

CITY OF SAN MATEO
CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT



**FISCAL YEAR ENDED
JUNE 30, 2021**

City of San Mateo

San Mateo, California

Annual Comprehensive Financial Report

For the Year Ended June 30, 2021

Prepared by
Finance Department

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For the Year Ended June 30, 2021
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November 29, 2021

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 Finance Department in accordance with Section 5.26 of the City's Charter. Pursuant to the requirements, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the City for the fiscal year ended June 30, 2021.

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.

The Pun Group, 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, 2021, 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, 2021. The independent auditors' report is presented as the first component of the financial section of this report.

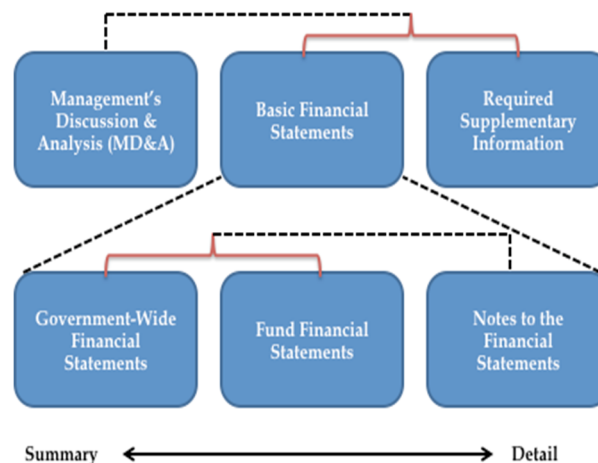
The analysis of the financial condition and the result of operations are in the Management's Discussion and Analysis (MD&A) section immediately following the auditor's report. This transmittal letter is designed to complement the MD&A and should be read in conjunction with the MD&A.

THE REPORT

The ACFR 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.

ACFR Organization



This ACFR 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 15.4 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 the 2020 Census, the City of San Mateo had an estimated 2020 population of 105,661, making it the largest city 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 City recently completed a transition to district elections. 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 is part of a joint powers agreement with the cities of Belmont and Foster City that provides fire services to all three cities through the San Mateo Consolidated Fire Department. The City offers 35 parks, six recreation centers, an 18-hole golf course, and three libraries, including a state-of-the-art main library. 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. All 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:

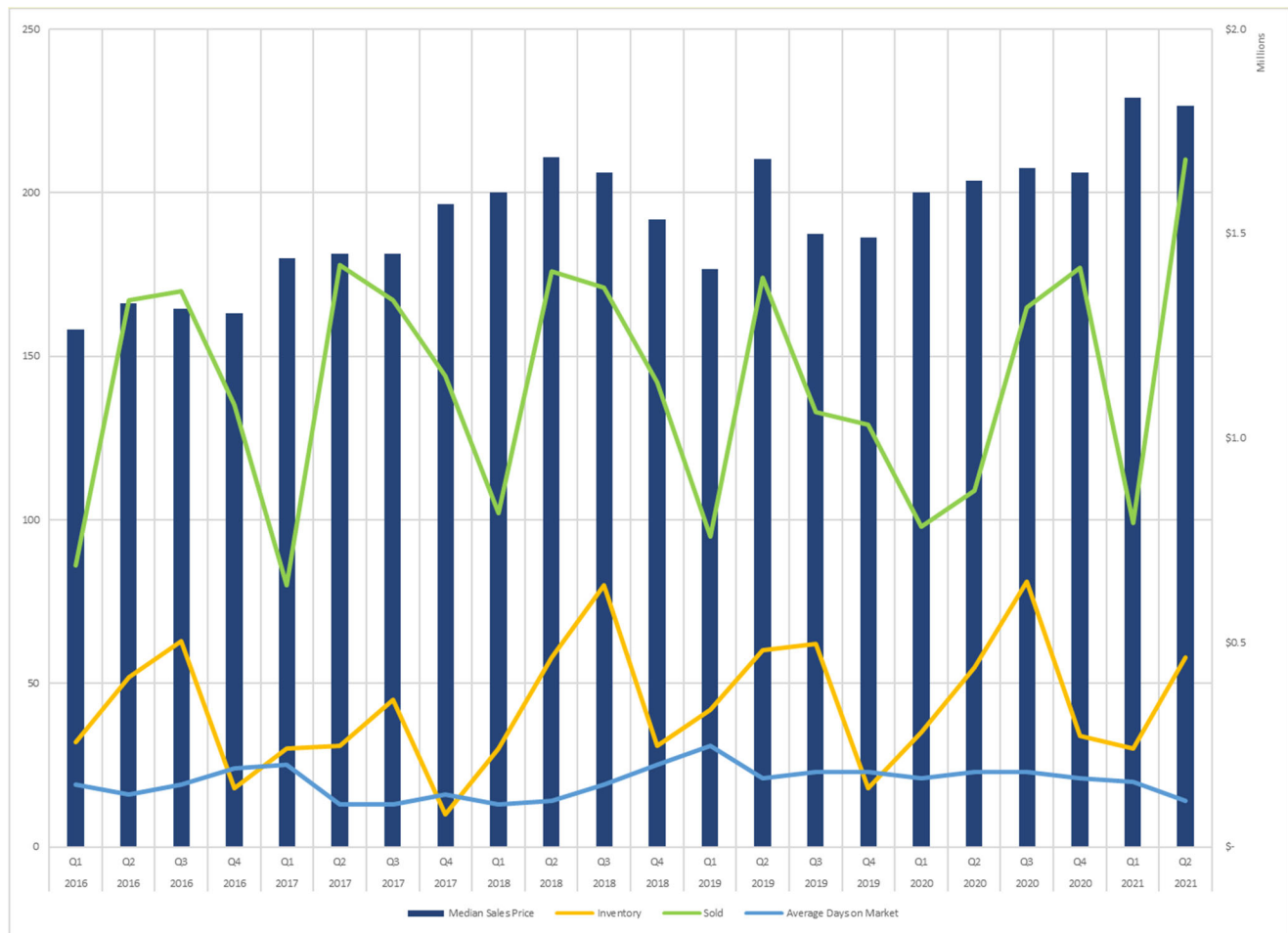
- Franklin Templeton Investments - world headquarters, a global investment firm;
- Sony PlayStation - national headquarters, an interactive and digital entertainment company;
- Apple Stores, Macy's, Nordstrom, and Target - national retailers in the electronic, high-end, and value-oriented segments of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

COVID-19 Impact on Local Economy and Tax Revenues

As of the date of this letter, the City has experienced one year and eight months of the pandemic. With the passage of time, the financial impact has become clearer. Compared to the pre-pandemic baseline of \$8.4 million from fiscal year 2018-19, transient occupancy taxes (TOT) in 2020-21 were \$1.1 million; a decrease of \$7.3 million or 86.8%. Sales tax revenues partially recovered in 2020-21 but is still \$0.7 million less than the 2018-19 baseline. While sales tax revenues are projected to recover within the next two years, TOT revenues are not likely to return to the pre-pandemic baseline, as the City's TOT base is largely generated from business travel, which is expected to be one of the last sectors to recover, if at all given the shift to the virtual space.

While TOT and sales tax revenues were susceptible to COVID-19, real property transfer tax revenues increased from \$9.1 million to \$11.8 million in 2020-21, illustrating the ongoing demand for real estate in San Mateo County and the San Francisco Bay Area at large. In the quarter ending June 30, 2021, 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 two weeks and a median sales price of \$1.8 million.

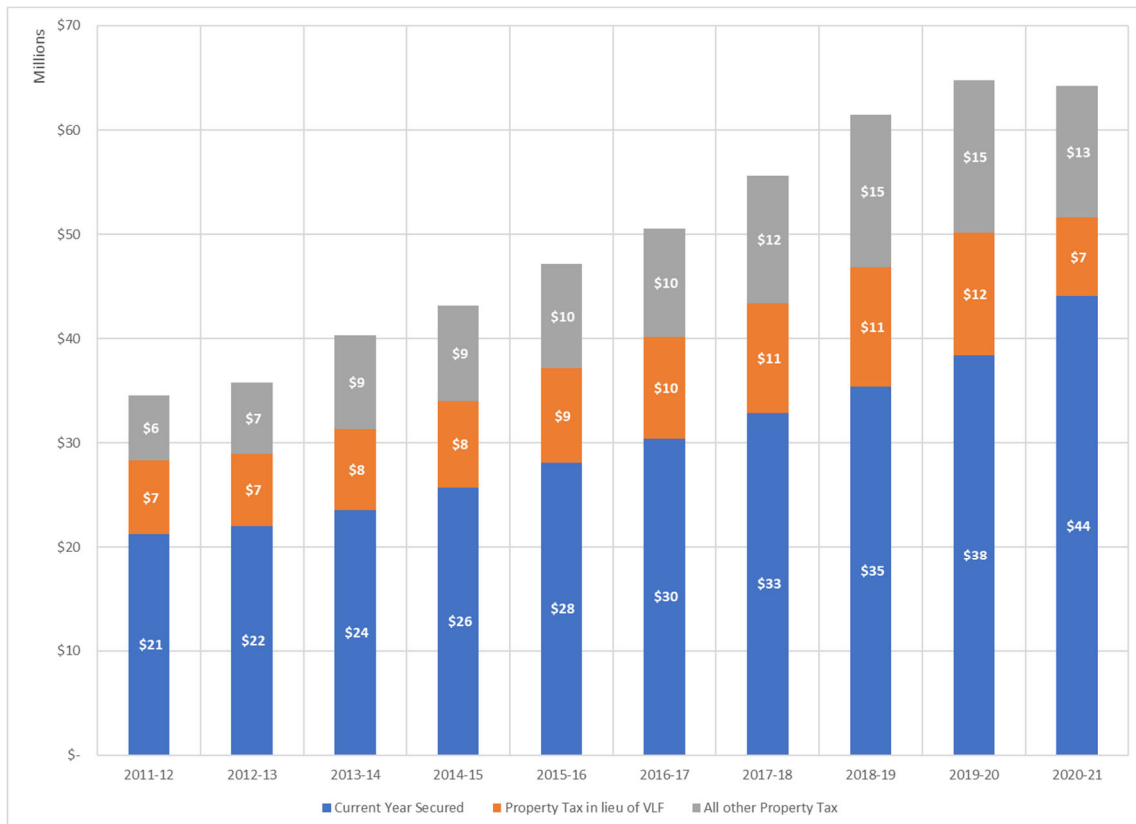
Real Estate Sales Metrics – Single Family Residential Homes



Source: San Mateo County Association of Realtors

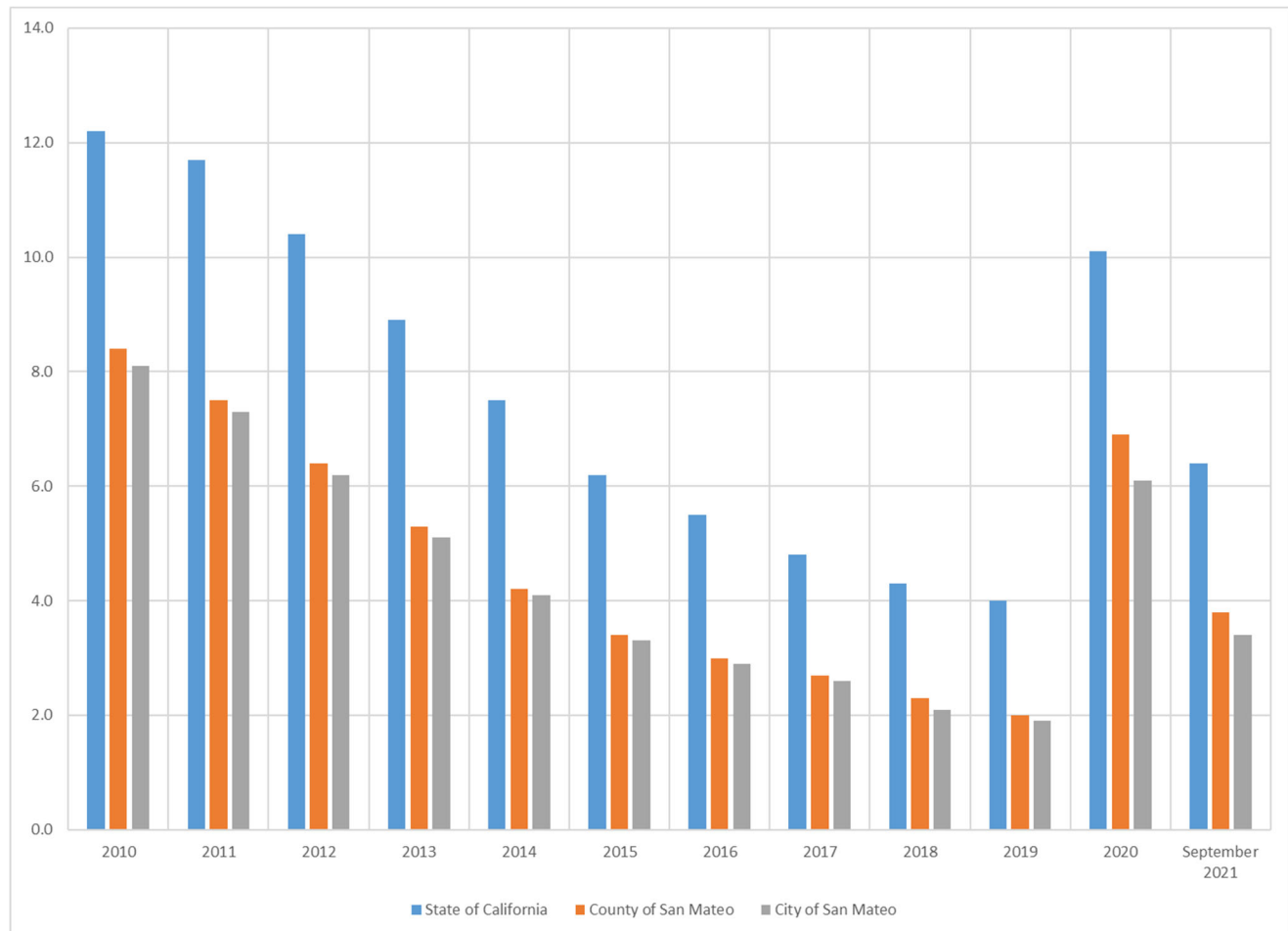
Property tax revenues continue to be the primary source of revenue for the General Fund. 2020-21 property tax revenues were not impacted by the pandemic. Pursuant to Article XIII A of the California Constitution, the annual increase in assessed value is limited to the lesser of 2% or the California Consumer Price Index (CCPI). For the January 1, 2021 lien date, the change in CCPI between October 2019 to September 2020 of 1.036%, was applied assessed value for 2021-22, which will mark the first time that the pandemic affected property tax. Moving forward, inflation has far exceeded 2%, and it is unlikely that CCPI will be less than 2% for the foreseeable future.

However, property tax revenues marginally decreased from \$67.1 million to \$66.6 million in 2020-21. The nominal decrease was not due to any economic factors or attributable to the pandemic. Rather, the decrease reflected a county-wide shortfall property tax in lieu of vehicle license fees (VLF) of nearly \$100 million. The VLF shortfall is due to the dearth of non-basic aid school districts in San Mateo County, as the VLF owed to cities and the county can only be backfilled by Educational Revenue Augmentation Fund (ERAF) or property tax from non-basic aid school districts. This issue is unique to San Mateo County due to the high value of real estate. For 2020-21, the City was owed \$13.2 million in VLF, but only received \$7.5 due to the shortfall. The cities' and county's sole remedy is to file a claim with the State of California in the fall of each year for consideration in the state's subsequent fiscal year. As such, there is a two year gap between the year that the cities and the county experience the shortfall and the year in which the state appropriates the funds. Over the next six to seven years, all school districts are expected to reach basic aid status, which will gradually increase the VLF shortfall from \$100 million to over \$250 million. Despite the cities' and the county's efforts to garner enough support for a legislative amendment to address the escalating VLF county-wide shortfall, the political will has not yet materialized. As illustrated in the chart below, the City's property tax in lieu of VLF constitutes over 18% of total property tax revenues:



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 pushed unemployment rates over 10%, 11%, and 16% for the City of San Mateo, County of San Mateo, and State of California, respectively, in April 2020. Unemployment rates have continued to decline from the peak of the onset of the pandemic. As of September 2021, unemployment rates are 3.4%, 3.8%, and 6.4%, respectively, but are still elevated from the pre-pandemic 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 ¼ 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 nearly 65 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.

In October 2021, the City Council considered various revenue enhancement options to address the General Fund structural deficit, where requirements (projected expenditures) are greater than resources (projected revenues). The Council's revenue enhancement options included shifting the City's real property transfer tax (RPTT) to a tiered structure, increasing the City's sales tax rate, increasing the business tax rate, and evaluating a utility users' tax. Council opted to poll likely voters' support for RPTT and sales tax ballot measures. The polling efforts will begin in February 2022, and the results will be presented to the City Council in May 2022.

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, the latter of which led to Measure W in the 2020 election, which was approved by nearly 75% of San Mateo voters.

The City entered into memoranda of understanding (MOU) that largely achieved the targeted employee concession with the San Mateo City Employees' Association, the San Mateo Management Association, and the Service Employees International Union (SEIU) Local 521 Maintenance Unit. Though they are unrepresented and do not have an MOU that governs employment, the Department Heads, Deputy Directors, City Attorney, and City Manager were subject to the targeted concessions as well. Negotiations are ongoing with the San Mateo Police Officers' Association and the San Mateo Police Sergeants' Association to achieve the same concessions from the Fiscal Sustainability Plan.

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.

The adopted 2020-21 budget assumed that the General Fund would use \$7.8 million due to the impact of COVID-19 on the City's revenues. Absent the \$9.6 million that the City received from the federal government via the American Rescue Plan Act (ARPA), General Fund reserves would have decreased by \$3.2 million in fiscal year 2020-21. While the 2020-21 year-end results for the General Fund were favorable, the ARPA funds provided for a very limited duration (\$19.27 million over a two-year period), and only partially offset the City's anticipated revenue loss over the duration of the 10-year forecast. As such, even with substantial support from the federal government via the ARPA, General Fund Rainy Day Reserves, which is the amount of unassigned fund balance remaining after accounting for the City's 25% operating reserve and the housing-set aside, are projected to decrease by \$30 million, from the peak of \$54 million in 2018-19 to the projected trough in 2026-27 of \$24 million.

The Sewer Fund's total operating revenues for the fiscal year ended June 30, 2021, were \$68.2 million – an increase of \$9.4 million or 16% compared to the prior fiscal year, driven by the approved sewer service rate increase of 13%. Total operating expenses were \$29.5 million, an increase of 13.8% compared to the prior year, primarily in the cost of sales and services and depreciation and amortization. The Sewer Fund generated \$38.7 million in operating income, which was the primary factor in cash and investments increasing to \$62.7 million – a 31.5% increase compared to the prior fiscal year, and 162.2% 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 10 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 3.77X, which is the ratio of \$41.3 million in net revenues (revenues excluding capital contributions from regional customers less expenses excluding interest) divided by \$10.9 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, 2021, the City's general obligation bonded debt of \$19.0 million amounted to 0.41% of the \$4.6 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, 2021, 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 that have \$23 million in balance outstanding.

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 \$502.8 million at the fiscal year ended June 30, 2021.

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.

MAJOR INITIATIVES

GENERAL PLAN UPDATE

The General Plan is the City's long-range vision for how the City will look, feel, and grow over a 20-year time period. The General Plan must comply with certain state laws and requirements as well as address local community needs and issues. The San Mateo General Plan includes a Vision Statement and Introduction and seven Elements (chapters): Land Use; Circulation; Housing; Urban Design; Conservation, Open Space Parks and Recreation; Safety; and Noise.

The City's General Plan Update (GPU) process was initiated in fall 2018 and began with a series of visioning workshops and community meetings. From April 2019 through March 2020, the General Plan team held a series of meetings and events to establish the General Plan study areas, create the range of draft land use and circulation alternatives, and confirm the draft alternatives with the community. The onset of the pandemic in March 2020 resulted in a pause in GPU activities for the rest of the year. Beginning in 2021, the GPU process resumed with more outreach and engagement activities and public meetings before the General Plan Subcommittee, Planning Commission, and City Council. In August 2021, the City Council approved three land use and circulation alternatives and directed the staff to begin the Alternatives Evaluation process, which is currently underway.

Beginning in 2022, the next round of community engagement will commence with the presentation of the Alternatives Evaluation to the public and culminate with the City Council selecting the preferred land use and circulation scenario in April 2022. The preferred scenario will become the basis for the land use and circulation maps in the Draft General Plan. The next steps in the process will be to prepare the Goals, Policies, and Actions, prepare the Draft General Plan and Environmental Impact Report, and then adopt the final General Plan. The goal is to adopt the General Plan by the end of 2023.

HOUSING ELEMENT UPDATE

To plan for the next statewide housing cycle (2023-2031), the City is in the process of updating its Housing Element. The Housing Element, which is a chapter in the City's General Plan, is required by state law to be updated every eight years, meet specific requirements for content, and must be submitted to the state for approval. The City's Regional Housing Needs Allocation (RHNA) for this housing cycle is 7,015 new housing units. The updated Housing Element must show that there is enough land zoned with sufficient density to accommodate the RHNA. In addition, it needs to include policies and strategies that promote a mix of housing types in an equitable manner, infill development, and greenhouse gas emission reductions, among other things, and affirmatively further fair housing practices.

The Housing Element update process includes a robust community engagement strategy that includes virtual, in-person, and online engagement activities such as workshops, meetings, pop-ups, and online surveys. The City staff and consultant team will continue work to finalize the adequate sites list to address RHNA and the draft goals, policies, programs, and actions and share the drafts to obtain community feedback in the upcoming year. The draft Housing Element will be made available for public review in the beginning of 2022, with public hearings before the Planning Commission and City Council in April and May. Once approved by the City Council, the Housing Element must be reviewed and approved by the state, with final certification occurring in the beginning of 2023.

OBJECTIVE DESIGN STANDARDS

In response to recent state legislation, including Senate Bill (SB) 35 and Senate Bill (SB) 330, and to support the streamlining of housing projects, the City initiated the preparation of objective design standards for multi-family residential projects to replace the existing discretionary design review guidelines in June 2019. To support the development of the objective design standards, the City retained MIG, Inc., an urban design consulting firm, in March 2020. Following a delay due to the pandemic, work on the project resumed in 2021. A virtual workshop was held in June 2021 to gather community input and a study session with the Planning Commission was held in August. Preparation of draft standards is currently underway, with public outreach and meetings before the Planning Commission and City Council anticipated in summer and fall 2022.

BAY MEADOWS PHASE II DEVELOPMENT

Bay Meadows Phase II is an 83-acre transit-oriented mixed-use redevelopment project at the former Bay Meadows Racetrack. The development, which is adjacent to the Hillsdale Caltrain Station, includes 1,048 residential units, 68 of which are affordable units, 1.2M square feet of office space, 67,000 square feet of retail and restaurant space, a 450-student private high school, Nueva School, and three public parks. Infrastructure construction of the project began in 2009 and construction of the first townhomes began in 2013. Over 75 percent of the project has now been completed or is currently under construction. Office block STA 1 at the north end of the development is nearing completion, office block STA 5 started construction in spring of 2021 and residential block RES 6 will be starting construction in the spring of 2022. The final two mixed-use blocks, MU2 and MU3, are anticipated to start construction within the next 12 to 18 months, with full development of the project anticipated for completion by 2025.

CONCAR PASSAGE

Concar Passage is a five-story mixed-use project located on the 14.5-acre Concar Shopping Center site on Concar Drive between South Grant Street and South Delaware Street. Current shopping center tenants include Trader Joe's, Peninsula Ballet Theatre, Ross Dress for Less, The Pantry, Rite-Aid, T.J. Maxx, Shane Co., and 7-Eleven. The project will demolish the existing commercial buildings and construct 961 apartment units and approximately 40,000 square feet of commercial/retail space. The project includes 73 affordable housing units, associated parking, and three acres of community open space. The project was approved by the City in August 2020. However, due to existing leases for shopping center tenants, construction is not anticipated to start until 2023 or 2024.

PENINSULA HEIGHTS

Peninsula Heights is a mixed residential project located on a 15.5-acre former office park site along Campus Drive to the west of the Peninsula Golf and Country Club. The project includes 290 single-family, townhouse, and condominium units, with 30 units designated as affordable. The project was approved by the City in December 2020, and site work started in fall 2021. Construction is anticipated to be completed in 2025.

OTHER HOUSING PROJECTS

In addition to the housing being added as part of the larger Bay Meadows, Concar Passage, and Peninsula Heights projects, there are a number of other significant housing projects in various stages of the development process that will be adding new housing units around the City:

Projects Under Construction

- Station Park Green (mixed-use retail, office, and 599 apartment units)
- 1, 2, & 3 Waters Park Dr. “One 90” (190 single-family and townhome units)
- 1650 S. Delaware Street Apartments (73 apartment units)
- 303 Baldwin Avenue (mixed-use retail, office, and 64 apartment units)

Approved Projects Not Yet Under Construction

- Kiku Crossing Affordable Housing Project (225 affordable apartment units)
- Hillsdale Terrace (67 townhouse units)
- 1919 O’Farrell (49 apartment units)

Projects Under Review Not Yet Approved

- Hayward Park Residences (189 apartment units)
- 477 E. Hillsdale Boulevard (152 apartment units)
- Block 21 (mixed-use office and 111 apartment units)
- Hillsdale Terrace (68 condominium units)
- 616 S. B Street, Nazareth Vista (48 apartment units)
- 222 S. Fremont St (40 condominium units)

SEWER UTILITY INFRASTRUCTURE NEEDS

The Clean Water Program is a major City initiative and 10-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/Estero 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 ACFR for the year ended June 30, 2020. 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 ACFR. 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 2020-21 ACFR 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 ACFR 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, The Pun Group, 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 2021



Eric Rodriguez
Mayor



Rick Bonilla
Deputy Mayor



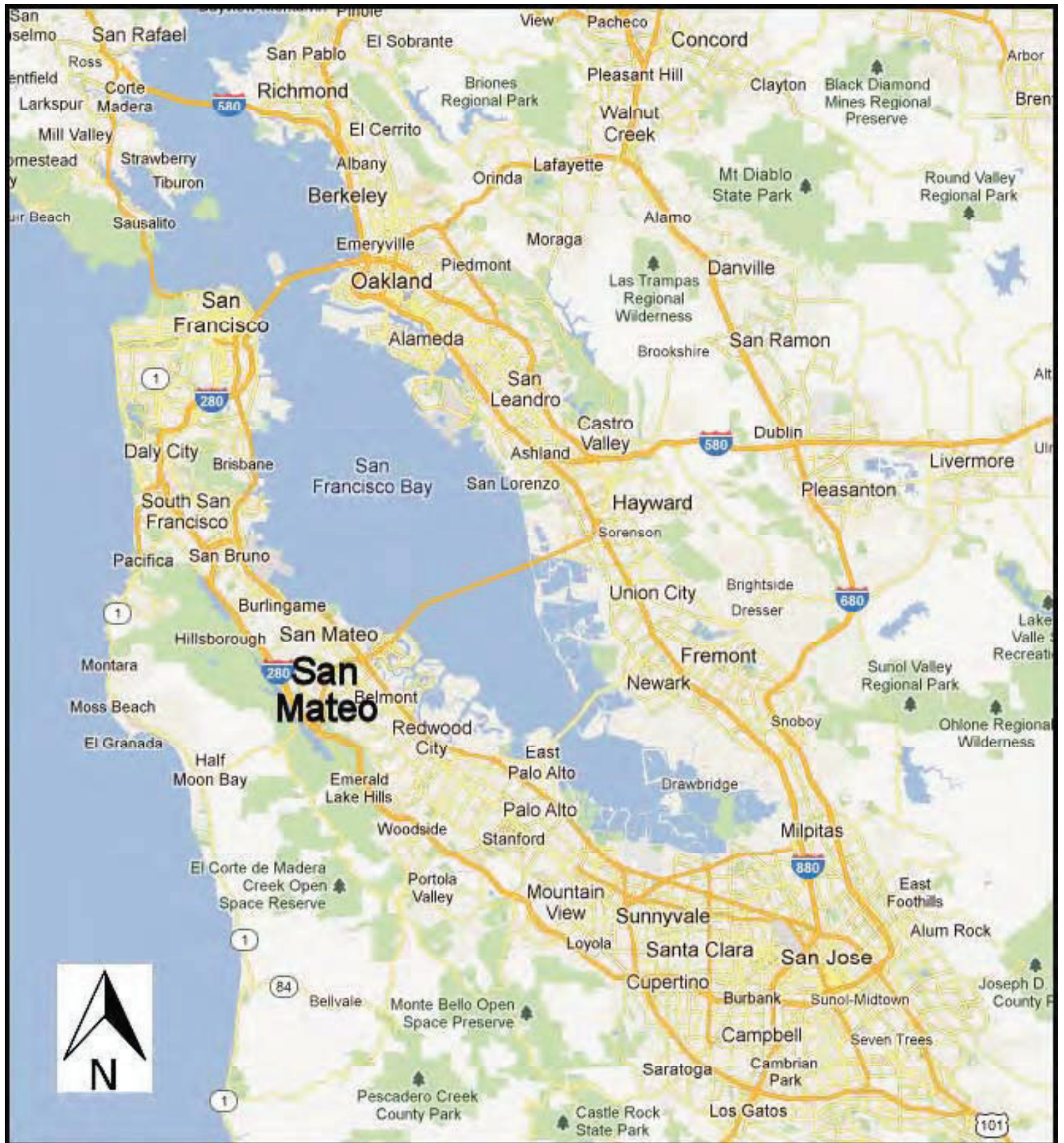
Amourence Lee
Council Member



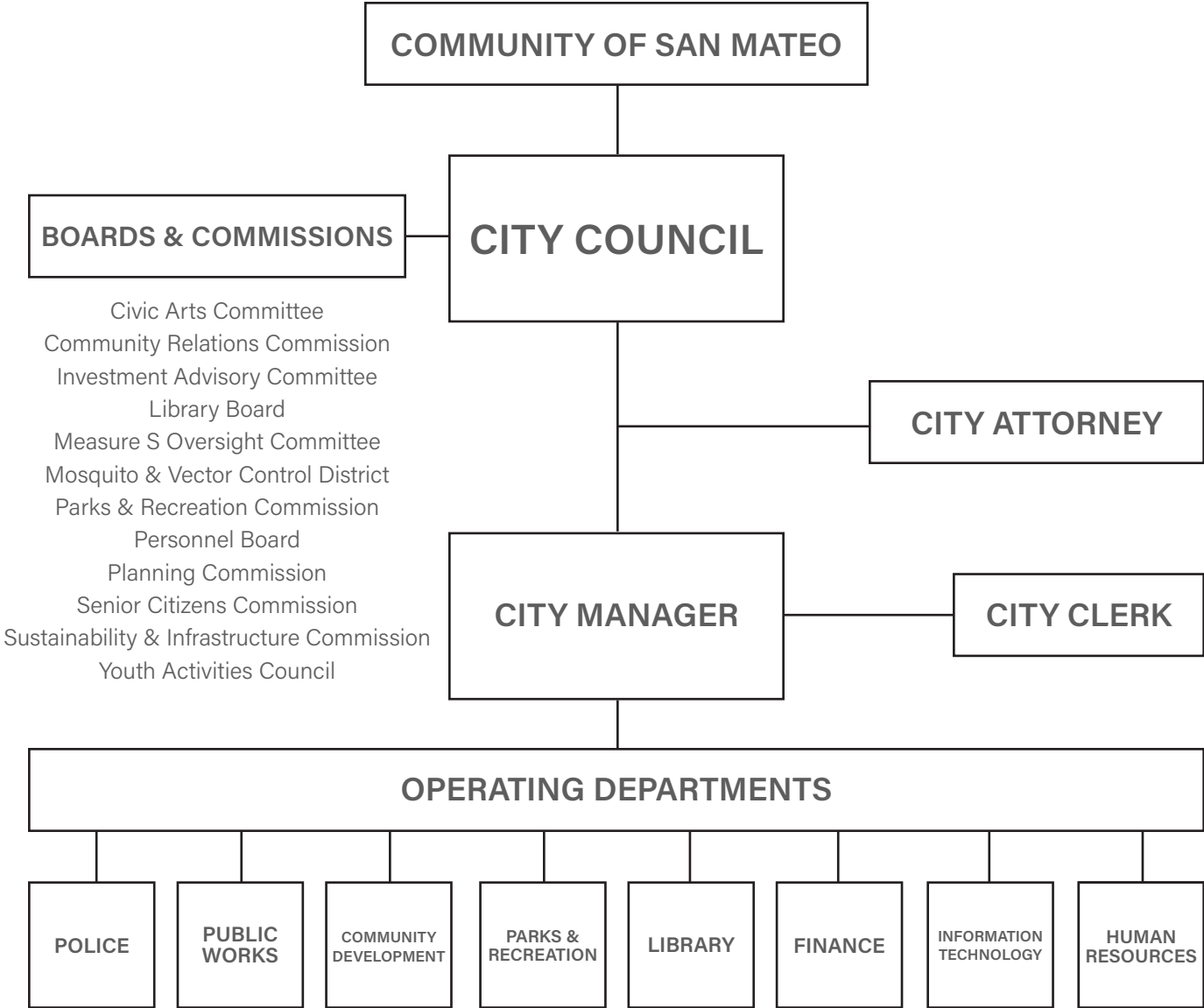
Diane Papan
Council Member



Joe Goethals
Council Member



City Organizational Chart



City Council

Mayor	Eric Rodriguez
Deputy Mayor	Rick Bonilla
Council Member	Joe Goethals
Council Member	Amourence Lee
Council Member	Diane Papan
City Manager	Drew Corbett
City Attorney	Prasanna Rasiah

Department Heads

Assistant City Manager	Kathy Kleinbaum
City Clerk	Patrice Olds
City Librarian	James Moore
Community Development Director	Christina Horrisberger
Finance Director	Rich Lee
Human Resources Director	Casey Echarte
Information Technology Director	Pete Owen
Parks and Recreation Director	Sheila Canzian
Police Chief	Ed Barberini
Public Works Director	Azalea Mitch



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, 2020

Christopher P. Morill

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of San Mateo
California**

For the Biennium Beginning

July 1, 2020

Christopher P. Morill

Executive Director

California Society of Municipal Finance Officers

Certificate of Award

Operating Budget Excellence Award Fiscal Year 2020-2021

Presented to the

City of San Mateo

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

January 31, 2021



Marcus Pimentel

Marcus Pimentel
CSMFO President

Michael Manno

Michael Manno, Chair
Recognition Committee

Dedicated Excellence in Municipal Financial Reporting

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INDEPENDENT AUDITORS' REPORT

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

Report on 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 (the "City"), as of and for the year ended June 30, 2021, and the related notes to the basic 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.

Auditors' 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 basic financial statements are free of 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, 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, 2021, 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 Schedules, Schedules of Changes in Net Pension Liability and Related Ratios, Schedules of Contributions – Pension, Schedule of Changes in Net OPEB Liability and Related Ratios, and Schedule of Contributions – OPEB, on pages 3 through 23 and 127 through 137 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 and Budgetary Comparison Schedules, and Statistical Section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements and Budgetary Comparison Schedules 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 and Budgetary Comparison Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections 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 29, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Walnut Creek, California
November 29, 2021

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, 2021. 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 \$35.6 million or 5.8% from the prior fiscal year. The increase largely reflects an increase in Business-Type Activities program revenues, stemming from the third 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 \$647.4 million (net position). The total net position includes \$560.2 million for net investment in capital assets, \$39.7 million for restricted net position, and \$47.4 million for unrestricted net position.
- Primary government total revenues were \$252.8 million, comprised of \$178.1 million in revenues from governmental activities and \$74.7 million in revenues from business-type activities. While primary government total revenues were largely unchanged from the prior fiscal year, governmental activities revenues decreased by \$3.0 million, and business-type activities revenues increased by \$2.9 million. The decrease in governmental activities revenues is largely due to transient occupancy tax base retraction and modest investment income as a result of the ongoing impact of the pandemic. The increase in business-type activities revenues reflects the sewer rate increases.
- Primary government total expenses decreased by \$1.9 million to \$217.2 million, which was comprised of \$176.2 million in governmental activities expenses and \$41.0 million in business-type activities expenses. Governmental activities expenses decreased by \$3.7 million, which reflected the City's vacancy savings target for non-safety positions funded directly or indirectly by the General Fund as a result of the immediate and severe impact of COVID-19 on the City's revenues – namely, transient occupancy taxes. The decrease in governmental activities was offset by a \$1.8 million increase in business-type activities expenses, as positions funded by the Sewer Fund were not subject to the same vacancy savings target, and the City honored all negotiated changes in employee compensation in 2020-21.
- The City's net pension liability increased to \$247.9 million, which was a 7.5% increase compared to the prior fiscal year. The \$17.4 million increase in net pension liability is comprised of a \$6.8 million increase from the miscellaneous pension plan and a \$10.6 million increase from the safety pension plan. The primary contributing factors to the increase in the City's net pension liability are the interest on the total pension liability, employer and employee pension contributions, and investment income. For the measurement period, the California Public Employees' Retirement System (CalPERS) charged nearly \$50 million in interest on the City's total pension liability. To offset the impact of total pension liability interest, the City contributed \$20.6 million in pension contributions, City employees contributed \$4.0 million, and the pension plans earned \$23.3 million in investment income.

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 25 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 18 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 will be 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 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 \$647.4 million.

As of June 30, 2021, the City reported \$560.2 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 \$39.7 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 \$47.4 million of net position is unrestricted. The unrestricted net position includes the City's total net pension liability of \$247.9 million, which is not a claim on current financial assets. The total net pension liability increased \$17.4 million, or 7.5%, 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 \$6.8 million, or 8.7%, to \$84.7 million. Its funding ratio slightly decreased to 71.1% compared to 72.3% from the prior fiscal year. The Safety plan's net pension liability increased by \$10.6 million, or 6.9%, to \$163.2 million. Its funding ratio slightly decreased to 62.1% compared to 63.3% 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, 2020 and June 30, 2021.

STATEMENT OF NET POSITION

(Amounts in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Current and other assets	\$ 357.5	\$ 351.3	\$ 179.9	\$ 247.8	\$ 537.4	\$ 599.1
Capital assets	454.7	430.9	403.7	303.6	\$ 858.4	734.5
Total assets	812.2	782.2	583.6	551.4	1,395.8	1,333.6
Deferred outflows - deferred loss on refunding	1.1	1.1	-	0.1	1.1	1.2
Deferred outflows - OPEB related amounts	1.6	1.6	0.2	0.2	1.8	1.8
Deferred outflows - related to pensions	28.1	28.0	2.5	2.2	30.6	30.2
Total deferred outflows of resources	30.8	30.7	2.7	2.5	33.5	33.2
Current liabilities	64.4	46.6	9.6	8.4	74.0	55.0
Non-current liabilities	356.8	342.5	348.3	350.4	705.1	692.9
Total liabilities	421.2	389.1	357.9	358.8	779.1	747.9
Deferred inflows - related to pensions	0.2	3.5	-	0.3	0.2	3.8
Deferred inflows - OPEB related amounts	2.2	3.0	0.3	0.5	2.5	3.5
Total deferred inflows of resources	2.4	6.5	0.3	0.8	2.7	7.3
Net position:						
Net investment in capital assets	392.0	380.8	168.1	154.1	560.1	534.9
Restricted	38.6	58.6	1.1	1.1	39.7	59.7
Unrestricted	(11.4)	(22.0)	58.8	39.1	47.4	17.1
Total net position	\$ 419.2	\$ 417.4	\$ 228.0	\$ 194.4	\$ 647.2	\$ 611.8

STATEMENT OF ACTIVITIES

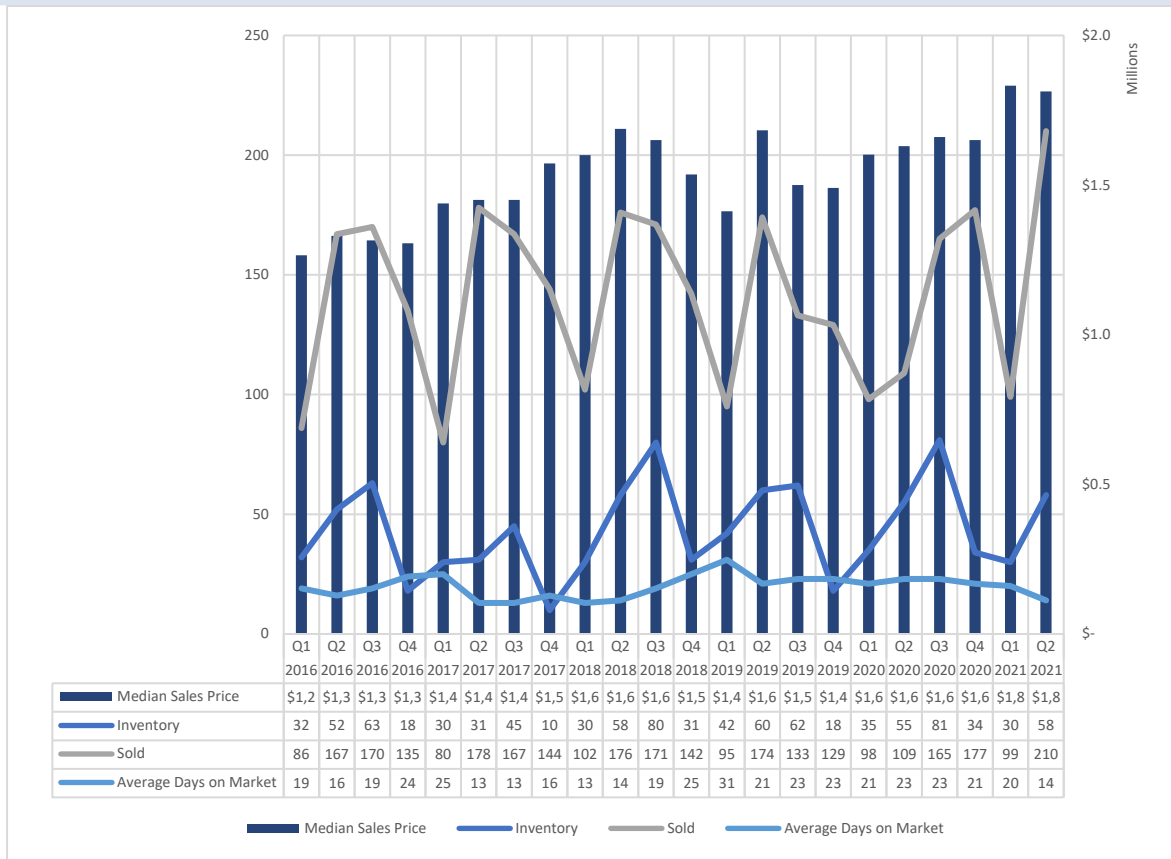
(Amounts in millions)

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Revenues:						
Program revenues:						
Charges for services	\$ 31.5	\$ 37.8	\$ 68.0	\$ 58.7	\$ 99.5	\$ 96.5
Operating grants and contributions	19.0	7.6	-	-	19.0	7.6
Capital grants and contributions	9.4	10.8	5.9	7.3	15.3	18.1
General revenues:						
Property taxes	66.6	67.1	-	-	66.6	67.1
Sales taxes	28.0	27.0	-	-	28.0	27.0
Property transfer taxes	11.8	9.1	-	-	11.8	9.1
Business, hotel & other taxes	7.4	11.2	-	-	7.4	11.2
Franchise taxes	3.0	3.2	-	-	3.0	3.2
Investment earnings & other revenue	1.4	7.4	0.8	5.9	2.2	13.2
Total revenues	178.1	181.1	74.7	71.9	252.8	253.0
Expenses:						
General government	22.5	24.8	-	-	22.5	24.8
Community development	11.3	11.1	-	-	11.3	11.1
Public safety	88.3	85.0	-	-	88.3	85.0
Public works	22.6	26.4	-	-	22.6	26.4
Parks and recreation	17.6	18.8	-	-	17.6	18.8
Library	8.8	9.6	-	-	8.8	9.6
Interest on long term debt	2.7	2.0	-	-	2.7	2.0
Sewer	-	-	41.0	39.2	41.0	39.2
Golf	2.4	2.4	-	-	2.4	2.4
Total expenses	176.2	179.9	41.0	39.2	217.2	219.1
Increase (decrease) in net position before special items and transfers	1.9	1.2	33.7	32.7	35.6	33.9
Transfers	-	-	-	-	-	-
Transfers of fire activities	-	-	-	-	-	-
Total transfers	-	-	-	-	-	-
Change in net position	1.9	1.2	33.7	32.7	35.6	33.9
Net position - Beginning of Year	417.4	416.2	194.3	161.6	611.7	577.9
Net position - End of year	\$ 419.3	\$ 417.4	\$ 228.0	\$ 194.3	\$ 647.3	\$ 611.7

GOVERNMENTAL ACTIVITIES

Governmental activities increased the City's total net position by \$1.9 million. Key elements contributing to the increase are described below.

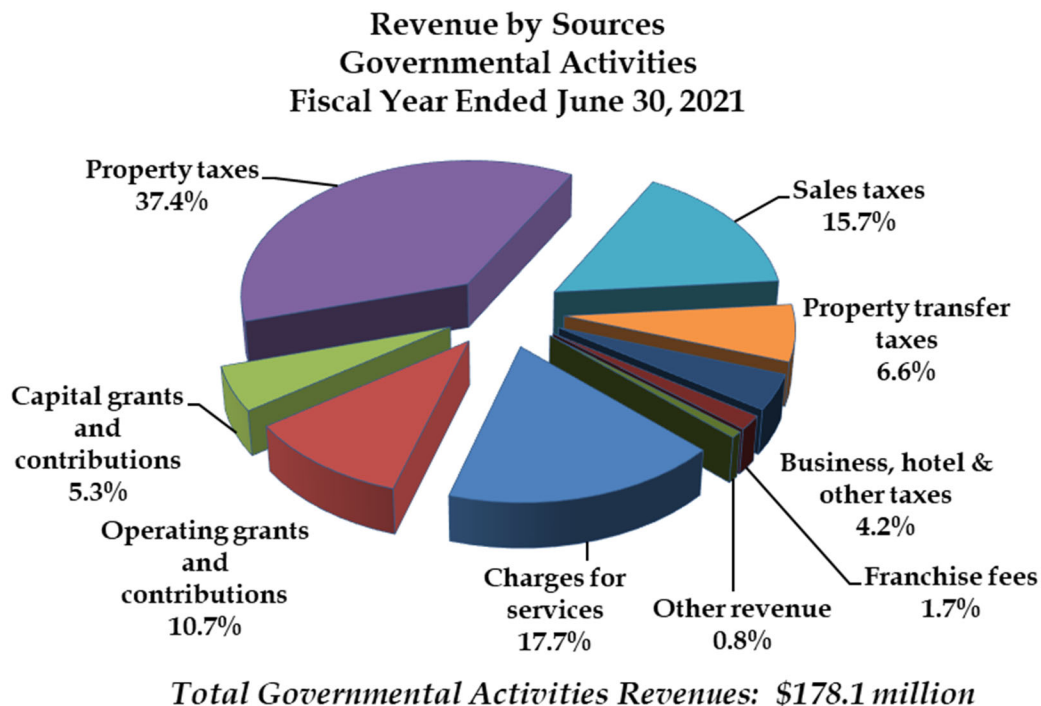
- Overall, total revenues from governmental activities were \$178.1 million, a \$3.0 million (1.7%) decrease compared to the prior fiscal year, largely reflecting the impact of COVID-19 on the City's tax revenues, partially offset by assistance from the federal government through the American Rescue Plan Act. For the same period, expenses totaled \$176.2 million, a decrease of \$3.7 million, principally reflecting the City's efforts to control operating costs in response to the immediate and severe impact of COVID-19 on the City's tax revenues by maintaining \$3.0 million of non-public safety positions vacant.
- Property tax revenues, recorded in the governmental funds, totaled \$66.6 million, a slight decrease of \$0.5 million, or 0.7%. Secured property taxes represented 64.1% of all property tax revenues and increased by \$2.7 million compared to the prior fiscal year as a result of the increase in assessed value, which reflected new developments being added to the City's property tax roll and properties being sold and reassessed at market value. However, the increases in secured property taxes were offset by a shortfall in the amount of property tax in lieu of vehicle license fees (VLF) on a county-wide basis. By state law, the funding sources for VLF can only come from the Educational Revenue Augmentation Fund (ERAF) and property taxes from non-basic aid school districts. Basic aid school districts are able to meet their state-determined minimum funding level through property taxes. Conversely, non-basic aid school districts do not generate enough property taxes to meet their state-determined minimum funding requirement and rely on their ERAF entitlement to meet their minimum funding requirement. As a result of the high assessed value in the County of San Mateo, most school districts are basic aid, and only a handful are non-basic aid. As such, there are not enough school districts to backfill the VLF owed to the county and to the cities in San Mateo County; a unique circumstance that no other county in the State of California has experienced to date. At present, the sole recourse for the county-wide VLF shortfall is to file a claim with the state in the fall of the subsequent fiscal year, which will be considered for appropriation in the state's subsequent fiscal year budget. For fiscal year 2020-21, the City's VLF entitlement was \$13.2 million. Due to the VLF shortfall, it only received \$7.5 million.
- Real property transfer tax revenues increased to \$11.8 million, illustrating the resilience of local real estate and the continued demand and high value for property, as indicated in the chart below which provides sales metrics for single family residential properties for the quarter ended June 30, 2021, including the median sales price and average days on market.

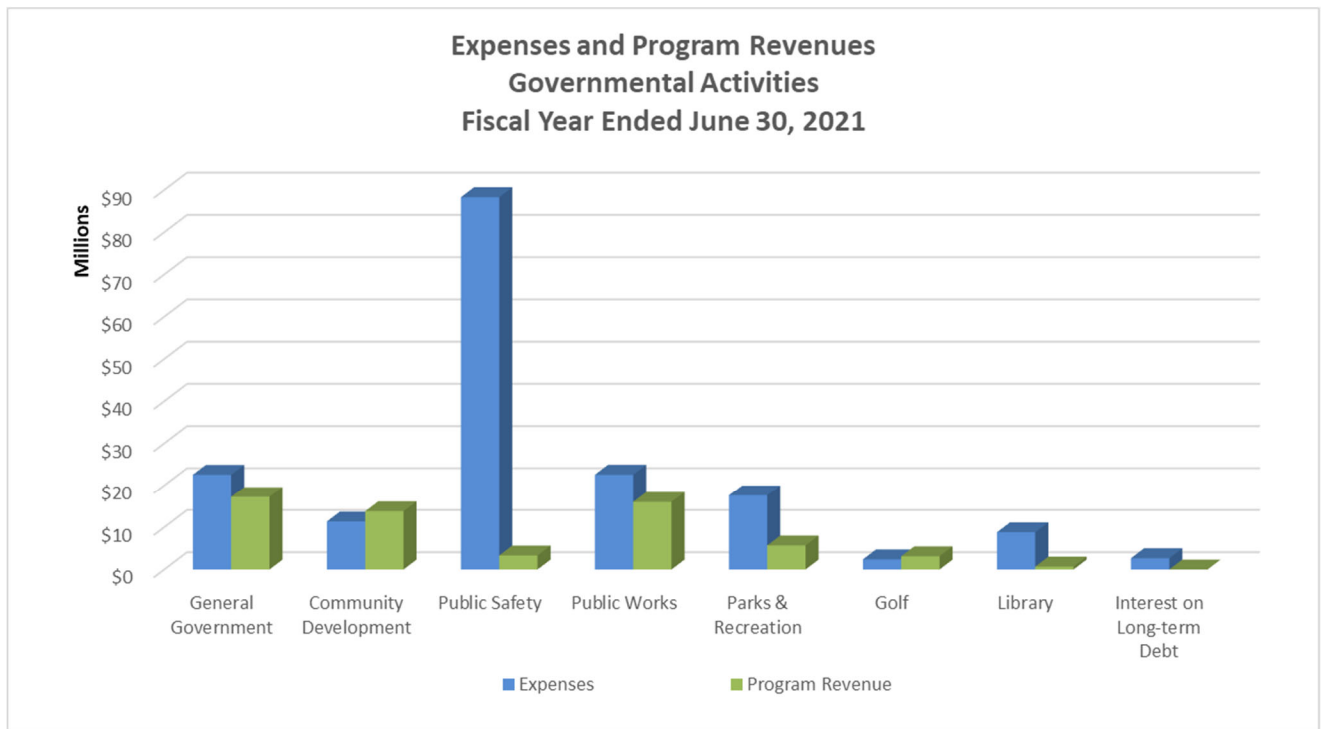


- The City accounted for \$27.9 million in sales tax revenues, which was a \$1.0 million or 3.6% increase compared to the prior fiscal year. Prior to the advent of online commerce, the City's two regional malls were a strong tax base for the City. The ubiquitous shift of commerce from brick and mortar stores to the online space has gradually eroded the City's general retail tax base. Prior to the pandemic, the City's restaurants were incrementally offsetting the erosion of the general retail sector's sales tax erosion. With the pandemic-driven recession, both the general retail and restaurant sectors experienced significant retraction but began to recover in fiscal year 2020-21. However, sales tax revenues are not expected to return to the 2018-19 pre-pandemic baseline until 2023-24. In addition, the City's use tax base has been eroded due to tax rebate agreements between local municipalities and retail companies that establish the point of sale in their municipality, which increases the use tax for the municipality, and in exchange, the retail company receives a percentage of the use tax back. Prior to these tax rebate agreements being in place, the City received a proportional share of this use tax through the county pool based on its proportional share of the local 1% sales tax, which is the Bradley Burns Uniform Sales and Use Tax. At a broader level, consumer behaviors have shifted from buying goods to buying services. The latter is not subject to sales tax in the State of California. In order for the City's sales tax base to keep pace with inflation, there will need to be substantive changes to state law, including destination-based sales tax allocation and broadening of the tax base to include services. To date, the political will to do so has not come to fruition.
- The tax revenue most impacted by the pandemic has been transient occupancy taxes (TOT), which decreased by \$4.0 million, or 78% compared to the prior year. The significant decrease accounts for 2020-21 being the first full fiscal year of the pandemic. In addition, the City's primary TOT base is from business travel, which is expected to be one of the last industries to recover, if at all, to pre-pandemic levels. Even with the passage of Measure W by nearly 75% of San Mateo voters in November 2020 to increase the City's TOT rate from 12% to 14% effective January 1, 2021, the City accounted for a modest \$1.1 million in TOT revenues in fiscal year 2020-21, and are projected to only recover to approximately 80% of pre-pandemic levels over the next ten years.

- The City accounted for \$99.5 million in charges for services revenue, which was an increase of \$2.9 million or 3.0% compared to the prior fiscal year. Governmental activities charges for services revenues decreased by \$6.3 million, primarily in public safety, public works, and parks and recreation as a result of pandemic-related restrictions. However, the reduction in governmental activities charges for services was offset by a \$9.2 million increase in business-type activities charges for services due to the increase in the City's sewer service rate – the third year of a five-year rate plan. Beginning in fiscal year 2018-19, the City changed its sewer service rate to be 50% volumetric and 50% fixed cost. There were no major changes to the City's wastewater flows as a result of the pandemic.
- Revenue from operating grants and contributions increased significantly from \$7.6 million in the prior fiscal year to \$19.0 million in 2020-21. The primary driver behind the notable increase was \$9.6 million (the first half of the City's allocation of \$19.27 million) from the American Rescue Plan Act, which provided assistance from the federal government in response to the financial impact of COVID-19.
- Revenue from capital grants and contributions decreased from \$18.1 million to 15.3 million. The decrease was primarily due to a \$4.9 million reduction in capital grants and contributions in public works, reflecting less impact fees and local grant funds, the latter of which were largely accounted for via a grant from the California Public Utilities Commission for the City's rail corridor grade separation projects in the prior fiscal year. However, parks and recreation capital grants and contributions increased by \$3.5 million, which was largely due to more in park in-lieu fees compared to the prior fiscal year.

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, 2021, was \$176.2 million. Some of the costs were paid by those directly benefiting from the programs (\$31.5 million), by other governments and organizations which subsidized programs with operating grants and contributions (\$19.0 million), or capital grants and contributions (\$9.4 million). The City paid for the remaining “public benefit” portion of governmental activities with \$116.4 million in taxes (some of which could only be used for certain programs) and investment earnings and other miscellaneous revenue of \$1.4 million.

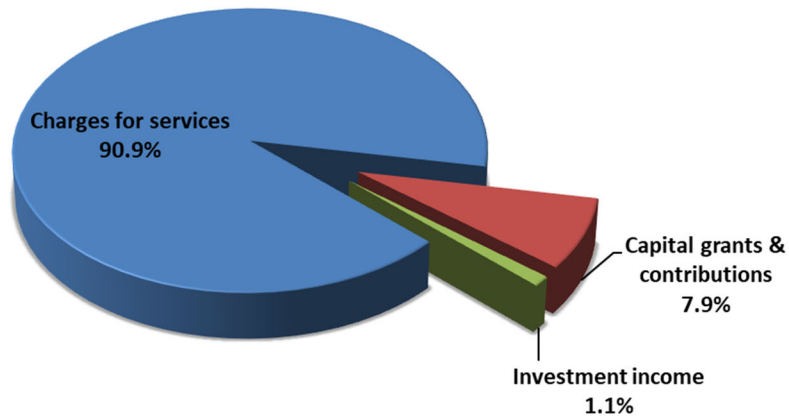
BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City’s net position by \$33.8 million. Key elements contributing to the increase are described below.

- Total program revenues of \$73.9 million were \$7.9 million higher, or 11.9% more than the prior year. The fiscal year ended June 30, 2021 marked the third 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 2020-21 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 \$68.0 million, or 92.0% of total revenues. Charges for services were \$9.2 million, or 15.7%, higher than the prior year and reflect the rate increase discussed above.
- Capital grants and contributions for Sewer enterprise were \$5.9 million, a decrease of \$1.4 million, or 18.6% compared to the prior fiscal year, reflecting less in capital contributions from regional customers related to the Clean Water Program.

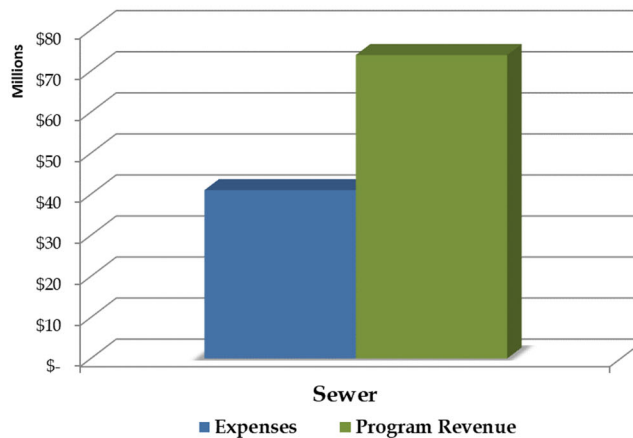
The following charts of business-type activities revenue by source, expense, and program revenues were derived from the Statement of Activities.

Revenue by Sources
Business-Type Activities
Fiscal Year Ended June 30, 2021



Total Business-Type Activities Revenues: \$74.7 million

Expenses and Program Revenues
Business-Type Activities
Fiscal Year ended June 30, 2021



Total business-type activities expenses for the fiscal year ended June 30, 2021 were \$41.0 million, an increase of \$1.8 million, or 4.7%, compared to the prior year. The increase was primarily due to an increase of \$1.2 million in allocated costs through the City's updated Cost Allocation Plan as a result of the increase in the proportional sewer-related activities, reflecting the expansiveness of the Clean Water Program – the City's 10-year \$1.0 billion CIP program. The Clean Water Program was also the driver for the \$1.2 million increase in capital replacement costs, which reflected the updated cost of replacing equipment for the sewer enterprise. These increases in cost allocation and capital replacement costs were partially offset by a \$0.5 million decrease in personnel costs due to savings from vacancies.

Cash and investments of business-type activities totaled \$62.7 million, an increase of \$13.0 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 \$151.6 million to \$235.4 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, 2021, the City's governmental funds combined ending fund balance was \$256.1 million, which was largely unchanged from the prior fiscal year. Of the total fund balances, \$89.7 million is unassigned fund balance, which is available for spending at the City's discretion.

The General Fund is the primary operating fund of the City, as it accounts for nearly all tax revenues and the cost of core services. The unassigned fund balance of the General Fund was \$90.3 million, while the total fund balance was \$92.0 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 71.2% and 72.6% of total General Fund expenditures of \$126.7 million, respectively. The City Council policy goal is to have reserves of at least three months of budgeted operating expenditures. The adopted 2020-21 budget for the general fund was \$136.9 million, therefore the minimum amount of General Fund reserves required for compliance with the reserves policy in 2020-21 was \$34.2 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, also termed the Rainy Day Reserve, 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 Rainy Day Reserves were 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 Rainy Day Reserves and provide General Fund revenues time to recover as the global and local economy recover from the effects of COVID-19.

Unfortunately, the revenue enhancement from the increase in TOT rate from 12% to 14% did not come to fruition due to the immediate and severe impact of the pandemic on business travel, and the recovery is expected to be prolonged and may not ever recover back to full pre-pandemic levels.

General Fund total revenues increased by \$7.4 million, or 5.6% to \$137.6 million. Absent the \$9.6 million in federal assistance via the American Rescue Plan Act (ARPA), General Fund revenues have declined by \$2.3 million compared to the prior fiscal year, and by \$11.9 million compared to the 2018-19 pre-pandemic baseline.

The City accounted for \$64.2 million in property tax revenues in 2020-21, which were largely unchanged from the prior fiscal year. While the change in assessed value drove the increase in current year secured property taxes, the county-wide shortfall of property tax in lieu of vehicle license fees (VLF) was the primary offsetting factor. General Fund sales tax revenues increased by \$1.2 million compared to the prior fiscal year. However, compared to the 2018-19 pre-pandemic baseline, General Fund sales tax revenues decreased by \$1.5 million, or 5.6%, and are not expected to return back to baseline levels until 2023-24.

Other than sales taxes and intergovernmental revenues, all other General Fund revenue categories declined in comparison to the prior fiscal year. General Fund transient occupancy tax (TOT) revenues, included with other taxes for presentation purposes, decreased by \$3.4 million, or 79.0%, as the City's TOT base is largely dependent on business travel, which is expected to be one of the last sectors to recover from the pandemic-driven recession, if at all. Compared to the 2018-19 baseline, TOT revenues have decreased by \$6.1 million. Property transfer tax revenues, the City's most volatile tax revenue source, also included with other taxes for presentation purposes, increased by \$2.6 million from the prior fiscal year, reflecting the ongoing demand and high value of real estate in San Mateo County, and the San Francisco Bay Area at large.

General Fund non-tax revenues had mixed results compared to the prior fiscal year. General Fund revenue from charges for services was \$8.8 million, which was a nominal decrease from the prior year, while intergovernmental revenues increased by \$9.1 million. However, absent the \$9.6 million in ARPA from the federal government, intergovernmental revenues would have decreased by \$0.5 million compared to the prior fiscal year. The General Fund accounted for a modest \$0.1 million in investment income in 2020-21, which was a \$3.3 million decrease from the prior year, reflecting the low interest rate environment.

The General Fund accounted for \$126.7 million in total expenditures, which was an increase of \$3.9 million compared to the prior fiscal year, reflecting the City honoring its negotiated salary increases in 2020-21 with its bargaining units. Due to its proportional size relative to the City's core services and primarily being funded by the General Fund, police expenditures represented \$2.5 million of the \$3.9 million increase from the prior year. In addition, the City's operating contribution to the San Mateo Consolidated Fire Department (SMC Fire) increased by \$1.3 million, largely due to SMC Fire also honoring negotiated salary increases with its bargaining units in 2020-21.

For the year, the General Fund's total revenue exceeded expenditures by \$10.9 million, before other financing uses of \$4.5 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 an increase of \$6.4 million, increasing fund balance to \$92.0 million. However, without the \$9.6 million in ARPA from the federal government, the net change in fund balance would be a decrease of \$3.2 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 \$63.8 million, decreasing by \$19.6 million, or 23.5% from the prior fiscal year. Total expenditures were \$43.0 million and were spent on completion of various capital projects, such as \$9.3 million for city-wide street rehabilitation/reconstruction and sidewalk repair, \$4.7 million for Fire Station No. 25, and \$16.0 million for North Shoreview flood control improvements. 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 70.

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 \$41.4 million, a decrease of \$1.7 million from the prior fiscal year, which reflected the City's objective of aligning the cost of services with fees and draw down on the existing fund balance.

The fund balance in the Non-Major Governmental Funds totaled \$59.0 million, an increase of \$2.2 million, or 3.9% over the prior fiscal year. Revenues and transfers in totaling \$29.5 million increased by \$3.9 million, or 15.2%, while total expenditures and transfers out of \$27.3 million decreased by \$0.8 million, or 2.9%.

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 \$228.1 million, an increase of \$33.8 million, or 17.4%, over the prior fiscal year net position.

The unrestricted net position of the Sewer Enterprise Fund at the end of the fiscal year was \$58.8 million, an increase of \$19.7 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, 2021, which was the third 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% fixed cost 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 and in compliance with its debt coverage requirements pursuant to debt indentures.

The internal service funds' total net position of \$21.8 million decreased \$0.9 million, or 3.9% from the prior year. The Vehicle & Equipment Replacement Fund's net position of \$20.0 million comprised 92.0% of the total internal service funds' net position. The current year decrease 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 negative \$0.2 million was a decrease of \$0.4 million due to workers' compensation claims exceeding budgeted levels. Revenue from charges for services is set based on budget assumptions, largely the magnitude of claims. As such, net position was consumed due to revenues not being aligned with actual expenditures. 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 ended the fiscal year with a net position of \$0.8 million; an increase of \$0.1 million compared to the prior year. The Benefits Fund's ending net position was \$0.1 million, a decrease of \$0.3 million, or 71.0%.

The Comprehensive Liability Insurance Fund's ending net position was \$0.6 million, a decrease of \$1.3 million, or 68.2%. This was due to insurance premiums being 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. In addition, the City settled a few claims that were significant that exceeded the budgeted claims expense. The City will need to adjust collection rates on a prospective basis to account for these trends.

The Vehicle and Equipment Replacement Fund's ended fiscal year 2020-21 with \$20.0 million in net position, which was an increase of \$0.3 million or 1.6% compared to the prior fiscal year. This nominal change largely represents vehicles and equipment that were planned on being replaced in 2020-21 but were deferred or not yet needed and will be replaced in a subsequent fiscal year.

The Fleet and Building Maintenance Fund ended the year with a net position of \$0.4 million, which was an increase of \$0.6 million compared to the prior fiscal year, which reflected the adjustment of collection rates to bring the net position of the Fleet and Building Maintenance Fund back to positive.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's final budget differs from the original adopted budget in that revenues were adjusted upward by \$0.7 million, and expenditures were adjusted upward by \$0.8 million. In total, the final 2020-21 budget for the General Fund reflected a net deficit of \$18.9 million, as revenue/transfer in estimates of \$124.3 million were less than amended appropriations and transfer out of \$143.2 million. On the following page is a summary of General Fund budgetary comparison schedule (amounts in millions).

SUMMARY OF GENERAL FUND BUDGETARY COMPARISON SCHEDULE

	Original Budget	Final Budget	Actual Results	Variance from Final Budget Favorable (Unfavorable)
Resources:				
Revenues	121.4	122.1	137.6	15.5
Transfers in	2.2	2.2	2.2	-
Total resources	123.6	124.3	139.8	15.5
Charges to appropriations:				
Expenditures	134.9	135.7	126.7	9.0
Transfers out	7.5	7.5	6.7	0.8
Total charges	142.4	143.2	133.4	9.8
Net change in fund balance	(18.8)	(18.9)	6.4	25.3
Beginning fund balance			85.6	
Ending fund balance			\$ 92.0	

General Fund total resources - actual revenues and transfers in were \$15.5 million more than the final budgeted estimate, while total charges - actual expenditures and transfers out were \$9.8 million under the final budget. At the end of the fiscal year, the total General Fund balance was \$92.0 million, which was an increase of \$6.4 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	Difference
Sales taxes	\$ 23.5	\$ 24.5	\$ 1.0
Other taxes	15.1	22.0	6.9
Investment Income	1.2	0.1	(1.1)

Of the revenues noted above, the primary driver for the variance in other taxes was real property transfer tax (RPTT), which is included in the other taxes category for presentation purposes. The City had limited information to develop its 2020-21 RPTT revenue assumption, given the novelty of the coronavirus and the uncertainty of whether how and to what degree it would impact the real estate industry. The adopted 2020-21 budget assumed that the pandemic would significantly dampen real estate transaction volume, which could result in 15-20% market correction due to pandemic-related health restrictions. However, the combination of ongoing high demand for real estate and mortgage interest rates dropping to record lows provided the catalyst for RPTT revenues to rebound. Conversely, the low interest rate climate resulted in the City's investment income to be more modest than anticipated in the adopted budget.

Actual expenditures were \$9.0 million less than the final budget. The largest favorable budget variance was \$3.5 million in Parks and Recreation as a result of health restrictions limiting what recreation classes could be offered in person, and the accompanying per diem employee expenses (and revenues). The closure of the City's libraries to the public also reduced the cost of per diem employees, which generated \$1.3 million in budget variance. Public Works had a favorable variance of \$2.3 million, largely due to the City's \$3.0 million vacancy savings target for non-public safety positions that were funded directly or indirectly by the General Fund. This strategy provided the General Fund with relief as a result of the immediate and severe financial impact of the pandemic, as personnel costs constitute the majority of operating costs.

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, 2021, amounts to \$858.4 million, which is \$123.9 million (16.9%) 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.

MANAGEMENT'S DISCUSSION & ANALYSIS

CAPITAL ASSETS

(Amounts in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Non-depreciable assets:						
Land	\$ 52.1	\$ 52.1	\$ 4.0	\$ 4.0	\$ 56.1	\$ 56.1
Construction in progress	57.7	40.0	231.4	147.6	289.1	187.6
Total non-depreciable assets	109.8	92.1	235.4	151.6	345.2	243.7
Depreciable assets (net of depreciation):						
Building and improvements	122.2	116.9	-	-	122.2	116.9
Treatment plant & transmission lines	-	-	167.3	150.9	167.3	150.9
Machinery and equipment	9.2	10.1	1.0	1.1	10.2	11.2
Infrastructure	213.5	211.8	-	-	213.5	211.8
Total depreciable assets (net)	344.9	338.8	168.3	152.0	513.2	490.8
Total capital assets	\$ 454.7	\$ 430.9	\$ 403.7	\$ 303.6	\$ 858.4	\$ 734.5

LONG-TERM DEBT

At the end of the current fiscal year, the City had total long-term debt outstanding of \$428.2 million. Of this amount, \$19.0 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 Activities		Business-Type Activities		Total Primary Government	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
General Obligation Bonds	\$ 19.0	\$ 20.6	\$ -	\$ -	\$ 19.0	\$ 20.6
Revenue Bonds	72.4	74.4	331.3	334.8	403.7	409.2
Loans payable	5.5	4.3	-	-	5.5	4.3
Capital lease payable	-	-	-	-	-	-
Total outstanding debt	96.9	99.3	331.3	334.8	428.2	434.1

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 \$4.6 billion, and at June 30, 2021, the City was only at 0.41% 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

As of the date of this report, the City of San Mateo has experienced one year and eight months of the pandemic, and with the passage of time and more information becoming available, a better understanding of the financial impact of the pandemic. The narrative below discusses the City's major revenues within this context, and factors and considerations that were assumed for the adopted 2021-22 budget and beyond.

Property Tax

Pursuant to Article XIII A of the California Constitution, the annual increase in assessed value is limited to the lesser of 2% or the California Consumer Price Index (CCPI). The latter was 1.036% for the period between October 2019 to September 2020, which was applied to the increase in assessed value (AV) for 2021-22 property taxes. In the near term, inflation has risen well above 2%, so the inflation-driven increase in AV will return to 2%.

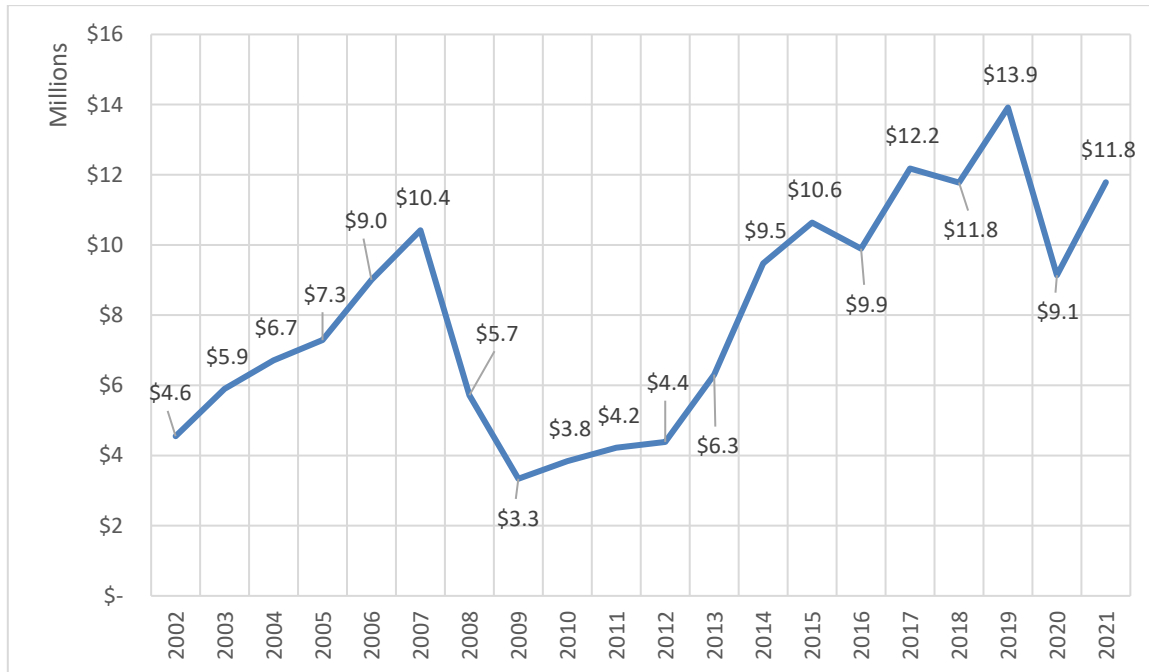
The property tax in lieu of vehicle license fees (VLF) shortfall is not an economic factor, but rather, a structural flaw in state law, and unique to San Mateo County. As a result of the high value of real estate, most school districts are basic aid, in that they meet the state-defined minimum funding requirement through property taxes. VLF can only be backfilled by the ERAF or property tax from non-basic aid school districts. Due to the dearth of non-basic aid school districts in San Mateo County, the county-wide VLF shortfall has been growing in magnitude as more school districts shift from non-basic aid to basic aid status. It is expected that *every* school district will reach basic aid status some time over the next six to seven years. The county-wide VLF shortfall for 2020-21 was \$96.2 million. With the anticipated shift of all school districts to basic aid status, the county-wide VLF shortfall will likely grow to be in excess of a \$300 million in ten years. The impact to the City's property tax for 2020-21 was \$5.7 million; it was owed \$13.2 million, but only received \$7.5 million due to the VLF shortfall. At present, the cities' and the county's only remedy is to file a claim with the State of California in the subsequent fall to be considered for appropriation in the State's subsequent fiscal year budget. The State's adopted 2021-22 budget included a \$10.1 appropriation for San Mateo County's 2019-20 VLF shortfall. Despite the cities' and the county's efforts to request a legislative fix for this issue, the political will to do so has not yet come to fruition. The City's concern is that while the State has historically addressed the county-wide VLF shortfall claims, as the shortfall grows in magnitude by three fold, the State may not have the political will or resources to address this issue in the near future.

Sales Tax

Prior to the pandemic, the City's sales tax revenues were already not keeping pace with inflation. This trend was largely driven by changes in consumer behaviors and the impact of the State of California's limited sales tax base. Since the advent of online commerce, consumer habits have shifted to purchase more goods from online retailers and less from brick and mortar stores. In addition, consumers spend more disposable income purchasing experiences, which are exempt from sales tax in California. To compound this erosion of the sales tax base, a handful of local municipalities have entered into sales tax rebate agreements with retailers, which places the point of sale in the local municipality, and a percentage of use tax is rebated back to the retailer. These agreements erode the use tax that was being allocated proportionately based on each municipality's share of the local 1% sales tax via the Bradley Burns Uniform Sales and Use Tax through the local county pool. While there have been legislative efforts to provide for destination-based sales tax allocation and to broaden the sales tax base to include services, the political climate has not been conducive to these modifications to date.

Real Property Transfer Tax

As a charter city, San Mateo has a 0.5% Real Property Transfer Tax (RPTT). While RPTT is one of the General Fund's top tax revenue sources, it is also its most volatile. During the Great Recession, RPTT went from \$10.4 million in 2006-07 to \$3.3 million in 2008-09 and did not recover to the pre-Great Recession baseline until 2014-15. In response to the pandemic-driven recession, RPTT dropped significantly from the record \$13.9 million in 2018-19 to \$9.1 million.



The volatility of RPTT revenues make it difficult to predict and budget for. As such, the City's practice is to use the RPTT long-term average for its budget assumption.

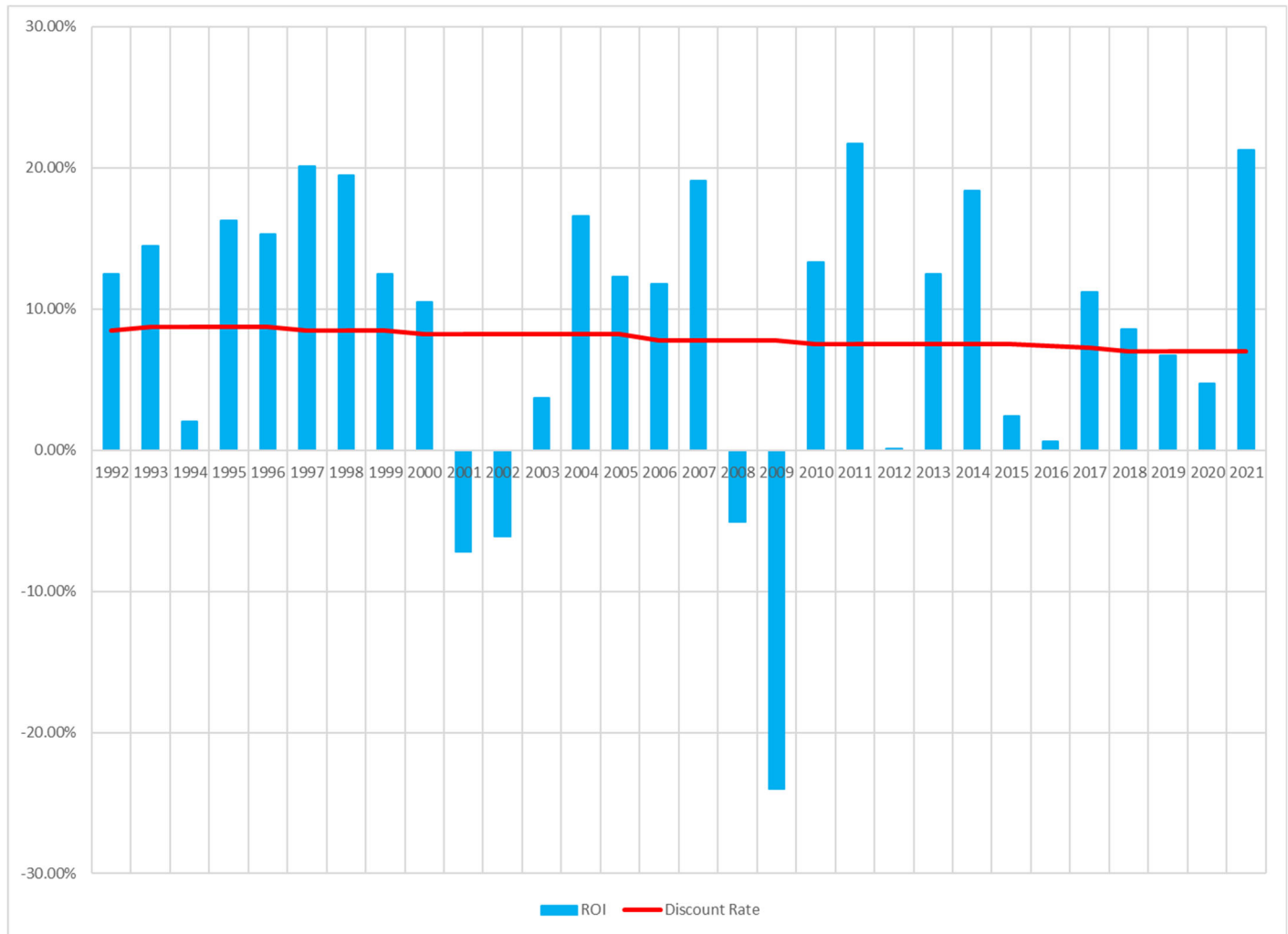
Transient Occupancy Tax

Prior to the pandemic, the City's General Fund Transient Occupancy Tax (TOT) revenues increased an average of 8.4% per year from 2001-02 to 2018-19. Given the TOT base's reliance upon business travel, TOT was the tax revenue most susceptible to the pandemic due to the impact on the travel industry. The City's TOT assumptions over the General Fund Long Term Forecast anticipate a prolonged recovery, as business travel is expected to be one of the last industries to recover, if at all, to pre-pandemic levels. General Fund TOT revenues for 2020-21 were only 12.8% of the 2018-19 baseline TOT revenues. Even with the passage of Measure W in November 2020 to increase the City's TOT rate from 12% to 14%, the revenue loss from TOT is the primary driver of the City's structural deficit.

The adopted 2021-22 budget anticipates \$144.5 million in total revenues and \$146.9 million in expenditures, resulting in a projected \$2.3 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 Measure W that increased the City's TOT rate from 12% to 14% effective January 2022. Even with the Plan fully implemented, the City expects to draw down on the General Fund Rainy Day Reserve by approximately \$30 million; from the peak of \$54 million in 2018-19 to the trough of \$24 million in 2026-27.

Pension Contributions and Unfunded Liability

The City's unfunded pension liability increased to \$247.9 million, primarily due to the interest being charged on the total pension liability. The escalating cost of pension contributions continues to apply pressure on the City's limited funding sources and its ability to maintain core service levels. For the fiscal year ended June 30, 2021, CalPERS earned 21.3% on its investments, juxtaposed against a 7.0% discount rate. This return, while well above the discount rate, triggered a provision in CalPERS' Risk Mitigation Policy, which states that a return on investment (ROI) above a threshold would automatically result in a reduction of the discount rate based on the magnitude of the ROI. For the 2020-21 ROI, the discount rate was automatically reduced from 7.0% to 6.8%. While the investment gain from the 2020-21 ROI will be amortized over 20 years, the change in actuarial assumption, which will also be amortized over 20 years, will largely offset the impact of the significant ROI



At present, CalPERS is nearing completion of its quadrennial Asset Liability Management (ALM) cycle, which ultimately determines the level of risk that CalPERS is willing to take and the accompanying discount rate. Based on stakeholder feedback, it is likely that CalPERS will sustain the current discount rate of 6.8% by taking on significant risk through asset allocation. Private equity is the only asset class that is projected to earn greater than a 7% return over the next ten years. As such, CalPERS' proposed investment scenarios increase the allocation in private equity from 8% to 13%. However, Private equity also has an expected volatility of 25.5%, which is the highest expected volatility of any asset class.

In addition to the proposed changes in asset allocation, CalPERS is also proposing to leverage the 5% of the investment portfolio to magnify the investment returns. With a market value of nearly \$500 billion, leveraging 5% of the portfolio would mean borrowing \$25 billion. While leverage would magnify investment gains, it would also magnify losses.

These two specific strategies to take on additional risk in pursuit of affirming the current discount rate only marginally increase the probability of achieving the targeted ROI from 39% to 45%.

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 20th Avenue, San Mateo, California, 94403.



BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of San Mateo
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 296,038,995	\$ 62,740,600	\$ 358,779,595
Accounts receivable, net	1,896,355	19,935,949	21,832,304
Interest receivable	386,882	-	386,882
Taxes receivable	6,649,133	-	6,649,133
Grants receivable	2,797,967	-	2,797,967
Prepaid items, inventory, and deposits	942,367	635	943,002
Internal balances	-	-	-
Total current assets	308,711,699	82,677,184	391,388,883
Noncurrent assets:			
Restricted cash and investments	33,176,157	97,219,022	130,395,179
Investment in JPA	10,854,806	-	10,854,806
Loans and notes receivable, net	4,683,999	-	4,683,999
Capital assets:			
Non-depreciable	109,791,272	235,446,228	345,237,500
Depreciable, net	344,948,379	168,240,976	513,189,355
Total capital assets	454,739,651	403,687,204	858,426,855
Total noncurrent assets	503,454,613	500,906,226	1,004,360,839
Total assets	812,166,312	583,583,410	1,395,749,722
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	1,066,322	-	1,066,322
Related to OPEB	1,614,106	239,697	1,853,803
Related to pensions	28,091,634	2,503,334	30,594,968
Total deferred outflows of resources	30,772,062	2,743,031	33,515,093

City of San Mateo
Statement of Net Position (Continued)
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	38,418,949	695,237	39,114,186
Retention payable	2,674,787	1,750	2,676,537
Accrued payroll	3,804,038	-	3,804,038
Deposits payable	8,663,074	1,486,402	10,149,476
Interest payable	654,503	5,479,884	6,134,387
Unearned revenue	1,712,772	-	1,712,772
Compensated absences - due within one year	999,087	135,699	1,134,786
Claims payable - due within one year	3,300,000	-	3,300,000
Landfill postclosure cost payable - due within one year	99,885	-	99,885
Long-term debt - due within one year	4,110,884	1,820,000	5,930,884
Total current liabilities	64,437,979	9,618,972	74,056,951
Noncurrent liabilities:			
Net OPEB liability	9,209,358	1,367,599	10,576,957
Net pension liability	231,600,865	16,321,355	247,922,220
Compensated absences - due in more than one year	8,083,525	1,097,930	9,181,455
Claims payable - due in more than one year	13,752,000	-	13,752,000
Landfill postclosure cost payable - due in more than one year	1,398,380	-	1,398,380
Long-term debt - due in more than one year	92,800,718	329,476,241	422,276,959
Total noncurrent liabilities	356,844,846	348,263,125	705,107,971
Total liabilities	421,282,825	357,882,097	779,164,922
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	2,239,439	332,561	2,572,000
Related to pensions	160,397	-	160,397
Total deferred inflows of resources	2,399,836	332,561	2,732,397
NET POSITION			
Net investment in capital assets	392,070,528	168,133,572	560,204,100
Restricted:			
Housing and economic development	16,502,072	-	16,502,072
Capital projects	15,275,250	-	15,275,250
Debt service	5,700,789	1,143,852	6,844,641
Other purposes	1,099,215	-	1,099,215
Total restricted	38,577,326	1,143,852	39,721,178
Unrestricted (deficit)	(11,392,141)	58,834,359	47,442,218
Total net position	\$ 419,255,713	\$ 228,111,783	\$ 647,367,496

City of San Mateo
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 22,566,708	\$ 6,305,379	\$ 10,909,985	\$ 27,403	\$ 17,242,767
Community development	11,362,295	11,277,683	2,514,624	-	13,792,307
Public safety	88,274,410	2,402,026	915,097	-	3,317,123
Public works	22,560,152	7,117,981	4,221,757	4,687,879	16,027,617
Parks and recreation	17,581,661	1,010,881	32,025	4,639,004	5,681,910
Golf	2,406,028	3,129,139	-	-	3,129,139
Library	8,797,338	270,043	411,638	-	681,681
Interest on long-term debt	2,674,930	-	-	-	-
Total governmental activities	176,223,522	31,513,132	19,005,126	9,354,286	59,872,544
Business-type activities:					
Sewer	40,969,271	67,962,290	-	5,931,349	73,893,639
Total business-type activities	40,969,271	67,962,290	-	5,931,349	73,893,639
Total primary government	\$ 217,192,793	\$ 99,475,422	\$ 19,005,126	\$ 15,285,635	\$ 133,766,183

City of San Mateo
Statement of Activities and Changes in Net Position (Continued)
For the Year Ended June 30, 2021

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (5,323,941)	\$ -	\$ (5,323,941)
Community development	2,430,012	-	2,430,012
Public safety	(84,957,287)	-	(84,957,287)
Public works	(6,532,535)	-	(6,532,535)
Parks and recreation	(11,899,751)	-	(11,899,751)
Golf	723,111	-	723,111
Library	(8,115,657)	-	(8,115,657)
Interest on long-term debt	(2,674,930)	-	(2,674,930)
Total governmental activities	(116,350,978)	-	(116,350,978)
Business-type activities:			
Sewer	-	32,924,368	32,924,368
Total business-type activities	-	32,924,368	32,924,368
Total primary government	(116,350,978)	32,924,368	(83,426,610)
General Revenues and Transfers:			
General revenues:			
Taxes:			
Property taxes	66,631,563	-	66,631,563
Sales taxes	27,948,874	-	27,948,874
Property transfer taxes	11,783,952	-	11,783,952
Transient occupancy taxes	1,115,054	-	1,115,054
Business license taxes	6,275,557	-	6,275,557
Franchise taxes	3,033,639	-	3,033,639
Other taxes	49,146	-	49,146
Total taxes	116,837,785	-	116,837,785
Investment earnings	488,757	851,242	1,339,999
Gain (loss) on sale of capital assets	25,604	(22,292)	3,312
Miscellaneous revenue	878,533	1,375	879,908
Transfers	-	-	-
Total general revenues and transfers	118,230,679	830,325	119,061,004
Change in net position	1,879,701	33,754,693	35,634,394
Net Position:			
Beginning of year	417,376,012	194,357,090	611,733,102
End of year	\$ 419,255,713	\$ 228,111,783	\$ 647,367,496

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FUND FINANCIAL STATEMENTS

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Governmental Funds Financial Statements

General Fund - This fund accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government which are not accounted for in the other funds. In San Mateo, these services include general government, community development, public safety, public works, parks and recreation, golf, and library services.

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

General Capital Projects Fund - This 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.

City of San Mateo
Balance Sheet
Governmental Funds
June 30, 2021

	Major Funds		
	General Fund	Construction Services Special Revenue Fund	General Capital Projects Fund
ASSETS			
Cash and investments	\$ 99,500,790	\$ 42,199,801	\$ 67,476,144
Restricted cash and investments held by fiscal agents	-	-	33,034,637
Accounts receivable, net	722,724	-	336,762
Interest receivable	386,882	-	-
Taxes receivable	5,463,619	-	224,516
Grants receivable	-	-	2,549,054
Prepaid items, inventory, and deposits	329,193	-	9,000
Due from other funds	907,858	-	-
Loans and notes receivable, net	-	-	303,259
Total assets	\$ 107,311,066	\$ 42,199,801	\$ 103,933,372
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,076,177	\$ 37,144	\$ 35,259,148
Retention payable	-	-	2,674,787
Accrued payroll	3,804,038	-	-
Due to other funds	-	-	-
Deposits payable	8,558,556	-	-
Unearned revenues	914,040	798,732	-
Total liabilities	15,352,811	835,876	37,933,935
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	2,199,754
Total deferred inflows of resources	-	-	2,199,754
Fund Balances:			
Nonspendable	329,193	-	-
Restricted	-	-	33,034,637
Committed	1,370,873	41,363,925	30,765,046
Unassigned (deficit)	90,258,189	-	-
Total fund balances	91,958,255	41,363,925	63,799,683
Total liabilities, deferred inflows of resources, and fund balances	\$ 107,311,066	\$ 42,199,801	\$ 103,933,372

City of San Mateo
Balance Sheet (Continued)
Governmental Funds
June 30, 2021

	Non-major Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 54,912,421	\$ 264,089,156
Restricted cash and investments held by fiscal agents	141,520	33,176,157
Accounts receivable, net	106,771	1,166,257
Interest receivable	-	386,882
Taxes receivable	960,998	6,649,133
Grants receivable	248,913	2,797,967
Prepaid items, inventory, and deposits	-	338,193
Due from other funds	-	907,858
Loans and notes receivable, net	4,380,740	4,683,999
Total assets	\$ 60,751,363	\$ 314,195,602
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 415,666	\$ 37,788,135
Retention payable	-	2,674,787
Accrued payroll	-	3,804,038
Due to other funds	907,858	907,858
Deposits payable	5,248	8,563,804
Unearned revenues	-	1,712,772
Total liabilities	1,328,772	55,451,394
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	467,383	2,667,137
Total deferred inflows of resources	467,383	2,667,137
Fund Balances:		
Nonspendable	-	329,193
Restricted	38,577,326	71,611,963
Committed	20,964,864	94,464,708
Unassigned (deficit)	(586,982)	89,671,207
Total fund balances	58,955,208	256,077,071
Total liabilities, deferred inflows of resources, and fund balances	\$ 60,751,363	\$ 314,195,602

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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, 2021

Total Fund Balances - Total Governmental Funds	\$ 256,077,071
Amounts reported for Governmental Activities in the Statement of Net Position were different because:	
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.	2,667,137
Capital Assets used in the governmental activities were not financial resources and therefore were not reported in the Governmental Funds Balance Sheet.	
Government-Wide Statement of Net Position	454,739,651
Less: capital assets reported in Internal Service Funds	(6,272,645)
Total capital assets	448,467,006
Long-term liabilities are not due and payable in the current period and therefore were not reported in the Governmental Funds Balance Sheet.	
Amount reported in Government-Wide Statement of Net Position	
Compensated absences - due within one year	(999,087)
Compensated absences - due in more than one year	(8,083,525)
Long-term debt - due within one year	(4,110,884)
Long-term debt - due in more than one year	(92,800,718)
Landfill postclosure cost payable - due within one year	(99,885)
Landfill postclosure cost payable - due in more than one year	(1,398,380)
Total long-term liabilities	(107,492,479)
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.	1,066,322
Investment in joint ventures are not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.	10,854,806
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds.	(654,503)
Aggregate net pension liability and total OPEB liability used in the governmental activities were not financial resources and therefore were not reported in the Governmental Funds Balance Sheet.	
Net pension liability	(231,600,865)
Net OPEB liability	(9,209,358)
	(240,810,223)
Deferred outflows of resources related to OPEB and pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
Amount reported in Government-Wide Statement of Net Position	
Deferred outflows of resources related to OPEB	1,614,106
Deferred outflows of resources related to pensions	28,091,634
Total deferred outflows of resources	29,705,740
Deferred inflows of resources related to OPEB and pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
Amount reported in Government-Wide Statement of Net Position	
Deferred inflows of resources related to OPEB	(2,239,439)
Deferred inflows of resources related to pensions	(160,397)
Total deferred inflows of resources	(2,399,836)
Internal service funds are used by management to charge the cost of fleet management, risk management, information technology, and building maintenance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	21,774,672
Net Position of Governmental Activities	\$ 419,255,713

City of San Mateo
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	Major Funds		
	General	Construction Services	General
	Fund	Special Revenue	Capital Projects
	Fund	Fund	Fund
REVENUES:			
Property taxes	\$ 64,190,717	\$ -	\$ -
Sales taxes	24,504,023	-	3,444,851
Other taxes	22,040,014	-	-
Licenses, building and other permits	44,240	6,183,230	-
Fines, forfeitures and penalties	1,413,559	-	-
Intergovernmental	12,011,205	-	2,224,688
Charges for services	8,766,168	482,656	-
Investment income	135,438	48,993	168,396
Assessments and garbage collection	-	-	538,287
Parking meter and lease revenue	-	-	-
Impact fees	-	-	1,030,133
Capital contributions	-	-	-
Other revenues	4,491,296	-	883,009
Total revenues	137,596,660	6,714,879	8,289,364
EXPENDITURES:			
Current:			
General government:			
City Council	277,086	-	-
City Manager	2,673,257	71,349	-
City Clerk	920,144	-	-
City Attorney	1,278,453	174,696	-
Finance	3,573,769	-	-
Information technology	3,574,982	118,294	-
Human Resources	2,106,382	-	-
Community development	1,876,042	6,667,515	-
Public safety:			
Police	47,759,522	-	-
Fire	23,824,571	-	-
Public works	6,565,232	573,351	-
Parks and recreation	14,303,666	-	-
Golf	2,406,028	-	-
Library	7,063,780	-	-
Non-departmental	7,357,090	-	-
Capital outlay	102,628	-	42,660,522
Debt service:			
Principal	826,945	-	310,000
Interest and fiscal charges	227,302	-	78,644
Total expenditures	126,716,879	7,605,205	43,049,166
REVENUES OVER (UNDER) EXPENDITURES	10,879,781	(890,326)	(34,759,802)
OTHER FINANCING SOURCES (USES):			
Proceeds from issuance of long-term debt	-	-	1,525,675
Transfers in	2,205,010	-	13,609,371
Transfers out	(6,688,814)	(859,099)	(9,023)
Total other financing sources (uses)	(4,483,804)	(859,099)	15,126,023
NET CHANGE IN FUND BALANCES	6,395,977	(1,749,425)	(19,633,779)
FUND BALANCES:			
Beginning of year	85,562,278	43,113,350	83,433,462
End of year	\$ 91,958,255	\$ 41,363,925	\$ 63,799,683

City of San Mateo
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2021

	Non-major Governmental Funds	Total Governmental Funds
REVENUES:		
Property taxes	\$ 2,440,846	\$ 66,631,563
Sales taxes	-	27,948,874
Other taxes	217,334	22,257,348
Licenses, building and other permits	1,895,983	8,123,453
Fines, forfeitures and penalties	834,249	2,247,808
Intergovernmental	5,652,616	19,888,509
Charges for services	2,420,947	11,669,771
Investment income	58,560	411,387
Assessments and garbage collection	5,730,398	6,268,685
Parking meter and lease revenue	2,023,435	2,023,435
Impact fees	711,059	1,741,192
Capital contributions	750,000	750,000
Other revenues	1,108,214	6,482,519
Total revenues	23,843,641	176,444,544
EXPENDITURES:		
Current:		
General government:		
City Council	-	277,086
City Manager	9,264	2,753,870
City Clerk	-	920,144
City Attorney	-	1,453,149
Finance	-	3,573,769
Information technology	-	3,693,276
Human resources	-	2,106,382
Community development	1,906,643	10,450,200
Public safety:		
Police	2,457,196	50,216,718
Fire	-	23,824,571
Public works	3,416,762	10,555,345
Parks and recreation	37,427	14,341,093
Golf	-	2,406,028
Library	-	7,063,780
Non-departmental	-	7,357,090
Capital outlay	2,713	42,765,863
Debt service:		
Principal	2,275,000	3,411,945
Interest and fiscal charges	3,106,614	3,412,560
Total expenditures	13,211,619	190,582,869
REVENUES OVER (UNDER) EXPENDITURES	10,632,022	(14,138,325)
OTHER FINANCING SOURCES (USES):		
Proceeds from issuance of long-term debt	-	1,525,675
Transfers in	5,623,900	21,438,281
Transfers out	(14,056,590)	(21,613,526)
Total other financing sources (uses)	(8,432,690)	1,350,430
NET CHANGE IN FUND BALANCES	2,199,332	(12,787,895)
FUND BALANCES:		
Beginning of year	56,755,876	268,864,966
End of year	<u>\$ 58,955,208</u>	<u>\$ 256,077,071</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 and Changes in Net Position
For the Year Ended June 30, 2021

Total Fund Balances - Total Governmental Funds	\$ (12,787,895)
Amounts reported for Governmental Activities in the Statement of Net Position were different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position the cost of those assets was allocated over their estimated useful lives as depreciation expenses. This is the amount of capital assets recorded in the current period (net of \$949,037 added in internal service funds).	42,374,193
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation expense, net of internal service funds of \$1,346,334, was not reported as expenditures in the Governmental Funds.	(18,102,317)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decreased net position.	(1,843)
Issuance of long-term liabilities provides current financial resources to governmental funds, but the issuance increased long-term liabilities in the Government-Wide Statement of Net Position.	
Lease revenue bonds	(1,525,675)
Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position	
Principal payment of long-term debt	3,411,945
Amortization of bond premium	494,070
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.	(122,345)
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. This amount represented the changes in accrued interest from prior year.	365,905
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.	80,935
Compensated absences expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(1,516,107)
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.	1,555,704
Investment in joint ventures are not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.	(4,648)
Certain pension expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Changes in pension related deferred outflows of resources	126,959
Changes in net pension liabilities	(16,082,650)
Changes in pension related deferred inflows of resources	3,288,953
Certain OPEB expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Changes in OPEB related deferred outflows of resources	25,079
Changes in total OPEB liabilities	397,076
Changes in OPEB related deferred inflows of resources	795,820
The internal service funds are used by management to charge the costs of fleet maintenance, facilities maintenance, and technology to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(893,458)
Change in Net Position of Governmental Activities	\$ 1,879,701

Proprietary Funds Financial Statements

Sewer Fund - This fund is used to account for the activities of the City's wastewater collection and treatment operations.

Internal Service Funds - These funds are used to provide goods and services by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

City of San Mateo
Statement of Net Position
Proprietary Funds
June 30, 2021

	Major Funds	Governmental Activities Internal Service Funds
	Sewer Fund	
ASSETS		
Current assets:		
Cash and investments	\$ 62,740,600	\$ 31,949,839
Accounts receivable, net	19,935,949	730,098
Due from other funds	-	447,954
Prepaid items, inventory, and deposits	635	604,174
Total current assets	82,677,184	33,732,065
Noncurrent assets:		
Restricted cash and investments	97,219,022	-
Capital assets:		
Non-depreciable	235,446,228	-
Depreciable, net	168,240,976	6,272,645
Total capital assets	403,687,204	6,272,645
Total noncurrent assets	500,906,226	6,272,645
Total assets	583,583,410	40,004,710
DEFERRED OUTFLOW OF RESOURCES		
Related to OPEB	239,697	-
Related to pensions	2,503,334	-
Total deferred outflow of resources	2,743,031	-
LIABILITIES		
Current liabilities:		
Accounts payable	695,237	630,814
Retention payable	1,750	-
Accrued payroll	-	-
Due to other funds	-	447,954
Deposits payable	1,486,402	99,270
Interest payable	5,479,884	-
Unearned revenue	-	-
Compensated absences - due within one year	135,699	-
Claims payable - due within one year	-	3,300,000
Long-term debt - due within one year	1,820,000	-
Total current liabilities	9,618,972	4,478,038
Noncurrent liabilities:		
Net OPEB liability	1,367,599	-
Net pension liability	16,321,355	-
Compensated absences - due in more than one year	1,097,930	-
Claims payable - due in more than one year	-	13,752,000
Long term debt - due in more than one year	329,476,241	-
Total noncurrent liabilities	348,263,125	13,752,000
Total liabilities	357,882,097	18,230,038
DEFERRED INFLOWS OF RESOURCES		
Related to OPEB	332,561	-
Related to pensions	-	-
Total deferred inflows of resources	332,561	-
NET POSITION		
Net investment in capital assets	168,133,572	6,272,645
Restricted for debt service	1,143,852	-
Unrestricted	58,834,359	15,502,027
Total net position	\$ 228,111,783	\$ 21,774,672

See accompanying Notes to the Basic Financial Statements.

City of San Mateo
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Major Funds	Governmental Activities Internal Service Funds
	Sewer Fund	
OPERATING REVENUES:		
Charges for services	\$ 67,358,675	\$ 50,403,617
Connection fees	603,615	-
Impact fees	205,188	-
Other	1,375	-
Total operating revenues	68,168,853	50,403,617
OPERATING EXPENSES:		
Costs of sales and services	21,032,300	20,966,099
Administration	3,229,417	29,216,487
Depreciation and amortization	5,197,028	1,346,334
Total operating expenses	29,458,745	51,528,920
OPERATING INCOME (LOSS)	38,710,108	(1,125,303)
NONOPERATING REVENUES (EXPENSES):		
Investment income	851,242	77,371
Gain (loss) on sale of capital assets	(22,292)	25,604
Interest expense	(11,510,526)	-
Total nonoperating revenues (expenses)	(10,681,576)	102,975
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	28,028,532	(1,022,328)
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital contributions	5,726,161	-
Contributions to other government	-	(46,375)
Transfers in	-	410,000
Transfers out	-	(234,755)
Total capital contributions and transfers	5,726,161	128,870
Changes in net position	33,754,693	(893,458)
NET POSITION:		
Beginning of year	194,357,090	22,668,130
End of year	\$ 228,111,783	\$ 21,774,672

City of San Mateo
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Major Funds	Governmental Activities
	Sewer Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 60,483,149	\$ 51,272,370
Cash payments to suppliers for goods and services	(3,192,021)	(28,823,517)
Cash payments to employees for services	(20,378,977)	(20,966,099)
Cash received from others	1,375	-
Net cash provided by operating activities	36,913,526	1,482,754
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash contributions to other agencies	-	(46,375)
Interfund borrowing (lending)	-	(447,954)
Repayment of interfund borrowing (lending)	-	173,840
Transfers in	-	410,000
Transfers out	-	(234,755)
Net cash (used in) noncapital financing activities	-	(145,244)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash capital contributions	5,726,161	-
Proceeds from sale of capital assets	-	25,604
Acquisition of capital assets, net	(105,277,217)	(947,194)
Proceeds from issuance of debt	-	-
Principal payment of long-term debt	(1,730,000)	-
Interest paid on debt and fiscal charges	(13,194,973)	-
Net cash (used in) capital and related financing activities	(114,476,029)	(921,590)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest from investments	1,516,548	77,371
Net cash provided by investing activities	1,516,548	77,371
Net change in cash and cash equivalents	(76,045,955)	493,291
CASH AND CASH EQUIVALENTS:		
Beginning of year	236,005,577	31,456,548
End of year	<u><u>\$ 159,959,622</u></u>	<u><u>\$ 31,949,839</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:		
Cash and cash investments	\$ 62,740,600	\$ 31,949,839
Restricted cash and investments	97,219,022	-
Total cash and cash equivalents	<u><u>\$ 159,959,622</u></u>	<u><u>\$ 31,949,839</u></u>

City of San Mateo
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Major Funds</u>	<u>Governmental Activities Internal Service Funds</u>
	<u>Sewer Fund</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 38,710,108	\$ (1,125,303)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	5,197,028	1,346,334
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:		
Accounts receivable, net	(8,813,419)	853
Prepaid items, inventory, and deposits	(292)	-
Property held for investment	-	867,900
Deferred outflows - OPEB related	(3,724)	-
Deferred outflows - pension related	(350,137)	-
Accounts payable	40,536	(295,385)
Retention payable	(2,848)	-
Deposits payable	1,129,090	44,355
Compensated absences	154,381	-
Claims payable	-	644,000
Net OPEB liability	(58,967)	-
Net pension liability	1,313,197	-
Deferred inflows - OPEB related	(118,180)	-
Deferred inflows - pension related	(283,247)	-
Total adjustments	<u>(1,796,582)</u>	<u>2,608,057</u>
Net cash provided by operating activities	<u><u>\$ 36,913,526</u></u>	<u><u>\$ 1,482,754</u></u>

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Fiduciary Funds Financial Statements

Custodial funds - These 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. This includes the San Mateo Consolidated Fire Department Custodial Fund, CFD 2008-1 Custodial Fund, and Other Custodial Fund.

Private Purpose Funds - These 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). This includes the Successor Agency Private Purpose Trust Fund.

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City of San Mateo
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds	Private Purpose Trust Funds
ASSETS		
Cash and investments	\$ 98,340	\$ 4,908,712
Restricted cash and investments with fiscal agent	13,613,229	-
Total assets	<u>13,711,569</u>	<u>4,908,712</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	-	556,923
Total deferred outflows of resources	<u>-</u>	<u>556,923</u>
LIABILITIES		
Accounts payable	85,566	-
Interest payable	-	936,486
Long-term debt - due within one year	-	3,730,000
Long-term debt - due in more than one year	-	47,145,445
Total liabilities	<u>85,566</u>	<u>51,811,931</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refunding	-	47,697
Total deferred inflows of resources	<u>-</u>	<u>47,697</u>
NET POSITION (DEFICIT)		
Restricted for:		
Individuals, organizations, and other governments	13,626,003	-
Held in trust for dissolution of RDA	-	(46,393,993)
Total net position (deficit)	<u>\$ 13,626,003</u>	<u>\$ (46,393,993)</u>

City of San Mateo
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Custodial Funds	Private Purpose Trust Funds
ADDITIONS:		
Fee collections for other governments	\$ 401,751	\$ -
Special assessments for other governments	5,474,606	-
Investment income	3,530	168
RDA property tax trust fund distribution	-	5,997,566
Total additions	<u>5,879,887</u>	<u>5,997,734</u>
DEDUCTIONS:		
Administration	78,173	20,000
Payments on conduit bonds - principal	700,000	-
Payments on conduit bonds - interest	4,529,720	-
Project payments	22,636	-
Payments to other governments	307,941	-
Other	-	-
Interest expense	-	1,792,919
Total deductions	<u>5,638,470</u>	<u>1,812,919</u>
Change in net position	241,417	4,184,815
NET POSITION (DEFICIT):		
Beginning of year	13,384,586	(50,578,808)
End of period	<u>\$ 13,626,003</u>	<u>\$ (46,393,993)</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of San Mateo
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For the Year Ended June 30, 2021

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City of San Mateo
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City of San Mateo
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City of San Mateo
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 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 of the United States of America (U.S. 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 standards in the United States. 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.

Blended Component Units

The financial reporting entity consists of the primary government, the City, and its component units. Component units are legally separate entities for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government is accountable and their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended component units, although legally separate entities, are, in substance part of the government's operation and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

Although the following are legally separate from the City, they have been "blended" as though they are part of the City because the component unit's governing body is substantially the same as the City's and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component units; and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

San Mateo Joint Powers Financing Authority (JPFA)

The San Mateo Joint Powers Financing Authority (JPFA) was created in 1993. The Financing Authority is a joint exercise of joint powers. The City Council serves as directors of the JPFA. The purpose of the JPFA is to act as a financing/lending type of entity only. No separate annual financial statements are prepared for the JPFA. Since the City Council previously served as the government board for this component unit, the City's component unit was considered to be a blended component unit. Blended component units, although legally separate entities, are in substance, part of the City's operations and financial information was reported with the primary government.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, 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. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in accordance with legal and managerial requirements.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets 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 liability is incurred. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of U.S. GAAP.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Program revenues for the City are classified 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 and Changes in Net Position, internal service 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

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. 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 met the applicable criteria.

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 Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents 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. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days for all revenues except grants, which use a six-month availability period.

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in-lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Revenue recognition is subject to the measurable and available criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed non-exchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary non-exchange transactions have been recognized as revenues when all applicable eligibility requirements have been met.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The City reports the following major governmental funds:

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.

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.

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.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, 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 Changes in Fund Net Position, and a Statement of Cash Flows for each major Proprietary Fund.

A separate 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. The City's internal service funds include funds which provide services directly to other City funds. These areas of service include fleet maintenance, facilities maintenance, and comprehensive liability.

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 Fund Net Position presents 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 the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

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 following major proprietary funds:

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.

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

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Accounting and Measurement Focus (Continued)

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds represent custodial funds and private purpose trust funds. Both custodial funds and the private purpose trust funds are accounted for on the full accrual basis of accounting.

Fiduciary fund types are accounted for according to the nature of the fund. 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). They are also used to account for various assessment districts for which the City acts as an agent for debt service activity, as the City is prohibited from levying additional taxes for these districts. Such funds include Community Facilities Districts.

The City's private purpose trust fund is a fiduciary fund type used by the City to report assets, liabilities and activities of the Successor Agency to the Redevelopment Agency (Successor Agency) for the City of San Mateo. Its results of operations are presented on the Statement of Changes of Fiduciary Net Position.

Successor Agency of the Redevelopment Agency for the City of San Mateo

The Redevelopment Obligation Retirement Fund was created to serve as a custodian for the assets and to wind down the affairs of the RDA on February 1, 2012, pursuant to Assembly Bill x1 26. Its purpose is to expeditiously wind down the affairs of the dissolved Redevelopment Agency (RDA). The Successor Agency is a separate public entity from the City, subject to the direction of an oversight board. The City Council serves as the governing board of the Successor Agency. In general, the Successor Agency's assets can 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 future fiscal years, the Successor Agency will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former RDA until all enforceable obligations of the former RDA have been paid in full and all assets have been liquidated. Based upon the nature of the Successor Agency's custodial role, the Successor Agency has been included in the accompanying basic financial statements as a private purpose trust fund. In February 2015, the California Department of Finance (Finance) approved the City's revised Long-Range Property Management Plan (LRPMP), with the assets deemed for governmental use and future development. 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.

C. Deferred Outflows and Inflows of Resources

The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent 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.

Deferred Inflows of Resources represent 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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents.

Investments are reported in the accompanying financial statements at fair value, except for certain investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year, and may result in negative investment income in the accompanying financial statements. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance, except for investment income associated with funds not legally required to receive pooled investment income which has been assigned to and recorded as revenue of the general fund, as provided by California Government Code Section 53647.

For purposes of the statement of cash flows, amounts reported as cash and cash equivalents, include amounts on deposit in the City pool and any short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Certain disclosure requirements, if applicable, for deposits and investment risks in the following areas:

- Interest rate risk
- Credit risk
 - Overall
 - Custodial credit risk
 - Concentration of credit risk
- Foreign currency 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.

U.S. GAAP establishes a framework for measuring fair value, and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, which are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

E. 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.

F. Receivables

Customer or trade receivables are reported as “accounts receivable” and are shown net of an allowance for uncollectible accounts based on historical and management estimates.

Noncurrent portions of long-term receivables (e.g., “notes receivable”) due to governmental fund types are reported in their respective balance sheets despite their spending measurement focus. Recognition of governmental fund type revenues represented by noncurrent receivables are deferred until they become current receivables. Noncurrent portions of long-term notes receivable are offset by restricted fund balance in the special revenue funds.

G. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” or “advances to/from other funds” (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Governmental-Wide Financial Statements as “internal balances.”

H. Inventories 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.

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are valued at the fair value of the assets on the date on which they were contributed. Donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The City utilizes a capitalization threshold of \$5,000 - \$25,000 depending on asset type.

Depreciation is charged to operations using the straight-line method over the estimated useful lives of the assets as follows:

Asset Type	Capitalization Threshold
General capital assets	\$10,000
Infrastructure capital assets	\$100,000
Intangible assets	\$1,000,000

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Capital Assets (Continued)

Depreciation is charged to operations using the straight-line method over the estimated useful lives of the assets as follows:

Asset Type	Years
Sewer treatment plant and transmission lines	up to 60
Buildings and improvements	20 - 40
Machinery and equipment	2 - 30
Infrastructure	25 - 60

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the streets, water purification and distribution system, sewer collection and treatment system, parks and recreation, lands and improvement system, storm water conveyance system, and buildings combined with the 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.

For all other infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34. The City appraised its own infrastructure as of July 1, 2002. The 2002 appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways:

1. Historical records;
2. Standard unit costs appropriate for the construction/acquisition date;
3. Present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date.

The accumulated depreciation from the date of construction/acquisition to the current date was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

J. Long-Term Debt

Government-Wide Financial Statements and Proprietary Fund Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate funds. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are expensed when incurred. Gains or losses on bond refunding are reported as either deferred outflows of resources or deferred inflows of resources and amortized over the term of the related debt.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Long-Term Debt (Continued)

Governmental Fund Financial Statements

The governmental fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position. Governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Government-Wide Financial Statements

For governmental and business-type activities, compensated absences are recorded as expenses when earned.

Fund Financial Statements

For governmental funds, compensated absences are recorded as expenditures in the year paid. The General Fund is typically used to liquidate compensated absences. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

L. Claims and Judgments Payable

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. Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, federal and state grants.

M. Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 11). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The General Fund and Internal Service Funds are typically used to liquidate the pension liability related to the City's governmental activities while the pension liability for Business-type activities is liquidated from the respective Enterprise Funds.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Pension Plans (Continued)

The following timeframes are used for pension reporting:

<u>Pension</u>	
Valuation date	June 30, 2019
Measurement date	June 30, 2020
Measurement period	July 1, 2019 to June 30, 2020

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

N. 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 OPEB plan, the assets of which are held in an irrevocable trust, and additions to/deductions from the OPEB plan's fiduciary net position have been determined by an independent actuary (Note 11). For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. The Enterprise Funds are used to liquidate the OPEB liability.

Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

<u>OPEB</u>	
Valuation date	June 30, 2019
Measurement date	June 30, 2020
Measurement period	July 1, 2019 to June 30, 2020

O. Fund Balances

In the Governmental Fund Financial Statements, fund balances are classified in the following categories:

Nonspendable – Items cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

O. Fund Balances (Continued)

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner. The County Council is considered the highest authority for the City. A City Council resolution is required to have fund balance committed.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has not delegated the authority to assign fund balance to management.

Unassigned – This category is for any balances that have no restrictions placed upon them. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

P. Net Position

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

Net Investment in Capital Assets component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding and any deferred outflows/inflows of resources related to such borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is offset by unspent proceeds.

Restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources that are needed.

Q. 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 secure 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.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Property Taxes (Continued)

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.

R. Use of Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions, in some cases when applicable, that affect the amounts in the financial statements and the accompanying notes. Actual results could differ from the estimates.

S. Implementation of New GASB Pronouncements for the Year Ended June 30, 2021

The requirements of the following accounting standards are effective for the purpose of implementation, if applicable to the City, for the year ended June 30, 2021. The financial statements included herein apply the requirements and provisions of these statements, including necessary retroactive adjustments to financial statement classifications and presentations.

GASB Statement No. 98

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*, to establish the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. Application of this statement did not have a material effect on the City’s financial statements for the fiscal year ending June 30, 2021.

T. Upcoming Government Accounting Standards Implementations

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

GASB Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. Application of this statement is effective for the City’s fiscal year ending June 30, 2022.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

T. Upcoming Government Accounting Standards Implementations (Continued)

GASB Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement is effective for the City’s fiscal year ending June 30, 2022.

GASB Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests— An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Application of this statement is effective for the City’s fiscal year ending June 30, 2021.

GASB Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

GASB Statement No. 92

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Application of this statement is effective for the City’s fiscal year ending June 30, 2022.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

T. Upcoming Government Accounting Standards Implementations (Continued)

GASB Statement No. 93

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Application of this statement is effective for the City’s fiscal year ending June 30, 2022.

GASB Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

GASB Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

GASB Statement No. 97

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Application of this statement is effective for the City’s fiscal year ending June 30, 2022.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments

Cash and investments are presented in the accompanying financial statements at June 30, 2021 as follows:

	Government -Wide Statement of Net Position			Fiduciary	
	Governmental Activities	Business-Type Activities	Total	Fund Financial Statements	Total
Cash and investments					
Held by City Treasury	\$ 296,038,995	\$ 62,740,600	\$ 358,779,595	\$ 5,007,052	\$ 363,786,647
Restricted cash and investments - Held by fiscal agents	33,176,157	97,219,022	130,395,179	13,613,229	144,008,408
Total cash and investments	\$ 329,215,152	\$ 159,959,622	\$ 489,174,774	\$ 18,620,281	\$ 507,795,055

Cash and investments at June 30, 2021, consisted of the following:

Cash on hand and deposits:	
Cash on hand	\$ 33,072
Deposits with financial institution	6,936,301
Total cash on hand and deposits	6,969,373
Investments:	
Local Area Investment Funds (LAIF)	73,462,005
CAMP	54,208,616
San Mateo County Pool	106,930,000
Investments	122,216,653
Total investments	356,817,274
Cash and investments with fiscal agent	144,008,408
Total cash and investments	\$ 507,795,055

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.

A. Demand Deposits

The carrying amounts of the City's demand deposits were \$6,936,301 at June 30, 2021. Bank balances were \$8,190,924 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This 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 market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). The City, however, has not waived the collateralization requirements.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

A. Demand Deposits (Continued)

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.

B. Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Types	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer*
Securities issued by the U.S. Treasury	5 years	None	None
U.S. Agency Securities and Instrumentalities	5 years	70%	40%
Mortgage-Backed Securities	5 years	20%	20%
Banker's acceptance	180 days	10%	5%
Repurchase agreements	90 days	10%	10%
Local Agency Investment Fund	N/A	65%	65%
San Mateo County Pool	N/A	30%	30%
California Asset Management Program	N/A	20%	20%
Money Market/Mutual Funds	N/A	20%	10%
Prime Commercial Paper	270 days	10%	5%
Medium-term Corporate Notes	5 years	30%	5%
Obligations of State of California or Other			
California Local Agency	5 years	20%	5%
Non-negotiable Certificates of Deposit	3 years	30%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Asset-Backed Securities	5 years	10%	5%
Non-Agency Mortgage Securities	5 years	10%	5%

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

C. Fair Value Measurement

At June 30, 2021, investments, excluding restricted cash and investments held by fiscal agent, are reported at fair value based on quoted market prices. The following table presents the fair value measurements of investments recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2021:

Investment Type	Fair Value	Percentage of Investments	Fair Value Measurement Using			
			Level 1	Level 2	Level 3	
Investments measured by fair value level:						
U.S. Government Treasury and Agencies:						
Federal Farm Credit Bank Bonds (FFCB)	\$ 8,505,971	2.38%	\$ -	\$ 8,505,971	\$ -	
Federal Home Loan Bank Bonds (FHLB)	38,494,999	10.79%	-	38,494,999	-	
Federal Home Loan Mortg. Corp. (FHLMC)	11,252,978	3.15%	-	11,252,978	-	
Federal Natl. Mortg. Assn. Notes (FNMA)	11,526,576	3.23%	-	11,526,576	-	
US Treasuries	17,578,481	4.93%	-	17,578,481	-	
Corporate Notes:						
Adobe Inc	204,406	0.06%	-	204,406	-	
Amazon.com Inc	1,594,668	0.45%	-	1,594,668	-	
American Honda	531,783	0.15%	-	531,783	-	
Bank of America Corp	901,265	0.25%	-	901,265	-	
Charles Schwab Corp	1,177,990	0.33%	-	1,177,990	-	
Citigroup Inc	514,833	0.14%	-	514,833	-	
Goldman Sachs Group Inc	461,600	0.13%	-	461,600	-	
IBM Corp	760,173	0.21%	-	760,173	-	
John Deere Capital Corp	1,018,953	0.29%	-	1,018,953	-	
JP Morgan Chase	1,167,113	0.33%	-	1,167,113	-	
Paccar Financial Corp	586,901	0.16%	-	586,901	-	
Royal Bank of Canada	1,100,001	0.31%	-	1,100,001	-	
Toronto Dominion Bank	3,105,462	0.87%	-	3,105,462	-	
Toyota	1,147,071	0.32%	-	1,147,071	-	
Truist Financial Corporation	152,538	0.04%	-	152,538	-	
United Health Group Inc	190,098	0.05%	-	190,098	-	
US Bank	1,096,655	0.31%	-	1,096,655	-	
Wal-Mart Stores	1,040,593	0.29%	-	1,040,593	-	
Negotiable CD	5,020,345	1.41%	-	5,020,345	-	
Supranational	4,495,655	1.26%	-	4,495,655	-	
Asset-Backed Securities	5,270,163	1.48%	-	5,270,163	-	
Collateralized Mortgage Obligations	1,950,880	0.55%	-	1,950,880	-	
Municipal Bonds	693,025	0.19%	-	693,025	-	
Total investments subject to fair value	121,541,176		\$ -	\$ 121,541,176	\$ -	
Investments not subject to the fair value hierarchy:						
Money Market	675,477	0.19%				
Local Agency Investment Fund	73,462,005	20.59%				
California Asset Management Program	54,208,616	15.19%				
San Mateo County Pool	106,930,000	29.97%				
Total investments	\$ 356,817,274	100.00%				

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

C. Fair Value Measurement (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. Investments included in restricted cash and investments included money market accounts, guaranteed investment contracts, are not subject to fair value hierarchy.

D. Risk Disclosure

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

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

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity. For purposes of the schedule shown on the next page, any callable securities are assumed to be held to maturity.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

D. Risk Disclosure (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

Investment Type	Fair Value	Maturities (in years)					
		1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	
Investments:							
U.S. Government Treasury and Agencies:							
Federal Farm Credit Bank Bonds (FFCB)	\$ 8,505,971	\$ 2,012,380	\$ 1,248,959	\$ 3,242,773	\$ 2,001,859	\$ -	
Federal Home Loan Bank Bonds (FHLB)	38,494,999	2,042,900	718,494	-	12,987,460	22,746,145	
Federal Home Loan Mortg. Corp. (FHLMC)	11,252,978	-	2,811,535	3,988,363	1,496,513	2,956,567	
Federal Natl. Mortg. Assn. Notes (FNMA)	11,526,576	2,417,212	1,004,894	3,143,787	1,998,625	2,962,058	
US Treasuries	17,578,481	-	2,494,310	5,521,608	7,214,102	2,348,461	
Corporate Notes:							
Adobe Inc	204,406	-	204,406	-	-	-	
Amazon.com Inc	1,594,668	-	434,001	-	-	1,160,667	
American Honda	531,783	140,383	391,400	-	-	-	
Bank of America Corp	901,265	-	-	525,306	-	375,959	
Charles Schwab Corp	1,177,990	-	-	427,434	-	750,556	
Citigroup Inc	514,833	514,833	-	-	-	-	
Goldman Sachs Group Inc	461,600	461,600	-	-	-	-	
IBM Corp	760,173	760,173	-	-	-	-	
John Deere Capital Corp	1,018,953	-	-	1,018,953	-	-	
JP Morgan Chase	1,167,113	-	-	542,167	394,273	230,673	
Paccar Financial Corp	586,901	-	-	586,901	-	-	
Royal Bank of Canada	1,100,001	-	-	-	1,100,001	-	
Toronto Dominion Bank	3,105,462	-	-	1,111,482	1,993,980	-	
Toyota	1,147,071	-	-	1,147,071	-	-	
Truist Financial Corporation	152,538	152,538	-	-	-	-	
United Health Group Inc	190,098	-	-	-	-	190,098	
US Bank	1,096,655	-	-	-	1,096,655	-	
Wal-Mart Stores	1,040,593	-	-	-	1,040,593	-	
Negotiable CD	5,020,345	3,026,132	1,994,213	-	-	-	
Supranational	4,495,655	-	-	-	1,492,964	3,002,691	
Asset-Backed Securities	5,270,163	-	573,550	921,578	3,190,479	584,556	
Collateralized Mortgage Obligations	1,950,880	441,881	244,332	952,937	311,730	-	
Municipal Bonds	693,025	-	-	693,025	-	-	
Money Market	675,477	675,477	-	-	-	-	
Local Agency Investment Fund	73,462,005	73,462,005	-	-	-	-	
California Asset Management Program	54,208,616	54,208,616	-	-	-	-	
San Mateo County Pool	106,930,000	106,930,000	-	-	-	-	
Total investments	\$ 356,817,274	\$ 247,246,130	\$ 12,120,094	\$ 23,823,385	\$ 36,319,234	\$ 37,308,431	

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. However, some issuers do not seek a credit rating. For instance, the California Local Agency Investment Fund (LAIF) has not sought or received a credit rating. In these cases, the purchaser is solely responsible for performing their own due diligence before purchasing an investment or participating in an external investment pool. Certificates of deposit of \$250,000 or less are fully insured by the Federal Deposit Insurance Corporation (FDIC), and therefore, do not seek a credit rating.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

D. Risk Disclosure (Continued)

Disclosures Relating to Credit Risk (Continued)

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, 2021, the City's deposits and investments were rated as follows:

	Credit Quality Ratings	
	Moody's	S&P
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	A1	AA
American Honda	A3	A-
Bank of America Corp	A2	A-
Charles Schwab Corp	A2	A
Citigroup Inc	A3	BBB+
Goldman Sachs Group Inc	A2	BBB+
IBM Corp	A2	A-
John Deere Capital Corp	A2	A
JP Morgan Chase	A2	A-
Paccar Financial Corp	A1	A+
Royal Bank of Canada	A2	A
Toronto Dominion Bank	Aa3	A
Toyota	A1	A+
Truist Financial Corporation	A3	A-
United Health Group Inc	A3	A+
US Bank	A1	AA-
Wal-Mart Stores	Aa2	AA
Asset-Backed Securities	Aaa to Not Rated	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
Supranational	Aaa	AAA
Money Market Funds	Aaa	AAA

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

D. Risk Disclosure (Continued)

Disclosure Relating to Concentration of Credit Risk

The investment policy of the City contains requirements that no more than 5 percent of the total portfolio may be deposited with or invested in securities issued by any single issuer unless otherwise specified in this policy. GASB Statement No. 40 requires disclosure by amount and issuer, of investments in any one issuer that represent 5% or more of total investments. At June 30, 2021, there were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of the City's total investments.

Disclosures Relating to Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2021, the City's deposits (bank balances) were collateralized under California Law.

E. Investment in State Investment Pool

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments in LAIF at June 30, 2021 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

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 that 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 pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Investments (Continued)

E. Investment in State Investment Pool (Continued)

As of June 30, 2021, the City had \$73,462,005 invested in LAIF, which had invested 1.10% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF as of June 30, 2021, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. The fair value of the City's position in the pool is the same as the value of the pool shares. The credit quality rating of LAIF is unrated as of June 30, 2021.

F. Investment in California Asset Management Program (CAMP)

The City is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act for the purpose of exercising the common power of its Participants to invest funds. The investments are limited to investments permitted by California Government Code. The total amount invested by all public agencies in CAMP at June 30, 2021 was \$6.5 billion. A board of five trustees who are officials or employees of public agencies has oversight responsibility for CAMP. The value of the pool shares in CAMP, which may be withdrawn at any time, is determined on an amortized cost basis, which is different from the fair value of the City's position in the pool. At June 30, 2021 the amortized cost approximated is the City's cost.

G. Investment in San Mateo County Investment Pool

As of June 30, 2021, the City's has an investment 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 1.0037 was used to calculate the fair value of the investments in the County Pool. At June 30, 2021, the total amount invested by all public agencies in the County Pool was approximately \$6.5 billion.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Loans and Notes Receivable

At June 30, 2021, notes receivable consisted of the following:

	Notes Receivable Balance June 30, 2021	Allowance for Doubtful Accounts Balance June 30, 2021	Financial Statement Balance June 30, 2021	Unavailable Revenue Balance June 30, 2021
City:				
Governmental Funds:				
First-time Homebuyer Loans	\$ 18,895,596	\$ (14,211,597)	\$ 4,683,999	\$ 518,083
Home Rehabilitation Loans	1,030,083	(1,030,083)	-	-
106 N. El Dorado	450,000	(450,000)	-	-
Darcy Building	1,384,778	(1,384,778)	-	-
Edgewater Isle Senior Apartments	4,791,735	(4,791,735)	-	-
Belmont Building	800,000	(800,000)	-	-
St. Matthew Hotel	2,701,341	(2,701,341)	-	-
Rotary Hacienda & Rotary Floritas	4,702,047	(4,702,047)	-	-
First Step for Families (Turning Point)	1,020,214	(1,020,214)	-	-
12 N. Idaho Street	100,000	(100,000)	-	-
200 S. Delaware Street	2,041,703	(2,041,703)	-	-
232 S. Humboldt Street	789,151	(789,151)	-	-
11 S. Delaware Street	1,259,241	(1,259,241)	-	-
El Camino Family Housing	4,144,681	(4,144,681)	-	-
MP San Mateo Transit Associates	8,382,201	(8,382,201)	-	-
MP Delaware Pacific Associates LP	1,323,569	(1,323,569)	-	-
MP Foster Square	370,594	(370,594)	-	-
Gateway Commons Assessment Loan	484,208	(484,208)	-	-
Cal Home Loans	297,410	(297,410)	-	-
HIP Housing - 1100 Cypress Avenue	1,234,337	(1,234,337)	-	-
Bay Meadows Affordable Association	2,090,739	(2,090,739)	-	-
Child Care Facility Project Loans	762,600	(762,600)	-	-
Total Governmental Fund	59,056,228	(54,372,229)	4,683,999	518,083
Total City	\$ 59,056,228	\$ (54,372,229)	\$ 4,683,999	\$ 518,083

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 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.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Loans and Notes Receivable (Continued)

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.

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. El Dorado

The City loaned \$450,000 to Housing Association for the Needy and Dispossessed, Inc. (HAND), a nonprofit 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.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Loans and Notes Receivable (Continued)

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 92 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.

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.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Loans and Notes Receivable (Continued)

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.

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.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Loans and Notes Receivable (Continued)

MP San Mateo Transit Associates

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. 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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – 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 - 1110 Cypress Avenue

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 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.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 4 – Interfund Receivables, Payables, and Transfers

A. Due To / From Other Funds

Amounts due to and due from other funds at June 30, 2021, were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Community Development Block Grant Fund	\$ 184,668	Overdrawn Cash
General Fund	2% Hotel Tax Capital Projects Fund	723,190	Overdrawn Cash
	Total	<u>\$ 907,858</u>	

B. Transfers

Interfund transfers during the year ended June 30, 2021, consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
General Fund	Gas Tax Fund	\$ 1,747,500	Cost recovery
General Fund	Construction Services Special Revenue Fund	457,510	Cost recovery
	Subtotal	<u>2,205,010</u>	
General Projects Capital Projects Fund	General Fund	2,466,492	Capital projects
General Projects Capital Projects Fund	Vehicle and Equipment Replacement	234,755	Capital projects
General Projects Capital Projects Fund	2% Hotel Tax Capital Projects Fund	4,078,628	Capital projects
General Projects Capital Projects Fund	Road Maintenance and Rehabilitation Fund	1,678,535	Capital projects
General Projects Capital Projects Fund	Advance Planning Fund	75,097	Capital projects
General Projects Capital Projects Fund	Community Development Block Grant Fund	196,708	Capital projects
General Projects Capital Projects Fund	Construction Services Special Revenue Fund	401,589	Capital projects
General Projects Capital Projects Fund	Gas Tax Fund	1,051,610	Capital projects
General Projects Capital Projects Fund	Landfill Bonds Fund	12,985	Capital projects
General Projects Capital Projects Fund	Parking Fund	768,757	Capital projects
General Projects Capital Projects Fund	Parks and Recreation Fund	134,240	Capital projects
General Projects Capital Projects Fund	Solid Waste Fund	53,570	Capital projects
General Projects Capital Projects Fund	Traffic Impact Fee	2,456,405	Capital projects
	Subtotal	<u>13,609,371</u>	
Vehicle and Equipment Replacement Internal Service Fund	General Fund	410,000	Capital projects
General Obligation Bond Debt Service Fund	General Fund	2,712,322	Debt service
General Obligation Bond Debt Service Fund	General Projects Capital Projects Fund	9,023	Debt service
	Subtotal	<u>2,721,345</u>	
Parking Special Revenue Fund	General Fund	1,100,000	Capital projects
Road Maintenance and Rehabilitation Special Revenue Fund	Gas Tax Special Revenue Fund	1,802,555	Capital projects
	Total	<u>\$ 21,848,281</u>	

C. Long-Term Advances

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%. At June 30, 2021, the advance was paid in full.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 5 – Capital Assets

A. Governmental Activities

The summary of changes in governmental activities capital assets for the year ended June 30, 2021, is as follows:

	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Capital assets, not being depreciated					
Land	\$ 52,064,002	\$ -	\$ -	-	\$ 52,064,002
Construction in progress	40,009,912	42,253,597	-	(24,536,239)	57,727,270
Total capital assets, not being depreciated	92,073,914	42,253,597	-	(24,536,239)	109,791,272
Capital assets, being depreciated					
Building and improvements	182,117,006	-	-	10,321,607	192,438,613
Machinery and equipment	32,612,294	1,067,790	(179,450)	84,554	33,585,188
Infrastructure	495,124,077	-	-	14,130,078	509,254,155
Total capital assets, being depreciated	709,853,377	1,067,790	(179,450)	24,536,239	735,277,956
Accumulated depreciation:					
Building and improvements	(65,202,852)	(5,004,833)	-	-	(70,207,685)
Machinery and equipment	(22,493,700)	(2,022,795)	177,606	-	(24,338,889)
Infrastructure	(283,361,981)	(12,421,022)	-	-	(295,783,003)
Total accumulated depreciation	(371,058,533)	(19,448,650)	177,606	-	(390,329,577)
Total capital assets, being depreciated, net	338,794,844	(18,380,860)	(1,844)	24,536,239	344,948,379
Total capital assets, net	\$ 430,868,758	\$ 23,872,737	\$ (1,844)	\$ -	\$ 454,739,651

Depreciation and amortization expense were charged to the functions/programs of the governmental activities as follows:

General government	\$ 225,863
Community development	206,362
Public safety	2,074,730
Public works	11,072,793
Parks and recreation	2,805,581
Library	1,716,988
Internal service funds	1,346,334
Total depreciation expenses	\$ 19,448,651

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 5 – Capital Assets (Continued)

B. Business-Type Activities

The summary of changes in business-type activities capital assets for the year ended June 30, 2021, is as follows:

	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Capital assets, not being depreciated					
Land	\$ 4,052,298	\$ -	\$ -	\$ -	\$ 4,052,298
Construction in progress	147,577,666	105,209,442	-	(21,393,178)	231,393,930
Total capital assets, not being depreciated	151,629,964	105,209,442	-	(21,393,178)	235,446,228
Capital assets, being depreciated					
Sewer treatment plant and transmission lines	250,668,482	-	-	21,393,178	272,061,660
Machinery and equipment	2,440,489	67,775	(263,218)	-	2,245,046
Total capital assets, being depreciated	253,108,971	67,775	(263,218)	21,393,178	274,306,706
Accumulated depreciation:					
Sewer treatment plant and transmission lines	(99,811,688)	(5,055,178)	-	-	(104,866,866)
Machinery and equipment	(1,297,940)	(141,850)	240,926	-	(1,198,864)
Total accumulated depreciation	(101,109,628)	(5,197,028)	240,926	-	(106,065,730)
Total capital assets, being depreciated, net	151,999,343	(5,129,253)	(22,292)	21,393,178	168,240,976
Total capital assets, net	\$ 303,629,307	\$ 100,080,189	\$ (22,292)	\$ -	\$ 403,687,204

Depreciation expense was charged to the Sewer Fund in the amount of \$5,197,028.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Liabilities

A. Summary

	Final Maturity	Interest Rate	Annual Principal Installments	Original Issue Amounts	Outstanding at June 30, 2021
Governmental Activities					
Direct Borrowing:					
CEC Streetlight Loan	2028	1.00%	\$90,950 - \$130,600	\$ 3,000,000	\$ 2,253,867
PG&E - Energy Efficiency Retrofit Loans	2024	0.00%	\$340,322	3,356,274	3,246,752
Public Borrowing:					
General Obligation Bonds, Series 2013 (Library Improvement Project)	2031	3.00% - 4.00%	\$1,395,000 - \$2,070,000	27,295,000	17,605,000
Lease Revenue Bonds, Series 2007A (Public Safety Project)	2039	Variable rate	\$415,000 - \$1,195,000	17,240,000	14,060,000
Revenue Refunding Bonds, Series 2018A (Golf Course Project)	2030	2.25% - 5.00%	\$450,000 - \$665,000	6,050,000	5,170,000
Lease Revenue Bonds, Series 2020A (San Mateo Street and Flood Control Projects)	2027	4.00% - 5.00%	\$465,000 - \$2,530,000	42,310,000	41,845,000
Lease Revenue Bonds, Series 2020B (San Mateo 2011A South Bay front Refinancing)	2027	1.55% - 2.25%	\$310,000 - \$375,000	3,455,000	3,145,000
Total Governmental Activities				<u>\$102,706,274</u>	<u>\$ 87,325,619</u>
Business-Type Activities					
Sewer Revenue Bonds, Series 2011	2042	4.15% - 5.25%	\$665,000 - \$1,340,000	\$ 31,990,000	\$ 19,700,000
Sewer Revenue Bonds, Series 2014	2045	3.00% - 5.00%	\$670,000 - \$2,665,000	32,255,000	29,210,000
Wastewater Revenue Bonds, Series 2019	2050	4.00% - 5.00%	\$2,520,000 - \$16,020,000	236,180,000	236,180,000
Total Business-Type Activities				<u>\$300,425,000</u>	<u>\$285,090,000</u>
Successor Agency					
Tax Allocation Refunding Bonds, Series 2015A	2033	4.00% - 5.00%	\$530,000 - \$4,150,000	\$ 31,210,000	\$ 31,210,000
Tax Allocation Refunding Bonds, Series 2015B	2023	3.60% - 3.90%	\$695,000 - \$1,185,000	\$ 7,385,000	\$ 1,880,000
Tax Allocation Refunding Bonds, Series 2017A	2026	2.00% - 5.00%	\$2,425,000 - \$3,100,000	21,440,000	14,075,000
Total Successor Agency				<u>\$ 28,825,000</u>	<u>\$ 15,955,000</u>

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Liabilities (Continued)

B. Governmental Activities

A summary of changes in the long-term liabilities of the governmental activities for the year ended June 30, 2021, is as follows:

					Classification	
	Balance July 1, 2020	Debt Issued	Debt Retired	Balance June 30, 2021	Due within One Year	Due in More Than One Year
Governmental Activities:						
Public borrowings:						
Bonds payable:						
General Obligation Refunding Bonds, Series 2013	\$ 19,000,000	\$ -	\$ (1,395,000)	\$ 17,605,000	\$ 1,465,000	\$ 16,140,000
plus: unamortized bond premium	1,584,186	-	(157,109)	1,427,077	-	1,427,077
Lease Revenue Bonds, Series 2007A	14,475,000	-	(415,000)	14,060,000	445,000	13,615,000
Revenue Refunding Bonds, Series 2018A	5,620,000	-	(450,000)	5,170,000	475,000	4,695,000
plus: unamortized bond premium	427,703	-	(47,087)	380,616	-	380,616
Lease Revenue Bonds, Series 2020A	42,310,000	-	(465,000)	41,845,000	815,000	41,030,000
plus: unamortized bond premium	8,068,164	-	(289,874)	7,778,290	-	7,778,290
Lease Revenue Bonds, Series 2020B	3,455,000	-	(310,000)	3,145,000	330,000	2,815,000
Total bonds payable	94,940,053	-	(3,529,070)	91,410,983	3,530,000	87,880,983
Direct borrowings:						
Loans payable:						
CEC Streetlight Loan	2,492,041	-	(238,174)	2,253,867	240,562	2,013,305
PG&E - Energy Efficiency Retrofit Loans	1,830,599	1,525,675	(109,522)	3,246,752	340,322	2,906,430
Total loans payable	4,322,640	1,525,675	(347,696)	5,500,619	580,884	4,919,735
Capital leases:						
Golf Course - Equipment	29,249	-	(29,249)	-	-	-
Total capital leases	29,249	-	(29,249)	-	-	-
Total	\$ 99,291,942	\$ 1,525,675	\$ (3,906,015)	\$ 96,911,602	\$ 4,110,884	\$ 92,800,718

General Obligation Refunding Bonds, Series 2013

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. Total principal and interest remaining to be paid on the 2013 Refunding Bonds is \$20,702,825. For the current year, principal and interest paid on the 2013 Refunding Bonds was \$2,033,150 and ad valorem property tax net revenues were \$2,440,846.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Liabilities (Continued)

B. Governmental Activities (Continued)

General Obligation Refunding Bonds, Series 2013

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

Year Ending June 30,	Principal	Interest	Total
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	1,720,000	351,650	2,071,650
2027-2031	9,650,000	782,575	10,432,575
Total	\$ 17,605,000	\$ 3,097,825	\$ 20,702,825

Lease Revenue Bonds, Series 2007A

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 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.

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 \$566,881, while 2% transient occupancy tax revenues (TOT) were \$218,851, resulting in a net loss of \$348,029, not including transfers out to the CIP Fund. . Prior to COVID-19, the fund typically generated 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. While the variable interest rate has reduced to historic lows as a result of the pandemic, TOT revenues have followed suit. Business travel is the primary component of the City's TOT base, and is expected to be one of the last economic sectors to recover, if at all, from the pandemic. As such, the General Fund is expected to backfill the 2% TOT Fund for the long term, while both the interest rate and TOT revenues recover from the immediate and severe financial impact of the pandemic.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Liabilities (Continued)

B. Governmental Activities (Continued)

Lease Revenue Bonds, Series 2007A (Continued)

The annual principal requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 445,000	\$ -	\$ 445,000
2023	480,000	-	480,000
2024	510,000	-	510,000
2025	545,000	-	545,000
2026	580,000	-	580,000
2027-2031	3,480,000	-	3,480,000
2032-2036	4,610,000	-	4,610,000
2037-2039	3,410,000	-	3,410,000
Total	\$ 14,060,000	\$ -	\$ 14,060,000

Revenue Refunding Bonds, Series 2018A

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.

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 \$6,025,963. Principal and interest paid for the current year and golf course facility lease gross revenues were \$668,600 and \$3,129,139, respectively.

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

Year Ending June 30,	Principal	Interest	Total
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	575,000	90,975	665,975
2027-2030	2,555,000	133,338	2,688,338
Total	\$ 5,170,000	\$ 855,963	\$ 6,025,963

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Liabilities (Continued)

B. Governmental Activities (Continued)

Lease Revenue Bonds, Series 2020A

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. Total principal and interest remaining to be paid on the Revenue Bonds is \$71,039,200. For the current year, principal and interest paid on the Revenue Bonds was \$2,633,171.

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
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	990,000	1,642,400	2,632,400
2027-2031	5,630,000	7,531,700	13,161,700
2032-2036	7,045,000	6,107,500	13,152,500
2037-2041	8,885,000	4,269,300	13,154,300
2042-2046	10,830,000	2,325,600	13,155,600
2047-2049	4,960,000	299,600	5,259,600
Total	\$ 41,845,000	\$ 29,194,200	\$ 71,039,200

Lease Revenue Bonds, Series 2020B

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, 2021, the defeased 2011A Bonds had an outstanding balance of \$3,495,000.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Liabilities (Continued)

B. Governmental Activities (Continued)

Lease Revenue Bonds, Series 2020B

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. Total principal and interest remaining to be paid on the Revenue Bonds is \$3,145,000. For the current year, principal and interest paid on the Revenue Bonds was \$388,651.

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
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	350,000	38,238	388,238
2027-2030	1,455,000	80,454	1,535,454
Total	\$ 3,145,000	\$ 332,673	\$ 3,477,673

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.

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 240,562	\$ 21,941	\$ 262,503
2023	242,973	19,529	262,502
2024	245,364	17,138	262,502
2025	247,869	14,633	262,502
2026	250,354	12,148	262,502
2027-2030	1,026,745	23,261	1,050,006
Total	\$ 2,253,867	\$ 108,650	\$ 2,362,517

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Liabilities (Continued)

B. Governmental Activities (Continued)

PG&E – Energy Efficiency Retrofit Loans

On February 24, 2020, the City modified the loan agreement with Pacific Gas and Electric Company in the amount of \$3,356,274 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	Interest	Total
2022	\$ 340,322	\$ -	\$ 340,322
2023	340,322	-	340,322
2024	340,322	-	340,322
2025	340,322	-	340,322
2026	340,322	-	340,322
2027-2031	1,545,142	-	1,545,142
Total	\$ 3,246,752	\$ -	\$ 3,246,752

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%. As June 30, 2021, the capital lease payable was paid in full.

C. Business-Type Activities

A summary of changes in the long-term liabilities of the business-type activities for the year ended June 30, 2021, is as follows:

	Balance July 1, 2020	Debt Issued	Debt Retired	Balance June 30, 2021	Classification	
					Due within One Year	Due in More Than One Year
Business-Type Activities:						
Public borrowings:						
Bonds payable:						
Sewer Revenue Bonds, Series 2011	\$ 20,365,000	\$ -	\$ (665,000)	\$ 19,700,000	\$ 700,000	\$ 19,000,000
plus: unamortized bond premium	665,714	-	(31,707)	634,007	-	634,007
Sewer Revenue Bonds, Series 2014	30,275,000	-	(1,065,000)	29,210,000	1,120,000	28,090,000
plus: unamortized bond premium	1,816,501	-	(75,687)	1,740,814	-	1,740,814
Wastewater Revenue Bonds, Series 2019	236,180,000	-	-	236,180,000	-	236,180,000
plus: unamortized bond premium	45,449,806	-	(1,618,386)	43,831,420	-	43,831,420
Total bonds payable	334,752,021	-	(3,455,780)	331,296,241	1,820,000	329,476,241
Total	\$ 334,752,021	\$ -	\$ (3,455,780)	\$ 331,296,241	\$ 1,820,000	\$ 329,476,241

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Liabilities (Continued)

C. Business-Type Activities (Continued)

Sewer Revenue Bonds, Series 2011A

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.

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. Total principal and interest remaining to be paid on the Bonds is \$31,334,560.

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

Year Ending June 30,	Principal	Interest	Total
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	855,000	829,891	1,684,891
2027-2031	4,300,000	3,501,119	7,801,119
2032-2036	4,445,000	2,423,438	6,868,438
2037-2041	5,735,000	1,134,681	6,869,681
2042	1,340,000	35,175	1,375,175
Total	\$ 19,700,000	\$ 11,634,560	\$ 31,334,560

Sewer Revenue Bonds, Series 2014A

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. Total principal and interest remaining to be paid on the Bonds is \$44,141,006.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Liabilities (Continued)

C. Business-Type Activities (Continued)

Sewer Revenue Bonds, Series 2014A (Continued)

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

Year Ending June 30,	Principal	Interest	Total
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	1,365,000	926,190	2,291,190
2027-2031	5,880,000	3,712,924	9,592,924
2032-2036	3,830,000	2,957,944	6,787,944
2037-2041	4,590,000	2,197,388	6,787,388
2042-2045	8,715,000	797,300	9,512,300
Total	\$ 29,210,000	\$ 14,931,006	\$ 44,141,006

Wastewater Revenue Bonds, Series 2019

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 4.00% - 5.00%. 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 \$446,002,225.

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

Year Ending June 30,	Principal	Interest	Total
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	2,520,000	10,884,250	13,404,250
2027-2031	25,585,000	51,238,875	76,823,875
2032-2036	39,030,000	43,064,600	82,094,600
2037-2041	49,115,000	32,993,075	82,108,075
2042-2046	60,390,000	21,712,175	82,102,175
2047-2050	59,540,000	6,140,250	65,680,250
Total	\$ 236,180,000	\$ 209,822,225	\$ 446,002,225

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Liabilities (Continued)

C. Business-Type Activities (Continued)

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 2011, Series 2014, and the 2019 Wastewater bonds. Annual principal and interest payments on the three bonds are expected to require 20% of net revenues. For the current year, principal and interest paid on the Series 2011A was \$1,684,283, Series 2014A was \$2,293,440, and on 2019 Wastewater Bonds was \$10,947,250. Sewer services net revenues were \$44,758,378.

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

A summary of changes in the long-term liabilities of the fiduciary fund financial statements for the year ended June 30, 2021, is as follows:

	Balance July 1, 2020	Debt Issued	Debt Retired	Balance June 30, 2021	Classification	
					Due within One Year	Due in More Than One Year
Fiduciary Activities:						
Public borrowings:						
Bonds payable:						
Tax Allocation Refunding Bonds, Series 2015A	\$ 31,210,000	\$ -	\$ -	\$ 31,210,000	\$ -	\$ 31,210,000
plus: unamortized bond premium	2,188,087	-	(182,340)	2,005,747	-	2,005,747
Tax Allocation Refunding Bonds, Series 2015B	3,025,000	-	(1,145,000)	1,880,000	1,185,000	695,000
Tax Allocation Refunding Bonds, Series 2017A	16,500,000	-	(2,425,000)	14,075,000	2,545,000	11,530,000
plus: unamortized bond premium	2,122,177	-	(417,479)	1,704,698	-	1,704,698
Total bonds payable	55,045,264	-	(4,169,819)	50,875,445	3,730,000	47,145,445
Total	\$ 55,045,264	\$ -	\$ (4,169,819)	\$ 50,875,445	\$ 3,730,000	\$ 47,145,445

Tax Allocation Refunding Bonds, Series 2015A

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 4.00% to 5.00%. The 2015A Refunding Bonds are subject to early redemption provisions. Total principal and interest remaining to be paid on the Bonds is \$42,734,425.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Liabilities (Continued)

D. Fiduciary Funds Private Purpose Trust Funds - Successor Agency to the Redevelopment Agency of the City of San Mateo (Continued)

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

Year Ending June 30,	Principal	Interest	Total
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	1,375,000	1,321,750	2,696,750
2027-2031	18,615,000	4,114,125	22,729,125
2032	8,100,000	347,750	8,447,750
Total	\$ 31,210,000	\$ 11,524,425	\$ 42,734,425

Tax Allocation Refunding Bonds, Series 2015B

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. Total principal and interest remaining to be paid on the Bonds is \$1,941,988.

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.

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 1,185,000	\$ 48,435	\$ 1,233,435
2023	695,000	13,553	708,553
Total	\$ 1,880,000	\$ 61,988	\$ 1,941,988

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Long-Term Liabilities (Continued)

D. Fiduciary Funds Private Purpose Trust Funds - Successor Agency to the Redevelopment Agency of the City of San Mateo (Continued)

Tax Allocation Refunding Bonds, Series 2017A

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. Total principal and interest remaining to be paid on the Bonds is \$15,903,375.

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

Year Ending			
June 30,	Principal	Interest	Total
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
Total	\$ 14,075,000	\$ 1,828,375	\$ 15,903,375

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, \$1,232,742, and \$3,189,375, respectively and Redevelopment Agency Property Tax Trust Fund distributions were \$5,597,304.

Note 7 – Special Assessment Debt with No City Commitment

The City issued special tax and assessment bonds on behalf of property owners, pursuant to the Improvement Bond Act of 1915 and the Mello-Roos Community Facilities Act of 1982, to finance the acquisition and construction of certain infrastructure improvements within the assessment districts and community facilities districts.

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.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Special Assessment Debt with No City Commitment (Continued)

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.

Noncommittal debt amounts issued and outstanding at June 30, 2021 are as follows:

	Original Amount	Outstanding Balance June 30, 2021
CFD 2008-1, Series Special Tax Bonds Refunding Bonds Series 2011	\$ 31,800,000	\$ 30,730,000
CFD 2008-1, Series Special Tax Bonds Refunding Bonds Series 2012	26,000,000	24,645,000
CFD 2008-1, Series Special Tax Bonds Refunding Bonds Series 2013	28,475,000	28,270,000
Total	\$ 86,275,000	\$ 83,645,000

Note 8 – Compensated Absences

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.

A. Governmental Activities

A summary of changes in the compensated absences balances for the governmental activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Classification Due within One Year	Due in More Than One Year
Compensated absences	\$ 7,566,505	\$ 7,435,497	\$ (5,919,390)	\$ 9,082,612	\$ 999,087	\$ 8,083,525
Total	\$ 7,566,505	\$ 7,435,497	\$ (5,919,390)	\$ 9,082,612	\$ 999,087	\$ 8,083,525

Compensated absences in the governmental activities generally liquidate to the General Fund.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Compensated Absences (Continued)

B. Business-Type Activities

A summary of changes in the compensated absences balances for the business-type activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Classification	
					Due within One Year	Due in More Than One Year
Compensated absences	\$ 1,079,248	\$ 1,163,377	\$ (1,008,996)	\$ 1,233,629	\$ 135,699	\$ 1,097,930
Total	\$ 1,079,248	\$ 1,163,377	\$ (1,008,996)	\$ 1,233,629	\$ 135,699	\$ 1,097,930

Compensated absences in the business-type activities are obligations of the Sewer Fund.

Note 9 – Landfill Closure

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, 2021, the estimated amount of \$1,498,265 has been recorded as Landfill Post-Closure Costs Payable in the Government-Wide Financial Statements.

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Classification	
					Due within One Year	Due in More Than One Year
Landfill closure and post-closure costs payable	\$ 1,579,200	\$ -	\$ (80,935)	\$ 1,498,265	\$ 99,885	\$ 1,398,380

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Pension Plans

A. Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 7,240,833	1,727,252	\$ 8,968,085
CalPERS Safety	13,566,455	-	13,566,455
Total pension contribution made after measurement date	20,807,288	1,727,252	22,534,540
Projected earnings on pension plan investments in excess of actual earnings:			
CalPERS Miscellaneous	1,195,584	285,199	1,480,783
CalPERS Safety	1,921,209	-	1,921,209
Total projected earnings on pension plan investments in excess of actual earnings	3,116,793	285,199	3,401,992
Difference between expected and actual experience			
CalPERS Miscellaneous	2,057,833	490,883	2,548,716
CalPERS Safety	2,109,720	-	2,109,720
Total difference between expected and actual experience	4,167,553	490,883	4,658,436
Total deferred outflows of resources			
CalPERS Miscellaneous	10,494,250	2,503,334	12,997,584
CalPERS Safety	17,597,384	-	17,597,384
Total deferred outflows of resources	\$ 28,091,634	\$ 2,503,334	\$ 30,594,968
Net pension liability:			
CalPERS Miscellaneous	\$ 68,420,883	\$ 16,321,355	\$ 84,742,238
CalPERS Safety	163,179,982	-	163,179,982
Total net pension liability	\$ 231,600,865	\$ 16,321,355	\$ 247,922,220
Deferred inflows of resources:			
Changes of assumptions			
CalPERS Safety	\$ 160,397	\$ -	\$ 160,397
Total difference between expected and actual experience	160,397	-	160,397
Total deferred inflows of resources			
CalPERS Safety	160,397	-	160,397
Total deferred inflows of resources	\$ 160,397	\$ -	\$ 160,397
Pension expenses:			
CalPERS Miscellaneous	\$ 10,094,484	\$ 2,407,973	\$ 12,502,457
CalPERS Safety	23,383,346	-	23,383,346
Total net pension expenses	\$ 33,477,830	\$ 2,407,973	\$ 35,885,803

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Pension Plans (Continued)

B. General Information about Pension

Plan Description

Substantially all City employees working the equivalent of 1,000 hours per fiscal year are eligible to participate in the Miscellaneous or Safety Agent multiple-employer defined benefit plan administered by 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 statutes within the Public Employee's Retirement Law. 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. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Employees Covered

At June 30, 2020, the measurement date, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous Plan	Safety Plan	Total
Active employees	359	105	464
Transferred and terminated employees	391	199	590
Retired employees and beneficiaries	628	384	1012
Total	1378	688	2066

Benefits Provided

CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Classic CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. PEPPA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay.

Following are the benefit provisions for each plan:

	Miscellaneous Plan	Safety Plan
Hire Date		
Benefit formula	2.0% @ 55	3% @ 50
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	50
Monthly benefits, as a % of eligible compensation	2.0%	3.000%
Required employee contribution rates for Classic members	8.00%	9.00%
Required employer contribution rates	9.084%	20.481%
Final Annual Compensation	1 year	1 year

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Pension Plans (Continued)

B. General Information about Pension (Continued)

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.

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, 2020 (the measurement date), the average active employee contribution rate is 8 percent of annual pay for the Miscellaneous Plan and 9 percent of annual pay for the Safety Plan, and employer contribution rate is 29.37 percent of annual payroll for the Miscellaneous Plan and 98.53 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). As of June 30, 2021, in the opinion of City Administration, there were no additional outstanding matters that would have a significant effect on the financial position of the City.

For the year ended June 30, 2021, the plan's contributions made for the Plan was as follows:

	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
Contributions - employer	\$ 8,968,085	\$ 13,566,455

Net Pension Liability

The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Pension Plans (Continued)

B. General Information about Pension (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.63%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.25%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale MP-2016.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 valuation were based on the results of December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experiences Study can be found on the CalPERS website.

Discount Rate

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) 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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Pension Plans (Continued)

B. General Information about Pension (Continued)

Discount Rate (Continued)

The table below reflects 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 geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11 + ²
Global equity	50.00%	4.80%	5.98%
Global fixed income	28.00%	1.00%	2.62%
Inflation sensitive assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

¹ An expected inflation of 2.00% was used for this period.

² An expected inflation of 2.92% was used for this period.

The discount rate used to measure the total pension liability was 7.15% for the plan. 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% 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% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 Section.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City’s net pension liability, calculated using the discount rate, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan	\$ 121,046,254	\$ 84,742,238	\$ 54,509,423
Safety Plan	\$ 219,500,618	\$ 163,179,982	\$ 116,889,480

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Pension Plans (Continued)

B. General Information about Pension (Continued)

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period:

Miscellaneous Plan			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2019 (Valuation Date)	\$ 281,115,975	\$ 203,191,997	\$ 77,923,978
Changes in the year:			
Service cost	5,314,317	-	5,314,317
Interest on the total pension liabilities	19,910,417	-	19,910,417
Changes in assumptions	-	-	-
Differences between expected and actual experience	2,219,628	-	2,219,628
Benefit payments, including refunds of members contributions	(15,050,756)	(15,050,756)	-
Plan to plan resource movement	-	-	-
Contributions - employer	-	8,308,013	(8,308,013)
Contributions - employee	-	2,412,286	(2,412,286)
Net investment income	-	10,192,254	(10,192,254)
Administrative expenses	-	(286,451)	286,451
Net changes	12,393,606	5,575,346	6,818,260
Balance at June 30, 2020 (Measurement Date)	\$ 293,509,581	\$ 208,767,343	\$ 84,742,238

Safety Plan			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2019 (Valuation Date)	\$ 415,840,034	\$ 263,237,639	\$ 152,602,395
Changes in the year:			
Service cost	4,385,424	-	4,385,424
Interest on the total pension liabilities	29,312,094	-	29,312,094
Changes in assumptions	-	-	-
Differences between expected and actual experience	3,435,208	-	3,435,208
Benefit payments, including refunds of members contributions	(23,017,116)	(23,017,116)	-
Plan to plan resource movement	-	-	-
Contributions - employer	-	12,284,260	(12,284,260)
Contributions - employee	-	1,576,589	(1,576,589)
Net investment income	-	13,065,390	(13,065,390)
Administrative expenses	-	(371,100)	371,100
Net changes	14,115,610	3,538,023	10,577,587
Balance at June 30, 2020 (Measurement Date)	\$ 429,955,644	\$ 266,775,662	\$ 163,179,982

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Pension Plans (Continued)

B. General Information about Pension (Continued)

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

For the year ended June 30, 2021, the City recognized pension expense in the amount of \$12,502,457 and \$23,383,346 for the miscellaneous and safety plans, respectively.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The Expected Average Remaining Service Lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. For the Miscellaneous Plan, the EARSL for the Miscellaneous Plan for the 2019-20 measurement period is 2.7 years, which was obtained by dividing the total service years of 3,607 (the sum of remaining service lifetimes of the active employees) by 1,337 (the total number of participants: active, inactive, and retired). For the Safety Plan, the EARSL for the Miscellaneous Plan for the 2019-20 measurement period is 2.0 years, which was obtained by dividing the total service years of 1,381 (the sum of remaining service lifetimes of the active employees) by 680 (the total number of participants: active, inactive, and retired).

At June 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 8,968,085	\$ -
Difference between projected and actual earning on pension plan investments	1,480,783	-
Changes in assumptions	-	-
Differences between expected and actual experience	2,548,716	-
Total	<u>\$ 12,997,584</u>	<u>\$ -</u>
Safety Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 13,566,455	\$ -
Difference between projected and actual earning on pension plan investments	1,921,209	-
Changes in assumptions	-	(160,397)
Differences between expected and actual experience	2,109,720	-
Total	<u>\$ 17,597,384</u>	<u>\$ (160,397)</u>

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Pension Plans (Continued)

B. General Information about Pension (Continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

	Total	
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 22,534,540	\$ -
Difference between projected and actual earning on pension plan investments	3,401,992	-
Changes in assumptions	-	(160,397)
Differences between expected and actual experience	4,658,436	-
Total	<u>\$ 30,594,968</u>	<u>\$ (160,397)</u>

For the General Information about Pension, for the Miscellaneous and Safety Plans, \$8,968,085 and \$13,566,445, respectively, was reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources		Total
	Miscellaneous Plan	Safety Plan	
2021	\$ 1,102,590	\$ 826,319	\$ 1,928,909
2022	1,074,607	634,768	1,709,375
2023	1,020,505	1,327,409	2,347,914
2024	831,797	1,082,036	1,913,833
2025	-	-	-
Thereafter	-	-	-
	<u>\$ 4,029,499</u>	<u>\$ 3,870,532</u>	<u>\$ 7,900,031</u>

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Pension Plans (Continued)

B. General Information about Pension (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial reports.

C. Social Security

Total contributions to Social Security for all City employees during the year ended June 30, 2021 amounted to \$2,179,710 of which the City paid \$2,179,710.

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%.

Note 11 – Other Postemployment Benefits

A. Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
OPEB contribution made after measurement date	\$ 1,582,062	\$ 234,938	\$ 1,817,000
Net difference between projected and actual earnings of OPEB Plan investments	32,044	4,759	36,803
Total deferred outflows of resources	<u>\$ 1,614,106</u>	<u>\$ 239,697</u>	<u>\$ 1,853,803</u>
Net OPEB Liability	<u>\$ 9,209,358</u>	<u>\$ 1,367,599</u>	<u>\$ 10,576,957</u>
Deferred inflows of Resources:			
Difference between expected and actual experience	\$ 1,951,237	\$ 289,763	\$ 2,241,000
Change in assumption	288,202	42,798	331,000
Total deferred inflows of resources	<u>\$ 2,239,439</u>	<u>\$ 332,561</u>	<u>\$ 2,572,000</u>
OPEB Expense	<u>\$ 364,087</u>	<u>\$ 54,067</u>	<u>\$ 418,154</u>

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Other Postemployment Benefits (Continued)

B. General Information about 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

As of the July 1, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms:

Active employees	458
Inactive employees or beneficiaries currently receiving benefits	374
Inactive employees entitled to, but not yet receiving benefits	216
Total	<u>1,048</u>

Contribution

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 2019-20, the City contributed \$1,825,000.

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.

C. Net OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

The City's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Other Postemployment Benefits (Continued)

C. Net OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions

The total OPEB liability, measured as of June 30, 2020, was determined using the following actuarial assumptions:

Actuarial Valuation Date	July 1, 2019
Actuarial Cost Method	Entry-Age Normal Cost
Asset Valuation Method	Market Value
Inflation	2.75%
Payroll Growth	3.00%
Salary Increases	Varies by Entry Age and Service
Contribution Policy	Contributes full ADC
Discount Rate	6.75%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.00% in 2076 Medicare - 6.30% for 2021, decreasing to an ultimate rate of 4.00% in 2076

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2019.

The long-term expected rate of return on OPEB 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 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 following table:

Asset Class	Target Allocation	Long-Term Expected 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%
	<u>100.00%</u>	
Long-term assumed rate of inflation		2.75%
Long-term expected rate of return		6.75%

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Other Postemployment Benefits (Continued)

C. Net OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

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 City plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. 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.

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

The following presents the net OPEB liability of the City, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2021:

Plan's Net OPEB Liability		
Discount Rate -1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate +1% (7.75%)
\$ 12,672,614	\$ 10,576,957	\$ 8,841,286

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the net OPEB liability would be if it were calculated using a health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, for the measurement period ended June 30, 2021:

Plan's Net OPEB Liability		
1% Decrease (5.3% - 3.0%)	Current Healthcare Trend Rate (6.3% - 4.0%)	1% Increase (7.3% to 5.0%)
\$ 8,536,143	\$ 10,576,957	\$ 13,086,403

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Other Postemployment Benefits (Continued)

C. Net OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Change in Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019	\$ 16,609,000	\$ 5,576,000	\$ 11,033,000
Changes Recognized for the Measurement Period:			
Service Cost	482,842	-	482,842
Interest on the total OPEB liability	1,113,841	-	1,113,841
Changes in benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contribution from the employer	-	1,825,000	(1,825,000)
Net investment income	-	239,112	(239,112)
Administrative expenses	-	(11,386)	11,386
Benefit payments	(1,181,000)	(1,181,000)	-
Net changes during July 1, 2019 to June 30, 2020	415,683	871,726	(456,043)
Balance at June 30, 2020	\$ 17,024,683	\$ 6,447,726	\$ 10,576,957

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2021, OPEB expense in the amount of \$418,154 is included in the accompanying statement of activities.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 1,817,000	\$ -
Differences between expected and actual experience	-	(2,241,000)
Changes in assumptions	-	(331,000)
Net difference between projected and actual earnings of OPEB Plan investments	36,803	-
	\$ 1,853,803	\$ (2,572,000)

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Other Postemployment Benefits (Continued)

C. Net OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

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

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

Year Ending June 30	Amount
2022	\$ (723,299)
2023	(689,299)
2024	(681,299)
2025	(441,300)
2026	-
Thereafter	-
Total	<u>\$ (2,535,197)</u>

Note 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 \$1,000,000 risk retention per occurrence plus \$1,000,000 individual member corridor deductible 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.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 12 – Risk Management (Continued)

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.

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

		Beginning of	Current Year		Balance at		Due in
		Fiscal Year	Claims and	Claim	Fiscal Year	Due Within	More than
		Liability	Changes in	Payments	End	One Year	One Year
			Estimates				
<u>Workers' Compensation</u>							
2021	\$	15,337,000	\$ 3,697,329	\$ (3,098,329)	\$ 15,936,000	\$ 2,800,000	\$ 13,136,000
2020		12,748,000	5,342,281	(2,753,281)	15,337,000	2,600,000	12,737,000
2019		12,513,000	3,068,442	(2,833,442)	12,748,000	2,400,000	10,348,000
<u>Dental</u>							
2021	\$	-	\$ 661,872	\$ (661,872)	\$ -	\$ -	\$ -
2020		-	599,814	(599,814)	-	-	-
2019		-	783,235	(783,235)	-	-	-
<u>General Liability</u>							
2021	\$	1,071,000	\$ 789,699	\$ (744,699)	\$ 1,116,000	\$ 500,000	\$ 616,000
2020		1,250,000	91,581	(270,581)	1,071,000	500,000	571,000
2019		1,100,000	258,165	(108,165)	1,250,000	500,000	750,000

Note 13 – 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, 2021, the City paid \$21,969,281 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.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 13 – Joint Ventures (Continued)

City of San Mateo and Estero Municipal Improvement District (Continued)

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 \$446,002,225.

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, 2021, the City has an investment in JPA equity of \$10,854,806. 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, 2021 is as follows (in millions):

Total assets and deferred outflows	\$ 26,789,345
Total liabilities and deferred inflows	\$ 8,698,002
Total equities	\$ 18,091,343
Expenses	\$ 46,834,296
Program revenues	\$ 46,649,837
General revenues	\$ 176,712
Change in net position	\$ (7,747)

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 14 – Other Required Disclosures

A. Deficit Fund Balances/Net Position

At June 30, 2021, the Governmental Activities Statement of Net Position had an unrestricted net position deficit of \$(11,392,141).

At June 30, 2021, the following funds had a fund balances (deficit) or unrestricted net position (deficit), which will be eliminated through the reduction in future expenditures and/or the use of new funding sources:

Fund	Fund Type	Deficit
2% Hotel Tax Fund	Capital Projects Fund	\$ 572,300
Permanent Local Housing Allocation Fund	Special Revenue Fund	14,682
Workers' Compensation Insurance	Internal Service Fund	183,134
RDA Successor Agency Private Purpose Trust Fund	Fiduciary Fund	46,393,993

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2021, expenditures exceeded appropriations in the following funds by function:

Fund	Function	Excess Expenditures over Appropriations
General Fund	Non-departmental	\$ 142,747
General Fund	Capital outlay	2,203
General Fund	Debt service	123,145
Construction Services Special Revenue Fund	Public works	27,610
General Projects Capital Projects Fund	Debt service	388,644
Parking Special Revenue Fund	General government	9,264
Parking Special Revenue Fund	Community development	134
Parking Special Revenue Fund	Parks and Recreation	19,726
Commercial Linkage Fee Special Revenue Fund	General government	41,682
General Obligation Bonds Debt Service Fund	Debt service	1,122

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 15 – Fund Balance Classification

The City classifies fund balances, as shown on the *Balance Sheet – Governmental Funds*, as follows as of June 30, 2021:

	General Fund	Construction Services Special Revenue Fund	General Capital Projects Fund	Non-major Governmental Funds	Total
Nonspendable					
Prepaid items and inventories	\$ 329,193	\$ -	\$ -	\$ -	\$ 329,193
Total nonspendable	329,193	-	-	-	329,193
Restricted					
Debt service	-	-	-	5,700,789	5,700,789
Capital projects	-	-	33,034,637	-	33,034,637
Housing	-	-	-	16,502,072	16,502,072
Public street and related facilities	-	-	-	2,715,216	2,715,216
Parks	-	-	-	12,560,034	12,560,034
Public safety	-	-	-	1,099,215	1,099,215
Total restricted	-	-	33,034,637	38,577,326	71,611,963
Committed					
Debt service	564,925	-	-	-	564,925
Capital projects	-	-	30,765,046	-	30,765,046
Other capital projects	500,000	-	-	-	500,000
Public street and related facilities	305,948	-	-	-	305,948
Other purposes:					
Solid water	-	-	-	10,464,847	10,464,847
Advance planning	-	-	-	5,213,024	5,213,024
Construction services	-	41,363,925	-	-	41,363,925
Downtown parking & security	-	-	-	2,363,915	2,363,915
Landfill post-closure	-	-	-	2,923,078	2,923,078
Total committed	1,370,873	41,363,925	30,765,046	20,964,864	94,464,708
Unassigned	90,258,189	-	-	(586,982)	89,671,207
Total fund balances	\$ 91,958,255	\$ 41,363,925	\$ 63,799,683	\$ 58,955,208	\$ 256,077,071

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 16 – 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).

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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 17 – Property held for Investment – Related Party Transaction

Consistent with U.S. GAAP, the City had a professional appraisal performed on the property on an annual basis, and recorded the annual change in fair market value. In July 2020, the property was sold for \$1,650,000, with expenses of \$90,464 being evenly split between the City and the City Attorney. The City's share of the net remainder was \$832,867, which was accounted for in the City's Comprehensive Liability Fund since the City's share of the original investment was accounted for in this fund.

Note 18 – Commitments and Contingencies

A. Litigation

The City is currently a party to various claims and legal proceedings. Although the outcome of these lawsuits is not presently determinable, it is management's opinion that the ultimate liabilities, if any, resulting from such claims and proceedings will not materially affect the financial position of the City.

B. Contingent Liabilities

On March 1, 1993, the City issued Certificates of Participation in the aggregate of \$10,250,000 for the benefit of San Mateo Community Hospital (Hospital), a California nonprofit public benefit corporation. The Hospital is not included in the City's reporting entity. The City is obligated to make the purchase payments only from and to the extent that it receives revenue from the Hospital. They are not secured by any pledge of taxes or other revenues of the City. In addition, the purchase payments are insured by the Office of Statewide Health Planning and Development of the State of California. As of June 30, 2021, the City has not recorded revenues from the Hospital.

C. Federal and State Grants

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit act as amended. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

D. Contractual Commitments

The City has capital contractual commitments for which funds have been encumbered as of June 30, 2021. Encumbrances related to capital projects are funded through the current year appropriated budget, which carries over to the following year.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 18 – Commitments and Contingencies (Continued)

D. Contractual Commitments (Continued)

The following is a list of the commitments at June 30, 2021:

	Remaining Commitment
Clean Water Program	\$ 258,499,886
Sanitary Sewer Rehabilitation and Improvement Project	11,731,366
Streetscape Improvements	5,066,992
Miscellaneous Projects	1,925,502
Total	<u>\$ 277,223,746</u>

Note 19 – Subsequent Events

A. American Rescue Plan Act

On March, 2021, the American Rescue Plan Act was signed into delivering \$65 billion of direct and flexible aid to cities and towns across the nation to provide substantial flexibility for each government to meet local needs - including support for households, small businesses, impacted industries, essential workers, and the communities hardest hit by the crisis. Based on the City's population, the City was allocated \$19,274,312, received the first half in May 2021, and is expected to receive the second half in May 2022.

B. Water Infrastructure Finance and Innovation Act and 2021 Wastewater Revenue Notes

In December 2020, the Authority closed \$295.5 million in loans with the United States Environmental Protection Agency (EPA) through the Water Infrastructure Finance and Innovation Act (WIFIA). The Plan of Finance for the Clean Water Program anticipated an interest rate spread of approximately 0.5% between the WIFIA loans and short term notes. In July 2021, the Authority closed \$334 million in wastewater revenue notes (2021 Notes). When the 2021 Notes priced in June 2021, the spread between a 4-year and a 20-year Municipal Market Data (MMD) tax-exempt AAA general obligation (G.O.) yield was nearly 1.0%. The present value (PV) savings for EMID was \$1.1 million, while the City's PV savings was \$5.8 million.

As such, the member agencies will draw down upon the 2021 Note proceeds to pay for the costs of the Wastewater Treatment Plant (WWTP) capital improvements, and the City will draw down upon the 2021 Note proceeds to pay for the costs of the collection system capital improvements. In consultation with the EPA, the provisions of the WIFIA loan agreements permit using the proceeds to pay the 2021 Note debts in full in approximately three to four years.

C. 2021 Wastewater Revenue Bonds, Refunding Series A

Within the context of historically low interest rates, the Authority concurrently issued \$14 million in 2021 Wastewater Revenue Bonds to refund the City of San Mateo's 2011 Series A Bonds, which provided an arbitrage yield of 0.465% and \$7.4 million in PV debt service savings.

The above debt issuances were closed on July 1, 2021. As such, they the associated financing agreements between the PFA and the City will be accounted for in the ACFR for the year ended June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

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City of San Mateo
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2021

Budgetary Information

Budgetary Control and Budgetary Accounting

The City has two-year business plan development procedures. The two-year business plan process requires that each department submit two one-year expenditure plans and revenue estimates to be provided to the City Council for approval. Only the first year of the two-year business plan will be adopted. The second year represents a projected plan which will be subject to amendment in the following year. As a part of the two-year business plan, the focus in year one is on the operating budget, while the focus on year two is the City's CIP.

In any budget cycle, to remain adaptable to changing economic and or operational conditions, the City may choose to develop a one-year plan instead of a two-year business plan. As a result of the immediate and severe financial impact of COVID-19, the City shifted to a one-year plan. With nearly two years of pandemic-related recession experience under its belt, the City plan on shifting back to the two-year business plan for 2022-24.

The City controls its budget at the fund and department level. The City Council is the sole budget authority. Activities of the General Fund, Special Revenues Funds, Debt Service Funds, Proprietary Funds, and Capital Funds are included in the annual budget.

City of San Mateo
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Property taxes	\$ 63,508,520	\$ 63,508,520	\$ 64,190,717	\$ 682,197
Sales taxes	23,531,618	23,531,618	24,504,023	972,405
Other taxes	15,069,466	15,069,466	22,040,014	6,970,548
Licenses, building and other permits	55,000	55,000	44,240	(10,760)
Fines, forfeitures and penalties	2,178,000	2,178,000	1,413,559	(764,441)
Intergovernmental	2,836,292	2,971,292	12,011,205	9,039,913
Charges for Services	9,898,036	10,498,036	8,766,168	(1,731,868)
Investment income	1,200,000	1,200,000	135,438	(1,064,562)
Other revenues	3,074,417	3,074,417	4,491,296	1,416,879
Total revenues	121,351,349	122,086,349	137,596,660	15,510,311
EXPENDITURES:				
Current:				
General government:				
City Council	390,257	397,517	277,086	120,431
City Manager	2,514,861	2,917,922	2,673,257	244,665
City Clerk	1,001,877	1,001,877	920,144	81,733
City Attorney	1,240,682	1,240,682	1,278,453	(37,771)
Finance	4,075,008	4,065,121	3,573,769	491,352
Information technology	3,715,209	3,715,209	3,574,982	140,227
Human Resources	2,415,551	2,415,551	2,106,382	309,169
Community development	2,187,616	2,092,616	1,876,042	216,574
Public safety:				
Police	47,542,934	48,209,260	47,759,522	449,738
Fire	23,818,880	23,818,880	23,824,571	(5,691)
Public works	9,127,529	8,912,324	6,565,232	2,347,092
Parks and recreation	17,826,436	17,826,436	14,303,666	3,522,770
Golf	2,442,764	2,441,898	2,406,028	35,870
Library	8,316,569	8,371,139	7,063,780	1,307,359
Non-departmental	7,214,343	7,214,343	7,357,090	(142,747)
Capital outlay	100,425	100,425	102,628	(2,203)
Debt service:				
Principal	688,174	688,174	826,945	(138,771)
Interest and fiscal charges	242,928	242,928	227,302	15,626
Total expenditures	134,862,043	135,672,302	126,716,879	8,955,423
REVENUES OVER (UNDER) EXPENDITURES	(13,510,694)	(13,585,953)	10,879,781	6,554,888

City of San Mateo
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – General Fund (Continued)
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
OTHER FINANCING SOURCES (USES):				
Transfers in	2,205,010	2,205,010	2,205,010	-
Transfers out	(7,522,322)	(7,522,322)	(6,688,814)	833,508
Total other financing sources (uses)	<u>(5,317,312)</u>	<u>(5,317,312)</u>	<u>(4,483,804)</u>	<u>833,508</u>
NET CHANGES IN FUND BALANCES	<u>\$ (18,828,006)</u>	<u>\$ (18,903,265)</u>	<u>6,395,977</u>	<u>\$ 7,388,396</u>
FUND BALANCES:				
Beginning of year			<u>85,562,278</u>	
End of year			<u>\$ 91,958,255</u>	

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City of San Mateo
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – Construction Services Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Licenses, building and other permits	\$ 7,396,600	\$ 7,396,600	\$ 6,183,230	\$ (1,213,370)
Charges for services	1,150,000	1,150,000	482,656	(667,344)
Investment income	-	-	48,993	48,993
Total revenues	8,546,600	8,546,600	6,714,879	(1,831,721)
EXPENDITURES:				
Current:				
General government:				
City Manager	96,466	96,466	71,349	25,117
City Attorney	198,110	198,110	174,696	23,414
Information technology	121,112	121,112	118,294	2,818
Community development	8,918,295	9,387,635	6,667,515	2,720,120
Public works	665,661	545,741	573,351	(27,610)
Total expenditures	9,999,644	10,349,064	7,605,205	2,743,859
REVENUES OVER				
(UNDER) EXPENDITURES	(1,453,044)	(1,802,464)	(890,326)	(4,575,580)
OTHER FINANCING SOURCES (USES):				
Transfers out	(9,817,510)	(11,788,182)	(859,099)	10,929,083
Total other financing sources (uses)	(9,817,510)	(11,788,182)	(859,099)	10,929,083
NET CHANGES IN FUND BALANCES	\$ (11,270,554)	\$ (13,590,646)	(1,749,425)	\$ 6,353,503
FUND BALANCES:				
Beginning of year			43,113,350	
End of year, budgetary basis			<u>\$ 41,363,925</u>	

City of San Mateo
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2021

Miscellaneous Plan							
Total Pension Liability	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14 ¹
Service cost	\$ 5,314,317	\$ 5,232,210	\$ 5,037,653	\$ 4,518,151	\$ 3,993,514	\$ 3,892,876	\$ 3,828,331
Interest on total pension liability	19,910,417	19,039,419	18,044,112	17,389,674	17,090,620	16,438,129	15,777,588
Differences between expected and actual experience	2,219,628	4,029,100	1,103,888	(3,106,399)	(331,929)	(627,100)	-
Changes in assumptions	-	-	(1,424,920)	13,781,463	-	(3,817,336)	-
Changes in benefit terms	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(15,050,756)	(13,650,253)	(12,925,302)	(12,461,817)	(11,970,354)	(11,069,836)	(10,298,370)
Net change in total pension liability	12,393,606	14,650,476	9,835,431	20,121,072	8,781,851	4,816,733	9,307,549
Total pension liability - beginning	281,115,975	266,465,499	256,630,068	236,508,996	227,727,145	222,910,412	213,602,863
Total pension liability - ending (a)	\$293,509,581	\$281,115,975	\$266,465,499	\$256,630,068	\$236,508,996	\$227,727,145	\$222,910,412
Plan fiduciary net position							
Contributions - employer	8,308,013	7,343,013	6,287,676	5,873,612	5,126,750	4,501,438	3,783,964
Contributions - employee	2,412,286	2,463,688	2,208,675	2,041,614	1,928,776	1,950,191	1,924,145
Investment income (net of administrative expenses)	10,192,254	12,797,943	15,561,240	18,815,053	868,395	3,955,299	26,395,339
Benefit payments	(15,050,756)	(13,650,253)	(12,925,302)	(12,461,817)	(11,970,354)	(11,069,836)	(10,298,370)
Other	(286,451)	(138,259)	(832,007)	(251,079)	(106,172)	(198,614)	-
Net change in plan fiduciary net position	5,575,346	8,816,132	10,300,282	14,017,383	(4,152,605)	(861,522)	21,805,078
Plan fiduciary net position - beginning	203,191,997	194,375,865	184,075,583	170,058,200	174,210,805	175,072,327	153,267,249
Plan fiduciary net position - ending (b)	\$208,767,343	\$203,191,997	\$194,375,865	\$184,075,583	\$170,058,200	\$174,210,805	\$175,072,327
Net pension liability - ending (a)-(b)	\$ 84,742,238	\$ 77,923,978	\$ 72,089,634	\$ 72,554,485	\$ 66,450,796	\$ 53,516,340	\$ 47,838,085
Plan fiduciary net position as a percentage of the total pension liability							
	71.13%	72.28%	72.95%	71.73%	71.90%	76.50%	78.54%
Covered payroll	\$ 36,073,619	\$ 35,068,361	\$ 34,688,256	\$ 31,556,856	\$ 28,252,538	\$ 26,888,005	\$ 25,179,750
Net pension liability as a percentage of covered payroll							
	234.91%	222.21%	207.82%	229.92%	235.20%	199.03%	189.99%

Notes to Schedule:

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable.

City of San Mateo
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2021

Safety Plan							
Total Pension Liability	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14 ¹
Service cost	\$ 4,385,424	\$ 4,449,133	\$ 7,417,456	\$ 7,342,172	\$ 6,024,059	\$ 5,876,118	\$ 5,866,003
Interest on total pension liability	29,312,094	28,324,725	27,109,372	25,954,748	25,211,819	24,350,391	23,707,497
Differences between expected and actual experience	3,435,208	4,999,458	4,313,272	(652,769)	(1,229,918)	(4,513,903)	-
Changes in assumptions	-	-	(1,764,356)	20,868,220	-	(5,706,829)	-
Changes in benefit terms	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(23,017,116)	(21,718,515)	(20,369,839)	(19,099,929)	(18,246,437)	(17,373,723)	(16,930,299)
Net change in total pension liability	14,115,610	16,054,801	16,705,905	34,412,442	11,759,523	2,632,054	12,643,201
Total pension liability - beginning	415,840,034	399,785,233	383,079,328	348,666,886	336,907,363	334,275,309	321,632,108
Total pension liability - ending (a)	\$429,955,644	\$415,840,034	\$399,785,233	\$383,079,328	\$348,666,886	\$336,907,363	\$334,275,309
Plan fiduciary net position							
Contributions - employer	12,284,260	14,131,640	13,411,260	13,038,623	10,598,960	9,719,832	8,342,908
Contributions - employee	1,576,589	2,260,834	2,509,623	2,358,978	2,232,023	2,180,686	1,986,679
Investment income (net of administrative expenses)	13,065,390	16,597,022	20,229,991	24,165,223	1,116,133	4,925,152	33,561,544
Benefit payments	(23,017,116)	(21,718,515)	(20,369,839)	(19,099,929)	(18,246,437)	(17,373,723)	(16,930,299)
Other	(371,100)	(179,352)	(1,073,204)	(320,823)	(135,133)	(249,571)	-
Net change in plan fiduciary net position	3,538,023	11,091,629	14,707,831	20,142,072	(4,434,454)	(797,624)	26,960,832
Plan fiduciary net position - beginning	263,237,639	252,146,010	237,438,179	217,296,107	221,730,561	222,528,185	195,567,353
Plan fiduciary net position - ending (b)	\$266,775,662	\$263,237,639	\$252,146,010	\$237,438,179	\$217,296,107	\$221,730,561	\$222,528,185
Net pension liability - ending (a)-(b)	\$163,179,982	\$152,602,395	\$147,639,223	\$145,641,149	\$131,370,779	\$115,176,802	\$111,747,124
Plan fiduciary net position as a percentage of the total pension liability							
	62.05%	63.30%	63.07%	61.98%	62.32%	65.81%	66.57%
Covered payroll	\$ 16,523,393	\$ 22,211,287	\$ 28,442,831	\$ 27,088,471	\$ 24,092,535	\$ 22,899,741	\$ 21,936,448
Net pension liability as a percentage of covered payroll	987.57%	687.05%	519.07%	537.65%	545.28%	502.96%	509.41%

Notes to Schedule:

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable.

City of San Mateo
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions - Pension
For the Year Ended June 30, 2021

Miscellaneous Plan							
Fiscal Year:	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15 ¹
Contractually determined contribution (actuarially determined)	\$ 8,968,085	\$ 8,308,301	\$ 7,343,001	\$ 6,287,697	\$ 5,873,612	\$ 5,331,714	\$ 4,415,313
Contributions in relation to the actuarially determined contributions	(8,968,085)	(8,308,301)	(7,343,001)	(6,287,697)	(5,873,612)	(5,331,714)	(4,415,313)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 36,550,303	\$ 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	24.54%	23.41%	20.94%	18.13%	18.61%	18.87%	16.42%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2020 were derived from the June 30, 2018 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2018 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2016 Funding Valuation Report.
Inflation	2.63%
Salary increases	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	7.00% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 and
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

¹ Information only presented from the implementation year

City of San Mateo
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions – Pension (Continued)
For the Year Ended June 30, 2021

	Safety Plan						
Fiscal Year:	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15¹
Contractually determined contribution (actuarially determined)	\$ 13,566,455	\$ 12,284,260	\$ 12,496,190	\$ 12,011,260	\$ 11,663,623	\$ 10,576,566	\$ 9,444,848
Contributions in relation to the actuarially determined contributions	(13,566,455)	(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	\$ 16,549,120	\$ 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	81.98%	76.46%	63.58%	47.15%	48.13%	43.90%	41.24%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2020 were derived from the June 30, 2018 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2018 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2016 Funding Valuation Report.
Inflation	2.63%
Salary increases	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	7.00% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 and
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

¹ Information only presented from the implementation year

City of San Mateo
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2021

	2021	2020	2019	2018
For the Measurement Period:	2019-2020	2018-2019	2017-2018	2016-2017 ¹
Total OPEB Liability:				
Service Cost	\$ 482,842	\$ 692,000	\$ 672,000	\$ 653,000
Interest on the total OPEB liability	1,113,841	1,338,000	1,286,000	1,240,000
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	-	(3,453,000)	-	-
Changes in assumptions	-	(509,000)	-	-
Benefit payments	(1,181,000)	(1,174,000)	(1,269,000)	(1,178,000)
Net changes in Total OPEB Liability	415,683	(3,106,000)	689,000	715,000
Beginning of Year	16,609,000	19,715,000	19,026,000	18,311,000
End of Year	<u>\$ 17,024,683</u>	<u>\$ 16,609,000</u>	<u>\$ 19,715,000</u>	<u>\$ 19,026,000</u>
Plan Fiduciary Net Position:				
Employer contribution	\$ 1,825,000	\$ 1,950,000	\$ 1,913,000	\$ 1,852,000
Employee contributions	-	-	-	-
Net investment income	239,112	495,000	372,000	334,000
Administrative expenses	(11,386)	(7,000)	(7,000)	(2,000)
Benefit payments	(1,181,000)	(1,174,000)	(1,269,000)	(1,178,000)
Net changes in Fiduciary Net Position	871,726	1,264,000	1,009,000	1,006,000
Beginning of Year	5,576,000	4,312,000	3,303,000	2,297,000
End of Year	<u>\$ 6,447,726</u>	<u>\$ 5,576,000</u>	<u>\$ 4,312,000</u>	<u>\$ 3,303,000</u>
Net OPEB Liability	<u>\$ 10,576,957</u>	<u>\$ 11,033,000</u>	<u>\$ 15,403,000</u>	<u>\$ 15,723,000</u>
Fiduciary Net Position as a % of Total OPEB Liability	37.87%	33.57%	21.87%	17.36%
Covered Payroll	<u>\$ 60,175,000</u>	<u>\$ 68,522,000</u>	<u>\$ 66,373,000</u>	<u>\$ 62,620,000</u>
Net OPEB Liability as a % of Payroll	17.58%	16.10%	23.21%	25.11%

¹ Information only presented from the implementation year

City of San Mateo
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions - OPEB
For the Year Ended June 30, 2021

	2020-21	2019-20	2018-19	2017-18 ¹
Actuarially determined contribution	\$ 1,281,000	\$ 1,817,000	\$ 1,764,000	\$ 1,913,000
Contributions in relation to the actuarially determined contributions	(1,817,000)	(1,825,000)	(1,950,000)	(1,913,000)
Contribution deficiency (excess)	\$ (536,000)	\$ (8,000)	\$ (186,000)	\$ -
Covered payroll	\$ 60,504,000	\$ 60,175,000	\$ 68,522,000	\$ 66,373,000
Contributions as a percentage of covered payroll	3.00%	3.03%	2.85%	2.88%

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2021 were as follows:

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	7/1/2019
Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	Actuarial value of assets
Inflation	2.75%
Investment rate of return	6.75%
Healthcare cost trend rate	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.00% in 2076 Medicare - 6.30% for 2021, decreasing to an ultimate rate of 4.00% in 2076
Projected salary growth and increase	Varies by Entry Age and Service
Mortality	CalPERS 1997-2015 experience study

¹ Information only presented from the implementation year

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SUPPLEMENTARY INFORMATION

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Non-Major Governmental Funds

Special Revenue Funds:

Police Grants and 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.

Permanent Local Housing Allocation Special Revenue Fund accounts for revenues and expenditures of the Permanent Local Housing Allocation program.

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

Road Maintenance and Rehabilitation Fund accounts for SB1 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 Projects Funds:

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, 2021

	Special Revenue			
	Police Grants Fund	Community Development Block Grant Fund	HOME Fund	City Housing Fund
ASSETS				
Cash and investments	\$ 275,321	\$ -	\$ 653,715	\$ 933,750
Restricted cash and investments held by fiscal agents	-	-	-	-
Accounts receivable, net	-	-	-	14,843
Taxes receivable	-	-	-	-
Grants receivable	-	248,913	-	-
Loans and notes receivable, net	-	516,182	353,893	54,684
Total assets	\$ 275,321	\$ 765,095	\$ 1,007,608	\$ 1,003,277
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 19,461	\$ 64,245	\$ -	\$ 46,976
Due to other funds	-	184,668	-	-
Deposits payable	-	-	-	-
Total liabilities	19,461	248,913	-	46,976
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	141,120	65,943	-
Total deferred inflows of resources	-	141,120	65,943	-
Fund Balances:				
Restricted	255,860	375,062	941,665	956,301
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	255,860	375,062	941,665	956,301
Total liabilities, deferred inflows of resources, and fund balances	\$ 275,321	\$ 765,095	\$ 1,007,608	\$ 1,003,277

(Continued)

City of San Mateo
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2021

	Special Revenue			
	Low & Moderate Income Housing Fund	Permanent Local Housing Allocation Fund	Gas Tax Fund	Road Maintenance and Rehabilitation Fund
ASSETS				
Cash and investments	\$ 3,879,338	\$ -	\$ 420,593	\$ 1,688,457
Restricted cash and investments held by fiscal agents	-	-	-	-
Accounts receivable, net	-	-	-	-
Taxes receivable	-	-	257,912	348,254
Grants receivable	-	-	-	-
Loans and notes receivable, net	3,455,981	-	-	-
Total assets	\$ 7,335,319	\$ -	\$ 678,505	\$ 2,036,711
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,138	\$ 14,682	\$ -	\$ -
Due to other funds	-	-	-	-
Deposits payable	-	-	-	-
Total liabilities	3,138	14,682	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	260,320	-	-	-
Total deferred inflows of resources	260,320	-	-	-
Fund Balances:				
Restricted	7,071,861	-	678,505	2,036,711
Committed	-	-	-	-
Unassigned (deficit)	-	(14,682)	-	-
Total fund balances	7,071,861	(14,682)	678,505	2,036,711
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,335,319	\$ -	\$ 678,505	\$ 2,036,711

(Continued)

City of San Mateo
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2021

	Special Revenue			
	Advance Planning Fund	Parking Fund	Solid Waste Fund	Parks and Recreation Fund
ASSETS				
Cash and investments	\$ 5,280,104	\$ 2,465,176	\$ 10,177,520	\$ 12,560,034
Restricted cash and investments held by fiscal agents	-	-	-	-
Accounts receivable, net	-	58,290	33,638	-
Taxes receivable	-	-	277,559	-
Grants receivable	-	-	-	-
Loans and notes receivable, net	-	-	-	-
Total assets	<u>\$ 5,280,104</u>	<u>\$ 2,523,466</u>	<u>\$ 10,488,717</u>	<u>\$ 12,560,034</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 67,080	\$ 154,303	\$ 23,870	\$ -
Due to other funds	-	-	-	-
Deposits payable	-	5,248	-	-
Total liabilities	<u>67,080</u>	<u>159,551</u>	<u>23,870</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	-	-	-	12,560,034
Committed	5,213,024	2,363,915	10,464,847	-
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>5,213,024</u>	<u>2,363,915</u>	<u>10,464,847</u>	<u>12,560,034</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,280,104</u>	<u>\$ 2,523,466</u>	<u>\$ 10,488,717</u>	<u>\$ 12,560,034</u>

(Continued)

City of San Mateo
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2021

	Special Revenue		Debt Service	
	Traffic Impact Fee Fund	Commercial Linkage Fee Fund	Landfill Bonds Fund	General Obligation Bonds Fund
ASSETS				
Cash and investments	\$ 843,355	\$ 7,157,183	\$ 2,875,578	\$ 5,700,789
Restricted cash and investments held by fiscal agents	-	-	-	-
Accounts receivable, net	-	-	-	-
Taxes receivable	-	-	50,000	-
Grants receivable	-	-	-	-
Loans and notes receivable, net	-	-	-	-
Total assets	\$ 843,355	\$ 7,157,183	\$ 2,925,578	\$ 5,700,789
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 2,500	\$ -
Due to other funds	-	-	-	-
Deposits payable	-	-	-	-
Total liabilities	-	-	2,500	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances:				
Restricted	843,355	7,157,183	-	5,700,789
Committed	-	-	2,923,078	-
Unassigned (deficit)	-	-	-	-
Total fund balances	843,355	7,157,183	2,923,078	5,700,789
Total liabilities, deferred inflows of resources, and fund balances	\$ 843,355	\$ 7,157,183	\$ 2,925,578	\$ 5,700,789

(Continued)

City of San Mateo
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2021

	<u>Capital Projects</u>	
	<u>2% Hotel Tax Fund</u>	<u>Total Other Governmental Funds</u>
ASSETS		
Cash and investments	\$ 1,508	\$ 54,912,421
Restricted cash and investments held by fiscal agents	141,520	141,520
Accounts receivable, net	-	106,771
Taxes receivable	27,273	960,998
Grants receivable	-	248,913
Loans and notes receivable, net	-	4,380,740
Total assets	<u>\$ 170,301</u>	<u>\$ 60,751,363</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 19,411	\$ 415,666
Due to other funds	723,190	907,858
Deposits payable	-	5,248
Total liabilities	<u>742,601</u>	<u>1,328,772</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	-	467,383
Total deferred inflows of resources	<u>-</u>	<u>467,383</u>
Fund Balances:		
Restricted	-	38,577,326
Committed	-	20,964,864
Unassigned (deficit)	(572,300)	(586,982)
Total fund balances	<u>(572,300)</u>	<u>58,955,208</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 170,301</u>	<u>\$ 60,751,363</u>

(Concluded)

City of San Mateo
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue			
	Police Grants Fund	Community Development Block Grant Fund	HOME Fund	City Housing Fund
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses, building and other permits	-	-	-	-
Fines, forfeitures and penalties	18,003	-	-	-
Intergovernmental	277,252	958,920	-	-
Charges for services	-	-	-	-
Investment income	82	-	-	-
Assessments and garbage collection	-	-	-	-
Parking meter and lease revenue	-	-	-	-
Impact fees	-	-	-	-
In lieu fees	-	-	-	-
Capital contributions	-	-	-	-
Other revenues	-	26,776	14,051	24,343
Total revenues	295,337	985,696	14,051	24,343
EXPENDITURES:				
Current:				
General government:				
City Manager	-	-	-	-
Community development	-	769,645	-	46,976
Public safety:				
Police	351,222	-	-	-
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	2,713	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	353,935	769,645	-	46,976
REVENUES OVER (UNDER) EXPENDITURES	(58,598)	216,051	14,051	(22,633)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(196,708)	-	-
Total other financing sources (uses)	-	(196,708)	-	-
NET CHANGES IN FUND BALANCES	(58,598)	19,343	14,051	(22,633)
FUND BALANCES:				
Beginning of year	314,458	355,719	927,614	978,934
End of year	<u>\$ 255,860</u>	<u>\$ 375,062</u>	<u>\$ 941,665</u>	<u>\$ 956,301</u>

(Continued)

City of San Mateo
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue			
	Low & Moderate Income Housing Fund	Permanent Local Housing Allocation Fund	Gas Tax Fund	Road Maintenance and Rehabilitation Fund
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses, building and other permits	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Intergovernmental	-	-	2,320,674	1,911,082
Charges for services	344,740	-	-	-
Investment income	5,662	-	1,124	1,609
Assessments and garbage collection	-	-	-	-
Parking meter and lease revenue	-	-	-	-
Impact fees	-	-	-	-
In lieu fees	-	-	-	-
Capital contributions	-	-	-	-
Other revenues	24	-	-	-
Total revenues	350,426	-	2,321,798	1,912,691
EXPENDITURES:				
Current:				
General government:				
City Manager	-	-	-	-
Community development	91,408	14,682	-	-
Public safety:				
Police	-	-	-	-
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	91,408	14,682	-	-
REVENUES OVER (UNDER) EXPENDITURES	259,018	(14,682)	2,321,798	1,912,691
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	1,802,555
Transfers out	-	-	(4,601,665)	(1,678,535)
Total other financing sources (uses)	-	-	(4,601,665)	124,020
NET CHANGES IN FUND BALANCES	259,018	(14,682)	(2,279,867)	2,036,711
FUND BALANCES:				
Beginning of year	6,812,843	-	2,958,372	-
End of year	<u>\$ 7,071,861</u>	<u>\$ (14,682)</u>	<u>\$ 678,505</u>	<u>\$ 2,036,711</u>

(Continued)

City of San Mateo
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue			
	Advance Planning Fund	Parking Fund	Solid Waste Fund	Parks and Recreation Fund
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses, building and other permits	-	-	-	-
Fines, forfeitures and penalties	-	-	816,246	-
Intergovernmental	-	-	184,688	-
Charges for services	1,357,797	4,324	714,086	-
Investment income	5,798	3,322	9,700	11,617
Assessments and garbage collection	-	-	866,616	4,263,782
Parking meter and lease revenue	-	2,023,435	-	-
Impact fees	-	-	-	177,266
In lieu fees	-	-	-	-
Capital contributions	-	-	750,000	-
Other revenues	-	2,886	1,040,134	-
Total revenues	1,363,595	2,033,967	4,381,470	4,452,665
EXPENDITURES:				
Current:				
General government:				
City Manager	-	9,264	-	-
Community development	939,440	2,810	-	-
Public safety:				
Police	-	2,105,974	-	-
Public works	-	1,659,820	1,695,066	-
Parks and recreation	-	37,427	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	939,440	3,815,295	1,695,066	-
REVENUES OVER (UNDER) EXPENDITURES	424,155	(1,781,328)	2,686,404	4,452,665
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,100,000	-	-
Transfers out	(75,097)	(768,757)	(53,570)	(134,240)
Total other financing sources (uses)	(75,097)	331,243	(53,570)	(134,240)
NET CHANGES IN FUND BALANCES	349,058	(1,450,085)	2,632,834	4,318,425
FUND BALANCES:				
Beginning of year	4,863,966	3,814,000	7,832,013	8,241,609
End of year	\$ 5,213,024	\$ 2,363,915	\$ 10,464,847	\$ 12,560,034

(Continued)

City of San Mateo
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue		Debt Service	
	Traffic Impact Fee Fund	Commercial Linkage Fee Fund	Landfill Bonds Fund	General Obligation Bonds Fund
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ 2,440,846
Other taxes	-	-	-	-
Licenses, building and other permits	-	1,895,983	-	-
Fines, forfeitures and penalties	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	3,071	6,819	3,199	5,040
Assessments and garbage collection	-	-	600,000	-
Parking meter and lease revenue	-	-	-	-
Impact fees	533,793	-	-	-
In lieu fees	-	-	-	-
Capital contributions	-	-	-	-
Other revenues	-	-	-	-
Total revenues	536,864	1,902,802	603,199	2,445,886
EXPENDITURES:				
Current:				
General government:				
City Manager	-	-	-	-
Community development	-	41,682	-	-
Public safety:				
Police	-	-	-	-
Public works	-	-	61,876	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	1,860,000
Interest and fiscal charges	-	-	7,979	2,946,753
Total expenditures	-	41,682	69,855	4,806,753
REVENUES OVER (UNDER) EXPENDITURES	536,864	1,861,120	533,344	(2,360,867)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	2,721,345
Transfers out	(2,456,405)	-	(12,985)	-
Total other financing sources (uses)	(2,456,405)	-	(12,985)	2,721,345
NET CHANGES IN FUND BALANCES	(1,919,541)	1,861,120	520,359	360,478
FUND BALANCES:				
Beginning of year	2,762,896	5,296,063	2,402,719	5,340,311
End of year	<u>\$ 843,355</u>	<u>\$ 7,157,183</u>	<u>\$ 2,923,078</u>	<u>\$ 5,700,789</u>

(Continued)

City of San Mateo
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2021

	<u>Capital Projects</u>	
	<u>2% Hotel Tax Fund</u>	<u>Total Other Governmental Funds</u>
REVENUES:		
Property taxes	\$ -	\$ 2,440,846
Other taxes	217,334	217,334
Licenses, building and other permits	-	1,895,983
Fines, forfeitures and penalties	-	834,249
Intergovernmental	-	5,652,616
Charges for services	-	2,420,947
Investment income	1,517	58,560
Assessments and garbage collection	-	5,730,398
Parking meter and lease revenue	-	2,023,435
Impact fees	-	711,059
In lieu fees	-	-
Capital contributions	-	750,000
Other revenues	-	1,108,214
Total revenues	<u>218,851</u>	<u>23,843,641</u>
EXPENDITURES:		
Current:		
General government:		
City Manager	-	9,264
Community development	-	1,906,643
Public safety:		
Police	-	2,457,196
Public works	-	3,416,762
Parks and recreation	-	37,427
Capital outlay	-	2,713
Debt service:		
Principal	415,000	2,275,000
Interest and fiscal charges	151,882	3,106,614
Total expenditures	<u>566,882</u>	<u>13,211,619</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(348,031)</u>	<u>10,632,022</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	-	5,623,900
Transfers out	(4,078,628)	(14,056,590)
Total other financing sources (uses)	<u>(4,078,628)</u>	<u>(8,432,690)</u>
NET CHANGES IN FUND BALANCES	<u>(4,426,659)</u>	<u>2,199,332</u>
FUND BALANCES:		
Beginning of year	3,854,359	56,755,876
End of year	<u>\$ (572,300)</u>	<u>\$ 58,955,208</u>

(Concluded)

City of San Mateo
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
General Projects Capital Projects Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Sales taxes	\$ 2,728,000	\$ 2,728,000	\$ 3,444,851	\$ 716,851
Intergovernmental	506,425	901,425	2,224,688	1,323,263
Charges for services	(390,000)	(390,000)	-	390,000
Investment income	-	-	168,396	168,396
Assessments and garbage collection	540,000	540,000	538,287	(1,713)
Parking meter and lease revenue	-	625,000	-	(625,000)
Impact fees	300,000	300,000	1,030,133	730,133
Other revenues	475,224	675,723	883,009	207,286
Total revenues	4,159,649	5,380,148	8,289,364	2,909,216
EXPENDITURES:				
Capital outlay	157,275,614	157,379,584	42,660,522	114,719,062
Debt service:				
Principal	-	-	310,000	(310,000)
Interest and fiscal charges	-	-	78,644	(78,644)
Total expenditures	157,275,614	157,379,584	43,049,166	114,330,418
REVENUES OVER				
(UNDER) EXPENDITURES	(153,115,965)	(151,999,436)	(34,759,802)	(111,421,202)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of property	-	-	-	-
Proceeds from long-term debt	4,460,000	4,460,000	1,525,675	(2,934,325)
Transfers in	29,022,435	29,511,999	13,609,371	(15,902,628)
Transfers out	-	-	(9,023)	(9,023)
Total other financing sources (uses)	33,482,435	33,971,999	15,126,023	(18,845,976)
NET CHANGES IN FUND BALANCES	\$ (119,633,530)	\$ (118,027,437)	(19,633,779)	\$ (130,267,178)
FUND BALANCES:				
Beginning of year			314,458	
End of year			<u>\$ (19,319,321)</u>	

City of San Mateo
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Police Grants Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Fines, forfeitures and penalties	\$ -	\$ -	\$ 18,003	\$ 18,003
Intergovernmental	254,747	339,747	277,252	(62,495)
Investment income	-	-	82	82
Total revenues	<u>254,747</u>	<u>339,747</u>	<u>295,337</u>	<u>(44,410)</u>
EXPENDITURES:				
Public safety:				
Police	539,746	637,171	351,222	285,949
Capital outlay	-	43,562	2,713	40,849
Total expenditures	<u>539,746</u>	<u>680,733</u>	<u>353,935</u>	<u>326,798</u>
REVENUES OVER				
(UNDER) EXPENDITURES	<u>(284,999)</u>	<u>(340,986)</u>	<u>(58,598)</u>	<u>(371,208)</u>
NET CHANGES IN FUND BALANCES	<u>\$ (284,999)</u>	<u>\$ (340,986)</u>	<u>(58,598)</u>	<u>\$ (371,208)</u>
FUND BALANCES:				
Beginning of year			<u>314,458</u>	
End of year			<u>\$ 255,860</u>	

City of San Mateo
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Intergovernmental	\$ 1,187,791	\$ 2,008,536	\$ 958,920	\$ (1,049,616)
Other revenues	30,000	30,000	26,776	(3,224)
Total revenues	<u>1,217,791</u>	<u>2,038,536</u>	<u>985,696</u>	<u>(1,052,840)</u>
EXPENDITURES:				
Current:				
Community development	762,841	1,583,586	769,645	813,941
Total expenditures	<u>762,841</u>	<u>1,583,586</u>	<u>769,645</u>	<u>813,941</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>454,950</u>	<u>454,950</u>	<u>216,051</u>	<u>(1,866,781)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(360,000)	(706,374)	(196,708)	509,666
Total other financing sources (uses)	<u>(360,000)</u>	<u>(706,374)</u>	<u>(196,708)</u>	<u>509,666</u>
NET CHANGES IN FUND BALANCES	<u>\$ 94,950</u>	<u>\$ (251,424)</u>	19,343	<u>\$ (1,357,115)</u>
FUND BALANCES:				
Beginning of year			355,719	
End of year			<u>\$ 375,062</u>	

City of San Mateo
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
HOME Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Other revenues	\$ 10,000	\$ 10,000	\$ 14,051	\$ 4,051
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>14,051</u>	<u>4,051</u>
FUND BALANCES:				
Beginning of year			<u>927,614</u>	
End of year			<u><u>\$ 941,665</u></u>	

City of San Mateo
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
City Housing Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Other revenues	\$ 12,000	\$ 12,000	\$ 24,343	\$ 12,343
Total revenues	12,000	12,000	24,343	12,343
EXPENDITURES:				
Current:				
Community development	47,000	47,000	46,976	24
Total expenditures	47,000	47,000	46,976	24
REVENUES OVER				
(UNDER) EXPENDITURES	(35,000)	(35,000)	(22,633)	12,319
NET CHANGES IN FUND BALANCES	<u>\$ (35,000)</u>	<u>\$ (35,000)</u>	(22,633)	<u>\$ 12,319</u>
FUND BALANCES:				
Beginning of year			978,934	
End of year			<u>\$ 956,301</u>	

City of San Mateo
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Low and Moderate Income Housing Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Charges for services	\$ 80,000	\$ 80,000	\$ 344,740	\$ 264,740
Investment income	-	-	5,662	5,662
Other revenues	-	-	24	24
Total revenues	80,000	80,000	350,426	270,426
EXPENDITURES:				
Current:				
Community development	91,480	91,480	91,408	72
Total expenditures	91,480	91,480	91,408	72
REVENUES OVER				
(UNDER) EXPENDITURES	(11,480)	(11,480)	259,018	270,354
NET CHANGES IN FUND BALANCES	\$ (11,480)	\$ (11,480)	259,018	\$ 270,354
FUND BALANCES:				
Beginning of year			6,812,843	
End of year			\$ 7,071,861	

City of San Mateo
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Permanent Local Housing Allocation Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
EXPENDITURES:				
Current:				
Community development	\$ -	\$ 341,894	\$ 14,682	\$ 327,212
Total expenditures	-	341,894	14,682	327,212
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>\$ (341,894)</u>	(14,682)	<u>\$ (327,212)</u>
FUND BALANCES:				
Beginning of year			-	
End of year			<u>\$ (14,682)</u>	

City of San Mateo
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Intergovernmental	\$ 2,401,379	\$ 2,401,379	\$ 2,320,674	\$ (80,705)
Investment income	-	-	1,124	1,124
Total revenues	<u>2,401,379</u>	<u>2,401,379</u>	<u>2,321,798</u>	<u>(79,581)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,776,935)	(4,666,051)	(4,601,665)	64,386
Total other financing sources (uses)	<u>(1,776,935)</u>	<u>(4,666,051)</u>	<u>(4,601,665)</u>	<u>64,386</u>
NET CHANGES IN FUND BALANCES	<u>\$ 624,444</u>	<u>\$ (2,264,672)</u>	<u>(2,279,867)</u>	<u>\$ (15,195)</u>
FUND BALANCES:				
Beginning of year			2,958,372	
End of year			<u>\$ 678,505</u>	

City of San Mateo
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Road Maintenance and Rehabilitation Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Intergovernmental	\$ 1,876,247	\$ 1,876,247	\$ 1,911,082	\$ 34,835
Investment income	-	-	1,609	1,609
Total revenues	<u>1,876,247</u>	<u>1,876,247</u>	<u>1,912,691</u>	<u>36,444</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,802,555	1,802,555
Transfers out	(1,900,000)	(1,900,000)	(1,678,535)	221,465
Total other financing sources (uses)	<u>(1,900,000)</u>	<u>(1,900,000)</u>	<u>124,020</u>	<u>2,024,020</u>
NET CHANGES IN FUND BALANCES	<u>\$ (23,753)</u>	<u>\$ (23,753)</u>	<u>2,036,711</u>	<u>\$ 2,060,464</u>
FUND BALANCES:				
Beginning of year			-	
End of year			<u>\$ 2,036,711</u>	

City of San Mateo
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Advance Planning Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Charges for services	\$ 1,200,000	\$ 1,200,000	\$ 1,357,797	\$ 157,797
Investment income	-	-	5,798	5,798
Total revenues	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,363,595</u>	<u>163,595</u>
EXPENDITURES:				
Current:				
Community development	<u>1,941,575</u>	<u>2,329,231</u>	<u>939,440</u>	<u>1,389,791</u>
Total expenditures	<u>1,941,575</u>	<u>2,329,231</u>	<u>939,440</u>	<u>1,389,791</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(741,575)</u>	<u>(1,129,231)</u>	<u>424,155</u>	<u>(1,226,196)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>-</u>	<u>(572,011)</u>	<u>(75,097)</u>	<u>496,914</u>
Total other financing sources (uses)	<u>-</u>	<u>(572,011)</u>	<u>(75,097)</u>	<u>496,914</u>
NET CHANGES IN FUND BALANCES	<u>\$ (741,575)</u>	<u>\$ (1,701,242)</u>	<u>349,058</u>	<u>\$ (729,282)</u>
FUND BALANCES:				
Beginning of year			<u>4,863,966</u>	
End of year			<u>\$ 5,213,024</u>	

City of San Mateo
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Parking Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Charges for services	\$ 9,500	\$ 9,500	\$ 4,324	\$ (5,176)
Investment income	-	-	3,322	3,322
Parking meter and lease revenue	4,179,000	4,179,000	2,023,435	(2,155,565)
Other revenues	2,500	2,500	2,886	386
Total revenues	4,191,000	4,191,000	2,033,967	(2,157,033)
EXPENDITURES:				
Current:				
General government:				
City Manager	-	-	9,264	(9,264)
Community development	2,676	2,676	2,810	(134)
Public safety:				
Police	3,313,071	2,298,441	2,105,974	192,467
Public works	2,323,949	2,322,688	1,659,820	662,868
Parks and recreation	17,701	17,701	37,427	(19,726)
Total expenditures	5,657,397	4,641,506	3,815,295	826,211
REVENUES OVER				
(UNDER) EXPENDITURES	(1,466,397)	(450,506)	(1,781,328)	(2,983,244)
OTHER FINANCING SOURCES (USES):				
Transfers in	1,100,000	1,100,000	1,100,000	-
Transfers out	(1,600,000)	(3,920,331)	(768,757)	3,151,574
Total other financing sources (uses)	(500,000)	(2,820,331)	331,243	3,151,574
NET CHANGES IN FUND BALANCES	\$ (1,966,397)	\$ (3,270,837)	(1,450,085)	\$ 168,330
FUND BALANCES:				
Beginning of year			3,814,000	
End of year, budgetary basis			<u>\$ 2,363,915</u>	

City of San Mateo
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Solid Waste Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Fines, forfeitures and penalties	\$ 650,000	\$ 650,000	\$ 816,246	\$ 166,246
Intergovernmental	214,000	214,000	184,688	(29,312)
Charges for services	812,297	812,297	714,086	(98,211)
Investment income	-	-	9,700	9,700
Assessments and garbage collection	1,064,610	1,064,610	866,616	(197,994)
Capital contributions	750,000	750,000	750,000	-
Other revenues	82,000	82,000	1,040,134	958,134
Total revenues	3,572,907	3,572,907	4,381,470	808,563
EXPENDITURES:				
Current:				
Public works	2,207,102	2,156,158	1,695,066	461,092
Total expenditures	2,207,102	2,156,158	1,695,066	461,092
REVENUES OVER (UNDER) EXPENDITURES	1,365,805	1,416,749	2,686,404	347,471
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,400,000)	(2,400,000)	(53,570)	2,346,430
Total other financing sources (uses)	(2,400,000)	(2,400,000)	(53,570)	2,346,430
NET CHANGES IN FUND BALANCES	\$ (1,034,195)	\$ (983,251)	2,632,834	\$ 2,693,901
FUND BALANCES:				
Beginning of year			7,832,013	
End of year			\$ 10,464,847	

City of San Mateo
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Parks and Recreation Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Investment income	\$ -	\$ -	\$ 11,617	\$ 11,617
Assessments and garbage collection	5,159,000	5,159,000	4,263,782	(895,218)
Impact fees	-	-	177,266	177,266
Total revenues	<u>5,159,000</u>	<u>5,159,000</u>	<u>4,452,665</u>	<u>(706,335)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(3,135,000)</u>	<u>(9,927,784)</u>	<u>(134,240)</u>	<u>9,793,544</u>
Total other financing sources (uses)	<u>(3,135,000)</u>	<u>(9,927,784)</u>	<u>(134,240)</u>	<u>9,793,544</u>
NET CHANGES IN FUND BALANCES	<u>\$ 2,024,000</u>	<u>\$ (4,768,784)</u>	<u>4,318,425</u>	<u>\$ 9,087,209</u>
FUND BALANCES:				
Beginning of year			<u>8,241,609</u>	
End of year			<u>\$ 12,560,034</u>	

City of San Mateo
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Traffic Impact Fee Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Investment income	\$ -	\$ -	\$ 3,071	\$ 3,071
Impact fees	3,000,000	3,000,000	533,793	(2,466,207)
Total revenues	<u>3,000,000</u>	<u>3,000,000</u>	<u>536,864</u>	<u>(2,463,136)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,550,000)	(8,448,057)	(2,456,405)	5,991,652
Total other financing sources (uses)	<u>(1,550,000)</u>	<u>(8,448,057)</u>	<u>(2,456,405)</u>	<u>5,991,652</u>
NET CHANGES IN FUND BALANCES	<u>\$ 1,450,000</u>	<u>\$ (5,448,057)</u>	<u>(1,919,541)</u>	<u>\$ 3,528,516</u>
FUND BALANCES:				
Beginning of year			2,762,896	
End of year			<u>\$ 843,355</u>	

City of San Mateo
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Commercial Linkage Fee Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Licenses, building and other permits	\$ 50,000	\$ 50,000	\$ 1,895,983	\$ 1,845,983
Investment Income	-	-	6,819	6,819
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>1,902,802</u>	<u>1,852,802</u>
EXPENDITURES:				
Current:				
Community development	-	-	41,682	(41,682)
Total expenditures	<u>-</u>	<u>-</u>	<u>41,682</u>	<u>(41,682)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>50,000</u>	<u>50,000</u>	<u>1,861,120</u>	<u>1,894,484</u>
NET CHANGES IN FUND BALANCES	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>1,861,120</u>	<u>\$ 1,894,484</u>
FUND BALANCES:				
Beginning of year			5,296,063	
End of year			<u>\$ 7,157,183</u>	

City of San Mateo
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Landfill Bonds Debt Service Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Investment Income	\$ -	\$ -	\$ 3,199	\$ 3,199
Assessments and garbage collection	600,000	600,000	600,000	-
Total revenues	600,000	600,000	603,199	3,199
EXPENDITURES:				
Current:				
Public works	90,735	84,615	61,876	22,739
Debt service:				
Interest and fiscal charges	7,979	7,979	7,979	-
Total expenditures	98,714	92,594	69,855	22,739
REVENUES OVER (UNDER) EXPENDITURES	501,286	507,406	533,344	(19,540)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(12,985)	(12,985)
Total other financing sources (uses)	-	-	(12,985)	(12,985)
NET CHANGES IN FUND BALANCES	\$ 501,286	\$ 507,406	520,359	\$ (32,525)
FUND BALANCES:				
Beginning of year			2,402,719	
End of year			\$ 2,923,078	

City of San Mateo
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
General Obligation Bonds Debt Service Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Property taxes	\$ 2,033,150	\$ 2,033,150	\$ 2,440,846	\$ 407,696
Investment income	-	-	5,040	5,040
Total revenues	<u>2,033,150</u>	<u>2,033,150</u>	<u>2,445,886</u>	<u>412,736</u>
EXPENDITURES:				
Debt service:				
Principal	1,860,000	1,860,000	1,860,000	-
Interest and fiscal charges	<u>2,945,631</u>	<u>2,945,631</u>	<u>2,946,753</u>	<u>(1,122)</u>
Total expenditures	<u>4,805,631</u>	<u>4,805,631</u>	<u>4,806,753</u>	<u>(1,122)</u>
REVENUES OVER				
(UNDER) EXPENDITURES	<u>(2,772,481)</u>	<u>(2,772,481)</u>	<u>(2,360,867)</u>	<u>413,858</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>2,712,322</u>	<u>2,712,322</u>	<u>2,721,345</u>	<u>9,023</u>
Total other financing sources (uses)	<u>2,712,322</u>	<u>2,712,322</u>	<u>2,721,345</u>	<u>9,023</u>
NET CHANGES IN FUND BALANCES	<u>\$ (60,159)</u>	<u>\$ (60,159)</u>	<u>360,478</u>	<u>\$ 422,881</u>
FUND BALANCES:				
Beginning of year			<u>5,340,311</u>	
End of year			<u>\$ 5,700,789</u>	

City of San Mateo
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
2% Hotel Tax Capital Projects Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Other taxes	\$ -	\$ -	\$ 217,334	\$ 217,334
Investment Income	-	-	1,517	1,517
Total revenues	-	-	218,851	218,851
EXPENDITURES:				
Debt service:				
Principal	415,000	415,000	415,000	-
Interest and fiscal charges	387,474	386,801	151,882	234,919
Total expenditures	802,474	801,801	566,882	234,919
REVENUES OVER				
(UNDER) EXPENDITURES	(802,474)	(801,801)	(348,031)	(16,068)
OTHER FINANCING SOURCES (USES):				
Transfers out	(609,000)	(609,000)	(4,078,628)	(3,469,628)
Total other financing sources (uses)	(609,000)	(609,000)	(4,078,628)	(3,469,628)
NET CHANGES IN FUND BALANCES	\$ (1,411,474)	\$ (1,410,801)	(4,426,659)	\$ (3,485,696)
FUND BALANCES:				
Beginning of year			3,854,359	
End of year			<u>\$ (572,300)</u>	

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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, 2021

	Workers' Compensation Insurance	Dental Self-Insurance	Benefits	Comprehensive Liability Insurance
ASSETS				
Current assets:				
Cash and investments	\$ 15,094,635	\$ 695,192	\$ -	\$ 1,762,786
Accounts receivable, net	-	-	730,003	-
Due from other funds	447,954	-	-	-
Prepaid items, inventory, and deposits	395,000	147,000	-	30,000
Total current assets	15,937,589	842,192	730,003	1,792,786
Noncurrent assets:				
Capital assets:				
Depreciable, net	-	-	-	-
Total capital assets	-	-	-	-
Total noncurrent assets	-	-	-	-
Total assets	15,937,589	842,192	730,003	1,792,786
LIABILITIES				
Current liabilities:				
Accounts payable	175,631	50,234	76,292	88,200
Due to other funds	-	-	447,954	-
Deposits payable	9,092	795	89,383	-
Claims payable - due within one year	2,800,000	-	-	500,000
Total current liabilities	2,984,723	51,029	613,629	588,200
Noncurrent liabilities:				
Claims payable - due in more than one year	13,136,000	-	-	616,000
Total noncurrent liabilities	13,136,000	-	-	616,000
Total liabilities	16,120,723	51,029	613,629	1,204,200
NET POSITION				
Investment in capital assets	-	-	-	-
Unrestricted (deficit)	(183,134)	791,163	116,374	588,586
Total net position	\$ (183,134)	\$ 791,163	\$ 116,374	\$ 588,586

City of San Mateo
Combining Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2021

	Vehicle and Equipment Replacement	Fleet and Building Maintenance	Total
ASSETS			
Current assets:			
Cash and investments	\$ 13,768,528	\$ 628,698	\$ 31,949,839
Accounts receivable, net	-	95	730,098
Due from other funds	-	-	447,954
Prepaid items, inventory, and deposits	-	32,174	604,174
Total current assets	<u>13,768,528</u>	<u>660,967</u>	<u>33,732,065</u>
Noncurrent assets:			
Capital assets:			
Depreciable, net	6,272,645	-	6,272,645
Total capital assets	<u>6,272,645</u>	<u>-</u>	<u>6,272,645</u>
Total noncurrent assets	<u>6,272,645</u>	<u>-</u>	<u>6,272,645</u>
Total assets	<u>20,041,173</u>	<u>660,967</u>	<u>40,004,710</u>
LIABILITIES			
Current liabilities:			
Accounts payable	-	240,457	630,814
Due to other funds	-	-	447,954
Deposits payable	-	-	99,270
Claims payable - due within one year	-	-	3,300,000
Total current liabilities	<u>-</u>	<u>240,457</u>	<u>4,478,038</u>
Noncurrent liabilities:			
Claims payable - due in more than one year	-	-	13,752,000
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>13,752,000</u>
Total liabilities	<u>-</u>	<u>240,457</u>	<u>18,230,038</u>
NET POSITION			
Investment in capital assets	6,272,645	-	6,272,645
Unrestricted (deficit)	<u>13,768,528</u>	<u>420,510</u>	<u>15,502,027</u>
Total net position	<u>\$ 20,041,173</u>	<u>\$ 420,510</u>	<u>\$ 21,774,672</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, 2021

	Workers' Compensation Insurance	Dental Self-Insurance	Benefits	Comprehensive Liability Insurance
OPERATING REVENUES:				
Charges for services	\$ 4,484,649	\$ 817,481	\$ 36,913,653	\$ 1,400,000
Total operating revenues	<u>4,484,649</u>	<u>817,481</u>	<u>36,913,653</u>	<u>1,400,000</u>
OPERATING EXPENSES:				
Costs of sales and services	4,453,759	695,967	10,148,791	2,592,858
Administration	408,281	-	27,049,228	116,124
Depreciation and amortization	-	-	-	-
Total operating expenses	<u>4,862,040</u>	<u>695,967</u>	<u>37,198,019</u>	<u>2,708,982</u>
OPERATING INCOME (LOSS)	<u>(377,391)</u>	<u>121,514</u>	<u>(284,366)</u>	<u>(1,308,982)</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	17,625	-	-	44,231
Gain (loss) on sale of capital assets	-	-	-	-
Total nonoperating revenues (expenses)	<u>17,625</u>	<u>-</u>	<u>-</u>	<u>44,231</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(359,766)</u>	<u>121,514</u>	<u>(284,366)</u>	<u>(1,264,751)</u>
TRANSFERS:				
Contributions to other government	(46,375)	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total transfers	<u>(46,375)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net position	<u>(406,141)</u>	<u>121,514</u>	<u>(284,366)</u>	<u>(1,264,751)</u>
NET POSITION:				
Beginning of year	<u>223,007</u>	<u>669,649</u>	<u>400,740</u>	<u>1,853,337</u>
End of year	<u>\$ (183,134)</u>	<u>\$ 791,163</u>	<u>\$ 116,374</u>	<u>\$ 588,586</u>

City of San Mateo
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
All Internal Service Funds
For the Year Ended June 30, 2021

	Vehicle & Equipment Replacement	Fleet & Building Maintenance	Total
OPERATING REVENUES:			
Charges for services	\$ 1,621,300	\$ 5,166,534	\$ 50,403,617
Total operating revenues	<u>1,621,300</u>	<u>5,166,534</u>	<u>50,403,617</u>
OPERATING EXPENSES:			
Costs of sales and services	178,578	2,896,146	20,966,099
Administration	-	1,642,854	29,216,487
Depreciation and amortization	1,346,334	-	1,346,334
Total operating expenses	<u>1,524,912</u>	<u>4,539,000</u>	<u>51,528,920</u>
OPERATING INCOME (LOSS)	<u>96,388</u>	<u>627,534</u>	<u>(1,125,303)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	15,515	-	77,371
Gain (loss) on sale of capital assets	25,604	-	25,604
Total nonoperating revenues (expenses)	<u>41,119</u>	<u>-</u>	<u>102,975</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>137,507</u>	<u>627,534</u>	<u>(1,022,328)</u>
TRANSFERS:			
Contributions to other government	-	-	(46,375)
Transfers in	410,000	-	410,000
Transfers out	(234,755)	-	(234,755)
Total transfers	<u>175,245</u>	<u>-</u>	<u>128,870</u>
Changes in net position	312,752	627,534	(893,458)
NET POSITION:			
Beginning of year	19,728,421	(207,024)	22,668,130
End of year	<u>\$ 20,041,173</u>	<u>\$ 420,510</u>	<u>\$ 21,774,672</u>

City of San Mateo
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2021

	Workers' Compensation Insurance	Dental Self-Insurance	Benefits	Comprehensive Liability Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 4,484,649	\$ 817,481	\$ 36,914,506	\$ 2,267,900
Cash payments to suppliers for goods and services	28,744	21,623	(26,939,555)	(64,276)
Cash payments to employees for services	(4,453,759)	(695,967)	(10,148,791)	(2,592,858)
Net cash provided by (used in) operating activities	59,634	143,137	(173,840)	(389,234)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash contributions to other agencies	(46,375)	-	-	-
Interfund borrowing (lending)	(447,954)	-	-	-
Repayment of interfund borrowing (lending)	-	-	173,840	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net cash provided by (used in) noncapital financing activities	(494,329)	-	173,840	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	-	-	-	-
Acquisition of capital assets, net	-	-	-	-
Net cash (used in) capital and related financing activities	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income received	17,625	-	-	44,231
Net cash provided by investing activities	17,625	-	-	44,231
Net change in cash and cash equivalents	(417,070)	143,137	-	(345,003)
CASH AND CASH EQUIVALENTS:				
Beginning of year	15,511,705	552,055	-	2,107,789
End of year	<u>\$ 15,094,635</u>	<u>\$ 695,192</u>	<u>\$ -</u>	<u>\$ 1,762,786</u>

(Continued)

City of San Mateo
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2021

	Workers' Compensation Insurance	Dental Self-Insurance	Benefits	Comprehensive Liability Insurance
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (377,391)	\$ 121,514	\$ (284,366)	\$ (1,308,982)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	-	-
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:				
Accounts receivable, net	-	-	853	-
Property held for investment	-	-	-	867,900
Accounts payable	(161,975)	21,624	65,317	6,848
Deposits payable	-	(1)	44,356	-
Claims payable	599,000	-	-	45,000
Total adjustments	437,025	21,623	110,526	919,748
Net cash provided by (used in) operating activities	\$ 59,634	\$ 143,137	\$ (173,840)	\$ (389,234)

(Continued)

City of San Mateo
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2021

	Vehicle & Equipment Replacement	Fleet & Building Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,621,300	\$ 5,166,534	\$ 51,272,370
Cash payments to suppliers for goods and services	(128,893)	(1,741,160)	(28,823,517)
Cash payments to employees for services	(178,578)	(2,896,146)	(20,966,099)
Net cash provided by (used in) operating activities	<u>1,313,829</u>	<u>529,228</u>	<u>1,482,754</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash contributions to other agencies	-	-	(46,375)
Interfund borrowing (lending)	-	-	(447,954)
Repayment of interfund borrowing (lending)	-	-	173,840
Transfers in	410,000	-	410,000
Transfers out	(234,755)	-	(234,755)
Net cash provided by noncapital financing activities	<u>175,245</u>	<u>-</u>	<u>(145,244)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	25,604	-	25,604
Acquisition of capital assets, net	(947,194)	-	(947,194)
Net cash (used in) capital and related financing activities	<u>(921,590)</u>	<u>-</u>	<u>(921,590)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	15,515	-	77,371
Net cash provided by investing activities	<u>15,515</u>	<u>-</u>	<u>77,371</u>
Net change in cash and cash equivalents	582,999	529,228	493,291
CASH AND CASH EQUIVALENTS:			
Beginning of year	13,185,529	99,470	31,456,548
End of year	<u>\$ 13,768,528</u>	<u>\$ 628,698</u>	<u>\$ 31,949,839</u>

(Continued)

City of San Mateo
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2021

	Vehicle & Equipment Replacement	Fleet & Building Maintenance	Total
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 96,388	\$ 627,534	\$ (1,125,303)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,346,334	-	1,346,334
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	-	-	853
Property held for investment	-	-	867,900
Accounts payable	(128,893)	(98,306)	(295,385)
Deposits payable	-	-	44,355
Claims payable	-	-	644,000
Total adjustments	<u>1,217,441</u>	<u>(98,306)</u>	<u>2,608,057</u>
Net cash provided by (used in) operating activities	<u><u>\$ 1,313,829</u></u>	<u><u>\$ 529,228</u></u>	<u><u>\$ 1,482,754</u></u>

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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, 2021

	San Mateo Consolidated			
	Fire Department	CFD 2008-1	Other	Total
ASSETS				
Cash and investments	\$ 53,218	\$ 12,774	\$ 32,348	\$ 98,340
Restricted cash and investments	-	13,613,229	-	13,613,229
Total assets	53,218	13,626,003	32,348	13,711,569
LIABILITIES				
Accounts payable	53,218	-	32,348	85,566
Total liabilities	53,218	-	32,348	85,566
NET POSITION				
Restricted for:				
Individuals, organizations, and other governments	-	13,626,003	-	13,626,003
Total Net Position	\$ -	\$ 13,626,003	\$ -	\$ 13,626,003

City of San Mateo
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2021

	San Mateo Consolidated			
	Fire Department	CFD 2008-1	Other	Total
ADDITIONS:				
Fee collections for other governments	\$ 241,328	\$ -	\$ 160,423	\$ 401,751
Special Assessments for other governments	-	5,474,606	-	5,474,606
Investment income	-	3,530	-	3,530
Total additions	<u>241,328</u>	<u>5,478,136</u>	<u>160,423</u>	<u>5,879,887</u>
DEDUCTIONS:				
Administration	-	-	78,173	78,173
Payments on conduit bonds - principal	-	700,000	-	700,000
Payments on conduit bonds - interest	-	4,529,720	-	4,529,720
Project payments	-	22,636	-	22,636
Payments to other governments	225,691	-	82,250	307,941
Total deductions	<u>225,691</u>	<u>5,252,356</u>	<u>160,423</u>	<u>5,638,470</u>
Changes in net position	15,637	225,780	-	241,417
NET POSITION:				
Beginning of year	(15,637)	13,400,223	-	13,384,586
End of year	<u>\$ -</u>	<u>\$ 13,626,003</u>	<u>\$ -</u>	<u>\$ 13,626,003</u>

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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.

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City of San Mateo
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
June 30, 2021

	RDA Retirement Obligation	Successor Agency to RDA Merged Area	Successor Agency to RDA Housing	Total
ASSETS				
Cash and investments	\$ 4,908,712	\$ -	\$ -	\$ 4,908,712
Total assets	<u>4,908,712</u>	<u>-</u>	<u>-</u>	<u>4,908,712</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	-	556,923	-	556,923
Total deferred outflows of resources	<u>-</u>	<u>556,923</u>	<u>-</u>	<u>556,923</u>
LIABILITIES				
Interest payable	-	907,417	29,069	936,486
Long-term debt - due within one year	-	2,545,000	1,185,000	3,730,000
Long-term debt - due in more than one year	-	46,450,445	695,000	47,145,445
Total liabilities	<u>-</u>	<u>49,902,862</u>	<u>1,909,069</u>	<u>51,811,931</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding	-	47,697	-	47,697
Total deferred inflows of resources	<u>-</u>	<u>47,697</u>	<u>-</u>	<u>47,697</u>
NET POSITION				
Held in trust for dissolution of RDA	4,908,712	(49,393,636)	(1,909,069)	(46,393,993)
Total Net Position	<u>\$ 4,908,712</u>	<u>\$ (49,393,636)</u>	<u>\$ (1,909,069)</u>	<u>\$ (46,393,993)</u>

City of San Mateo
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
For the Year Ended June 30, 2021

	RDA Retirement Obligation	Successor Agency to RDA Merged Area	Successor Agency to RDA Housing	Total
ADDITIONS:				
Investment income	\$ 168	\$ -	\$ -	\$ 168
RDA property tax trust fund distribution	80,361	4,709,346	1,207,859	5,997,566
Total additions	<u>80,529</u>	<u>4,709,346</u>	<u>1,207,859</u>	<u>5,997,734</u>
DEDUCTIONS:				
Administration	-	10,000	10,000	20,000
Interest expense	-	1,755,040	37,879	1,792,919
Total deductions	<u>-</u>	<u>1,765,040</u>	<u>47,879</u>	<u>1,812,919</u>
Changes in net position	80,529	2,944,306	1,159,980	4,184,815
NET POSITION:				
Beginning of year	<u>4,828,183</u>	<u>(52,337,942)</u>	<u>(3,069,049)</u>	<u>(50,578,808)</u>
End of year	<u>\$ 4,908,712</u>	<u>\$ (49,393,636)</u>	<u>\$ (1,909,069)</u>	<u>\$ (46,393,993)</u>

Schedules of Assessments and Investment Fees and Related Expenditures

South Bayfront Levee Improvement Project accounts for the revenues and expenditures of assessments imposed to finance the South Bayfront Levee Improvement Project.

South Trunk area sewer improvements. The fee is imposed on all development and redevelopment served by the South Trunk line.

Child Care Development Impact Fee accounts for revenues and expenditures related to the child care development fee to fund child care facilities necessitated by commercial development.

Tree Impact Fee accounts for revenues and expenditures related to the tree replacement fee established on all development requiring approval of planning application, except for single-family dwelling design review applications, for the removal of existing trees on development sites.

Cable Television Impact Fee accounts for revenues and expenditures related to the cable television impact fee to fund public access community television.

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City of San Mateo
General Capital Projects Fund
Schedule of Assessments and Impact Fees and Related Expenditures
For the Year Ended June 30, 2021

	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
REVENUES:						
Assessments	\$ 538,287	\$ 40,766	\$ 586,742	\$ 369,380	\$ 27,403	\$ 1,562,578
Interest income	4,915	6,708	22,518	11,544	692	46,377
Total revenues	543,202	47,474	609,260	380,924	28,095	1,608,955
EXPENDITURES:						
Capital outlay	7,528	100,000	91,779	194,774	122,732	516,813
Debt service	403,836	-	-	-	-	403,836
Total expenditures	411,364	100,000	91,779	194,774	122,732	920,649
BALANCES:						
Beginning of year	1,921,768	644,470	1,612,174	881,769	1,133,964	6,194,145
End of year	<u>\$ 2,053,606</u>	<u>\$ 591,944</u>	<u>\$ 2,129,655</u>	<u>\$ 1,067,919</u>	<u>\$ 1,039,327</u>	<u>\$ 6,882,451</u>

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 S

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STATISTICAL SECTION

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STATISTICAL SECTION (Unaudited)

This part of the City of San Mateo's Annual Comprehensive Financial Reports 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
Financial Trends	196
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	207
These schedules contain information to help the reader assess the City's most significant local revenues source: property tax	
Debt Capacity	214
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.	
Demographic and Economic Information	221
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	
Operating Information	223
These schedules contain service and infrastructure data to help the reader to understand how the information in the City's financial reports relates to the services the city provides and the activities it performs.	

City of San Mateo
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	FISCAL YEAR				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u> ⁽¹⁾	<u>2016</u>
Governmental Activities					
Net investment in capital assets	\$ 326,376,412	\$ 333,716,045	\$ 338,446,921	\$ 338,597,493	\$ 348,551,145
Restricted	74,111,660	80,544,476	82,599,049	35,940,430	42,628,946
Unrestricted	44,493,017	64,260,546	83,713,423	(56,568,094)	(25,485,083)
Total Governmental Activities Net Position	<u>\$ 444,981,089</u>	<u>\$ 478,521,067</u>	<u>\$ 504,759,393</u>	<u>\$ 317,969,829</u>	<u>\$ 365,695,008</u>
Business-Type Activities					
Net investment in capital assets	\$ 70,447,496	\$ 70,235,094	\$ 76,417,915	\$ 78,438,576	\$ 83,893,024
Restricted	8,510,414	9,139,202	5,982,278	11,056,422	9,457,948
Unrestricted	7,906,174	13,889,683	17,701,761	10,218,009	20,791,916
Total Business-Type Activities Net Position	<u>\$ 86,864,084</u>	<u>\$ 93,263,979</u>	<u>\$ 100,101,954</u>	<u>\$ 99,713,007</u>	<u>\$ 114,142,888</u>
Primary Government					
Net investment in capital assets	\$ 396,823,908	\$ 403,951,139	\$ 414,864,836	\$ 417,036,069	\$ 432,444,169
Restricted	82,622,074	89,683,678	88,581,327	46,996,852	52,086,894
Unrestricted	52,399,191	78,150,229	101,415,184	(46,350,085)	(4,693,167)
Total Primary Government Net Position	<u>\$ 531,845,173</u>	<u>\$ 571,785,046</u>	<u>\$ 604,861,347</u>	<u>\$ 417,682,836</u>	<u>\$ 479,837,896</u>

Notes:

(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 Annual Comprehensive Financial Reports

City of San Mateo
Net Position by Component (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	FISCAL YEAR				
	<u>2017</u>	<u>2018</u> ⁽²⁾	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental Activities					
Net investment in capital assets	\$ 361,295,211	\$ 373,263,037	\$ 374,808,638	\$ 380,800,232	\$ 392,070,528
Restricted	43,004,559	56,180,410	56,993,128	58,615,106	38,577,326
Unrestricted	(16,647,454)	(27,694,719)	(16,582,840)	(22,039,326)	(11,392,141)
Total Governmental Activities Net Position	<u>\$ 387,652,316</u>	<u>\$ 401,748,728</u>	<u>\$ 415,218,926</u>	<u>\$ 417,376,012</u>	<u>\$ 419,255,713</u>
Business-Type Activities					
Net investment in capital assets	\$ 112,410,305	\$ 136,901,535	\$ 137,297,898	\$ 154,095,718	\$ 168,133,572
Restricted	17,976,147	3,019,163	1,127,518	1,143,604	1,143,852
Unrestricted	(7,096,918)	(2,674,687)	24,223,141	39,117,768	58,834,359
Total Business-Type Activities Net Position	<u>\$ 123,289,534</u>	<u>\$ 137,246,011</u>	<u>\$ 162,648,557</u>	<u>\$ 194,357,090</u>	<u>\$ 228,111,783</u>
Primary Government					
Net investment in capital assets	\$ 473,705,516	\$ 510,164,572	\$ 512,106,536	\$ 534,895,950	\$ 560,204,100
Restricted	60,980,706	59,199,573	58,120,646	59,758,710	39,721,178
Unrestricted	(23,744,372)	(30,369,406)	7,640,301	17,078,442	47,442,218
Total Primary Government Net Position	<u>\$ 510,941,850</u>	<u>\$ 538,994,739</u>	<u>\$ 577,867,483</u>	<u>\$ 611,733,102</u>	<u>\$ 647,367,496</u>

Notes:

(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 Annual Comprehensive Financial Reports

City of San Mateo
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	FISCAL YEAR				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses					
Governmental activities:					
General government	\$ 10,806,831	\$ 10,130,843	\$ 11,250,111	\$ 13,531,819	\$ 13,408,222
Community development	8,932,479	5,365,548	6,219,895	11,520,058	8,615,056
Public safety	50,044,825	50,037,399	52,241,250	54,499,943	56,518,491
Public works	19,996,054	16,749,537	18,936,651	17,572,481	19,194,348
Parks and recreation	14,038,405	13,737,283	14,485,575	14,604,719	14,715,076
Golf	-	-	-	-	-
Library	6,766,173	6,464,282	6,963,743	7,456,042	7,481,649
Interest and fiscal charges	4,469,852	2,105,784	1,712,704	1,687,938	1,563,149
Total governmental activities expenses	115,054,619	104,590,676	111,809,929	120,873,000	121,495,991
Business-type activities:					
Sewer	22,564,245	23,210,165	22,208,673	25,394,787	29,446,279
Golf	2,855,223	2,512,817	2,719,709	2,599,156	2,925,638
Total business-type activities expenses	25,419,468	25,722,982	24,928,382	27,993,943	32,371,917
Total primary government expenses	\$ 140,474,087	\$ 130,313,658	\$ 136,738,311	\$ 148,866,943	\$ 153,867,908
Program Revenues					
Governmental activities:					
Charges for Services:					
General government	\$ 4,261,915	\$ 4,005,058	\$ 3,796,035	\$ 7,746,426	\$ 8,864,516
Community development	9,604,245	9,332,116	10,824,597	11,841,340	13,040,363
Public safety	3,888,490	4,528,802	5,032,066	4,748,609	4,963,005
Public works	5,721,081	5,604,208	5,798,006	3,380,143	3,204,712
Parks and recreation	3,484,929	3,729,797	3,640,528	3,917,392	4,026,981
Golf	-	-	-	-	-
Library	448,884	379,807	396,619	366,424	376,099
Operating Grants and Contributions	4,838,570	5,712,470	4,621,620	4,659,218	4,920,003
Capital Grants and Contributions	8,038,370	22,068,697	12,304,741	5,932,115	17,519,113
Total governmental activities program revenues	40,286,484	55,360,955	46,414,212	42,591,667	56,914,792
Business-type activities:					
Charges for Services:					
Sewer	24,702,071	28,712,336	28,381,469	32,202,568	31,349,390
Golf	2,513,246	2,450,940	2,470,030	2,179,638	2,259,273
Capital Grants and Contributions	139,663	897,868	1,269,568	1,418,940	9,648,484
Total business-type activities program revenues	27,354,980	32,061,144	32,121,067	35,801,146	43,257,147
Total primary government program revenues	\$ 67,641,464	\$ 87,422,099	\$ 78,535,279	\$ 78,392,813	\$ 100,171,939
Net (Expense)/Revenue					
Governmental activities	\$ (74,768,135)	\$ (49,229,721)	\$ (65,395,717)	\$ (78,281,333)	\$ (64,581,199)
Business-type activities	1,935,512	6,338,162	7,192,685	7,807,203	10,885,230
Total primary government net expense	\$ (72,832,623)	\$ (42,891,559)	\$ (58,203,032)	\$ (70,474,130)	\$ (53,695,969)

Source: City of San Mateo Annual Comprehensive Financial Reports

City of San Mateo
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	FISCAL YEAR				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Expenses					
Governmental activities:					
General government	\$ 15,288,834	\$ 16,253,149	\$ 22,520,951	\$ 24,844,817	\$ 22,566,708
Community development	9,218,215	8,968,176	10,689,333	11,079,458	11,362,295
Public safety	66,098,015	78,040,802	72,388,649	84,968,332	88,274,410
Public works	19,454,397	22,900,784	25,294,822	26,353,672	22,560,152
Parks and recreation	17,688,663	17,723,370	18,589,445	18,827,857	17,581,661
Golf	-	-	2,413,326	2,363,389	2,406,028
Library	8,640,943	8,409,588	9,088,444	9,546,338	8,797,338
Interest and fiscal charges	1,603,120	1,282,632	1,545,181	1,967,739	2,674,930
Total governmental activities expenses	137,992,187	153,578,501	162,530,151	179,951,602	176,223,522
Business-type activities:					
Sewer	27,650,895	28,541,139	30,979,524	39,159,040	40,969,271
Golf	2,699,895	3,119,828	-	-	-
Total business-type activities expenses	30,350,790	31,660,967	30,979,524	39,159,040	40,969,271
Total primary government expenses	\$ 168,342,977	\$ 185,239,468	\$ 193,509,675	\$ 219,110,642	\$ 217,192,793
Program Revenues					
Governmental activities:					
Charges for Services:					
General government	\$ 4,460,496	\$ 4,761,038	\$ 4,850,552	\$ 4,196,601	\$ 6,305,379
Community development	15,504,626	18,647,276	11,962,685	11,367,968	11,277,683
Public safety	5,460,041	5,859,462	4,873,368	6,334,734	2,402,026
Public works	7,078,959	8,816,371	7,908,636	10,140,356	7,117,981
Parks and recreation	5,733,587	4,416,286	4,427,073	3,158,517	1,010,881
Golf	-	-	2,169,365	2,206,781	3,129,139
Library	384,442	425,676	418,247	395,001	270,043
Operating Grants and Contributions	4,855,791	6,527,822	7,091,483	7,613,730	19,005,126
Capital Grants and Contributions	7,404,767	12,254,621	11,235,278	10,814,961	9,354,286
Total governmental activities program revenues	50,882,709	61,708,552	54,936,687	56,228,649	59,872,544
Business-type activities:					
Charges for Services:					
Sewer	31,790,037	41,737,548	51,981,922	58,741,767	67,962,290
Golf	2,155,822	2,361,164	-	-	-
Capital Grants and Contributions	4,559,627	2,628,892	1,231,712	7,290,894	5,931,349
Total business-type activities program revenues	38,505,486	46,727,604	53,213,634	66,032,661	73,893,639
Total primary government program revenues	\$ 89,388,195	\$ 108,436,156	\$ 108,150,321	\$ 122,261,310	\$ 133,766,183
Net (Expense)/Revenue					
Governmental activities	\$ (87,109,478)	\$ (91,869,949)	\$ (107,593,464)	\$ (123,722,953)	\$ (116,350,978)
Business-type activities	8,154,696	15,066,637	22,234,110	26,873,621	32,924,368
Total primary government net expense	\$ (78,954,782)	\$ (76,803,312)	\$ (85,359,354)	\$ (96,849,332)	\$ (83,426,610)

Source: City of San Mateo Annual Comprehensive Financial Reports

City of San Mateo
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	FISCAL YEAR				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Revenues and Other Changes in Net Position					
Government activities:					
Taxes					
Property taxes	\$ 44,094,970	\$ 38,179,530	\$ 42,485,569	\$ 45,514,243	\$ 49,821,722
Sales and use tax	22,620,197	23,822,654	23,621,580	26,406,209	27,458,762
Property transfer tax	4,387,035	6,307,133	9,476,087	10,636,846	9,894,291
Other taxes	10,544,367	11,519,884	12,582,033	13,764,540	14,503,661
Franchise fee	2,821,616	2,858,607	2,967,823	3,049,847	3,143,082
Motor vehicle taxes	7,500	57,889	68,688	61,024	416,222
Investment earnings	806,556	24,002	1,430,926	1,167,612	2,469,425
Other - GASB 68 Adjustment	-	-	-	-	344,425
Miscellaneous revenues	-	-	-	-	-
Transfers	-	-	-	(2,501,852)	(3,020,196)
Special Item: Transfer of properties from Successor Agency	-	-	-	-	7,274,984
Special Item: Transfer of fire activities	-	-	-	-	-
Extraordinary gain due to RDA dissolution	56,443,535	-	-	-	-
Total Governmental activities:	141,725,776	82,769,699	92,632,706	98,098,469	112,306,378
Business-type activities:					
Investment earnings	233,504	68,856	324,021	250,398	524,455
Loss on disposal of capital assets	-	(7,123)	-	-	-
Miscellaneous revenues	-	-	-	-	-
Transfers	-	-	-	2,501,852	3,020,196
Total business-type activities	233,504	61,733	324,021	2,752,250	3,544,651
Total primary government	\$ 141,959,280	\$ 82,831,432	\$ 92,956,727	\$ 100,850,719	\$ 115,851,029
Change in Net Position					
Governmental activities	\$ 66,957,641	\$ 33,539,978	\$ 26,936,988	\$ 19,817,136	\$ 47,725,179
Business-type activities	2,169,026	6,399,895	7,516,706	10,559,453	14,429,881
Total primary government	\$ 69,126,667	\$ 39,939,873	\$ 34,453,694	\$ 30,376,589	\$ 62,155,060

Source: City of San Mateo Annual Comprehensive Financial Reports

City of San Mateo
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	FISCAL YEAR				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Revenues and Other Changes in Net Position					
Government activities:					
Taxes					
Property taxes	\$ 52,989,559	\$ 58,137,331	\$ 63,899,034	\$ 67,106,048	\$ 66,631,563
Sales and use tax	26,001,431	26,313,958	28,606,235	26,958,595	27,948,874
Property transfer tax	12,179,016	11,778,074	13,918,129	9,137,370	11,783,952
Other taxes	14,536,828	14,777,396	14,947,968	11,173,135	7,439,757
Franchise fee	3,142,369	3,208,096	3,134,906	3,170,550	3,033,639
Motor vehicle taxes	55,990	64,442	-	-	-
Investment earnings	978,899	1,521,257	7,180,752	7,259,659	488,757
Other - GASB 68 Adjustment	-	-	-	-	-
Miscellaneous revenues	32,694	66,005	42,081	64,312	904,137
Transfers	(850,000)	(525,000)	(1,788,676)	-	-
Special Item: Transfer of properties from Successor Agency	-	-	-	-	-
Special Item: Transfer of fire activities	-	-	(8,876,767)	-	-
Extraordinary gain due to RDA dissolution	-	-	-	-	-
Total Governmental activities:	109,066,786	115,341,559	121,063,662	124,869,669	118,230,679
Business-type activities:					
Investment earnings	141,950	189,713	1,379,769	5,845,282	851,242
Loss on disposal of capital assets	-	-	-	-	(22,292)
Miscellaneous revenues	-	-	-	-	1,375
Transfers	850,000	525,000	1,788,676	-	-
Total business-type activities	991,950	714,713	3,168,445	5,845,282	830,325
Total primary government	\$ 110,058,736	\$ 116,056,272	\$ 124,232,107	\$ 130,714,951	\$ 119,061,004
Change in Net Position					
Governmental activities	\$ 21,957,308	\$ 23,471,610	\$ 13,470,198	\$ 1,146,716	\$ 1,879,701
Business-type activities	9,146,646	15,781,350	25,402,555	32,718,903	33,754,693
Total primary government	\$ 31,103,954	\$ 39,252,960	\$ 38,872,753	\$ 33,865,619	\$ 35,634,394

Source: City of San Mateo Annual Comprehensive Financial Reports

City of San Mateo
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	FISCAL YEAR				
	<u>2012</u> ⁽¹⁾	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund					
Nonspendable fund balance	\$ 155,101	\$ 137,314	\$ 165,313	\$ 133,030	\$ 93,968
Restricted fund balance	-	-	-	-	-
Committed fund balance	-	-	-	-	-
Assigned fund balance	2,140,061	1,521,652	1,849,458	696,064	653,902
Unassigned fund balance	16,768,598	23,797,373	34,083,800	46,814,928	57,850,140
Total General Fund	<u>\$ 19,063,760</u>	<u>\$ 25,456,339</u>	<u>\$ 36,098,571</u>	<u>\$ 47,644,022</u>	<u>\$ 58,598,010</u>
All Other Governmental Funds					
Nonspendable fund balance	\$ 168,131	\$ -	\$ -	\$ -	\$ -
Restricted fund balance	23,361,973	30,314,487	32,452,933	36,477,074	42,628,946
Committed fund balance	22,830,269	32,304,156	41,759,610	51,111,814	63,490,793
Assigned fund balance	-	-	-	-	-
Unassigned fund balance	(18,629)	-	(3,999)	-	-
Total all other Governmental Funds	<u>\$ 46,341,744</u>	<u>\$ 62,618,643</u>	<u>\$ 74,208,544</u>	<u>\$ 87,588,888</u>	<u>\$ 106,119,739</u>

Source: City of San Mateo Annual Comprehensive Financial Reports

City of San Mateo
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	FISCAL YEAR				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund					
Nonspendable fund balance	\$ 146,668	\$ 1,365,781	\$ 1,138,335	\$ 801,607	\$ 329,193
Restricted fund balance	-	-	-	-	-
Committed fund balance	-	1,310,590	2,382,262	1,370,873	1,370,873
Assigned fund balance	1,151,152	983,063	708,521	670,609	-
Unassigned fund balance	65,807,692	71,844,796	83,958,171	82,719,189	90,258,189
Total General Fund	<u>\$ 67,105,512</u>	<u>\$ 75,504,230</u>	<u>\$ 88,187,289</u>	<u>\$ 85,562,278</u>	<u>\$ 91,958,255</u>
All Other Governmental Funds					
Nonspendable fund balance	\$ -	\$ 4,206	\$ -	\$ -	\$ -
Restricted fund balance	42,468,316	54,997,971	55,140,874	107,881,837	71,611,963
Committed fund balance	66,261,696	66,085,830	70,357,550	75,420,851	93,093,835
Assigned fund balance	-	-	-	-	-
Unassigned fund balance	-	-	-	-	(586,982)
Total all other Governmental Funds	<u>\$ 108,730,012</u>	<u>\$ 121,088,007</u>	<u>\$ 125,498,424</u>	<u>\$ 183,302,688</u>	<u>\$ 164,118,816</u>

Source: City of San Mateo Annual Comprehensive Financial Reports

City of San Mateo
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	FISCAL YEAR				
	2012	2013	2014	2015	2016
Revenues:					
Property taxes	\$ 44,094,971	\$ 38,179,530	\$ 42,485,569	\$ 45,514,243	\$ 49,821,722
Sales taxes	22,620,197	23,822,654	23,621,580	26,406,209	27,458,762
Other taxes	17,753,018	20,736,014	25,084,632	27,492,257	27,947,256
Licenses, building and other permits	5,563,732	8,814,956	10,208,410	10,993,854	12,481,519
Fines, forfeitures and Penalties	1,644,699	1,990,067	1,828,124	1,797,820	1,608,517
Intergovernmental Revenues	11,155,347	9,812,480	10,422,872	9,000,823	10,139,448
Charges for services	9,835,848	9,199,159	9,426,652	9,822,219	11,642,713
Investment Earnings	671,674	46,163	1,121,679	939,463	2,016,000
Indirect and in-lieu fees	-	-	-	-	-
Assessment and Garbage collection surcharge	5,202,065	6,816,900	4,586,404	3,128,070	8,000,287
Parking meter and lease revenue	2,215,812	2,338,849	2,653,178	2,722,471	2,881,193
Impact fees	949,863	2,289,600	2,552,388	3,260,222	4,274,248
Capital contributions	-	-	-	-	-
Other Revenues	3,124,839	2,634,474	2,692,908	2,402,206	3,438,927
Total Revenues	124,832,065	126,680,846	136,684,396	143,479,857	161,710,592
Expenditures:					
General Government	8,693,749	9,136,330	9,947,383	12,563,127	13,389,976
Community development	6,648,962	5,177,198	6,226,200	7,304,546	7,283,445
Public Safety	48,797,774	48,458,630	49,554,095	53,016,349	58,605,898
Public Works	9,095,961	7,699,391	7,102,703	6,103,576	7,128,676
Parks and recreation	11,622,101	12,178,049	12,298,322	12,759,601	13,190,936
Golf	-	-	-	-	-
Library	5,007,303	4,798,978	5,160,200	5,744,931	6,099,700
Non-departmental	780,000	1,280,000	1,280,000	1,280,000	1,250,000
Capital Outlay	18,528,824	11,104,728	19,524,506	18,045,935	20,745,215
Debt Service					
Principal	4,290,000	1,520,000	1,610,000	1,802,440	1,939,637
Interest & Fiscal Charges	5,912,898	2,452,907	1,661,805	1,761,775	1,656,297
Cost of issuance	-	314,224	-	-	-
Total Expenditures	119,377,572	104,120,435	114,365,214	120,382,280	131,289,780
Excess of Revenues over (under) expenditures	5,454,493	22,560,411	22,319,182	23,097,577	30,420,812
Other Financing Sources (Uses)					
Proceeds from debt issuance	-	27,295,000	-	-	-
Premium	-	2,683,949	-	-	-
Debt refunding - payment to escrow	-	(29,581,180)	-	-	-
Proceeds from loans	-	-	-	265,820	14,027
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	15,054,919	9,468,607	12,623,834	11,402,970	13,083,222
Transfers out	(15,596,599)	(9,757,309)	(12,706,883)	(13,729,596)	(14,033,222)
Issuance of debt	-	-	-	-	-
Cost of issue	-	-	-	-	-
Total other financing sources (uses)	(541,680)	109,067	(83,049)	(2,060,806)	(935,973)
Special Item: Transfer of fire activities	-	-	-	-	-
Extraordinary Item: Gain (loss) on dissolution of RDA	(25,261,774)	-	-	-	-
Net change in fund balances	\$ (20,348,961)	\$ 22,669,478	\$ 22,236,133	\$ 21,036,771	\$ 29,484,839

Debt Service as a percentage of noncapital expenditures

(1) (2)	9.65%	4.20%	3.34%	3.42%	3.11%
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Notes:

(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 Annual Comprehensive Financial Reports

City of San Mateo
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	FISCAL YEAR					
	2017	2018	2019	2020	2021	
Revenues:						
Property taxes	\$ 52,989,555	\$ 58,137,331	\$ 63,899,035	\$ 67,106,048	\$ 66,631,563	
Sales taxes	26,001,428	26,313,958	28,606,235	26,958,596	27,948,874	
Other taxes	29,904,204	29,818,008	32,051,159	23,481,055	22,257,348	
Licenses, building and other permits	13,986,765	16,829,698	9,820,297	8,511,610	8,123,453	
Fines, forfeitures and Penalties	2,347,508	1,983,069	2,361,048	1,486,473	2,247,808	
Intergovernmental Revenues	10,514,086	10,081,168	13,900,475	13,455,252	19,888,509	
Charges for services	10,994,505	11,865,030	13,006,381	12,140,217	11,638,776	
Investment Earnings	436,583	1,274,997	6,257,565	6,451,349	411,387	
Indirect and in-lieu fees	-	-	1,317,331	710,540	-	
Assessment and Garbage collection surcharge	2,405,534	2,591,689	1,887,074	1,952,167	6,268,685	
Parking meter and lease revenue	3,113,739	5,334,641	4,320,920	5,960,255	2,023,435	
Impact fees	3,747,065	4,021,226	1,754,337	4,471,088	1,741,192	
Capital contributions	-	375,000	750,000	750,000	750,000	
Other Revenues	3,751,388	3,851,650	5,140,943	4,440,498	6,513,514	
Total Revenues	160,192,360	172,477,465	185,072,800	177,875,148	176,444,544	
Expenditures:						
General Government	11,823,438	12,631,562	13,248,604	14,127,919	14,777,676	
Community development	8,382,090	8,968,166	9,870,728	9,903,606	10,450,200	
Public Safety	63,623,621	68,708,919	63,971,508	69,607,595	74,041,289	
Public Works	8,585,107	10,030,818	10,525,838	11,194,667	10,555,345	
Parks and recreation	14,666,422	14,967,718	15,563,445	15,177,801	14,341,093	
Golf	-	-	2,152,691	2,210,391	2,406,028	
Library	6,499,489	6,721,084	7,421,137	7,260,024	7,063,780	
Non-departmental	2,891,155	3,001,379	5,726,983	6,535,562	7,357,090	
Capital Outlay	28,829,906	18,367,591	22,865,146	30,549,652	42,765,863	
Debt Service						
Principal	2,019,637	7,842,077	2,128,016	2,742,918	3,411,945	
Interest & Fiscal Charges	1,702,963	1,705,078	1,624,137	1,554,488	3,412,560	
Cost of issuance	-	-	-	380,166	-	
Total Expenditures	149,023,828	152,944,392	155,098,233	171,244,789	190,582,869	
Excess of Revenues						
over (under) expenditures	11,168,532	19,533,073	29,974,567	6,630,359	(14,138,325)	
Other Financing Sources (Uses)						
Proceeds from debt issuance	-	-	-	47,595,599	1,525,675	
Premium	-	-	-	8,068,164	-	
Debt refunding - payment to escrow	-	-	-	(4,006,995)	-	
Proceeds from loans	746,896	2,157,843	-	-	-	
Proceeds from sale of capital assets	-	-	-	713,154	-	
Transfers in	14,117,848	20,890,354	12,938,471	21,124,557	21,438,281	
Transfers out	(14,915,501)	(21,824,557)	(12,995,487)	(24,945,585)	(21,613,526)	
Issuance of debt	-	-	-	-	-	
Cost of issue	-	-	-	-	-	
Total other financing sources (uses)	(50,757)	1,223,640	(57,016)	48,548,894	1,350,430	
Special Item: Transfer of fire activities	-	-	(12,824,075)	-	-	
Extraordinary Item: Gain (loss) on dissolution of RDA	-	-	-	-	-	
Net change in fund balances	\$ 11,117,775	\$ 20,756,713	\$ 17,093,476	\$ 55,179,253	\$ (12,787,895)	

Debt Service as a percentage of noncapital expenditures

(1) (2)	3.01%	6.89%	2.82%	2.98%	4.58%
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Notes:

(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 Annual Comprehensive Financial Reports

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City of San Mateo
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax (1)	Sales Tax	Property Transfer Tax	Franchise Fee	Other Taxes	Total
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
2021	66,631,563	27,948,874	11,783,952	3,033,639	7,439,757	116,837,785

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 Annual Comprehensive Financial Reports

City of San Mateo
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(amount expressed in thousands)

Fiscal Year End	Residential Property	Commercial Property	Industrial Property	Other Property (1)	Unsecured Property	Less Tax-Exempt Property	Taxable Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Value (3)	Factor of Taxable Assessed Value (3)
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
2021	23,744,131	6,182,033	230,600	591,123	796,824	744,934	30,799,777	0.18%	51,914,472	1.6855

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)

	FISCAL YEAR									
	<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>	<u>2021</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
TOTAL	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Override Assessments										
S M CITY GO DEBT	0.0129	0.0129	0.0105	0.0105	0.0102	0.0090	0.0084	0.0077	0.0071	0.0067
S M FOSTER CITY SERIES Q	-	-	-	-	-	-	-	-	-	0.0022
SM FC EL BD REFUND SER	0.0091	-	-	-	-	-	-	-	-	-
SAN MATEO HIGH BD SER 2	0.0066	0.0068	0.0067	0.0072	0.0064	0.0066	0.0065	0.0063	0.0063	0.0021
SAN MATEO UN HIGH BND S	0.0132	0.0135	0.0121	0.0108	0.0063	0.0063	0.0063	0.0047	0.0036	0.0061
SAN MATEO HIGH RFND. SER	0.0090	0.0088	0.0045	-	-	-	-	-	-	0.0044
SAN MATEO HIGH 2012 GO	-	0.0010	0.0038	0.0078	0.0088	0.0106	0.0105	0.0115	0.0109	0.0019
SAN MATEO HIGH 2016 GO	-	-	-	-	-	-	0.0025	0.0020	0.0018	0.0061
SAN MATEO HIGH 2017 GO	-	-	-	-	-	-	-	0.0020	0.0016	0.0015
SAN MATEO HIGH 2019 GO	-	-	-	-	-	-	-	-	-	0.0025
SAN MATEO HIGH 2019 GO	-	-	-	-	-	-	-	-	-	0.0020
SM JR COLLEGE BD 2002	0.0039	-	-	-	0.0012	0.0019	0.0019	0.0018	0.0019	0.0019
SM JR COLL BOND SER 2000	0.0023	0.0014	0.0015	0.0002	-	-	-	-	-	0.0018
SM JR COLL BOND 2001 SE	0.0010	0.0010	0.0010	0.0009	0.0008	0.0006	0.0007	0.0007	0.0007	0.0007
SM JR COLL BOND 2006 SE	0.0045	0.0050	0.0047	0.0042	0.0039	0.0037	0.0036	0.0035	0.0033	0.0032
SM JR COLL BOND 2014	-	-	-	-	-	0.0029	0.0027	0.0024	0.0018	0.0017
SM JR COLL BOND 2015	-	-	-	-	-	0.0071	0.0066	0.0012	0.0011	0.0012
SM JR COLL ELECT 2014	-	-	-	-	-	-	-	-	0.0088	0.0036
SM JR COLL 2018 REF BOND	-	-	-	-	-	-	-	-	0.0007	0.0005
SM JR COLL 2019 REF BOND	-	-	-	-	-	-	-	-	0.0006	0.0005
SAN MATEO COMM COLL 200	0.0082	0.0059	0.0067	0.0069	0.0036	0.0085	0.0080	0.0079	0.0042	0.0037
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	0.0183
SM FOSTER CITY 2005 REF	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	0.0073
SAN FC GO BOND 2014	-	-	-	-	0.0006	0.0002	0.0003	0.0003	0.0011	0.0013
SAN FC GO BOND 2015	-	-	-	-	0.0048	0.0174	0.0170	0.0159	0.0194	0.0151
SM FC GO BD 2020 REFUND	-	-	-	-	-	-	-	-	-	0.0203
SM JR COLL BOND REF 201	-	0.0061	0.0055	0.0068	0.0155	-	-	-	-	0.0025
TOTAL	0.1058	0.1042	0.1075	0.1158	0.1220	0.1298	0.1294	0.1189	0.1159	0.1191
TOTAL TAX RATE	1.1058	1.1042	1.1075	1.1158	1.1220	1.1298	1.1294	1.1189	1.1159	1.1191

Sources: (1) City of San Mateo Annual Comprehensive 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

2021	
Taxpayer	Business Type
Apple Stores	Furniture/Appliance
Arco AM/PM Mini Marts	Service Stations
Better Source Liquidators	Office Equipment
Booster Fuels	Service Stations
Chevron Service Stations	Service Stations
CVS Pharmacy	Drug Stores
Financial Services Vehicle Trust	Leasing
GoPro Media	Miscellaneous Other
Home Depot	Bldg.Matls-Retail
Macy's Department Store	Department Stores
Marshall's Stores	Apparel Stores
Nordstrom Department Store	Department Stores
Personalized Beauty Discovery	Miscellaneous Retail
Peter Pan BMW	Auto Sales - New
Ross Stores	Apparel Stores
Safeway Stores	Food Markets
San Mateo Lumber Co.	Bldg.Matls-Retail
Shell Service Stations	Service Stations
Target Stores	Department Stores
The Shane Company	Miscellaneous Retail
Total Wine & More	Liquor Stores
Trader Joe's	Food Markets
Union 76 Service Stations	Service Stations
Walgreen's Drug Stores	Drug Stores
Whole Foods Market	Food Markets

2012	
Taxpayer	Business Type
Apple Stores	Furniture/Appliance
Arco AM/PM Mini Marts	Service Stations
Bed Bath & Beyond	Miscellaneous Retail
Cafepress.Com	Light Industry
Chevron Service Stations	Service Stations
CVS Pharmacy	Drug Stores
Equilon Enterprises	Service Stations
Financial Services Vehicle Trust	Leasing
Gas & Shop Service Stations	Service Stations
Home Depot	Bldg.Matls-Retail
K Mart Stores	Department Stores
Macy's Department Store	Department Stores
Marshall's Stores	Apparel Stores
Nordstrom Department Store	Department Stores
Old Navy Clothing Co.	Apparel Stores
Peter Pan BMW	Auto Sales - New
Ross Stores	Apparel Stores
Safeway Stores	Food Markets
Sears Roebuck & Company	Department Stores
Sportmart	Recreation Products
Target Stores	Department Stores
The Gap	Apparel Stores
Toys R Us	Miscellaneous Retail
Walgreen's Drug Stores	Drug Stores
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	2021			2012		
	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
Bay Meadows Town Square Invest	\$ 680,518	1	2.21%			
Essex Portfolio LP	600,304	2	1.95%			
Franklin Templeton Corp Svcs Inc	486,955	3	1.58%	197,056	2	1.20%
HSC Holdings	352,699	4	1.15%			
2000 Sierra Point Parkway LLC	326,400	5	1.06%			
1825 SG Corporation	274,380	6	0.89%			
HG Clearview Owner LLC	225,797	7	0.73%			
ASN Bay Meadows I LLC & Bay Meadows	220,322	8	0.72%	226,701	1	1.38%
Rakuten Chw LLC	190,585	9	0.62%			
Hospitality Investment LLC Lessee	181,794	10	0.59%			
Bohannon Development Co				169,444	3	1.03%
Sobrato Interests 3				130,513	4	0.79%
Peninsula Office Park				113,900	5	0.69%
Essex Hillsdale Garden Apartments				102,731	6	0.63%
DW Bridgepointe LLC				94,056	7	0.57%
Park Place Realty Holding Co I				90,700	8	0.55%
Crossroads Association				76,255	9	0.46%
AIMCO Scotchhollow Apartments LP				72,784	10	0.44%
Total Top 10 Taxpayers	3,539,754		11.49%	1,274,140		7.75%
Total Taxable Value	\$ 30,799,777		100.00%	# \$ 16,430,959		100.00%

Source: MuniServices, LLC / Avenu Insights & Analytics

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City of San Mateo
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levied for Fiscal Year	Collected Within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections To Date	
		(1) Collected Amount	(2) Percentage of Levy		(3) Collected Amount	(4) Percentage of Levy
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%
2021	64,427,800	64,427,800	100.00%	n/a	64,427,800	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				
	General Obligation Bonds	Redevelopment Bonds	Revenue Bond	Loans Payable	Capital Lease Payable
2012	\$ 29,160	\$ -	\$ 29,375	\$ -	\$ -
2013	28,638	-	28,782	-	-
2014	28,852	-	28,147	-	-
2015	27,580	-	27,478	253	-
2016	26,268	-	26,774	193	-
2017	24,920	-	26,026	865	-
2018	23,528	-	19,512	2,936	-
2019	22,086	-	25,408	2,728	86
2020	20,584	-	74,356	4,323	29
2021	19,032	-	72,379	5,501	-

Notes:

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 Annual Comprehensive Financial Reports

City of San Mateo
Ratios of Outstanding Debt by Type (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita	Fiduciary Funds	
	Sewer Bonds	Loans Payable	Golf Bond	Capital Lease Payable				Redevelopment Tax Allocation Bond	County CDBG Loan
2012	\$ 46,839	-	\$ 8,268	\$ -	\$ 113,642	2.63%	\$ 1,156	\$ 83,439.00	\$ 539.00
2013	45,496	-	7,951	-	110,867	2.50%	1,119	80,473	539
2014	44,916	4,000	7,925	-	113,840	2.49%	1,137	78,903	-
2015	61,434	4,916	7,465	-	129,126	2.75%	1,273	75,549	-
2016	59,867	11,000	7,095	-	131,197	2.54%	1,278	72,202	-
2017	58,244	5,000	6,710	209	121,974	2.24%	1,179	68,400	-
2018	56,572	5,000	6,572	142	114,262	1.95%	1,094	63,395	-
2019	338,126	-	-	-	388,434	6.29%	3,715	59,095	-
2020	334,752	-	-	-	434,044	6.85%	4,210	55,045	-
2021	331,296	-	-	-	428,208	6.27%	4,156	50,875	-

Notes:

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 Annual

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		Less: Amount Available in Debt Svc Fund	Total (net)	Percentage of Total Taxable Assessed Value	Per Capita
	General Obligation Bonds	Tax Allocation Bonds				
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
2021	19,032	-	5,701	13,331	0.04%	129

Notes:

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 Annual Comprehensive Financial Reports

City of San Mateo
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020

2020-21 Assessed Valuation: \$ 30,909,521,475

	Total Debt 6/30/2021	% Applicable⁽¹⁾	City's Share of Debt 6/30/21
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
San Mateo Community College District	\$ 761,305,961	12.07%	\$ 91,904,856
San Mateo Union High School District	680,210,648	34.13%	232,162,696
Sequoia Union High School District	494,220,000	0.57%	2,826,938
Belmont-Redwood Shores School District	58,487,840	3.89%	2,272,837
Belmont-Redwood Shores School District Belmont School Facilities Imp Dist	37,118,407	6.91%	2,564,140
Hillsborough School District	73,579,471	0.00%	736
San Mateo-Foster City School District	414,613,474	67.96%	281,775,463
City of San Mateo Community Facilities District No.2008-1	83,645,000	100.00%	83,645,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	\$ 2,603,180,801		\$ 697,152,666
<u>DIRECT TAX AND ASSESSMENT DEBT:</u>			
City of San Mateo	19,032,075	100.00%	19,032,075
TOTAL DIRECT TAX AND ASSESSMENT DEBT:	\$ 19,032,075		\$ 19,032,075
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	\$ 2,622,212,876		\$ 716,184,741
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
San Mateo County Certificates of Participation	487,114,345	12.07%	58,804,444
San Mateo County Board of Education Certificates of Participation	6,840,000	12.07%	825,725
Highlands Recreation District General Fund Obligations	2,294,000	0.02%	390
TOTAL OVERLAPPING GENERAL FUND DEBT	\$ 496,248,345		\$ 59,630,559
<u>DIRECT GENERAL FUND DEBT:</u>			
City of San Mateo General Fund Obligations	80,259,867	100.00%	77,879,527
TOTAL DIRECT GENERAL FUND DEBT	\$ 80,259,867		\$ 77,879,527
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT	576,508,212		137,510,086
Less: City of San Mateo enterprise supported obligations			14,060,000
Highlands Recreation District supported obligations			304
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 123,449,782
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	\$47,165,000	100.00%	\$ 47,165,000
TOTAL GROSS DIRECT DEBT			96,911,602
TOTAL NET DIRECT DEBT			82,851,602
TOTAL OVERLAPPING DEBT			803,948,225
GROSS COMBINED TOTAL DEBT			900,859,827 ⁽²⁾
NET COMBINED TOTAL DEBT			\$ 886,799,523

Ratios to 2019-20 Assessed Valuation:

Direct Debt (\$20,584,186)	0.06%
Total Direct and Overlapping Tax and Assessment Debt	2.32%
Total Gross Direct Debt (\$99,291,942)	0.31%
Total Net Direct Debt (\$84,816,942)	0.27%
Gross Combined Total Debt	2.91%
Net Combined Total Debt	2.87%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$2,432,709,204):

Total Overlapping Tax Increment Debt	1.94%
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Notes:

(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 / Aueni Insights & Analysis and City of San Mateo Annual Comprehensive Financial Report

City of San Mateo
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	FISCAL YEAR				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 2,542,340	\$ 2,607,331	\$ 2,782,598	\$ 2,951,703	\$ 3,204,902
Total net debt applicable to limit	29,160	28,638	28,852	27,580	26,268
Legal debt margin	<u>\$ 2,513,180</u>	<u>\$ 2,578,693</u>	<u>\$ 2,753,746</u>	<u>\$ 2,924,123</u>	<u>\$ 3,178,634</u>
Total net debt applicable to the limit as a percentage of debt limit	1.16%	1.11%	1.05%	0.94%	0.83%

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 (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)

	FISCAL YEAR				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Limit	\$ 3,483,855	\$ 3,769,199	\$ 4,091,591	\$ 4,402,378	\$ 4,731,707
Total net debt applicable to limit	24,920	23,528	22,086	20,584	19,032
Legal debt margin	<u>\$ 3,458,935</u>	<u>\$ 3,745,671</u>	<u>\$ 4,069,505</u>	<u>\$ 4,381,794</u>	<u>\$ 4,712,675</u>
Total net debt applicable to the limit as a percentage of debt limit	0.72%	0.63%	0.54%	0.47%	0.40%

Legal Debt Margin Calculation for Fiscal Year 2021

	<u>2021</u>
Assessed value	\$ 30,799,777
Add back: exempt real property	744,934
	<u>\$ 31,544,711</u>
Debt limit (15% of assessed value)	\$ 4,731,707
<u>Debt Application to limit:</u>	
General obligation bonds	19,032
Total net debt applicable to limit	<u>19,032</u>
Legal debt margin	<u>\$ 4,712,675</u>

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
Pledged-Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

Sewer Revenue Bonds							Tax Allocation Bonds			
Fiscal Year	Sewer Charges and Other ⁽¹⁾	Less Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service		Coverage	Tax Increment	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
2012	24,936	17,463	7,473	1,460	1,719	2.35	12,657 ⁽³⁾	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 ⁽⁴⁾	2,041	3.65 ⁽⁴⁾	-	-	-	-
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 ⁽⁵⁾	3.73 ⁽⁵⁾	-	-	-	-
2021	69,020	24,262	44,758	1,730	13,195	3.00 ⁽⁵⁾				-

Notes:

- (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 Annual Comprehensive Financial Reports

City of San Mateo

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age	*Public School Enrollment	County Unemployment Rate (%) (3)	City Unemployment Rate(%) (3)	County Population (1)	City Population (% of County) (1)
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%
2021	103,045	6,832,166,874	66,303	38.2	20,729	6.84%	6.20%	765,245	13.47%

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	2021		2012	
	Number of Employees	Total Employment (%)	Number of Employees	Total Employment (%)
County of San Mateo Medical Center*	1,324	2.16%	1,197	2.33%
Sony Interactive Entertainment America, Playstation America	1,248	2.04%		
San Mateo Union High School District**	1,010	1.65%	800	1.56%
San Mateo-Foster City Unified School District	979	1.60%	1,090	2.12%
San Mateo Community College District	602	0.98%	1,012	1.97%
Franklin Templeton Investor	601	0.98%	1,110	2.16%
San Mateo County Behavioral Health	595	0.97%	390	0.76%
Rakuten	491	0.80%		
City of San Mateo	460	0.75%	965	1.88%
Mills-Peninsula Health Services	397	0.65%	454	0.88%
Fisher Investments			438	0.85%
Nordstrom Inc			360	0.70%
Total Top 10 Employers	7,707	12.57%	7,816	15.21%
Total Labor Force (1)	61,300		51,400	

Sources:

- (1) City of San Mateo Annual Comprehensive 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>	<u>Full-Time Equivalent Employees as of June 30</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>	<u>2021</u>
General government	55.97	56.86	57.81	64.75	66.41	65.58	66.09	62.65	62.65	61.95
Community development	29.93	31.72	39.72	47.35	47.35	48.94	48.94	49.72	51.72	51.40
Public safety	242.56	243.77	244.77	249.78	256.53	268.11	265.85	177.14	171.51	170.50 (1)
Public works										
(excluding Sewer)	39.97	41.18	44.51	44.52	45.99	57.96	57.11	63.51	61.56	63.71
Parks and recreation										
(excluding Golf)	98.87	98.39	98.79	101.54	101.54	102.07	103.21	107.73	107.73	106.40
Library	49.61	48.37	47.95	48.85	49.35	50.59	52.48	53.36	53.36	53.34
Sewer	74.58	75.73	75.24	76.69	77.99	80.49	80.49	84.58	86.53	86.20
Golf	11.25	11.54	11.14	11.14	11.14	11.77	11.77	12.55	12.55	12.75
Total:	602.74	607.56	619.93	644.62	656.30	685.51	685.94	611.24	607.61	606.25

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>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>	<u>2021</u>
Building:										
Building permits issued	2,904	3,050	3,481	3,587	4,359	4,169	4,385	3,678	3,345	3,937
Inspections	10,808	12,229	16,122	16,090	16,984	19,061	20,252	18,828	15,890	19,138
Finance:										
Business licenses issued			8,497	9,111	9,474	8,796	8,656	8,204	8,072	7,207 (1)
Fire:										
Number of calls	8,463	8,274	9,249	9,672	9,780	9,282	9,822	5,365		(3)
Inspections	8,356	5,620	6,872	7,213	7,504	7,681	4,513	1,284		(3)
Golf course:										
Golf rounds played	74,311	70,294	71,677	63,903	62,441	59,348	62,923	61,805	60,820	80,050 (4)
Library:										
Annual circulation	824,695	837,004	876,149	922,790	946,259	981,512	988,301	1,129,127	921,979	657,064 (4)
Library visits	533,843	521,264	530,312	566,244	555,008	603,760	610,834	764,469	422,226	25,168 (4)
Parks and recreation:										
Course registration	22,923	23,303	23,058	23,752	24,843	23,123	23,734	22,521	23,412	5,837
Facility rentals	1,316	1,302	1,391	1,386	1,368	1,346	1,369	1,329	827	-
Picnic rentals	1,081	1,111	1,192	1,275	1,086	1,274	1,340	1,423	1,165	361
Police:										
Arrests	3,381	3,264	3,626	3,077	3,311	2,947	2,670	2,496	2,112	2,242
Traffic violations	8,572	9,433	6,002	4,076	6,548	4,470	13,364	11,058	5,999	9,400 (2)
Parking violations	31,196	32,211	29,548	35,284	30,699	31,950	27,103	27,410	23,300	36,558
Public works:										
Street resurfacing (lane miles)	25	18	22	21	14	4	6	22	7	18
Potholes repaired	549	373	644	443	198	315	150	297	209	331
Sewer:										
Number of customers	27,525	27,532	27,578	27,661	27,816	27,965	27,961	28,237	28,366	28,359
Average daily sewage treatment (mgd)	12.2	11.6	10.8	12.0	10.0	12.2	10.4	11.5	9.9	9.7

- 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

<u>Function</u>	<u>FISCAL YEAR</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>	<u>2021</u>
Fire:										
Fire stations	6	6	6	6	6	6	6	6	6	6
Golf course:										
Municipal golf courses	1	1	1	1	1	1	1	1	1	1
Library:										
Main Library	1	1	1	1	1	1	1	1	1	1
Branch Library	2	2	2	2	2	2	2	2	2	2
Parks and recreation:										
Parks acreage	300	300	314	318	320	320	320	320	320	320
Parks	30	30	30	34	35	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
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	34	34	35	35	36	37	37	37	40	40
Public works:										
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	84	84	86	87	87	87	90
Sewer:										
Wastewater treatment plant	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	236	236	236	236	236	260	260	260	260	260
Storm drains (miles)	140	140	140	140	140	148	148	148	148	148
Number of pump stations	38	38	38	37	35	37	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

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