series 2011A Bonds was \$21,030,714 at June 30, 2020. Total principal and interest remaining to be paid on the Bonds is \$33,018,841.

The annual debt service requirements on the Series 2011A Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 665,000	\$ 1,019,283	\$ 1,684,283
2022	700,000	985,158	1,685,158
2023	735,000	948,364	1,683,364
2024	775,000	908,726	1,683,726
2025	815,000	868,008	1,683,008
2026-2030	4,395,000	3,717,948	8,112,948
2031-2035	4,225,000	2,643,137	6,868,137
2036-2040	5,445,000	1,424,355	6,869,355
2041-2042	2,610,000	138,862	2,748,862
Subtotal	20,365,000	\$ 12,653,841	\$ 33,018,841
Bond Premium	665,714		
Total	\$ 21,030,714		

**Sewer Revenue Bonds, Series 2014A – Original Issue \$32,255,000**

On July 2, 2014, the City of San Mateo issued Sewer Revenue Bonds, Series 2014A (Series 2014A Bonds), totaling \$32,255,000. The purpose was to refund the City's outstanding Sewer Revenue Bonds, Series 2003, and finance various improvements to the City's municipal sewer enterprise.

The Series 2014A Bonds mature annually each August 1 through 2044, with installments ranging from \$670,000 to \$2,665,000. The interest on the Series 2014A Bonds is payable semi-annually on February 1 and August 1 of each year, with coupons ranging from 3.00% to 5.00%. The Series 2014A Bonds are payable solely from net revenues received by the City from the operation of the sewer enterprise and certain funds and accounts held under the Indenture. The outstanding principal balance net of bond premium Series 2014A Bonds was \$32,091,501 at June 30, 2020. Total principal and interest remaining to be paid on the Bonds is \$46,434,445.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**8. LONG-TERM DEBT, Continued**

***B. Business-Type Activities, Continued***

**Sewer Revenue Bonds, Series 2014A – Original Issue \$32,255,000, Continued**

The annual debt service requirements on the Series 2014A Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 1,065,000	\$ 1,228,440	\$ 2,293,440
2022	1,120,000	1,173,815	2,293,815
2023	1,175,000	1,116,440	2,291,440
2024	1,235,000	1,056,190	2,291,190
2025	1,300,000	992,815	2,292,815
2026-2030	6,550,000	3,973,456	10,523,456
2031-2035	3,705,000	3,086,051	6,791,051
2036-2040	4,420,000	2,366,538	6,786,538
2041-2045	9,705,000	1,165,700	10,870,700
Subtotal	30,275,000	\$ 16,159,445	\$ 46,434,445
Bond Premium	1,816,501		
Total	<u>\$ 32,091,501</u>		

**PFA Wastewater Revenue Bonds, Series 2019 – Original Issue \$236,180,000**

In June of 2019, the City of San Mateo and the Estero Municipal Improvement District/City of Foster City jointly issued the 2019 Series Wastewater Revenue Bonds in the amount of \$270,000,000 (2019 Wastewater Bonds) through a joint powers financing authority, San Mateo-Foster City Public Financing Authority (Authority). Of the total issuance amount, the City is responsible for \$236,180,000. Interest payments are payable semi-annually on February 1 and August 1, commencing February 1, 2020. The bonds mature through August 1, 2049, and bear interest at the rate of 4-5%. The issuance resulted in a bond premium of \$53,780,407, of which the City's share was \$47,201,120.

Interest payments and revenue bond retirements are serviced by the revenues generated by the City of San Mateo Sewer Enterprise Fund and the Foster City/Estero Municipal Improvement District Wastewater Enterprise Fund pursuant to a reimbursement agreement. The City's total principal and interest remaining to be paid on the bonds is \$456,949,475.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**8. LONG-TERM DEBT, Continued**

***B. Business-Type Activities, Continued***

**PFA Wastewater Revenue Bonds, Series 2019 – Original Issue \$236,180,000, Continued**

The City's annual debt service requirements on the 2019 Wastewater Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ -	\$ 10,947,250	\$ 10,947,250
2022	-	10,947,250	10,947,250
2023	-	10,947,250	10,947,250
2024	-	10,947,250	10,947,250
2025	-	10,947,250	10,947,250
2026-2030	21,395,000	52,413,375	73,808,375
2031-2035	37,170,000	44,926,750	82,096,750
2036-2040	47,000,000	35,103,225	82,103,225
2041-2045	57,960,000	24,144,750	82,104,750
2046-2050	72,655,000	9,445,125	82,100,125
Subtotal	236,180,000	\$ 220,769,475	\$ 456,949,475
Bond Premium	45,449,806		
Total	\$ 281,629,806		

**Treatment of Revenue Bonds in Aggregate**

The City has covenanted in the indenture, to the maximum extent permitted by law, to set rates and charges for the service and facilities of the Sewer Enterprise sufficient to provide net revenues each fiscal year equal to 120% of the aggregate annual amount of principal and interest due on all parity obligations for such fiscal year and sufficient to provide net revenues each fiscal year equal to at least 100% of the aggregate amount of principal and interest due on all parity obligations and subordinate obligations for such fiscal year.

There are three revenue bonds secured by revenues received from the operation of the Sewer Enterprise: Series 2011A, Series 2014A, and the 2019 Wastewater bonds. Annual principal and interest payments on the three bonds are expected to require 20% of net revenues. The total principal and interest remaining to be paid on the Series 2011A, Series 2014A, and the 2019 JPFA bonds are \$33,018,841, \$46,434,445, and \$456,949,475, respectively. For the current year, principal and interest paid on the Series 2011A was \$1,688,708, Series 2014A was \$2,290,315, and on 2019 Wastewater Bonds was \$7,206,940. Sewer services net revenues were \$35,913,947.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**8. LONG-TERM DEBT, Continued**

**C. Fiduciary Funds - Private Purpose Trust Funds - Successor Agency to the Redevelopment Agency of the City of San Mateo**

The following is a summary of long-term debt transactions including amortization for the year ended June 30, 2020:

	Original Issue Amount	Balance June 30, 2019	Additions	Deletions	Bond Premium	Balance June 30, 2020	Due Within One Year	Due in More Than One Year
<b>Redevelopment Tax</b>								
Allocation Bonds:								
Series 2015A TAB Refunding	\$ 31,210,000	\$ 33,580,427	\$ -	\$ (182,340)	\$ 33,398,087	\$ -	\$ 33,398,087	
Series 2015B TAB Refunding	7,385,000	4,140,000	-	(1,115,000)	-	3,025,000	1,145,000	1,880,000
Series 2017A TAB Refunding	21,440,000	21,374,655	-	(2,335,000)	(417,478)	18,622,177	2,425,000	16,197,177
<b>Total long term debt</b>	<b>\$ 60,035,000</b>	<b>\$ 59,095,082</b>	<b>\$ -</b>	<b>\$ (3,450,000)</b>	<b>\$ (599,818)</b>	<b>\$ 55,045,264</b>	<b>\$ 3,570,000</b>	<b>\$ 51,475,264</b>

**Successor Agency of the Redevelopment Agency of the City of San Mateo, Series 2015A – Original Issue \$31,210,000**

On August 5, 2015, the Successor Agency of the Redevelopment Agency of the City of San Mateo issued \$31,210,000 principal amount Tax Allocation Refunding Bonds, Series 2015A (2015A Refunding Bonds). The proceeds of the 2015A Refunding Bonds were used to advance refund the Merged Area Tax Allocation Bonds, Series 2005A Bonds. The 2015A Refunding Bonds are tax-exempt.

The 2015A Refunding Bonds mature annually each August 1 through 2032, with installments ranging from \$530,000 to \$4,150,000. The interest on the 2015A Refunding Bonds is payable semi-annually on each February 1 and August 1, with coupon rates ranging from 4% to 5%. The 2015A Refunding Bonds are subject to early redemption provisions. The outstanding principal balance of the 2015A Refunding Bonds was \$33,398,087 at June 30, 2020. Total principal and interest remaining to be paid on the Bonds is \$44,208,475.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**8. LONG-TERM DEBT, Continued**

**C. Fiduciary Funds - Private Purpose Trust Funds - Successor Agency to the Redevelopment Agency of the City of San Mateo, Continued**

**Successor Agency of the Redevelopment Agency of the City of San Mateo, Series 2015A - Original Issue \$31,210,000, Continued**

The annual debt service requirements on the 2015A Refunding Bonds are as follows:

Year Ending		Principal	Interest	Total
June 30,				
2021	\$ -	\$ 1,474,050	\$ 1,474,050	
2022	-	1,474,050	1,474,050	
2023	530,000	1,463,450	1,993,450	
2024	1,265,000	1,427,550	2,692,550	
2025	1,325,000	1,375,750	2,700,750	
2026-2030	16,230,000	4,978,375	21,208,375	
2031-2033	11,860,000	805,250	12,665,250	
Subtotal	31,210,000	\$ 12,998,475	\$ 44,208,475	
Bond Premium	2,188,087			
Total	\$ 33,398,087			

**Successor Agency of the Redevelopment Agency of the City of San Mateo, Series 2015B- Original Issue \$7,385,000**

On August 5, 2015, the Successor Agency of the Redevelopment Agency of the City of San Mateo issued \$7,385,000 principal amount Tax Allocation Refunding Bonds, Series 2015B (2015B Refunding Bonds). The proceeds of the 2015B Refunding Bonds were used to advance refund the Merged Area Housing Set-Aside Tax Allocation Bonds, Series 2005A Bonds. The 2015B Refunding Bonds are federally taxable.

The 2015B Refunding Bonds mature annually each August 1 through 2022, with installments ranging from \$695,000 to \$1,185,000. The interest on the 2015B Refunding Bonds is payable semi-annually on each February 1 and August 1, with coupon rates ranging from 3.60% to 3.90%. The 2015B Refunding Bonds are subject to early redemption provisions. The outstanding principal balance of the 2015B Refunding Bonds was \$3,025,000 at June 30, 2020. Total principal and interest remaining to be paid on the Bonds is \$3,174,730.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**8. LONG-TERM DEBT, Continued**

**C. Fiduciary Funds - Private Purpose Trust Funds - Successor Agency to the Redevelopment Agency of the City of San Mateo, Continued**

**Successor Agency of the Redevelopment Agency of the City of San Mateo, Series 2015B- Original Issue \$7,385,000, Continued**

The annual debt service requirements on the 2015B Refunding Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 1,145,000	\$ 87,742	\$ 1,232,742
2022	1,185,000	48,435	1,233,435
2023	695,000	13,553	708,553
Total	<u>\$ 3,025,000</u>	<u>\$ 149,730</u>	<u>\$ 3,174,730</u>

In connection with the issuance of the 2015A and B Refunding Bonds, the City recorded a deferral on refunding of debt, which is reported as a deferred inflow of resources. At June 30, 2020, the total amount deferred was \$52,017 which will be amortized over the remaining life of the Bonds. The economic gain on refunding for the 2015A and B Refunding Bonds was \$2,831,116.

**Successor Agency of the Redevelopment Agency of the City of San Mateo, Series 2017A- Original Issue \$21,440,000**

On October 17, 2017, the Successor Agency of the Redevelopment Agency of the City of San Mateo issued \$21,440,000 principal amount Tax Allocation Refunding Bonds, Series 2017A (2017A Refunding Bonds). The proceeds of the 2017A Refunding Bonds were used to advance refund the tax-exempt Merged Area Tax Allocation Refunding Bonds, Series 2007A. The 2017A Refunding Bonds are tax-exempt.

The 2017A Refunding Bonds mature annually each August 1 through 2025, with installments ranging from \$2,425,000 to \$3,100,000. The interest on the 2017A Refunding Bonds is payable semi-annually on each February 1 and August 1, with coupon rates of 5.00%. The 2017A Refunding Bonds are subject to early redemption provisions. The outstanding principal balance of the 2017A Refunding Bonds was \$18,622,177 at June 30, 2020. Total principal and interest remaining to be paid on the Bonds is \$19,092,750.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**8. LONG-TERM DEBT, Continued**

**C. Fiduciary Funds - Private Purpose Trust Funds - Successor Agency to the Redevelopment Agency of the City of San Mateo, Continued**

**Successor Agency of the Redevelopment Agency of the City of San Mateo, Series 2017A- Original Issue \$21,440,000, Continued**

The annual debt service requirements on the 2017A Refunding Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 2,425,000	\$ 764,375	\$ 3,189,375
2022	2,545,000	640,125	3,185,125
2023	2,675,000	509,625	3,184,625
2024	2,810,000	372,500	3,182,500
2025	2,945,000	228,625	3,173,625
2026	3,100,000	77,500	3,177,500
Subtotal	16,500,000	\$ 2,592,750	\$ 19,092,750
Bond Premium	<u>2,122,177</u>		
Total	<u>\$ 18,622,177</u>		

**Pledged Revenues**

Tax Allocation Bonds held by the Successor Agency of the Redevelopment Agency of the City of San Mateo are secured by property tax revenues. For the current year, principal and interest paid on the Series 2015A, 2015B, and 2017A, Tax Allocation Bonds were \$1,474,050, \$1,236,551, and \$3,206,700, respectively and Redevelopment Agency Property Tax Trust Fund distributions were \$5,994,768.

**D. Land Secured Debt Financing with No City Commitment**

The City of San Mateo has authorized the formation of the Bay Meadows Community Facilities District No. 2008-1 (Bay Meadows CFD), acting through its eligible landowner voters, and the issuance of bonds under the public improvement act (Mello-Roos Community Facilities Act of 1982) of the State of California to finance eligible public facilities necessary to serve developing commercial, industrial, residential and/or mixed use developments. The bonds are secured by annual special tax levies or liens placed on the property within the district.

The City of San Mateo is not liable for repayment and acts only as an agent for the property owners in collecting the special taxes or assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings when necessary. These bonds are payable solely from special taxes or assessments, specific reserves, and the proceeds from property foreclosures to be levied by the Bay Meadows CFD. The City is the collecting and paying agent for the debt, but has no direct or contingent liability for the payment of this debt. Accordingly, the special tax bonds are not reported as liabilities in the City's basic financial statements. As of June 30, 2020, there are three Bay Meadows CFD special tax bonds outstanding with principal amounts payable of \$31,010,000 for the Series 2012, \$24,960,000 for the Series 2013, and \$28,375,000 for the Series 2014. Total outstanding principal balance of the three Bay Meadows CFD special tax bonds was \$84,345,000 as of June 30, 2020.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**8. LONG-TERM DEBT, Continued**

**E. Landfill Closure and Post-Closure Costs Payable**

The City is responsible for closing the East Third Avenue Waste Disposal and Landfill site in accordance with the California Code of Regulations under the jurisdiction of the California Integrated Waste Management Board. In fiscal year 1992, the City developed a Closure Plan that in management's view will meet all regulatory requirements. As stated in the California Code of Regulations, Division 2 Title 27 Article 2 Section 21180, "a)...the landfill shall be maintained and monitored for a period of not less than thirty (30) years after the completion of closure of the entire solid waste landfill." The landfill is at capacity and inactive, and final closure occurred in FY 2005-06.

As of June 30, 2020, the estimated amount of \$1,579,200 has been recorded as Landfill Post-Closure Costs Payable in the Government-Wide Financial Statements.

				Balance June 30, 2020	Due in	
	Balance July 1, 2019	Additions	Deletions		Due Within One Year	More Than One Year
Landfill Closure and Post-Closure Costs Payable	\$ 1,970,638	\$ -	\$ (391,438)	\$ 1,579,200	\$ 98,700	\$ 1,480,500

**F. Compensated Leaves Payable**

Employees accrue vacation, annual leave, earned time off, and holiday leave up to certain maximums, based on the employee's bargaining unit. Employees may elect to be paid a portion of these leaves at various times according to the applicable Memorandum of Understanding. Sick leave may be accumulated without limit. Sick leave may be paid upon retirement up to 50% of accumulated balance up to 960 hours with the maximum payout not to exceed 480 hours.

The City accrues the liability for compensated leave as it is earned by employees. The amount of compensated leaves payable outstanding was \$8,645,753 as of June 30, 2020.

	Balance			Balance June 30, 2020	Due Within	
	July 1, 2019	Additions	Deletions		One Year	
<b>Governmental Activities</b>						
Compensated Leaves Payable	\$ 6,795,934	\$ 6,729,799	\$ (5,959,228)	\$ 7,566,505	\$ 832,315	
<b>Business-Type Activities</b>						
Compensated Leaves Payable	\$ 851,704	\$ 1,139,642	\$ (912,098)	\$ 1,079,248	\$ 118,717	

The amount due within one year of \$832,315 for Governmental Activities and \$118,717 for Business-Type Activities represents the estimated amount for anticipated retirees. The City typically uses the General Fund to liquidate the liability for compensated absences for governmental funds.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**9. CLASSIFICATION OF FUND BALANCES**

In the fund financial statements, fund balances are classified in the following categories:

	Major Governmental Funds					Total Government	
	General	General Capital Projects	Construction Services	Non Major Government Funds			
				General	Capital Projects		
<b>Fund Balances</b>							
Nonspendable fund balance:							
Prepays and Supplies	\$ 460,607	\$ -	\$ -	\$ -	\$ -	\$ 460,607	
Advances to other funds	341,000	-	-	-	-	341,000	
Total Nonspendable fund balance	801,607	-	-	-	-	801,607	
Restricted fund balance for:							
Debt Service	-	-	-	-	5,340,311	5,340,311	
Infrastructure	-	59,196,390	-	-	-	59,196,390	
Housing	-	758,930	-	13,510,250	14,269,180		
Other Capital Projects	-	3,565,528	-	6,754,806	10,320,334		
Public Streets and Related Facilities	-	4,897,682	-	6,293,279	11,190,961		
Parks	-	1,048,118	-	2,257,825	3,305,943		
Public Safety	-	-	-	4,258,718	4,258,718		
Total Restricted fund balance	-	69,466,648	-	38,415,189	107,881,837		
Committed fund balance for:							
Debt service	564,925	-	-	-	-	564,925	
Infrastructure	-	4,123,762	-	-	-	4,123,762	
Other Capital Projects	500,000	4,217,981	-	-	-	4,717,981	
Public Streets and Related Facilities	305,948	4,876,325	-	-	-	5,182,273	
Parks	-	748,746	-	-	-	748,746	
Other Purposes:							
Solid Waste	-	-	-	7,832,013	7,832,013		
Advance Planning	-	-	-	4,291,954	4,291,954		
Construction Services	-	-	43,113,350	-	43,113,350		
Downtown Parking & Security	-	-	-	3,814,001	3,814,001		
Landfill Post-Closure	-	-	-	2,402,719	2,402,719		
Total Committed fund balance	1,370,873	13,966,814	43,113,350	18,340,687	76,791,724		
Assigned fund balance for:							
Public Safety	49,234	-	-	-	-	49,234	
Other Purposes	621,375	-	-	-	-	621,375	
Total Assigned fund balance	670,609	-	-	-	-	670,609	
Unassigned fund balance							
Future emergencies	19,308,597	-	-	-	-	19,308,597	
Service Stability	11,925,532	-	-	-	-	11,925,532	
Housing Future Years' Expenditures	4,827,120	-	-	-	-	4,827,120	
Other Purposes	46,657,940	-	-	-	-	46,657,940	
Total Unassigned fund balance	82,719,189	-	-	-	-	82,719,189	
Total Fund Balances	\$ 85,562,278	\$ 83,433,462	\$ 43,113,350	\$ 56,755,876	\$ 268,864,966		

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**10. EXPENDITURES IN EXCESS OF APPROPRIATIONS**

The following fund had expenditures in excess of budget. Sufficient fund balances were available to fund these expenditures:

Fund	Appropriations	Expenditures	Excess
General Fund:			
Fire	\$ 22,461,923	\$ 22,477,412	\$ (15,489)
Public works	6,860,507	7,152,496	(291,989)
Interest and fiscal charges	166,763	284,852	(118,089)
Internal Service Funds:			
Fleet and Building Maintenance	\$ 4,786,489	\$ 4,811,818	\$ (25,329)

**11. DEFICIT FUND BALANCES/NET POSITION**

As of June 30, 2020, the Fleet and Building Maintenance Internal Service Fund reported a deficit net position of \$207,024.

**12. RISK MANAGEMENT**

*A. Coverage*

The City retains a level of risk for both general liability and workers' compensation. The City carries commercial insurance above this limit. The City maintains occurrence basis insurance coverage up to \$25 million in excess of its \$500,000 risk retention per occurrence for general liability, and \$25 million in excess of its \$1,000,000 risk retention for workers' compensation. The City has not had claims settlements exceeding insurance coverage for each of the past three fiscal years.

*B. Claims Activity*

The City's claims activity is recorded in its internal service funds. Estimated liabilities are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims that have been incurred but not reported (IBNRs) are also included in the liability estimates.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**12. RISK MANAGEMENT, Continued**

**B. *Claims Activity, Continued***

A summary of the changes in claims liabilities for the past three fiscal years follows.

For the Years Ended June 30,	Fiscal Year						Due in More than One Year
	Claims Payable	Claims and Changes in Estimates	Claims Payments	Claims Payable	Due Within June 30	One Year	
<b>Workers' Compensation</b>							
2018	\$ 12,166,000	\$ 2,381,806	\$ (2,034,806)	\$ 12,513,000	\$ 1,000,000		\$ 11,513,000
2019	12,513,000	3,068,442	(2,833,442)	12,748,000	2,400,000		10,348,000
2020	12,748,000	5,342,281	(2,753,281)	15,337,000	2,600,000		12,737,000
<b>Dental</b>							
2018	\$ -	\$ 897,124	\$ (897,124)	\$ -	\$ -		\$ -
2019	-	783,235	(783,235)	-	-		-
2020	-	599,814	(599,814)	-	-		-
<b>General Liability</b>							
2018	\$ 1,335,000	\$ (11,616)	\$ (223,384)	\$ 1,100,000	\$ 500,000		\$ 600,000
2019	1,100,000	258,165	(108,165)	1,250,000	500,000		750,000
2020	1,250,000	91,581	(270,581)	1,071,000	500,000		571,000

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**13. EMPLOYEE RETIREMENT PLANS**

**A. Pension Plans**

Summary of Pension Amounts

	Miscellaneous Plan	Safety Plan	Total Plans
Deferred Employer Pension Contributions	\$ 8,303,301	\$ 12,284,260	\$ 20,587,561
Deferred Outflows - Pension Related Amounts	\$ 2,876,330	\$ 6,653,981	\$ 9,530,311
Net Pension Liability	\$ 77,923,978	\$ 152,602,395	\$ 230,526,373
Deferred Inflows - Pension Related Amounts	\$ 1,470,647	\$ 2,261,950	\$ 3,732,597
Pension Expense	\$ 14,577,867	\$ 25,261,429	\$ 39,839,296

**I. General Information about the Pension Plans**

**Plan Descriptions** – All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**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 credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**13. EMPLOYEE RETIREMENT PLANS, Continued**

**A. Pension Plans, Continued**

**I. General Information about the Pension Plans, Continued**

The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	<u>Safety</u>	<u>Miscellaneous</u>
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Earliest retirement age	50	50
Benefit factor for each year of service		
as a % of annual salary	3% at age 50	2% at age 55
Required employee contribution rates	9%	7%
Required employer contribution rates	19.292%	9.007%
Required unfunded accrued liability		
payment (UAL)	\$9,238,715	\$5,156,838

On January 1, 2013, the Public Employee Pension Reform Act (PEPRA) went into effect. This State law applies to employees hired on or after January 1, 2013 who are new to Public Employee Retirement Systems (PERS). These employees are termed PEPRA members and employees that were enrolled in PERS (without significant separation) prior to January 1, 2013 are now referred to as classic members. PEPRA miscellaneous members will be enrolled in a 2% at 62 plan and PEPRA safety members will be enrolled in a 2.7% at 57 plan. PEPRA members will be required to pay half the normal cost of their plans.

**Employees Covered** – At June 30, 2020, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	615	374
Inactive employees entitled to but not yet receiving benefits	361	200
Active employees	362	106
<b>Total</b>	<b>1,338</b>	<b>680</b>

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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### **13. EMPLOYEE RETIREMENT PLANS, Continued**

#### *A. Pension Plans, Continued*

##### *I. General Information about the Pension Plans, Continued*

**Contributions** – Section 20814(C) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year (normal cost), with additional amount to finance any unfunded accrued liability (UAL). The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2019 (the measurement date), the average active employee contribution rate is 7 percent of annual pay for the Miscellaneous Plan and 9 percent of annual pay for the Safety Plan, and employer contribution rate is 21.64 percent of annual payroll for the Miscellaneous Plan and 92.0 percent of annual payroll for the Safety Plan. Of note, the pension liability for the service years of former City employees that transferred to the San Mateo Consolidated Fire Department remains with the City, thus the UAL as a percentage of payroll is higher, as the UAL is relative to the remaining Safety Plan members (Police Department employees).

##### *II. Net Pension Liability*

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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

	Miscellaneous	Safety
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increases	Varies by Entry Age and Service	
Investment Rate of Return	7.15%	7.15%
Mortality <sup>(1)</sup>	Derived using CalPERS’ Membership Data for all Funds	
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter	

<sup>(1)</sup> The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**13. EMPLOYEE RETIREMENT PLANS, Continued**

*A. Pension Plans, Continued*

*II. Net Pension Liability, Continued*

**Discount Rate** – The discount rate used to measure the total pension liability was 7.15% for each Plan. This rate includes investment expenses and inflation. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above, and rounded down to the nearest one quarter of one percent.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**13. EMPLOYEE RETIREMENT PLANS, Continued**

**A. Pension Plans, Continued**

**II. Net Pension Liability, Continued**

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New		
	Strategic Allocation	Real Return Years 1 - 10 <sup>(a)</sup>	Real Return Years 11+ <sup>(b)</sup>
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100%		

(a) An expected inflation of 2.0% used for this period.

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

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**13. EMPLOYEE RETIREMENT PLANS, Continued**

**A. Pension Plans, Continued**

**III. Changes in the Net Pension Liability**

The changes in the net pension liability for each Plan follow:

*Miscellaneous Plan:*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position <sup>(1)</sup>	Net Pension Liability/(Asset)
<b>Balance at June 30, 2018</b>	\$ 266,465,499	\$ 194,375,865	\$ 72,089,634
<b>Changes in the year:</b>			
Service cost	5,232,210	-	5,232,210
Interest on the total pension liability	19,039,419	-	19,039,419
Differences between actual and expected experience	4,029,100	-	4,029,100
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Plan to Plan Resource Movement	-	-	-
Contribution - employer	-	7,343,013	(7,343,013)
Contribution - employee	-	2,463,688	(2,463,688)
Net investment income	-	12,797,943	(12,797,943)
Administrative expenses	-	(138,711)	138,711
Other Miscellaneous Expense	-	452	(452)
Benefit payments, including refunds of employee contributions	(13,650,253)	(13,650,253)	-
<b>Net changes</b>	<b>14,650,476</b>	<b>8,816,132</b>	<b>5,834,344</b>
<b>Balance at June 30, 2019</b>	<b>\$ 281,115,975</b>	<b>\$ 203,191,997</b>	<b>\$ 77,923,978</b>

(1) The fiduciary net position includes receivables for employee service buyback, deficiency reserve, and fiduciary self-insurance.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**13. EMPLOYEE RETIREMENT PLANS, Continued**

*A. Pension Plans, Continued*

*III. Changes in the Net Pension Liability, Continued*

*Safety Plan:*

		Increase (Decrease)	
	Total Pension Liability	Plan Fiduciary Net Position <sup>(1)</sup>	Net Pension Liability/(Asset)
<b>Balance at June 30, 2018</b>	<b>\$ 399,785,233</b>	<b>\$ 252,146,010</b>	<b>\$ 147,639,223</b>
<b>Changes in the year:</b>			
Service cost	4,449,133	-	4,449,133
Interest on the total pension liability	28,324,725	-	28,324,725
Differences between actual and expected experience	4,999,458	-	4,999,458
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Plan to Plan Resource Movement	-	-	-
Contribution - employer	-	14,131,640	(14,131,640)
Contribution - employee	-	2,260,834	(2,260,834)
Net investment income	-	16,597,022	(16,597,022)
Administrative expenses	-	(179,937)	179,937
Other Miscellaneous Expense	-	585	(585)
Benefit payments, including refunds of employee contributions	(21,718,515)	(21,718,515)	-
<b>Net changes</b>	<b>16,054,801</b>	<b>11,091,629</b>	<b>4,963,172</b>
<b>Balance at June 30, 2019</b>	<b>\$ 415,840,034</b>	<b>\$ 263,237,639</b>	<b>\$ 152,602,395</b>

(1) The fiduciary net position includes receivables for employee service buyback, deficiency reserve, and fiduciary self-insurance.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**13. EMPLOYEE RETIREMENT PLANS, Continued**

*A. Pension Plans, Continued*

*III. Changes in the Net Pension Liability, Continued*

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$ 113,128,004	\$ 207,809,472	\$ 320,937,476
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$ 77,923,978	\$ 152,602,395	\$ 230,526,373
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$ 48,630,773	\$ 107,299,341	\$ 155,930,114

**Pension Plan Fiduciary Net Position** – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

*IV. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions*

For the measurement period ended June 30, 2019, the City recognized pension expense of \$14,577,867 for the Miscellaneous Plan and \$25,261,429 for the Safety Plan.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**13. EMPLOYEE RETIREMENT PLANS, Continued**

**A. Pension Plans, Continued**

**IV. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued**

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan		Safety Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 8,303,301	\$ -	\$ 12,284,260	\$ -
Differences between actual and expected experience	2,876,330	-	4,198,897	76,796
Changes in assumptions	-	369,424	2,455,084	695,050
Net differences between projected and actual earnings on plan investments	-	1,101,223	-	1,490,104
<b>Total</b>	<b>\$ 11,179,631</b>	<b>\$ 1,470,647</b>	<b>\$ 18,938,241</b>	<b>\$ 2,261,950</b>
<b>Total</b>				
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Pension contributions subsequent to measurement date	\$ 20,587,561	\$ -		
Differences between actual and expected experience	7,075,227	76,796		
Changes in assumptions	2,455,084	1,064,474		
Net differences between projected and actual earnings on plan investments	-	2,591,327		
<b>Total</b>	<b>\$ 30,117,872</b>	<b>\$ 3,732,597</b>		

\$20,587,561 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**13. EMPLOYEE RETIREMENT PLANS, Continued**

**A. Pension Plans, Continued**

**IV. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued**

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

Fiscal Year Ending June 30:	Miscellaneous		Safety		Total
	Plan		Plan		
2021	\$ 2,100,913		\$ 6,567,247		\$ 8,668,160
2022	(551,290)		(1,973,321)		(2,524,611)
2023	(332,649)		(447,268)		(779,917)
2024	188,709		245,373		434,082

**V. Payable to Pension Plans**

As of June 30, 2020, the City reported a payable of \$463,590 for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2020.

**B. Social Security**

Total contributions to Social Security for all City employees during the year ended June 30, 2020 amounted to \$4,337,624 of which the City paid \$2,168,812.

The Omnibus Budget Reconciliation Act of 1990 (OBRA) mandates that public sector employees who are not members of their employer's existing retirement system as of January 1, 1992 be covered by either Social Security or an alternative plan.

The City's part-time, seasonal and temporary employees are covered under an alternative savings plan, which requires these employees and the City to each contribute 3.75% of the employees' pay for a total of 7.50%.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**14. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

The City administers a single-employer defined benefit post employment healthcare plan. Merit employees who retire directly from the City under CalPERS at the minimum age 50 with at least 5 years of CalPERS service (or disability) are eligible to receive \$160 per month for medical insurance premiums paid to CalPERS. This same benefit may continue to a surviving spouse depending on the retirement plan election. As of June 30, 2019, there were 374 retirees receiving post employment health care benefits from the City.

**Employees Covered**

Inactive employees or beneficiaries currently receiving benefits	374
Inactive employees entitled to but not yet receiving benefits	202
Active employees	453
Total	1,029

**Contributions**

Beginning in the fiscal year 2012-13, the City pre-funds the Plan through California Employers' Retiree Benefit Trust (CERBT) by contributing the City's Annual Required Contribution (ARC) every year. For the measurement period 2018-19, the City contributed \$1,950,000.

CERBT is a tax qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to prefund retirement health benefits. The CERBT issues a publicly available financial report that included financial statements and required supplementary information for the City, not individualizing, but in aggregate with the other CERBT participants. That report may be obtained by contacting CalPERS.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**14. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued**

**Net OPEB Liability**

The City's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.75%
Contribution Policy	Contributes full ADC
Salary Increases	Varies by Entry Age and Service
Projected Salary Increase	3.00%
Investment Rate of Return	6.75%
Mortality	CalPERS 1997-2015 Experience Study
Post Retirement Benefit Increase	Post-retirement mortality projected fully generational with Scale MP-2019
Healthcare Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table on the following page.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**14. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued**

**Net OPEB Liability, Continued**

Asset Class	Target Allocation*	Expected Real Rate of Return
Global Equity	59.00%	4.82%
Fixed Income	25.00%	1.47%
TIPS	5.00%	1.29%
Commodities	3.00%	0.84%
REITS	8.00%	3.76%
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return, Rounded		6.75%
Discount Rate**		6.75%

\*Provided by CalPERS' Strategic Asset Allocation Analysis Overview effective October 1, 2018 – Strategy 1.

\*\*The fiduciary net position is projected to be sufficient to make projected benefit payments, and the plan assets are expected to be invested using the strategy to achieve the expected return.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**14. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued**

**Changes in the net OPEB Liability**

The changes in the net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
<b>Balance at June 30, 2019</b> (6/30/18 measurement date)	\$ 19,715,000	\$ 4,312,000	\$ 15,403,000
<b>Changes in the year:</b>			
Service cost	692,000	-	692,000
Interest on the total OPEB liability	1,338,000	-	1,338,000
Differences between actual and expected experience	(3,453,000)	-	(3,453,000)
Changes in assumptions	(509,000)	-	(509,000)
Changes in benefit terms	-	-	-
Contribution - employer	-	1,950,000	(1,950,000)
Contribution - employee	-	-	-
Net investment income	-	495,000	(495,000)
Administrative expenses	-	(7,000)	7,000
Benefit payments	(1,174,000)	(1,174,000)	-
<b>Net changes</b>	<b>(3,106,000)</b>	<b>1,264,000</b>	<b>(4,370,000)</b>
<b>Balance at June 30, 2020</b> (6/30/19 measurement date)	<b>\$ 16,609,000</b>	<b>\$ 5,576,000</b>	<b>\$ 11,033,000</b>

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	Current		
	1% Decrease (5.75%)	Discount (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 13,050,000	\$ 11,033,000	\$ 9,362,000

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**14. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued**

**Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates**

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	Current Healthcare		
	1% Decrease (5.3% - 3.0%)	Trend Rate (6.3% - 4.0%)	1% Increase (7.3% to 5.0%)
Net OPEB Liability	\$ 9,211,000	\$ 11,033,000	\$ 13,263,000

**Recognition of Deferred Outflow and Deferred Inflows of Resources**

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (5.7 years at July 1, 2018)

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

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$926,000. For the fiscal year ended June 30, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,825,000	\$ -
Differences between actual and expected experience	-	2,847,000
Changes in assumptions	-	420,000
Net differences between projected and actual earnings on plan investments	-	219,000
<b>Total</b>	<b>\$ 1,825,000</b>	<b>\$ 3,486,000</b>

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**14. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued**

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

The \$1,825,000 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year		
<u>Ending June 30:</u>		
2021	\$	(768)
2022		(769)
2023		(735)
2024		(727)
2025		(487)

**15. COMMITMENTS AND CONTINGENCIES**

**A. *Lawsuits***

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

**B. *Federal and State Grant Programs***

The City participates in Federal and State grant programs. These programs are subject to review and audit by the grantor agencies. Expenditures which may be disallowed by the granting agencies, if any, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**15. COMMITMENTS AND CONTINGENCIES, Continued**

**C. Commitments**

The City has capital contractual commitments for which funds have been encumbered as of June 30, 2020. Encumbrances related to capital projects are funded through the current year appropriated budget, which carries over to the following year.

The following is a list of the commitments at June 30, 2020:

\$116.8 million in Clean Water Program projects to upgrade the City's aging wastewater collection and treatment system with advanced infrastructure, including construction of new WWTP facility. This project is a joint effort between City of San Mateo and the City of Foster City/Estero Municipal Improvement District (EMID).

\$28.4 million in sanitary sewer rehabilitation and improvement projects, including pump station rehabilitation and levee improvements.

\$7.7 million in streetscape improvements, bridges, traffic control upgrades, on-going citywide street and street light rehabilitation, and bikeway and pedestrian improvements.

\$7.2 million in parks upgrades, tree planting, and other City facilities upgrades.

**16. JOINT VENTURES**

City of San Mateo and Estero Municipal Improvement District

The City and the Estero Municipal Improvement District (Estero), entered into a "Joint Exercise of Powers Agreement" in 1974 to construct, maintain, and operate a joint use wastewater treatment plant facility (Facility). The City and Estero jointly use and own the Facility. During the original construction phase, the City served as the lead agency. Currently, the day to day operations and maintenance of the treatment plant are managed by the City. Both parties continue to make capital contributions and pay for operational and maintenance costs. During the fiscal year ended June 30, 2020, the City paid \$22,827,819 for operations and maintenance of the wastewater treatment plant facility.

In June of 2019, the City of San Mateo and the Estero Municipal Improvement District/City of Foster City jointly issued the 2019 Series Wastewater Revenue Bonds in the amount of \$270,000,000 (2019 Wastewater Bonds) through a joint powers financing authority, San Mateo-Foster City Public Financing Authority (Authority). Of the total issuance amount, the City is responsible for \$236,180,000. Interest payments are payable semi-annually on February 1 and August 1, commencing February 1, 2020. The bonds mature through August 1, 2049, and bear interest at the rate of 4-5%. The issuance resulted in a bond premium of \$53,780,407, of which the City's share was \$47,201,120.

Interest payments and revenue bond retirements are serviced by the revenues generated by the City of San Mateo Sewer Enterprise Fund and the Foster City/Estero Municipal Improvement District Wastewater Enterprise Fund pursuant to a reimbursement agreement. The City's total principal and interest remaining to be paid on the bonds is \$456,949,475.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**16. JOINT VENTURES, Continued**

City of San Mateo, City of Belmont/Belmont Fire Protection District, and City of Foster City/Estero Municipal Improvement District

On November 22, 2017, the City of San Mateo, the City of Belmont/Belmont Fire Protection District, and the City of Foster City/Estero Municipal Improvement District formed a Joint Powers Authority (JPA) named the San Mateo Consolidated Fire Department (SMC Fire) to provide integrated and comprehensive fire protection, fire prevention, and emergency response services to all three communities serving a population of over 164,000. Effective January 13, 2019, San Mateo's financial contributions to SMC Fire is accounted for annually as an investment in equity interest in its government-wide financial statements.

SMC Fire is governed under the terms of the JPA Agreement by a Board of Directors consisting of one voting representative and one alternate who are elected members from the governing boards of the three JPA Member Agencies. Each member agency has the following weighted vote: City of San Mateo (60%), City of Belmont (20%), and City of Foster City (20%), with a minimum weighted vote of 80% needed for any action to be taken.

As of June 30, 2020, the City has an investment in JPA equity of \$10,859,454. Every year the City adjusts the investment based on the City's proportion of financial activity at SMC Fire (60%).

Audited financial statements of SMC Fire are available from City of San Mateo, 330 West 20th Avenue, San Mateo, CA 94403.

The condensed audited financial information of the JPA as of June 30, 2020 is as follows (in millions):

Total Assets	\$17.1
Deferred outflows	\$5.9
Total Liabilities	\$4.9
Net Position	\$18.1

**17. SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FOR ASSETS OF FORMER REDEVELOPMENT**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of San Mateo that previously had reported the City's Redevelopment Agency within the reporting entity as a blended component unit. The Bill provided that upon dissolution of a redevelopment agency, either the City or another unit of local government agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 9, 2012, the City Council elected to become the Successor Agency for the former Redevelopment agency in accordance with the Bill as part of City Resolution No. 2 (2012).

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**17. SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FOR ASSETS OF FORMER  
REDEVELOPMENT, Continued**

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California were prohibited from entering into new projects, obligations, or commitments. Subject to the control of a newly established oversight board, remaining assets could only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In accordance with the Bill, the State Controller's Office (SCO) of the State of California reviewed the propriety of any transfers of assets between the San Mateo Redevelopment Agency (RDA) and the City that occurred after January 1, 2011.

On October 23, 2013, the SCO issued a report stating that there were no identified unallowable transfers of assets that occurred during the review period between the RDA, the City, and/or any other public agencies. In April 2013, the California Department of Finance (DOF) issued a Finding of Completion to the Successor Agency which allowed proceeds (\$3.3 million) from the Merged Area Tax Allocation Bonds, Series 2005A and Series 2007A, to be used to reimburse the City of San Mateo for construction costs of Fire Station 24 in accordance with the Cooperation Agreement between the City and the Successor Agency. Construction of Fire Station 24 was a use of the bond proceeds that is consistent with the stated purposes of the original bond covenants, and these bonds proceeds were utilized in this manner during fiscal year 2013-14. Once a Finding of Completion is issued by the DOF, State law (AB 1484) requires that successor agencies prepare a Long-Range Property Management Plan (LRPMP) for the disposition and use of the remaining assets of the former San Mateo Redevelopment Agency. The Successor Agency submitted the required LRPMP, as amended and approved by the Oversight Board, to the DOF on October 17, 2013. The LRPMP addressed the disposition of five properties that were under title with the Successor Agency. The Successor Agency received a formal response from the DOF on April 28, 2014, rejecting the LRPMP as submitted. The letter outlined that public parking was not considered a governmental use by the State and as a result, the City needed to examine other available disposition options for several other remaining properties. As required, the Successor Agency submitted to the DOF on October 1, 2014, a revised LRPMP that was approved by the Oversight Board. In February 2015, the revised LRPMP was approved by the DOF after the Oversight Board approval. The actual land titles transferred to the City from the Successor Agency for the former San Mateo Redevelopment Agency in July 2015. The outstanding enforceable obligations currently only include amounts owed to holders of the Successor Agency of Redevelopment Agency Tax Allocation Refunding Bonds Series 2015A, Successor Agency of Redevelopment Agency Tax Allocation Refunding Bonds Series 2015B, and the Successor Agency of Redevelopment Agency Tax Allocation Refunding Bonds, Series 2017A.

Late in the 2016-17 fiscal year, the Successor Agency began the due diligence process to refund the 2007 Tax Allocation Bonds, which were eligible to be refunded as of August 1, 2017. The Agency approved the refunding and an amendment to the Last and Final ROPS on June 5, 2017, and the Oversight Board made the same approvals on June 7, 2017. The resolutions of approval were submitted to the Department of Finance in June 2018, with approval for the Oversight Board Resolutions coming on August 21, 2017. The Department of Finance approved the amendment to the Last and Final ROPS, and its confirmation that this entire transaction would be considered the first of two allowed amendments to the Last and Final ROPS in a letter dated December 13, 2017.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**18. PRIOR PERIOD ADJUSTMENTS**

The City recorded the following prior period adjustments to correct the allocation of pension related balances for the City's Miscellaneous Pension Plan and to implement GASB Statement No. 84.

	Net Position, as Previously Reported	Prior Period Adjustments					Net Position as Restated
		Deferred Outflows of Resources - Pension		Due to Others	Net Pension Liability	Deferred Inflows of Resources - Pension	
<b>Government-Wide Statements</b>							
Governmental Activities	\$ 415,218,926	\$ (187,464)	\$ -	\$ 1,173,024	\$ 24,810	\$ 416,229,296	
Business-type Activities	\$ 162,648,557	\$ 187,464	\$ -	\$ (1,173,024)	\$ (24,810)	\$ 161,638,187	
<b>Fund Statements</b>							
<u>Proprietary Funds</u>							
Sewer Enterprise	\$ 162,648,557	\$ 187,464	\$ -	\$ (1,173,024)	\$ (24,810)	\$ 161,638,187	
<u>Fiduciary Funds</u>							
Custodial Funds	\$ -	\$ -	\$ 25,762,361		\$ -	\$ 25,762,361	

**19. COVID-19 PANDEMIC**

During December 2019, the Novel Corona Virus Disease (COVID-19) was discovered. The COVID-19 was subsequently declared a world-wide pandemic by the World Health Organization on March 11, 2020. On March 4, 2020, California State Governor Gavin Newsom proclaimed a State of Emergency as a result of the threat of the COVID-19 in the State of California, leading to the San Mateo County Health Officer issuing a stay-at-home directive on March 16, 2020. This halted all business within San Mateo County outside of essential activities.

COVID-19 had an immediate and severe impact on the City of San Mateo's tax revenues. While 2019-20 property tax revenues were inoculated from COVID-19 due to the lien date (and change in California Consumer Price Index) of January 1, 2019, preceding the onset of COVID-19 in March 2020, as clearly evident in the City's basic financial statements, sales tax, transient occupancy tax (TOT), and property transfer tax were susceptible to the economic impact of COVID-19. The reduction in sales tax revenue reflects the closure of non-essential businesses in response to the restrictions from the shelter-in-place order, while the drop in TOT revenues was directly attributable to the restrictions on the travel industry. While property transfer tax revenues were notably lower than the historic high from the prior year, the real estate industry was able to adapt to the challenges of a pandemic as evidenced by the continued demand for real estate.

**City of San Mateo**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**19. COVID-19 PANDEMIC, Continued**

Non-tax revenues were also impacted by COVID-19, largely in charges for services, which reflected cancellation of recreation classes due to restrictions of large in-person gatherings. Fortunately, the City's golf course was able to open in early May 2020, which helped to offset the anticipated revenue loss.

In response to the economic impact and the resultant structural imbalance of the City's General Fund brought on by COVID-19, the City Council approved Phase 1 of the City's Fiscal Sustainability Plan to provide relief to the General Fund through expenditure reductions and revenue enhancement. Expenditure reductions include negotiating with the City's bargaining units for concessions, strategic and permanent elimination of specific vacant positions, and partially supplanting General Fund support of the City's Capital Improvement Plan with other available funds. Based on the results of a statistically-valid community survey, 72% of likely voters indicated that they would approve a ballot measure to increase the City's TOT rate from 12% to 14%. As such, the City Council unanimously adopted a resolution to put a TOT measure on the ballot for November 2020. The City also shifted from its two-year budget cycle to a one-year budget cycle given the economic volatility due to COVID-19.



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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**City of San Mateo**  
**Required Supplementary Information**  
**For the year ended June 30, 2020**

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**1. BUDGETS AND BUDGETARY ACCOUNTING**

**A. *Budgetary Control and Budgetary Accounting***

The City uses a two-year financial plan for operations that is called the Business Plan. The Long-Term Capital Improvement Plan, which corresponds with the General Plan, is adopted on an incremental basis to coincide with the Business Plan. Budgets are adopted annually for the General Fund, Special Revenue Funds, and Debt Service Funds. Capital Projects are budgeted on a project length basis. The Business Plan and the Long-Term Capital Improvement Plan are adopted by City Council and can be amended only by City Council.

An annual operating budget is adopted by City Council on or before June 30, and comprises the departmental operating budget and the capital improvement budget. The departmental operating budget may be reallocated among programs within a department, but expenditures may not exceed budgeted appropriations at the department level each year without Council acknowledgment and approval. Capital improvement expenditures may not exceed budgeted amounts without Council approval.

The original budget includes amounts automatically carried over from the prior years' budget such as encumbrances.

**B. *Encumbrances and Budgetary Financial Statements***

The City's budgets, and the accompanying budgetary financial statements, are prepared using encumbrance accounting. Encumbrance accounting requires that purchase orders, contracts and other commitments for the expenditure of monies be recorded as expenditures in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all budgeted funds. Encumbrances outstanding at year-end are reported as expenditures in the budgetary financial statements.

Unencumbered operating appropriations lapse at year-end, while capital improvement appropriations are carried over to subsequent years until projects are completed.

**C. *Adjustments to GAAP Basis from Budgetary Basis***

City budgets are adopted on a basis consistent with GAAP except for encumbrances and loan repayments. Encumbrances are considered budgetary expenditures in the year of the commitment of purchase, and capital projects expenditures are budgeted on a project length basis, as discussed above. Loan repayments are considered budgetary revenue in the year of the receipts. The effects of these differences are shown as adjustments in the budgetary financial statements.

**City of San Mateo**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2020**

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**1. BUDGETS AND BUDGETARY ACCOUNTING, Continued**

**D. Budgetary Comparison Schedules**

The following are the budget comparison schedules for all major Governmental Funds.

Budgetary Comparison Schedule (Budgetary Basis), General Fund

	Budgeted Amounts		Variance with Final Budget	
	Original	Final		
<b>REVENUES:</b>				
Property taxes	64,046,548	64,046,548	64,742,316	695,768
Sales taxes	25,168,474	25,168,474	23,330,453	(1,838,021)
Other taxes	24,596,456	24,596,456	22,667,498	(1,928,958)
Licenses, building and other permits	95,000	95,000	43,788	(51,212)
Fines, forfeitures and penalties	1,447,000	1,447,000	941,160	(505,840)
Intergovernmental	2,888,388	3,031,082	2,888,895	(142,187)
Charges for services	9,848,789	9,848,789	8,939,036	(909,753)
Investment income	855,772	855,772	3,466,272	2,610,500
Parking meter and lease revenue	-	-	6,510	6,510
Other revenues	3,015,824	3,055,779	3,219,771	163,992
<b>Total revenues</b>	<b>131,962,251</b>	<b>132,144,900</b>	<b>130,245,699</b>	<b>(1,899,201)</b>

**EXPENDITURES:**

Current:

General government:

City Council	349,535	349,535	326,332	23,203
City Manager	2,290,501	2,690,501	2,659,966	30,535
City Clerk	935,610	935,610	785,987	149,623
City Attorney	1,453,013	1,453,013	1,205,295	247,718
Finance	3,852,096	3,852,096	3,685,804	166,292
Information technology	3,843,934	3,843,934	3,328,417	515,517
Human resources	2,325,075	2,325,075	2,133,780	191,295
Community development	2,569,434	2,569,434	1,899,051	670,383

Public safety:

Police	44,970,930	45,328,579	45,317,354	11,225
Fire	22,461,923	22,461,923	22,477,412	(15,489)
Public works	6,836,003	6,860,507	7,152,496	(291,989)
Parks and recreation	17,246,132	17,246,132	15,342,714	1,903,418
Golf	2,232,756	2,232,756	2,211,257	21,499
Library	7,839,049	7,889,049	7,290,855	598,194
Non-departmental	9,217,424	9,217,424	6,535,562	2,681,862

**City of San Mateo**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2020**

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**1. BUDGETS AND BUDGETARY ACCOUNTING, Continued**

*D. Budgetary Comparison Schedules, Continued*

Budgetary Comparison Schedule (Budgetary Basis), General Fund, Continued

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES (CONTINUED):</b>				
Capital outlay	138,327	138,327	77,723	60,604
Debt service:				
Principal	793,050	793,050	722,918	70,132
Interest, and fiscal charges	166,763	166,763	284,852	(118,089)
<b>Total expenditures</b>	<b>129,521,555</b>	<b>130,353,708</b>	<b>123,437,775</b>	<b>6,915,933</b>
REVENUES OVER (UNDER) EXPENDITURES	2,440,696	1,791,192	6,807,924	5,016,732
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,747,500	2,147,500	2,147,500	-
Transfers out	(8,610,000)	(14,051,605)	(12,229,438)	1,822,167
<b>Total other financing sources (uses)</b>	<b>(6,862,500)</b>	<b>(11,904,105)</b>	<b>(10,081,938)</b>	<b>1,822,167</b>
Net change in fund balance	<b>\$ (4,421,804)</b>	<b>\$ (10,112,913)</b>	<b>(3,274,014)</b>	<b>\$ 6,838,899</b>
<b>FUND BALANCE:</b>				
Beginning of year			88,187,289	
End of year, budgetary basis			<b>84,913,275</b>	
Adjustments to GAAP basis:				
Encumbrance adjustments			649,003	
End of year			<b>\$ 85,562,278</b>	

**City of San Mateo**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2020**

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**1. BUDGETS AND BUDGETARY ACCOUNTING, Continued**

**D. Budgetary Comparison Schedules, Continued**

**Budgetary Comparison Schedule (Budgetary Basis), Construction Services Special Revenue Fund**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Licenses, building and other permits	\$ 7,536,880	\$ 7,536,880	\$ 6,189,292	\$ (1,347,588)
Charges for services	1,100,400	1,100,400	1,329,265	228,865
Investment income	300,000	300,000	1,340,815	1,040,815
Other revenues	-	-	2,189	2,189
<b>Total revenues</b>	<b>8,937,280</b>	<b>8,937,280</b>	<b>8,861,561</b>	<b>(75,719)</b>
<b>EXPENDITURES:</b>				
Current:				
City manager	88,212	88,212	7,865	80,347
City attorney	-		163,764	(163,764)
Information technology	81,585	81,585	91,117	(9,532)
Community development	7,736,214	8,036,214	7,702,322	333,892
Public works	426,793	426,793	456,933	(30,140)
<b>Total expenditures</b>	<b>8,332,804</b>	<b>8,632,804</b>	<b>8,422,001</b>	<b>210,803</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>604,476</b>	<b>304,476</b>	<b>439,560</b>	<b>135,084</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,000,000)	(2,419,348)	(448,675)	1,970,673
<b>Total other financing sources (uses)</b>	<b>(1,000,000)</b>	<b>(2,419,348)</b>	<b>(448,675)</b>	<b>1,970,673</b>
<b>Net change in fund balance</b>	<b>\$ (395,524)</b>	<b>\$ (2,114,872)</b>	<b>(9,115)</b>	<b>\$ 2,105,757</b>
<b>FUND BALANCE:</b>				
Beginning of year			42,089,120	
End of year, budgetary basis			42,080,005	
Adjustments to GAAP basis:				
Encumbrance adjustments			1,033,345	
End of year			\$ 43,113,350	

**City of San Mateo**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2020**

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**2. DEFINED BENEFIT PENSION PLANS**

**A. Schedule of Changes in Net Pension Liability and Related Ratios  
 During the Measurement Period**

**Miscellaneous Plan**

Measurement Period <sup>(1)</sup>	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
<b>TOTAL PENSION LIABILITY</b>						
Service Cost	\$ 5,232,210	\$ 5,037,653	\$ 4,518,151	\$ 3,993,514	\$ 3,892,876	\$ 3,828,331
Interest	19,039,419	18,044,112	17,389,674	17,090,620	16,438,129	15,777,588
Changes of Benefit Terms	-	-	-	-	-	-
Difference Between Expected and Actual Experience	4,029,100	1,103,888	(3,106,399)	(331,929)	(627,100)	-
Changes of Assumptions	-	(1,424,920)	13,781,463	-	(3,817,336)	-
Benefit Payments, Including Refunds of Employee Contributions	(13,650,253)	(12,925,302)	(12,461,817)	(11,970,354)	(11,069,836)	(10,298,370)
<b>Net Change in Total Pension Liability</b>	<b>14,650,476</b>	<b>9,835,431</b>	<b>20,121,072</b>	<b>8,781,851</b>	<b>4,816,733</b>	<b>9,307,549</b>
<b>Total Pension Liability - Beginning</b>	<b>266,465,499</b>	<b>256,630,068</b>	<b>236,508,996</b>	<b>227,727,145</b>	<b>222,910,412</b>	<b>213,602,863</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 281,115,975</b>	<b>\$ 266,465,499</b>	<b>\$ 256,630,068</b>	<b>\$ 236,508,996</b>	<b>\$ 227,727,145</b>	<b>\$ 222,910,412</b>
<b>PLAN FIDUCIARY NET POSITION</b>						
Contributions - Employer	\$ 7,343,013	\$ 6,287,676	\$ 5,873,612	\$ 5,126,750	\$ 4,501,438	\$ 3,783,964
Contributions - Employee	2,463,688	2,208,675	2,041,614	1,928,776	1,950,191	1,924,145
Net Investment Income <sup>(2)</sup>	12,797,943	15,561,240	18,815,053	868,395	3,955,299	26,395,339
Benefit Payments, Including Refunds of Employee Contributions	(13,650,253)	(12,925,302)	(12,461,817)	(11,970,354)	(11,069,836)	(10,298,370)
Other Changes in Fiduciary Net Position	(138,259)	(832,007)	(251,079)	(106,172)	(198,614)	-
<b>Net Change in Fiduciary Net Position</b>	<b>8,816,132</b>	<b>10,300,282</b>	<b>14,017,383</b>	<b>(4,152,605)</b>	<b>(861,522)</b>	<b>21,805,078</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>194,375,865</b>	<b>184,075,583</b>	<b>170,058,200</b>	<b>174,210,805</b>	<b>175,072,327</b>	<b>153,267,249</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 203,191,997</b>	<b>\$ 194,375,865</b>	<b>\$ 184,075,583</b>	<b>\$ 170,058,200</b>	<b>\$ 174,210,805</b>	<b>\$ 175,072,327</b>
<b>Plan Net Position Liability (Asset)</b>						
- Ending (a) - (b)	\$ 77,923,978	\$ 72,089,634	\$ 72,554,485	\$ 66,450,796	\$ 53,516,340	\$ 47,838,085
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>72.28%</b>	<b>72.95%</b>	<b>71.73%</b>	<b>71.90%</b>	<b>76.50%</b>	<b>78.54%</b>
<b>Covered Payroll</b>	<b>\$ 35,068,361</b>	<b>\$ 34,688,256</b>	<b>\$ 31,556,856</b>	<b>\$ 28,252,538</b>	<b>\$ 26,888,005</b>	<b>\$ 25,179,750</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	<b>222.21%</b>	<b>207.82%</b>	<b>229.92%</b>	<b>235.20%</b>	<b>199.03%</b>	<b>189.99%</b>

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

(2) Net of administrative expenses.

**City of San Mateo**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2020**

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**2. DEFINED BENEFIT PENSION PLANS, Continued**

**A. Schedule of Changes in Net Pension Liability and Related Ratios  
 During the Measurement Period, Continued**

**Safety Plan**

Measurement Period <sup>(1)</sup>	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
<b>TOTAL PENSION LIABILITY</b>						
Service Cost	\$ 4,449,133	\$ 7,417,456	\$ 7,342,172	\$ 6,024,059	\$ 5,876,118	\$ 5,866,003
Interest	28,324,725	27,109,372	25,954,748	25,211,819	24,350,391	23,707,497
Changes of Benefit Terms	-	-	-	-	-	-
Difference Between Expected and Actual Experience	4,999,458	4,313,272	(652,769)	(1,229,918)	(4,513,903)	-
Changes of Assumptions	-	(1,764,356)	20,868,220	-	(5,706,829)	-
Benefit Payments, Including Refunds of Employee Contributions	(21,718,515)	(20,369,839)	(19,099,929)	(18,246,437)	(17,373,723)	(16,930,299)
<b>Net Change in Total Pension Liability</b>	<b>16,054,801</b>	<b>16,705,905</b>	<b>34,412,442</b>	<b>11,759,523</b>	<b>2,632,054</b>	<b>12,643,201</b>
<b>Total Pension Liability - Beginning</b>	<b>399,785,233</b>	<b>383,079,328</b>	<b>348,666,886</b>	<b>336,907,363</b>	<b>334,275,309</b>	<b>321,632,108</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 415,840,034</b>	<b>\$ 399,785,233</b>	<b>\$ 383,079,328</b>	<b>\$ 348,666,886</b>	<b>\$ 336,907,363</b>	<b>\$ 334,275,309</b>
<b>PLAN FIDUCIARY NET POSITION</b>						
Contributions - Employer	\$ 14,131,640	\$ 13,411,260	\$ 13,038,623	\$ 10,598,960	\$ 9,719,832	\$ 8,342,908
Contributions - Employee	2,260,834	2,509,623	2,358,978	2,232,023	2,180,686	1,986,679
Net Investment Income <sup>(2)</sup>	16,597,022	20,229,991	24,165,223	1,116,133	4,925,152	33,561,544
Benefit Payments, Including Refunds of Employee Contributions	(21,718,515)	(20,369,839)	(19,099,929)	(18,246,437)	(17,373,723)	(16,930,299)
Other Changes in Fiduciary Net Position	(179,352)	(1,073,204)	(320,823)	(135,133)	(249,571)	-
<b>Net Change in Fiduciary Net Position</b>	<b>11,091,629</b>	<b>14,707,831</b>	<b>20,142,072</b>	<b>(4,434,454)</b>	<b>(797,624)</b>	<b>26,960,832</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>252,146,010</b>	<b>237,438,179</b>	<b>217,296,107</b>	<b>221,730,561</b>	<b>222,528,185</b>	<b>195,567,353</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 263,237,639</b>	<b>\$ 252,146,010</b>	<b>\$ 237,438,179</b>	<b>\$ 217,296,107</b>	<b>\$ 221,730,561</b>	<b>\$ 222,528,185</b>
<b>Plan Net Position Liability (Asset)</b>						
<b>- Ending (a) - (b)</b>	<b>\$ 152,602,395</b>	<b>\$ 147,639,223</b>	<b>\$ 145,641,149</b>	<b>\$ 131,370,779</b>	<b>\$ 115,176,802</b>	<b>\$ 111,747,124</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>63.30%</b>	<b>63.07%</b>	<b>61.98%</b>	<b>62.32%</b>	<b>65.81%</b>	<b>66.57%</b>
<b>Covered Payroll</b>	<b>\$ 22,211,287</b>	<b>\$ 28,442,831</b>	<b>\$ 27,088,471</b>	<b>\$ 24,092,535</b>	<b>\$ 22,899,741</b>	<b>\$ 21,936,448</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	<b>687.05%</b>	<b>519.07%</b>	<b>537.65%</b>	<b>545.28%</b>	<b>502.96%</b>	<b>509.41%</b>

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

(2) Net of administrative expenses.

**City of San Mateo**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2020**

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**2. DEFINED BENEFIT PENSION PLANS, Continued**

**A. Schedule of Changes in Net Pension Liability and Related Ratios  
During the Measurement Period, Continued**

Notes to Schedules

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2017. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

**B. Schedule of Plan Contributions**

Miscellaneous Plan

	<b>Fiscal Year 2019-20</b>	<b>Fiscal Year 2018-19</b>	<b>Fiscal Year 2017-18</b>	<b>Fiscal Year 2016-17</b>	<b>Fiscal Year 2015-16</b>	<b>Fiscal Year 2014-15</b>
Actuarially determined contribution	\$ 8,303,301	\$ 7,343,001	\$ 6,287,697	\$ 5,873,612	\$ 5,331,714	\$ 4,415,313
Contribution in relation to the actuarially determined contributions	(8,303,301)	(7,343,001)	(6,287,697)	(5,873,612)	(5,331,714)	(4,415,313)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
 Covered payroll	 \$ 35,485,731	 \$ 35,068,361	 \$ 34,688,256	 \$ 31,556,856	 \$ 28,252,538	 \$ 26,888,005
Contributions as a percentage of covered payroll	23.40%	20.94%	18.13%	18.61%	18.87%	16.42%

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

**City of San Mateo**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2020**

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**2. DEFINED BENEFIT PENSION PLANS, Continued**

***B. Schedule of Plan Contributions, Continued***

**Safety Plan**

	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17	Fiscal Year 2015-16	Fiscal Year 2014-15
Actuarially determined contribution	\$ 12,284,260	\$ 12,496,190	\$ 12,011,260	\$ 11,663,623	\$ 10,576,566	\$ 9,444,848
Contribution in relation to the actuarially determined contributions	(12,284,260)	(14,121,190)	(13,411,260)	(13,038,623)	(10,576,566)	(9,444,848)
Contribution deficiency (excess)	\$ -	\$ (1,625,000)	\$ (1,400,000)	\$ (1,375,000)	\$ -	\$ -
 Covered payroll	 \$ 16,067,107	 \$ 22,211,287	 \$ 28,442,831	 \$ 27,088,471	 \$ 24,092,535	 \$ 22,899,741
Contributions as a percentage of covered payroll	76.46%	56.26%	42.23%	43.06%	43.90%	41.24%

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

**City of San Mateo**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2020**

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**3. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**A. Schedule of Changes in Net OPEB Liability and Related Ratios during the Measurement Period<sup>(1)</sup>**

<i>Measurement Period</i>	2019	2018	2017
<b>Total OPEB Liability</b>			
Service Cost	\$ 692,000	\$ 672,000	\$ 653,000
Interest on the total OPEB liability	1,338,000	1,286,000	1,240,000
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(3,453,000)	-	-
Changes of assumptions	(509,000)	-	-
Benefit payments, including refunds of employee contributions	(1,174,000)	(1,269,000)	(1,178,000)
<b>Net change in total OPEB liability</b>	<b>(3,106,000)</b>	<b>689,000</b>	<b>715,000</b>
<b>Total OPEB liability - beginning</b>	<b>19,715,000</b>	<b>19,026,000</b>	<b>18,311,000</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 16,609,000</b>	<b>\$ 19,715,000</b>	<b>\$ 19,026,000</b>
 <b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 1,950,000	\$ 1,913,000	\$ 1,852,000
Contributions - employee	-	-	-
Net investment income	495,000	372,000	334,000
Benefit payments, including refunds of employee contributions	(1,174,000)	(1,269,000)	(1,178,000)
Administrative expense	(7,000)	(7,000)	(2,000)
<b>Net change in plan fiduciary net position</b>	<b>1,264,000</b>	<b>1,009,000</b>	<b>1,006,000</b>
<b>Plan fiduciary net position - beginning</b>	<b>4,312,000</b>	<b>3,303,000</b>	<b>2,297,000</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 5,576,000</b>	<b>\$ 4,312,000</b>	<b>\$ 3,303,000</b>
 <b>Net OPEB liability/(asset) - ending (a) - (b)</b>	<b>\$ 11,033,000</b>	<b>\$ 15,403,000</b>	<b>\$ 15,723,000</b>
Plan fiduciary net position as a percentage of the total OPEB liability	33.57%	21.87%	17.36%
Covered-employee payroll	\$ 68,522,000	\$ 66,373,000	\$ 62,620,000
Net OPEB liability as a percentage of covered-employee payroll	16.10%	23.21%	25.11%

(1) Historical information is required only for measurement periods for which GASB 75 is applicable.

**City of San Mateo**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2020**

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**3. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued**

***B. Schedule of Plan Contributions<sup>(1)</sup>***

Fiscal Year Ended June 30	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 1,817,000	\$ 1,764,000	\$ 1,913,000
Contributions in relation to the ADC	<u>(1,825,000)</u>	<u>(1,950,000)</u>	<u>(1,913,000)</u>
Contribution deficiency (excess)	<u><u>\$ (8,000)</u></u>	<u><u>\$ (186,000)</u></u>	<u><u>\$ -</u></u>
 Covered-employee payroll	 \$ 60,175,000	 \$ 68,522,000	 \$ 66,373,000
Contributions as a percentage of covered-employee payroll	3.03%	2.85%	2.88%

(1) Historical information is required only for measurement periods for which GASB 75 is applicable.



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## **SUPPLEMENTARY INFORMATION**

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## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

*Police Grants & Safety Fund* accounts for the revenues and expenditures of State and Federal grants such as State Supplemental Law Enforcement Services Fund (SLESF).

*Community Development Block Grant Fund (CDBG)* accounts for revenue and expenditures of CDBG funds awarded by the Department of Housing and Urban Development.

*HOME Special Revenue Fund* accounts for revenue and expenditures of the Federal HOME grant program.

*City Housing Special Revenue Fund* accounts for revenues from a former Federal Rental Rehabilitation program and loan payments from the First-Time Homebuyer program.

*Low and Moderate Income Housing Special Revenue Fund* accounts for revenues and expenditures of the former Redevelopment Agency Special Revenue Fund.

*Gas Tax Fund* accounts for gasoline tax revenues as required by State law.

*Advance Planning Fund* accounts for fees collected through building permits and expenditures for activities relating to long term planning, including the general plan update.

*Parking Fund* accounts for parking meter revenues and expenditures of the City's downtown parking facilities.

*Solid Waste Fund* accounts for garbage collection surcharge revenues. The use of funds is restricted by City ordinance to street cleaning and waste disposal.

*Parks and Recreation* accounts for the Parks and Recreation Tax, as well as the Parks and Recreation Impact and In Lieu Fees to fund Parks and Recreation related projects through a transfer to the Capital Improvement Projects Fund.

*Traffic Impact Fee* accounts for traffic impact fee revenues to mitigate the cumulative impacts of new development and to accommodate future development.

*Commercial Linkage Fee* accounts for commercial linkage fee to be used for housing programs including acquisition, rehabilitation, or new construction of housing.

### DEBT SERVICE FUNDS

*Landfill Bonds Fund* accounts for debt service payments on landfill revenue bonds (to finance expenditures related to final closure of the former landfill site and construction of related park improvements) and post-closure monitoring costs.

*General Obligation Bonds Fund* accounts for voter-approved property tax revenues and debt service payments on general obligation bonds.

### CAPITAL PROJECT FUND

*2% Hotel Tax Fund* accounts for the voter-approved 2% hotel tax revenue Measure C, the related transfers to the capital improvement fund, and debt service on variable rate bonds.

**City of San Mateo**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2020**

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	Special Revenue						
	Police	Community		Low & Moderate			Advance
		Grants	Development	City	Income	Housing	
		Block Grant	HOME	Housing		Gas Tax	Planning
<b>ASSETS</b>							
Cash and investments	\$ 348,019	\$ -	\$ 635,425	\$ 924,250	\$ 3,425,684	\$ 2,476,758	\$ 4,925,239
Restricted cash and investments held by fiscal agents	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	481,614	-
Grants receivable	1,751	436,130	-	-	-	-	-
Loans and notes receivable, net	-	513,092	347,684	54,684	3,694,108	-	-
<b>Total assets</b>	<b>\$ 349,770</b>	<b>\$ 949,222</b>	<b>\$ 983,109</b>	<b>\$ 978,934</b>	<b>\$ 7,119,792</b>	<b>\$ 2,958,372</b>	<b>\$ 4,925,239</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 35,312	\$ 37,298	\$ -	\$ 3,185	\$ -	\$ -	\$ 61,273
Due to other funds	-	334,293	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-
Deposits payable	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>35,312</b>	<b>371,591</b>	<b>-</b>	<b>3,185</b>	<b>-</b>	<b>-</b>	<b>61,273</b>
<b>Deferred inflows of resources:</b>							
Unavailable revenue	-	221,912	55,495	-	303,764	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>221,912</b>	<b>55,495</b>	<b>-</b>	<b>303,764</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>							
Restricted	314,458	355,719	927,614	978,934	6,812,843	2,958,372	572,011
Committed	-	-	-	-	-	-	4,291,955
<b>Total fund balances</b>	<b>314,458</b>	<b>355,719</b>	<b>927,614</b>	<b>978,934</b>	<b>6,812,843</b>	<b>2,958,372</b>	<b>4,863,966</b>
<b>Total liabilities, deferred inflows resources and fund balances</b>	<b>\$ 349,770</b>	<b>\$ 949,222</b>	<b>\$ 983,109</b>	<b>\$ 978,934</b>	<b>\$ 7,119,792</b>	<b>\$ 2,958,372</b>	<b>\$ 4,925,239</b>

									Capital			Total	
Special Revenue				Debt Service			Projects						
Parking	Solid Waste	Parks and Recreation	Traffic Impact Fee	Commercial Linkage Fee	Landfill Bonds	General Obligation Bonds	2% Hotel Tax						
\$ 4,065,232	\$ 7,555,139	\$ 8,241,609	\$ 2,762,896	\$ 5,296,063	\$ 2,695,119	\$ 5,340,783	\$ 3,709,802	\$ 52,402,018					
-	-	-	-	-	-	-	-	154,903	154,903				
37,666	54,986	-	-	-	-	-	-	-	-	92,652			
-	277,559	-	-	-	50,000	-	9,638	818,811					
-	-	-	-	-	-	-	-	-	437,881				
-	-	-	-	-	-	-	-	-	4,609,568				
<b>\$ 4,102,898</b>	<b>\$ 7,887,684</b>	<b>\$ 8,241,609</b>	<b>\$ 2,762,896</b>	<b>\$ 5,296,063</b>	<b>\$ 2,745,119</b>	<b>\$ 5,340,783</b>	<b>\$ 3,874,343</b>	<b>\$ 58,515,833</b>					
\$ 283,650	\$ 55,671	\$ -	\$ -	\$ -	\$ 1,400	\$ 472	\$ 19,984	\$ 498,245					
-	-	-	-	-	-	-	-	-	334,293				
-	-	-	-	-	341,000	-	-	-	341,000				
5,248	-	-	-	-	-	-	-	-	5,248				
<b>288,898</b>	<b>55,671</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>342,400</b>	<b>472</b>	<b>19,984</b>	<b>1,178,786</b>					
-	-	-	-	-	-	-	-	-	581,171				
-	-	-	-	-	-	-	-	-	581,171				
-	-	8,241,609	2,762,896	5,296,063	-	5,340,311	3,854,359	38,415,189					
3,814,000	7,832,013	-	-	-	2,402,719	-	-	18,340,687					
3,814,000	7,832,013	8,241,609	2,762,896	5,296,063	2,402,719	5,340,311	3,854,359	56,755,876					
<b>\$ 4,102,898</b>	<b>\$ 7,887,684</b>	<b>\$ 8,241,609</b>	<b>\$ 2,762,896</b>	<b>\$ 5,296,063</b>	<b>\$ 2,745,119</b>	<b>\$ 5,340,783</b>	<b>\$ 3,874,343</b>	<b>\$ 58,515,833</b>					

# City of San Mateo

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Non-Major Governmental Funds

For the year ended June 30, 2020

	Special Revenue						
	Police Grants	Community Development		HOME	Low & Moderate Income Housing		
		Block Grant	City Housing		Gas Tax	Advance Planning	
<b>REVENUES:</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-	-	-
Licenses, building and other permits	-	-	-	-	-	-	-
Fines, forfeitures and penalties	12,219	-	-	-	-	-	-
Intergovernmental	325,017	1,094,315	-	-	(245,000)	4,272,712	-
Charges for services	-	-	-	-	513,124	-	608,146
Impact fees	-	-	-	-	-	-	-
In-lieu fees	-	-	-	-	-	-	-
Investment income	278	-	-	-	136,854	37,367	153,998
Garbage collection surcharge	-	-	-	-	-	-	-
Parking meter, permits, and lease revenue	-	-	-	-	-	-	-
Capital contribution	-	-	-	-	-	-	-
Other revenues	-	11,780	7,608	230,464	-	-	-
<b>Total revenues</b>	<b>337,514</b>	<b>1,106,095</b>	<b>7,608</b>	<b>230,464</b>	<b>404,978</b>	<b>4,310,079</b>	<b>762,144</b>
<b>EXPENDITURES:</b>							
Current:							
General government:							
City manager	-	-	-	-	-	-	-
Community development	-	225,116	-	50,885	100,160	-	1,025,906
Public safety:							
Police	352,830	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-
Capital outlay	36,416	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>389,246</b>	<b>225,116</b>	<b>-</b>	<b>50,885</b>	<b>100,160</b>	<b>-</b>	<b>1,025,906</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>							
	<b>(51,732)</b>	<b>880,979</b>	<b>7,608</b>	<b>179,579</b>	<b>304,818</b>	<b>4,310,079</b>	<b>(263,762)</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers out	-	(906,289)	-	-	-	(2,900,786)	(59,003)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(906,289)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,900,786)</b>	<b>(59,003)</b>
<b>Net change in fund balances</b>	<b>(51,732)</b>	<b>(25,310)</b>	<b>7,608</b>	<b>179,579</b>	<b>304,818</b>	<b>1,409,293</b>	<b>(322,765)</b>
<b>FUND BALANCES:</b>							
Beginning of year	366,190	381,029	920,006	799,355	6,508,025	1,549,079	5,186,731
End of year	<b>\$ 314,458</b>	<b>\$ 355,719</b>	<b>\$ 927,614</b>	<b>\$ 978,934</b>	<b>\$ 6,812,843</b>	<b>\$ 2,958,372</b>	<b>\$ 4,863,966</b>

Special Revenue				Debt Service				Capital Projects		Total	
Parking	Solid Waste	Parks and Recreation	Traffic Impact Fee	Commercial Linkage Fee	Landfill Bonds	General Obligation Bonds	2% Hotel Tax	Non-Major Governmental Funds			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,363,732	\$ -	\$ 2,363,732		\$ 813,557	813,557
-	-	-	-	-	-	-	-	-	-	2,278,530	2,278,530
-	533,094	-	-	-	-	-	-	-	-	545,313	545,313
3,591	209,745	-	-	-	-	-	-	-	-	5,660,380	5,660,380
9,585	676,343	-	-	-	-	-	-	-	-	1,807,198	1,807,198
-	-	1,463,285	2,254,480	-	-	-	-	-	-	3,717,765	3,717,765
-	-	710,540	-	-	-	-	-	-	-	710,540	710,540
140,408	185,059	295,713	82,824	117,170	76,927	123,379	180,577	180,577	180,577	1,530,554	1,530,554
-	813,893	-	-	-	600,000	-	-	-	-	1,413,893	1,413,893
3,079,341	-	-	-	-	-	-	-	-	-	3,079,341	3,079,341
-	750,000	-	-	-	-	-	-	-	-	750,000	750,000
2,802	657,550	-	-	-	-	-	-	-	-	910,204	910,204
<b>3,235,727</b>	<b>3,825,684</b>	<b>2,469,538</b>	<b>2,337,304</b>	<b>2,395,700</b>	<b>676,927</b>	<b>2,487,111</b>	<b>994,134</b>	<b>994,134</b>	<b>994,134</b>	<b>25,581,007</b>	<b>25,581,007</b>
24,509	-	-	-	-	-	-	-	-	-	24,509	24,509
28,511	-	-	-	-	-	-	-	-	-	1,430,578	1,430,578
1,520,005	-	-	-	-	-	-	-	-	-	1,872,835	1,872,835
1,910,468	1,607,994	-	-	-	66,776	-	-	-	-	3,585,238	3,585,238
12,470	-	-	-	-	-	-	-	-	-	12,470	12,470
-	-	-	-	-	-	-	-	-	-	36,416	36,416
-	-	-	-	-	-	1,345,000	390,000	390,000	390,000	1,735,000	1,735,000
-	-	-	-	-	15,772	761,672	281,642	281,642	281,642	1,059,086	1,059,086
<b>3,495,963</b>	<b>1,607,994</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,548</b>	<b>2,106,672</b>	<b>671,642</b>	<b>671,642</b>	<b>671,642</b>	<b>9,756,132</b>	<b>9,756,132</b>
<b>(260,236)</b>	<b>2,217,690</b>	<b>2,469,538</b>	<b>2,337,304</b>	<b>2,395,700</b>	<b>594,379</b>	<b>380,439</b>	<b>322,492</b>	<b>322,492</b>	<b>322,492</b>	<b>15,824,875</b>	<b>15,824,875</b>
<b>(318,875)</b>	<b>(36,448)</b>	<b>(2,454,495)</b>	<b>(2,608,496)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,983,080)</b>	<b>(2,983,080)</b>	<b>(2,983,080)</b>	<b>(12,267,472)</b>	<b>(12,267,472)</b>
<b>(318,875)</b>	<b>(36,448)</b>	<b>(2,454,495)</b>	<b>(2,608,496)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,983,080)</b>	<b>(2,983,080)</b>	<b>(2,983,080)</b>	<b>(12,267,472)</b>	<b>(12,267,472)</b>
<b>(579,111)</b>	<b>2,181,242</b>	<b>15,043</b>	<b>(271,192)</b>	<b>2,395,700</b>	<b>594,379</b>	<b>380,439</b>	<b>(2,660,588)</b>	<b>(2,660,588)</b>	<b>(2,660,588)</b>	<b>3,557,403</b>	<b>3,557,403</b>
<b>4,393,111</b>	<b>5,650,771</b>	<b>8,226,566</b>	<b>3,034,088</b>	<b>2,900,363</b>	<b>1,808,340</b>	<b>4,959,872</b>	<b>6,514,947</b>	<b>6,514,947</b>	<b>6,514,947</b>	<b>53,198,473</b>	<b>53,198,473</b>
<b>\$ 3,814,000</b>	<b>\$ 7,832,013</b>	<b>\$ 8,241,609</b>	<b>\$ 2,762,896</b>	<b>\$ 5,296,063</b>	<b>\$ 2,402,719</b>	<b>\$ 5,340,311</b>	<b>\$ 3,854,359</b>	<b>\$ 3,854,359</b>	<b>\$ 3,854,359</b>	<b>\$ 56,755,876</b>	<b>\$ 56,755,876</b>

# City of San Mateo

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Police Grants Special Revenue Fund For the year ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
<b>REVENUES:</b>				
Fines, forfeitures and penalties	\$ -	\$ -	\$ 12,219	\$ 12,219
Intergovernmental	238,052	303,052	325,017	21,965
Investment income	5,503	5,503	278	(5,225)
<b>Total revenues</b>	<b>243,555</b>	<b>308,555</b>	<b>337,514</b>	<b>28,959</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety:				
Police	586,693	651,693	425,108	226,585
Capital outlay	18,786	18,786	36,416	(17,630)
<b>Total expenditures</b>	<b>605,479</b>	<b>670,479</b>	<b>461,524</b>	<b>208,955</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
<b>Net change in fund balances</b>	<b>\$ (361,924)</b>	<b>\$ (361,924)</b>	<b>\$ (124,010)</b>	<b>\$ 237,914</b>
<b>FUND BALANCES:</b>				
Beginning of year				<u>366,190</u>
End of year, budgetary basis				
Adjustments to GAAP basis:				
Encumbrance adjustments				<u>72,278</u>
End of year				<u>\$ 314,458</u>

# City of San Mateo

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Community Development Block Grant Special Revenue Fund For the year ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 734,142	\$ 774,142	\$ 1,094,315	\$ 320,173
Other revenues	30,000	30,000	11,780	(18,220)
<b>Total revenues</b>	<b>764,142</b>	<b>804,142</b>	<b>1,106,095</b>	<b>301,953</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	253,542	293,542	268,693	24,849
<b>Total expenditures</b>	<b>253,542</b>	<b>293,542</b>	<b>268,693</b>	<b>24,849</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
	510,600	510,600	837,402	326,802
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(555,000)	(1,252,663)	(906,289)	346,374
<b>Total other financing sources (uses)</b>	<b>(555,000)</b>	<b>(1,252,663)</b>	<b>(906,289)</b>	<b>346,374</b>
<b>Net change in fund balances</b>	<b>\$ (44,400)</b>	<b>\$ (742,063)</b>	<b>\$ (68,887)</b>	<b>\$ 673,176</b>
<b>FUND BALANCES:</b>				
Beginning of year			381,029	
End of year, budgetary basis			312,142	
Adjustments to GAAP basis:				
Encumbrance adjustments			43,577	
End of year			<b>\$ 355,719</b>	

# City of San Mateo

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - HOME Special Revenue Fund For the year ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
<b>REVENUES:</b>				
Other revenues	\$ 10,000	\$ 10,000	\$ 7,608	\$ (2,392)
<b>Total revenues</b>	<b>10,000</b>	<b>10,000</b>	<b>7,608</b>	<b>(2,392)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	10,000	10,000	-	10,000
<b>Total expenditures</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>	<b>10,000</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>7,608</b>	<b>\$ 7,608</b>
<b>FUND BALANCES:</b>				
Beginning of year			<u>920,006</u>	
End of year			<u>\$ 927,614</u>	

# City of San Mateo

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - City Housing Special Revenue Fund For the year ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
<b>REVENUES:</b>				
Other revenues	\$ 50,000	\$ 50,000	\$ 230,464	\$ 180,464
<b>Total revenues</b>	<b>50,000</b>	<b>50,000</b>	<b>230,464</b>	<b>180,464</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	197,000	197,000	50,885	146,115
<b>Total expenditures</b>	<b>197,000</b>	<b>197,000</b>	<b>50,885</b>	<b>146,115</b>
<b>Net change in fund balances</b>	<b>\$ (147,000)</b>	<b>\$ (147,000)</b>	<b>\$ 179,579</b>	<b>\$ 326,579</b>
<b>FUND BALANCES:</b>				
Beginning of year			799,355	
End of year			<b>\$ 978,934</b>	

# City of San Mateo

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Low & Moderate Income Housing Special Revenue Fund For the year ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ (245,000)	\$ (245,000)
Charges for services	80,000	80,000	513,124	433,124
Investment income	11,000	11,000	136,854	125,854
<b>Total revenues</b>	<b>91,000</b>	<b>91,000</b>	<b>404,978</b>	<b>313,978</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	128,558	128,558	101,660	26,898
<b>Total expenditures</b>	<b>128,558</b>	<b>128,558</b>	<b>101,660</b>	<b>26,898</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(37,558)</b>	<b>(37,558)</b>	<b>303,318</b>	<b>340,876</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(670,000)	(860,924)	-	860,924
<b>Total other financing sources (uses)</b>	<b>(670,000)</b>	<b>(860,924)</b>	<b>-</b>	<b>860,924</b>
<b>Net change in fund balances</b>	<b>\$ (707,558)</b>	<b>\$ (898,482)</b>	<b>\$ 303,318</b>	<b>\$ 1,201,800</b>
<b>FUND BALANCES:</b>				
Beginning of year			6,508,025	
End of year, budgetary basis				
Adjustments to GAAP basis:				
Encumbrance adjustments			1,500	
End of year			\$ 6,812,843	

# City of San Mateo

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Gas Tax Special Revenue Fund For the year ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 4,509,825	\$ 4,509,825	\$ 4,272,712	\$ (237,113)
Investment income	5,202	5,202	37,367	32,165
<b>Total revenues</b>	<b>4,515,027</b>	<b>4,515,027</b>	<b>4,310,079</b>	<b>(204,948)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
	<b>4,515,027</b>	<b>4,515,027</b>	<b>4,310,079</b>	<b>(204,948)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(4,297,500)	(5,788,359)	(2,900,786)	2,887,573
<b>Total other financing sources (uses)</b>	<b>(4,297,500)</b>	<b>(5,788,359)</b>	<b>(2,900,786)</b>	<b>2,887,573</b>
<b>Net change in fund balances</b>	<b>\$ 217,527</b>	<b>\$ (1,273,332)</b>	<b>\$ 1,409,293</b>	<b>\$ 2,682,625</b>
<b>FUND BALANCES:</b>				
Beginning of year			<b>1,549,079</b>	
End of year			<b>\$ 2,958,372</b>	

# City of San Mateo

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Advance Planning Special Revenue Fund For the year ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ 1,125,000	\$ 1,125,000	\$ 608,146	\$ (516,854)
Investment income	29,000	29,000	153,998	124,998
<b>Total revenues</b>	<b>1,154,000</b>	<b>1,154,000</b>	<b>762,144</b>	<b>(391,856)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	1,917,046	1,917,046	1,082,105	834,941
<b>Total expenditures</b>	<b>1,917,046</b>	<b>1,917,046</b>	<b>1,082,105</b>	<b>834,941</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
	(763,046)	(763,046)	(319,961)	443,085
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(631,014)	(59,003)	572,011
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(631,014)</b>	<b>(59,003)</b>	<b>572,011</b>
<b>Net change in fund balances</b>	<b>\$ (763,046)</b>	<b>\$ (1,394,060)</b>	<b>\$ (378,964)</b>	<b>\$ 1,015,096</b>
<b>FUND BALANCES:</b>				
Beginning of year			5,186,731	
End of year, budgetary basis				
Adjustments to GAAP basis:				
Encumbrance adjustments			56,199	
End of year			\$ 4,863,966	

# City of San Mateo

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Parking Special Revenue Fund For the year ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 3,591	\$ 3,591
Charges for services	8,700	8,700	9,585	885
Investment income	11,133	11,133	140,408	129,275
Parking meter, permits, and lease revenue	4,171,200	4,171,200	3,079,341	(1,091,859)
Other revenues	2,500	2,500	2,802	302
<b>Total revenues</b>	<b>4,193,533</b>	<b>4,193,533</b>	<b>3,235,727</b>	<b>(957,806)</b>
<b>EXPENDITURES:</b>				
Current:				
General government:				
City manager	90,316	90,316	24,509	65,807
Community development	46,320	46,320	28,511	17,809
Public safety:				
Police	1,528,809	1,978,809	1,520,005	458,804
Public works	1,801,032	1,801,032	1,955,976	(154,944)
Parks and Recreation	16,251	16,251	12,470	3,781
Capital outlay	50,000	50,000	-	50,000
<b>Total expenditures</b>	<b>3,532,728</b>	<b>3,982,728</b>	<b>3,541,471</b>	<b>441,257</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>660,805</b>	<b>210,805</b>	<b>(305,744)</b>	<b>(516,549)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(420,000)	(3,239,206)	(318,875)	2,920,331
<b>Total other financing sources (uses)</b>	<b>(420,000)</b>	<b>(3,239,206)</b>	<b>(318,875)</b>	<b>2,920,331</b>
<b>Net change in fund balances</b>	<b>\$ 240,805</b>	<b>\$ (3,028,401)</b>	<b>(624,619)</b>	<b>\$ 2,403,782</b>
<b>FUND BALANCES:</b>				
Beginning of year			4,393,111	
End of year, budgetary basis			3,768,492	
Adjustments to GAAP basis:				
Encumbrance adjustments			45,508	
End of year			<b>\$ 3,814,000</b>	

# City of San Mateo

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Solid Waste Special Revenue Fund For the year ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
<b>REVENUES:</b>				
Fines, forfeitures and penalties	\$ 185,000	\$ 185,000	\$ 533,094	\$ 348,094
Intergovernmental	214,006	214,006	209,745	(4,261)
Charges for services	635,000	635,000	676,343	41,343
Investment income	10,000	10,000	185,059	175,059
Garbage collection surcharge	775,000	775,000	813,893	38,893
Capital contribution	750,000	750,000	750,000	-
Other revenues	90,000	90,000	657,550	567,550
<b>Total revenues</b>	<b>2,659,006</b>	<b>2,659,006</b>	<b>3,825,684</b>	<b>1,166,678</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	1,941,593	1,941,593	1,613,364	328,229
<b>Total expenditures</b>	<b>1,941,593</b>	<b>1,941,593</b>	<b>1,613,364</b>	<b>328,229</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>717,413</b>	<b>717,413</b>	<b>2,212,320</b>	<b>1,494,907</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(750,000)	(1,693,649)	(36,448)	1,657,201
<b>Total other financing sources (uses)</b>	<b>(750,000)</b>	<b>(1,693,649)</b>	<b>(36,448)</b>	<b>1,657,201</b>
<b>Net change in fund balances</b>	<b>\$ (32,587)</b>	<b>\$ (976,236)</b>	<b>2,175,872</b>	<b>\$ 3,152,108</b>
<b>FUND BALANCES:</b>				
Beginning of year			<b>5,650,771</b>	
End of year, budgetary basis			<b>7,826,643</b>	
Adjustments to GAAP basis:				
Encumbrance adjustments			<b>5,370</b>	
End of year			<b>\$ 7,832,013</b>	

# City of San Mateo

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Parks and Recreation Special Revenue Fund For the year ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
<b>REVENUES:</b>				
Impact Fees	\$ 4,260,000	\$ 4,260,000	\$ 1,463,285	\$ (2,796,715)
Investment income	30,000	30,000	295,713	265,713
In-lieu fees	40,000	40,000	710,540	670,540
<b>Total revenues</b>	<b>4,330,000</b>	<b>4,330,000</b>	<b>2,469,538</b>	<b>(1,860,462)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
	<b>4,330,000</b>	<b>4,330,000</b>	<b>2,469,538</b>	<b>(1,860,462)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(940,000)	(9,257,278)	(2,454,495)	6,802,783
<b>Total other financing sources (uses)</b>	<b>(940,000)</b>	<b>(9,257,278)</b>	<b>(2,454,495)</b>	<b>6,802,783</b>
<b>Net change in fund balances</b>	<b>\$ 3,390,000</b>	<b>\$ (4,927,278)</b>	<b>15,043</b>	<b>\$ 4,942,321</b>
<b>FUND BALANCES:</b>				
Beginning of year			<b>8,226,566</b>	
End of year			<b>\$ 8,241,609</b>	

# City of San Mateo

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Traffic Impact Fee Special Revenue Fund For the year ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
<b>REVENUES:</b>				
Impact Fees	\$ 1,800,000	\$ 1,800,000	\$ 2,254,480	\$ 454,480
Investment income	-	-	82,824	82,824
<b>Total revenues</b>	<b>1,800,000</b>	<b>1,800,000</b>	<b>2,337,304</b>	<b>537,304</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
	1,800,000	1,800,000	2,337,304	537,304
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(300,000)	(8,506,553)	(2,608,496)	5,898,057
<b>Total other financing sources (uses)</b>	<b>(300,000)</b>	<b>(8,506,553)</b>	<b>(2,608,496)</b>	<b>5,898,057</b>
<b>Net change in fund balances</b>	<b>\$ 1,500,000</b>	<b>\$ (6,706,553)</b>	<b>(271,192)</b>	<b>\$ 6,435,361</b>
<b>FUND BALANCES:</b>				
Beginning of year			3,034,088	
End of year			<b>\$ 2,762,896</b>	

# City of San Mateo

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Commercial Linkage Fee Special Revenue Fund For the year ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
<b>REVENUES:</b>				
Licenses, building and other permits	\$ 1,000,000	\$ 1,000,000	\$ 2,278,530	\$ 1,278,530
Investment income	10,000	10,000	117,170	107,170
<b>Total revenues</b>	<b>1,010,000</b>	<b>1,010,000</b>	<b>2,395,700</b>	<b>1,385,700</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>				
	1,010,000	1,010,000	2,395,700	1,385,700
<b>Net change in fund balances</b>	<b>\$ 1,010,000</b>	<b>\$ 1,010,000</b>	<b>2,395,700</b>	<b>\$ 1,385,700</b>
<b>FUND BALANCES:</b>				
Beginning of year			2,900,363	
End of year			<b>\$ 5,296,063</b>	

# City of San Mateo

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - Landfill Bonds Special Revenue Fund For the year ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
<b>REVENUES:</b>				
Investment income	\$ 6,000	\$ 6,000	\$ 76,927	\$ 70,927
Garbage collection surcharge	600,000	600,000	600,000	-
<b>Total revenues</b>	<b>606,000</b>	<b>606,000</b>	<b>676,927</b>	<b>70,927</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	82,175	82,175	66,776	15,399
Debt service:				
Principal	333,000	333,000	-	333,000
Interest and fiscal charges	15,772	15,772	15,772	-
<b>Total expenditures</b>	<b>430,947</b>	<b>430,947</b>	<b>82,548</b>	<b>348,399</b>
<b>Net change in fund balances</b>	<b>\$ 175,053</b>	<b>\$ 175,053</b>	<b>\$ 594,379</b>	<b>\$ 419,326</b>
<b>FUND BALANCES:</b>				
Beginning of year			1,808,340	
End of year			<b>\$ 2,402,719</b>	

# City of San Mateo

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - General Obligation Bonds Special Revenue Fund For the year ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 2,037,950	\$ 2,037,950	\$ 2,363,732	\$ 325,782
Investment income	25,000	25,000	123,379	98,379
<b>Total revenues</b>	<b>2,062,950</b>	<b>2,062,950</b>	<b>2,487,111</b>	<b>424,161</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	1,345,000	1,345,000	1,345,000	-
Interest and fiscal charges	3,561,700	3,561,700	761,672	2,800,028
<b>Total expenditures</b>	<b>4,906,700</b>	<b>4,906,700</b>	<b>2,106,672</b>	<b>2,800,028</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,843,750)</b>	<b>(2,843,750)</b>	<b>380,439</b>	<b>3,224,189</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,800,000	2,800,000	-	(2,800,000)
<b>Total other financing sources (uses)</b>	<b>2,800,000</b>	<b>2,800,000</b>	<b>-</b>	<b>(2,800,000)</b>
<b>Net change in fund balances</b>	<b>\$ (43,750)</b>	<b>\$ (43,750)</b>	<b>\$ 380,439</b>	<b>\$ 424,189</b>
<b>FUND BALANCES:</b>				
Beginning of year			4,959,872	
End of year			<b>\$ 5,340,311</b>	

# City of San Mateo

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - 2% Hotel Tax Special Revenue Fund For the year ended June 30, 2020

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
<b>REVENUES:</b>				
Other taxes	\$ 1,313,518	\$ 1,313,518	\$ 813,557	\$ (499,961)
Investment income	-	-	180,577	180,577
<b>Total revenues</b>	<b>1,313,518</b>	<b>1,313,518</b>	<b>994,134</b>	<b>(319,384)</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	390,000	390,000	390,000	-
Interest and fiscal charges	424,613	424,613	302,986	121,627
<b>Total expenditures</b>	<b>814,613</b>	<b>814,613</b>	<b>692,986</b>	<b>121,627</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>498,905</b>	<b>498,905</b>	<b>301,148</b>	<b>(197,757)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(809,000)	(809,000)	(2,983,080)	(2,174,080)
<b>Total other financing sources (uses)</b>	<b>(809,000)</b>	<b>(809,000)</b>	<b>(2,983,080)</b>	<b>(2,174,080)</b>
<b>Net change in fund balances</b>	<b>\$ (310,095)</b>	<b>\$ (310,095)</b>	<b>(2,681,932)</b>	<b>\$ (2,371,837)</b>
<b>FUND BALANCES:</b>				
Beginning of year			<b>6,514,947</b>	
End of year, budgetary basis				
Adjustments to GAAP basis:				
Encumbrance adjustments			<b>21,344</b>	
End of year			<b>\$ 3,854,359</b>	

## INTERNAL SERVICE FUNDS

*Workers' Compensation Insurance Fund* accounts for all workers' compensation self-insurance activities.

*Dental Self-Insurance Fund* accounts for the City's self-insurance activities related to the dental plan the City provides to its employees.

*Benefits Fund* accounts for charges to other funds and expenditures relating to employee benefits other than those accounted for in the Worker Compensation and Dental Self-Insurance Funds.

*Comprehensive Liability Insurance Fund* accounts for the general liability self-insurance transactions.

*Vehicle and Equipment Replacement Fund* accounts for rental charges to City departments and the replacement of vehicles and equipment.

*Fleet and Building Maintenance Fund* accounts for the charges to user departments and the expenses relating to the maintenance of City vehicles and buildings.

**City of San Mateo**  
**Combining Statement of Net Position**  
**All Internal Service Funds**  
**June 30, 2020**

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	Workers' Compensation Insurance	Dental Self -Insurance	Benefits	Comprehensive Liability Insurance
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 15,511,705	\$ 552,055	\$ -	\$ 2,107,789
Accounts receivable, net	-	-	730,856	-
Prepays and supplies	395,000	147,000	-	30,000
<b>Total current assets</b>	<b>15,906,705</b>	<b>699,055</b>	<b>730,856</b>	<b>2,137,789</b>
Noncurrent assets:				
Property held for investment	-	-	-	867,900
Capital assets:				
Depreciable, net	-	-	-	-
Total capital asset	-	-	-	-
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>867,900</b>
<b>Total assets</b>	<b>15,906,705</b>	<b>699,055</b>	<b>730,856</b>	<b>3,005,689</b>
<b>LIABILITIES</b>				
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable	337,606	28,610	10,975	81,352
Due to other funds	-	-	274,114	-
Deposit payable	9,092	796	45,027	-
Claims and judgments payable	2,600,000	-	-	500,000
<b>Total current liabilities</b>	<b>2,946,698</b>	<b>29,406</b>	<b>330,116</b>	<b>581,352</b>
Noncurrent liabilities:				
Claims and judgments payable	12,737,000	-	-	571,000
<b>Total noncurrent liabilities</b>	<b>12,737,000</b>	<b>-</b>	<b>-</b>	<b>571,000</b>
<b>Total liabilities</b>	<b>15,683,698</b>	<b>29,406</b>	<b>330,116</b>	<b>1,152,352</b>
<b>NET POSITION</b>				
Investment in capital assets	-	-	-	-
Unrestricted	223,007	669,649	400,740	1,853,337
<b>Total net position</b>	<b>\$ 223,007</b>	<b>\$ 669,649</b>	<b>\$ 400,740</b>	<b>\$ 1,853,337</b>

Vehicle & Equipment Replacement	Fleet & Building Maintenance Fund	Total
\$ 13,185,529	\$ 99,470	\$ 31,456,548
-	95	730,951
-	32,174	604,174
<u>13,185,529</u>	<u>131,739</u>	<u>32,791,673</u>
-	-	867,900
<u>6,671,785</u>	<u>-</u>	<u>6,671,785</u>
<u>6,671,785</u>	<u>-</u>	<u>6,671,785</u>
<u>6,671,785</u>	<u>-</u>	<u>7,539,685</u>
<u>19,857,314</u>	<u>131,739</u>	<u>40,331,358</u>
128,893	338,763	926,199
-	-	274,114
-	-	54,915
-	-	3,100,000
<u>128,893</u>	<u>338,763</u>	<u>4,355,228</u>
-	-	13,308,000
-	-	13,308,000
<u>128,893</u>	<u>338,763</u>	<u>17,663,228</u>
6,671,785	-	6,671,785
13,056,636	(207,024)	15,996,345
<u>\$ 19,728,421</u>	<u>\$ (207,024)</u>	<u>\$ 22,668,130</u>

# City of San Mateo

## Combining Statement of Revenues, Expenses and Changes in Net Position

### All Internal Service Funds

For the year ended June 30, 2020

	Workers' Compensation Insurance	Dental Self -Insurance	Benefits	Comprehensive Liability Insurance
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 4,457,137	\$ 815,085	\$ 34,640,072	\$ 1,297,440
Other	-	-	-	-
<b>Total operating revenues</b>	<b>4,457,137</b>	<b>815,085</b>	<b>34,640,072</b>	<b>1,297,440</b>
<b>OPERATING EXPENSES:</b>				
Costs of sales and services	6,119,031	634,090	34,474,358	1,520,858
Administration	375,377	-	-	144,669
Depreciation and amortization	-	-	-	-
<b>Total operating expenses</b>	<b>6,494,408</b>	<b>634,090</b>	<b>34,474,358</b>	<b>1,665,527</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(2,037,271)</b>	<b>180,995</b>	<b>165,714</b>	<b>(368,087)</b>
<b>NONOPERATING REVENUES EXPENSES:</b>				
Gain on sale of capital assets	-	-	-	-
Unrealized gain on property held for investment	-	-	-	(68,380)
Interest income	355,352	-	-	57,769
<b>Total nonoperating revenues (expenses)</b>	<b>355,352</b>	<b>-</b>	<b>-</b>	<b>(10,611)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>				
	(1,681,919)	180,995	165,714	(378,698)
Contributions	(165,927)	-	-	-
Transfers in	3,500,000	-	-	-
Transfers out	-	-	-	-
<b>Total transfers in (out)</b>	<b>3,334,073</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>1,652,154</b>	<b>180,995</b>	<b>165,714</b>	<b>(378,698)</b>
<b>NET POSITION:</b>				
Beginning of year	(1,429,147)	488,654	235,026	2,232,035
End of year	<b>\$ 223,007</b>	<b>\$ 669,649</b>	<b>\$ 400,740</b>	<b>\$ 1,853,337</b>

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Vehicle & Equipment Replacement	Fleet & Building Maint. Fund	Total
\$ 1,659,300	\$ 4,552,658	\$ 47,421,692
-	175,551	175,551
<u>1,659,300</u>	<u>4,728,209</u>	<u>47,597,243</u>
386,819	3,207,339	46,342,495
-	1,604,479	2,124,525
<u>1,408,066</u>	<u>-</u>	<u>1,408,066</u>
<u>1,794,885</u>	<u>4,811,818</u>	<u>49,875,086</u>
<u>(135,585)</u>	<u>(83,609)</u>	<u>(2,277,843)</u>
81,584	-	81,584
-	-	(68,380)
<u>395,190</u>	<u>-</u>	<u>808,311</u>
<u>476,774</u>	<u>-</u>	<u>821,515</u>
341,189	(83,609)	(1,456,328)
(1,297,159)	-	(1,463,086)
410,000	-	3,910,000
<u>(7,800)</u>	<u>(81,172)</u>	<u>(88,972)</u>
<u>(894,959)</u>	<u>(81,172)</u>	<u>2,357,942</u>
(553,770)	(164,781)	901,614
20,282,191	(42,243)	21,766,516
<u>\$ 19,728,421</u>	<u>\$ (207,024)</u>	<u>\$ 22,668,130</u>

**City of San Mateo**  
**Combining Statement of Cash Flows**  
**All Internal Service Funds**  
**For the year ended June 30, 2020**

	Workers' Compensation Insurance	Dental Self -Insurance	Benefits	Comprehensive Liability Insurance
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from other funds	\$ 4,457,137	\$ 815,085	\$ 34,639,759	\$ 1,297,440
Cash payments to suppliers for goods and services	(3,715,411)	(656,245)	(33,403,778)	(1,720,368)
Cash paid to employees	(375,377)	-	(1,069,337)	(144,669)
Cash received from others	-	-	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>366,349</b>	<b>158,840</b>	<b>166,644</b>	<b>(567,597)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash received from other funds	3,940,758	-	-	-
Cash disbursements to other funds	-	-	(166,644)	-
Cash contributions to other agencies	(165,927)	-	-	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>3,774,831</b>	<b>-</b>	<b>(166,644)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from sale of capital assets	-	-	-	-
Acquisition of capital assets	-	-	-	-
<b>Net cash (used in) capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest income received	355,352	-	-	57,769
<b>Net cash provided by investing activities</b>	<b>355,352</b>	<b>-</b>	<b>-</b>	<b>57,769</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,496,532</b>	<b>158,840</b>	<b>-</b>	<b>(509,828)</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	11,015,173	393,215	-	2,617,617
End of year	<b>\$ 15,511,705</b>	<b>\$ 552,055</b>	<b>\$ -</b>	<b>\$ 2,107,789</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (2,037,271)	\$ 180,995	\$ 165,714	\$ (368,087)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	-	-	-
Changes in assets and liabilities:				
Accounts receivable	-	-	(313)	-
Accounts payable and retention payable	(185,380)	(22,155)	(12,261)	(20,510)
Deposit payable	-	-	13,504	-
Claims and judgments payable	2,589,000	-	-	(179,000)
Total adjustments	2,403,620	(22,155)	930	(199,510)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 366,349</b>	<b>\$ 158,840</b>	<b>\$ 166,644</b>	<b>\$ (567,597)</b>
<b>NONCASH ITEMS</b>				
Unrealized gain on investment	\$ -	\$ -	\$ -	\$ (68,380)
<b>Total noncash items</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (68,380)</b>

Vehicle & Equipment Replacement	Fleet & Building Maint. Fund	Total
\$ 1,659,300	\$ 4,552,658	\$ 47,421,379
(325,768)	(3,152,341)	(42,973,911)
-	(1,604,479)	(3,193,862)
-	175,551	175,551
<u>1,333,532</u>	<u>(28,611)</u>	<u>1,429,157</u>
410,000	-	4,350,758
(7,800)	(81,172)	(255,616)
<u>(1,297,159)</u>	<u>-</u>	<u>(1,463,086)</u>
<u>(894,959)</u>	<u>(81,172)</u>	<u>2,632,056</u>
101,120	-	101,120
(1,306,793)	-	(1,306,793)
<u>(1,205,673)</u>	<u>-</u>	<u>(1,205,673)</u>
395,190	-	808,311
395,190	-	808,311
(371,910)	(109,783)	3,663,851
13,557,439	209,253	27,792,697
<u>\$ 13,185,529</u>	<u>\$ 99,470</u>	<u>\$ 31,456,548</u>
\$ (135,585)	\$ (83,609)	\$ (2,277,843)
1,408,066	-	1,408,066
-	-	(313)
61,051	54,998	(124,257)
-	-	13,504
-	-	2,410,000
<u>1,469,117</u>	<u>54,998</u>	<u>3,707,000</u>
<u>\$ 1,333,532</u>	<u>\$ (28,611)</u>	<u>\$ 1,429,157</u>
\$ -	\$ -	\$ (68,380)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (68,380)</u>



## FIDUCIARY FUNDS - CUSTODIAL FUNDS

*San Mateo Consolidated Fire Department Custodial Fund*, accounts for assets that the City is holding for the San Mateo Consolidated Fire Department.

*CFD 2008-1 Custodial Fund*, accounts for assets that the City is holding for the Community Facilities District No. 2008-01 for which the City is acting as an agent.

*Other Custodial Fund*, accounts for assets that the City is holding for other entities for which the City is acting as an agent.

# City of San Mateo

## Combining Statement of Fiduciary Net Position

### Fiduciary Funds - Custodial Funds

June 30, 2020

	San Mateo	Consolidated			
	Fire Department	CFD 2008-1	Other		Total
<b>ASSETS</b>					
Current assets					
Cash and investments	\$ 31,874	\$ 536,499	\$ 14,777	\$ 583,150	
Total current assets	<u>31,874</u>	<u>536,499</u>	<u>14,777</u>	<u>583,150</u>	
Noncurrent assets					
Restricted cash and investments	-	12,863,724	-	12,863,724	
Total noncurrent assets	<u>-</u>	<u>12,863,724</u>	<u>-</u>	<u>12,863,724</u>	
<b>Total assets</b>	<b>31,874</b>	<b>13,400,223</b>	<b>14,777</b>	<b>13,446,874</b>	
<b>LIABILITIES</b>					
<b>Liabilities:</b>					
Current liabilities					
Accounts payable	47,511	-	14,777	62,288	
Total current liabilities	<u>47,511</u>	<u>-</u>	<u>14,777</u>	<u>62,288</u>	
<b>Total liabilities</b>	<b>47,511</b>	<b>-</b>	<b>14,777</b>	<b>62,288</b>	
<b>NET POSITION</b>					
Restricted for:					
Individuals, organizations, and other government	(15,637)	13,400,223	-	13,384,586	
<b>Total net position</b>	<b>\$ (15,637)</b>	<b>\$ 13,400,223</b>	<b>\$ -</b>	<b>\$ 13,384,586</b>	

**City of San Mateo**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds - Custodial Funds**  
**For the year ended June 30, 2020**

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	San Mateo	Consolidated			
	Fire Department	CFD 2008-1	Other		Total
<b>ADDITIONS:</b>					
Fee collections for other governments	\$ 292,716	\$ -	\$ 326,981	\$ 619,697	
Special assessments for other governments	-	5,303,187	-	5,303,187	
Investment income	-	298,089	-	298,089	
<b>Total additions</b>	<b>292,716</b>	<b>5,601,276</b>	<b>326,981</b>	<b>6,220,973</b>	
<b>DEDUCTIONS:</b>					
Administration	-	31,471	-	31,471	
Payments on conduit bonds - principal	-	575,000	-	575,000	
Payments on conduit bonds - interest	-	4,555,173	-	4,555,173	
Project payments	-	12,699,696	-	12,699,696	
Payments to other governments	394,790	-	150,398	545,188	
Other	15,637	-	176,583	192,220	
<b>Total deductions</b>	<b>410,427</b>	<b>17,861,340</b>	<b>326,981</b>	<b>18,598,748</b>	
<b>Change in net position</b>	<b>(117,711)</b>	<b>(12,260,064)</b>	<b>-</b>	<b>(12,377,775)</b>	
<b>NET POSITION:</b>					
Beginning of year, as restated	102,074	25,660,287	-	25,762,361	
End of year	\$ (15,637)	\$ 13,400,223	\$ -	\$ 13,384,586	



## **FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS**

*RDA Obligation Retirement Fund (RORF)*, established in accordance with AB 1X 26, accounts for Redevelopment Property Tax Trust Fund amounts received after January 31, 2012 to pay for Recognized Obligation Payment Schedule (ROPS) items.

*Successor Agency to RDA Merged Area Fund*, a sub-fund of the RORF, accounts for assets and liabilities of the former RDA merged project area which were transferred to the Successor Agency upon RDA dissolution to be used for ROPS payments or redistributed to taxing entities.

*Successor Agency to RDA Housing Fund*, a sub-fund of the RORF, accounts for assets and liabilities of the former RDA housing set aside transferred to the Successor Agency upon RDA dissolution to be used for ROPS payments or redistributed to taxing entities.

**City of San Mateo**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds - Private Purpose Trust Funds**  
**June 30, 2020**

	RDA Retirement Obligation	Successor Agency to RDA Merged Area	Successor Agency to RDA Housing	Total
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 4,828,183	\$ -	\$ -	\$ 4,828,183
Total current assets	<u>4,828,183</u>	<u>-</u>	<u>-</u>	<u>4,828,183</u>
Noncurrent assets				
Restricted cash and investments	-	1	-	1
Total noncurrent assets	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
<b>Total assets</b>	<b>4,828,183</b>	<b>1</b>	<b>-</b>	<b>4,828,184</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on refunding	-	693,314	-	693,314
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>693,314</b>	<b>-</b>	<b>693,314</b>
<b>LIABILITIES</b>				
<b>Liabilities:</b>				
Current liabilities				
Accounts payable	-	1,038	-	1,038
Interest payable	-	957,938	44,049	1,001,987
Bonds payable - due in one year	-	2,425,000	1,145,000	3,570,000
Total current liabilities	<u>-</u>	<u>3,383,976</u>	<u>1,189,049</u>	<u>4,573,025</u>
Noncurrent liabilities				
Bonds payable - due in more than one year, net	-	49,595,264	1,880,000	51,475,264
Total noncurrent liabilities	<u>-</u>	<u>49,595,264</u>	<u>1,880,000</u>	<u>51,475,264</u>
<b>Total liabilities</b>	<b>-</b>	<b>52,979,240</b>	<b>3,069,049</b>	<b>56,048,289</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on refunding	-	52,017	-	52,017
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>52,017</b>	<b>-</b>	<b>52,017</b>
<b>NET POSITION</b>				
Held in trust for dissolution of RDA	4,828,183	(52,337,942)	(3,069,049)	(50,578,808)
<b>Total net position</b>	<b>\$ 4,828,183</b>	<b>\$ (52,337,942)</b>	<b>\$ (3,069,049)</b>	<b>\$ (50,578,808)</b>

# City of San Mateo

## Combining Statement of Changes in Fiduciary Net Position

### Fiduciary Funds - Private Purpose Trust Funds

For the year ended June 30, 2020

	RDA Retirement Obligation	Successor Agency to RDA Merged Area	Successor Agency to RDA Housing	Total
<b>ADDITIONS:</b>				
Investment income	\$ 454	\$ -	\$ -	\$ 454
RDA property tax trust fund distribution	5,994,768	-	-	5,994,768
Transfer within Successor Agency	-	4,742,571	1,193,692	5,936,263
<b>Total additions</b>	<b>5,995,222</b>	<b>4,742,571</b>	<b>1,193,692</b>	<b>11,931,485</b>
<b>DEDUCTIONS:</b>				
Administration	-	10,000	10,000	20,000
Interest expense	-	1,891,946	55,498	1,947,444
Transfer within Successor Agency	5,936,263	-	-	5,936,263
<b>Total deductions</b>	<b>5,936,263</b>	<b>1,901,946</b>	<b>65,498</b>	<b>7,903,707</b>
<b>Change in net position</b>	<b>58,959</b>	<b>2,840,625</b>	<b>1,128,194</b>	<b>4,027,778</b>
<b>NET POSITION:</b>				
Beginning of year	4,769,224	(55,178,567)	(4,197,243)	(54,606,586)
End of year	<b>\$ 4,828,183</b>	<b>\$ (52,337,942)</b>	<b>\$ (3,069,049)</b>	<b>\$ (50,578,808)</b>



# City of San Mateo

## General Capital Projects Fund

### Schedule of Assessments and Impact Fees and Related Expenditures

For the year ended June 30, 2020

	South Bayfront Levee Improvement Project	South Trunk Sewer Impact Fee	Child Care Development Impact Fee	Tree Impact Fee	Cable Television Impact Fee	Total Assessments and Impact Fees
<b>REVENUES:</b>						
Assessments	\$ 538,274	\$ 230,519	\$ 87,159	\$ 414,390	\$ 21,255	\$ 1,291,597
Interest income	7,182	41,210	37,205	15,028	698	101,323
<b>Total revenues</b>	<b>545,456</b>	<b>271,729</b>	<b>124,364</b>	<b>429,418</b>	<b>21,953</b>	<b>1,392,920</b>
<b>EXPENDITURES:</b>						
Capital outlay	11,310	2,906,666	687,982	113,138	61,250	3,780,346
Debt service	519,423	-	-	-	-	519,423
<b>Total expenditures</b>	<b>530,733</b>	<b>2,906,666</b>	<b>687,982</b>	<b>113,138</b>	<b>61,250</b>	<b>4,299,769</b>
<b>BALANCES:</b>						
Beginning of year	1,907,045	3,279,407	2,175,792	565,489	1,173,261	9,100,994
End of year	<b>\$ 1,921,768</b>	<b>\$ 644,470</b>	<b>\$ 1,612,174</b>	<b>\$ 881,769</b>	<b>\$ 1,133,964</b>	<b>\$ 6,194,145</b>

Note: Schedule of revenues and expenditures of Parks and Recreation Tax and In-Lieu Fee and Traffic Impact Fee are presented in Non-Major Governmental Funds Section of Supplementary Information



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# STATISTICAL SECTION (Unaudited)

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This part of the City of San Mateo's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial condition.

Contents	Page
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	188
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenues source: property tax	190
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	205
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	211
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	214

**CITY OF SAN MATEO**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<b>FISCAL YEAR</b>			
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 310,491,591	\$ 326,376,412	\$ 333,716,045	\$ 338,446,921
Restricted	62,809,001	74,111,660	80,544,476	82,599,049
Unrestricted	4,244,356	44,493,017	64,260,546	83,713,423
<b>Total Governmental Activities Net Position</b>	<b>\$ 377,544,948</b>	<b>\$ 444,981,089</b>	<b>\$ 478,521,067</b>	<b>\$ 504,759,393</b>
<b>Business-Type Activities</b>				
Net investment in capital assets	\$ 59,336,646	\$ 70,447,496	\$ 70,235,094	\$ 76,417,915
Restricted	18,463,953	8,510,414	9,139,202	5,982,278
Unrestricted	6,894,459	7,906,174	13,889,683	17,701,761
<b>Total Business-Type Activities Net Position</b>	<b>\$ 84,695,058</b>	<b>\$ 86,864,084</b>	<b>\$ 93,263,979</b>	<b>\$ 100,101,954</b>
<b>Primary Government</b>				
Net investment in capital assets	\$ 369,828,237	\$ 396,823,908	\$ 403,951,139	\$ 414,864,836
Restricted	81,272,954	82,622,074	89,683,678	88,581,327
Unrestricted	11,138,815	52,399,191	78,150,229	101,415,184
<b>Total Primary Government Net Position</b>	<b>\$ 462,240,006</b>	<b>\$ 531,845,173</b>	<b>\$ 571,785,046</b>	<b>\$ 604,861,347</b>

Note:

(1) Significant variance in restricted and unrestricted net position was due to implementation of GASB 65, 68 and 71 in FY2015  
(2) Unrestricted net position included adjustment to reflect implementation of GASB 75 in FY2018

Source: City of San Mateo Comprehensive Annual Financial Reports

**CITY OF SAN MATEO**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

## FISCAL YEAR

<u>2015</u> <sup>(1)</sup>		<u>2016</u>		<u>2017</u>		<u>2018</u> <sup>(2)</sup>		<u>2019</u>		<u>2020</u>	
\$ 338,597,493		\$ 348,551,145		\$ 361,295,211		\$ 373,263,037		\$ 374,808,638		\$ 380,800,232	
35,940,430		42,628,946		43,004,559		56,180,410		56,993,128		58,615,106	
(56,568,094)		(25,485,083)		(16,647,454)		(27,694,719)		(16,582,840)		(22,039,326)	
\$ 317,969,829		\$ 365,695,008		\$ 387,652,316		\$ 401,748,728		\$ 415,218,926		\$ 417,376,012	
<hr/>											
\$ 78,438,576		\$ 83,893,024		\$ 112,410,305		\$ 136,901,535		\$ 137,297,898		\$ 154,095,718	
11,056,422		9,457,948		17,976,147		3,019,163		1,127,518		1,143,604	
10,218,009		20,791,916		(7,096,918)		(2,674,687)		24,223,141		39,117,768	
\$ 99,713,007		\$ 114,142,888		\$ 123,289,534		\$ 137,246,011		\$ 162,648,557		\$ 194,357,090	
<hr/>											
\$ 417,036,069		\$ 432,444,169		\$ 473,705,516		\$ 510,164,572		\$ 512,106,536		\$ 534,895,950	
46,996,852		52,086,894		60,980,706		59,199,573		58,120,646		59,758,710	
(46,350,085)		(4,693,167)		(23,744,372)		(30,369,406)		7,640,301		17,078,442	
\$ 417,682,836		\$ 479,837,896		\$ 510,941,850		\$ 538,994,739		\$ 577,867,483		\$ 611,733,102	

**CITY OF SAN MATEO**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<b>FISCAL YEAR</b>			
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 9,752,065	\$ 10,806,831	\$ 10,130,843	\$ 11,250,111
Community development	12,041,987	8,932,479	5,365,548	6,219,895
Public safety	48,321,512	50,044,825	50,037,399	52,241,250
Public works	15,548,018	19,996,054	16,749,537	18,936,651
Parks and recreation	13,117,080	14,038,405	13,737,283	14,485,575
Golf	-	-	-	-
Library	6,590,125	6,766,173	6,464,282	6,963,743
Interest and fiscal charges	6,281,858	4,469,852	2,105,784	1,712,704
Total governmental activities expenses	<u>111,652,645</u>	<u>115,054,619</u>	<u>104,590,676</u>	<u>111,809,929</u>
Business-type activities:				
Sewer	20,885,227	22,564,245	23,210,165	22,208,673
Golf	2,751,375	2,855,223	2,512,817	2,719,709
Total business-type activities expenses	<u>23,636,602</u>	<u>25,419,468</u>	<u>25,722,982</u>	<u>24,928,382</u>
Total primary government expenses	<u><u>\$ 135,289,247</u></u>	<u><u>\$ 140,474,087</u></u>	<u><u>\$ 130,313,658</u></u>	<u><u>\$ 136,738,311</u></u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for Services:				
General government	\$ 4,349,557	\$ 4,261,915	\$ 4,005,058	\$ 3,796,035
Community development	6,524,487	9,604,245	9,332,116	10,824,597
Public safety	4,091,242	3,888,490	4,528,802	5,032,066
Public works	4,757,052	5,721,081	5,604,208	5,798,006
Parks and recreation	3,385,488	3,484,929	3,729,797	3,640,528
Golf	-	-	-	-
Library	491,636	448,884	379,807	396,619
Operating Grants and Contributions	5,305,034	4,838,570	5,712,470	4,621,620
Capital Grants and Contributions	3,979,518	8,038,370	22,068,697	12,304,741
Total governmental activities program revenues	<u>32,884,014</u>	<u>40,286,484</u>	<u>55,360,955</u>	<u>46,414,212</u>
Business-type activities:				
Charges for Services:				
Sewer	22,629,670	24,702,071	28,712,336	28,381,469
Golf	2,402,358	2,513,246	2,450,940	2,470,030
Capital Grants and Contributions	125,614	139,663	897,868	1,269,568
Total business-type activities program revenues	<u>25,157,642</u>	<u>27,354,980</u>	<u>32,061,144</u>	<u>32,121,067</u>
Total primary government program revenues	<u><u>\$ 58,041,656</u></u>	<u><u>\$ 67,641,464</u></u>	<u><u>\$ 87,422,099</u></u>	<u><u>\$ 78,535,279</u></u>
Net (Expense)/Revenue				
Governmental activities	\$ (78,768,631)	\$ (74,768,135)	\$ (49,229,721)	\$ (65,395,717)
Business-type activities	1,521,040	1,935,512	6,338,162	7,192,685
Total primary government net expense	<u><u>\$ (77,247,591)</u></u>	<u><u>\$ (72,832,623)</u></u>	<u><u>\$ (42,891,559)</u></u>	<u><u>\$ (58,203,032)</u></u>

Source: City of San Mateo Comprehensive Annual Financial Reports

**CITY OF SAN MATEO**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

**FISCAL YEAR**

	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
\$	13,531,819	\$ 13,408,222	\$ 15,288,834	\$ 16,253,149	\$ 22,520,951	\$ 24,844,817
11,520,058	8,615,056	9,218,215	8,968,176	10,689,333	11,079,458	
54,499,943	56,518,491	66,098,015	78,040,802	72,388,649	84,968,332	
17,572,481	19,194,348	19,454,397	22,900,784	25,294,822	26,353,672	
14,604,719	14,715,076	17,688,663	17,723,370	18,589,445	18,827,857	
-	-	-	-	2,413,326	2,363,389	
7,456,042	7,481,649	8,640,943	8,409,588	9,088,444	9,546,338	
1,687,938	1,563,149	1,603,120	1,282,632	1,545,181	1,967,739	
<b>120,873,000</b>	<b>121,495,991</b>	<b>137,992,187</b>	<b>153,578,501</b>	<b>162,530,151</b>	<b>179,951,602</b>	
25,394,787	29,446,279	27,650,895	28,541,139	30,979,524	39,159,040	
2,599,156	2,925,638	2,699,895	3,119,828	-	-	
<b>27,993,943</b>	<b>32,371,917</b>	<b>30,350,790</b>	<b>31,660,967</b>	<b>30,979,524</b>	<b>39,159,040</b>	
<b>\$ 148,866,943</b>	<b>\$ 153,867,908</b>	<b>\$ 168,342,977</b>	<b>\$ 185,239,468</b>	<b>\$ 193,509,675</b>	<b>\$ 219,110,642</b>	
\$	7,746,426	\$ 8,864,516	\$ 4,460,496	\$ 4,761,038	\$ 4,850,552	\$ 4,196,601
11,841,340	13,040,363	15,504,626	18,647,276	11,962,685	11,367,968	
4,748,609	4,963,005	5,460,041	5,859,462	4,873,368	6,334,734	
3,380,143	3,204,712	7,078,959	8,816,371	7,908,636	10,140,356	
3,917,392	4,026,981	5,733,587	4,416,286	4,427,073	3,158,517	
-	-	-	-	2,169,365	2,206,781	
366,424	376,099	384,442	425,676	418,247	395,001	
4,659,218	4,920,003	4,855,791	6,527,822	7,091,483	7,613,730	
5,932,115	17,519,113	7,404,767	12,254,621	11,235,278	10,814,961	
<b>42,591,667</b>	<b>56,914,792</b>	<b>50,882,709</b>	<b>61,708,552</b>	<b>54,936,687</b>	<b>56,228,649</b>	
32,202,568	31,349,390	31,790,037	41,737,548	51,981,922	58,741,767	
2,179,638	2,259,273	2,155,822	2,361,164	-	-	
1,418,940	9,648,484	4,559,627	2,628,892	1,231,712	7,290,894	
<b>35,801,146</b>	<b>43,257,147</b>	<b>38,505,486</b>	<b>46,727,604</b>	<b>53,213,634</b>	<b>66,032,661</b>	
<b>\$ 78,392,813</b>	<b>\$ 100,171,939</b>	<b>\$ 89,388,195</b>	<b>\$ 108,436,156</b>	<b>\$ 108,150,321</b>	<b>\$ 122,261,310</b>	
\$	(78,281,333)	\$ (64,581,199)	\$ (87,109,478)	\$ (91,869,949)	\$ (107,593,464)	\$ (123,722,953)
7,807,203	10,885,230	8,154,696	15,066,637	22,234,110	26,873,621	
<b>\$ (70,474,130)</b>	<b>\$ (53,695,969)</b>	<b>\$ (78,954,782)</b>	<b>\$ (76,803,312)</b>	<b>\$ (85,359,354)</b>	<b>\$ (96,849,332)</b>	

**CITY OF SAN MATEO**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<b>FISCAL YEAR</b>			
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>General Revenues and Other Changes in Net Position</b>				
Government activities:				
Taxes				
Property taxes	\$ 47,659,495	\$ 44,094,970	\$ 38,179,530	\$ 42,485,569
Sales and use tax	20,783,156	22,620,197	23,822,654	23,621,580
Property transfer tax	4,221,831	4,387,035	6,307,133	9,476,087
Other taxes	9,194,253	10,544,367	11,519,884	12,582,033
Franchise fee	2,661,264	2,821,616	2,858,607	2,967,823
Motor vehicle taxes	500,001	7,500	57,889	68,688
Investment earnings	776,240	806,556	24,002	1,430,926
Other - GASB 68 Adjustment	-	-	-	-
Other revenues	-	-	-	-
Transfers	-	-	-	-
Special Item: Transfer of properties from Successor Agency	-	-	-	-
Special Item: Transfer of fire activities	-	-	-	-
Extraordinary gain due to RDA dissolution	-	56,443,535	-	-
Total Governmental activities:	<u>85,796,240</u>	<u>141,725,776</u>	<u>82,769,699</u>	<u>92,632,706</u>
Business-type activities:				
Investment earnings	178,998	233,504	68,856	324,021
Loss on disposal of capital assets	-	-	(7,123)	-
Transfers	-	-	-	-
Total business-type activities	<u>178,998</u>	<u>233,504</u>	<u>61,733</u>	<u>324,021</u>
Total primary government	<u><u>\$ 85,975,238</u></u>	<u><u>\$ 141,959,280</u></u>	<u><u>\$ 82,831,432</u></u>	<u><u>\$ 92,956,727</u></u>
<b>Change in Net Position</b>				
Governmental activities	\$ 7,027,608	\$ 66,957,641	\$ 33,539,978	\$ 26,936,988
Business-type activities	1,700,038	2,169,026	6,399,895	7,516,706
Total primary government	<u><u>\$ 8,727,646</u></u>	<u><u>\$ 69,126,667</u></u>	<u><u>\$ 39,939,873</u></u>	<u><u>\$ 34,453,694</u></u>

Source: City of San Mateo Comprehensive Annual Financial Reports

**CITY OF SAN MATEO**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

**FISCAL YEAR**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	45,514,243	\$ 49,821,722	\$ 52,989,559	\$ 58,137,331	\$ 63,899,034	\$ 67,106,048
26,406,209	27,458,762	26,001,431	26,313,958	28,606,235	26,958,595	
10,636,846	9,894,291	12,179,016	11,778,074	13,918,129	9,137,370	
13,764,540	14,503,661	14,536,828	14,777,396	14,947,968	11,173,135	
3,049,847	3,143,082	3,142,369	3,208,096	3,134,906	3,170,550	
61,024	416,222	55,990	64,442	-	-	
1,167,612	2,469,425	978,899	1,521,257	7,180,752	7,259,659	
-	344,425	-	-	-	-	
-	-	32,694	66,005	42,081	64,312	
(2,501,852)	(3,020,196)	(850,000)	(525,000)	(1,788,676)	-	
	7,274,984	-	-	-	-	
-	-	-	-	(8,876,767)	-	
-	-	-	-	-	-	
<b>98,098,469</b>	<b>112,306,378</b>	<b>109,066,786</b>	<b>115,341,559</b>	<b>121,063,662</b>	<b>124,869,669</b>	
250,398	524,455	141,950	189,713	1,379,769	5,845,282	
-	-	-	-	-	-	
2,501,852	3,020,196	850,000	525,000	1,788,676	-	
2,752,250	3,544,651	991,950	714,713	3,168,445	5,845,282	
<b>\$ 100,850,719</b>	<b>\$ 115,851,029</b>	<b>\$ 110,058,736</b>	<b>\$ 116,056,272</b>	<b>\$ 124,232,107</b>	<b>\$ 130,714,951</b>	
\$	19,817,136	\$ 47,725,179	\$ 21,957,308	\$ 23,471,610	\$ 13,470,198	\$ 1,146,716
10,559,453	14,429,881	9,146,646	15,781,350	25,402,555	32,718,903	
<b>\$ 30,376,589</b>	<b>\$ 62,155,060</b>	<b>\$ 31,103,954</b>	<b>\$ 39,252,960</b>	<b>\$ 38,872,753</b>	<b>\$ 33,865,619</b>	

**CITY OF SAN MATEO**  
**Governmental Activities Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

<b>Fiscal Year</b>	<b>Property Tax <sup>(1)</sup></b>	<b>Property</b>				<b>Total</b>
		<b>Sales Tax</b>	<b>Transfer Tax</b>	<b>Franchise Fee</b>	<b>Other Taxes</b>	
2011	47,659,495	20,783,156	4,221,831	2,661,264	9,694,254	85,020,000
2012	44,094,970	22,620,197	4,387,035	2,821,616	10,551,867	84,475,685
2013	38,179,530	23,822,654	6,307,133	2,858,607	11,577,773	82,745,697
2014	42,485,569	23,621,580	9,476,087	2,967,823	12,650,721	91,201,780
2015	45,514,243	26,406,209	10,636,846	3,049,847	13,825,564	99,432,709
2016	49,821,722	27,458,762	9,894,291	3,143,082	14,919,883	105,237,740
2017	52,989,559	26,001,431	12,179,016	3,142,369	14,592,818	108,905,193
2018	58,137,331	26,313,958	11,778,074	3,208,096	14,841,838	114,279,297
2019	63,899,034	28,606,235	13,918,129	3,134,906	14,947,968	124,506,272
2020	67,106,048	26,958,595	9,137,370	3,170,550	11,173,135	117,545,698

Note:

(1) The amounts include property tax data for both the City and the former Redevelopment Agency until January 31, 2012.

Source: City of San Mateo Comprehensive Annual Financial Reports



**CITY OF SAN MATEO**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<b>FISCAL YEAR</b>			
	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
<b>General Fund</b>				
Nonspendable fund balance	\$ 133,171	\$ 155,101	\$ 137,314	\$ 165,313
Restricted fund balance	-	-	-	-
Committed fund balance	-	-	-	-
Assigned fund balance	254,790	2,140,061	1,521,652	1,849,458
Unassigned fund balance	12,651,062	16,768,598	23,797,373	34,083,800
<b>Total General Fund</b>	<b>\$ 13,039,023</b>	<b>\$ 19,063,760</b>	<b>\$ 25,456,339</b>	<b>\$ 36,098,571</b>
 <b>All Other Governmental Funds</b>				
Nonspendable fund balance	\$ 6,517	\$ 168,131	\$ -	\$ -
Restricted fund balance	47,507,738	23,361,973	30,314,487	32,452,933
Committed fund balance	24,722,687	22,830,269	32,304,156	41,759,610
Assigned fund balance	-	-	-	-
Unassigned fund balance	-	(18,629)	-	(3,999)
<b>Total all other Governmental Funds</b>	<b>\$ 72,236,942</b>	<b>\$ 46,341,744</b>	<b>\$ 62,618,643</b>	<b>\$ 74,208,544</b>

Source: City of San Mateo Comprehensive Annual Financial Reports

**CITY OF SAN MATEO**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

<b>FISCAL YEAR</b>						
	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
\$	133,030	\$ 93,968	\$ 146,668	\$ 1,365,781	\$ 1,138,335	\$ 801,607
-	-	-	-	-	-	-
-	-	-	-	1,310,590	2,382,262	1,370,873
696,064	653,902	1,151,152	983,063	708,521	670,609	
46,814,928	57,850,140	65,807,692	71,844,796	83,958,171	82,719,189	
<b>\$ 47,644,022</b>	<b>\$ 58,598,010</b>	<b>\$ 67,105,512</b>	<b>\$ 75,504,230</b>	<b>\$ 88,187,289</b>	<b>\$ 85,562,278</b>	
<hr/>						
\$	-	\$ -	\$ -	\$ 4,206	\$ -	\$ -
36,477,074	42,628,946	42,468,316	54,997,971	55,140,874	107,881,837	
51,111,814	63,490,793	66,261,696	66,085,830	70,357,550	75,420,851	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<b>\$ 87,588,888</b>	<b>\$ 106,119,739</b>	<b>\$ 108,730,012</b>	<b>\$ 121,088,007</b>	<b>\$ 125,498,424</b>	<b>\$ 183,302,688</b>	

**CITY OF SAN MATEO**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<b>FISCAL YEAR</b>			
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Revenues:</b>				
Property taxes	\$ 47,659,494	\$ 44,094,971	\$ 38,179,530	\$ 42,485,569
Sales taxes	20,783,155	22,620,197	23,822,654	23,621,580
Other taxes	13,416,084	17,753,018	20,736,014	25,084,632
Licenses, building and other permits	7,064,740	5,563,732	8,814,956	10,208,410
Fines, forfeitures and Penalties	1,671,540	1,644,699	1,990,067	1,828,124
Intergovernmental Revenues	9,140,309	11,155,347	9,812,480	10,422,872
Charges for services	5,374,244	9,835,848	9,199,159	9,426,652
Investment Earnings	662,105	671,674	46,163	1,121,679
Indirect and in-lieu fees	2,005,949	-	-	-
Assessment and Garbage collection surcharge	2,418,852	5,202,065	6,816,900	4,586,404
Parking meter and lease revenue	2,029,159	2,215,812	2,338,849	2,653,178
Impact fees	590,889	949,863	2,289,600	2,552,388
Capital contributions	-	-	-	-
Other Revenues	4,590,352	3,124,839	2,634,474	2,692,908
<b>Total Revenues</b>	<b>117,406,872</b>	<b>124,832,065</b>	<b>126,680,846</b>	<b>136,684,396</b>
<b>Expenditures:</b>				
General Government	8,200,787	8,693,749	9,136,330	9,947,383
Community development	8,650,128	6,648,962	5,177,198	6,226,200
Public Safety	47,417,641	48,797,774	48,458,630	49,554,095
Public Works	7,536,796	9,095,961	7,699,391	7,102,703
Parks and recreation	11,868,145	11,622,101	12,178,049	12,298,322
Golf	-	-	-	-
Library	4,847,027	5,007,303	4,798,978	5,160,200
Non-departmental	3,110,311	780,000	1,280,000	1,280,000
Capital Outlay	17,476,298	18,528,824	11,104,728	19,524,506
Debt Service				
Principal	5,815,000	4,290,000	1,520,000	1,610,000
Interest & Fiscal Charges	6,224,181	5,912,898	2,452,907	1,661,805
Cost of issuance	-	-	314,224	-
<b>Total Expenditures</b>	<b>121,146,314</b>	<b>119,377,572</b>	<b>104,120,435</b>	<b>114,365,214</b>
Excess of Revenues over (under) expenditures	(3,739,442)	5,454,493	22,560,411	22,319,182
<b>Other Financing Sources (Uses)</b>				
Proceeds from debt issuance	-	-	27,295,000	-
Premium	-	-	2,683,949	-
Debt refunding - payment to escrow	-	-	(29,581,180)	-
Proceeds from loans	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	7,758,324	15,054,919	9,468,607	12,623,834
Transfers out	(9,844,324)	(15,596,599)	(9,757,309)	(12,706,883)
Issuance of debt	5,630,686	-	-	-
Cost of issue	(153,846)	-	-	-
<b>Total other financing sources (uses)</b>	<b>3,390,840</b>	<b>(541,680)</b>	<b>109,067</b>	<b>(83,049)</b>
Special Item: Transfer of fire activities	-	-	-	-
Extraordinary Item: Gain (loss) on dissolution of RDA	-	(25,261,774)	-	-
Net change in fund balances	<b>\$ (348,602)</b>	<b>\$ (20,348,961)</b>	<b>\$ 22,669,478</b>	<b>\$ 22,236,133</b>
Debt Service as a percentage of noncapital expenditures <sup>(1)(2)</sup>	11.61%	9.65%	4.20%	3.34%

Note:

(1) Former Redevelopment Agency Bonds were excluded in fiscal year 2012 and subsequent fiscal years.

(2) Non-capital expenditures is the difference between total expenditures and capital outlay reported on

Government-wide Statement of Activities.

Source: City of San Mateo Comprehensive Annual Financial Reports

**CITY OF SAN MATEO**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

**FISCAL YEAR**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	45,514,243	\$ 49,821,722	\$ 52,989,555	\$ 58,137,331	\$ 63,899,035	\$ 67,106,048
26,406,209	27,458,762	26,001,428	26,313,958	28,606,235	26,958,596	
27,492,257	27,947,256	29,904,204	29,818,008	32,051,159	23,481,055	
10,993,854	12,481,519	13,986,765	16,829,698	9,820,297	8,511,610	
1,797,820	1,608,517	2,347,508	1,983,069	2,361,048	1,486,473	
9,000,823	10,139,448	10,514,086	10,081,168	13,900,475	13,455,252	
9,822,219	11,642,713	10,994,505	11,865,030	13,006,381	12,140,217	
939,463	2,016,000	436,583	1,274,997	6,257,565	6,451,349	
-	-	-	-	1,317,331	710,540	
3,128,070	8,000,287	2,405,534	2,591,689	1,887,074	1,952,167	
2,722,471	2,881,193	3,113,739	5,334,641	4,320,920	5,960,255	
3,260,222	4,274,248	3,747,065	4,021,226	1,754,337	4,471,088	
-	-	-	375,000	750,000	750,000	
2,402,206	3,438,927	3,751,388	3,851,650	5,140,943	4,440,498	
<b>143,479,857</b>	<b>161,710,592</b>	<b>160,192,360</b>	<b>172,477,465</b>	<b>185,072,800</b>	<b>177,875,148</b>	
12,563,127	13,389,976	11,823,438	12,631,562	13,248,604	14,127,919	
7,304,546	7,283,445	8,382,090	8,968,166	9,870,728	9,903,606	
53,016,349	58,605,898	63,623,621	68,708,919	63,971,508	69,607,595	
6,103,576	7,128,676	8,585,107	10,030,818	10,525,838	11,194,667	
12,759,601	13,190,936	14,666,422	14,967,718	15,563,445	15,177,801	
-	-	-	-	2,152,691	2,210,391	
5,744,931	6,099,700	6,499,489	6,721,084	7,421,137	7,260,024	
1,280,000	1,250,000	2,891,155	3,001,379	5,726,983	6,535,562	
18,045,935	20,745,215	28,829,906	18,367,591	22,865,146	30,549,652	
1,802,440	1,939,637	2,019,637	7,842,077	2,128,016	2,742,918	
1,761,775	1,656,297	1,702,963	1,705,078	1,624,137	1,554,488	
-	-	-	-	-	380,166	
<b>120,382,280</b>	<b>131,289,780</b>	<b>149,023,828</b>	<b>152,944,392</b>	<b>155,098,233</b>	<b>171,244,789</b>	
<b>23,097,577</b>	<b>30,420,812</b>	<b>11,168,532</b>	<b>19,533,073</b>	<b>29,974,567</b>	<b>6,630,359</b>	
-	-	-	-	-	47,595,599	
-	-	-	-	-	8,068,164	
-	-	-	-	-	(4,006,995)	
265,820	14,027	746,896	2,157,843	-	-	
-	-	-	-	-	713,154	
11,402,970	13,083,222	14,117,848	20,890,354	12,938,471	21,124,557	
(13,729,596)	(14,033,222)	(14,915,501)	(21,824,557)	(12,995,487)	(24,945,585)	
-	-	-	-	-	-	
-	-	-	-	-	-	
<b>(2,060,806)</b>	<b>(935,973)</b>	<b>(50,757)</b>	<b>1,223,640</b>	<b>(57,016)</b>	<b>48,548,894</b>	
				<b>(12,824,075)</b>	<b>-</b>	
<b>\$ 21,036,771</b>	<b>\$ 29,484,839</b>	<b>\$ 11,117,775</b>	<b>\$ 20,756,713</b>	<b>\$ 17,093,476</b>	<b>\$ 55,179,253</b>	

3.42%      3.11%      3.01%      6.89%      2.82%      2.98%

**CITY OF SAN MATEO**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(amount expressed in thousands)**

<b>Fiscal Year End</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other Property<sup>(1)</sup></b>	<b>Unsecured Property</b>	<b>Less Tax-Exempt Property</b>	<b>Taxable Assessed Value</b>	<b>Total Direct Tax Rate<sup>(2)</sup></b>	<b>Estimated Actual Value<sup>(3)</sup></b>	<b>Factor of Taxable Assessed Value<sup>(3)</sup></b>
2011	\$ 12,830,764	\$ 2,621,910	\$ 172,139	\$ 485,004	\$ 628,718	\$ 472,874	\$ 16,265,661	0.18%	\$ 16,436,938	1.0105
2012	12,976,523	2,696,014	174,929	460,901	640,569	517,189	16,431,747	0.18%	20,095,665	1.2230
2013	13,313,456	2,872,202	170,041	410,573	615,933	522,010	16,860,195	0.18%	24,094,905	1.4291
2014	14,242,602	3,067,403	178,139	432,072	630,440	510,141	18,040,515	0.18%	28,743,512	1.5933
2015	15,233,601	3,228,752	199,821	291,470	724,375	309,015	19,369,004	0.18%	32,278,244	1.6665
2016	16,649,492	3,454,897	176,544	324,490	760,591	348,736	21,017,279	0.18%	40,006,118	1.9035
2017	17,909,339	3,823,284	180,072	574,686	738,320	591,188	22,634,512	0.18%	44,026,273	1.9451
2018	19,417,451	4,213,927	187,130	598,899	710,584	587,446	24,540,546	0.18%	48,683,633	1.9838
2019	20,830,053	4,927,490	197,026	547,948	774,755	670,274	26,606,997	0.18%	54,298,177	2.0407
2020	22,332,343	5,423,015	213,692	532,710	847,426	707,556	28,641,629	0.18%	55,884,822	1.9512

Notes:

1.) Other property includes state unitary value of \$3,294,911

2.) Total direct tax rate is the city share of the 1% Proposition 13 tax only for TRA 12-001. Rates are not adjusted for ERAF.

3.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

Source: County Assessor data, Source: MuniServices, LLC / Avenu Insights & Analytics

**CITY OF SAN MATEO**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**(rate expressed in percentage)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Basic City and County Levy										
CITY OF SAN MATEO	0.1761	0.1761	0.1761	0.1761	0.1761	0.1761	0.1761	0.1761	0.1761	0.1761
OTHER SAN MATEO										
COUNTY AGENCIES	0.8239	0.8239	0.8239	0.8239	0.8239	0.8239	0.8239	0.8239	0.8239	0.8239
<b>TOTAL</b>	<b>1.0000</b>									
Override Assessments										
S M CITY GO DEBT	0.0129	0.0129	0.0129	0.0105	0.0105	0.0102	0.0090	0.0084	0.0077	0.0071
SM FC EL BD REFUND SER	0.0093	0.0091	-	-	-	-	-	-	-	-
SAN MATEO HIGH BD SER 2	0.0062	0.0066	0.0068	0.0067	0.0072	0.0064	0.0066	0.0065	0.0063	0.0063
SAN MATEO UN HIGH BND S	0.0167	0.0132	0.0135	0.0121	0.0108	0.0063	0.0063	0.0063	0.0047	0.0036
SAN MATEO HIGH RFND. SEI	0.0093	0.0090	0.0088	0.0045	-	-	-	-	-	-
SAN MATEO HIGH 2012 GO	-	-	0.0010	0.0038	0.0078	0.0088	0.0106	0.0105	0.0115	0.0109
SAN MATEO HIGH 2016 GO	-	-	-	-	-	-	-	0.0025	0.0020	0.0018
SAN MATEO HIGH 2017 GO	-	-	-	-	-	-	-	-	0.0020	0.0016
SM JR COLLEGE BD 2002	0.0038	0.0039	-	-	-	0.0012	0.0019	0.0019	0.0018	0.0019
SM JR COLL BOND SER 2000	0.0023	0.0023	0.0014	0.0015	0.0002	-	-	-	-	-
SM JR COLL BOND 2001 SE	0.0010	0.0010	0.0010	0.0010	0.0009	0.0008	0.0006	0.0007	0.0007	0.0007
SM JR COLL BOND 2006 SE	0.0056	0.0045	0.0050	0.0047	0.0042	0.0039	0.0037	0.0036	0.0035	0.0033
SM JR COLL BOND 2014	-	-	-	-	-	-	0.0029	0.0027	0.0024	0.0018
SM JR COLL BOND 2015	-	-	-	-	-	-	0.0071	0.0066	0.0012	0.0011
SM JR COLL ELECT 2014	-	-	-	-	-	-	-	-	-	0.0088
SM JR COLL 2018 REF BOND	-	-	-	-	-	-	-	-	-	0.0007
SM JR COLL 2019 REF BOND	-	-	-	-	-	-	-	-	-	0.0006
SAN MATEO COMM COLL 20	0.0066	0.0082	0.0059	0.0067	0.0069	0.0036	0.0085	0.0080	0.0079	0.0042
SAN MATEO COMM COLL	-	-	-	-	-	-	-	-	-	0.0035
SAN MATEO HIGH ELEC	-	0.0095	0.0080	0.0084	0.0217	0.0251	0.0180	0.0175	0.0142	0.0143
SM FOSTER CITY 2005 REF	0.0248	0.0256	0.0262	0.0242	0.0185	0.0197	0.0156	0.0162	0.0170	0.0042
SAN FC 2012 GO REF Ser 0	-	-	0.0076	0.0087	0.0071	0.0069	0.0060	0.0056	0.0052	0.0050
SAN FC GO BOND 08 ELEC	-	-	-	0.0092	0.0132	0.0082	0.0154	0.0151	0.0146	0.0140
SAN FC GO BOND 2014	-	-	-	-	-	0.0006	0.0002	0.0003	0.0003	0.0011
SAN FC GO BOND 2015	-	-	-	-	-	0.0048	0.0174	0.0170	0.0159	0.0194
SM JR COLL BOND REF 201	-	-	0.0061	0.0055	0.0068	0.0155	-	-	-	-
<b>TOTAL</b>	<b>0.0985</b>	<b>0.1058</b>	<b>0.1042</b>	<b>0.1075</b>	<b>0.1158</b>	<b>0.1220</b>	<b>0.1298</b>	<b>0.1294</b>	<b>0.1189</b>	<b>0.1159</b>
<b>TOTAL TAX RATE</b>	<b>1.0985</b>	<b>1.1058</b>	<b>1.1042</b>	<b>1.1075</b>	<b>1.1158</b>	<b>1.1220</b>	<b>1.1298</b>	<b>1.1294</b>	<b>1.1189</b>	<b>1.1159</b>

Sources: (1) City of San Mateo Comprehensive Annual Financial Reports  
(2) County Auditor/Controller data, MuniServices, LLC / Avenu Insights & Analytics

**CITY OF SAN MATEO**  
**Principal Sales Tax Producers**  
**Current Year and Nine Years Ago**

2020		2011	
Taxpayer	Business Type	Taxpayer	Business Type
Apple Stores	Furniture/Appliance	Apple Stores	Furniture/Appliance
Arco AM/PM Mini Marts	Service Stations	Arco AM/PM Mini Marts	Service Stations
Better Source Liquidators	Office Equipment	Bed Bath & Beyond	Miscellaneous Retail
Chevron Service Stations	Service Stations	Cafepress.Com	Light Industry
CVS/Pharmacy	Drug Stores	Chevron Service Stations	Service Stations
Exxon Service Stations	Service Stations	CVS/Pharmacy	Drug Stores
Financial Services Vehicle Trust	Leasing	Equilon Enterprises	Service Stations
Gas & Shop Service Stations	Service Stations	Financial Services Vehicle Trust	Leasing
Goprocamera.Com	Recreation Products	Gas & Shop Service Stations	Service Stations
Home Depot	Bldg.Matls-Retail	Home Depot	Bldg.Matls-Retail
Macy's Department Store	Department Stores	K Mart Stores	Department Stores
Marshall's Stores	Apparel Stores	Macy's Department Store	Department Stores
Nordstrom Department Store	Department Stores	Marshall's Stores	Apparel Stores
Personalized Beauty Discovery	Miscellaneous Retail	Nordstrom Department Store	Department Stores
Peter Pan BMW	Auto Sales - New	Old Navy Clothing Co.	Apparel Stores
Ross Stores	Apparel Stores	Peter Pan BMW	Auto Sales - New
Safeway Stores	Food Markets	Ross Stores	Apparel Stores
Shell Service Stations	Service Stations	Safeway Stores	Food Markets
Target Stores	Department Stores	Sears Roebuck & Company	Department Stores
The Cheesecake Factory	Restaurants	Sportmart	Recreation Products
The Shane Company	Miscellaneous Retail	Target Stores	Department Stores
Total Wine & More	Liquor Stores	The Gap	Apparel Stores
Union 76 Service Stations	Service Stations	Toys R Us	Miscellaneous Retail
Walgreen's Drug Stores	Drug Stores	Walgreen's Drug Stores	Drug Stores
Whole Foods Market	Food Markets	Whole Foods Market	Food Markets

Note: Top Sales Tax Producers listed in alphabetical order

Source: MuniServices, LLC / Avenu Insights & Analytics

**CITY OF SAN MATEO**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**  
**(amount expressed in thousands)**

Taxpayer	2020		2011		Percent of Total City Taxable Value	
	Taxable Value	Rank	Percent of Total	Rank		
			City Taxable Value			
Bay Meadows Town Square Invest	\$ 636,816	1	2.22%			
Essex Portfolio Lp	445,050	2	1.55%			
Hg Clearview Owner Llc	425,306	3	1.48%			
Franklin Templeton Co Llc	349,064	4	1.22%	203,997	2 1.25%	
Hsc Holdings	323,892	5	1.13%			
Bcsp Crossroads Property Llc	218,487	6	0.76%			
Asn Bay Meadows I Llc Bay Mead	216,054	7	0.75%	225,042	1 1.38%	
Rakuten Chw Llc	187,310	8	0.65%			
Hospitality Investment Llc Les	182,811	9	0.64%			
Romel 888 Llc	178,361	10	0.62%			
Bohannon Development Co				168,217	3 1.03%	
Sobrato Interests Iii				130,513	4 0.80%	
Essex Hillsdale Garden Apts				101,915	5 0.63%	
Peninsula Office Park				101,900	6 0.63%	
Dw Bridgepointe Llc				93,353	7 0.57%	
Park Place Realty Holding Co I				91,000	8 0.56%	
Crossroads Assoc				75,685	9 0.47%	
Spk San Mateo Baycenter Llc				71,400	10 0.44%	
<b>Total Top 10 Taxpayers</b>	<b>3,163,151</b>		<b>11.04%</b>	<b>1,263,022</b>	<b>7.76%</b>	
<b>Total Taxable Value</b>	<b>28,641,629</b>		<b>100.00%</b>	<b>16,265,663</b>	<b>100.00%</b>	

Source: MuniServices, LLC / Avenu Insights & Analytics

**CITY OF SAN MATEO**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Collected Within the Fiscal Year of the Levy			Total Collections To Date		
	Total Tax Levied for Fiscal Year <sup>(1)</sup>	Collected Amount <sup>(2)</sup>	Percentage of Levy	Delinquent Tax Collections <sup>(3)</sup>	Collected Amount	Percentage of Levy <sup>(4)</sup>
2011	\$ 48,616,000	\$ 47,659,000	98.03%	n/a	\$ 47,659,000	98.03%
2012	47,020,000	44,094,970	93.78%	n/a	44,094,970	93.78%
2013	38,200,000	38,179,530	99.95%	n/a	38,179,530	99.95%
2014	42,500,000	42,485,569	99.97%	n/a	42,485,569	99.97%
2015	45,515,000	45,514,243	100.00%	n/a	45,514,243	100.00%
2016	49,821,722	49,821,722	100.00%	n/a	49,821,722	100.00%
2017	52,989,556	52,989,556	100.00%	n/a	52,989,556	100.00%
2018	58,146,288	58,137,331	99.98%	n/a	58,137,331	99.98%
2019	55,703,036	55,703,036	100.00%	n/a	55,703,036	100.00%
2020	59,994,552	59,994,552	100.00%	n/a	59,994,552	100.00%

Notes:

- (1) The data in this table includes the basic and supplemental city property taxes and subventions, debt service tax and the Redevelopment Agency tax increments, ERAF refunds, and property tax in-lieu of motor vehicle fees.
- (2) Former redevelopment agency tax increments were excluded starting February 1, 2012, and subsequent fiscal years.
- (3) San Mateo County assesses properties and it bills, collects, and distributes property taxes to all taxing entities, including the City. Under State law, known as the Teeter Plan, the county remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Only secured taxes will be paid under the Teeter Plan.
- (4) Years of lower collection are due to weak housing market and assessed value appeals.

Source: County of San Mateo

**CITY OF SAN MATEO**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands, except per capita amount)**

Fiscal Year	Governmental Activities				Business-Type Activities					Fiduciary Funds				
	General Obligation Bonds	Redevelopment Bonds	Revenue Bond	Loans Payable	Capital Lease Payable	Sewer Bonds	Loans Payable	Golf Bond	Capital Lease Payable	Total Primary Government	Percentage of Personal Income	Per Capita	Redevelopment Tax Allocation Bond	County CDBG Loan
2011	\$ 30,040	\$ 86,356	\$ 29,728	\$ 530	\$ -	\$ 48,227	\$ -	\$ 8,574	\$ -	\$ 203,455	4.87%	2,077	\$ -	-
2012	29,160	-	29,375	-	-	46,839	-	8,268	-	113,642	2.63%	1,156	83,439	539
2013	28,638	-	28,782	-	-	45,496	-	7,951	-	110,867	2.50%	1,119	80,473	539
2014	28,852	-	28,147	-	-	44,916	4,000	7,925	-	113,840	2.49%	1,137	78,903	-
2015	27,580	-	27,478	253	-	61,434	4,916	7,465	-	129,126	2.75%	1,273	75,549	-
2016	26,268	-	26,774	193	-	59,867	11,000	7,095	-	131,197	2.54%	1,278	72,202	-
2017	24,920	-	26,026	865	-	58,244	5,000	6,710	209	121,974	2.24%	1,179	68,400	-
2018	23,528	-	19,512	2,936	-	56,572	5,000	6,572	142	114,262	1.95%	1,094	63,395	-
2019	22,086	-	25,408	2,728	86	338,126	-	-	-	388,434	6.29%	3,715	59,095	-
2020	20,584	-	74,356	4,323	29	334,752	-	-	-	434,044	6.85%	4,210	55,045	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Former Redevelopment Agency Bonds were excluded in fiscal year 2012 and subsequent fiscal years.

Golf bond was included in Governmental Activities Revenue Bond effective fiscal year 2019 (when Golf operation was transferred to General Fund)

Capital lease payable was included in Governmental Activities capital lease payable effective fiscal year 2019 (when Golf operation was transferred to General Fund)

Source: City of San Mateo Comprehensive Annual Financial Reports

**CITY OF SAN MATEO**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands, except per capita amount)**

Fiscal Year	Outstanding General Bonded Debt					Percentage of Total Taxable Assessed Value			Per Capita
	General Obligation Bonds	Tax Allocation Bonds	Less: Amount Available in Debt Svc Fund	Total (net)					
2011	\$ 30,040	\$ 86,356	\$ 8,240	\$ 108,156	0.66%			\$ 1,104	
2012	29,160	-	2,459	26,701	0.16%			272	
2013	28,638	-	2,404	26,234	0.16%			265	
2014	28,852	-	2,747	26,105	0.14%			261	
2015	27,580	-	3,034	24,546	0.13%			242	
2016	26,268	-	3,642	22,626	0.11%			220	
2017	24,920	-	4,026	20,894	0.09%			202	
2018	23,528	-	4,455	19,073	0.08%			183	
2019	22,086	-	4,960	17,126	0.06%			164	
2020	20,584	-	5,340	15,244	0.05%			148	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
Former Redevelopment Agency Bonds were excluded in fiscal year 2012 and subsequent fiscal years.

Source: City of San Mateo Comprehensive Annual Financial Reports

**CITY OF SAN MATEO**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2020**

<u>2019-20 Assessed Valuation:</u>	\$28,752,793,507		
	Total Debt 6/30/2020	%	City's Share of Debt 6/30/20
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>		<u>Applicable(1)</u>	
San Mateo Community College District	\$ 766,683,503	12.02%	\$ 92,117,023
San Mateo Union High School District	623,906,623	33.70%	210,256,532
Sequoia Union High School District	510,715,000	0.59%	3,008,111
Belmont-Redwood Shores School District	60,077,715	3.94%	2,368,264
Belmont-Redwood Shores School District Belmont School Facilities Imp Dist	37,428,890	7.04%	2,633,871
Hillsborough School District	76,317,457	0.00%	763
San Mateo-Foster City School District	282,726,833	67.87%	191,875,392
City of San Mateo Community Facilities District No.2008-1	84,345,000	100.00%	84,345,000
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>	<b>2,442,201,021</b>		<b>586,604,956</b>
<b>DIRECT TAX AND ASSESSMENT DEBT:</b>			
City of San Mateo	20,584,186	100.00%	20,584,186
<b>TOTAL DIRECT TAX AND ASSESSMENT DEBT:</b>	<b>20,584,186</b>		<b>20,584,186</b>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>	<b>2,462,785,207</b>		<b>607,189,142</b>
<b>OVERLAPPING GENERAL FUND DEBT:</b>			
San Mateo County Certificates of Participation	515,920,256	12.02%	61,987,819
San Mateo County Board of Education Certificates of Participation	7,505,000	12.02%	901,726
Highlands Recreation District General Fund Obligations	2,422,000	0.02%	412
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>	<b>525,847,256</b>		<b>62,889,957</b>
<b>DIRECT GENERAL FUND DEBT:</b>			
City of San Mateo General Fund Obligations	78,707,756	100.00%	78,707,756
<b>TOTAL DIRECT GENERAL FUND DEBT</b>	<b>78,707,756</b>		<b>78,707,756</b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>	<b>604,555,012</b>		<b>141,597,713</b>
Less: City of San Mateo enterprise supported obligations			14,475,000
Highlands Recreation District supported obligations			321
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>127,122,392</b>
<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agency)</b>	<b>\$50,735,000</b>	<b>100.00%</b>	<b>50,735,000</b>
<b>TOTAL GROSS DIRECT DEBT</b>			<b>99,291,942</b>
<b>TOTAL NET DIRECT DEBT</b>			<b>84,816,942</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>700,229,913</b>
<b>GROSS COMBINED TOTAL DEBT</b>			<b>799,521,855 (2)</b>
<b>NET COMBINED TOTAL DEBT</b>			<b>785,046,534</b>

**Ratios to 2019-20 Assessed Valuation:**

Direct Debt (\$20,584,186)	0.07%
Total Direct and Overlapping Tax and Assessment Debt	2.11%
Total Gross Direct Debt (\$99,291,942)	0.35%
Total Net Direct Debt (\$84,816,942)	0.29%
Gross Combined Total Debt	2.78%
Net Combined Total Debt	2.73%

**Ratios to Redevelopment Successor Agency Incremental Valuation (\$2,252,235,793):**

Total Overlapping Tax Increment Debt	2.25%
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Note:

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city, divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue and mortgage revenue.

Source: MuniServices, LLC / Auenu Insights & Analysis and City of San Mateo Comprehensive Annual Financial Reports

**CITY OF SAN MATEO**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

	<b>FISCAL YEAR</b>			
	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
Debt Limit	\$ 2,510,780	\$ 2,542,340	\$ 2,607,331	\$ 2,782,598
Total net debt applicable to limit	<u>30,040</u>	<u>29,160</u>	<u>28,638</u>	<u>28,852</u>
Legal debt margin	<u>\$ 2,480,740</u>	<u>\$ 2,513,180</u>	<u>\$ 2,578,693</u>	<u>\$ 2,753,746</u>
Total net debt applicable to the limit as a percentage of debt limit	1.21%	1.16%	1.11%	1.05%

Note: The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation.

Source: County of San Mateo

**CITY OF SAN MATEO**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

<b>FISCAL YEAR</b>						
<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	
\$ 2,951,703	\$ 3,204,902	\$ 3,483,855	\$ 3,769,199	\$ 4,091,591	\$ 4,402,378	
27,580	26,268	24,920	23,528	22,086	20,584	
<u>\$ 2,924,123</u>	<u>\$ 3,178,634</u>	<u>\$ 3,458,935</u>	<u>\$ 3,745,671</u>	<u>\$ 4,069,505</u>	<u>\$ 4,381,794</u>	
0.94%	0.83%	0.72%	0.63%	0.54%	0.47%	

**Legal Debt Margin Calculation for Fiscal Year 2020**

	<b><u>2020</u></b>
Assessed value	\$ 28,641,629
Add back: exempt real property	707,556
	<u>\$ 29,349,186</u>
Debt limit (15% of assessed value)	\$ 4,402,378
<b><u>Debt Application to limit:</u></b>	
General obligation bonds	20,584
Total net debt applicable to limit	<u>20,584</u>
Legal debt margin	<u>\$ 4,381,794</u>

**CITY OF SAN MATEO**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

Fiscal Year	Sewer Revenue Bonds						Tax Allocation Bonds				
	Sewer Charges and Other <sup>(1)</sup>	Less Operating Expenses <sup>(2)</sup>	Net Available Revenue	Debt Service		Coverage	Tax Increment	Debt Service			Coverage
				Principal	Interest			Principal	Interest		
2011	\$ 22,809	\$ 16,419	\$ 6,390	\$ 1,365	\$ 1,779	2.03	\$ 12,455	\$ 2,935	\$ 3,838	1.84	
2012	24,936	17,463	7,473	1,460	1,719	2.35	12,657 <sup>(3)</sup>	3,050	3,719	1.87	
2013	28,781	17,980	10,801	1,415	2,072	3.10	-	-	-	-	
2014	28,705	16,874	11,831	1,455	2,016	3.41	-	-	-	-	
2015	32,453	19,511	12,942	17,800 <sup>(4)</sup>	2,041	3.65 <sup>(4)</sup>	-	-	-	-	
2016	31,874	23,218	8,656	1,460	2,560	2.15	-	-	-	-	
2017	31,932	21,419	10,513	1,515	2,516	2.61	-	-	-	-	
2018	41,927	21,870	20,057	1,565	2,462	4.98	-	-	-	-	
2019	53,362	23,347	30,015	1,585	3,220	6.25	-	-	-	-	
2020	64,587	22,828	41,759	1,650	9,536 <sup>(5)</sup>	3.73 <sup>(5)</sup>	-	-	-	-	

Note: (1) Sewer charges and other include investment earnings.

(2) Operating expenses do not include interest or depreciation.

(3) The Successor Agencies to the redevelopment agencies receive funding from the Redevelopment Property Tax Trust Fund to pay these types of debt obligations, that began in February 2012.

(4) Increase due to the refunding of the 2003 Sewer Revenue bonds totaling \$16.3 million, which is excluded from the coverage calculation.

(5) Include City of San Mateo portion of 2019 Wastewater Revenue Bonds issued by San Mateo-Foster City Public Financing Authority

Source: City of San Mateo Comprehensive Annual Financial Reports

**CITY OF SAN MATEO**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	Population <sup>(1)</sup>	Personal Income <sup>(2)</sup>	Per Capita Personal Income <sup>(2)</sup>		*Public School Enrollment	County Unemployment Rate (%) <sup>(3)</sup>	City Unemployment Rate (%) <sup>(3)</sup>	County Population <sup>(1)</sup>	City Population (% of County) <sup>(1)</sup>
			Median	Age					
2011	97,966	\$ 4,180,503,118	\$ 42,673	38.6	11,995	8.30%	6.60%	724,702	13.52%
2012	98,298	4,315,282,200	43,900	39.7	19,451	6.40%	5.00%	729,443	13.48%
2013	99,061	4,429,908,859	44,719	37.3	19,700	6.70%	5.30%	735,678	13.47%
2014	100,106	4,570,705,818	45,659	40.2	19,868	5.40%	4.30%	745,193	13.43%
2015	101,429	4,696,568,416	46,304	39.2	20,179	3.20%	3.10%	753,123	13.47%
2016	102,659	5,156,150,934	50,226	39.1	20,603	3.40%	3.30%	766,041	13.40%
2017	103,426	5,444,686,980	52,643	39.1	21,074	3.00%	2.90%	770,203	13.43%
2018	104,490	5,850,629,158	55,992	38.9	21,321	2.20%	2.00%	774,155	13.50%
2019	104,570	6,175,904,200	59,060	39.6	21,299	1.70%	1.60%	774,485	13.50%
2020	103,087	6,332,177,735	61,426	39.2	21,461	11.10%	9.70%	773,244	13.33%

Notes:

(1) Population Projections are provided by the California Department of Finance.

(2) Income Data is provided by U.S. Census Bureau, 2010 American Community Survey.

(3) Unemployment Data is provided by the Employment Development Department's Bureau of Labor Statistics Department.

\*Student Enrollment reflects the total number of students enrolled in the San Mateo Union High and San Mateo Foster City Unified School Districts. Any other school districts within the City are not accounted for in this statistic.

Source: MuniServices, LLC / Avenu. Insights & Analytics

**CITY OF SAN MATEO**  
**Principal Employers for City of San Mateo**  
**Current Year and Nine Years Ago**

Business Name	2020		2011	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
County of San Mateo Medical Center*	1,352	2.25%	1,428	2.91%
Sony Interactive Entertainment America, Playstation America	1,244	2.07%		
San Mateo-Foster City Unified School District	1,115	1.86%	1,062	2.17%
San Mateo Union High School District**	1,033	1.72%	900	1.84%
Franklin Templeton Investor	904	1.50%	1,069	2.18%
San Mateo County Behavioral Health	630	1.05%	375	0.77%
Net Suite Inc	600	1.00%		
Rakuten	600	1.00%		
City of San Mateo	457	0.76%	811	1.66%
San Mateo Community College District	409	0.68%	1,038	2.12%
Fisher Investments			439	0.90%
Mills-Peninsula Health Services			540	1.10%
CAPS Service Center			400	0.82%
Total Top 10 Employers	8,344	13.88%	8,062	16.47%
Total Labor Force (1)	60,100		49,000	

Sources: (1) City of San Mateo Comprehensive Annual Financial Reports

(2) MuniServices, LLC / Avenu Insights & Analytics

Results based on direct correspondence with city's local businesses.

\*Count includes San Mateo Medical Center as well as outside clinic locations.

\*\*Includes Capuchino and Burlingame HS which are outside the city limits of San Mateo.

1.) Total City Labor Force for 2019-20 provided by EDD Labor Force Data.

**CITY OF SAN MATEO**  
**Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

<u>Function</u>	Full-time Equivalent Employees as of June 30									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General government	54.77	55.97	56.86	57.81	64.75	66.41	65.58	66.09	62.65	62.65
Community development	39.01	29.93	31.72	39.72	47.35	47.35	48.94	48.94	49.72	51.72
Public safety	247.06	242.56	243.77	244.77	249.78	256.53	268.11	265.85	177.14	171.51 (1)
Public works (excluding Sewer)	39.67	39.97	41.18	44.51	44.52	45.99	57.96	57.11	63.51	61.56
Parks and recreation (excluding Golf)	103.91	98.87	98.39	98.79	101.54	101.54	102.07	103.21	107.73	107.73
Library	49.41	49.61	48.37	47.95	48.85	49.35	50.59	52.48	53.36	53.36
Sewer	74.58	74.58	75.73	75.24	76.69	77.99	80.49	80.49	84.58	86.53
Golf	11.25	11.25	11.54	11.14	11.14	11.14	11.77	11.77	12.55	12.55
<b>Total:</b>	<b>619.66</b>	<b>602.74</b>	<b>607.56</b>	<b>619.93</b>	<b>644.62</b>	<b>656.30</b>	<b>685.51</b>	<b>685.94</b>	<b>611.24</b>	<b>607.61</b>

Notes:

(1) Public safety number for fiscal year 2019 only included Police Department's employees. Fire Operations were transferred to San Mateo Consolidate Fire Department effective 1/13/2019.

Source: Adopted City Budgets

**CITY OF SAN MATEO**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Building:										
Building permits issued	2,703	2,904	3,050	3,481	3,587	4,359	4,169	4,385	3,678	3,345
Inspections	9,896	10,808	12,229	16,122	16,090	16,984	19,061	20,252	18,828	15,890
Finance:										
Business licenses issued				8,497	9,111	9,474	8,796	8,656	8,204	8,072 <sup>(1)</sup>
Fire:										
Number of calls	8,234	8,463	8,274	9,249	9,672	9,780	9,282	9,822	5,365	<sup>(3)</sup>
Inspections	6,752	8,356	5,620	6,872	7,213	7,504	7,681	4,513	1,284	<sup>(3)</sup>
Golf course:										
Golf rounds played	70,709	74,311	70,294	71,677	63,903	62,441	59,348	62,923	61,805	60,820 <sup>(4)</sup>
Library:										
Annual circulation	867,073	824,695	837,004	876,149	922,790	946,259	981,512	988,301	1,129,127	921,979 <sup>(4)</sup>
Library visits	574,354	533,843	521,264	530,312	566,244	555,008	603,760	610,834	764,469	422,226 <sup>(4)</sup>
Parks and recreation:										
Course registration	23,945	22,923	23,303	23,058	23,752	24,843	23,123	23,734	22,521	23,412
Facility rentals	1,423	1,316	1,302	1,391	1,386	1,368	1,346	1,369	1,329	827
Picnic rentals	1,183	1,081	1,111	1,192	1,275	1,086	1,274	1,340	1,423	1,165
Police:										
Arrests	3,577	3,381	3,264	3,626	3,077	3,311	2,947	2,670	2,496	2,112
Traffic violations	7,682	8,572	9,433	6,002	4,076	6,548	4,470	13,364	11,058	5,999 <sup>(2)</sup>
Parking violations	28,229	31,196	32,211	29,548	35,284	30,699	31,950	27,103	27,410	23,300
Public works:										
Street resurfacing (lane miles)	18	25	18	22	21	14	4	6	22	7
Potholes repaired	821	549	373	644	443	198	315	150	297	209
Sewer:										
Number of customers	27,530	27,525	27,532	27,578	27,661	27,816	27,965	27,961	28,237	28,366
Average daily sewage treatment (mgd)	13.8	12.2	11.6	10.8	12.0	10.0	12.2	10.4	11.5	9.9

Notes:

(1) Numbers of business licenses issued for fiscal years prior to fiscal year 2014 were not available.

(2) Number of traffic violations starting fiscal year 2018 included number of photo enforcement violations. Such information was not available for prior fiscal years.

(3) Number of fire calls for fiscal year 2019 included calls for period from 7/1/18 to 1/12/19. Fire operation was transferred to San Mateo Consolidated Fire Department (SMC Fire) effective 1/13/2019. Please refer to SMC Fire annual financial report for Fire Department operating indicators starting from January 13, 2019.

(4) Due to shelter-in-place orders, all three San Mateo Public Library facilities were closed to the public from 3/16/20 through 6/30/20 and the golf course was completely closed from 3/16/20 through 5/5/20.

Source: Various City Departments

**CITY OF SAN MATEO**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
<b>Fire:</b>											
Fire stations	6	6	6	6	6	6	6	6	6	6	
<b>Golf course:</b>											
Municipal golf courses	1	1	1	1	1	1	1	1	1	1	
<b>Library:</b>											
Main Library	1	1	1	1	1	1	1	1	1	1	
Branch Library	2	2	2	2	2	2	2	2	2	2	
<b>Parks and recreation:</b>											
Parks acreage	300	300	300	314	318	320	320	320	320	320	
Parks	30	30	30	30	34	35	35	35	35	35	
Swimming pools	2	2	2	2	2	2	2	2	2	2	
Tennis courts	16	16	16	16	16	16	16	16	16	16	
Community centers	6	6	6	6	6	6	6	6	6	6	
<b>Police:</b>											
Stations	1	1	1	1	1	1	1	1	1	1	
Patrol units	34	34	34	35	35	36	37	37	37	40	
<b>Public works:</b>											
Street (miles)	204	204	204	204	204	204	204	204	204	204	
Street lights	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	
Traffic signals	79	79	79	79	84	84	86	87	87	87	
<b>Sewer:</b>											
Wastewater treatment plant	1	1	1	1	1	1	1	1	1	1	
Sanitary sewers (miles)	236	236	236	236	236	236	260	260	260	260	
Storm drains (miles)	136	140	140	140	140	140	148	148	148	148	
Number of pump stations	38	38	38	38	37	35	37	37	37	37	
Maximum daily treatment capacity (mgd)	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	

Source: Various City Departments

