



ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDING
JUNE 30, 2023

City of San Mateo

San Mateo, California

Annual Comprehensive Financial Report

For the Year Ended June 30, 2023

Prepared by
Finance Department

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Annual Comprehensive Financial Report
For the Year Ended June 30, 2023
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2Finance Department
330 West 20th Avenue
San Mateo, California 94403
p: 650.522.7100
f: 650.522.7101

<http://www.cityofsanmateo.org>

March 8, 2024

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the City of San Mateo, California, for the fiscal year ended June 30, 2023. This financial report contains a complete set of audited financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

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 City's Charter, Section 5.26 requires an annual audit of the basic financial statements of the City. 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, 2023, 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 ("clean") opinion on the City's basic financial statements as of and for the year ended June 30, 2023. The independent auditors' report is presented as the first component of the financial section of this report.

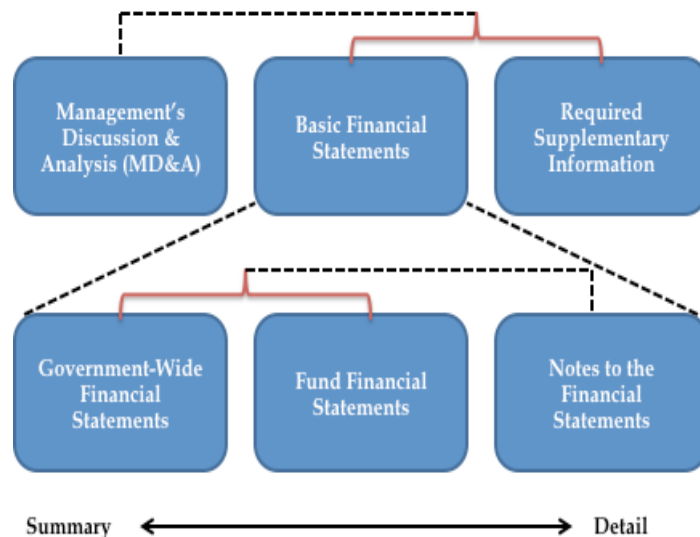
The analysis of the financial condition and the result of operations are in the Management's Discussion and Analysis (MD&A) section immediately following the auditor's report. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it.

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. According to the State Department of Finance, the City San Mateo had an estimated population of 103,300 on January 1, 2023, 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 each serve for four-year terms. The City recently completed a transition from at-large elections to district elections, beginning in the November 2022 election, where three of the five districts were open. The remaining two districts will be open for election in November 2024. 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.

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.

The diverse economy of San Mateo includes a strong employment base in the technology, health care, financial services, government, and retail fields. Companies based in San Mateo include Franklin Templeton, Fisher Investments, Sony Interactive Entertainment (Sony PlayStation), Roblox, SurveyMonkey, Verkada NetSuite, and GoPro. The City has a vibrant and pedestrian-friendly downtown and the Hillsdale Mall and Bridgepointe Shopping Center provide unique retail and entertainment experience to the region.

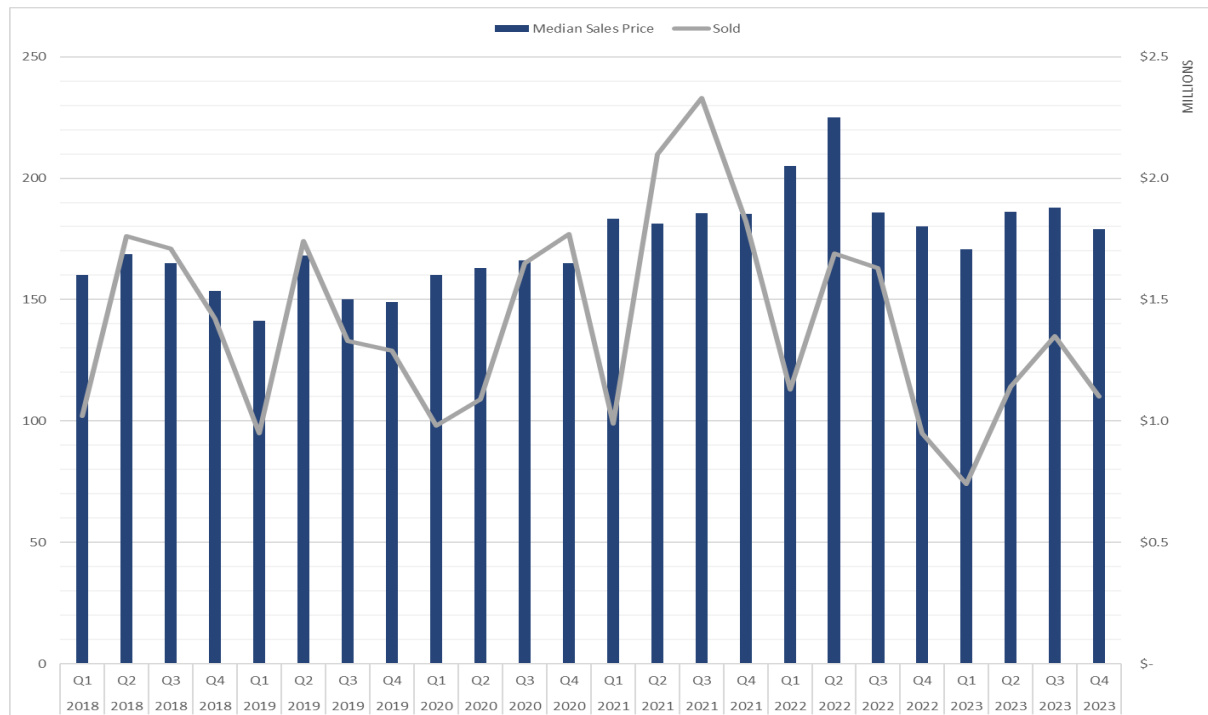
The local economy has continued to recover from the pandemic, with the local real estate market serving as a major driver. Over the past 12 years, including the pandemic period, the local real estate market has experienced a significant year-over-year increase in assessed value. According to data from the San Mateo County Assessor, San Mateo's total assessed value for 2022-23 is \$34.5 billion, which is an 8.1 percent increase over the previous year.

Over the past two years, in response to high inflation, the Federal Reserve (Fed) has tightened monetary policy by increasing the Federal Funds Rate, which is the interest rate that banks charge each other to borrow or lend excess reserves overnight. This has led to a notable increase in the average 30-year mortgage rate as shown in the graph below.



High interest rates have a cooling effect on the real estate market. As depicted in the chart below, San Mateo's median home sale prices decreased during fiscal year 2022-23. However, with continued demand and a limited housing inventory, prices are holding up. Median home sale prices have now rebounded to \$1.8 million to \$1.9 million in 2023.

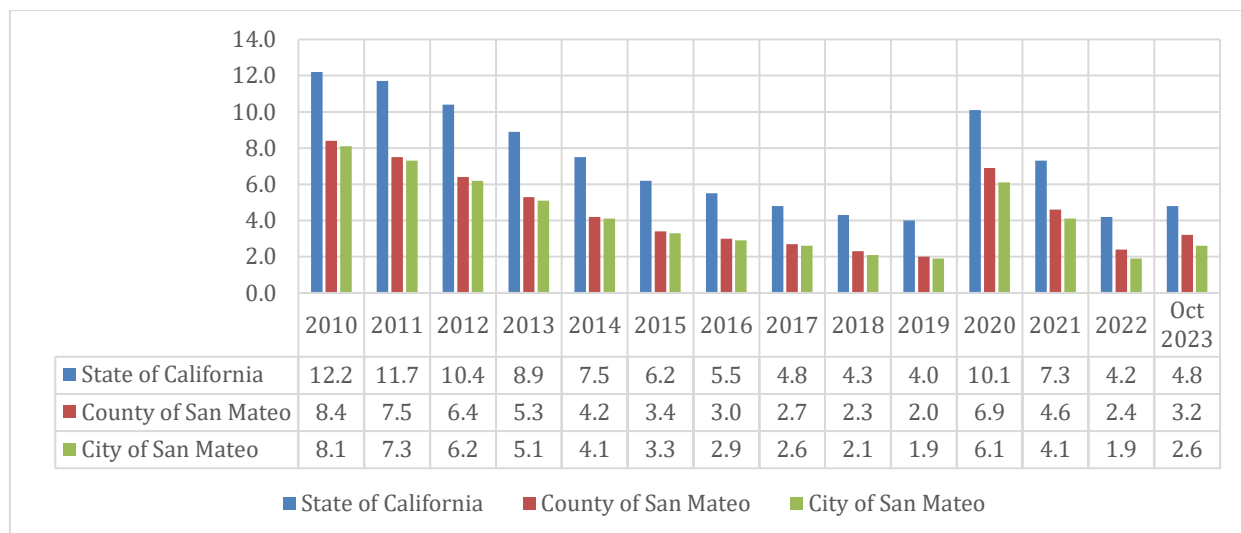
Real Estate Market Data – Single Family Residential Homes



Source of information: San Mateo County Association of Realtors, Market Data

The labor market remains strong, with unemployment rates steadily declining since the peak of the pandemic. As of October 2023, unemployment rates stand at 2.6%, 3.2%, and 4.8% in the city, county, and state, respectively.

Unemployment rates



Source: State of California Employment Development Department (EDD)

While the local economy continues to grow, there are several economic challenges that could affect local conditions in the future. Two of the most pressing concerns for the City are high interest rates put pressure on local housing markets, and the strain on city operations due to a strong labor market and high inflation, which drive up the costs of providing essential city services. These conditions will continue to be closely monitored going forward to ensure course corrections to the long-term financial plan are made as necessary.

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. San Mateo voters approved Measure CC in November 2022 to increase the real property transfer tax from 0.5% to 1.5% for properties sold or transferred that are valued at \$10 million or more.

REVENUE ADMINISTRATION

The City's two main sources of revenue to fund operating expenditures are property and sales taxes, which make up over 67 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.

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.

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.

As of the fiscal year ended June 30, 2023, the General Fund increased its fund balance from \$111.5 million to \$117.9 million, of which \$0.6 million was restricted for debt services, \$9.3 million was assigned for specific purposes, and \$107.7 million was unassigned. The unassigned fund balance includes the 25% operating reserve, the housing reserve, and the rainy-day reserve. Based on adopted 2022-23 budget, the 25% operating reserve for 2022-23 was \$35.6 million.

The Sewer Fund's total operating revenues were \$78.4 million for the fiscal year ended June 30, 2023, an increase of \$6.7 million (9.3%) compared to the prior fiscal year, driven by the approved sewer service rate increase of 13%. Total operating expenses were \$30.0 million, staying flat as compared to the prior year. The Sewer Fund generated \$48.3 million in operating income, which was the primary factor in cash and investments increasing to \$138.4 million – a 34.2% increase compared to the prior fiscal year, and 461% of 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 2.18X. 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, workers' compensation, 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. As of June 30, 2023, the City's general obligation bonded debt remaining balance of \$15.7 million, including unamortized bond premium, amounted to 0.3% of the \$5.3 billion legal debt limit.

According to standard measures used by the primary credit rating agencies to assess debt (e.g. fund balance as a percent of operating expenses, debt-to-assessed valuation ratios, debt per capita, etc.), the City's level of direct debt obligations is considered low in comparison to similarly sized cities. Rating agencies cite the City's strong financial management and prudent fiscal policies as credit strengths. As of June 30, 2023, the City's rating for general obligation bonds is AAA 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 \$17.3 million in balance outstanding.

Additional information pertaining to the City's outstanding long-term debt can be found under Long-Term Debt (Note 7) in the Notes to the Basic Financial Statements and in the Statistical Section under Legal Debt Margin information.

CASH MANAGEMENT

The City pools cash from all operating sources to manage cash flow and invest idle funds. The Finance Director serves as the City's Treasurer and, utilizing the services of a third-party asset management advisor, oversees the investment of funds in accordance with the City Council-adopted Investment Policy and Government Code Sections 53601 and 56535. The City Council receives monthly treasury reports, and reviews and approves the City's Investment Policy each fiscal year.

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 from the pandemic.

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. General Fund's major revenues will be monitored closely, including uncertainties that may impact revenue growth. These uncertainties include VLF shortfall, slowing sales tax, economic conditions and events that affect Transient Occupancy Tax (TOT) and real property transfer tax revenues.

MAJOR INITIATIVES

COMMUNITY FLOOD AND STORM PROTECTION INITIATIVE

Property owners in the City of San Mateo approved a stormwater fee with majority votes. San Mateo was hard hit by the severe winter storms in fiscal year 2022-23. The event raised community awareness of the unfunded needs for storm and flood control, making it a top priority within the community. The City needs a reliable and dedicated funding source to improve the stormwater system, much of which is over 50 years old and includes 130 miles of storm pipelines, 20 miles of open creeks and drainage channels, 10 pump stations and a flood control lagoon.

The approved Community Flood and Storm Protection initiative will generate approximately \$4 million annually, starting in the fiscal year 2024-25. To ensure the funds were managed effectively, the City will establish a stormwater enterprise fund to account for the revenues and related expenses. The fee structure has been carefully designed to ensure equity and fairness, reflecting the actual expenses associated with delivering the service while adhering to the guidelines outlined in Proposition 218.

The stormwater fee will provide consistent and sustainable annual funding to make meaningful improvements to the storm and flood control system. It positions San Mateo to be better prepared and more resilient against future storms and weather challenges. While more work lies ahead, this is a significant step towards enhancing the community's safety and resilience for the years to come.

GENERAL PLAN UPDATE

The General Plan is the City's long-range vision for how the City will look, feel, and grow over the next 20 years. The General Plan is required to 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 eight Elements (chapters): Land Use; Circulation; Housing; Community Design and Historic Preservation; Conservation, Open Space and Recreation; Public Services and Facilities; Safety; and Noise.

The General Plan 2040 was built upon the City's current 2030 General Plan to address new and emerging issues and plan for a more equitable future. The final General Plan has been published, and it reflects community input and Council's direction provided on the Draft General Plan during the Summer/Fall of 2023. The final General Plan is scheduled for the Planning Commission review in January 2024 and City Council public hearings in March 2024.

HOUSING ELEMENT UPDATE

The Housing Element, 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 the next statewide housing cycle (2023-2031) 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.

Following multiple rounds of review and revisions with the State Department of Housing and Community Development (HCD), this past January HCD found that the City's updated Housing Element was in substantial compliance with the State Housing Laws. The City is now moving forward with adoption of the Housing Element, with public hearings before the Planning Commission in April and the City Council in May and culminating with submittal to HCD to achieve certification. Once adopted, the City will then need to proceed with implementation of over 100 housing related policies and programs contained in the Housing Element in order to remain in compliance with State law.

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 80 percent of the project has now been completed or is currently under construction. Office block STA 5 was completed in summer 2023 and construction of residential block RES 6 (54 apartment units) is nearing completion. The final two mixed-use blocks, MU2 and MU3, which includes 67 apartment units, are approved, but construction is not anticipated to start until 2025 due to current market conditions.

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 and current market conditions, the ownership group requested and was granted a two-year extension to execute the Development Agreement and begin the permitting process. Thus, construction is not anticipated to start until the end of 2025 or 2026.

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. The project is currently under construction, with completion anticipated in 2025.

OTHER HOUSING PROJECTS

In addition to the housing being added as part of the larger projects outlined above, 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 in the coming years:

Projects Under Construction

- Kiku Crossing Affordable Housing Project (225 affordable apartment units)
- 1, 2, & 3 Waters Park Dr. “One 90” (190 single-family and townhome units)
- 1650 S. Delaware Street Apartments (73 apartment units)

Approved Projects Not Yet Under Construction

- Hayward Park Station Residences (189 apartment units)
- 477 9th Ave. (mixed-use office and 120 apartment units)
- Block 21 (mixed-use office and 111 apartment units)
- Hillsdale Terrace (mixed-use commercial and 68 condominium units)
- 616 S. B Street, Nazareth Vista (mixed-use commercial and 48 apartment units)
- 1919 O’Farrell (49 apartment units)
- 222 E. 4th Ave., Draeger’s Grocery (mixed-use office, grocery, and 10 affordable units)

Projects Under Review Not Yet Approved

- 1855 S Norfolk St. (260 apartment units)
- 445 S. B St Public-Private Partnership (mixed-use office with 72 affordable apartment units)
- Block 20 (mixed-use office and 86 apartment units)
- 668 E. 3rd Ave (mixed-use office with 69 apartment units)
- 222 S. Fremont St (41 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 regional customers, bond financing, and loans through the Water Infrastructure Finance and Innovation Act (WIFIA) from the U. S. Environmental Protection Agency (EPA). In addition, the City closed state loans through the State Revolving Fund (SRF) 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, 2023. 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 that the City's current 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,



Alex Khojikian, City Manager



Karen Huang, Finance Director

City of San Mateo City Council Members
2023



Amourence Lee
Mayor



Lisa Diaz Nash
Deputy Mayor



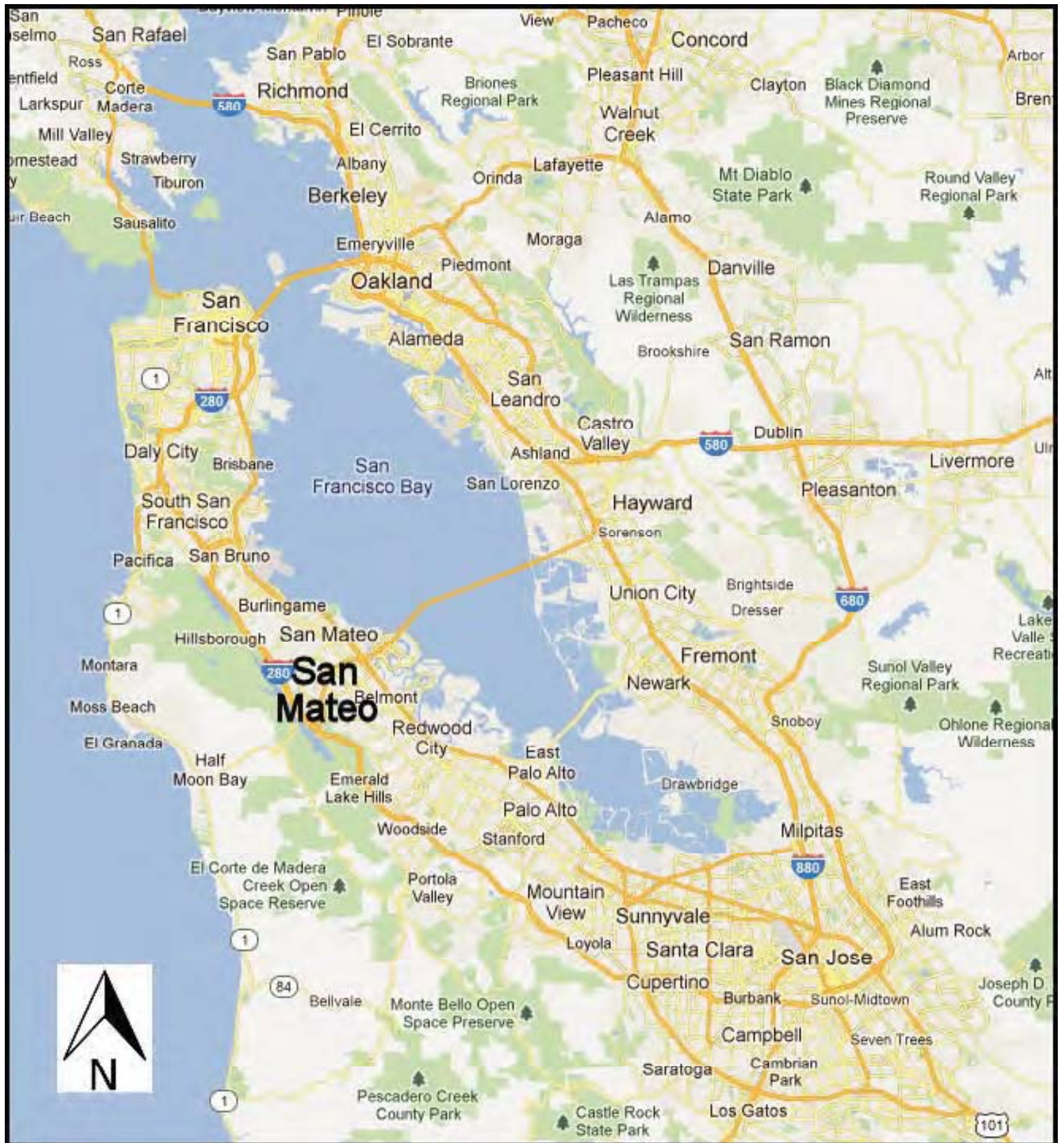
Rob Newsom Jr.
Council Member



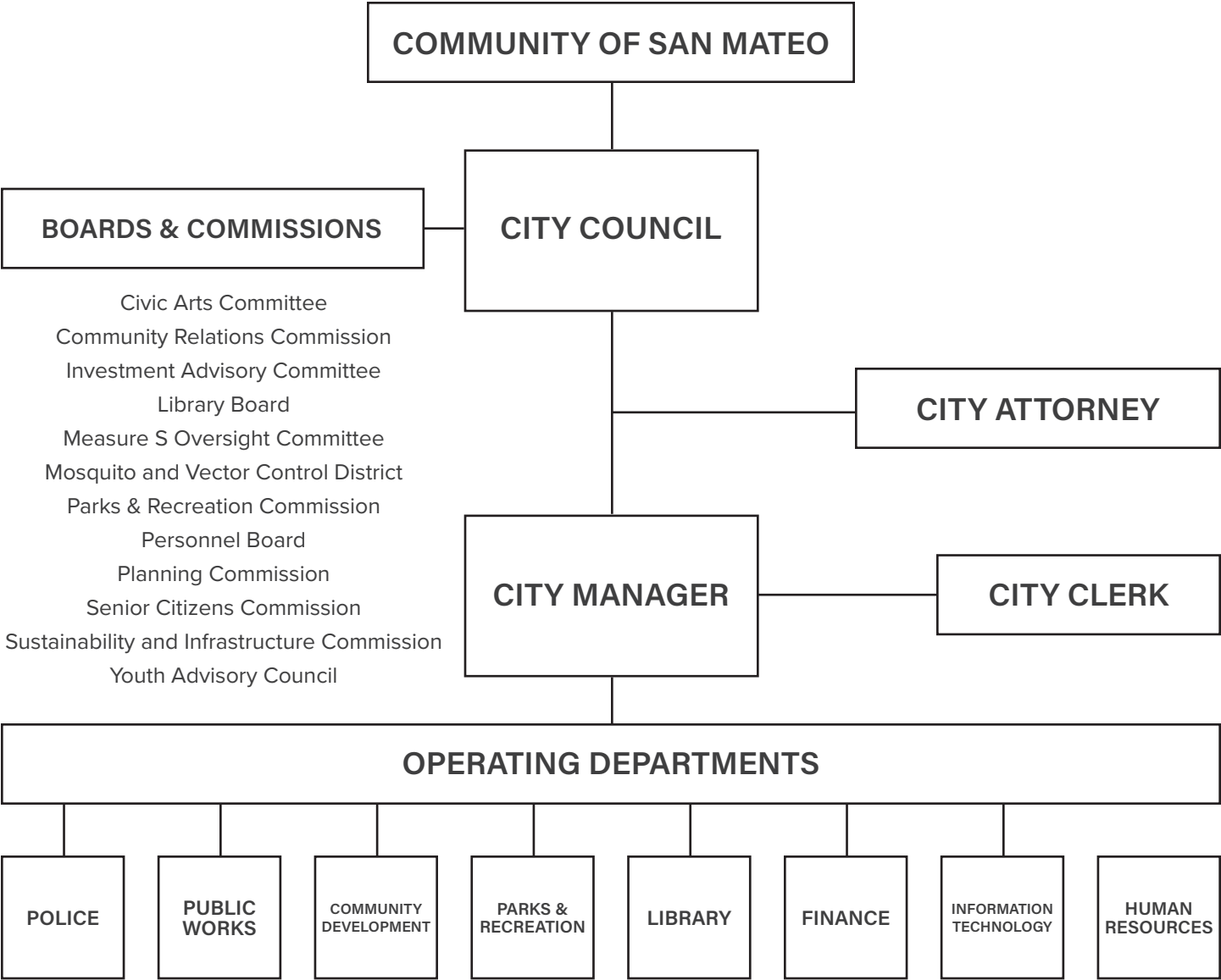
Adam Loraine
Council Member



Rich Hedges
Council Member



City Organizational Chart



City Council - 2023

Mayor	Amourence Lee
Deputy Mayor	Lisa Diaz Nash
Council Member	Rob Newsom Jr.
Council Member	Adam Loraine
Council Member	Rich Hedges
City Manager	Alex Khojikian
City Attorney	Prasanna Rasiah

Department Heads

Assistant City Manager	Christina Horrisberger
City Clerk	Patrice Olds
City Librarian	James Moore
Interim Community Development Director	Zachary Dahl
Finance Director	Karen Huang
Interim Human Resources Director	Shawnna Maltbie
Information Technology Director	Pete Owen
Parks and Recreation Director	Joanne Magrini
Police Chief	Ed Barberini
Public Works Director	Matt Fabry



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of San Mateo
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

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INDEPENDENT AUDITORS' REPORT

2121 North California Blvd., Suite 290
Walnut Creek, California 94596

www.pungroup.cpa



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

Report on the Audit of the Financial Statements

Opinions

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, 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Implementation of New GASB Pronouncements

As discussed in Note 1 to the basic financial statements, the Authority implemented Governmental Accounting Standards Board ("GASB") Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of City's Proportionate Share of the Net Pension Liability and Related Ratios, Schedules of Contributions – Pension, and Schedule of Changes in Total OPEB Liability and Related Ratios, as listed in the accompanying table of contents, 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.

Supplementary 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 Combining and Individual Fund Financial Statements, Budgetary Comparison Schedules, Schedule of Assessments, and Impact Fees and Related Expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 Fund Financial Statements, Budgetary Comparison Schedules, and the Schedule of Assessment and Impact Fees and Related Expenditures are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2024, 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.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California
March 8, 2024

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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, 2023. 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 \$59.4 million or 8.2% from the prior fiscal year. The increase in net position largely reflects an increase in Business-Type Activities program revenues, stemming from the approved 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 \$787.3 million (net position). The total net position includes \$463.7 million in net investment in capital assets, \$147.1 million in restricted net position, and \$176.5 million in unrestricted net position.
- Total government-wide revenues from all sources were \$305.2 million experiencing a growth of \$20.3 million from the prior year. Total revenues for governmental activities grew \$11.8 million from the previous year largely due to increases in tax revenues and improvements in investment earnings. In the previous fiscal year, the City reported a one-time federal COVID relief fund of \$9.6 million and significant mark-to-market investment loss due to rapid rate hikes. It is important to note that these one-time transactions do not apply to the 2022-23 fiscal year. Business-type activities saw a net increase of \$8.5 million in revenues compared to the prior year primarily attributed to increases in charges for services and investment earnings.
- The City's net pension liability increased from \$177.2 million to \$278.8 million, which was a \$101.6 million or 57.3% increase compared to the prior fiscal year. The primary contributing factor to the increase in the City's net pension liability was the 7.5% investment loss by the California Public Employees' Retirement System (CalPERS) for the fiscal year ended June 30, 2022. The rise in net pension liability was one of the primary factors in the increase in governmental activities expenses from \$162.5 million in the prior year to \$204.0 million in the fiscal year ended June 30, 2023.
- The City's governmental funds reported combined fund balances of \$263.4 million, an increase of \$10.3 million or 4.1% in comparison with the prior year. Of this amount, \$107.7 million is available for spending at the government's discretion (unassigned fund balance).
- At June 30, 2023, the General Fund's total fund balance was \$117.9 million, an increase of \$6.4 million or 5.7% over the previous year. The increase is primarily due to increases in tax revenues and charges for services, resulting in revenues exceeding expenditures and net transfer out.
- The City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, in the fiscal year ended June 30, 2023, which requires government entities to recognize a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. Compliance with GASB 96 required a restatement of beginning governmental net position by \$103,957 and added \$4.3 million in subscription asset and a corresponding subscription liability.

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 29-33 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 143 of this report. The basic governmental fund financial statements can be found on pages 37-44 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 returned to a two-year budget cycle for the 2022-24 business plan.

Budgetary comparison schedules, beginning on page 129, 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 45-49 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 51-54 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 55-126 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 127-139 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 \$787.3 million.

As of June 30, 2023, the City reported \$ 463.7 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 \$147.1 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 \$177.3 million net position is unrestricted. The unrestricted net position includes the City's total net pension liability of \$278.8 million, which is not a claim on current financial assets. The total net pension liability increased by \$101.6 million (or 57%) from the prior fiscal year. The City has two agent multiple-employer defined benefit pension plans with CalPERS.

MANAGEMENT'S DISCUSSION & ANALYSIS

The tables on the following pages present a summary and net changes of the City's net position as of June 30, 2022, and June 30, 2023.

STATEMENT OF NET POSITION

(Amounts in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Current and other assets	\$ 384.4	\$ 354.0	\$ 284.2	\$ 390.5	\$ 668.6	\$ 744.5
Capital assets	475.7	466.2	699.4	552.0	\$ 1,175.1	1,018.2
Total assets	860.1	820.2	983.6	942.5	1,843.7	1,762.7
Deferred outflows - deferred loss on refunding	0.8	0.9	-	-	0.8	0.9
Deferred outflows - OPEB related amounts	1.6	1.7	0.2	0.2	1.8	1.9
Deferred outflows - related to pensions	61.0	24.2	5.3	1.9	66.3	26.1
					-	-
Total deferred outflows of resources	63.4	26.8	5.5	2.1	68.9	28.9
Current liabilities	79.4	59.9	15.1	15.0	94.5	74.9
Non-current liabilities	380.6	282.2	637.0	645.5	1,017.6	927.7
Total liabilities	460.0	342.1	652.1	660.5	1,112.1	1,002.6
Deferred gain on refunding	-	-	0.6	0.6	0.6	0.6
Deferred inflows - related to leases	9.5	3.4	-	-	9.5	3.4
Deferred inflows - related to pensions	1.4	49.0	0.2	4.5	1.6	53.5
Deferred inflows - OPEB related amounts	1.2	3.2	0.3	0.5	1.5	3.7
Total deferred inflows of resources	12.1	55.6	1.1	5.6	13.2	61.2
Net investment in capital assets	384.1	397.8	79.6	135.2	463.7	533.0
Restricted	54.9	45.3	92.2	33.3	147.1	78.6
Unrestricted	12.4	6.2	164.1	110.0	176.5	116.2
Total net position	\$ 451.4	\$ 449.3	\$ 335.9	\$ 278.5	\$ 787.3	\$ 727.8

STATEMENT OF ACTIVITIES

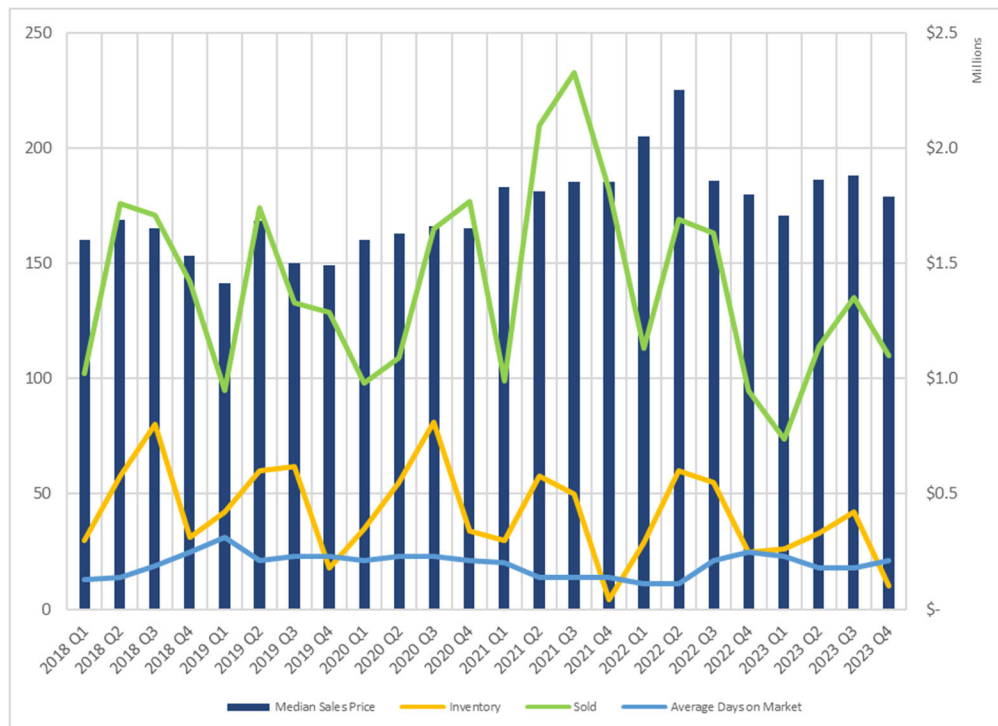
(Amounts in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Revenues:						
Program revenues:						
Charges for services	\$ 37.4	\$ 36.0	\$ 78.0	\$ 71.5	\$ 115.4	\$ 107.5
Operating grants and contributions	9.8	16.4	-	-	9.8	16.4
Capital grants and contributions	5.4	9.1	15.5	21.4	20.9	30.5
General revenues:						
Property taxes	83.3	74.8	-	-	83.3	74.8
Sales taxes	34.3	33.4	-	-	34.3	33.4
Property transfer taxes	7.4	14.3	-	-	7.4	14.3
Business, hotel & other taxes	16.4	11.3	-	-	16.4	11.3
Franchise taxes	3.6	3.1	-	-	3.6	3.1
Investment earnings & other revenue	6.7	(5.9)	7.4	(0.5)	14.1	(6.4)
Total revenues	204.3	192.5	100.9	92.4	305.2	284.9
Expenses:						
General government	28.6	23.4	-	-	28.6	23.4
Community development	16.8	20.4	-	-	16.8	20.4
Public safety	94.3	67.0	-	-	94.3	67.0
Public works	29.0	21.7	-	-	29.0	21.7
Parks and recreation	20.9	16.5	-	-	20.9	16.5
Golf	2.5	2.4	-	-	2.5	-
Library	9.4	8.7	-	-	9.4	8.7
Interest on long term debt	2.5	2.4	-	-	2.5	2.4
Sewer	-	-	41.8	41.9	41.8	41.9
Total expenses	204.0	162.5	41.8	41.9	245.8	202.0
Increase (decrease) in net position before special items and transfers	0.3	30.0	59.1	50.5	59.4	82.9
Transfers	1.8	-	(1.8)	-	-	-
Total transfers	1.8	-	(1.8)	-	-	-
Change in net position	2.1	30.0	57.3	50.5	59.4	82.9
Net position - Beginning of Year, as restated	449.3	419.3	278.6	228.0	727.9	647.3
Net position - End of year	\$ 451.4	\$ 449.3	\$ 335.9	\$ 278.5	\$ 787.3	\$ 730.2

GOVERNMENTAL ACTIVITIES

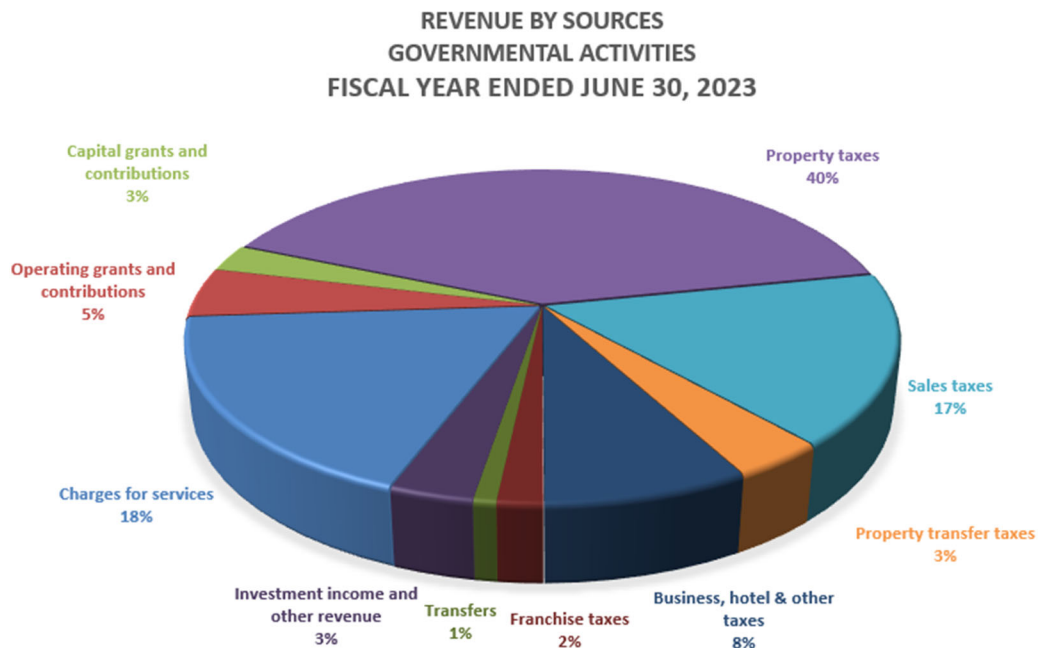
Governmental activities increased the City's total net position by \$2.1 million. Key elements contributing to the increase are described below.

- Overall, total revenues and transfers from governmental activities were \$206.1 million, a \$13.6 million increase compared to the prior fiscal year, primarily attributed to the higher investment returns, increases in tax revenues and charges for services. For the same period, expenses totaled \$204.0 million, an increase of \$41.5 million, principally reflecting CalPERS' 7.5% investment loss accompanied reduction of 1 basis point in discount rate and the resultant escalation of the City's unfunded pension liability.
- Property tax revenues, recorded in the governmental funds, totaled \$83.3 million, an increase of \$8.5 million or 11.4%, and were largely comprised of secured current year property taxes, property tax in-lieu of vehicle license fees (VLF), and Excess Educational Revenue Augmentation Fund (ERAF). Secured current year property tax represented 58.4% of all property tax revenues and increased by \$3.7 million compared to the prior fiscal year because 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. In 2022-23, property tax in-lieu of VLF (VLF) owed to the City was \$14.8 million, but only \$10.7 million was received, resulting in a VLF shortfall of \$4.1 million, for which the County of San Mateo has filed a claim with the State of California in August 2023, seeking consideration and appropriation of VLF shortfall backfill in the State's 2024-25 budget. The City received \$5.7 million of the 2020-21 VLF shortfall in the fiscal year 2022-23. Collectively, the City received \$16.4 million VLF revenue, an increase of \$4.1 million from the prior year.
- Real property transfer tax revenues declined \$6.9 million in current fiscal year from a record high of \$14.3 million in the previous year to \$7.4 million in the current fiscal year, as higher interest rates resulted in lower number of properties being transferred or sold. The chart below provides sales metrics for single family residential properties through the quarter ended June 30, 2023, including the median sales price and average days on market.

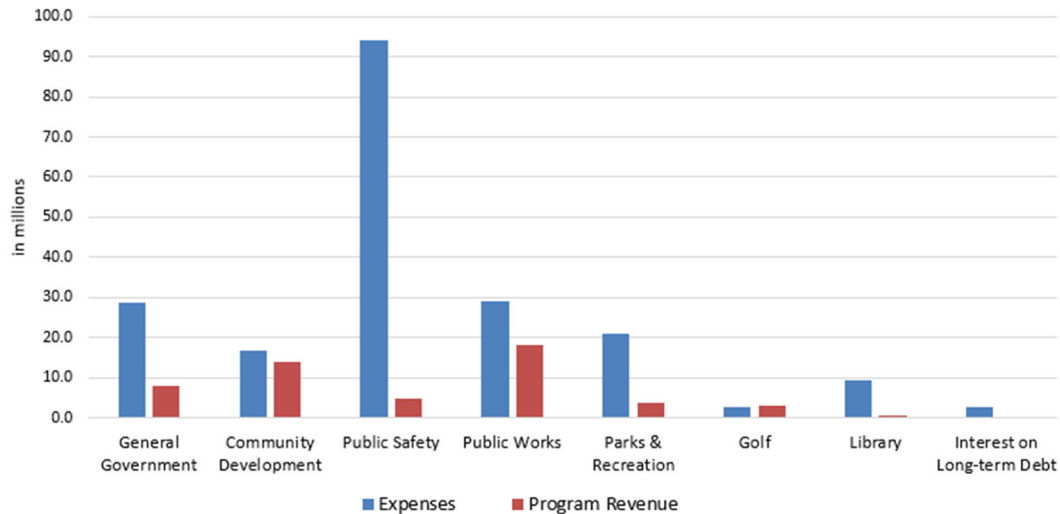


- The City accounted for \$34.3 million in sales tax revenues, which was a \$0.9 million (or 2.6%) increase compared to the prior fiscal year, partially due to the impact of inflation on consumer goods combined with a more modest growth following the strong gains in the previous year.
- Transient occupancy tax (TOT) revenues increased from \$4.5 million in the prior year to \$7.1 million in 2022-23, of which \$6 million was recorded in the General Fund and the remaining in the 2% Hotel Tax Fund. TOT 2018-19 baseline revenues were \$8.4 million. As such, excluding inflation, 2022-23 TOT revenues were only 84.5% of the 2018-19 baseline, not yet fully recovered to the pre-pandemic levels. 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.
- The City's governmental activities accounted for 37.4 million in charges for services revenue, which was an increase of \$1.4 million (or 3.9%) compared to the prior fiscal year, primarily in parks and recreation, community development, and public safety. This reflects the return of the program revenues to normal operational levels.
- Revenue from operating grants and contributions declined \$6.6 million (or 40.2%) to \$9.8 million in FY 2022-23 from \$16.4 million in the prior fiscal. This decline is primarily due to the one-time ARPA funding of \$9.6 million received in the prior year.
- Revenue from capital grants and contributions reduced \$3.7 million (or 40.7%) from \$9.1 million in the prior fiscal year to \$5.4 million in the current fiscal year. This decline is attributed to certain one-time grants received in the prior year.

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



Expenses and Program Revenues
Governmental Activities
Fiscal Year Ended June 30, 2023



The cost of all governmental activities for the fiscal year ended June 30, 2023, was \$204.0 million. Some of the costs were paid by those directly benefiting from the programs (\$37.4 million), by other governments and organizations which subsidized programs with operating grants and contributions (\$9.8 million), or capital grants and contributions (\$5.4 million).

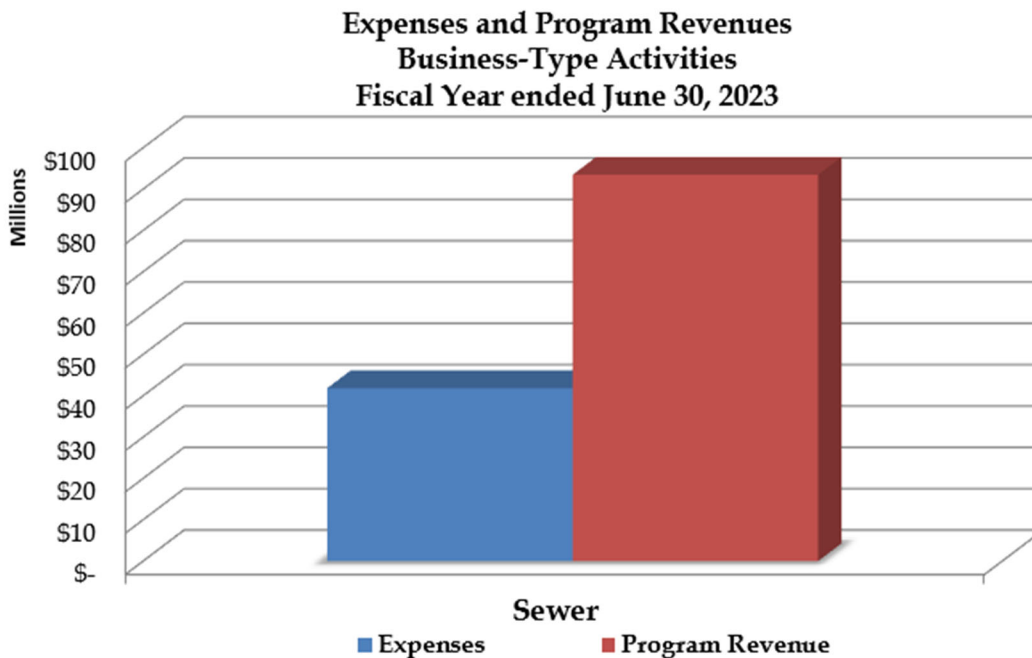
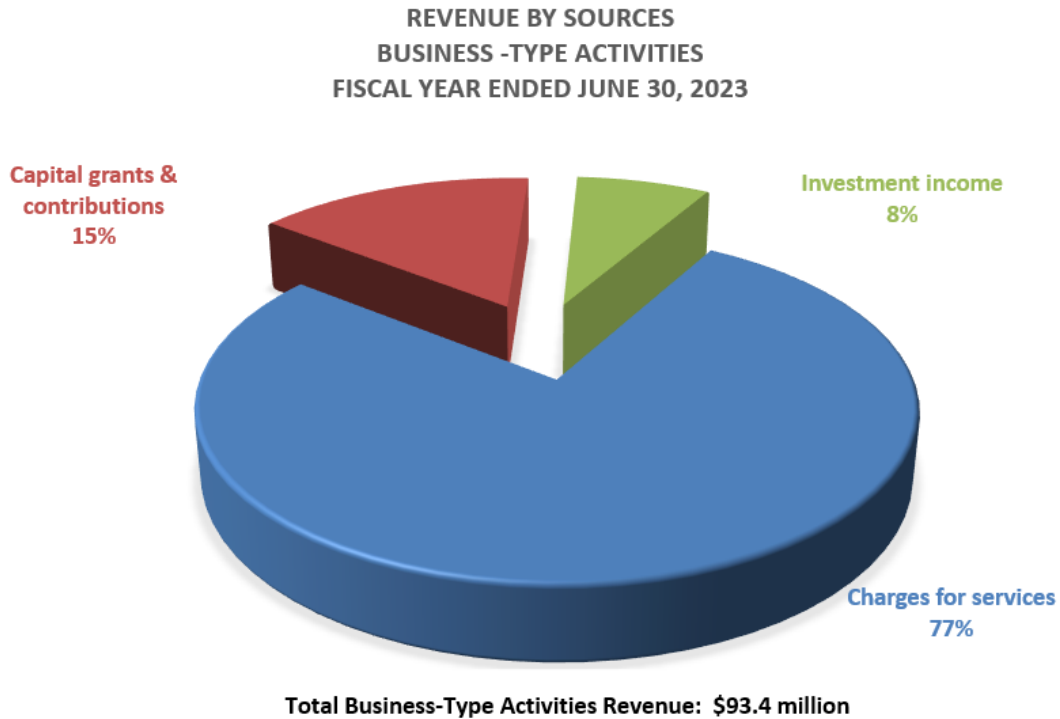
BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net position by \$57.4 million. Key elements contributing to the increase are described below.

- Total program revenues of \$93.5 million, an increase of \$0.6 million from the prior year primarily due to a \$6.5 million gain in services that was partially offset by a \$5.9 million decrease in capital grants and contribution.
- Business-type activities charges for services increased \$6.5 million to \$78.0 million in 2022-23 from \$71.5 million in the prior year, reflecting the 12% increase in the City's sewer service rates.
- The decline of \$5.9 million in capital grants and contributions in current fiscal year was primarily driven by the Interim Capital Cost Agreement between the City of San Mateo and the Town of Hillsborough for the latter's share of costs for the Clean Water Program. Since the Government-Wide Financial Statements (as well as the Sewer Enterprise Fund) are accounted on a full accrual basis, the full amount due from the Town of Hillsborough is recognized as revenue although it will be paid over 30 years (discounted by the percentage of project completion). During the current fiscal year, the City recognized \$10.5 million capital contribution due from the Town of Hillsborough compared to \$17.3 million in previous year.

MANAGEMENT'S DISCUSSION & ANALYSIS

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



Total business-type activities expenses and transfers out for the fiscal year ended June 30, 2023 were \$43.6 million, an increase of \$1.7 million or 4.1%, compared to the prior year. The increase was primarily due to increases in salary and benefits, pension expenses, related to increased net pension liability, and allocated costs for workers compensation.

Cash and investments of business-type activities totaled \$138.4 million, an increase of \$35.3 million compared to \$103.1 million in the prior year. Higher investment income and increase in business-type activities charges for services, were 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.

Business type activities non-depreciable assets increased by \$152.6 million to \$534.7 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, 2023, the City's governmental funds combined ending fund balance was \$263.4 million, which was an increase of \$10.4 million from the prior fiscal year. Of the total fund balances, \$107.7 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 \$107.7 million, while the total fund balance was \$117.9 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 represent approximately 72.0% and 98% of total General Fund expenditures of \$149.9 million, respectively. The City Council policy goal is to have reserves of at least three months of budgeted operating expenditures. The adopted 2022-23 budget for General Fund expenditures (excluding transfers out) was \$145.5 million, therefore the minimum amount of General Fund reserves required for compliance with the reserves policy in 2022-23 was \$36.4 million.

While the City's unassigned fund balance is above the policy goal, the uncertainties of the future trends of the TOT recovery, VLF shortfall, and the impact of CalPERS investment performance on the City's pension contributions will likely result in a significant draw down on the General Fund's Rainy-Day Reserve, which is included as part of the unassigned fund balance.

Governmental funds revenues, expenditures, and change in fund balances for the last ten fiscal year can be found under the Statistical Section of this report.

The City will continue to monitor economic indicators that impact the City's tax revenues and expenditures, including:

- Ongoing elevated inflation, increasing the cost to purchase goods and services;
- The Federal Reserve's efforts to mitigate inflation by increasing the Federal Funds Rate, which ultimately increases the City's investment earnings, but as interest rates climb higher, the GASB 31 fair market value adjustment may be negative. Conversely, if the City issues debt during this time, it will incur greater interest expense.
- The increased cost to borrow money, which places pressure on the prospective home buyers, will likely dampen the City's real property transfer tax.

General Fund

The General Fund is the City's primary operating fund. General Fund total revenues increased by \$3.9 million or 2.4% to \$163.6 million. General Fund's major revenues include:

Property tax remains the largest and most stable revenue source for the General Fund. The City accounted for \$80.6 million in property tax revenues in 2022-23, which were \$8.3 million more than the prior fiscal year. The primary driver of property tax growth is rising assessed real estate values in the region.

Sales tax revenue is currently the second largest revenue source of the General Fund. General Fund sales tax revenues experienced a modest increase of \$0.5 million (1.7%) from \$29.1 million in the prior year to \$29.6 million in the fiscal year ended June 30, 2023, partially due to the impact of inflation on consumer goods combined with a more modest growth following the strong gains in the previous year.

Other taxes consist of Transient Occupancy Tax (TOT), real property transfer tax (RPTT), business tax and franchise fees. In 2022-23, other taxes experienced a decrease of \$2.2 million, concluding the fiscal year with \$26.1 million. Specifically, \$6.1 million was generated from TOT, \$7.4 million from RPTT, \$8.8 million from business tax and the remaining \$3.8 million from franchise and other taxes. While TOT, business tax and franchise taxes all saw revenue growth, RPTT experienced a significant drop in 2022-23, which was directly attributed to the high interest rate environment. High borrowing costs have put pressure on the housing market, leading to decreases in both home sales volume and home sale prices. RPTT decreased to \$7.4 million in 2022-23, down by \$6.9 million from the record high of \$14.3 million in the prior year.

With the exception of other taxes, intergovernmental, and parking meter and lease revenue, all other General Fund revenue categories increased in comparison to the prior fiscal year. The largest categorical increase was in the investment income which increased \$3.6 million to \$0.4 million in the current fiscal year, compared to an investment loss of \$3.2 million in the prior fiscal year. The loss from the previous year was primarily attributed to mark-to-market accounting adjustments resulting from the rapid rate hikes implemented by the Federal Reserve. The 2022-23 mark-to-market adjustment was more moderate due to a more stable fixed income investment environment.

General Fund non-tax revenues had mixed results compared to the prior year in every category. General Fund revenue from charges for services was \$13.7 million, which was a \$1.9 million (or 16%) increase from the prior year, which primarily reflected the return of Recreation programming from restrictions of the pandemic over the prior three years. Intergovernmental revenues declined \$8.7 million (or 71%) compared to the prior year because of the one-time ARPA funding of \$9.6 million received in the prior year.

The General Fund accounted for \$149.8 million in total expenditures, which was an increase of \$14.1 million compared to the prior fiscal year, reflecting capital outlay, and the cost of negotiated increase in employee compensation, largely with public safety employees. The increase of \$4.5 million in capital outlay expenditures is associated with subscription assets required to be recognized due to the implementation of GASB 96.

For the year, the General Fund's total revenues exceeded expenditures by \$13.7 million, before other financing uses of \$7.3 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 \$117.9 million.

General Capital Projects Fund

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 \$54.2 million, decreasing by \$1.3 million or 2.3% from the prior fiscal year. Total expenditures were \$25.5 million and were spent on completion of various capital projects, such as \$11.7 million for city-wide street rehabilitation and reconstruction, \$4.8 million for storm and flood control improvements, \$2.8 million for high voltage street light conversion, \$1.4 million in parks projects, and \$3.0 million in city facilities and technology upgrades. 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.

Construction Services Fund

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 \$32.6 million, a decrease of \$3.7 million from the prior fiscal year, which reflected the City's objective of aligning the cost of services with fees and drawing down on the existing fund balance.

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 \$335.9 million, an increase of \$57.3 million, or 20.6%, over the prior fiscal year.

The unrestricted net position of the Sewer Enterprise Fund at the end of the fiscal year was \$164.1 million, an increase of \$54.1 million in unrestricted net position from the prior fiscal year. This is due primarily to the approved rate increase that took effect on July 1, 2022. In addition to shifting the rate to be 50% volumetric and 50% fixed cost to provide greater revenue stability, the 12% rate increases also provide a critical funding source for the Clean Water Program. They ensure that the Sewer Enterprise Fund has the cash position and debt service coverage ratio that is consistent with the requirements for a viable and sustainable enterprise. This alignment also supports the fund's high credit rating and ensures compliance with its debt coverage requirements pursuant to debt indentures.

The internal service funds' total net position of \$15.5 million decreased by \$8.8 million or 36.3% from the prior year. The unrestricted net position at the end of the year was \$9.3 million, or 60% of total net position. The current year's decrease in total 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 \$6.4 million was an increase of \$1.3 million from the prior year. Revenue from charges for services is set based on budget assumptions, largely on the magnitude of claims. The City will balance 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 \$1.0 million, a slight decrease of \$0.1 million compared to the prior year. The Benefits Fund's ending net position was \$0.6 million, an increase of \$0.8 million.

The Comprehensive Liability Insurance Fund's ending net position was negative \$12.1 million, a decrease of \$10.5 million. This was due primarily to an increase in claims payable resulting from outstanding litigations.

The Vehicle and Equipment Replacement Fund ended fiscal year 2022-23 with \$18.8 million in net position, which was a decrease of \$0.4 million or 2.0% compared to the prior fiscal year. This nominal change largely represents current collection rates are sufficient to reimburse the costs for vehicle and equipment replacement.

The Fleet and Building Maintenance Fund ended the year with a net position of \$0.8 million, which was an increase of \$0.1 million compared to the prior fiscal year, which reflected collection rates are sufficient to cover the expenses related to maintenance of City vehicles and buildings.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's final budget differs from the original adopted budget in that expenditures were adjusted upward by \$2.2 million. In total, the final 2022-23 budget for the General Fund reflected a net loss of \$8.8 million, as revenue/transfer in estimates of \$162.5 million were less than amended appropriations and transfer out of \$171.3 million. On the following page is a summary of the General Fund budgetary comparison schedule (amounts in millions).

SUMMARY OF GENERAL FUND BUDGETARY COMPARISON SCHEDULE

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Results</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
Resources:				
Revenues	157.2	157.2	163.6	6.4
Transfers in	5.2	5.3	5.2	(0.1)
Proceeds from sale of property			0.0	0.0
Inception of subscription liability			2.9	2.9
Total resources	<u>162.4</u>	<u>162.5</u>	<u>171.7</u>	<u>9.2</u>
Charges to appropriations:				
Expenditures	151.2	153.4	149.8	3.6
Transfers out	15.9	17.9	15.5	2.4
Total charges	<u>167.1</u>	<u>171.3</u>	<u>165.3</u>	<u>6.0</u>
Net change in fund balance	<u>(4.7)</u>	<u>(8.8)</u>	6.4	<u>15.2</u>
Beginning fund balance			111.5	
Ending fund balance			<u>\$ 117.9</u>	

General Fund total resources - actual revenues and transfers in were \$6.3 million more than the final budgeted estimate, while total charges - actual expenditures and transfers out were \$6.0 million under the final budget. At the end of the fiscal year, the total fund balance of the General Fund was \$117.9 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).

<u>Revenue Source</u>	<u>Estimated Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
Property taxes	\$ 80.2	\$ 80.6	\$ 0.4
Sales taxes	29.4	29.6	0.2
Other taxes	23.7	26.1	2.4
Charges for services	12.7	13.7	1.0
Investment income	1.7	0.4	(1.3)
Parking Meter and Lease Revenue	2.0	3.4	1.4

MANAGEMENT'S DISCUSSION & ANALYSIS

Of the notable budget variances for revenues noted above, the primary drivers for the variance in property taxes were secured current year, Excess ERAF, and property tax in-lieu of VLF as previously explained. The accelerated recovery of sales tax revenue back to the 2018-19 pre-pandemic baseline were reflected the resiliency of the general retail and food service business sectors. Other taxes reflected TOT revenues faring better than expected, but still only 80% of the pre-pandemic baseline. The City accounted for \$7.4 million in real property transfer tax (RPTT), which is also included in the other taxes category.

Actual expenditure was \$3.6 million less than the final budget. The largest favorable variances were police, public works, and parks and recreation departments.

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, 2023, amounts to \$1.2 billion, which is \$157.0 million 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, and city-wide street rehabilitation and reconstruction. Additional information on the City's capital assets can be found in Note 6 on pages 92-93 of this report.

CAPITAL ASSETS

(Amounts in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Non-depreciable assets:						
Land	\$ 52.1	\$ 52.1	\$ 4.0	\$ 4.0	\$ 56.1	\$ 56.1
Construction in progress	25.2	76.7	530.7	378.1	555.9	454.8
Total non-depreciable assets	77.2	128.8	534.7	382.1	611.9	510.9
Depreciable assets (net of depreciation):						
Building and improvements	112.0	117.3	-	-	112.0	117.3
Treatment plant & transmission lines	-	-	163.5	168.9	163.5	168.9
Machinery and equipment	8.6	8.0	1.1	0.9	9.7	8.9
Infrastructure	271.9	210.5	-	-	271.9	210.5
Leased Assets	1.0	1.6	0.1		1.1	1.6
Subscription Assets	5.0	1.4			5.0	1.4
Total depreciable assets (net)	398.5	338.8	164.7	169.8	563.2	508.6
Total capital assets	\$ 475.7	\$ 467.6	\$ 699.4	\$ 551.9	\$ 1,175.1	\$ 1,019.5

LONG-TERM DEBT

At the end of the current fiscal year, the City had total long-term debt outstanding of \$711.2 million. Of this amount, \$15.7 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	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
General Obligation Bonds	\$ 15.7	\$ 17.4	\$ -	\$ -	\$ 15.7	\$ 19.0
Revenue Bonds	17.6	18.6	619.1	635.4	636.8	403.7
Advance Payable to other Governments	49.7	51.2	-	-	49.7	51.2
Loans payable	4.3	4.9	-	-	4.3	5.5
Leases payable	1.1	1.6	0.07	-	1.1	-
Subscription Liability	3.5	1.4	-	-	3.5	1.4
Total outstanding debt	91.9	95.2	619.2	635.4	711.1	480.8

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.

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 \$5.3 billion, and at June 30, 2023, the City was only at 0.30% of its legal debt limit. Additional information on the City of San Mateo's long-term debt can be found in Note 7 on pages 94-105 of this report.

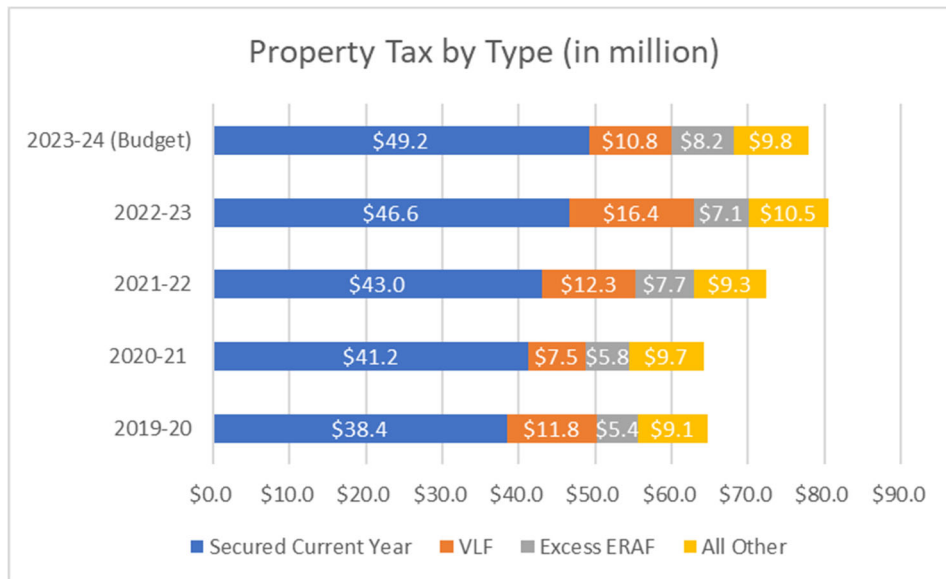
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of San Mateo prides itself in the prudent management of its financial resources through long-term financial strategies and conservative financial decisions. The narratives below discuss the City's major tax revenues and the assumptions included in the adopted 2023-24 budget.

Property Tax

Property tax revenues have historically been the City's largest and most stable revenue source. The General Fund's property tax revenue is projected to be \$78.0 million for fiscal year 2023-24, with assessed value projected to grow 5.5%.

As shown in the chart below, secured current-year property tax comprises the majority of property tax revenue, followed by property tax in-lieu of VLF (VLF), and excess ERAF. VLF accounts for over 10% of the total property tax. The ongoing escalation of the county-wide VLF shortfall is not an economic factor, but rather, a structural flaw in the State law that currently there is no reliable funding source for the VLF revenue. This uncertainty will continue to pose a risk to property tax revenue.



The primary reason for the VLF shortfall is the decrease in the number of non-basic aid school districts in San Mateo County, resulting in less property tax revenues available to fund the property tax in-lieu of VLF payment. Currently, the only remedy is for the county to file a claim with the State of California each fall to include the VLF shortfall backfill in the State's General Fund budget for the 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.

For instance, in fiscal year 2020-21, the City was owed \$13.2 million in VLF, but received only \$7.5 million, leaving a shortfall of \$5.7 million. This shortfall was received by the City in 2022-23. In the subsequent fiscal year 2021-22, the City's VLF shortfall amounted to \$1.9 million, which is projected to be distributed to the City in 2023-24. For fiscal year 2023-24, the county-wide VLF shortfall has grown to over \$100 million, with the City's share at \$6.7 million. Although the State has historically addressed the county-wide VLF shortfall claims, as the shortfall grows, the State may not have the political will or resources to address this issue in the near future. This risk factor will be monitored closely each year. The county and city leaders have formed a task force to seek a long-term solution to this issue.

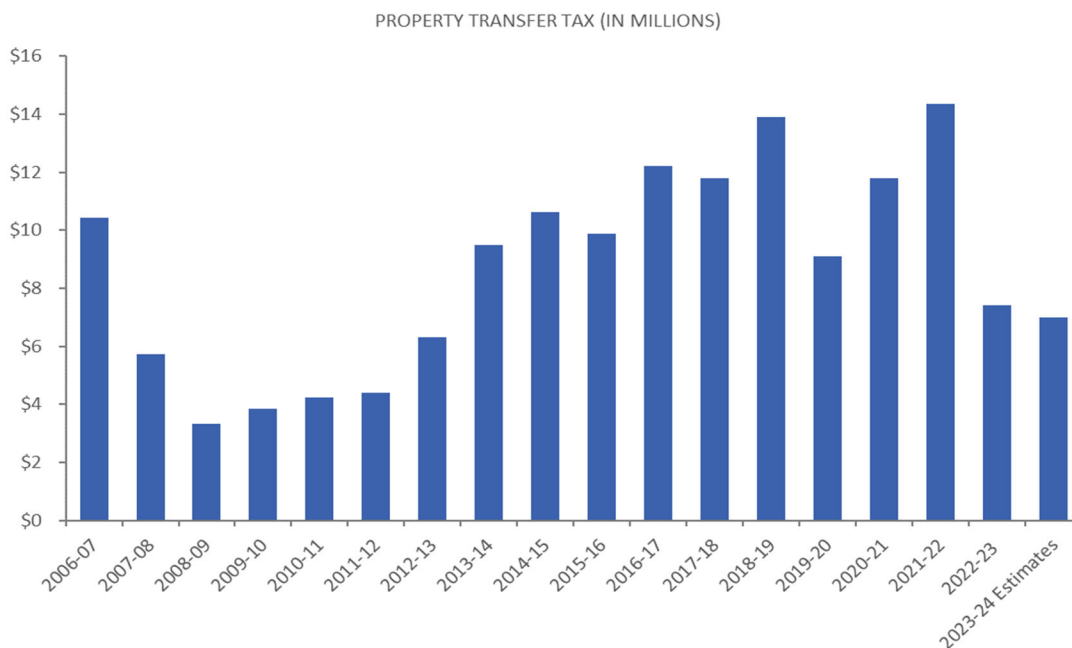
Sales Tax

Sales tax is the second largest revenue source for the general fund. While sales tax revenues recovered back to the pre-pandemic baseline in fiscal year 2021-22, the long-term trend of the City's sales tax revenues not keeping pace with inflation continues. This trend was largely driven by changes in consumer behaviors and the juxtaposition against the State of California's antiquated sales tax laws and allocation methodologies. Since the advent of online commerce, consumer habits have shifted to purchase more goods from online retailers and less from physical 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 for online transactions 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. The adopted 2023-24 budget assumes modest growth in sales tax revenues.

Real Property Transfer Tax

As a charter city, San Mateo has a 0.5% Real Property Transfer Tax (RPTT). Also, in November 2022 election, San Mateo voters approved Measure CC that increased the RPTT rate to 1.5% for properties sold or transferred with a value of \$10 million or more. 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 a year later. RPTT rebounded to \$14.3 million in 2021-22 but dropped back to \$7.4 million in 2022-23.

The adopted 2023-24 budget projects RPTT revenue at \$8 million, consistent with the assumption used in the General Fund Long-Term forecast. Based on the latest information, the projected RPTT for 2023-24 is now \$7 million, which is \$1 million short of the budgeted amount. Due to the volatility, RPTT assumption will be monitored each year, but certainly in the current cycle due to high interest rates, the impact on prospective home buyers, and by extension, the City's RPTT.



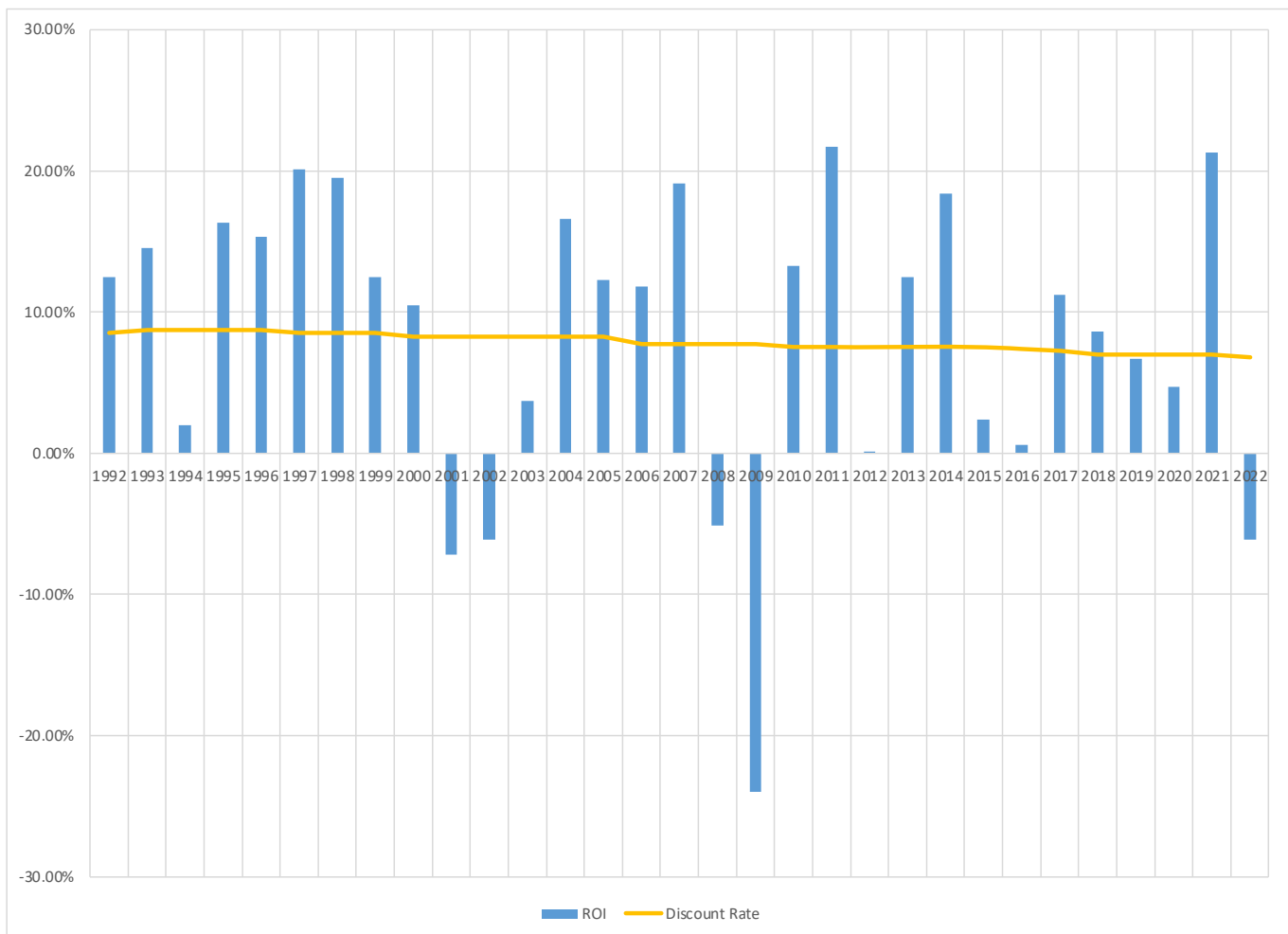
Transient Occupancy Tax

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. Compared to the 2018-19 TOT baseline of \$7.0 million, the 2023-24 General Fund TOT is projected to be \$6.0 million. Due to a hotel closure in Spring 2024, this projection will likely be adjusted downward to \$5.3 million. Even with the passage of Measure W in November 2020 to increase the City's TOT rate from 12% to 14%, the long-term TOT trend remains uncertain and will be continually monitored for performance.

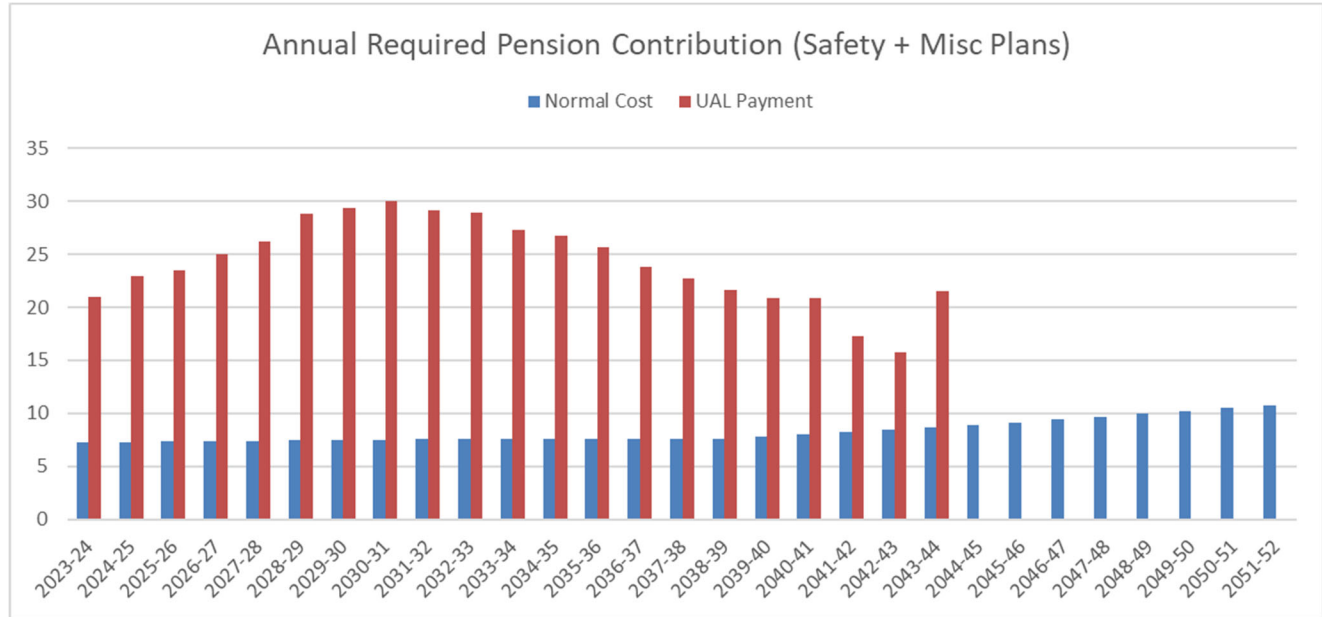
Overall, the adopted 2023-24 General Fund budget projects \$159.1 in total revenues and transfers in and \$171.7 in expenditures (including \$14.2 million of transfers out), resulting in a deficit of \$12.6 million.

Pension Contributions and Unfunded Liability

The City's pension contribution will increase significantly starting fiscal year 2024-25 due to CalPERS investment loss of negative 7.5% in fiscal year 2021-22 which has added \$101.6 million to the City's net pension liability as of June 30, 2023.



This investment loss will increase the City's annual required pension contribution, initiating a five-year ramp-up period starting in 2024-25 with the remainder amortized over 20 years. As a result, the City will need to allocate an additional \$2 million to \$5 million annually starting from 2024-25 through 2027-28. After that, additional costs will increase to \$8 million each year starting 2028-29 for five years before ramping down.



Source of information: CalPERS pension outlook

Over the years, the City has implemented various measures to mitigate pension costs, such as making additional discretionary payments (ADP) directly to CalPERS with one-time revenue, adding a new tier pension formula for miscellaneous plan employees, and partnering with employees to pay a portion of the employer costs. Establishing a Section 115 pension trust is another viable option to explore in order to mitigate the budget impact of rising pension costs.

Detailed information on the pension liability can be found in the Notes to the Basic Financial Statements under Note 11 on page 108 to 115.

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, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 320,601,766	\$ 138,387,868	\$ 458,989,634
Accounts receivable, net	5,379,331	19,230,179	24,609,510
Interest receivable	1,866,017	773,976	2,639,993
Taxes receivable	6,321,438	-	6,321,438
Grants receivable	1,643,795	-	1,643,795
Leases receivable - current	435,129	-	435,129
Prepaid items, inventory, and deposits	888,570	-	888,570
Total current assets	337,136,046	158,392,023	495,528,069
Noncurrent assets:			
Restricted cash and investments	20,883,065	92,240,461	113,123,526
Investment in JPA	12,484,582	-	12,484,582
Leases receivable	9,692,648	-	9,692,648
Loans and notes receivable, net	4,174,292	33,569,592	37,743,884
Capital assets:			
Non-depreciable	77,225,462	534,750,446	611,975,908
Depreciable/amortizable, net	398,515,285	164,655,004	563,170,289
Total capital assets	475,740,747	699,405,450	1,175,146,197
Total noncurrent assets	522,975,334	825,215,503	1,348,190,837
Total assets	860,111,380	983,607,526	1,843,718,906
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	821,632	-	821,632
Related to OPEB	1,630,681	242,158	1,872,839
Related to pensions	60,989,073	5,265,010	66,254,083
Total deferred outflows of resources	63,441,386	5,507,168	68,948,554

City of San Mateo
Statement of Net Position (Continued)
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	37,584,598	1,099,392	38,683,990
Retention payable	5,772,579	-	5,772,579
Accrued payroll	1,873,518	-	1,873,518
Deposits payable	12,276,864	1,067,487	13,344,351
Interest payable	604,937	10,932,340	11,537,277
Unearned revenue	5,102,573	-	5,102,573
Compensated absences - due within one year	879,322	121,916	1,001,238
Claims payable - due within one year	9,470,000	-	9,470,000
Landfill postclosure cost payable - due within one year	111,258	-	111,258
Long-term debt - due within one year	5,771,322	1,902,796	7,674,118
Total current liabilities	79,446,971	15,123,931	94,570,902
Noncurrent liabilities:			
Net OPEB liability	7,337,672	1,089,651	8,427,323
Net pension liability	261,133,799	17,622,949	278,756,748
Compensated absences - due in more than one year	7,114,512	986,409	8,100,921
Claims payable - due in more than one year	17,240,000	-	17,240,000
Landfill postclosure cost payable - due in more than one year	1,557,615	-	1,557,615
Long-term debt - due in more than one year	86,167,770	617,308,510	703,476,280
Total noncurrent liabilities	380,551,368	637,007,519	1,017,558,887
Total liabilities	459,998,339	652,131,450	1,112,129,789
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding	-	573,632	573,632
Related to leases	9,510,620	-	9,510,620
Related to OPEB	1,461,419	217,025	1,678,444
Related to pensions	1,175,667	280,448	1,456,115
Total deferred inflows of resources	12,147,706	1,071,105	13,218,811
NET POSITION			
Net investment in capital assets	384,115,038	79,620,512	463,735,550
Restricted:			
Housing and economic development	10,855,180	-	10,855,180
Capital projects	22,400,961	-	22,400,961
Debt service	7,470,648	92,240,461	99,711,109
Other purposes	14,159,523	-	14,159,523
Total restricted	54,886,312	92,240,461	147,126,773
Unrestricted	12,405,371	164,051,166	176,456,537
Total net position	\$ 451,406,721	\$ 335,912,139	\$ 787,318,860

City of San Mateo
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 28,633,018	\$ 6,404,657	\$ 1,696,343	\$ 8,292	\$ 8,109,292
Community development	16,765,437	13,320,594	708,151	461	14,029,206
Public safety	94,267,213	3,166,616	1,667,827	-	4,834,443
Public works	28,996,164	7,540,418	5,376,492	5,286,721	18,203,631
Parks and recreation	20,923,090	3,512,400	160,872	95,374	3,768,646
Golf	2,505,214	3,105,744	-	-	3,105,744
Library	9,421,539	318,769	232,038	-	550,807
Interest on long-term debt	2,494,361	-	-	-	-
Total governmental activities	204,006,036	37,369,198	9,841,723	5,390,848	52,601,769
Business-type activities:					
Sewer	41,833,626	77,987,677	-	15,487,045	93,474,722
Total business-type activities	41,833,626	77,987,677	-	15,487,045	93,474,722
Total primary government	\$ 245,839,662	\$ 115,356,875	\$ 9,841,723	\$ 20,877,893	\$ 146,076,491

City of San Mateo
Statement of Activities and Changes in Net Position (Continued)
For the Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (20,523,726)	\$ -	\$ (20,523,726)
Community development	(2,736,231)	-	(2,736,231)
Public safety	(89,432,770)	-	(89,432,770)
Public works	(10,792,533)	-	(10,792,533)
Parks and recreation	(17,154,444)	-	(17,154,444)
Golf	600,530	-	600,530
Library	(8,870,732)	-	(8,870,732)
Interest on long-term debt	(2,494,361)	-	(2,494,361)
Total governmental activities	(151,404,267)	-	(151,404,267)
Business-type activities:			
Sewer	-	51,641,096	51,641,096
Total business-type activities	-	51,641,096	51,641,096
Total primary government	(151,404,267)	51,641,096	(99,763,171)
General Revenues and Transfers:			
General revenues:			
Taxes:			
Property taxes	83,298,878	-	83,298,878
Sales taxes	34,283,362	-	34,283,362
Property transfer taxes	7,418,099	-	7,418,099
Transient occupancy taxes	7,099,481	-	7,099,481
Business license taxes	8,907,223	-	8,907,223
Franchise taxes	3,627,304	-	3,627,304
Other taxes	349,427	-	349,427
Total taxes	144,983,774	-	144,983,774
Investment income	4,554,367	7,176,108	11,730,475
Gain (loss) on sale of capital assets	-	(101,329)	(101,329)
Miscellaneous revenue	2,140,985	403,854	2,544,839
Transfers	1,794,000	(1,794,000)	-
Total general revenues and transfers	153,473,126	5,684,633	159,157,759
Change in net position	2,068,859	57,325,729	59,394,588
Net Position:			
Beginning of year, as restated (Note 19)	449,337,862	278,586,410	727,924,272
End of year	<u>\$ 451,406,721</u>	<u>\$ 335,912,139</u>	<u>\$ 787,318,860</u>

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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, 2023

	Major Funds		
	General Fund	Construction Services Special Revenue Fund	General Capital Projects Fund
ASSETS			
Cash and investments	\$ 125,373,772	\$ 36,024,181	\$ 68,513,603
Restricted cash and investments held by fiscal agents	-	-	20,801,636
Accounts receivable, net	1,523,183	100,134	1,911,169
Interest receivable	1,849,451	-	16,566
Taxes receivable	5,729,364	-	246,317
Grants receivable	146,804	7,200	476,926
Leases receivable	10,127,777	-	-
Prepaid items, inventory, and deposits	284,396	-	-
Due from other funds	1,700,240	-	-
Loans and notes receivable, net	-	-	273,808
Total assets	\$ 146,734,987	\$ 36,131,515	\$ 92,240,025
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,580,994	\$ 610,075	\$ 31,203,724
Retention payable	-	-	5,772,579
Accrued payroll	1,873,518	-	-
Due to other funds	-	-	-
Deposits payable	11,167,368	1,044,382	-
Unearned revenues	1,723,268	1,849,298	1,060,710
Total liabilities	19,345,148	3,503,755	38,037,013
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	16,566
Related to leases	9,510,620	-	-
Total deferred inflows of resources	9,510,620	-	16,566
Fund Balances:			
Nonspendable	284,396	-	-
Restricted	599,425	32,627,760	36,985,645
Assigned	9,304,494	-	17,200,801
Unassigned	107,690,904	-	-
Total fund balances	117,879,219	32,627,760	54,186,446
Total liabilities, deferred inflows of resources, and fund balances	\$ 146,734,987	\$ 36,131,515	\$ 92,240,025

**City of San Mateo
Balance Sheet (Continued)
Governmental Funds
June 30, 2023**

	Non-major Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 55,088,931	\$ 285,000,487
Restricted cash and investments held by fiscal agents	81,429	20,883,065
Accounts receivable, net	1,114,808	4,649,294
Interest receivable	-	1,866,017
Taxes receivable	345,757	6,321,438
Grants receivable	1,012,865	1,643,795
Leases receivable	-	10,127,777
Prepaid items, inventory, and deposits	-	284,396
Due from other funds	-	1,700,240
Loans and notes receivable, net	3,900,484	4,174,292
Total assets	\$ 61,544,274	\$ 336,650,801
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 361,403	\$ 36,756,196
Retention payable	-	5,772,579
Accrued payroll	-	1,873,518
Due to other funds	1,700,240	1,700,240
Deposits payable	-	12,211,750
Unearned revenues	469,297	5,102,573
Total liabilities	2,530,940	63,416,856
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	268,468	285,034
Related to leases	-	9,510,620
Total deferred inflows of resources	268,468	9,795,654
Fund Balances:		
Nonspendable	-	284,396
Restricted	58,744,866	128,957,696
Assigned	-	26,505,295
Unassigned	-	107,690,904
Total fund balances	58,744,866	263,438,291
Total liabilities, deferred inflows of resources, and fund balances	\$ 61,544,274	\$ 336,650,801

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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, 2023

Total Fund Balances - Total Governmental Funds	\$ 263,438,291
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.	285,034
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	475,740,747
Less: capital assets reported in Internal Service Funds	(6,161,553)
Total capital assets	469,579,194
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	(879,322)
Compensated absences - due in more than one year	(7,114,512)
Long-term debt - due within one year	(5,771,322)
Long-term debt - due in more than one year	(86,167,770)
Landfill postclosure cost payable - due within one year	(111,258)
Landfill postclosure cost payable - due in more than one year	(1,557,615)
Total long-term liabilities	(101,601,799)
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.	821,632
Investment in joint ventures are not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.	12,484,582
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.	(604,937)
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	(261,133,799)
Net OPEB liability	(7,337,672)
	(268,471,471)
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	1,630,681
Deferred outflows of resources related to pensions	60,989,073
Total deferred outflows of resources	62,619,754
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	(1,461,419)
Deferred inflows of resources related to pensions	(1,175,667)
Total deferred inflows of resources	(2,637,086)
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.	15,493,527
Net Position of Governmental Activities	\$ 451,406,721

City of San Mateo
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Major Funds		
	General	Construction Services	General
	Fund	Special Revenue	Capital Projects
	Fund	Fund	Fund
REVENUES:			
Property taxes	\$ 80,632,208	\$ -	\$ -
Sales taxes	29,601,371	-	4,681,991
Other taxes	26,118,021	-	-
Licenses, building and other permits	129,557	8,040,390	-
Fines, forfeitures and penalties	2,066,763	-	-
Intergovernmental	3,488,354	7,200	3,838,925
Charges for services	13,802,726	2,548,328	-
Investment income	377,171	1,057,172	555,878
Assessments and garbage collection	-	-	538,032
Parking meter and lease revenue	3,424,971	-	-
Impact fees	-	-	109,538
Capital contributions	-	-	-
Other revenues	3,998,325	-	74,311
Total revenues	163,639,467	11,653,090	9,798,675
EXPENDITURES:			
Current:			
General government:			
City Council	337,503	-	-
City Manager	2,581,079	118,270	-
City Clerk	1,031,603	-	-
City Attorney	1,170,996	111,154	-
Finance	4,190,624	-	-
Information technology	2,330,669	115,724	-
Human resources	2,107,971	-	-
Community development	1,701,814	9,979,318	-
Public safety:			
Police	54,343,265	-	-
Fire	26,172,868	-	-
Public works	9,977,091	830,434	-
Parks and recreation	17,175,614	-	-
Golf	2,505,214	-	-
Library	7,836,173	-	-
Non-departmental	9,405,099	-	-
Capital outlay	4,535,220	-	24,797,444
Debt service:			
Principal	2,215,714	-	589,493
Interest and fiscal charges	251,455	-	74,898
Total expenditures	149,869,972	11,154,900	25,461,835
REVENUES OVER (UNDER) EXPENDITURES	13,769,495	498,190	(15,663,160)
OTHER FINANCING SOURCES (USES):			
Proceeds from sale of property	15,066	-	-
Inception of subscription liability	2,862,579	-	-
Transfers in	5,232,872	-	14,367,959
Transfers out	(15,452,803)	(4,184,556)	-
Total other financing sources (uses)	(7,342,286)	(4,184,556)	14,367,959
NET CHANGE IN FUND BALANCES	6,427,209	(3,686,366)	(1,295,201)
FUND BALANCES:			
Beginning of year	111,452,010	36,314,126	55,481,647
End of year	\$ 117,879,219	\$ 32,627,760	\$ 54,186,446

See accompanying Notes to the Basic Financial Statements.

City of San Mateo
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2023

	Non-major Governmental Funds	Total Governmental Funds
REVENUES:		
Property taxes	\$ 2,666,670	\$ 83,298,878
Sales taxes	-	34,283,362
Other taxes	1,022,922	27,140,943
Licenses, building and other permits	-	8,169,947
Fines, forfeitures and penalties	842,292	2,909,055
Intergovernmental	7,166,882	14,501,361
Charges for services	2,665,398	19,016,452
Investment income	1,412,816	3,403,037
Assessments and garbage collection	2,164,688	2,702,720
Parking meter and lease revenue	-	3,424,971
Impact fees	37,526	147,064
Capital contributions	750,461	750,461
Other revenues	549,672	4,622,308
Total revenues	19,279,327	204,370,559
EXPENDITURES:		
Current:		
General government:		
City Council	-	337,503
City Manager	-	2,699,349
City Clerk	-	1,031,603
City Attorney	-	1,282,150
Finance	-	4,190,624
Information technology	-	2,446,393
Human resources	-	2,107,971
Community development	2,827,170	14,508,302
Public safety:		
Police	680,037	55,023,302
Fire	-	26,172,868
Public works	2,323,460	13,130,985
Parks and recreation	-	17,175,614
Golf	-	2,505,214
Library	-	7,836,173
Non-departmental	257,189	9,662,288
Capital outlay	1,850	29,334,514
Debt service:		
Principal	2,863,419	5,668,626
Interest and fiscal charges	2,543,292	2,869,645
Total expenditures	11,496,417	197,983,124
REVENUES OVER (UNDER) EXPENDITURES	7,782,910	6,387,435
OTHER FINANCING SOURCES (USES):		
Proceeds from sale of property	-	15,066
Inception of lease agreement	-	2,862,579
Transfers in	4,182,834	23,783,665
Transfers out	(3,058,403)	(22,695,762)
Total other financing sources (uses)	1,124,431	3,965,548
NET CHANGE IN FUND BALANCES	8,907,341	10,352,983
FUND BALANCES:		
Beginning of year	49,837,525	253,085,308
End of year	<u>\$ 58,744,866</u>	<u>\$ 263,438,291</u>

See accompanying Notes to the Basic Financial Statements.

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, 2023

Total Fund Balances - Total Governmental Funds	\$ 10,352,983
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 \$1,788,474 added in internal service funds) (\$1,159,807 of the governmental fund capital outlay balance were for repairs and maintenance expenditures).	28,174,707
Depreciation and amortization 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 and amortization expense, net of internal service funds of \$1,135,439, was not reported as expenditures in the Governmental Funds.	(20,118,481)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decreased net position.	(539,063)
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	5,668,626
Amortization of bond premium	490,640
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.	6,989
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.	(109,178)
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.	109,965
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.	(1,005,406)
Investment in joint ventures are not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. This amount represents the change in joint ventures.	(689,695)
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	36,773,501
Changes in net pension liabilities	(93,911,262)
Changes in pension related deferred inflows of resources	47,863,406
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	(160,002)
Changes in total OPEB liabilities	(796,094)
Changes in OPEB related deferred inflows of resources	1,785,382
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.	(8,843,235)
Change in Net Position of Governmental Activities	\$ 2,068,859

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, 2023

	Major Fund	Governmental Activities Internal Service Funds
	Sewer Fund	
ASSETS		
Current assets:		
Cash and investments	\$ 138,387,868	\$ 35,601,279
Accounts receivable, net	19,230,179	730,037
Interest receivable	773,976	-
Due from other funds	-	87,868
Prepaid items, inventory, and deposits	-	604,174
Total current assets	158,392,023	37,023,358
Noncurrent assets:		
Restricted cash and investments	92,240,461	-
Loans and notes receivable, net	33,569,592	-
Capital assets:		
Non-depreciable	534,750,446	-
Depreciable, net	164,655,004	6,161,553
Total capital assets	699,405,450	6,161,553
Total noncurrent assets	825,215,503	6,161,553
Total assets	983,607,526	43,184,911
DEFERRED OUTFLOW OF RESOURCES		
Related to OPEB	242,158	-
Related to pensions	5,265,010	-
Total deferred outflow of resources	5,507,168	-
LIABILITIES		
Current liabilities:		
Accounts payable	1,099,392	828,402
Due to other funds	-	87,868
Deposits payable	1,067,487	65,114
Interest payable	10,932,340	-
Compensated absences - due within one year	121,916	-
Claims payable - due within one year	-	9,470,000
Long-term debt - due within one year	1,902,796	-
Total current liabilities	15,123,931	10,451,384
Noncurrent liabilities:		
Net OPEB liability	1,089,651	-
Net pension liability	17,622,949	-
Compensated absences - due in more than one year	986,409	-
Claims payable - due in more than one year	-	17,240,000
Long term debt - due in more than one year	617,308,510	-
Total noncurrent liabilities	637,007,519	17,240,000
Total liabilities	652,131,450	27,691,384
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refunding	573,632	-
Related to OPEB	217,025	-
Related to pensions	280,448	-
Total deferred inflows of resources	1,071,105	-
NET POSITION		
Net investment in capital assets	79,620,512	6,161,553
Restricted for debt service	92,240,461	-
Unrestricted	164,051,166	9,331,974
Total net position	\$ 335,912,139	\$ 15,493,527

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, 2023

	Major Fund Sewer Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 77,952,232	\$ 57,254,803
Connection fees	35,445	-
Impact fees	18,007	-
Other	403,854	6,943
Total operating revenues	78,409,538	57,261,746
OPERATING EXPENSES:		
Costs of sales and services	21,228,059	33,142,494
Administration	3,280,498	33,438,388
Depreciation and amortization	5,615,961	1,135,439
Total operating expenses	30,124,518	67,716,321
OPERATING INCOME	48,285,020	(10,454,575)
NONOPERATING REVENUES (EXPENSES):		
Investment income	7,176,108	915,742
Gain (loss) on sale of capital assets	(101,329)	(10,499)
Interest expense	(11,709,108)	-
Total nonoperating revenues (expenses)	(4,634,329)	905,243
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	43,650,691	(9,549,332)
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital contributions	15,469,038	-
Transfers in	-	3,704,000
Transfers out	(1,794,000)	(2,997,903)
Total capital contributions and transfers	13,675,038	706,097
Changes in net position	57,325,729	(8,843,235)
NET POSITION:		
Beginning of year	278,586,410	24,336,762
End of year	<u><u>\$ 335,912,139</u></u>	<u><u>\$ 15,493,527</u></u>

City of San Mateo
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Major Fund	Governmental Activities Internal Service Funds
	Sewer Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 65,970,250	\$ 56,532,861
Cash payments to suppliers for goods and services	(3,346,188)	(10,088,357)
Cash payments to employees for services	(21,217,315)	(43,723,513)
Cash received from others	403,854	6,943
Net cash provided by operating activities	41,810,601	2,727,934
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Interfund borrowing (lending)	-	23,030
Repayment of interfund borrowing (lending)	-	(23,030)
Transfers in	-	3,704,000
Transfers out	(1,794,000)	(2,997,903)
Net cash (used in) noncapital financing activities	(1,794,000)	706,097
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from sale of capital assets	-	31,879
Acquisition of capital assets, net	(137,556,833)	(1,788,474)
Principal payment of long-term debt	(1,774,273)	-
Interest paid on debt and fiscal charges	(32,795,971)	-
Net cash (used in) capital and related financing activities	(172,127,077)	(1,756,595)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest from investments	7,011,540	915,742
Net cash provided by investing activities	7,011,540	915,742
Net change in cash and cash equivalents	(125,098,936)	2,593,178
CASH AND CASH EQUIVALENTS:		
Beginning of year	355,727,265	33,008,101
End of year	\$ 230,628,329	\$ 35,601,279
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:		
Cash and cash investments	\$ 138,387,868	\$ 35,601,279
Restricted cash and investments	92,240,461	-
Total cash and cash equivalents	\$ 230,628,329	\$ 35,601,279

City of San Mateo
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2023

	<u>Major Fund</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)	\$ 48,285,020	\$ (10,454,575)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	5,615,961	1,135,439
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:		
Accounts receivable, net	(12,045,664)	(721,942)
Prepaid items, inventory, and deposits	646	-
Deferred outflows - OPEB related	23,761	-
Deferred outflows - pension related	(3,335,634)	-
Accounts payable	(66,336)	180,669
Accrued payroll	-	-
Deposits payable	10,230	(52,657)
Compensated absences	36,066	-
Claims payable	-	12,641,000
Net OPEB liability	118,221	-
Net pension liability	7,673,374	-
Deferred inflows - OPEB related	(265,131)	-
Deferred inflows - pension related	(4,239,913)	-
Total adjustments	<u>(6,474,419)</u>	<u>13,182,509</u>
Net cash provided by operating activities	<u><u>\$ 41,810,601</u></u>	<u><u>\$ 2,727,934</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, 2023

	Custodial Funds	Private Purpose Trust Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 3,325,103	\$ 5,075,024
Restricted cash and investments with fiscal agent	3,559,554	-
Total assets	<u>6,884,657</u>	<u>5,075,024</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	-	245,084
Total deferred outflows of resources	<u>-</u>	<u>245,084</u>
LIABILITIES		
Accounts payable	299,039	-
Interest payable	-	789,833
Long-term debt - due within one year	-	4,075,000
Long-term debt - due in more than one year	-	37,970,810
Total liabilities	<u>299,039</u>	<u>42,835,643</u>
NET POSITION (DEFICIT)		
Restricted for:		
Individuals, organizations, and other governments	6,585,618	-
Held in trust for dissolution of RDA	-	(37,515,535)
Total net position (deficit)	<u>\$ 6,585,618</u>	<u>\$ (37,515,535)</u>

City of San Mateo
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Custodial Funds	Private Purpose Trust Funds
ADDITIONS:		
Fee collections for other governments	\$ 762,819	\$ -
Special assessments for other governments	4,847,772	-
Investment income	344,667	198
RDA property tax trust fund distribution	-	5,990,600
Other	-	706,294
Total additions	<u>5,955,258</u>	<u>6,697,092</u>
DEDUCTIONS:		
Administration	239,288	20,000
Payments on conduit bonds - interest	1,874,794	-
Payments on conduit bonds - principal	86,230,114	-
Other	9,673	-
Interest expense	-	2,149,317
Total deductions	<u>88,353,869</u>	<u>2,169,317</u>
Change in net position	(82,398,611)	4,527,775
NET POSITION (DEFICIT):		
Beginning of year	88,984,229	(42,043,310)
End of period	<u>\$ 6,585,618</u>	<u>\$ (37,515,535)</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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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, 2023

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the City of San Mateo, California (the “City”) have been prepared in conformity with Accounting Principles Generally Accepted in 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 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. The activities of the JPFA are accounted in the various governmental funds of the City.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2023

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, 2023

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 fund:

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, 2023

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. Refer to Note 17 for additional information relating the Successor Agency.

C. Deferred Outflows and Inflows of Resources

The Statement of Net Position and Balance Sheet – Governmental Funds reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent a consumption of net assets that applies to 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 assets 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, 2023

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, 2023

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. Leases

Lessee

The City has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$100,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Leases (Continued)

Lessee (Continued)

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right to use along with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor

The City is a lessor for leases of special purpose facilities, office and commercial space, and land. The City recognizes leases receivable and deferred inflows of resources in the financial Statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Subscription-Based Information Technology Arrangements (SBITAs)

The City has a policy to recognize a SBITA liability and a right-to-use subscription asset (SBITA asset) in our financial statements with an initial, individual value of \$100,000 or more with a subscription term greater than one year.

At the commencement of a subscription, when the subscription asset is placed into service, the SBITA liability is measured at the present value of payments expected to be made during the subscription term. Future subscription payments are discounted using the City's incremental borrowing rate and the City recognizes amortization of the discount on the subscription liability as interest expense in subsequent financial reporting periods.

SBITA assets are measured as the sum of the initial subscription liability, payments made to the SBITA vendor before the commencement of the lease term, and capitalizable implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subscription assets are amortized using the straight-line method over the subscription term.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the period during which the City has a noncancelable right to use the underlying IT asset. The subscription term also includes periods covered by an option to extend if it is reasonably certain to be exercised.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option years that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of a subscription and will remeasure any subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Right-to-use subscription assets are reported along with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

K. Capital Assets

Capital assets, which include property, plant, equipment, the right to use leased 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 (except for intangible right-to-use lease assets, the measurement of which is discussed in note 1.I. above) 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.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

K. 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	Capitalization Threshold
General capital assets	\$10,000
Infrastructure capital assets	\$100,000
Intangible assets	\$1,000,000

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
Lease and subscription assets	Contract term

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.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

L. 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.

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.

M. 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.

N. 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.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

O. 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.

The following timeframes are used for pension reporting:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Measurement period	July 1, 2021 to June 30, 2022

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.

P. 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 12). 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:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Measurement period	July 1, 2021 to June 30, 2022

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. 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.

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 City 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.

R. 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 amortization 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.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Property Taxes

San Mateo County (the “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.

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.

T. Use of Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

U. Implementation of New GASB Pronouncements for the Year Ended June 30, 2023

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, 2023. 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. 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. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2023.

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. Implementation of this statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2023.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

U. Implementation of New GASB Pronouncements for the Year Ended June 30, 2022 (Continued)

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. Implementation of this Statement had a moderate effect on the City's financial statements for the fiscal year ended June 30, 2023.

GASB Statement No. 99

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2023.

V. 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. 100

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Application of this statement is effective for the City's fiscal year ending June 30, 2024.

GASB Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Application of this statement is effective for the City's fiscal year ending June 30, 2025.

GASB Statement No. 102

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. That objective is achieved by requiring governments to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. The statement also requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Application of this statement is effective for the City's fiscal year ending June 30, 2025. Earlier application is encouraged.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments

Cash and investments are presented in the accompanying financial statements at June 30, 2023 as follows:

	Government -Wide Statement of Net Position			Fiduciary Fund Financial Statements	Total
	Governmental Activities	Business-Type Activities	Total		
Cash and investments					
Held by City Treasury	\$ 320,601,766	\$ 138,387,868	\$ 458,989,634	\$ 8,400,127	\$ 467,389,761
Restricted cash and investments: Held by fiscal agents	20,883,065	92,240,461	113,123,526	3,559,554	116,683,080
Total cash and investments	\$ 341,484,831	\$ 230,628,329	\$ 572,113,160	\$ 11,959,681	\$ 584,072,841

Cash and investments at June 30, 2023, consisted of the following:

Cash on hand and deposits:	
Cash on hand	\$ 19,053
Deposits with financial institution	7,351,719
Total cash on hand and deposits	7,370,772
Investments:	
Local Area Investment Funds (LAIF)	20,678,359
CAMP	136,836,877
San Mateo County Pool	59,895,615
Investments	242,608,138
Total investments	460,018,989
Cash and investments with fiscal agent	116,683,080
Total cash and investments	\$ 584,072,841

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 \$7,351,719 at June 30, 2023. Bank balances were \$6,147,183 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, 2023

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%

* Based on state law requirements or City investment policy requirements, whichever is more restrictive.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

C. Fair Value Measurement

At June 30, 2023, 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, 2023:

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)	\$ 11,718,776	2.55%	\$ -	\$ 11,718,776	\$ -
Federal Home Loan Bank Bonds (FHLB)	48,970,873	10.65%	-	48,970,873	-
Federal Home Loan Mortg. Corp. (FHLMC)	4,098,396	0.89%	-	4,098,396	-
Federal Natl. Mortg. Assn. Notes (FNMA)	4,566,124	0.99%	-	4,566,124	-
US Treasuries	73,910,531	16.07%	-	73,910,531	-
Corporate Notes:					
Amazon.com Inc	2,290,983	0.50%	-	2,290,983	-
Apple Inc	691,115	0.15%	-	691,115	-
Bank of America Corp	2,766,362	0.60%	-	2,766,362	-
Bank of Montreal	661,187	0.14%	-	661,187	-
Bank of NY Mellon Corp	721,175	0.16%	-	721,175	-
Berkshire Hathaway	804,186	0.17%	-	804,186	-
Caterpillar Financial Service	2,165,209	0.47%	-	2,165,209	-
Charles Schwab Corp	663,711	0.14%	-	663,711	-
Chubb INA Holdings Inc	2,406,378	0.52%	-	2,406,378	-
Guardian Life	798,329	0.17%	-	798,329	-
Honeywell Intl	2,201,953	0.48%	-	2,201,953	-
John Deere Capital Corp	999,167	0.22%	-	999,167	-
JP Morgan Chase & Co	1,265,659	0.28%	-	1,265,659	-
Mass Mutual	3,271,507	0.71%	-	3,271,507	-
Metlife	1,844,645	0.40%	-	1,844,645	-
Morgan Stanley	2,557,752	0.56%	-	2,557,752	-
National Rural Utilities	2,723,321	0.59%	-	2,723,321	-
New York Life Global	2,666,056	0.58%	-	2,666,056	-
Northwestern Mutual	1,932,158	0.42%	-	1,932,158	-
Paccar Financial Corp	1,876,768	0.41%	-	1,876,768	-
Prologis	1,615,231	0.35%	-	1,615,231	-
Realty Income Corp	2,097,673	0.46%	-	2,097,673	-
Royal Bank of Canada	3,328,780	0.72%	-	3,328,780	-
Salesforce.com Inc	704,405	0.15%	-	704,405	-
Target Corp	389,055	0.08%	-	389,055	-
Toronto-Dominion Bank	2,694,829	0.59%	-	2,694,829	-
Toyota Motor Credit Corp	2,917,930	0.63%	-	2,917,930	-
Truist Financial Corp	395,996	0.09%	-	395,996	-
United Health Group Inc	2,507,270	0.55%	-	2,507,270	-
US Bank NA	990,361	0.22%	-	990,361	-
Wal-Mart Stores	2,117,093	0.46%	-	2,117,093	-
Supranational	4,119,955	0.90%	-	4,119,955	-
Asset-Backed Securities	13,151,470	2.86%	-	13,151,470	-
Collateralized Mortgage Obligations	8,564,897	1.86%	-	8,564,897	-
Total investments subject to fair value	224,167,266		\$ -	\$ 224,167,266	\$ -
Investments not subject to the fair value hierarchy:					
Money Market	18,440,872	4.01%			
Local Agency Investment Fund	20,678,359	4.50%			
California Asset Management Program	136,836,877	29.75%			
San Mateo County Pool	59,895,615	13.02%			
Total investments	\$ 460,018,989	100.00%			

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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. 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, 2023

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 years or more
Investments:						
U.S. Government Treasury and Agencies:						
Federal Farm Credit Bank Bonds (FFCB)	\$ 11,718,776	\$ 2,816,062	\$ -	\$ 4,539,525	\$ 2,484,573	\$ 1,878,616
Federal Home Loan Bank Bonds (FHLB)	48,970,873	7,677,485	25,193,829	11,597,374	4,502,185	-
Federal Home Loan Mortg. Corp. (FHLMC)	4,098,396	-	1,368,762	2,729,634	-	-
Federal Natl. Mortg. Assn. Notes (FNMA)	4,566,124	-	1,841,725	2,724,399	-	-
US Treasuries	73,910,531	22,791,926	11,638,156	14,757,947	7,689,350	17,033,152
Corporate Notes:						
Amazon.com Inc	2,290,983	-	-	1,042,871	-	1,248,112
Apple Inc	691,115	-	-	-	691,115	-
Bank of America Corp.	2,766,362	-	-	870,218	1,896,144	-
Bank of Montreal	661,187	-	-	-	661,187	-
Bank of NY Mellon Corp.	721,175	-	721,175	-	-	-
Berkshire Hathaway	804,186	-	-	-	804,186	-
Caterpillar Financial Service	2,165,209	-	721,282	-	-	1,443,927
Charles Schwab Corp.	663,711	-	-	663,711	-	-
Chubb INA Holdings Inc.	2,406,378	-	965,257	1,441,121	-	-
Guardian Life	798,329	-	-	-	-	798,329
Honeywell Intl	2,201,953	-	671,710	-	-	1,530,243
John Deere Capital Corp.	999,167	-	-	-	-	999,167
JP Morgan Chase & Co	1,265,659	-	375,502	396,140	494,017	-
Mass Mutual	3,271,507	-	-	3,271,507	-	-
Metlife	1,844,645	-	712,974	-	1,131,671	-
Morgan Stanley	2,557,752	-	-	844,837	1,712,915	-
National Rural Utilities	2,723,321	-	-	2,723,321	-	-
New York Life Global	2,666,056	-	684,952	-	-	1,981,104
Northwestern Mutual	1,932,158	-	-	1,932,158	-	-
Paccar Financial Corp.	1,876,768	572,367	-	-	-	1,304,401
Prologis	1,615,231	-	-	-	-	1,615,231
Realty Income Corp.	2,097,673	-	-	-	-	2,097,673
Royal Bank of Canada	3,328,780	-	1,483,230	-	-	1,845,550
Salesforce.com Inc.	704,405	-	704,405	-	-	-
Target Corp.	389,055	-	-	-	389,055	-
Toronto-Dominion Bank	2,694,829	-	1,877,610	-	-	817,219
Toyota Motor Credit Corp.	2,917,930	-	608,378	-	-	2,309,552
Truist Financial Corp.	395,996	-	-	395,996	-	-
United Health Group Inc.	2,507,270	-	-	827,439	751,908	927,923
US Bank NA	990,361	-	990,361	-	-	-
Wal-Mart Stores	2,117,093	-	-	-	165,173	1,951,920
Supranational	4,119,955	-	1,387,286	2,732,669	-	-
Asset-Backed Securities	13,151,470	-	2,262,453	3,616,254	4,569,125	2,703,638
Collateralized Mortgage Obligations	8,564,897	-	940,480	2,198,995	1,633,922	3,791,500
Money Market	18,440,872	18,440,872	-	-	-	-
Local Agency Investment Fund	20,678,359	20,678,359	-	-	-	-
California Asset Management Program	136,836,877	136,836,877	-	-	-	-
San Mateo County Pool	59,895,615	59,895,615	-	-	-	-
Total investments	\$ 460,018,989	\$ 269,709,563	\$ 55,149,527	\$ 59,306,116	\$ 29,576,526	\$ 46,277,257

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, 2023

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, 2023, the City's deposits and investments were rated as follows:

	Credit Quality Ratings	
	Moody's	S&P
	P-1 to AA3	A-1+ to AA-
Deposits		
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 National Mortg. Assn. Notes (FNMA)	Aaa	AA+
US Treasuries	Aaa to P-1	AA+ to A-1+
Corporate Notes:		
Amazon.com Inc	A1	AA
Apple Inc	Aaa	AA+
Bank of America Corp	A1	A-
Bank of Montreal	A2	A-
Bank of NY Mellon Corp	A1	A
Berkshire Hathaway	Aa2	AA
Caterpillar Financial Service	A2	A
Charles Schwab Corp	A2	A-
Chubb INA Holdings Inc	A3	A
Guardian Life	Aa1	AA+
Honeywell Intl	A2	A
John Deere Capital Corp	A2	A
JP Morgan Chase & Co	A1	A-
Mass Mutual	Aa3	AA+
Metlife	Aa3	AA-
Morgan Stanley	A1	A-
National Rural Utilities	A1 to A2	A-
New York Life Global	Aaa	AA+
Northwestern Mutual	Aaa	AA+
Paccar Financial Corp	A1	A+
Prologis	Not Rated	Not Rated
Realty Income Corp	A3	A-
Royal Bank of Canada	A1	A
Salesforce.com Inc	A2	A+
Target Corp	A2	A
Toronto-Dominion Bank	A1	A
Toyota Motor Credit Corp	A1	A+
Truist Financial Corp	A3	A-
United Health Group Inc	A3	A+
US Bank NA	A2	A+
Wal-Mart Stores	Aa2	AA
Asset-Backed Securities	Aaa to Not Rated	AAA to Not Rated
Collateralized Mortgage Obligations	Aaa to Not Rated	AAA to Not Rated
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, 2023

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, 2023, 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, 2023, 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, 2023 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.

As of June 30, 2023, the City had \$20,678,359 invested in LAIF, which had invested 1.46% 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, 2023, 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, 2023.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

F. Investment in California Asset Management Program (CAMP)

As of June 30, 2023, the City had \$136,836,877 invested in the California Asset Management Program (CAMP), in which the City is a voluntary participant. 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, 2023 was \$16.0 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, 2023 the amortized cost approximated is the City’s cost.

G. Investment in San Mateo County Investment Pool

As of June 30, 2023, the City had \$59,895,615 invested 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 0.9715 was used to calculate the fair value of the investments in the County Pool. At June 30, 2023, the total amount invested by all public agencies in the County Pool was approximately \$8.0 billion.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Loans and Notes Receivable

At June 30, 2023, loans and notes receivable consisted of the following:

	Loans and Notes Receivable	Allowance for Doubtful Accounts	Loans and Notes Receivable, Net	Unavailable Revenue
Governmental Activities:				
First-time Homebuyer Loans	\$ 13,585,918	\$ (9,411,626)	\$ 4,174,292	\$ 268,468
Home Rehabilitation Loans	590,225	(590,225)	-	-
106 N. El Dorado	450,000	(450,000)	-	-
Darcy Building	1,357,062	(1,357,062)	-	-
Edgewater Isle Senior Apartments	5,055,275	(5,055,275)	-	-
Belmont Building	800,000	(800,000)	-	-
St. Matthew Hotel	2,796,172	(2,796,172)	-	-
Rotary Hacienda & Rotary Floritas	5,079,630	(5,079,630)	-	-
First Step for Families (Turning Point)	730,587	(730,587)	-	-
12 N. Idaho Street	100,000	(100,000)	-	-
200 S. Delaware Street	2,121,751	(2,121,751)	-	-
232 S. Humboldt Street	542,500	(542,500)	-	-
11 S. Delaware Street	1,255,029	(1,255,029)	-	-
El Camino Family Housing	3,948,244	(3,948,244)	-	-
MP San Mateo Transit Associates	8,463,911	(8,463,911)	-	-
MP Delaware Pacific Associates LP	1,338,159	(1,338,159)	-	-
MP Foster Square	382,330	(382,330)	-	-
Gateway Commons Assessment Loan	327,643	(327,643)	-	-
Cal Home Loans	290,374	(290,374)	-	-
HIP Housing - 1100 Cypress Avenue	1,200,008	(1,200,008)	-	-
Bay Meadows Affordable Association	2,133,288	(2,133,288)	-	-
Child Care Facility Project Loans	457,400	(457,400)	-	-
MP Downtown San Mateo Associates LP	5,692,500	(5,692,500)	-	-
Total Governmental Activities	<u>\$ 58,698,006</u>	<u>\$ (54,523,714)</u>	<u>\$ 4,174,292</u>	<u>\$ 268,468</u>
Business-Type Activities:				
Town of Hillborough	\$ 33,569,592	\$ -	\$ 33,569,592	
Total Business-Type Activities	<u>\$ 33,569,592</u>	<u>\$ -</u>	<u>\$ 33,569,592</u>	

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 income buyers in the City 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, 2023

Note 3 – Loans and Notes Receivable (Continued)

First-Time Homebuyer Loans (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.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Loans and Notes Receivable (Continued)

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.

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 ("HIP") 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 the Belmont 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 ("DDA") 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, 2023

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, 2023

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, 2023

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 - 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 childcare 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.

MP Downtown San Mateo Associates, L.P.

In December 2021, the City entered into three loan agreements with MP Downtown San Mateo Associates, L.P., to be used for the development of Kiku Crossing, a new 225 unit affordable housing project. The agreements include three promissory notes in the amount of \$650,000 (HOME Grant funds), \$2,000,000 (Commercial Linkage Fee funds), and \$2,850,000 (Low Mod Income Housing Asset 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 “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-seven (57) years from the date of recordation of the leasehold deed of trust.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Loans and Notes Receivable (Continued)

Town of Hillsborough

In June 2022, the City entered into a capital cost repayment agreement with the Town of Hillsborough (the “Town”) for the payment of the Town’s percentage of project costs for clean water projects. The City begun construction on a comprehensive suite of capital improvements referred to as the “Clean Water Program,” including capital improvements to the sewage treatment plant. The costs of the sewage treatment plant are allocated based on predetermined factors. The capital cost repayment agreement carries an interest rate of 1.91% with a term of 30 years. Payments will be in addition to the periodic charges for wastewater treatment services. As of June 30 2023, the balance of the capital cost repayment agreement was \$33,569,592.

Note 4 – Lease Receivable

The portion of the City’s property is leased to others. Such property includes special purpose facilities, office and commercial space, and land. Lease receivable consists of agreements with other for the right-to-use of the underlying assets at various locations owned by the City. The terms of the arrangements range from 5 to 27 years. The calculated interest rates used vary depending on the length of the lease. For the fiscal year ended June 30, 2023, the City recognized \$623,191 in lease revenue and \$310,344 in interest revenue.

A summary of changes in lease receivable for the fiscal year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Classification	
					Due within One Year	Due in More Than One Year
Leases receivable	\$ 3,687,363	\$ 6,830,255	\$ (389,841)	\$ 10,127,777	\$ 435,129	\$ 9,692,648

As of June 30, 2023, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 435,129	\$ 297,911	\$ 733,040
2025	457,281	284,541	741,822
2026	431,327	270,673	702,000
2027	296,994	259,979	556,973
2028	313,324	251,073	564,397
2029-2033	1,953,586	1,091,190	3,044,776
2034-2038	1,808,707	793,191	2,601,898
2039-2043	2,041,423	518,894	2,560,317
2044-2048	2,390,006	174,184	2,564,190
Total	\$ 10,127,777	\$ 3,941,636	\$ 14,069,413

As of June 30, 2023, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

Year Ending June 30,	Amortization Schedule
2024	\$ 623,191
2025	623,191
2026	582,086
2027	445,880
2028	436,673
2029-2033	2,183,366
2034-2038	1,683,529
2039-2043	1,516,916
2044-2048	1,415,788
Total	\$ 9,510,620

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 5 – Interfund Receivables, Payables, and Transfers

A. Due To / From Other Funds

Amounts due to and due from other funds at June 30, 2023, were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Community Development Block Grant Fund	\$ 78,657	Overdrawn Cash
General Fund	Permanent Local Housing Allocation Special Revenue Fund	240,965	Overdrawn Cash
General Fund	2% Hotel Tax Capital Projects Fund	1,380,618	Overdrawn Cash
	Total	\$ 1,700,240	

B. Transfers

Interfund transfers during the year ended June 30, 2023, consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
General Projects Capital Projects Fund	General Fund	\$ 10,900,054	Capital projects
General Projects Capital Projects Fund	Construction Services Special Revenue Fund	699,184	Capital projects
General Projects Capital Projects Fund	Community Development Block Grant Special Revenue Fund	14,495	Capital projects
General Projects Capital Projects Fund	Police Grants Fund	-	Capital projects
General Projects Capital Projects Fund	Gas Tax Special Revenue Fund	778,472	Capital projects
General Projects Capital Projects Fund	Solid Waste Special Revenue Fund	136,267	Capital projects
General Projects Capital Projects Fund	Landfill Bond Debt Service Fund	30,986	Capital projects
General Projects Capital Projects Fund	Vehicle and Equipment Replacement	1,497,903	Capital projects
	Subtotal	14,408,044	
General Fund	Gas Tax Special Revenue Fund	1,747,500	Capital projects
General Fund	Construction Services Special Revenue Fund	3,485,372	Capital projects
	Subtotal	5,232,872	
Vehicle and Equipment Replacement Internal Service Fund	General Fund	410,000	Cost allocation
Vehicle and Equipment Replacement Internal Service Fund	Sewer Enterprise Fund	294,000	Cost allocation
	Subtotal	704,000	
Comprehensive Liability Insurance Internal Service Fund	Sewer Enterprise Fund	1,500,000	Cost allocation
Comprehensive Liability Insurance Internal Service Fund	Workers' Compensation Insurance Internal Service Fund	1,500,000	Cost allocation
	Subtotal	3,000,000	
General Obligation Bond Debt Service Fund	General Fund	2,692,749	Debt service
2% Hotel Tax Capital Projects Fund	General Fund	1,450,000	Debt service
Traffic Impact Fee Special Revenue Fund	General Projects Capital Projects Fund	40,085	Capital projects
	Total	\$ 27,527,750	

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Capital Assets

A. Governmental Activities

The summary of changes in governmental activities capital assets for the year ended June 30, 2023, is as follows:

	Balance July 1, 2022, as restated	Additions	Deletions	Transfers	Balance June 30, 2023
Capital assets, not being depreciated					
Land	\$ 52,064,002	\$ -	\$ -	-	\$ 52,064,002
Construction in progress	76,751,630	25,117,502	(496,940)	(76,210,732)	25,161,460
Total capital assets, not being depreciated	128,815,632	25,117,502	(496,940)	(76,210,732)	77,225,462
Capital assets, being depreciated					
Building and improvements	192,772,658	24,847	-	-	192,797,505
Machinery and equipment	34,005,226	1,952,830	(896,733)	436,011	35,497,334
Infrastructure	519,168,005	-	(14,792)	74,278,271	593,431,484
Total capital assets, being depreciated	745,945,889	1,977,677	(911,525)	74,714,282	821,726,323
Accumulated depreciation:					
Building and improvements	(75,501,860)	(5,263,668)	-	-	(80,765,528)
Machinery and equipment	(26,032,722)	(1,679,304)	827,024	-	(26,885,002)
Infrastructure	(308,624,748)	(12,951,589)	-	-	(321,576,337)
Total accumulated depreciation	(410,159,330)	(19,894,561)	827,024	-	(429,226,867)
Total capital assets, being depreciated, net	335,786,559	(17,916,884)	(84,501)	74,714,282	392,499,456
Leased assets, being amortized					
Buildings and improvements	2,169,194	5,423	-	-	2,174,617
Total leased asset, being amortized	2,169,194	5,423	-	-	2,174,617
Less: accumulated amortization					
Buildings and improvements	(587,856)	(590,812)	-	-	(1,178,668)
Total accumulated amortization	(587,856)	(590,812)	-	-	(1,178,668)
Total leased asset, being amortized, net	1,581,338	(585,389)	-	-	995,949
Subscription assets being amortized	1,429,398	2,862,579	-	1,496,450	5,788,427
Less accumulated amortization	-	(768,547)	-	-	(768,547)
Total subscription assets, being amortized, net	1,429,398	2,094,032	-	1,496,450	5,019,880
Total capital assets, net	\$ 467,612,927	\$ 8,709,261	\$ (581,441)	\$ -	\$ 475,740,747

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

General government	\$ 966,244
Community development	219,784
Public safety	1,892,754
Public works	12,278,502
Parks and recreation	2,929,607
Library	1,831,590
Internal service funds	1,135,439
Total depreciation/amortization expenses	\$ 21,253,920

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Capital Assets (Continued)

B. Business-Type Activities

The summary of changes in business-type activities capital assets for the year ended June 30, 2023, is as follows:

	Balance July 1, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
Capital assets, not being depreciated					
Land	\$ 4,052,298	\$ -	\$ -	\$ -	\$ 4,052,298
Construction in progress	378,122,172	152,742,133	(101,329)	(64,828)	530,698,148
Total capital assets, not being depreciated	382,174,470	152,742,133	(101,329)	(64,828)	534,750,446
Capital assets, being depreciated					
Sewer treatment plant and transmission lines	279,205,754	-	-	64,828	279,270,582
Machinery and equipment	2,041,990	283,738	-	-	2,325,728
Total capital assets, being depreciated	281,247,744	283,738	-	64,828	281,596,310
Accumulated depreciation:					
Sewer treatment plant and transmission lines	(110,335,631)	(5,457,772)	-	-	(115,793,403)
Machinery and equipment	(1,099,751)	(123,649)	-	-	(1,223,400)
Total accumulated depreciation	(111,435,382)	(5,581,421)	-	-	(117,016,803)
Total capital assets, being depreciated, net	169,812,362	(5,297,683)	-	64,828	164,579,507
Leased assets, being amortized					
Machinery and equipment	-	110,037	-	-	110,037
Total leased asset, being amortized	-	110,037	-	-	110,037
Less: accumulated amortization					
Machinery and equipment	-	(34,540)	-	-	(34,540)
Total accumulated amortization	-	(34,540)	-	-	(34,540)
Total leased asset, being amortized, net	-	75,497	-	-	75,497
Total capital assets, net	\$ 551,986,832	\$ 147,519,947	\$ (101,329)	\$ -	\$ 699,405,450

Depreciation and amortization expense was charged to the Sewer Fund in the amount of \$5,615,961.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Liabilities

A. Summary

	Final Maturity	Interest Rate	Annual Principal Installments	Original Issue Amounts	Outstanding at June 30, 2023
Governmental Activities					
Direct Borrowing:					
CEC Streetlight Loan	2030	1.00%	\$254,364 - \$260,544	\$ 3,000,000	\$ 1,770,332
PG&E - Energy Efficiency Retrofit Loans	2031	0.00%	\$351,219	3,356,274	2,515,046
Advance liability	2047	3.00%	\$335,000 - \$2,530,000	45,765,000	42,660,000
Lease liability	2025	3.00%	\$442,060 - \$611,348	2,169,194	1,053,407
Subscription liability	2033	1.71% - 3.14%	\$309,519 - \$947,110	4,291,977	3,472,655
Public Borrowing:					
General Obligation Bonds, Series 2013 (Library Improvement Project)	2031	3.00% - 4.00%	\$1,520,000 - \$2,070,000	27,295,000	14,620,000
Lease Revenue Bonds, Series 2007A (Public Safety Project)	2039	Variable rate	\$480,000 - \$1,195,000	17,400,000	13,135,000
Revenue Refunding Bonds, Series 2018A (Golf Course Project)	2030	2.25% - 5.00%	\$495,000 - \$665,000	6,050,000	4,200,000
Total Governmental Activities				<u>\$109,327,445</u>	<u>\$ 83,426,440</u>
Business-Type Activities					
Direct Borrowing:					
Lease Liability	2025	0.46%	\$37,796 - \$37,968	110,037	75,764
Public Borrowing:					
Sewer Revenue Bonds, Series 2014	2045	3.00% - 5.00%	\$670,000 - \$2,665,000	32,255,000	26,915,000
Wastewater Revenue Bonds, Series 2019	2050	4.00% - 5.00%	\$2,520,000 - \$16,020,000	236,180,000	236,180,000
Wastewater Revenue Notes, Series 2021B	2025	5.00%	\$271,565,000	271,565,000	271,565,000
Wastewater Revenue Refunding Bonds, Series 2021A	2042	2.00% - 5.00%	\$530,000 - \$935,000	14,265,000	13,700,000
Total Business-Type Activities				<u>\$554,375,037</u>	<u>\$548,435,764</u>
Fiduciary Funds					
Public Borrowing:					
Tax Allocation Refunding Bonds, Series 2015A	2033	4.00% - 5.00%	\$530,000 - \$4,150,000	\$ 31,210,000	\$ 30,680,000
Tax Allocation Refunding Bonds, Series 2017A	2026	2.00% - 5.00%	\$2,425,000 - \$3,100,000	21,440,000	8,855,000
Total Successor Agency				<u>\$ 60,035,000</u>	<u>\$ 39,535,000</u>

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – 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, 2023, is as follows:

	Balance July 1, 2022, as Restated	Debt Issued	Debt Retired	Balance June 30, 2023	Classification	
					Due within One Year	Due in More Than One Year
Governmental Activities:						
Bonds payable:						
General Obligation Refunding Bonds, Series 2013	\$ 16,140,000	\$ -	\$ (1,520,000)	\$ 14,620,000	\$ 1,590,000	\$ 13,030,000
plus: unamortized bond premium	1,269,968	-	(157,109)	1,112,859	-	1,112,859
Lease Revenue Bonds, Series 2007A	13,615,000	-	(480,000)	13,135,000	510,000	12,625,000
Revenue Refunding Bonds, Series 2018A	4,695,000	-	(495,000)	4,200,000	520,000	3,680,000
plus: unamortized bond premium	333,529	-	(47,087)	286,442	-	286,442
Total bonds payable	36,053,497	-	(2,699,196)	33,354,301	2,620,000	30,734,301
Advance payable to other government						
Advance payable to other government	43,845,000	-	(1,185,000)	42,660,000	1,230,000	41,430,000
plus: unamortized advance premium	7,399,795	-	(286,444)	7,113,351	-	7,113,351
Total advance payable to other government	51,244,795	-	(1,471,444)	49,773,351	1,230,000	48,543,351
Loans payable:						
CEC Streetlight Loan	2,013,305	-	(242,973)	1,770,332	245,364	1,524,968
PG&E - Energy Efficiency Retrofit Loans	2,866,265	-	(351,219)	2,515,046	351,219	2,163,827
Total loans payable	4,879,570	-	(594,192)	4,285,378	596,583	3,688,795
Lease liability	1,628,519	-	(575,112)	1,053,407	611,348	442,059
Subscription liability	1,429,398	2,862,579	(819,322)	3,472,655	713,391	2,759,264
Total	\$ 95,235,779	\$ 2,862,579	\$ (6,159,266)	\$ 91,939,092	\$ 5,771,322	\$ 86,167,770

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 \$1,520,000 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 \$16,615,625. For the current year, principal and interest paid on the 2013 Refunding Bonds was \$2,041,250 and ad valorem property tax net revenues were \$2,666,670.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Liabilities (Continued)

B. Governmental Activities (Continued)

General Obligation Refunding Bonds, Series 2013 (Continued)

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

Year Ending June 30,	Principal	Interest	Total
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	1,775,000	290,350	2,065,350
2028	1,860,000	217,650	2,077,650
2029-2030	6,015,000	274,575	6,289,575
Total	\$ 14,620,000	\$ 1,995,625	\$ 16,615,625

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 through April 1, 2039 with installments ranging from \$480,000 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 0.58% to 3.70%, for an average weekly interest rate for the fiscal year of 2.05%. 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 \$802,263, while 2% transient occupancy tax revenues (TOT) were \$1,022,922, resulting in a net gain of \$220,658. This 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. Variable rate debt requires that the City constantly monitors risk versus return and consider whether to retain this debt structure. Total principal and interest remaining to be paid on the 2007A Lease Revenue Bonds is \$13,135,000.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – 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
2024	\$ 510,000	\$ -	\$ 510,000
2025	545,000	-	545,000
2026	580,000	-	580,000
2027	615,000	-	615,000
2028	655,000	-	655,000
2029-2033	3,905,000	-	3,905,000
2034-2038	5,130,000	-	5,130,000
2039	1,195,000	-	1,195,000
Total	\$ 13,135,000	\$ -	\$ 13,135,000

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 through August 1, 2029, with installments ranging from \$495,000 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. Principal and interest paid for the current year and golf course facility lease gross revenues were \$666,225 and \$3,377,963, respectively. The total principal and interest remaining to be paid on the Bonds is \$4,689,262.

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 520,000	\$ 145,850	\$ 665,850
2025	550,000	119,100	669,100
2026	575,000	90,975	665,975
2027	605,000	61,475	666,475
2028	635,000	39,206	674,206
2029-2030	1,315,000	32,656	1,347,656
Total	\$ 4,200,000	\$ 489,262	\$ 4,689,262

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Liabilities (Continued)

B. Governmental Activities (Continued)

Advance Payable to Other Government

On February 27, 2020, the JPFA issued the 2020 Series A and B Lease Revenue Bonds utilizing a Lease-leaseback agreement between the JPFA and the City. The lease agreement required the JPFA to pay upfront for the right to use of the buildings and leasehold improvements, owned by the City, over a period of time corresponding to the JPFA's debt service requirement. The leaseback agreement required the City to make rental payments in amounts corresponding to the JPFA's debt services requirements and related costs. Per the implementation of GASB 87 *Leases*, the components of lease-leaseback agreements are to be netted in the financial statements, therefore the Authority will only record an advance receivable from other government for the amount to be paid back by the City for the upfront lease payment which reflects the present value of remaining future lease payments due to the JPFA. As of June 30, 2023, the City's advance payable to other government balance was \$42,660,000 with a remaining premium on advance balance of \$7,113,351. Total principal and interest remaining to be paid on the advance from other government is \$68,473,820.

The annual debt service requirements on the advance payable to other government are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,230,000	\$ 1,784,904	\$ 3,014,904
2025	1,285,000	1,734,124	3,019,124
2026	1,340,000	1,680,638	3,020,638
2027	1,395,000	1,624,313	3,019,313
2028	1,440,000	1,575,436	3,015,436
2029-2033	6,865,000	7,059,755	13,924,755
2034-2038	7,770,000	5,385,250	13,155,250
2039-2043	9,625,000	3,527,400	13,152,400
2044-2048	11,710,000	1,442,000	13,152,000
Total	\$ 42,660,000	\$ 25,813,820	\$ 68,473,820

CEC Streetlight Loan

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

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

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Liabilities (Continued)

B. Governmental Activities (Continued)

CEC Streetlight Loan (Continued)

The annual debt service requirements for the CEC Streetlight Loan were as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 245,364	\$ 17,138	\$ 262,502
2025	247,869	14,633	262,502
2026	250,354	12,148	262,502
2027	252,863	9,639	262,502
2028	255,381	7,121	262,502
2029-2030	518,501	6,501	525,002
Total	\$ 1,770,332	\$ 67,180	\$ 1,837,512

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 for the Energy Efficiency Retrofit Loans were as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 351,219	\$ -	\$ 351,219
2025	351,219	-	351,219
2026	351,219	-	351,219
2027	351,219	-	351,219
2028	351,219	-	351,219
2029-2031	758,951	-	758,951
Total	\$ 2,515,046	\$ -	\$ 2,515,046

Lease Liability

The City has entered into leases for building space and equipment use. The terms of the agreements range from 3 to 4 years. The calculated interest rate based on the length of the lease is 3.00%. As of June 30, 2023, the capitalized right-to-use assets related to leases were \$2,174,617 and the total lease liability was \$1,053,407, of which \$611,348 is reported as a current liability representing the amount due within the next fiscal year.

The annual debt service requirements for the lease liability were as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 611,348	\$ 23,293	\$ 634,641
2025	442,059	5,449	447,508
Total	\$ 1,053,407	\$ 28,742	\$ 1,082,149

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Liabilities (Continued)

B. Governmental Activities (Continued)

Subscription Liability

The City has entered into subscription-based information technology arrangements (SBITAs) for services related to cloud-based software applications, data storage and management services. Under the terms of these arrangements, the City does not take possession of the software at any time and the vendor provides ongoing services for the software's operation. The subscription periods vary, with initial non-cancellable terms ranging from 3 to 10 years. The calculated interest rate used was between 1.71% and 3.14%, depending on the length of the SBITA and date of the agreement.

As of June 30, 2023, the capitalized right-to-use assets related to SBITAs were \$5,892,375 and the total subscription liability was \$3,472,655, of which \$713,391 is reported as a current liability representing the amount due within the next fiscal year.

The annual debt service requirements for the subscription liability were as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 713,391	\$ 75,665	\$ 789,056
2025	623,855	60,103	683,958
2026	559,556	46,164	605,720
2027	309,519	34,413	343,932
2028	319,224	27,711	346,935
2029-2033	947,110	47,938	995,048
Total	\$ 3,472,655	\$ 307,043	\$ 3,764,649

C. Business-Type Activities

A summary of changes in the long-term liabilities of the business-type activities for the year ended June 30, 2023, is as follows:

	Balance July 1, 2022	Debt Issued	Debt Retired	Balance June 30, 2023	Classification	
					Due within One Year	Due in More Than One Year
Business-Type Activities:						
Bonds payable:						
Sewer Revenue Bonds, Series 2014	\$ 28,090,000	\$ -	\$ (1,175,000)	\$ 26,915,000	\$ 1,235,000	\$ 25,680,000
plus: unamortized bond premium	1,665,126	-	(75,688)	1,589,438	-	1,589,438
Wastewater Revenue Bonds, Series 2019	236,180,000	-	-	236,180,000	-	236,180,000
plus: unamortized bond premium	42,213,024	-	(1,618,391)	40,594,633	-	40,594,633
Wastewater Revenue Notes, Series 2021B	271,565,000	-	-	271,565,000	-	271,565,000
plus: unamortized bond premium	37,905,720	-	(12,635,241)	25,270,479	-	25,270,479
Wastewater Revenue Refunding Bonds, Series 2021A	14,265,000	-	(565,000)	13,700,000	630,000	13,070,000
plus: unamortized bond premium	3,495,781	-	(174,789)	3,320,992	-	3,320,992
Total bonds payable	635,379,651	-	(16,244,109)	619,135,542	1,865,000	617,270,542
Lease liability	-	110,037	(34,273)	75,764	37,796	37,968
Total	\$ 635,379,651	\$ 110,037	\$ (16,278,382)	\$ 619,211,306	\$ 1,902,796	\$ 617,308,510

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Liabilities (Continued)

C. Business-Type Activities (Continued)

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 through August 1, 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 \$39,555,750.

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

Year Ending June 30,	Principal	Interest	Total
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	1,435,000	856,190	2,291,190
2028	1,510,000	782,565	2,292,565
2029-2033	4,390,000	3,335,900	7,725,900
2034-2038	4,110,000	2,678,206	6,788,206
2039-2043	6,345,000	1,801,594	8,146,594
2044-2045	5,225,000	211,100	5,436,100
Total	\$ 26,915,000	\$ 12,640,750	\$ 39,555,750

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 \$424,107,725.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Liabilities (Continued)

C. Business-Type Activities (Continued)

Wastewater Revenue Bonds, Series 2019 (Continued)

The annual debt service requirements on the 2019 Wastewater Bonds were as follows:

Year Ending June 30,	Principal	Interest	Total
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	3,650,000	10,730,000	14,380,000
2028	4,830,000	10,518,000	15,348,000
2029-2033	31,575,000	48,360,375	79,935,375
2034-2038	42,910,000	39,187,150	82,097,150
2039-2043	53,460,000	28,649,825	82,109,825
2044-2048	65,975,000	16,121,125	82,096,125
2049-2050	31,260,000	1,582,500	32,842,500
Total	\$ 236,180,000	\$ 187,927,725	\$ 424,107,725

Wastewater Revenue Notes, Series 2021B

On July 1, 2021, the Authority issued the 2021 Series Wastewater Revenue Note in the amount of \$62,760,000 and \$271,565,000 respectively. The 2021B Notes were issued to costs of the Wastewater Treatment Plant (WWTP) capital improvements. Of the total issuance amount, the City is responsible for \$271,565,000. Interest payments are payable semi-annually on February 1 and August 1, commencing February 1, 2022. The bonds mature through August 1, 2025, and bear interest at the rate of 5.00%. The issuance resulted in a bond premium of \$62,249,468, of which the City's share was \$50,540,962.

The annual debt service requirements for the Series 2021B Notes were as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ -	\$ 13,578,250	\$ 13,578,250
2025	-	13,578,250	13,578,250
2026	271,565,000	6,789,125	278,354,125
Total	\$ 271,565,000	\$ 33,945,625	\$ 305,510,625

Wastewater Revenue Refunding Bonds, Series 2021A

On July 1, 2021, the Authority issued the 2021 Series A Wastewater Revenue Refunding Bonds in the amount of \$14,265,000. The Bonds were issued 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 aggregate difference between the remaining debt service requirements of the 2011A Bonds and the Revenue Refunding Bonds at the time of refunding was \$634,014.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Liabilities (Continued)

C. Business-Type Activities (Continued)

Wastewater Revenue Refunding Bonds, Series 2021A (Continued)

The Series 2021A Bonds mature annually each August 1 through 2041, with installments ranging from \$530,000 to \$935,000. Interest payments are payable semi-annually on February 1 and August 1, commencing February 1, 2022. The bonds mature through August 1, 2041, and bear interest at the rate of 1.55-5.00%. The issuance resulted in a bond premium of \$3,670,571. The Series 2021A 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 \$19,576,175.

The annual debt service requirements for the Series 2021A Bonds were as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 630,000	\$ 609,300	\$ 1,239,300
2025	660,000	577,050	1,237,050
2026	690,000	543,300	1,233,300
2027	730,000	507,800	1,237,800
2028	770,000	470,300	1,240,300
2029-2033	3,105,000	1,850,875	4,955,875
2034-2038	3,600,000	1,061,775	4,661,775
2039-2042	3,515,000	255,775	3,770,775
Total	\$ 13,700,000	\$ 5,876,175	\$ 19,576,175

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 four revenue bonds/notes secured by revenues received from the operation of the Sewer Enterprise: Series 2014A Sewer bonds, 2019 Wastewater bonds, 2021 Wastewater notes, and 2021 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 2014A Sewer bonds was \$2,291,440, on the 2019 Wastewater bonds was \$10,947,250, on the 2021 Wastewater notes was \$13,578,250, and on the 2021 Wastewater bonds was \$1,195,700. Sewer services net revenues were \$61,077,089.

Lease Liability

The City has entered into a lease for equipment use. The terms of the agreements was for 3 years. The calculated interest rate based on the length of the lease was 0.46 percent. As of June 30, 2023, the capitalized right-to-use assets related to leases were \$110,037 and the total lease liability was \$75,764, of which \$37,796 is reported as a current liability representing the amount due within the next fiscal year.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Liabilities (Continued)

C. Business-Type Activities (Continued)

Lease Liability (Continued)

The annual debt service requirements for the lease liability were as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 37,796	\$ 267	\$ 38,063
2025	37,968	94	38,062
Total	\$ 75,764	\$ 361	\$ 76,125

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, 2023, is as follows:

	Balance July 1, 2022	Debt Issued	Debt Retired	Balance June 30, 2023	Classification	
					Due within One Year	Due in More Than One Year
Fiduciary Activities:						
Bonds payable:						
Tax Allocation Refunding Bonds, Series 2015A	\$ 31,210,000	\$ -	\$ (530,000)	\$ 30,680,000	\$ 1,265,000	\$ 29,415,000
plus: unamortized bond premium	1,823,407	-	(182,340)	1,641,067	-	1,641,067
Tax Allocation Refunding Bonds, Series 2015B	695,000	-	(695,000)	-	-	-
Tax Allocation Refunding Bonds, Series 2017A	11,530,000	-	(2,675,000)	8,855,000	2,810,000	6,045,000
plus: unamortized bond premium	1,287,220	-	(417,477)	869,743	-	869,743
Total bonds payable	46,545,627	-	(4,499,817)	42,045,810	4,075,000	37,970,810
Total	\$ 46,545,627	\$ -	\$ (4,499,817)	\$ 42,045,810	\$ 4,075,000	\$ 37,970,810

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 through August 1, 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 \$39,266,925.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – 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 2015A (Continued)

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

Year Ending June 30,	Principal	Interest	Total
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	3,840,000	1,198,250	5,038,250
2028	4,025,000	1,001,625	5,026,625
2029-2033	18,850,000	2,262,000	21,112,000
Total	\$ 30,680,000	\$ 8,586,925	\$ 39,266,925

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 through August 1, 2022, with installments ranging from \$695,000 to \$1,185,000. The interest on the 2015B Refunding Bonds is payable semi-annually on each February 1 and August 1, with coupon rates ranging from 3.60% to 3.90%. The 2015B Refunding Bonds are subject to early redemption provisions. The 2015B Refunding Bonds were paid in full as of June 30, 2023.

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 through August 1, 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 \$9,533,625.

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

Year Ending June 30,	Principal	Interest	Total
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	\$ 8,855,000	\$ 678,625	\$ 9,533,625

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Long-Term Liabilities (Continued)

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

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 \$1,993,450, 708,553, and 3,184,625, respectively and Redevelopment Agency Property Tax Trust Fund distributions were \$5,990,600.

Note 8 – 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.

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, 2023 are as follows:

	Original Amount	Outstanding Balance June 30, 2023
CFD 2008-1, Series Special Tax Bonds Refunding Bonds Series 2022	\$ 72,345,000	\$ 72,345,000

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – 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, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Classification	
					Due within One Year	Due in More Than One Year
Compensated absences	\$ 8,103,799	\$ 7,196,341	\$ (7,306,306)	\$ 7,993,834	\$ 879,322	\$ 7,114,512
Total	\$ 8,103,799	\$ 7,196,341	\$ (7,306,306)	\$ 7,993,834	\$ 879,322	\$ 7,114,512

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

B. Business-Type Activities

A summary of changes in the compensated absences balances for the business-type activities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Classification	
					Due within One Year	Due in More Than One Year
Compensated absences	\$ 1,072,259	\$ 1,245,003	\$ (1,208,937)	\$ 1,108,325	\$ 121,916	\$ 986,409
Total	\$ 1,072,259	\$ 1,245,003	\$ (1,208,937)	\$ 1,108,325	\$ 121,916	\$ 986,409

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

Note 10 – 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, 2023, the estimated amount of \$1,668,873 has been recorded as Landfill Post-Closure Costs Payable in the Government-Wide Financial Statements.

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Classification	
					Due within One Year	Due in More Than One Year
Landfill closure and post-closure costs payable	\$ 1,559,695	\$ 213,158	\$ (103,980)	\$ 1,668,873	\$ 111,258	\$ 1,557,615

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans

A. Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 8,625,854	\$ 2,057,641	\$ 10,683,495
CalPERS Safety	16,292,527	-	16,292,527
Total pension contribution made after measurement date	24,918,381	2,057,641	26,976,022
Change in assumptions			
CalPERS Miscellaneous	4,313,383	1,028,929	5,342,312
CalPERS Safety	7,443,621	-	7,443,621
Total change in assumptions	11,757,004	1,028,929	12,785,933
Projected earnings on pension plan investments in excess of actual earnings:			
CalPERS Miscellaneous	9,132,258	2,178,440	11,310,698
CalPERS Safety	14,131,827	-	14,131,827
Total projected earnings on pension plan investments in excess of actual earnings	23,264,085	2,178,440	25,442,525
Difference between expected and actual experience			
CalPERS Safety	1,049,603	-	1,049,603
Total difference between expected and actual experience	1,049,603	-	1,049,603
Total deferred outflows of resources			
CalPERS Miscellaneous	22,071,495	5,265,010	27,336,505
CalPERS Safety	38,917,578	-	38,917,578
Total deferred outflows of resources	\$ 60,989,073	\$ 5,265,010	\$ 66,254,083
Net pension liability:			
CalPERS Miscellaneous	\$ 73,877,307	\$ 17,622,949	\$ 91,500,256
CalPERS Safety	187,256,492	-	187,256,492
Total net pension liability	\$ 261,133,799	\$ 17,622,949	\$ 278,756,748

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

A. Summary (Continued)

	Governmental Activities	Business-Type Activities	Total
Deferred inflows of resources:			
Actual earnings on pension plan investments in excess of projected earnings:			
CalPERS Miscellaneous	\$ 1,175,667	\$ 280,448	\$ 1,456,115
Total actual earnings on pension plan investments in excess of projected earnings	1,175,667	280,448	1,456,115
Total deferred inflows of resources			
CalPERS Miscellaneous	1,175,667	280,448	1,456,115
Total deferred inflows of resources	\$ 1,175,667	\$ 280,448	\$ 1,456,115
Pension expenses:			
CalPERS Miscellaneous	\$ 9,035,957	\$ 2,155,469	\$ 11,191,426
CalPERS Safety	25,157,777	-	25,157,777
Total net pension expenses	\$ 34,193,734	\$ 2,155,469	\$ 36,349,203

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, 2022, the measurement date, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous Plan	Safety Plan	Total
Active employees	354	110	464
Transferred and terminated employees	441	189	630
Retired employees and beneficiaries	659	397	1056
Total	1454	696	2150

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

B. General Information about Pension (Continued)

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. PEPRAs 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:

Hire Date	Miscellaneous Plan	Safety Plan
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	55	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	9.050%	19.480%
Final Annual Compensation	1 year	1 year

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, 2022 (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 28.63 percent of annual payroll for the Miscellaneous Plan and 104.06 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, 2022, 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.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

B. General Information about Pension (Continued)

Contributions (Continued)

For the year ended June 30, 2023, the plan's contributions made for the Plan was as follows:

	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
Contributions - employer	\$ 10,683,495	\$ 16,292,527

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, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown as follows.

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 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	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00%
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-2020.
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 valuation were based on the results of December 2021 actuarial experience study for the period 2001 to 2019. 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 20 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, 2023

Note 11 – 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	Assumed Asset Allocation	Real Return ^{1,2}
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

¹ An expected inflation of 2.30% was used for this period.

² Figures are based on the 2021 Asset Liability Management study.

The discount rate used to measure the total pension liability was 6.90% 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 6.90% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90% 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%	Current Discount	Discount Rate + 1%
	(5.90%)	Rate (6.90%)	(7.90%)
Miscellaneous Plan	\$ 131,984,888	\$ 91,500,256	\$ 57,959,770
Safety Plan	\$ 249,964,745	\$ 187,256,492	\$ 135,871,598

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – 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, 2021 (Valuation Date)	\$ 302,772,445	\$ 251,113,178	\$ 51,659,267
Changes in the year:			
Service cost	5,860,301	-	5,860,301
Interest on the total pension liabilities	20,961,702	-	20,961,702
Changes in assumptions	8,484,848	-	8,484,848
Differences between expected and actual experience	(1,978,041)	-	(1,978,041)
Benefit payments, including refunds of members contributions	(16,833,252)	(16,833,252)	-
Contributions - employer	-	9,953,731	(9,953,731)
Contributions - employee	-	2,557,263	(2,557,263)
Net investment income	-	(18,866,744)	18,866,744
Administrative expenses	-	(156,429)	156,429
Net changes	16,495,558	(23,345,431)	39,840,989
Balance at June 30, 2022 (Measurement Date)	\$ 319,268,003	\$ 227,767,747	\$ 91,500,256

Safety Plan			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2021 (Valuation Date)	\$ 443,656,814	\$ 318,144,969	\$ 125,511,845
Changes in the year:			
Service cost	4,815,965	-	4,815,965
Interest on the total pension liabilities	31,147,674	-	31,147,674
Changes in assumptions	15,714,311	-	15,714,311
Differences between expected and actual experience	2,215,829	-	2,215,829
Benefit payments, including refunds of members contributions	(25,158,731)	(25,158,731)	-
Contributions - employer	-	14,717,993	(14,717,993)
Contributions - employee	-	1,709,770	(1,709,770)
Net investment income	-	(24,080,446)	24,080,446
Administrative expenses	-	(198,185)	198,185
Net changes	28,735,048	(33,009,599)	61,744,647
Balance at June 30, 2022 (Measurement Date)	\$ 472,391,862	\$ 285,135,370	\$ 187,256,492

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

For the year ended June 30, 2023, the City recognized pension expense in the amount of \$11,191,426 and \$25,157,777 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.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

B. General Information about Pension (Continued)

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

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 2021-22 measurement period is 2.7 years, which was obtained by dividing the total service years of 3,805 (the sum of remaining service lifetimes of the active employees) by 1,404 (the total number of participants: active, inactive, and retired). For the Safety Plan, the EARSL for the 2021-22 measurement period is 1.9 years, which was obtained by dividing the total service years of 1,332 (the sum of remaining service lifetimes of the active employees) by 686 (the total number of participants: active, inactive, and retired).

At June 30, 2023 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	\$ 10,683,495	\$ -
Difference between projected and actual earning on pension plan investments	11,310,698	-
Changes in assumptions	5,342,312	-
Differences between expected and actual experience	-	(1,456,115)
Total	\$ 27,336,505	\$ (1,456,115)
Safety Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 16,292,527	\$ -
Difference between projected and actual earning on pension plan investments	14,131,827	-
Changes in assumptions	7,443,621	-
Differences between expected and actual experience	1,049,603	-
Total	\$ 38,917,578	\$ -
Total		
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contributions made subsequent to measurement date	\$ 26,976,022	\$ -
Difference between projected and actual earning on pension plan investments	25,442,525	-
Changes in assumptions	12,785,933	-
Differences between expected and actual experience	1,049,603	(1,456,115)
Total	\$ 66,254,083	\$ (1,456,115)

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – Pension Plans (Continued)

B. General Information about Pension (Continued)

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

For the General Information about Pension, for the Miscellaneous and Safety Plans, \$10,683,495 and \$16,292,527, 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources		Total
	Miscellaneous Plan	Safety Plan	
2023	\$ 3,970,496	\$ 10,680,389	\$ 14,650,885
2024	3,269,493	1,941,792	5,211,285
2025	750,747	859,754	1,610,501
2026	7,206,159	9,143,116	16,349,275
2027	-	-	-
Thereafter	-	-	-
	<u>\$ 15,196,895</u>	<u>\$ 22,625,051</u>	<u>\$ 37,821,946</u>

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, 2023 amounted to \$2,369,402 of which the City paid \$2,369,402.

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

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

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Other Postemployment Benefits

A. Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
OPEB contribution made after measurement date	\$ 1,030,038	\$ 152,962	\$ 1,183,000
Net difference between projected and actual earnings of OPEB Plan investments	600,643	89,196	689,839
Total deferred outflows of resources	<u>\$ 1,630,681</u>	<u>\$ 242,158</u>	<u>\$ 1,872,839</u>
Net OPEB Liability	<u>\$ 7,337,672</u>	<u>\$ 1,089,651</u>	<u>\$ 8,427,323</u>
Deferred inflows of Resources:			
Difference between expected and actual experience	\$ 1,278,630	\$ 189,879	\$ 1,468,509
Change in assumptions	182,789	27,146	209,935
Total deferred inflows of resources	<u>\$ 1,461,419</u>	<u>\$ 217,025</u>	<u>\$ 1,678,444</u>
OPEB Expense	<u>\$ 200,753</u>	<u>\$ 29,812</u>	<u>\$ 230,565</u>

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, 2022, there were 374 retirees receiving post-employment health care benefits from the City.

Employees Covered

As of the July 1, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms:

Active employees	463
Inactive employees or beneficiaries currently receiving benefits	374
Inactive employees entitled to, but not yet receiving benefits	233
Total	<u>1,070</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 Actuarially Determined Contribution (ADC) every year. For the measurement period 2021-22, the City contributed \$809,000.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Other Postemployment Benefits (Continued)

B. General Information about OPEB (Continued)

Contribution (Continued)

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, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions

The total OPEB liability, measured as of June 30, 2022, was determined using the following actuarial assumptions:

Actuarial Assumptions

Actuarial Valuation Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost, Level % of pay
Asset Valuation Method	Market Value
Inflation	2.50%
Payroll Growth	2.75%
Salary Increases	Aggregate - 2.75% annually
	Merit - CalPERS 2000-2019 Experience Study
Contribution Policy	Contributes full ADC
Discount Rate	6.25%
Mortality, Retirement, Disability, Termination	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Medical Trend	Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076
	Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076
	Medicare (Kaiser) - 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2021 through June 30, 2022.

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:

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Other Postemployment Benefits (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	49.00%	4.56%
Fixed Income	23.00%	1.56%
TIPS	5.00%	-0.08%
Commodities	3.00%	1.22%
REITs	20.00%	4.06%
	<u>100.00%</u>	
Long-term assumed rate of inflation		2.500%
Long-term expected rate of return		6.250%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25 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, 2022:

Plan's Net OPEB Liability		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
(5.25%)	(6.25%)	(7.25%)
\$ 10,539,815	\$ 8,427,323	\$ 6,668,643

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, 2022:

Plan's Net OPEB Liability		
Current Healthcare		
1% Decrease	Trend Rate	1% Increase
(5.5% - 2.75%)	(6.5% - 3.75%)	(7.5% to 4.75%)
\$ 6,394,194	\$ 8,427,323	\$ 10,957,242

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – 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, 2021	\$ 16,778,626	\$ 9,265,618	\$ 7,513,008
Changes Recognized for the Measurement Period:			
Service Cost	548,522	-	548,522
Interest on the total OPEB liability	1,048,022	-	1,048,022
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contribution from the employer	-	2,056,602	(2,056,602)
Net investment income	-	(1,364,786)	1,364,786
Administrative expenses	-	(9,587)	9,587
Benefit payments	(1,117,596)	(1,117,596)	-
Net changes during July 1, 2021 to June 30, 2022	478,948	(435,367)	914,315
Balance at June 30, 2022	\$ 17,257,574	\$ 8,830,251	\$ 8,427,323

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

For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$11,796,420. At June 30, 2023, 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	\$ 1,183,000	\$ -
Differences between expected and actual experience	-	(1,468,509)
Changes in assumptions	-	(209,935)
Net difference between projected and actual earnings of OPEB Plan investments	689,839	-
	\$ 1,872,839	\$ (1,678,444)

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five-year period. The remaining gains and losses are amortized over the expected average remaining service life. The expected average remaining service life is 5.9 years, which was determined as of June 30, 2021, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms as of the valuation date.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – 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)

For the OPEB Plan, \$1,183,000 was reported as deferred outflows of resources related to OPEB resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year Ending June 30	Amount
2024	\$ (734,956)
2025	(494,957)
2026	(53,658)
2027	294,966
2028	-
Thereafter	-
Total	<u>\$ (988,605)</u>

Note 13 – 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.

B. Claims Activity

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

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 13 – Risk Management (Continued)

B. Claims Activity (Continued)

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

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End	Due Within One Year	Due in More than One Year
<u>Workers' Compensation</u>						
2023	\$ 12,197,000	\$ 1,209,675	\$ (1,306,675)	\$ 12,100,000	\$ 2,396,000	\$ 9,704,000
2022	15,936,000	(2,514,129)	(1,224,871)	12,197,000	2,800,000	9,397,000
2021	15,337,000	3,697,329	(3,098,329)	15,936,000	2,800,000	13,136,000
<u>Dental</u>						
2023	\$ -	\$ 786,503	\$ (786,503)	\$ -	\$ -	\$ -
2022	-	473,383	(473,383)	-	-	-
2021	-	661,872	(661,872)	-	-	-
<u>General Liability</u>						
2023	\$ 1,872,000	\$ 12,879,689	\$ (141,689)	\$ 14,610,000	\$ 7,074,000	\$ 7,536,000
2022	1,116,000	1,663,353	(907,353)	1,872,000	500,000	1,372,000
2021	1,071,000	789,699	(744,699)	1,116,000	500,000	616,000
<u>Total</u>						
2023	\$ 14,069,000	\$ 14,875,867	\$ (2,234,867)	\$ 26,710,000	\$ 9,470,000	\$ 17,240,000
2022	17,052,000	(377,393)	(2,605,607)	14,069,000	3,300,000	10,769,000
2021	16,408,000	5,148,900	(4,504,900)	17,052,000	3,300,000	13,752,000

Note 14 – 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, 2023, the City paid \$28,197,793 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.

In July of 2021, the City of San Mateo and the Estero Municipal Improvement District/City of Foster City jointly issued the 2021 Series A and B Wastewater Revenue Notes and 2021 Series A Wastewater Revenue Refunding Bonds in the amount of \$348,590,000 through a joint powers financing authority, San Mateo-Foster City Public Financing Authority (Authority). Of the total issuance amount, the City is responsible for \$285,830,000. Interest payments are payable semi-annually on February 1 and August 1, commencing August 1, 2022. The bonds mature through August 1, 2041, and bear interest at the rate of 4.15-5.25%. The issuance resulted in a bond premium of \$65,920,038, of which the City’s share was \$54,211,533.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 14 – 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 \$769,174,170.

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, 2023, the City has an investment in JPA equity of \$12,484,582. 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, 2023 is as follows (in millions):

Total assets and deferred outflows	\$ 32,227,754
Total liabilities and deferred inflows	\$ 11,420,117
Total equities	\$ 20,807,637
Expenses	\$ 51,643,157
Program revenues	\$ 49,817,703
General revenues	\$ 229,223
Change in net position	\$ (1,596,231)

Note 15 – Other Required Disclosures

A. Deficit Fund Balances/Net Position

At June 30, 2023, 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 unrestricted funding sources:

Fund	Fund Type	Deficit
Comprehensive Liability Insurance Fund	Internal Service Fund	\$ 12,057,449

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 15 – Other Required Disclosures (Continued)

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations in the following funds by function:

Fund	Function	Excess Expenditures over Appropriations
General Fund	Public safety: Fire	\$ 5,240
Construction Services Special Revenue Fund	General government: City Manager	1,251
Solid Waste Special Revenue Fund	Capital outlay	1,850

Note 16 – Fund Balance Classification

The City classifies fund balances, as shown on the *Balance Sheet – Governmental Funds*, as follows as of June 30, 2023:

	General Fund	Construction Services Special Revenue Fund	General Capital Projects Fund	Non-major Governmental Funds	Total
Nonspendable					
Prepaid items and inventories	\$ 284,396	\$ -	\$ -	\$ -	\$ 284,396
Total nonspendable	284,396	-	-	-	284,396
Restricted					
Advance planning	-	-	-	4,620,522	4,620,522
Construction services	-	32,627,760	-	-	32,627,760
Debt service	599,425	-	-	6,871,223	7,470,648
Housing	-	-	852,610	9,734,102	10,586,712
Infrastructure maintenance	-	-	14,509,213	-	14,509,213
Landfill post-closure maintenance	-	-	-	3,953,767	3,953,767
Capital projects	-	-	5,264,330	12,285,919	17,550,249
Parks	-	-	1,094,907	-	1,094,907
Public safety	-	-	-	440,744	440,744
Public streets and related facilities	-	-	15,264,585	6,679,066	21,943,651
Solid waste and landfill	-	-	-	14,159,523	14,159,523
Total restricted	599,425	32,627,760	36,985,645	58,744,866	128,957,696
Assigned					
Capital projects	8,321,589	-	17,200,801	-	25,522,390
Other purposes	982,905	-	-	-	982,905
Total assigned	9,304,494	-	17,200,801	-	26,505,295
Unassigned	107,690,904	-	-	-	107,690,904
Total fund balances	\$ 117,879,219	\$ 32,627,760	\$ 54,186,446	\$ 58,744,866	\$ 263,438,291

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 17 – Net Investment in Capital Assets

Net Investment in Capital Assets at June 30 consisted of the following:

	Governmental Activities	Business-Type Activities
Net investment in capital assets:		
Capital assets, nondepreciable	\$ 77,225,462	\$ 534,750,446
Capital assets, depreciable/amortizable, net	398,515,285	164,655,004
Unspent bond proceeds - Restricted cash and investments	5,264,330	-
Deferred loss/(gain) on refunding	821,632	(573,632)
Capital-related liabilities:		
Retention payable	(5,772,579)	-
General Obligation Refunding Bonds, Series 2013	(15,732,859)	-
Lease Revenue Bonds, Series 2007A	(13,135,000)	-
Revenue Refunding Bonds, Series 2018A	(4,486,442)	-
Advance payable	(49,773,351)	-
CEC Streetlight Loan	(1,770,332)	-
PG&E - Energy Efficiency Retrofit Loans	(2,515,046)	-
Lease liability	(1,053,407)	(75,764)
Subscription liability	(3,472,655)	-
Sewer Revenue Bonds, Series 2014	-	(28,504,438)
Wastewater Revenue Bonds, Series 2019	-	(276,774,633)
Wastewater Revenue Notes, Series 2021B	-	(296,835,479)
Wastewater Revenue Refunding Bonds, Series 2021A	-	(17,020,992)
Total net investment in capital assets	<u>\$ 384,115,038</u>	<u>\$ 79,620,512</u>

Note 18 – 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.

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 18 – Successor Agency Private Purpose Trust For Assets of Former Redevelopment (Continued)

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.

Note 19 – Prior Period Adjustments

A. Government-Wide Financial Statements

The beginning net position at July 1, 2022 of the Government-Wide Financial Statements was restated as follows:

	Governmental Activities
Net position, as previously reported, at July 1, 2022	\$ 449,337,862
To implement GASB 96 <i>Subscription-based information technology arrangements (SBITAs)</i>	<u>103,957</u>
Net position at July 1, 2022, as restated	<u><u>\$ 449,441,819</u></u>

City of San Mateo
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 20 – 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, 2023, the City has not recorded revenues from the Hospital.

C. *Federal and State Grants*

The City participates in various federal and state grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit act as amended, and various other state grant compliance requirements. 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, 2023. Encumbrances related to capital projects are funded through the current year appropriated budget, which carries over to the following year.

The following is a list of the commitments at June 30, 2023:

	Remaining Commitment
Clean Water Program	\$ 122,715,318
Sanitary Sewer Rehabilitation and Improvement Project	13,080,286
Streetscape Improvements	7,335,792
Miscellaneous Projects	3,000,650
Total	<u>\$ 146,132,046</u>

REQUIRED SUPPLEMENTARY INFORMATION

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City of San Mateo
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2023

Budgetary Information

Budgetary Control and Budgetary Accounting

Budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for all governmental fund types. The budget is prepared in accordance with accounting principles generally accepted in the United States of America. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various City departments.

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 plans 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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Property taxes	\$ 80,264,428	\$ 80,264,428	\$ 80,632,208	\$ 367,780
Sales taxes	29,449,500	29,449,500	29,601,371	151,871
Other taxes	23,717,867	23,717,867	26,118,021	2,400,154
Licenses, building and other permits	70,000	70,000	129,557	59,557
Fines, forfeitures and penalties	1,481,000	1,481,000	2,066,763	585,763
Intergovernmental	2,717,958	2,717,958	3,488,354	770,396
Charges for Services	12,712,177	12,712,177	13,802,726	1,090,549
Investment income	1,700,000	1,700,000	377,171	(1,322,829)
Parking Meter and Lease Revenue	2,040,000	2,040,000	3,424,971	1,384,971
Other revenues	3,079,784	3,079,784	3,998,325	918,541
Total revenues	157,232,714	157,232,714	163,639,467	6,406,753
EXPENDITURES:				
Current:				
General government:				
City Council	306,933	410,513	337,503	73,010
City Manager	2,600,801	3,110,123	2,581,079	529,044
City Clerk	1,073,678	1,073,678	1,031,603	42,075
City Attorney	1,407,118	1,407,118	1,170,996	236,122
Finance	4,094,010	4,413,995	4,190,624	223,371
Information technology	3,051,741	3,172,996	2,330,669	842,327
Human Resources	2,293,754	2,340,102	2,107,971	232,131
Community development	2,008,992	2,008,992	1,701,814	307,178
Public safety:				
Police	55,352,303	55,558,831	54,343,265	1,215,566
Fire	26,167,628	26,167,628	26,172,868	(5,240)
Public works	10,389,366	11,137,564	9,977,091	1,160,473
Parks and recreation	19,317,702	19,418,975	17,175,614	2,243,361
Golf	2,592,520	2,625,996	2,505,214	120,782
Library	8,638,670	8,659,506	7,836,173	823,333
Non-departmental	9,329,225	9,329,225	9,405,099	(75,874)
Debt service:				
Principal	2,215,714	2,215,714	2,215,714	-
Interest and fiscal charges	251,455	251,455	251,455	-
Total expenditures	151,246,475	153,457,276	149,869,972	3,587,304
REVENUES OVER				
(UNDER) EXPENDITURES	5,986,239	3,775,438	13,769,495	9,994,057

City of San Mateo
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – General Fund (Continued)
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of property	-	-	15,066	15,066
Inception of subscription liability	-	-	2,862,579	2,862,579
Transfers in	5,232,872	5,348,472	5,232,872	(115,600)
Transfers out	(15,906,749)	(17,907,178)	(15,452,803)	2,454,375
Total other financing sources (uses)	(10,673,877)	(12,558,706)	(7,342,286)	5,216,420
NET CHANGES IN FUND BALANCES	\$ (4,687,638)	\$ (8,783,268)	6,427,209	\$ 15,210,477
FUND BALANCES:				
Beginning of year			111,452,010	
End of year			\$ 117,879,219	

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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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Licenses, building and other permits	\$ 7,185,100	\$ 7,185,100	\$ 8,040,390	\$ 855,290
Intergovernmental	-	-	7,200	7,200
Charges for services	1,156,000	1,156,000	2,548,328	1,392,328
Investment income	458,000	458,000	1,057,172	599,172
Total revenues	8,799,100	8,799,100	11,653,090	2,853,990
EXPENDITURES:				
Current:				
General government:				
City Manager	117,019	117,019	118,270	(1,251)
City Attorney	218,361	218,361	111,154	107,207
Information technology	116,177	116,177	115,724	453
Community development	10,492,206	11,032,206	9,979,318	1,052,888
Public works	853,826	853,826	830,434	23,392
Total expenditures	11,797,589	12,337,589	11,154,900	1,182,689
REVENUES OVER				
(UNDER) EXPENDITURES	(2,998,489)	(3,538,489)	498,190	4,036,679
OTHER FINANCING (USES):				
Transfers out	(4,525,372)	(4,525,372)	(4,184,556)	340,816
Total other financing (uses)	(4,525,372)	(4,525,372)	(4,184,556)	340,816
NET CHANGES IN FUND BALANCES	\$ (7,523,861)	\$ (8,063,861)	(3,686,366)	\$ 4,377,495
FUND BALANCES:				
Beginning of year			36,314,126	
End of year			\$ 32,627,760	

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, 2023

Miscellaneous Plan

	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Total Pension Liability								
Service cost	\$ 5,860,301	\$ 5,417,134	\$ 5,314,317	\$ 5,232,210	\$ 5,037,653	\$ 4,518,151	\$ 3,993,514	\$ 3,892,876
Interest on total pension liability	20,961,702	20,553,253	19,910,417	19,039,419	18,044,112	17,389,674	17,090,620	16,438,129
Differences between expected and actual experience	(1,978,041)	(812,628)	2,219,628	4,029,100	1,103,888	(3,106,399)	(331,929)	(627,100)
Changes in assumptions	8,484,848	-	-	-	(1,424,920)	13,781,463	-	(3,817,336)
Changes in benefit terms	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(16,833,252)	(15,894,895)	(15,050,756)	(13,650,253)	(12,925,302)	(12,461,817)	(11,970,354)	(11,069,836)
Net change in total pension liability	16,495,558	9,262,864	12,393,606	14,650,476	9,835,431	20,121,072	8,781,851	4,816,733
Total pension liability - beginning	302,772,445	293,509,581	281,115,975	266,465,499	256,630,068	236,508,996	227,727,145	222,910,412
Total pension liability - ending (a)	\$319,268,003	\$302,772,445	\$293,509,581	\$281,115,975	\$266,465,499	\$256,630,068	\$236,508,996	\$227,727,145
Plan fiduciary net position								
Contributions - employer	9,953,731	8,968,085	8,308,013	7,343,013	6,287,676	5,873,612	5,126,750	4,501,438
Contributions - employee	2,557,263	2,454,476	2,412,286	2,463,688	2,208,675	2,041,614	1,928,776	1,950,191
Investment income (net of administrative expenses)	(18,866,744)	47,026,715	10,192,254	12,797,943	15,561,240	18,815,053	868,395	3,955,299
Benefit payments	(16,833,252)	(15,894,895)	(15,050,756)	(13,650,253)	(12,925,302)	(12,461,817)	(11,970,354)	(11,069,836)
Other	(156,429)	(208,546)	(286,451)	(138,259)	(832,007)	(251,079)	(106,172)	(198,614)
Net change in plan fiduciary net position	(23,345,431)	42,345,835	5,575,346	8,816,132	10,300,282	14,017,383	(4,152,605)	(861,522)
Plan fiduciary net position - beginning	251,113,178	208,767,343	203,191,997	194,375,865	184,075,583	170,058,200	174,210,805	175,072,327
Plan fiduciary net position - ending (b)	\$227,767,747	\$251,113,178	\$208,767,343	\$203,191,997	\$194,375,865	\$184,075,583	\$170,058,200	\$174,210,805
Net pension liability - ending (a)-(b)	\$ 91,500,256	\$ 51,659,267	\$ 84,742,238	\$ 77,923,978	\$ 72,089,634	\$ 72,554,485	\$ 66,450,796	\$ 53,516,340
Plan fiduciary net position as a percentage of the total pension liability	71.34%	82.94%	71.13%	72.28%	72.95%	71.73%	71.90%	76.50%
Covered payroll	\$ 36,700,692	\$ 36,154,902	\$ 35,484,738	\$ 35,068,361	\$ 34,688,256	\$ 31,556,856	\$ 28,252,538	\$ 26,888,005
Net pension liability as a percentage of covered payroll	249.31%	142.88%	238.81%	222.21%	207.82%	229.92%	235.20%	199.03%

Notes to Schedule:

¹ Historical information is presented only from the implementation year.

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, 2023

Safety Plan								
Total Pension Liability	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Service cost	\$ 4,815,965	\$ 4,521,737	\$ 4,385,424	\$ 4,449,133	\$ 7,417,456	\$ 7,342,172	\$ 6,024,059	\$ 5,876,118
Interest on total pension liability	31,147,674	30,250,946	29,312,094	28,324,725	27,109,372	25,954,748	25,211,819	24,350,391
Differences between expected and actual experience	2,215,829	2,818,839	3,435,208	4,999,458	4,313,272	(652,769)	(1,229,918)	(4,513,903)
Changes in assumptions	15,714,311	-	-	-	(1,764,356)	20,868,220	-	(5,706,829)
Changes in benefit terms	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(25,158,731)	(23,890,302)	(23,017,166)	(21,718,515)	(20,369,839)	(19,099,929)	(18,246,437)	(17,373,723)
Net change in total pension liability	28,735,048	13,701,220	14,115,560	16,054,801	16,705,905	34,412,442	11,759,523	2,632,054
Total pension liability - beginning	443,656,814	429,955,594	415,840,034	399,785,233	383,079,328	348,666,886	336,907,363	334,275,309
Total pension liability - ending (a)	\$472,391,862	\$443,656,814	\$429,955,594	\$415,840,034	\$399,785,233	\$383,079,328	\$348,666,886	\$336,907,363
Plan fiduciary net position								
Contributions - employer	14,717,993	13,566,455	12,284,260	14,131,640	13,411,260	13,038,623	10,598,960	9,719,832
Contributions - employee	1,709,770	1,789,979	1,576,589	2,260,834	2,509,623	2,358,978	2,232,023	2,180,686
Investment income (net of administrative expenses)	(24,080,446)	60,169,718	13,065,390	16,597,022	20,229,991	24,165,223	1,116,133	4,925,152
Benefit payments	(25,158,731)	(23,890,302)	(23,017,166)	(21,718,515)	(20,369,839)	(19,099,929)	(18,246,437)	(17,373,723)
Other	(198,185)	(266,493)	(371,100)	(179,352)	(1,073,204)	(320,823)	(135,133)	(249,571)
Net change in plan fiduciary net position	(33,009,599)	51,369,357	3,537,973	11,091,629	14,707,831	20,142,072	(4,434,454)	(797,624)
Plan fiduciary net position - beginning	318,144,969	266,775,612	263,237,639	252,146,010	237,438,179	217,296,107	221,730,561	222,528,185
Plan fiduciary net position - ending (b)	\$285,135,370	\$318,144,969	\$266,775,612	\$263,237,639	\$252,146,010	\$237,438,179	\$217,296,107	\$221,730,561
Net pension liability - ending (a)-(b)	\$187,256,492	\$125,511,845	\$163,179,982	\$152,602,395	\$147,639,223	\$145,641,149	\$131,370,779	\$115,176,802
Plan fiduciary net position as a percentage of the total pension liability	60.36%	71.71%	62.05%	63.30%	63.07%	61.98%	62.32%	65.81%
Covered payroll	\$ 17,257,920	\$ 16,442,390	\$ 16,067,107	\$ 22,211,287	\$ 28,442,831	\$ 27,088,471	\$ 24,092,535	\$ 22,899,741
Net pension liability as a percentage of covered payroll	1085.05%	763.34%	1015.62%	687.05%	519.07%	537.65%	545.28%	502.96%

Notes to Schedule:

¹ Historical information is presented only from the implementation year.

City of San Mateo
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions - Pension
For the Year Ended June 30, 2023

Miscellaneous Plan									
Fiscal Year:	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15 ¹
Contractually determined contribution (actuarially determined)	\$ 10,683,495	\$ 9,953,731	\$ 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	(10,683,495)	(9,953,731)	(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>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$38,292,673	\$36,700,692	\$36,154,902	\$35,484,738	\$35,068,361	\$34,688,256	\$31,556,856	\$28,252,538	\$26,888,005
Contributions as a percentage of covered payroll	27.90%	27.12%	24.80%	23.41%	20.94%	18.13%	18.61%	18.87%	16.42%

Notes to Schedule

Methods and assumptions used to determine contribution rates for the fiscal year ended June 30, 2023:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2023 were derived from the June 30, 2019 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2019 Funding Valuation Report
Asset valuation method	Fair use of Assets. For details, see June 30, 2019 Funding Valuation Report.
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	2.75%
Investment rate of return	7.00% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 and 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

¹ Historical information is presented only from the implementation year.

City of San Mateo
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions – Pension (Continued)
For the Year Ended June 30, 2023

Safety Plan									
Fiscal Year:	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15 ¹
Contractually determined contribution (actuarially determined)	\$ 16,292,527	\$ 14,717,993	\$ 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	(16,292,527)	(14,717,993)	(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	\$ 17,595,173	\$ 17,257,920	\$ 16,442,390	\$ 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	92.60%	85.28%	82.51%	76.46%	63.58%	47.15%	48.13%	43.90%	41.24%

Notes to Schedule

Methods and assumptions used to determine contribution rates for the fiscal year ended June 30, 2023:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2023 were derived from the June 30, 2019 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2019 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2019 Funding Valuation Report.
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	2.750%
Investment rate of return	7.00% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 and 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

¹ Historical information is presented only 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, 2023

	2023	2022	2021	2020	2019
For the Measurement Period:	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Total OPEB Liability:					
Service Cost	\$ 548,522	\$ 497,327	\$ 482,842	\$ 692,000	\$ 672,000
Interest on the total OPEB liability	1,048,022	1,144,590	1,113,841	1,338,000	1,286,000
Changes in benefit terms	-	-	-	-	-
Difference between expected and actual experience	-	(670,829)	-	(3,453,000)	-
Changes in assumptions	-	(86,901)	-	(509,000)	-
Benefit payments	(1,117,596)	(1,130,244)	(1,181,000)	(1,174,000)	(1,269,000)
Net changes in Total OPEB Liability	478,948	(246,057)	415,683	(3,106,000)	689,000
Beginning of Year	16,778,626	17,024,683	16,609,000	19,715,000	19,026,000
End of Year	\$ 17,257,574	\$ 16,778,626	\$ 17,024,683	\$ 16,609,000	\$ 19,715,000
Plan Fiduciary Net Position:					
Employer contribution	\$ 2,056,602	\$ 1,817,000	\$ 1,825,000	\$ 1,950,000	\$ 1,913,000
Employee contributions	-	-	-	-	-
Net investment income	(1,364,786)	2,140,859	239,112	495,000	372,000
Administrative expenses	(9,587)	(9,723)	(11,386)	(7,000)	(7,000)
Benefit payments	(1,117,596)	(1,130,244)	(1,181,000)	(1,174,000)	(1,269,000)
Net changes in Fiduciary Net Position	(435,367)	2,817,892	871,726	1,264,000	1,009,000
Beginning of Year	9,265,618	6,447,726	5,576,000	4,312,000	3,303,000
End of Year	\$ 8,830,251	\$ 9,265,618	\$ 6,447,726	\$ 5,576,000	\$ 4,312,000
Net OPEB Liability	\$ 8,427,323	\$ 7,513,008	\$ 10,576,957	\$ 11,033,000	\$ 15,403,000
Fiduciary Net Position as a percentage of Total OPEB Liability	51.17%	55.22%	37.87%	33.57%	21.87%
Covered Payroll	\$ 59,443,000	\$ 57,176,000	\$ 55,405,000	\$ 62,798,000	\$ 66,133,000
Net OPEB Liability as a % of Payroll	14.18%	13.14%	19.09%	17.57%	23.29%

¹ Historical information is presented only from the implementation year.

City of San Mateo
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions - OPEB
For the Year Ended June 30, 2023

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18 ¹
Actuarially determined contribution	\$ 1,193,000	\$ 1,319,000	\$ 1,281,000	\$ 1,817,000	\$ 1,764,000	\$ 1,913,000
Contributions in relation to the actuarially determined contributions	(1,183,000)	(2,056,602)	(1,817,000)	(1,825,000)	(1,950,000)	(1,913,000)
Contribution deficiency (excess)	\$ 10,000	\$ (737,602)	\$ (536,000)	\$ (8,000)	\$ (186,000)	\$ -
Covered-employee payroll	\$ 60,964,000	\$ 59,443,000	\$ 57,176,000	\$ 55,405,000	\$ 62,798,000	\$ 66,133,000
Contributions as a percentage of covered-employee payroll	1.94%	3.46%	3.18%	3.29%	3.11%	2.89%

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2023 were as follows:

Actuarial valuation date	6/30/2021
Actuarial cost method	Entry-Age Normal Cost Method, Level % of pay
Amortization Period	16-year fixed period for 2022-2023
Asset valuation method	Actuarial value of assets. Investment gains and losses spread over 5-year rolling period.
Inflation	2.50%
Investment rate of return	6.25%
Healthcare cost trend rate	Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076; Medicare (Kaiser) - 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076
Projected salary growth and increase	Varies by Entry Age and Service
Mortality	CalPERS 2000-2019 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021

¹ Historical information is presented only 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.

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
For the Year Ended June 30, 2023

	Special Revenue			
	Police Grants Fund	Community Development Block Grant Fund	HOME Fund	City Housing Fund
ASSETS				
Cash and investments	\$ 315,509	\$ -	\$ 171,826	\$ 911,415
Restricted cash and investments held by fiscal agents	-	-	-	-
Accounts receivable, net	43,583	52,865	-	-
Taxes receivable	-	-	-	-
Grants receivable	107,742	124,917	-	-
Loans and notes receivable, net	-	430,192	253,014	54,684
Total assets	\$ 466,834	\$ 607,974	\$ 424,840	\$ 966,099
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	110	46,412	-	-
Due to other funds	-	78,657	-	-
Unearned revenues	75,123	-	-	-
Total liabilities	75,233	125,069	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	77,743	22,075	-
Total deferred inflows of resources	-	77,743	22,075	-
Fund Balances:				
Restricted	391,601	405,162	402,765	966,099
Total fund balances	391,601	405,162	402,765	966,099
Total liabilities, deferred inflows of resources, and fund balances	\$ 466,834	\$ 607,974	\$ 424,840	\$ 966,099

(Continued)

City of San Mateo
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2023

	Special Revenue			
	Low & Moderate Income Housing Fund	Permanent Local Housing Allocation Fund	Gas Tax Fund	Road Maintenance and Rehabilitation Fund
ASSETS				
Cash and investments	\$ 1,721,111	\$ -	\$ 1,033,051	\$ 4,197,759
Restricted cash and investments held by fiscal agents	-	-	-	-
Accounts receivable, net	-	33,826	-	413,560
Taxes receivable	-	-	234,709	-
Grants receivable	-	531,409	-	-
Loans and notes receivable, net	3,162,594	-	-	-
Total assets	\$ 4,883,705	\$ 565,235	\$ 1,267,760	\$ 4,611,319
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	3,545	66,238	-	-
Due to other funds	-	240,965	-	-
Unearned revenues	-	255,317	-	-
Total liabilities	3,545	562,520	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	168,650	-	-	-
Total deferred inflows of resources	168,650	-	-	-
Fund Balances:				
Restricted	4,711,510	2,715	1,267,760	4,611,319
Total fund balances	4,711,510	2,715	1,267,760	4,611,319
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,883,705	\$ 565,235	\$ 1,267,760	\$ 4,611,319

(Continued)

City of San Mateo
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2023

	Special Revenue			
	Advance Planning Fund	Solid Waste Fund	Parks and Recreation Fund	Traffic Impact Fee Fund
ASSETS				
Cash and investments	\$ 5,004,216	\$ 13,865,331	\$ 12,287,087	\$ 315,704
Restricted cash and investments held by fiscal agents	-	-	-	-
Accounts receivable, net	75,914	445,060	-	-
Taxes receivable	-	-	-	-
Grants receivable	248,797	-	-	-
Loans and notes receivable, net	-	-	-	-
Total assets	<u>\$ 5,328,927</u>	<u>\$ 14,310,391</u>	<u>\$ 12,287,087</u>	<u>\$ 315,704</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	224,122	12,011	1,168	-
Due to other funds	-	-	-	-
Unearned revenues	-	138,857	-	-
Total liabilities	<u>224,122</u>	<u>150,868</u>	<u>1,168</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	5,104,805	14,159,523	12,285,919	315,704
Total fund balances	<u>5,104,805</u>	<u>14,159,523</u>	<u>12,285,919</u>	<u>315,704</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,328,927</u>	<u>\$ 14,310,391</u>	<u>\$ 12,287,087</u>	<u>\$ 315,704</u>

(Continued)

City of San Mateo
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2023

	Special Revenue	Debt Service		Capital Projects
	Commercial Linkage Fee Fund	Landfill Bonds Fund	General Obligation Bonds Fund	2% Hotel Tax Fund
ASSETS				
Cash and investments	\$ 3,245,851	\$ 3,908,617	\$ 6,661,454	\$ 1,450,000
Restricted cash and investments held by fiscal agents	-	-	-	81,429
Accounts receivable, net	-	50,000	-	-
Taxes receivable	-	-	-	111,048
Grants receivable	-	-	-	-
Loans and notes receivable, net	-	-	-	-
Total assets	<u>\$ 3,245,851</u>	<u>\$ 3,958,617</u>	<u>\$ 6,661,454</u>	<u>\$ 1,642,477</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	-	4,850	-	2,947
Due to other funds	-	-	-	1,380,618
Unearned revenues	-	-	-	-
Total liabilities	<u>-</u>	<u>4,850</u>	<u>-</u>	<u>1,383,565</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	3,245,851	3,953,767	6,661,454	258,912
Total fund balances	<u>3,245,851</u>	<u>3,953,767</u>	<u>6,661,454</u>	<u>258,912</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,245,851</u>	<u>\$ 3,958,617</u>	<u>\$ 6,661,454</u>	<u>\$ 1,642,477</u>

(Continued)

City of San Mateo
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2023

	Total Other Governmental Funds
ASSETS	
Cash and investments	\$ 55,088,931
Restricted cash and investments held by fiscal agents	81,429
Accounts receivable, net	1,114,808
Taxes receivable	345,757
Grants receivable	1,012,865
Loans and notes receivable, net	3,900,484
Total assets	\$ 61,544,274
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities:	
Accounts payable	361,403
Due to other funds	1,700,240
Unearned revenues	469,297
Total liabilities	2,530,940
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	268,468
Total deferred inflows of resources	268,468
Fund Balances:	
Restricted	58,744,866
Total fund balances	58,744,866
Total liabilities, deferred inflows of resources, and fund balances	\$ 61,544,274

(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, 2023

	Special Revenue			
	Police Grants Fund	Community Development Block Grant Fund	HOME Fund	City Housing Fund
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Fines, forfeitures and penalties	150,450	-	-	-
Intergovernmental	669,346	527,569	-	-
Charges for services	-	-	-	-
Investment income	5,991	-	-	-
Assessments and garbage collection	-	-	-	-
Impact fees	-	-	-	-
Capital contributions	-	-	-	461
Other revenues	-	1,319	29,737	-
Total revenues	825,787	528,888	29,737	461
EXPENDITURES:				
Current:				
Community development	-	466,530	-	91,976
Public safety:				
Police	680,037	-	-	-
Public works	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	680,037	466,530	-	91,976
REVENUES OVER (UNDER) EXPENDITURES	145,750	62,358	29,737	(91,515)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(14,495)	-	-
Total other financing sources (uses)	-	(14,495)	-	-
NET CHANGES IN FUND BALANCES	145,750	47,863	29,737	(91,515)
FUND BALANCES:				
Beginning of year	245,851	357,299	373,028	1,057,614
End of year	<u>\$ 391,601</u>	<u>\$ 405,162</u>	<u>\$ 402,765</u>	<u>\$ 966,099</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, 2023

	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	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Intergovernmental	-	474,810	2,675,389	2,360,099
Charges for services	-	-	-	-
Investment income	68,999	319	37,507	85,218
Assessments and garbage collection	-	-	-	-
Impact fees	-	-	-	-
Capital contributions	-	-	-	-
Other revenues	408,192	-	-	-
Total revenues	477,191	475,129	2,712,896	2,445,317
EXPENDITURES:				
Current:				
Community development	96,188	434,333	-	-
Public safety:				
Police	-	-	-	-
Public works	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	96,188	434,333	-	-
REVENUES OVER (UNDER) EXPENDITURES	381,003	40,796	2,712,896	2,445,317
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(2,525,972)	(190)
Total other financing sources (uses)	-	-	(2,525,972)	(190)
NET CHANGES IN FUND BALANCES	381,003	40,796	186,924	2,445,127
FUND BALANCES:				
Beginning of year	4,330,507	(38,081)	1,080,836	2,166,192
End of year	<u>\$ 4,711,510</u>	<u>\$ 2,715</u>	<u>\$ 1,267,760</u>	<u>\$ 4,611,319</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, 2023

	Special Revenue			
	Advance Planning Fund	Solid Waste Fund	Parks and Recreation Fund	Traffic Impact Fee Fund
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Fines, forfeitures and penalties	-	691,842	-	-
Intergovernmental	324,711	134,958	-	-
Charges for services	1,775,250	890,148	-	-
Investment income	138,084	365,779	347,980	7,849
Assessments and garbage collection	-	1,413,357	151,331	-
Impact fees	-	-	27,172	10,354
Capital contributions	-	750,000	-	-
Other revenues	-	110,424	-	-
Total revenues	2,238,045	4,356,508	526,483	18,203
EXPENDITURES:				
Current:				
Community development	1,738,143	-	-	-
Public safety:				
Police	-	-	-	-
Public works	-	2,236,953	-	-
Non-departmental	-	-	16,390	-
Capital outlay	-	1,850	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	1,738,143	2,238,803	16,390	-
REVENUES OVER (UNDER) EXPENDITURES	499,902	2,117,705	510,093	18,203
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	40,085
Transfers out	-	(136,267)	(350,493)	-
Total other financing sources (uses)	-	(136,267)	(350,493)	40,085
NET CHANGES IN FUND BALANCES	499,902	1,981,438	159,600	58,288
FUND BALANCES:				
Beginning of year	4,604,903	12,178,085	12,126,319	257,416
End of year	<u>\$ 5,104,805</u>	<u>\$ 14,159,523</u>	<u>\$ 12,285,919</u>	<u>\$ 315,704</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, 2023

	Special Revenue	Debt Service		Capital Projects
	Commercial Linkage Fee Fund	Landfill Bonds Fund	General Obligation Bonds Fund	2% Hotel Tax Fund
REVENUES:				
Property taxes	\$ -	\$ -	\$ 2,666,670	\$ -
Other taxes	-	-	-	1,022,922
Fines, forfeitures and penalties	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	91,269	103,551	158,124	2,146
Assessments and garbage collection	-	600,000	-	-
Impact fees	-	-	-	-
Capital contributions	-	-	-	-
Other revenues	-	-	-	-
Total revenues	91,269	703,551	2,824,794	1,025,068
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Public safety:				
Police	-	-	-	-
Public works	-	86,507	-	-
Non-departmental	4,936	-	117,097	118,766
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	2,375,000	488,419
Interest and fiscal charges	-	-	2,298,150	245,142
Total expenditures	4,936	86,507	4,790,247	852,327
REVENUES OVER (UNDER) EXPENDITURES	86,333	617,044	(1,965,453)	172,741
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	2,692,749	1,450,000
Transfers out	-	(30,986)	-	-
Total other financing sources (uses)	-	(30,986)	2,692,749	1,450,000
NET CHANGES IN FUND BALANCES	86,333	586,058	727,296	1,622,741
FUND BALANCES:				
Beginning of year	3,159,518	3,367,709	5,934,158	(1,363,829)
End of year	\$ 3,245,851	\$ 3,953,767	\$ 6,661,454	\$ 258,912

(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, 2023

	Total Other Governmental Funds
REVENUES:	
Property taxes	\$ 2,666,670
Other taxes	1,022,922
Fines, forfeitures and penalties	842,292
Intergovernmental	7,166,882
Charges for services	2,665,398
Investment income	1,412,816
Assessments and garbage collection	2,164,688
Impact fees	37,526
Capital contributions	750,461
Other revenues	549,672
Total revenues	<u>19,279,327</u>
EXPENDITURES:	
Current:	
Community development	2,827,170
Public safety:	
Police	680,037
Public works	2,323,460
Non-departmental	257,189
Capital outlay	1,850
Debt service:	
Principal	2,863,419
Interest and fiscal charges	2,543,292
Total expenditures	<u>11,496,417</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>7,782,910</u>
OTHER FINANCING SOURCES (USES):	
Transfers in	4,182,834
Transfers out	(3,058,403)
Total other financing sources (uses)	<u>1,124,431</u>
NET CHANGES IN FUND BALANCES	8,907,341
FUND BALANCES:	
Beginning of year	49,837,525
End of year	<u>\$ 58,744,866</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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Sales taxes	\$ 3,110,000	\$ 3,110,000	\$ 4,681,991	\$ 1,571,991
Intergovernmental	-	651,913	3,838,925	3,187,012
Investment income	-	-	555,878	555,878
Assessments and garbage collection	386,000	386,000	538,032	152,032
Impact fees	1,241,944	1,241,944	109,538	(1,132,406)
Other revenues	550,000	550,000	74,311	(475,689)
Total revenues	5,287,944	5,939,857	9,798,675	3,858,818
EXPENDITURES:				
Capital outlay	192,602,627	194,357,293	24,797,444	169,559,849
Debt service:				
Principal	589,493	589,493	589,493	-
Interest and fiscal charges	74,898	74,898	74,898	-
Total expenditures	193,267,018	195,021,684	25,461,835	169,559,849
REVENUES OVER (UNDER) EXPENDITURES	(187,979,074)	(189,081,827)	(15,663,160)	(165,701,031)
OTHER FINANCING SOURCES (USES):				
Transfers in	14,895,000	15,810,132	14,367,959	(1,442,173)
Transfers out	-	-	-	-
Total other financing sources (uses)	14,895,000	15,810,132	14,367,959	(1,442,173)
NET CHANGES IN FUND BALANCES	\$ (173,084,074)	\$ (173,271,695)	(1,295,201)	\$ (171,976,494)
FUND BALANCES:				
Beginning of year			55,481,647	
End of year			<u>\$ 54,186,446</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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable/ (Unfavorable)
REVENUES:				
Fines, forfeitures and penalties	\$ -	\$ -	\$ 150,450	\$ 150,450
Intergovernmental	544,373	801,743	669,346	(132,397)
Investment income	5,000	5,000	5,991	991
Total revenues	<u>549,373</u>	<u>806,743</u>	<u>825,787</u>	<u>19,044</u>
EXPENDITURES:				
Current:				
Public safety:				
Police	819,086	1,055,368	680,037	375,331
Capital outlay	-	21,088	-	21,088
Total expenditures	<u>819,086</u>	<u>1,076,456</u>	<u>680,037</u>	<u>396,419</u>
NET CHANGES IN FUND BALANCES	<u>\$ (269,713)</u>	<u>\$ (269,713)</u>	145,750	<u>\$ 415,463</u>
FUND BALANCES:				
Beginning of year			245,851	
End of year			<u>\$ 391,601</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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Intergovernmental	\$ 732,000	\$ 732,000	\$ 527,569	\$ (204,431)
Other revenues	8,000	8,000	1,319	(6,681)
Total revenues	<u>740,000</u>	<u>740,000</u>	<u>528,888</u>	<u>(211,112)</u>
EXPENDITURES:				
Current:				
Community development	257,384	502,076	466,530	35,546
Total expenditures	<u>257,384</u>	<u>502,076</u>	<u>466,530</u>	<u>35,546</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>482,616</u>	<u>237,924</u>	<u>62,358</u>	<u>(246,658)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(410,000)	(410,000)	(14,495)	395,505
Total other financing sources (uses)	<u>(410,000)</u>	<u>(410,000)</u>	<u>(14,495)</u>	<u>395,505</u>
NET CHANGES IN FUND BALANCES	<u>\$ 72,616</u>	<u>\$ (172,076)</u>	<u>47,863</u>	<u>\$ 148,847</u>
FUND BALANCES:				
Beginning of year			357,299	
End of year			<u>\$ 405,162</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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable/ (Unfavorable)
REVENUES:				
Other revenues	\$ 15,000	\$ 15,000	\$ 29,737	\$ 14,737
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>29,737</u>	<u>14,737</u>
EXPENDITURES:				
Current:				
Community development	10,000	10,000	-	10,000
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
NET CHANGES IN FUND BALANCES	<u>\$ 5,000</u>	<u>\$ 5,000</u>	29,737	<u>\$ 24,737</u>
FUND BALANCES:				
Beginning of year			373,028	
End of year			<u>\$ 402,765</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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Investment income	\$ 18,000	\$ 18,000	\$ -	\$ (18,000)
Capital contributions	50,000	50,000	461	(49,539)
Other revenues	16,000	16,000	-	(16,000)
Total revenues	<u>84,000</u>	<u>84,000</u>	<u>461</u>	<u>(83,539)</u>
EXPENDITURES:				
Current:				
Community development	<u>198,500</u>	<u>228,500</u>	<u>91,976</u>	<u>136,524</u>
Total expenditures	<u>198,500</u>	<u>228,500</u>	<u>91,976</u>	<u>136,524</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(114,500)</u>	<u>(144,500)</u>	<u>(91,515)</u>	<u>(220,063)</u>
NET CHANGES IN FUND BALANCES	<u>\$ (114,500)</u>	<u>\$ (144,500)</u>	<u>(91,515)</u>	<u>\$ 52,985</u>
FUND BALANCES:				
Beginning of year			<u>1,057,614</u>	
End of year			<u>\$ 966,099</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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable/ (Unfavorable)
REVENUES:				
Investment income	\$ 64,000	\$ 64,000	\$ 68,999	\$ 4,999
Other revenues	214,000	214,000	408,192	194,192
Total revenues	<u>278,000</u>	<u>278,000</u>	<u>477,191</u>	<u>199,191</u>
EXPENDITURES:				
Current:				
Community development	146,793	148,793	96,188	52,605
Total expenditures	<u>146,793</u>	<u>148,793</u>	<u>96,188</u>	<u>52,605</u>
NET CHANGES IN FUND BALANCES	<u>\$ 131,207</u>	<u>\$ 129,207</u>	381,003	<u>\$ 146,586</u>
FUND BALANCES:				
Beginning of year			4,330,507	
End of year			<u>\$ 4,711,510</u>	

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable/ (Unfavorable)
REVENUES:				
Intergovernmental	\$ 1,031,409	\$ 1,562,818	\$ 474,810	\$ (1,088,008)
Investment income	-	-	319	319
Total revenues	<u>1,031,409</u>	<u>1,562,818</u>	<u>475,129</u>	<u>(1,087,689)</u>
EXPENDITURES:				
Current:				
Community development	<u>500,000</u>	<u>1,160,245</u>	<u>434,333</u>	<u>725,912</u>
Total expenditures	<u>500,000</u>	<u>1,160,245</u>	<u>434,333</u>	<u>725,912</u>
NET CHANGES IN FUND BALANCES	<u>\$ 531,409</u>	<u>\$ 402,573</u>	40,796	<u>\$ (361,777)</u>
FUND BALANCES:				
Beginning of year			(38,081)	
End of year			<u>\$ 2,715</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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Intergovernmental	\$ 3,004,154	\$ 3,004,154	\$ 2,675,389	\$ (328,765)
Investment income	12,000	12,000	37,507	25,507
Total revenues	<u>3,016,154</u>	<u>3,016,154</u>	<u>2,712,896</u>	<u>(303,258)</u>
OTHER FINANCING (USES):				
Transfers out	(2,734,500)	(2,734,500)	(2,525,972)	208,528
Total other financing (uses)	<u>(2,734,500)</u>	<u>(2,734,500)</u>	<u>(2,525,972)</u>	<u>208,528</u>
NET CHANGES IN FUND BALANCES	<u>\$ 281,654</u>	<u>\$ 281,654</u>	186,924	<u>\$ (94,730)</u>
FUND BALANCES:				
Beginning of year			1,080,836	
End of year			<u>\$ 1,267,760</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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Intergovernmental	\$ 2,348,876	\$ 2,348,876	\$ 2,360,099	\$ 11,223
Investment income	15,000	15,000	85,218	70,218
Total revenues	<u>2,363,876</u>	<u>2,363,876</u>	<u>2,445,317</u>	<u>81,441</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,000,000)	(2,000,000)	(190)	1,999,810
Total other financing sources (uses)	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(190)</u>	<u>1,999,810</u>
NET CHANGES IN FUND BALANCES	<u>\$ 363,876</u>	<u>\$ 363,876</u>	2,445,127	<u>\$ 2,081,251</u>
FUND BALANCES:				
Beginning of year			2,166,192	
End of year			<u>\$ 4,611,319</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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Intergovernmental	\$ 286,603	\$ 286,603	\$ 324,711	\$ 38,108
Charges for services	1,700,000	1,700,000	1,775,250	75,250
Investment income	89,000	89,000	138,084	49,084
Total revenues	<u>2,075,603</u>	<u>2,075,603</u>	<u>2,238,045</u>	<u>162,442</u>
EXPENDITURES:				
Current:				
Community development	<u>1,777,973</u>	<u>1,904,075</u>	<u>1,738,143</u>	<u>165,932</u>
Total expenditures	<u>1,777,973</u>	<u>1,904,075</u>	<u>1,738,143</u>	<u>165,932</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>297,630</u>	<u>171,528</u>	<u>499,902</u>	<u>(3,490)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>-</u>	<u>(115,600)</u>	<u>-</u>	<u>115,600</u>
Total other financing sources (uses)	<u>-</u>	<u>(115,600)</u>	<u>-</u>	<u>115,600</u>
NET CHANGES IN FUND BALANCES	<u>\$ 297,630</u>	<u>\$ 55,928</u>	<u>499,902</u>	<u>\$ 112,110</u>
FUND BALANCES:				
Beginning of year			<u>4,604,903</u>	
End of year			<u>\$ 5,104,805</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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Fines, forfeitures and penalties	\$ 400,000	\$ 400,000	\$ 691,842	\$ 291,842
Intergovernmental	214,000	214,000	134,958	(79,042)
Charges for services	750,000	750,000	890,148	140,148
Investment income	155,000	155,000	365,779	210,779
Assessments and garbage collection	1,076,160	1,076,160	1,413,357	337,197
Capital contributions	750,000	750,000	750,000	-
Other revenues	82,000	82,000	110,424	28,424
Total revenues	3,427,160	3,427,160	4,356,508	929,348
EXPENDITURES:				
Current:				
Public works	2,685,571	2,719,926	2,236,953	482,973
Capital outlay	-	-	1,850	(1,850)
Total expenditures	2,685,571	2,719,926	2,238,803	481,123
REVENUES OVER (UNDER) EXPENDITURES	741,589	707,234	2,117,705	448,225
OTHER FINANCING SOURCES (USES):				
Transfers out	(750,000)	(750,000)	(136,267)	613,733
Total other financing sources (uses)	(750,000)	(750,000)	(136,267)	613,733
NET CHANGES IN FUND BALANCES	\$ (8,411)	\$ (42,766)	1,981,438	\$ 1,061,958
FUND BALANCES:				
Beginning of year			12,178,085	
End of year			<u>\$ 14,159,523</u>	

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Charges for services	\$ 2,241,054	\$ 2,241,054	\$ -	\$ (2,241,054)
Investment income	182,000	182,000	347,980	165,980
Assessments and garbage collection	-	-	151,331	151,331
Impact fees	-	-	27,172	27,172
Total revenues	<u>2,423,054</u>	<u>2,423,054</u>	<u>526,483</u>	<u>(1,896,571)</u>
EXPENDITURES:				
Current:				
Non-departmental	<u>16,390</u>	<u>16,390</u>	<u>16,390</u>	<u>-</u>
Total expenditures	<u>16,390</u>	<u>16,390</u>	<u>16,390</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,406,664</u>	<u>2,406,664</u>	<u>510,093</u>	<u>(1,896,571)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(725,000)</u>	<u>(725,000)</u>	<u>(350,493)</u>	<u>374,507</u>
Total other financing sources (uses)	<u>(725,000)</u>	<u>(725,000)</u>	<u>(350,493)</u>	<u>374,507</u>
NET CHANGES IN FUND BALANCES	<u>\$ 1,681,664</u>	<u>\$ 1,681,664</u>	<u>159,600</u>	<u>\$ (1,522,064)</u>
FUND BALANCES:				
Beginning of year			<u>12,126,319</u>	
End of year			<u>\$ 12,285,919</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Investment income	\$ 32,000	\$ 32,000	\$ 7,849	\$ (24,151)
Impact fees	2,500,000	2,500,000	10,354	(2,489,646)
Total revenues	<u>2,532,000</u>	<u>2,532,000</u>	<u>18,203</u>	<u>(2,513,797)</u>
OTHER FINANCING (USES):				
Transfers in	(222,000)	(222,000)	40,085	262,085
Total other financing (uses)	<u>(222,000)</u>	<u>(222,000)</u>	<u>40,085</u>	<u>262,085</u>
NET CHANGES IN FUND BALANCES	<u>\$ 2,310,000</u>	<u>\$ 2,310,000</u>	58,288	<u>\$ (2,251,712)</u>
FUND BALANCES:				
Beginning of year			257,416	
End of year			<u>\$ 315,704</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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable/ (Unfavorable)
REVENUES:				
Fines, forfeitures and penalties	\$ 5,000,000	\$ 5,000,000	\$ -	\$ (5,000,000)
Investment income	109,000	109,000	91,269	(17,731)
Total revenues	<u>5,109,000</u>	<u>5,109,000</u>	<u>91,269</u>	<u>(5,017,731)</u>
EXPENDITURES:				
Current:				
Non-departmental	4,936	4,936	4,936	-
Total expenditures	<u>4,936</u>	<u>4,936</u>	<u>4,936</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ 5,104,064</u>	<u>\$ 5,104,064</u>	86,333	<u>\$ (5,017,731)</u>
FUND BALANCES:				
Beginning of year			3,159,518	
End of year			<u>\$ 3,245,851</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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Investment income	\$ 54,000	\$ 54,000	\$ 103,551	\$ 49,551
Assessments and garbage collection	600,000	600,000	600,000	-
Total revenues	<u>654,000</u>	<u>654,000</u>	<u>703,551</u>	<u>49,551</u>
EXPENDITURES:				
Current:				
Public works	96,858	97,358	86,507	10,851
Total expenditures	<u>96,858</u>	<u>97,358</u>	<u>86,507</u>	<u>10,851</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>557,142</u>	<u>556,642</u>	<u>617,044</u>	<u>38,700</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(30,986)	(30,986)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(30,986)</u>	<u>(30,986)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 557,142</u>	<u>\$ 556,642</u>	586,058	<u>\$ 29,416</u>
FUND BALANCES:				
Beginning of year			3,367,709	
End of year			<u>\$ 3,953,767</u>	

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Property taxes	\$ 2,041,250	\$ 2,041,250	\$ 2,666,670	\$ 625,420
Investment income	97,000	97,000	158,124	61,124
Total revenues	<u>2,138,250</u>	<u>2,138,250</u>	<u>2,824,794</u>	<u>686,544</u>
EXPENDITURES:				
Current:				
Non-departmental	118,027	118,027	117,097	930
Debt service:				
Principal	2,375,000	2,375,000	2,375,000	-
Interest and fiscal charges	2,298,150	2,298,150	2,298,150	-
Total expenditures	<u>4,791,177</u>	<u>4,791,177</u>	<u>4,790,247</u>	<u>930</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,652,927)</u>	<u>(2,652,927)</u>	<u>(1,965,453)</u>	<u>687,474</u>
OTHER FINANCING SOURCES:				
Transfers in	2,692,749	2,692,749	2,692,749	-
Total other financing sources	<u>2,692,749</u>	<u>2,692,749</u>	<u>2,692,749</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ 39,822</u>	<u>\$ 39,822</u>	727,296	<u>\$ 687,474</u>
FUND BALANCES:				
Beginning of year			5,934,158	
End of year			<u>\$ 6,661,454</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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable/ (Unfavorable)
REVENUES:				
Other taxes	\$ 538,750	\$ 538,750	\$ 1,022,922	\$ 484,172
Investment income	-	-	2,146	2,146
Total revenues	<u>538,750</u>	<u>538,750</u>	<u>1,025,068</u>	<u>486,318</u>
EXPENDITURES:				
Current:				
Non-departmental	122,605	127,106	118,766	8,340
Debt service:				
Principal	488,419	488,419	488,419	-
Interest and fiscal charges	245,142	245,142	245,142	-
Total expenditures	<u>856,166</u>	<u>860,667</u>	<u>852,327</u>	<u>8,340</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(317,416)</u>	<u>(321,917)</u>	<u>172,741</u>	<u>494,658</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,450,000	1,450,000	-
Total other financing sources (uses)	<u>-</u>	<u>1,450,000</u>	<u>1,450,000</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ (317,416)</u>	<u>\$ 1,128,083</u>	<u>1,622,741</u>	<u>\$ 494,658</u>
FUND BALANCES:				
Beginning of year			(1,363,829)	
End of year			<u>\$ 258,912</u>	

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
For the Year Ended June 30, 2023

	Workers' Compensation Insurance	Dental Self-Insurance	Benefits	Comprehensive Liability Insurance
ASSETS				
Current assets:				
Cash and investments	\$ 18,032,571	\$ 853,790	\$ -	\$ 2,696,177
Accounts receivable, net	-	-	728,477	-
Due from other funds	87,868	-	-	-
Prepaid items, inventory, and deposits	395,000	147,000	-	30,000
Total current assets	18,515,439	1,000,790	728,477	2,726,177
Noncurrent assets:				
Capital assets:				
Depreciable, net	-	-	-	-
Total capital assets	-	-	-	-
Total noncurrent assets	-	-	-	-
Total assets	18,515,439	1,000,790	728,477	2,726,177
LIABILITIES				
Current liabilities:				
Accounts payable	24,796	2,066	21,219	173,626
Due to other funds	-	-	87,868	-
Deposits payable	-	-	65,114	-
Claims payable - due within one year	2,396,000	-	-	7,074,000
Total current liabilities	2,420,796	2,066	174,201	7,247,626
Noncurrent liabilities:				
Claims payable - due in more than one year	9,704,000	-	-	7,536,000
Total noncurrent liabilities	9,704,000	-	-	7,536,000
Total liabilities	12,124,796	2,066	174,201	14,783,626
NET POSITION				
Investment in capital assets	-	-	-	-
Unrestricted (deficit)	6,390,643	998,724	554,276	(12,057,449)
Total net position	\$ 6,390,643	\$ 998,724	\$ 554,276	\$ (12,057,449)

City of San Mateo
Combining Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2023

	Vehicle and Equipment Replacement	Fleet and Building Maintenance	Total
ASSETS			
Current assets:			
Cash and investments	\$ 12,994,930	\$ 1,023,811	\$ 35,601,279
Accounts receivable, net	-	1,560	730,037
Due from other funds	-	-	87,868
Prepaid items, inventory, and deposits	-	32,174	604,174
Total current assets	12,994,930	1,057,545	37,023,358
Noncurrent assets:			
Capital assets:			
Depreciable, net	6,114,177	47,376	6,161,553
Total capital assets	6,114,177	47,376	6,161,553
Total noncurrent assets	6,114,177	47,376	6,161,553
Total assets	19,109,107	1,104,921	43,184,911
LIABILITIES			
Current liabilities:			
Accounts payable	340,252	266,443	828,402
Due to other funds	-	-	87,868
Deposits payable	-	-	65,114
Claims payable - due within one year	-	-	9,470,000
Total current liabilities	340,252	266,443	10,451,384
Noncurrent liabilities:			
Claims payable - due in more than one year	-	-	17,240,000
Total noncurrent liabilities	-	-	17,240,000
Total liabilities	340,252	266,443	27,691,384
NET POSITION			
Investment in capital assets	6,114,177	47,376	6,161,553
Unrestricted (deficit)	12,654,678	791,102	9,331,974
Total net position	\$ 18,768,855	\$ 838,478	\$ 15,493,527

City of San Mateo
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2023

	Workers' Compensation Insurance	Dental Self-Insurance	Benefits	Comprehensive Liability Insurance
OPERATING REVENUES:				
Charges for services	\$ 4,684,475	\$ 743,759	\$ 42,265,473	\$ 2,237,000
Other	1,279	-	-	2,780
Total operating revenues	4,685,754	743,759	42,265,473	2,239,780
OPERATING EXPENSES:				
Costs of sales and services	2,030,320	823,469	10,317,078	15,632,208
Administration	395,419	-	31,128,001	174,103
Depreciation and amortization	-	-	-	-
Total operating expenses	2,425,739	823,469	41,445,079	15,806,311
OPERATING INCOME (LOSS)	2,260,015	(79,710)	820,394	(13,566,531)
NONOPERATING REVENUES (EXPENSES):				
Investment income	500,215	-	-	26,419
Gain on sale of capital assets	-	-	-	-
Total nonoperating revenues (expenses)	500,215	-	-	26,419
INCOME (LOSS) BEFORE TRANSFERS	2,760,230	(79,710)	820,394	(13,540,112)
TRANSFERS:				
Transfers in	-	-	-	3,000,000
Transfers out	(1,500,000)	-	-	-
Total transfers	(1,500,000)	-	-	3,000,000
Changes in net position	1,260,230	(79,710)	820,394	(10,540,112)
NET POSITION:				
Beginning of year	5,130,413	1,078,434	(266,118)	(1,517,337)
End of year	<u>\$ 6,390,643</u>	<u>\$ 998,724</u>	<u>\$ 554,276</u>	<u>\$ (12,057,449)</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, 2023

	Vehicle & Equipment Replacement	Fleet & Building Maintenance	Total
OPERATING REVENUES:			
Charges for services	\$ 1,761,522	\$ 5,562,574	\$ 57,254,803
Other	1,294	1,590	6,943
Total operating revenues	<u>1,762,816</u>	<u>5,564,164</u>	<u>57,261,746</u>
OPERATING EXPENSES:			
Costs of sales and services	600,747	3,738,672	33,142,494
Administration	-	1,740,865	33,438,388
Depreciation and amortization	1,134,418	1,021	1,135,439
Total operating expenses	<u>1,735,165</u>	<u>5,480,558</u>	<u>67,716,321</u>
OPERATING INCOME (LOSS)	<u>27,651</u>	<u>83,606</u>	<u>(10,454,575)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	389,108	-	915,742
Gain on sale of capital assets	(10,499)	-	(10,499)
Total nonoperating revenues (expenses)	<u>378,609</u>	<u>-</u>	<u>905,243</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>406,260</u>	<u>83,606</u>	<u>(9,549,332)</u>
TRANSFERS:			
Transfers in	704,000	-	3,704,000
Transfers out	(1,497,903)	-	(2,997,903)
Total transfers	<u>(793,903)</u>	<u>-</u>	<u>706,097</u>
Changes in net position	<u>(387,643)</u>	<u>83,606</u>	<u>(8,843,235)</u>
NET POSITION:			
Beginning of year	19,156,498	754,872	24,336,762
End of year	<u>\$ 18,768,855</u>	<u>\$ 838,478</u>	<u>\$ 15,493,527</u>

City of San Mateo
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2023

	Workers' Compensation Insurance	Dental Self-Insurance	Benefits	Comprehensive Liability Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 4,684,475	\$ 743,759	\$ 41,536,996	\$ 2,237,000
Cash payments to suppliers for goods and services	(2,221,708)	(823,276)	(68,887)	(2,929,601)
Cash payments to employees for services	(394,976)	-	(41,445,079)	(142,590)
Cash received from others	1,279	-	-	2,780
Net cash provided by (used in) operating activities	2,069,070	(79,517)	23,030	(832,411)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund borrowing (lending)	23,030	-	-	-
Repayment of interfund borrowing (lending)	-	-	(23,030)	-
Transfers in	-	-	-	3,000,000
Transfers out	(1,500,000)	-	-	-
Net cash provided by (used in) noncapital financing activities	(1,476,970)	-	(23,030)	3,000,000
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	500,215	-	-	26,419
Net cash (used in) investing activities	500,215	-	-	26,419
Net change in cash and cash equivalents	1,092,315	(79,517)	-	2,194,008
CASH AND CASH EQUIVALENTS:				
Beginning of year	16,940,256	933,307	-	502,169
End of year	<u>\$ 18,032,571</u>	<u>\$ 853,790</u>	<u>\$ -</u>	<u>\$ 2,696,177</u>

(Continued)

City of San Mateo
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2023

	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)	\$ 2,260,015	\$ (79,710)	\$ 820,394	\$ (13,566,531)
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	-	-	(728,477)	-
Accounts payable	(84,853)	988	(26,117)	(3,880)
Deposits payable	(9,092)	(795)	(42,770)	-
Claims payable	(97,000)	-	-	12,738,000
Total adjustments	(190,945)	193	(797,364)	12,734,120
Net cash provided by (used in) operating activities	\$ 2,069,070	\$ (79,517)	\$ 23,030	\$ (832,411)

(Continued)

City of San Mateo
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2023

	Vehicle & Equipment Replacement	Fleet & Building Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,761,522	\$ 5,569,109	\$ 56,532,861
Cash payments to suppliers for goods and services	(363,514)	(3,681,371)	(10,088,357)
Cash payments to employees for services	-	(1,740,868)	(43,723,513)
Cash received from others	1,294	1,590	6,943
Net cash provided by (used in) operating activities	1,399,302	148,460	2,727,934
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interfund borrowing (lending)	-	-	23,030
Repayment of interfund borrowing (lending)	-	-	(23,030)
Transfers in	704,000	-	3,704,000
Transfers out	(1,497,903)	-	(2,997,903)
Net cash provided by noncapital financing activities	(793,903)	-	706,097
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	31,879	-	31,879
Acquisition of capital assets, net	(1,740,077)	(48,397)	(1,788,474)
Net cash (used in) capital and related financing activities	(1,708,198)	(48,397)	(1,756,595)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	389,108	-	915,742
Net cash (used in) investing activities	389,108	-	915,742
Net change in cash and cash equivalents	(713,691)	100,063	2,593,178
CASH AND CASH EQUIVALENTS:			
Beginning of year	13,708,621	923,748	33,008,101
End of year	<u>\$ 12,994,930</u>	<u>\$ 1,023,811</u>	<u>\$ 35,601,279</u>

(Continued)

City of San Mateo
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2023

	Vehicle & Equipment Replacement	Fleet & Building Maintenance	Total
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 27,651	\$ 83,606	\$ (10,454,575)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,134,418	1,021	1,135,439
Changes in operating assets and liabilities, and deferred outflows and inflows of resources:			
Accounts receivable, net	-	6,535	(721,942)
Accounts payable	237,233	57,298	180,669
Deposits payable	-	-	(52,657)
Claims payable	-	-	12,641,000
Total adjustments	1,371,651	64,854	13,182,509
Net cash provided by (used in) operating activities	\$ 1,399,302	\$ 148,460	\$ 2,727,934

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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, 2023

	San Mateo Consolidated Fire Department	CFD 2008-1	Other	Total
ASSETS				
Cash and investments	\$ 138,736	\$ 3,026,064	\$ 160,303	\$ 3,325,103
Restricted cash and investments	-	3,559,554	-	3,559,554
Total assets	138,736	6,585,618	160,303	6,884,657
LIABILITIES				
Accounts payable	138,736	-	160,303	299,039
Total liabilities	138,736	-	160,303	299,039
NET POSITION				
Restricted for:				
Individuals, organizations, and other governments	-	6,585,618	-	6,585,618
Total Net Position	\$ -	\$ 6,585,618	\$ -	\$ 6,585,618

City of San Mateo
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2023

	San Mateo Consolidated Fire Department	CFD 2008-1	Other	Total
ADDITIONS:				
Fee collections for other governments	\$ 351,820	\$ -	\$ 410,999	\$ 762,819
Special Assessments for other governments	-	4,847,772	-	4,847,772
Investment income	-	344,667	-	344,667
Total additions	<u>351,820</u>	<u>5,192,439</u>	<u>410,999</u>	<u>5,955,258</u>
DEDUCTIONS:				
Administration	-	20,804	218,484	239,288
Payments on conduit bonds - interest	-	1,874,794	-	1,874,794
Payments on conduit bonds - principal	351,820	85,685,779	192,515	86,230,114
Total deductions	<u>351,820</u>	<u>87,591,050</u>	<u>410,999</u>	<u>88,353,869</u>
Changes in net position	-	(82,398,611)	-	(82,398,611)
NET POSITION:				
Beginning of year	-	88,984,229	-	88,984,229
End of year	<u>\$ -</u>	<u>\$ 6,585,618</u>	<u>\$ -</u>	<u>\$ 6,585,618</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, 2023

	RDA Retirement Obligation	Successor Agency to RDA Merged Area	Successor Agency to RDA Housing	Total
ASSETS				
Cash and investments	\$ 5,075,023	\$ 1	\$ -	\$ 5,075,024
Total assets	<u>5,075,023</u>	<u>1</u>	<u>-</u>	<u>5,075,024</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	-	245,084	-	245,084
Total deferred outflows of resources	<u>-</u>	<u>245,084</u>	<u>-</u>	<u>245,084</u>
LIABILITIES				
Interest payable	-	789,833	-	789,833
Long-term debt - due within one year	-	4,075,000	-	4,075,000
Long-term debt - due in more than one year	-	37,970,810	-	37,970,810
Total liabilities	<u>-</u>	<u>42,835,643</u>	<u>-</u>	<u>42,835,643</u>
NET POSITION				
Held in trust for dissolution of RDA	5,075,023	(42,590,558)	-	(37,515,535)
Total Net Position (deficit)	<u>\$ 5,075,023</u>	<u>\$ (42,590,558)</u>	<u>\$ -</u>	<u>\$ (37,515,535)</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, 2023

	RDA Retirement Obligation	Successor Agency to RDA Merged Area	Successor Agency to RDA Housing	Total
ADDITIONS:				
Investment income	\$ 198	\$ -	\$ -	\$ 198
RDA property tax trust fund distribution	83,973	5,896,627	10,000	5,990,600
Other additions	-	-	706,294	706,294
Total additions	84,171	5,896,627	716,294	6,697,092
DEDUCTIONS:				
Administration	-	10,000	10,000	20,000
Interest expense	-	2,149,317	-	2,149,317
Total deductions	-	2,159,317	10,000	2,169,317
Changes in net position	84,171	3,737,310	706,294	4,527,775
NET POSITION:				
Beginning of year	4,990,852	(46,327,868)	(706,294)	(42,043,310)
End of year	<u>\$ 5,075,023</u>	<u>\$ (42,590,558)</u>	<u>\$ -</u>	<u>\$ (37,515,535)</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 Sewer Impact Fee accounts for revenue and expenditures related to the development impact fee for the 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, 2023

	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	\$ 538,033	\$ 28,676	\$ 6,871	\$ 64,229	\$ 8,292	\$ 646,101
Interest income	-	26,793	50,584	87	24,879	102,343
Total revenues	<u>538,033</u>	<u>55,469</u>	<u>57,455</u>	<u>64,316</u>	<u>33,171</u>	<u>748,444</u>
EXPENDITURES:						
Capital outlay	12,865	-	(8,321)	132,276	34,473	171,293
Debt service	386,528	-	-	-	-	386,528
Total expenditures	<u>399,393</u>	<u>-</u>	<u>(8,321)</u>	<u>132,276</u>	<u>34,473</u>	<u>557,821</u>
UNEXPENDED BALANCES:						
Beginning of year	2,161,424	-	2,145,646	1,162,866	1,258,929	6,728,865
End of year	<u>\$ 2,300,064</u>	<u>\$ 55,469</u>	<u>\$ 2,211,422</u>	<u>\$ 1,094,906</u>	<u>\$ 1,257,627</u>	<u>\$ 6,919,488</u>

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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	208
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>2014</u>	<u>2015</u> ⁽¹⁾	<u>2016</u>	<u>2017</u>	<u>2018</u> ⁽²⁾
Governmental Activities					
Net investment in capital assets	\$ 338,446,921	\$ 338,597,493	\$ 348,551,145	\$ 361,295,211	\$ 373,263,037
Restricted	82,599,049	35,940,430	42,628,946	43,004,559	56,180,410
Unrestricted	83,713,423	(56,568,094)	(25,485,083)	(16,647,454)	(27,694,719)
Total Governmental Activities Net Position	<u>\$ 504,759,393</u>	<u>\$ 317,969,829</u>	<u>\$ 365,695,008</u>	<u>\$ 387,652,316</u>	<u>\$ 401,748,728</u>
Business-Type Activities					
Net investment in capital assets	\$ 76,417,915	\$ 78,438,576	\$ 83,893,024	\$ 112,410,305	\$ 136,901,535
Restricted	5,982,278	11,056,422	9,457,948	17,976,147	3,019,163
Unrestricted	17,701,761	10,218,009	20,791,916	(7,096,918)	(2,674,687)
Total Business-Type Activities Net Position	<u>\$ 100,101,954</u>	<u>\$ 99,713,007</u>	<u>\$ 114,142,888</u>	<u>\$ 123,289,534</u>	<u>\$ 137,246,011</u>
Primary Government					
Net investment in capital assets	\$ 414,864,836	\$ 417,036,069	\$ 432,444,169	\$ 473,705,516	\$ 510,164,572
Restricted	88,581,327	46,996,852	52,086,894	60,980,706	59,199,573
Unrestricted	101,415,184	(46,350,085)	(4,693,167)	(23,744,372)	(30,369,406)
Total Primary Government Net Position	<u>\$ 604,861,347</u>	<u>\$ 417,682,836</u>	<u>\$ 479,837,896</u>	<u>\$ 510,941,850</u>	<u>\$ 538,994,739</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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental Activities					
Net investment in capital assets	\$ 374,808,638	\$ 380,800,232	\$ 392,070,528	\$ 397,780,546	\$ 384,115,038
Restricted	56,993,128	58,615,106	38,577,326	45,323,758	54,886,312
Unrestricted	(16,582,840)	(22,039,326)	(11,392,141)	6,234,558	12,405,371
Total Governmental Activities Net Position	<u>\$ 415,218,926</u>	<u>\$ 417,376,012</u>	<u>\$ 419,255,713</u>	<u>\$ 449,338,862</u>	<u>\$ 451,406,721</u>
Business-Type Activities					
Net investment in capital assets	\$ 137,297,898	\$ 154,095,718	\$ 168,133,572	\$ 135,235,423	\$ 79,620,512
Restricted	1,127,518	1,143,604	1,143,852	33,375,069	92,240,461
Unrestricted	24,223,141	39,117,768	58,834,359	109,975,918	164,051,166
Total Business-Type Activities Net Position	<u>\$ 162,648,557</u>	<u>\$ 194,357,090</u>	<u>\$ 228,111,783</u>	<u>\$ 278,586,410</u>	<u>\$ 335,912,139</u>
Primary Government					
Net investment in capital assets	\$ 512,106,536	\$ 534,895,950	\$ 560,204,100	\$ 533,015,969	\$ 463,735,550
Restricted	58,120,646	59,758,710	39,721,178	78,698,827	147,126,773
Unrestricted	7,640,301	17,078,442	47,442,218	116,210,476	176,456,537
Total Primary Government Net Position	<u>\$ 577,867,483</u>	<u>\$ 611,733,102</u>	<u>\$ 647,367,496</u>	<u>\$ 727,925,272</u>	<u>\$ 787,318,860</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses					
Governmental activities:					
General government	\$ 11,250,111	\$ 13,531,819	\$ 13,408,222	\$ 15,288,834	\$ 16,253,149
Community development	6,219,895	11,520,058	8,615,056	9,218,215	8,968,176
Public safety	52,241,250	54,499,943	56,518,491	66,098,015	78,040,802
Public works	18,936,651	17,572,481	19,194,348	19,454,397	22,900,784
Parks and recreation	14,485,575	14,604,719	14,715,076	17,688,663	17,723,370
Golf	-	-	-	-	-
Library	6,963,743	7,456,042	7,481,649	8,640,943	8,409,588
Interest and fiscal charges	1,712,704	1,687,938	1,563,149	1,603,120	1,282,632
Total governmental activities expenses	111,809,929	120,873,000	121,495,991	137,992,187	153,578,501
Business-type activities:					
Sewer	22,208,673	25,394,787	29,446,279	27,650,895	28,541,139
Golf	2,719,709	2,599,156	2,925,638	2,699,895	3,119,828
Total business-type activities expenses	24,928,382	27,993,943	32,371,917	30,350,790	31,660,967
Total primary government expenses	\$ 136,738,311	\$ 148,866,943	\$ 153,867,908	\$ 168,342,977	\$ 185,239,468
Program Revenues					
Governmental activities:					
Charges for Services:					
General government	\$ 3,796,035	\$ 7,746,426	\$ 8,864,516	\$ 4,460,496	\$ 4,761,038
Community development	10,824,597	11,841,340	13,040,363	15,504,626	18,647,276
Public safety	5,032,066	4,748,609	4,963,005	5,460,041	5,859,462
Public works	5,798,006	3,380,143	3,204,712	7,078,959	8,816,371
Parks and recreation	3,640,528	3,917,392	4,026,981	5,733,587	4,416,286
Golf	-	-	-	-	-
Library	396,619	366,424	376,099	384,442	425,676
Operating Grants and Contributions	4,621,620	4,659,218	4,920,003	4,855,791	6,527,822
Capital Grants and Contributions	12,304,741	5,932,115	17,519,113	7,404,767	12,254,621
Total governmental activities program revenues	46,414,212	42,591,667	56,914,792	50,882,709	61,708,552
Business-type activities:					
Charges for Services:					
Sewer	28,381,469	32,202,568	31,349,390	31,790,037	41,737,548
Golf	2,470,030	2,179,638	2,259,273	2,155,822	2,361,164
Capital Grants and Contributions	1,269,568	1,418,940	9,648,484	4,559,627	2,628,892
Total business-type activities program revenues	32,121,067	35,801,146	43,257,147	38,505,486	46,727,604
Total primary government program revenues	\$ 78,535,279	\$ 78,392,813	\$ 100,171,939	\$ 89,388,195	\$ 108,436,156
Net (Expense)/Revenue					
Governmental activities	\$ (65,395,717)	\$ (78,281,333)	\$ (64,581,199)	\$ (87,109,478)	\$ (91,869,949)
Business-type activities	7,192,685	7,807,203	10,885,230	8,154,696	15,066,637
Total primary government net expense	\$ (58,203,032)	\$ (70,474,130)	\$ (53,695,969)	\$ (78,954,782)	\$ (76,803,312)

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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Expenses					
Governmental activities:					
General government	\$ 22,520,951	\$ 24,844,817	\$ 22,566,708	\$ 23,440,199	\$ 28,633,018
Community development	10,689,333	11,079,458	11,362,295	20,402,608	16,765,437
Public safety	72,388,649	84,968,332	88,274,410	66,994,862	94,267,213
Public works	25,294,822	26,353,672	22,560,152	21,712,677	28,996,164
Parks and recreation	18,589,445	18,827,857	17,581,661	16,514,081	20,923,090
Golf	2,413,326	2,363,389	2,406,028	2,368,719	2,505,214
Library	9,088,444	9,546,338	8,797,338	8,678,548	9,421,539
Interest and fiscal charges	1,545,181	1,967,739	2,674,930	2,447,923	2,494,361
Total governmental activities expenses	162,530,151	179,951,602	176,223,522	162,559,617	204,006,036
Business-type activities:					
Sewer	30,979,524	39,159,040	40,969,271	41,868,215	41,833,626
Golf	-	-	-	-	-
Total business-type activities expenses	30,979,524	39,159,040	40,969,271	41,868,215	41,833,626
Total primary government expenses	\$ 193,509,675	\$ 219,110,642	\$ 217,192,793	\$ 204,427,832	\$ 245,839,662
Program Revenues					
Governmental activities:					
Charges for Services:					
General government	\$ 4,850,552	\$ 4,196,601	\$ 6,305,379	\$ 7,754,336	\$ 6,404,657
Community development	11,962,685	11,367,968	11,277,683	10,420,500	13,320,594
Public safety	4,873,368	6,334,734	2,402,026	2,179,473	3,166,616
Public works	7,908,636	10,140,356	7,117,981	8,860,490	7,540,418
Parks and recreation	4,427,073	3,158,517	1,010,881	2,921,700	3,512,400
Golf	2,169,365	2,206,781	3,129,139	3,529,967	3,105,744
Library	418,247	395,001	270,043	314,628	318,769
Operating Grants and Contributions	7,091,483	7,613,730	19,005,126	16,397,540	9,841,723
Capital Grants and Contributions	11,235,278	10,814,961	9,354,286	9,085,257	5,390,848
Total governmental activities program revenues	54,936,687	56,228,649	59,872,544	61,463,891	52,601,769
Business-type activities:					
Charges for Services:					
Sewer	51,981,922	58,741,767	67,962,290	71,491,119	77,987,677
Golf	-	-	-	-	-
Capital Grants and Contributions	1,231,712	7,290,894	5,931,349	21,355,870	15,487,045
Total business-type activities program revenues	53,213,634	66,032,661	73,893,639	92,846,989	93,474,722
Total primary government program revenues	\$ 108,150,321	\$ 122,261,310	\$ 133,766,183	\$ 154,310,880	\$ 146,076,491
Net (Expense)/Revenue					
Governmental activities	\$ (107,593,464)	\$ (123,722,953)	\$ (116,350,978)	\$ (101,095,726)	\$ (151,404,267)
Business-type activities	22,234,110	26,873,621	32,924,368	50,978,774	51,641,096
Total primary government net expense	\$ (85,359,354)	\$ (96,849,332)	\$ (83,426,610)	\$ (50,116,952)	\$ (99,763,171)

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Revenues and Other Changes in Net Position					
Government activities:					
Taxes					
Property taxes	\$ 42,485,569	\$ 45,514,243	\$ 49,821,722	\$ 52,989,559	\$ 58,137,331
Sales and use tax	23,621,580	26,406,209	27,458,762	26,001,431	26,313,958
Property transfer tax	9,476,087	10,636,846	9,894,291	12,179,016	11,778,074
Other taxes	12,582,033	13,764,540	14,503,661	14,536,828	14,777,396
Franchise fee	2,967,823	3,049,847	3,143,082	3,142,369	3,208,096
Motor vehicle taxes	68,688	61,024	416,222	55,990	64,442
Investment earnings	1,430,926	1,167,612	2,469,425	978,899	1,521,257
Other - GASB 68 Adjustment	-	-	344,425	-	-
Other revenues	-	-	-	32,694	66,005
Transfers	-	(2,501,852)	(3,020,196)	(850,000)	(525,000)
Special Item: Transfer of properties from Successor Agency	-	-	7,274,984	-	-
Special Item: Transfer of fire activities	-	-	-	-	-
Total Governmental activities:	92,632,706	98,098,469	112,306,378	109,066,786	115,341,559
Business-type activities:					
Investment earnings	324,021	250,398	524,455	141,950	189,713
Gain (Loss) on disposal of capital assets	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-
Transfers	-	2,501,852	3,020,196	850,000	525,000
Total business-type activities	324,021	2,752,250	3,544,651	991,950	714,713
Total primary government	\$ 92,956,727	\$ 100,850,719	\$ 115,851,029	\$ 110,058,736	\$ 116,056,272
Change in Net Position					
Governmental activities	\$ 26,936,988	\$ 19,817,136	\$ 47,725,179	\$ 21,957,308	\$ 23,471,610
Business-type activities	7,516,706	10,559,453	14,429,881	9,146,646	15,781,350
Total primary government	\$ 34,453,694	\$ 30,376,589	\$ 62,155,060	\$ 31,103,954	\$ 39,252,960

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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Revenues and Other Changes in Net Position					
Government activities:					
Taxes					
Property taxes	\$ 63,899,034	\$ 67,106,048	\$ 66,631,563	\$ 74,796,572	\$ 83,298,878
Sales and use tax	28,606,235	26,958,595	27,948,874	33,408,980	34,283,362
Property transfer tax	13,918,129	9,137,370	11,783,952	14,344,715	7,418,099
Other taxes	14,947,968	11,173,135	7,439,757	11,445,378	16,356,131
Franchise fee	3,134,906	3,170,550	3,033,639	3,117,140	3,627,304
Motor vehicle taxes	-	-	-	-	-
Investment earnings	7,180,752	7,259,659	488,757	(6,317,294)	4,554,367
Other - GASB 68 Adjustment	-	-	-	-	-
Other revenues	42,081	64,312	904,137	383,384	2,140,985
Transfers	(1,788,676)	-	-	-	1,794,000
Special Item: Transfer of properties from Successor Agency	-	-	-	-	-
Special Item: Transfer of fire activities	(8,876,767)	-	-	-	-
Total Governmental activities:	121,063,662	124,869,669	118,230,679	131,178,875	153,473,126
Business-type activities:					
Investment earnings	1,379,769	5,845,282	851,242	(602,477)	7,176,108
Gain (Loss) on disposal of capital assets	-	-	(22,292)	98,330	(101,329)
Miscellaneous revenues	-	-	1,375	-	403,854
Transfers	1,788,676	-	-	-	(1,794,000)
Total business-type activities	3,168,445	5,845,282	830,325	(504,147)	5,684,633
Total primary government	\$ 124,232,107	\$ 130,714,951	\$ 119,061,004	\$ 130,674,728	\$ 159,157,759
Change in Net Position					
Governmental activities	\$ 13,470,198	\$ 1,146,716	\$ 1,879,701	\$ 30,083,149	\$ 2,068,859
Business-type activities	25,402,555	32,718,903	33,754,693	50,474,627	57,325,729
Total primary government	\$ 38,872,753	\$ 33,865,619	\$ 35,634,394	\$ 80,557,776	\$ 59,394,588

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	Sales Tax	Property Transfer Tax	Franchise Fee	Other Taxes	Total
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
2022	74,796,572	33,408,980	14,344,715	3,117,140	11,445,378	137,112,785
2023	83,298,878	34,283,362	7,418,099	3,627,304	16,356,131	144,983,774

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				
	2014	2015	2016	2017	2018
General Fund					
Nonspendable fund balance	\$ 165,313	\$ 133,030	\$ 93,968	\$ 146,668	\$ 1,365,781
Restricted fund balance	-	-	-	-	-
Committed fund balance	-	-	-	-	1,310,590
Assigned fund balance	1,849,458	696,064	653,902	1,151,152	983,063
Unassigned fund balance	34,083,800	46,814,928	57,850,140	65,807,692	71,844,796
Total General Fund	<u>\$ 36,098,571</u>	<u>\$ 47,644,022</u>	<u>\$ 58,598,010</u>	<u>\$ 67,105,512</u>	<u>\$ 75,504,230</u>
All Other Governmental Funds					
Nonspendable fund balance	\$ -	\$ -	\$ -	\$ -	\$ 4,206
Restricted fund balance	32,452,933	36,477,074	42,628,946	42,468,316	54,997,971
Committed fund balance	41,759,610	51,111,814	63,490,793	66,261,696	66,085,830
Assigned fund balance	-	-	-	-	-
Unassigned fund balance	(3,999)	-	-	-	-
Total all other Governmental Funds	<u>\$ 74,208,544</u>	<u>\$ 87,588,888</u>	<u>\$ 106,119,739</u>	<u>\$ 108,730,012</u>	<u>\$ 121,088,007</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				
	2019	2020	2021	2022	2023
General Fund					
Nonspendable fund balance	\$ 1,138,335	\$ 801,607	\$ 329,193	\$ 357,245	\$ 284,396
Restricted fund balance	-	-	-	-	599,425
Committed fund balance	2,382,262	1,370,873	1,370,873	16,294,331	-
Assigned fund balance	708,521	670,609	-	1,097,978	9,304,494
Unassigned fund balance	83,958,171	82,719,189	90,258,189	93,702,456	107,690,904
Total General Fund	<u>\$ 88,187,289</u>	<u>\$ 85,562,278</u>	<u>\$ 91,958,255</u>	<u>\$ 111,452,010</u>	<u>\$ 117,879,219</u>
All Other Governmental Funds					
Nonspendable fund balance	\$ -	\$ -	\$ -	\$ 9,000	\$ -
Restricted fund balance	55,140,874	107,881,837	71,611,963	77,144,719	128,358,271
Committed fund balance	70,357,550	75,420,851	93,093,835	65,881,489	-
Assigned fund balance	-	-	-	-	17,200,801
Unassigned fund balance	-	-	(586,982)	(1,401,910)	-
Total all other Governmental Funds	<u>\$ 125,498,424</u>	<u>\$ 183,302,688</u>	<u>\$ 164,118,816</u>	<u>\$ 141,633,298</u>	<u>\$ 145,559,072</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				
	2014	2015	2016	2017	2018
Revenues:					
Property taxes	\$ 42,485,569	\$ 45,514,243	\$ 49,821,722	\$ 52,989,555	\$ 58,137,331
Sales taxes	23,621,580	26,406,209	27,458,762	26,001,428	26,313,958
Other taxes	25,084,632	27,492,257	27,947,256	29,904,204	29,818,008
Licenses, building and other permits	10,208,410	10,993,854	12,481,519	13,986,765	16,829,698
Fines, forfeitures and Penalties	1,828,124	1,797,820	1,608,517	2,347,508	1,983,069
Intergovernmental Revenues	10,422,872	9,000,823	10,139,448	10,514,086	10,081,168
Charges for services	9,426,652	9,822,219	11,642,713	10,994,505	11,865,030
Investment income	1,121,679	939,463	2,016,000	436,583	1,274,997
Indirect and in-lieu fees	-	-	-	-	-
Assessment and Garbage collection surcharge	4,586,404	3,128,070	8,000,287	2,405,534	2,591,689
Parking meter and lease revenue	2,653,178	2,722,471	2,881,193	3,113,739	5,334,641
Impact fees	2,552,388	3,260,222	4,274,248	3,747,065	4,021,226
Capital contributions	-	-	-	-	375,000
Other Revenues	2,692,908	2,402,206	3,438,927	3,751,388	3,851,650
Total Revenues	136,684,396	143,479,857	161,710,592	160,192,360	172,477,465
Expenditures:					
General Government	9,947,383	12,563,127	13,389,976	11,823,438	12,631,562
Community development	6,226,200	7,304,546	7,283,445	8,382,090	8,968,166
Public Safety	49,554,095	53,016,349	58,605,898	63,623,621	68,708,919
Public Works	7,102,703	6,103,576	7,128,676	8,585,107	10,030,818
Parks and recreation	12,298,322	12,759,601	13,190,936	14,666,422	14,967,718
Golf	-	-	-	-	-
Library	5,160,200	5,744,931	6,099,700	6,499,489	6,721,084
Non-departmental	1,280,000	1,280,000	1,250,000	2,891,155	3,001,379
Capital Outlay	19,524,506	18,045,935	20,745,215	28,829,906	18,367,591
Debt Service					
Principal	1,610,000	1,802,440	1,939,637	2,019,637	7,842,077
Interest & Fiscal Charges	1,661,805	1,761,775	1,656,297	1,702,963	1,705,078
Cost of issuance	-	-	-	-	-
Total Expenditures	114,365,214	120,382,280	131,289,780	149,023,828	152,944,392
Excess of Revenues over (under) expenditures	22,319,182	23,097,577	30,420,812	11,168,532	19,533,073
Other Financing Sources (Uses)					
Proceeds from debt issuance	-	-	-	-	-
Premium	-	-	-	-	-
Debt refunding - payment to escrow	-	-	-	-	-
Proceeds from loans or inception of lease	-	265,820	14,027	746,896	2,157,843
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	12,623,834	11,402,970	13,083,222	14,117,848	20,890,354
Transfers out	(12,706,883)	(13,729,596)	(14,033,222)	(14,915,501)	(21,824,557)
Total other financing sources (uses)	(83,049)	(2,060,806)	(935,973)	(50,757)	1,223,640
Special Item: Transfer of fire activities	-	-	-	-	-
Net change in fund balances	\$ 22,236,133	\$ 21,036,771	\$ 29,484,839	\$ 11,117,775	\$ 20,756,713

Debt Service as a percentage of noncapital expenditures

(1) (2)	3.34%	3.42%	3.11%	3.01%	6.89%
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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				
	2019	2020	2021	2022	2023
Revenues:					
Property taxes	\$ 63,899,035	\$ 67,106,048	\$ 66,631,563	\$ 74,796,572	\$ 83,298,878
Sales taxes	28,606,235	26,958,596	27,948,874	33,408,980	34,283,362
Other taxes	32,051,159	23,481,055	22,257,348	28,907,233	27,140,943
Licenses, building and other permits	9,820,297	8,511,610	8,123,453	6,528,252	8,169,947
Fines, forfeitures and Penalties	2,361,048	1,486,473	2,247,808	2,201,172	2,909,055
Intergovernmental Revenues	13,900,475	13,455,252	19,888,509	23,286,197	14,501,361
Charges for services	13,006,381	12,140,217	11,638,776	16,758,036	14,464,249
Investment income	6,257,565	6,451,349	411,387	(5,494,064)	3,403,037
Indirect and in-lieu fees	1,317,331	710,540	-	-	-
Assessment and Garbage collection surcharge	1,887,074	1,952,167	6,268,685	2,248,303	2,702,720
Parking meter and lease revenue	4,320,920	5,960,255	2,023,435	5,807,293	3,424,971
Impact fees	1,754,337	4,471,088	1,741,192	613,890	147,064
Capital contributions	750,000	750,000	750,000	750,000	750,461
Other Revenues	5,140,943	4,440,498	6,513,514	5,030,830	9,174,511
Total Revenues	185,072,800	177,875,148	176,444,544	194,842,694	204,370,559
Expenditures:					
General Government	13,248,604	14,127,919	14,777,676	14,824,775	14,095,593
Community development	9,870,728	9,903,606	10,450,200	20,931,630	14,508,302
Public Safety	63,971,508	69,607,595	74,041,289	76,979,872	81,196,170
Public Works	10,525,838	11,194,667	10,555,345	11,410,240	13,130,985
Parks and recreation	15,563,445	15,177,801	14,341,093	16,260,067	17,175,614
Golf	2,152,691	2,210,391	2,406,028	2,368,719	2,505,214
Library	7,421,137	7,260,024	7,063,780	7,645,003	7,836,173
Non-departmental	5,726,983	6,535,562	7,357,090	8,244,606	9,662,288
Capital Outlay	22,865,146	30,549,652	42,765,863	31,945,962	29,334,514
Debt Service					
Principal	2,128,016	2,742,918	3,411,945	4,691,724	5,668,626
Interest & Fiscal Charges	1,624,137	1,554,488	3,412,560	2,950,846	2,869,645
Cost of issuance	-	380,166	-	-	-
Total Expenditures	155,098,233	171,244,789	190,582,869	198,253,444	197,983,124
Excess of Revenues over (under) expenditures	29,974,567	6,630,359	(14,138,325)	(3,410,750)	6,387,435
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 or inception of lease	-	-	-	-	2,862,579
Proceeds from sale of capital assets	-	713,154	-	-	15,066
Transfers in	12,938,471	21,124,557	21,438,281	14,919,215	23,823,750
Transfers out	(12,995,487)	(24,945,585)	(21,613,526)	(14,500,228)	(22,735,847)
Total other financing sources (uses)	(57,016)	48,548,894	1,350,430	418,987	3,965,548
Special Item: Transfer of fire activities	(12,824,075)	-	-	-	-
Net change in fund balances	\$ 17,093,476	\$ 55,179,253	\$ (12,787,895)	\$ (2,991,763)	\$ 10,352,983

Debt Service as a percentage of noncapital expenditures

(1) (2)	2.82%	2.98%	4.58%	4.58%	5.03%
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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
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)
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
2022	24,687,992	6,260,358	237,818	712,697	733,747	750,172	31,882,440	0.18%	62,404,646	1.9573
2023	26,725,006	6,912,012	250,071	639,168	747,059	801,890	34,471,426	0.18%	67,076,627	1.9459

Notes:

- 1) Other property includes state unitary value of \$3,294,887.
- 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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Basic City and County Levy										
CITY OF SAN MATEO	0.1761	0.1761	0.1761	0.176141	0.1761	0.1761	0.1761	0.1761	0.1761	0.1761
OTHER SAN MATEO										
COUNTY AGENCIES	0.8239	0.8239	0.8239	0.823859	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 CTY DEBT-LIB. PROJECT	0.0105	0.0105	0.0102	0.0090	0.0084	0.0077	0.0071	0.0067	0.0064	0.006000
S M FOSTER CITY SERIES Q	-	-	-	-	-	-	-	0.0022	0.0035	0.001500
SAN FC 2012 GO REF Ser 0	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	0.0053	0.008600
SAN FC GO BOND 2014	-	-	0.0006	0.0002	0.0003	0.0003	0.0011	0.0013	0.0014	0.001300
SAN FC GO BOND 2015	-	-	0.0048	0.0174	0.0170	0.0159	0.0194	0.0151	0.0173	0.015900
SAN MATEO COMM COLL	-	-	-	-	-	-	0.0035	-	0.0043	0.003500
SAN MATEO COMM COLL 200	0.0067	0.0069	0.0036	0.0085	0.0080	0.0079	0.0042	0.0037	0.0040	0.003900
SAN MATEO HIGH 2012 GO	0.0038	0.0078	0.0088	0.0106	0.0105	0.0115	0.0109	0.0019	0.0046	0.002600
SAN MATEO HIGH 2016 GO	-	-	-	-	0.0025	0.0020	0.0018	0.0061	0.0036	0.006900
SAN MATEO HIGH 2017 GO	-	-	-	-	-	0.0020	0.0016	0.0015	0.0014	0.002000
SAN MATEO HIGH 2019 GO	-	-	-	-	-	-	-	0.0025	0.0023	0.002000
SAN MATEO HIGH 2019 REF	-	-	-	-	-	-	-	0.0020	0.0061	0.001500
SAN MATEO HIGH 2022 GO	-	-	-	-	-	-	-	-	-	0.002100
SAN MATEO HIGH BD SER 2	0.0067	0.0072	0.0064	0.0066	0.0065	0.0063	0.0063	0.0021	-	0.004900
SAN MATEO HIGH ELEC	0.0084	0.0217	0.0251	0.0180	0.0175	0.0142	0.0143	0.0183	-	0.022400
SAN MATEO HIGH RFND. SER	0.0045	-	-	-	-	-	-	0.0044	0.0247	0.003800
SAN MATEO UN HIGH BND S	0.0121	0.0108	0.0063	0.0063	0.0063	0.0047	0.0036	0.0061	0.0061	0.002200
SM FC GO BD 2020 REFUND	-	-	-	-	-	-	-	0.0203	0.0390	0.034000
SM FOSTER CITY 2005 REF	0.0242	0.0185	0.0197	0.0156	0.0162	0.0170	0.0042	-	-	-
SM JR COLL 2018 REF BOND	-	-	-	-	-	-	0.0007	0.0005	0.0005	0.000500
SM JR COLL 2019 REF BOND	-	-	-	-	-	-	0.0006	0.0005	0.0004	0.000400
SM JR COLL BOND 2001 SE	0.0010	0.0009	0.0008	0.0006	0.0007	0.0007	0.0007	0.0007	0.0007	0.000600
SM JR COLL BOND 2006 SE	0.0047	0.0042	0.0039	0.0037	0.0036	0.0035	0.0033	0.0032	0.0031	0.002600
SM JR COLL BOND 2014	-	-	-	0.0029	0.0027	0.0024	0.0018	0.0017	-	0.000300
SM JR COLL BOND 2015	-	-	-	0.0071	0.0066	0.0012	0.0011	0.0012	-	0.000200
SM JR COLL BOND REF 201	0.0055	0.0068	0.0155	-	-	-	-	0.0025	0.0019	0.000000
SM JR COLL BOND SER 2000	0.0015	0.0002	-	-	-	-	-	0.0018	0.0019	0.001700
SM JR COLL ELECT 2014	-	-	-	-	-	-	0.0088	0.0036	0.0039	0.004000
SM JR COLLEGE BD 2002	-	-	0.0012	0.0019	0.0019	0.0018	0.0019	0.0019	0.0020	0.001600
TOTAL	0.1075	0.1158	0.1220	0.1298	0.1294	0.1189	0.1159	0.1191	0.1444	0.1370
TOTAL TAX RATE	1.1075	1.1158	1.1220	1.1298	1.1294	1.1189	1.1159	1.1191	1.1444	1.1370

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

2023	
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
Exxon Service Stations	Service Stations
Financial Services Vehicle Trust	Leasing
Goprocamera.Com	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
Putnam Ford	Auto Sales - New
Ross Stores	Apparel Stores
Safeway Stores	Food Markets
Shell Service Stations	Service Stations
Target Stores	Department Stores
Tesla	Auto Sales - New
The Cheesecake Factory	Restaurants
The Shane Company	Miscellaneous Retail
Total Wine & More	Liquor Stores
Union 76 Service Stations	Service Stations

2014	
Taxpayer	Business Type
Apple Stores	Appliance Stores
Arco AM/PM Mini Marts	Service Stations
Bed Bath & Beyond	Specialty Stores
Cafepress.Com	Specialty Stores
Cheesecake Factory	Restaurants W/On
Chevron Service Stations	Service Stations
CVS Pharmacy	Drug Stores
Financial Services Vehicle Trust	Leasing
Gas & Shop Service Stations	Service Stations
Home Depot	Building Matls S
K Mart Stores	Department Store
Macy's Department Store	Department Store
Marshall's Stores	Family Apparel
Nordstrom Department Store	Department Store
Old Navy Clothing Co.	Family Apparel
Peter Pan BMW	New Car Dealers
Safeway Stores	Supermarkets
Sears Roebuck & Company	Department Store
Shell Service Stations	Service Stations
Solar City	Leasing
Sportmart	Sporting Goods
Target Stores	Department Store
Toys R Us	Specialty Stores
Walgreen's Drug Stores	Drug Stores
Whole Foods Market	Supermarkets

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	2023			2014		
	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
HSC Property Owner LLC	\$ 581,300,000	1	1.69%			
Essex Protfolio LP	\$ 476,650,621	2	1.38%			
Franklin Templeton Corp Svcs Inc	\$ 462,203,533	3	1.34%	250,339,001	1	1.39%
2000 Sierra Point Parkway LLC	\$ 336,377,132	4	0.98%			
1825 SG Corporation	\$ 282,767,026	5	0.82%			
HG Clearview Owner LLC	\$ 232,701,234	6	0.68%			
ASN Bay Meadows I LLC & Bay Meadows	\$ 227,165,105	7	0.66%	244,198,598	2	1.35%
Rakuten CHW LLC	\$ 196,410,890	8	0.57%			
Park Place Holdco LLC	\$ 181,582,198	9	0.53%			
Sobrato Interests 3	\$ 178,638,630	10	0.52%	153,945,370	3	0.85%
Essex Hillsdale Garden Apartments				106,994,369	4	0.59%
BRE Properties Inc				69,325,483	5	0.38%
Bohannon Dev Co				184,712,760	6	1.02%
Peninsula Office Park				130,722,958	7	0.72%
EQR Townhouse Gardens LP				108,131,523	8	0.60%
Park Place Realty Holding Co I				102,800,000	9	0.57%
DW Bridgepointe LLC				97,855,398	10	0.54%
 Total Top 10 Taxpayers	 3,155,796,369		9.15%	 1,449,025,460		8.03%
 Total Taxable Value	 \$ 34,471,426		100.00%	 \$ 16,859,447		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
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	63,899,034	63,899,034	100.00%	n/a	63,899,034	100.00%
2020	67,106,048	67,106,048	100.00%	n/a	67,106,048	100.00%
2021	66,631,560	66,631,560	100.00%	n/a	66,631,560	100.00%
2022	74,796,572	74,796,572	100.00%	n/a	74,796,572	100.00%
2023	83,298,878	83,298,878	100.00%	n/a	83,298,878	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	Revenue Bond	Loans Payable	Lease/ Subscription Payable
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	-
2022	17,410	69,888	4,880	3,058
2023	15,733	67,395	4,285	4,526

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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

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	Lease/ Subscription Payable				Redevelopment Tax Allocation Bond
2014	\$ 44,916	4,000	\$ 7,925	\$ -	\$ 113,840	2.47%	\$ 1,142	\$ 78,903
2015	61,434	4,916	7,465	-	129,126	2.54%	1,277	75,549
2016	59,867	11,000	7,095	-	131,197	2.45%	1,288	72,202
2017	58,244	5,000	6,710	209	121,974	2.12%	1,187	68,400
2018	56,572	5,000	6,572	142	114,262	1.88%	1,112	63,395
2019	338,126	-	-	-	388,434	6.17%	3,788	59,095
2020	334,752	-	-	-	434,044	6.89%	4,230	55,045
2021	331,296	-	-	-	428,208	6.30%	4,175	50,875
2022	635,380	-	-	-	730,616	9.23%	7,030	46,546
2023	619,136	-	-	76	711,151	7.75%	6,883	42,046

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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

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					
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	
2022	17,410	-	5,929	11,481	0.04%	111	
2023	15,733	-	6,661	9,072	0.03%	88	

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, 2023

2022-23 Assessed Valuation:	<u>\$ 34,579,166,760</u>		
	Total Debt	%	City's Share of
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>6/30/2023</u>	<u>Applicable⁽¹⁾</u>	<u>Debt 6/30/2023</u>
San Mateo Community College District	\$ 708,837,622	11.99%	\$ 84,975,454
San Mateo Union High School District	637,551,532	34.85%	\$ 222,161,207
Sequoia Union High School District	440,812,000	0.56%	\$ 2,446,507
Belmont-Redwood Shores School District	71,262,859	3.83%	\$ 2,725,804
Belmont School Facilities Improvement District	39,647,852	6.69%	\$ 2,652,838
Hillsborough School District	101,179,306	0.00%	\$ 1,012
San Mateo-Foster City School District	522,453,474	68.74%	\$ 359,129,293
City of San Mateo Community Facilities District No.2008-1	<u>72,345,000</u>	<u>100.00%</u>	<u>\$ 72,345,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	\$ 2,594,089,645		\$ 746,437,115
<u>DIRECT TAX AND ASSESSMENT DEBT:</u>			
City of San Mateo	14,620,000	100.00%	14,620,000
TOTAL DIRECT TAX AND ASSESSMENT DEBT	<u>\$ 14,620,000</u>		<u>\$ 14,620,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	\$ 2,608,709,645		\$ 761,057,115
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
San Mateo County General Fund Obligations	\$ 589,931,687	11.99%	\$ 70,721,011
San Mateo County Board of Education Certificates of Participation	6,120,000	11.99%	\$ 733,666
Highlands Recreation District General Fund Obligations	2,023,000	0.02%	\$ 303
San Mateo County Mosquito & Vector Control District General Fund Obligations	<u>3,617,831</u>	<u>11.99%</u>	<u>\$ 433,706</u>
TOTAL OVERLAPPING GENERAL FUND DEBT	\$ 601,692,518		\$ 71,888,685
<u>DIRECT GENERAL FUND DEBT:</u>			
City of San Mateo General Fund Obligations	59,995,000	100.00%	59,995,000
TOTAL DIRECT GENERAL FUND DEBT	<u>\$ 59,995,000</u>		<u>\$ 59,995,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT	\$ 661,687,518		\$ 131,883,686
Less: City of San Mateo enterprise supported obligations			-
Highlands Recreation District supported obligations			<u>237</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 131,883,449</u>
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	\$ 39,535,000	100.00%	\$ 39,535,000
TOTAL GROSS DIRECT DEBT			74,615,000
TOTAL NET DIRECT DEBT			74,615,000
TOTAL OVERLAPPING DEBT			857,860,801
GROSS COMBINED TOTAL DEBT			<u>932,475,801</u> ⁽²⁾
NET COMBINED TOTAL DEBT			<u><u>\$ 932,475,564</u></u>

Ratios to 2021-22 Assessed Valuation:

Direct Debt (\$16,140,000)	0.04%
Total Direct and Overlapping Tax and Assessment Debt	2.20%
Total Gross Direct Debt (\$78,295,000)	0.22%
Total Net Direct Debt (\$78,295,000)	0.22%
Gross Combined Total Debt	2.70%
Net Combined Total Debt	2.70%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$2,644,732,709):

Total Overlapping Tax Increment Debt	1.49%
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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 / Auenu Insights & Analysis and City of San Mateo Annual Comprehensive Financial Reports

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

	FISCAL YEAR				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 2,782,598	\$ 2,951,703	\$ 3,204,902	\$ 3,483,855	\$ 3,769,199
Total net debt applicable to limit	28,852	27,580	26,268	24,920	23,528
Legal debt margin	<u>\$ 2,753,746</u>	<u>\$ 2,924,123</u>	<u>\$ 3,178,634</u>	<u>\$ 3,458,935</u>	<u>\$ 3,745,671</u>
Total net debt applicable to the limit as a percentage of debt limit	1.05%	0.94%	0.83%	0.72%	0.63%

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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt Limit	\$ 4,091,591	\$ 4,402,378	\$ 4,731,707	\$ 4,894,892	\$ 5,290,997
Total net debt applicable to limit	22,086	20,584	19,032	17,410	15,733
Legal debt margin	<u>\$ 4,069,505</u>	<u>\$ 4,381,794</u>	<u>\$ 4,712,675</u>	<u>\$ 4,877,482</u>	<u>\$ 5,275,264</u>
Total net debt applicable to the limit as a percentage of debt limit	0.54%	0.47%	0.40%	0.36%	0.30%

Legal Debt Margin Calculation for Fiscal Year 2023

	<u>2023</u>
Assessed value	\$ 34,471,426
Add back: exempt real property	801,890
	<u>\$ 35,273,316</u>
Debt limit (15% of assessed value)	\$ 5,290,997
<u>Debt Application to limit:</u>	
General obligation bonds	15,733
Total net debt applicable to limit	<u>15,733</u>
Legal debt margin	<u>\$ 5,275,264</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													
Fiscal Year	Sewer Charges and Other		(1)	Less Operating Expenses		(2)	Net Available Revenue		Debt Service		Coverage		
							Principal	Interest					
2014	\$	28,705		\$	16,874		\$	11,831	\$	1,455	\$	2,016	3.41
2015		32,453			19,511			12,942		17,800	(3)	2,041	3.65 (3)
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	3.73
2021		69,020			24,262			44,758		1,730		13,195	3.00
2022		71,061			24,409			46,652		20,820	(4)	20,413	2.17 (4)
2023		85,586			24,508			61,078		1,740		26,273	2.18

Notes:

(1) Sewer charges and other include investment earnings.

(2) Operating expenses do not include interest or depreciation.

(3) Increase due to the refunding of the 2003 Sewer Revenue bonds totaling \$16.3 million, which is excluded from the coverage calculation.

(4) Increase due to the refunding of the 2011A Sewer Revenue bonds totaling \$19.7 million, which is excluded from the coverage calculation.

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)
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%
2022	103,779	7,903,471,358	76,157	37.8	20,012	1.70%	1.50%	744,662	13.94%
2023	103,318	9,177,651,153	88,829	38.0	19,554	2.7%	2.8%	737,644	14.01%

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 School District and San Mateo-Foster City Unified School District. 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	2023		2014	
	Number of Employees	Total Employment (%)	Number of Employees	Total Employment (%)
County of San Mateo Medical Center	1,338	2.08%	1,204	2.32%
San Mateo Foster City School District*	1,246	1.94%	1,105	
Sony Interactive Entertainment America, Playstation America	1,230	1.92%		0.00%
San Mateo UHSD	993	1.55%	950	1.83%
San Mateo College (San Mateo County CCD)	654	1.02%	763	1.47%
Franklin Templeton Investor	494	0.77%	1,113	2.14%
San Mateo County Behavioral Health	469	0.73%	470	0.91%
City of San Mateo	463	0.72%	928	1.79%
Rakuten	399	0.62%		
Mills Health Center - Sutter Health	383	0.60%	444	0.86%
Fisher Investments			454	0.87%
Macy's Department Stores			347	0.67%
Total Top 10 Employers	7,669	11.94%	7,778	12.86%
Total Labor Force (1)	63,200		51,900	

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 provided by EDD Labor Force Data.

City of San Mateo
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Full-Time Equivalent Employees as of June 30											
<u>Function</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>	<u>2022</u>	<u>2023</u>
General government	56.86	57.81	64.75	66.41	65.58	66.09	62.65	62.65	61.95	59.95	58.92
Community developmen	31.72	39.72	47.35	47.35	48.94	48.94	49.72	51.72	51.40	51.40	53.18
Public safety	243.77	244.77	249.78	256.53	268.11	265.85	177.14	171.51	170.50	167.50	169.40 (1)
Public works											
(excluding Sewer)	41.18	44.51	44.52	45.99	57.96	57.11	63.51	61.56	63.71	64.08	67.69
Parks and recreation											
(excluding Golf)	98.39	98.79	101.54	101.54	102.07	103.21	107.73	107.73	106.40	107.68	100.47
Library	48.37	47.95	48.85	49.35	50.59	52.48	53.36	53.36	53.34	52.34	52.32
Sewer	75.73	75.24	76.69	77.99	80.49	80.49	84.58	86.53	86.20	84.83	86.52
Golf	11.54	11.14	11.14	11.14	11.77	11.77	12.55	12.55	12.75	12.75	12.75
Total:	607.56	619.93	644.62	656.30	685.51	685.94	611.24	607.61	606.25	600.53	601.25

Notes:

(1) Public safety number for fiscal year 2019 only included Police Department's employees. Fire Operations were transferred to San Mateo Consolidated 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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Building:										
Building permits issued	3,481	3,587	4,359	4,169	4,385	3,678	3,345	3,937	4,061	4,115
Inspections	16,122	16,090	16,984	19,061	20,252	18,828	15,890	19,138	16,160	18,881
Finance:										
Business licenses issued	8,497	9,111	9,474	8,796	8,656	8,204	8,072	7,207	5,010	5,737
Fire:										
Number of calls	9,249	9,672	9,780	9,282	9,822	5,365	-	-	-	- (2)
Inspections	6,872	7,213	7,504	7,681	4,513	1,284	-	-	-	- (2)
Golf course:										
Golf rounds played	71,677	63,903	62,441	59,348	62,923	61,805	60,820	80,050	83,964	75,130 (3)
Library:										
Annual circulation	876,149	922,790	946,259	981,512	988,301	1,129,127	921,979	657,064	983,423	980,442 (3)
Library visits	530,312	566,244	555,008	603,760	610,834	764,469	422,226	25,168	255,644	336,040 (3)
Parks and recreation:										
Course registration	23,058	23,752	24,843	23,123	23,734	22,521	23,412	5,837	14,537	19,488
Facility rentals	1,391	1,386	1,368	1,346	1,369	1,329	827	-	191	473
Picnic rentals	1,192	1,275	1,086	1,274	1,340	1,423	1,165	361	1,650	1,608
Police:										
Arrests	3,626	3,077	3,311	2,947	2,670	2,496	2,112	2,242	2,231	2,106
Traffic violations	6,002	4,076	6,548	4,470	13,364	11,058	5,999	9,400	7,636	7,853 (1)
Parking violations	29,548	35,284	30,699	31,950	27,103	27,410	23,300	36,558	32,276	65,102
Public works:										
Street resurfacing (lane mile	22	21	14	4	6	22	7	18	8.5	42.3
Potholes repaired	644	443	198	315	150	297	209	331	744	774
Sewer:										
Number of customers	27,578	27,661	27,816	27,965	27,961	28,237	28,366	28,359	28,359	28,359
Average daily sewage treatment (mgd)	10.8	12.0	10.0	12.2	10.4	11.5	9.9	9.7	10.6	13.0

Notes:

(1) Number of traffic violations starting fiscal year 2018 included number of photo enforcement violations. Such information was not available for prior fiscal years.

(2) 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.

(3) 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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</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	314	318	320	320	320	320	320	320	320	320
Parks	30	34	35	35	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	35	35	36	37	37	37	40	40	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	84	84	86	87	87	87	90	90	90
Sewer:										
Wastewater treatment plant	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	236	236	236	260	260	260	260	260	260	260
Storm drains (miles)	140	140	140	148	148	148	148	148	148	148
Number of pump stations	38	37	35	37	37	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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