



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

City of San Mateo
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Table of Contents

| | <u>Page</u> |
|---|-------------|
| <u>INTRODUCTORY SECTION (Unaudited)</u> | |
| Table of Contents | i |
| Letter of Transmittal..... | v |
| Directory of City Officials | xxii |
| Map of City's Location | xxiv |
| Organizational Chart | xxv |
| GFOA Certificate of Excellence in Financial Reporting..... | xxvi |
| <u>FINANCIAL SECTION</u> | |
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis – Required Supplementary Information (Unaudited) | 5 |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statement of Net Position..... | 30 |
| Statement of Activities and Changes in Net Position..... | 32 |
| Fund Financial Statements: | |
| Governmental Funds Financial Statements: | |
| Balance Sheet..... | 38 |
| Reconciliation of the Governmental Funds Balance Sheet | |
| to the Government-Wide Statement of Net Position..... | 41 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | 42 |
| 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..... | 44 |
| Proprietary Funds Financial Statements: | |
| Statement of Net Position | 46 |
| Statement of Revenues, Expenses and Changes in Net Position..... | 47 |
| Statement of Cash Flows | 48 |
| Fiduciary Funds Financial Statements: | |
| Statement of Fiduciary Net Position..... | 53 |
| Statement of Changes in Fiduciary Net Position | 54 |
| Notes to the Basic Financial Statements | 61 |

City of San Mateo
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Table of Contents (Continued)

| | <u>Page</u> |
|---|-------------|
| <u>FINANCIAL SECTION (Continued)</u> | |
| Required Supplementary Information (Unaudited): | |
| Budgetary Information..... | 129 |
| Budgetary Comparison Schedules: | |
| General Fund..... | 130 |
| Construction Services Special Revenue Fund..... | 133 |
| Schedule of Changes in the Net Pension Liability and Related Ratios..... | 134 |
| Schedules of Contributions - Pension | 136 |
| Schedule of Changes in Total OPEB Liability and Related Ratios | 138 |
| Schedule of Contributions – OPEB | 139 |
| Supplementary Information: | |
| Non-Major Governmental Funds: | |
| Combining Balance Sheet | 144 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances..... | 149 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Schedules: | |
| General Projects Capital Projects Fund | 154 |
| Police Grants Special Revenue Fund..... | 155 |
| Community Development Block Grant Special Revenue Fund | 156 |
| HOME Special Revenue Fund..... | 157 |
| City Housing Special Revenue Fund | 158 |
| Low and Moderate Income Housing Special Revenue Fund..... | 159 |
| Permanent Local Housing Allocation Special Revenue Fund | 160 |
| Gas Tax Special Revenue Fund | 161 |
| Road Maintenance and Rehabilitation Special Revenue Fund | 162 |
| Advance Planning Special Revenue Fund | 163 |
| Solid Waste Special Revenue Fund | 164 |
| Parks and Recreation Special Revenue Fund..... | 165 |
| Traffic Impact Fee Special Revenue Fund..... | 166 |
| Commercial Linkage Fee Special Revenue Fund | 167 |
| Landfill Bonds Debt Service Fund | 168 |
| General Obligation Bonds Debt Service Fund..... | 169 |
| 2% Hotel Tax Capital Projects Fund | 170 |
| Internal Service Funds: | |
| Combining Statement of Net Position..... | 172 |
| Combining Statement of Revenues, Expenses, and Changes in Net Position..... | 174 |
| Combining Statement of Cash Flows | 176 |

City of San Mateo
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Table of Contents (Continued)

| | <u>Page</u> |
|--|-------------|
| <u>FINANCIAL SECTION (Continued)</u> | |
| Supplementary Information (Continued): | |
| Fiduciary Funds: | |
| Custodial Funds - Combining Statement of Fiduciary Net Position | 182 |
| Custodial Funds - Combining Statement of Changes in Fiduciary Net Position | 183 |
| Private Purpose Trust Funds - Combining Statement of Fiduciary Net Position..... | 187 |
| Private Purpose Trust Funds - Combining Statement of Changes in Fiduciary Net Position | 188 |
| General Capital Projects Fund: | |
| Schedule of Assessments and Impact Fees and Related Expenditures | 191 |
| <u>STATISTICAL SECTION (Unaudited)</u> | |
| Table of Contents | 195 |
| Financial Trends: | |
| Net Position by Component – Last Ten Fiscal Years | 196 |
| Changes in Net Position – Last Ten Fiscal Years..... | 198 |
| Governmental Activities Tax Revenues by Source – Last Ten Fiscal Years | 203 |
| Fund Balances of Governmental Funds – Last Ten Fiscal Years | 204 |
| Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years | 206 |
| Revenue Capacity: | |
| Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years..... | 208 |
| Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years | 209 |
| Principal Sales Tax Producers – Current Year and Nine Years Ago | 210 |
| Principal Property Taxpayers – Current Year and Nine Years Ago | 211 |
| Property Tax Levies and Collections – Last Ten Fiscal Years | 213 |
| Debt Capacity: | |
| Ratios of Outstanding Debt by Type – Last Ten Fiscal Years..... | 214 |
| Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years..... | 216 |
| Direct and Overlapping Governmental Activities Debt..... | 217 |
| Legal Debt Margin Information – Last Ten Fiscal Years | 218 |
| Pledged Revenue Coverage – Last Ten Fiscal Years | 220 |
| Demographic and Economic Information: | |
| Demographic and Economic Statistics – Last Ten Fiscal Years | 221 |
| Principal Employers – Current Year and Nine Years Ago | 222 |

City of San Mateo
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Table of Contents (Continued)

| | <u>Page</u> |
|---|-------------|
| <u>STATISTICAL SECTION (Unaudited) (Continued)</u> | |
| Operating Information: | |
| Full Time Equivalent City Government Employees by Function – Last Ten Fiscal Years..... | 223 |
| Operating Indicators by Function – Last Ten Fiscal Years | 224 |
| Capital Asset Statistics by Function – Last Ten Fiscal Years..... | 225 |



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.

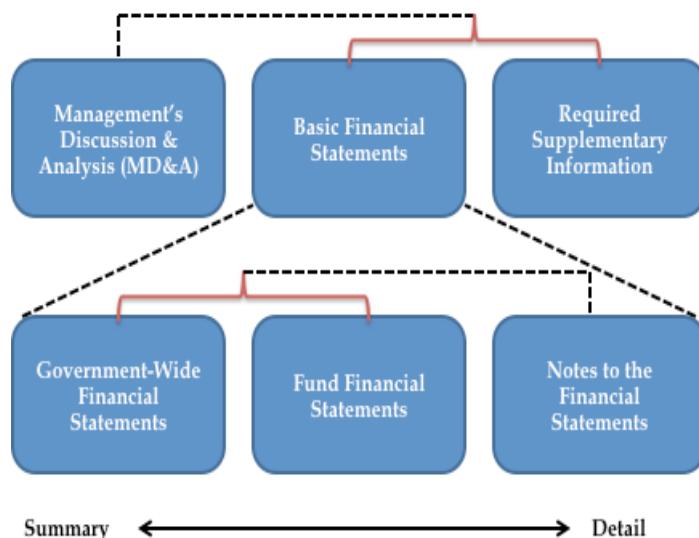
The analysis of the financial condition and the result of operations are in the Management's Discussion and Analysis (MD&A) section immediately following the auditor's report. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it.

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.

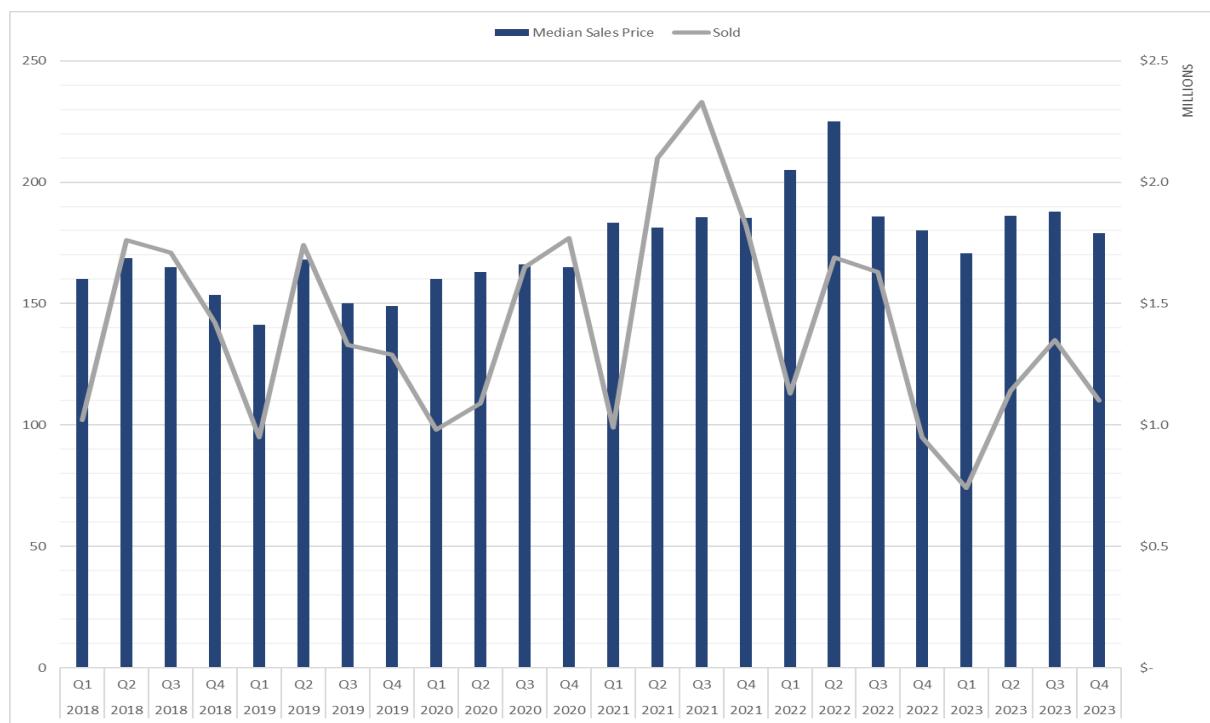
Over the past two years, in response to high inflation, the Federal Reserve (Fed) has tightened monetary policy by increasing the Federal Funds Rate, which is the interest rate that banks charge each other to borrow or lend excess reserves overnight. This has led to a notable increase in the average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



LETTER OF TRANSMITTAL

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.

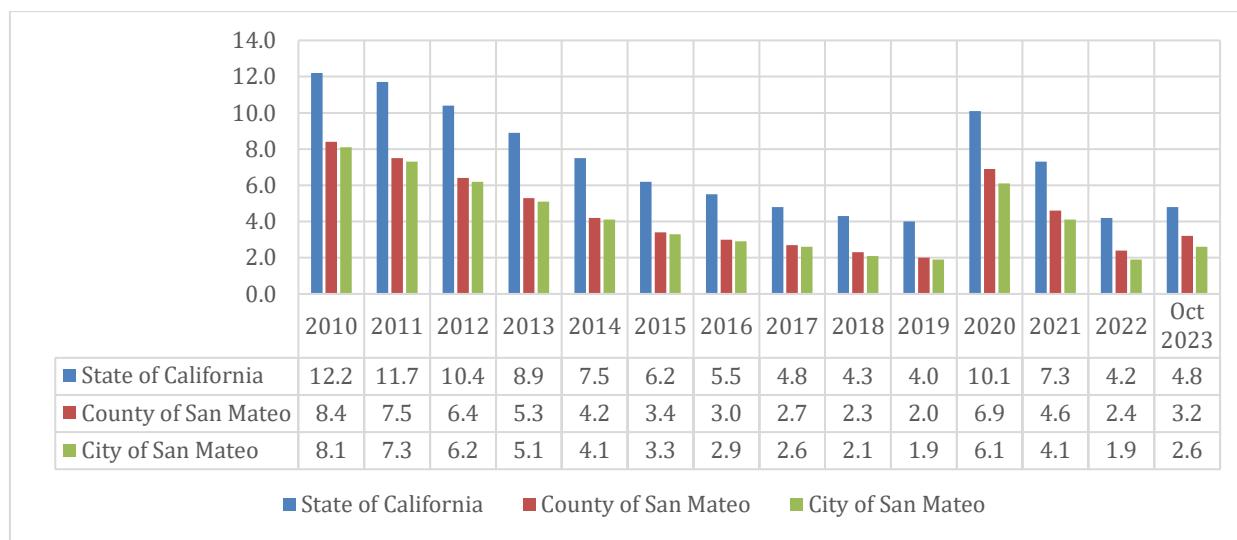
Real Estate Market Data – Single Family Residential Homes



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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its 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



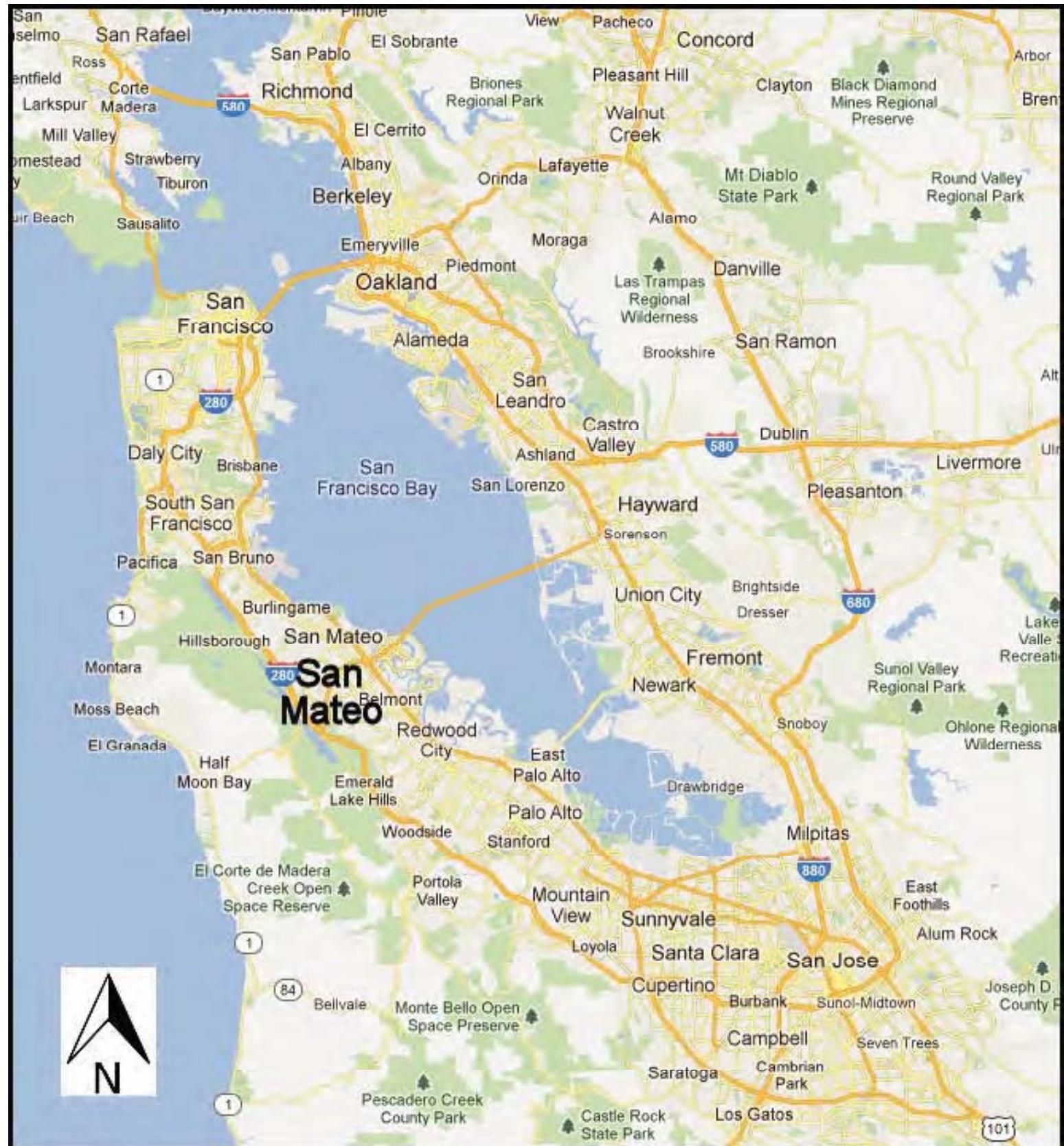
Rob Newsom Jr.
Council Member



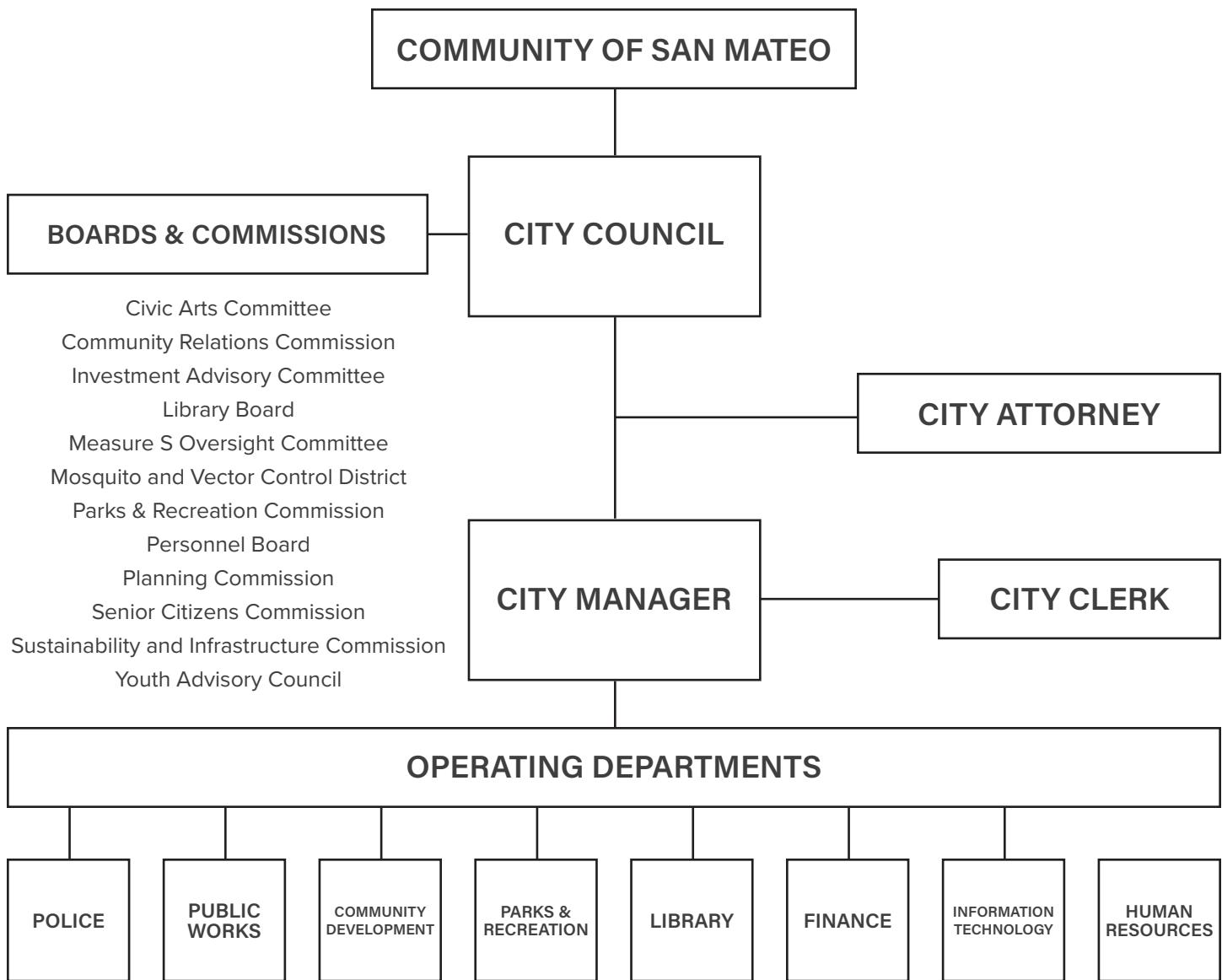
Adam Loraine
Council Member



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. Monell

Executive Director/CEO

This page intentionally left blank.

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.

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

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.

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

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.

The logo is a handwritten signature of the company name 'The PricewaterhouseCoopers LLP' in black ink. The signature is fluid and cursive, with 'The Pricewaterhouse' on the first line and 'Coopers LLP' on the second line.

Walnut Creek, California
March 8, 2024

This page intentionally left blank.

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 | | Business-Type | | Total | |
|--|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|
| | Activities | | Activities | | 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

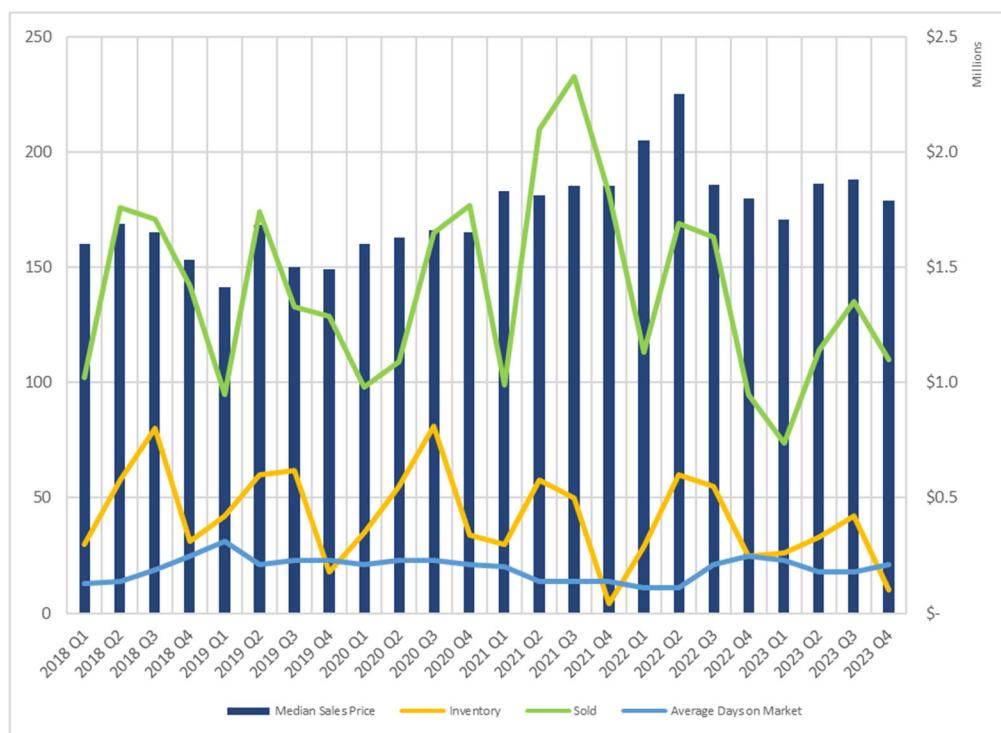
(Amounts in millions)

| | Governmental | | Business-Type | | Total | |
|---|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|
| | Activities | | Activities | | 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

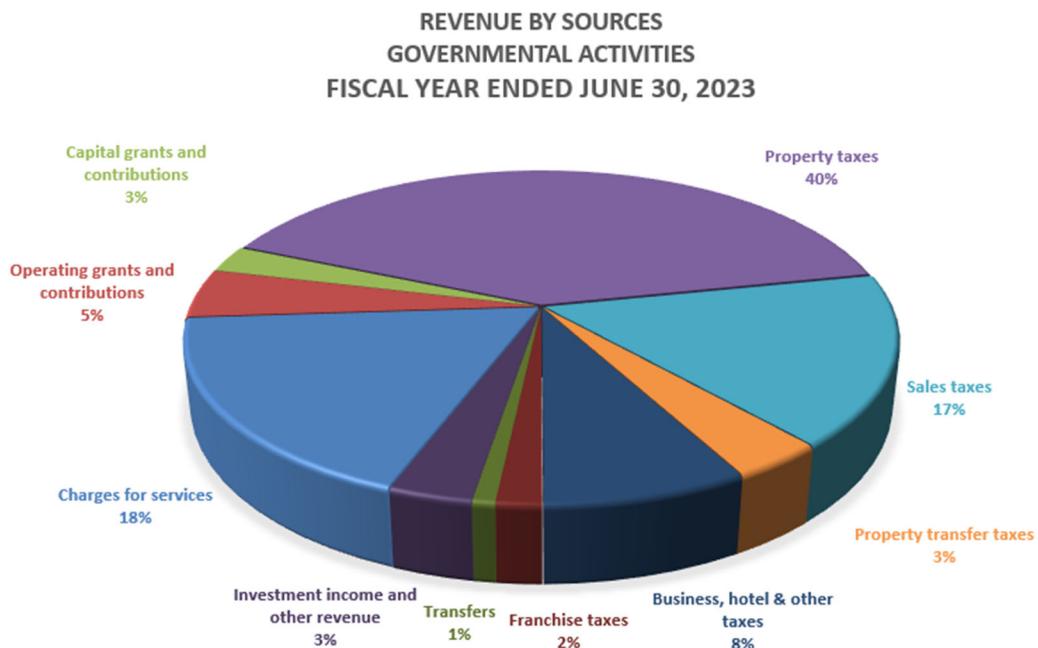
Governmental activities increased the City's total net position by \$2.1 million. Key elements contributing to the increase are described below.

- 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 (ERAFF). 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.

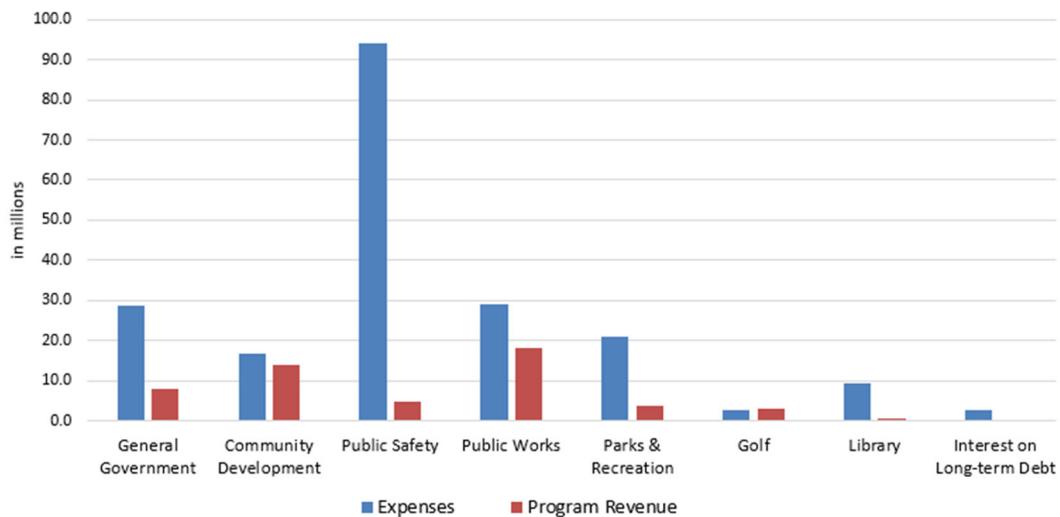


- The City accounted for \$34.3 million in sales tax revenues, which was a \$0.9 million (or 2.6%) increase compared to the prior fiscal year, partially due to the impact of inflation on consumer goods combined with a more modest growth following the strong gains in the previous year.
- Transient occupancy 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).

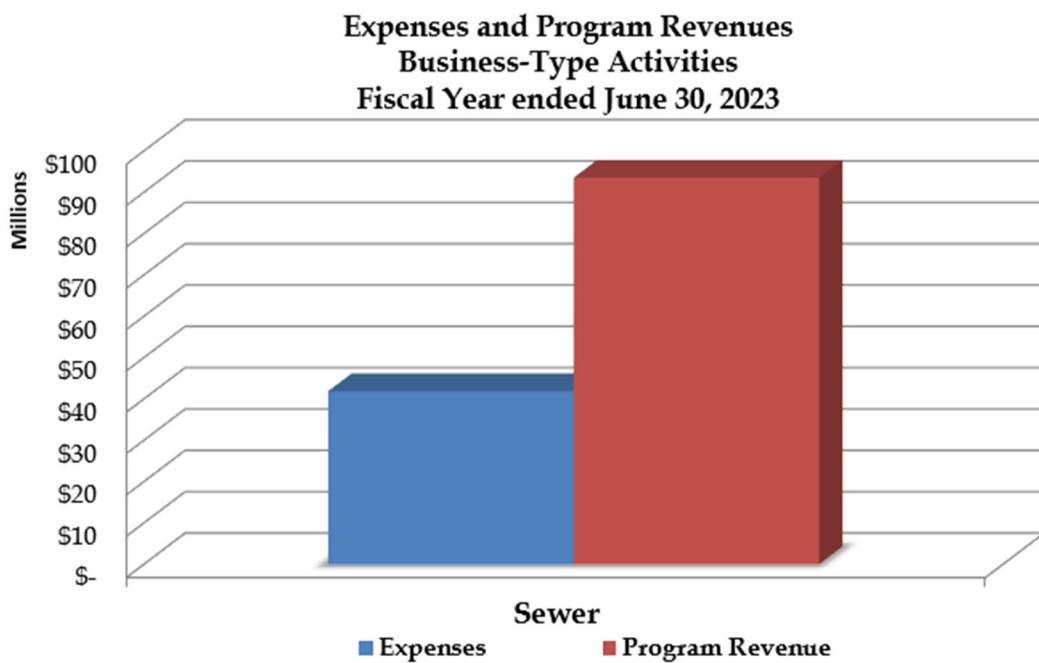
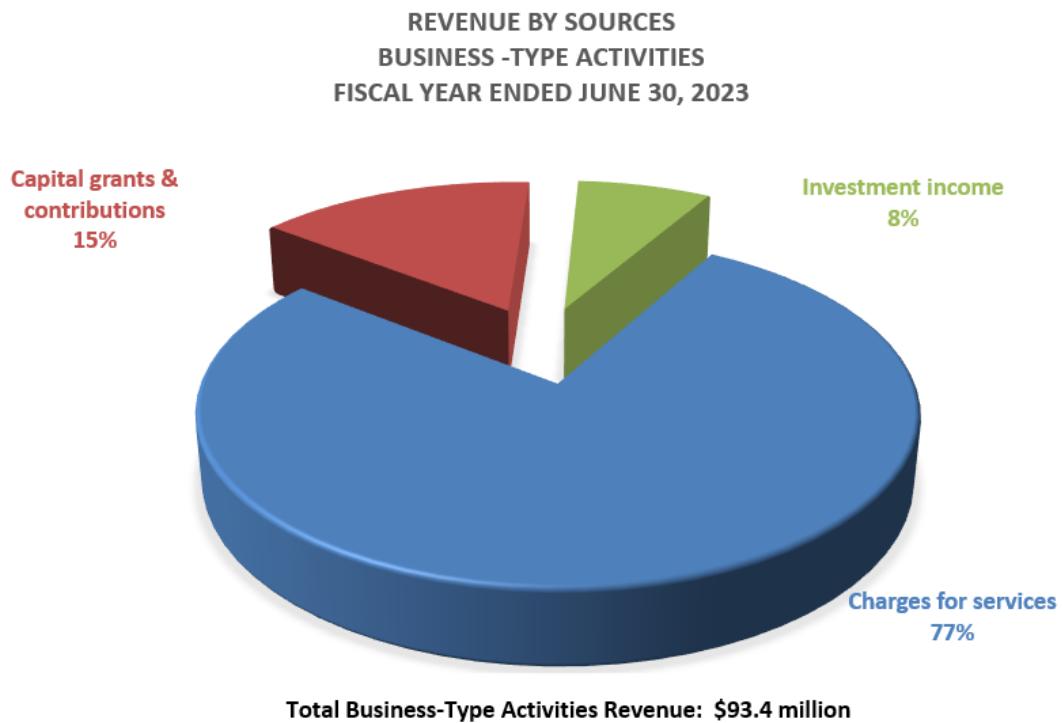
BUSINESS-TYPE ACTIVITIES

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 charges 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

| | Original Budget | Final Budget | Actual Results | Variance from Final Budget Favorable (Unfavorable) |
|-------------------------------------|--------------------|-----------------|-------------------|---|
| 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 | 162.4 | 162.5 | 171.7 | 9.2 |
| Charges to appropriations: | | | | |
| Expenditures | 151.2 | 153.4 | 149.8 | 3.6 |
| Transfers out | 15.9 | 17.9 | 15.5 | 2.4 |
| Total charges | 167.1 | 171.3 | 165.3 | 6.0 |
| Net change in fund balance | (4.7) | (8.8) | 6.4 | 15.2 |
| Beginning fund balance | | | 111.5 | |
| Ending fund balance | | | \$ 117.9 | |

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).

| Revenue Source | Estimated Revenues | Actual Revenues | Difference |
|---------------------------------|-----------------------|--------------------|------------|
| 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 |

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 | | Business-Type | | Total | |
|--|-----------------|-----------------|-----------------|-----------------|--------------------|-------------------|
| | Activities | | Activities | | 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 | | Business-Type | | Total | |
|--------------------------------------|--------------|-------------|---------------|--------------|--------------------|--------------|
| | Activities | | Activities | | 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.

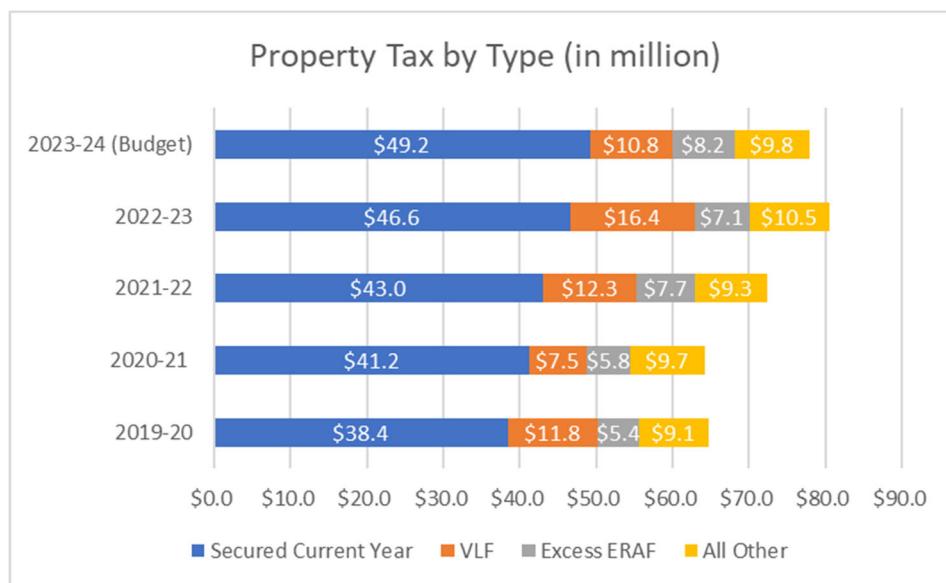
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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.

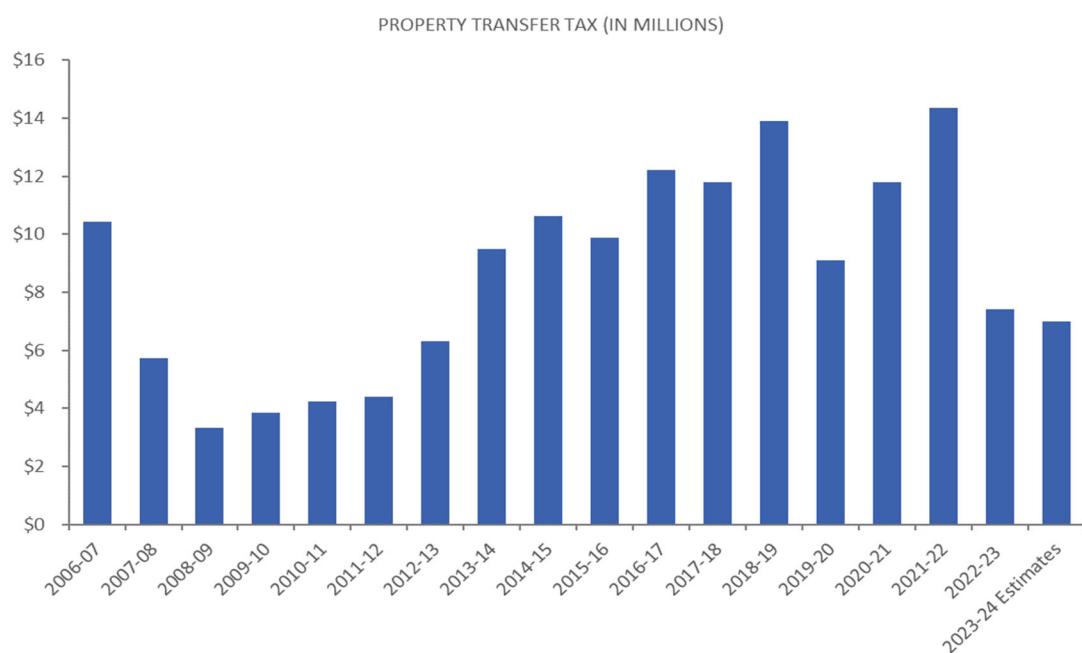
Sales Tax

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 transitions 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.



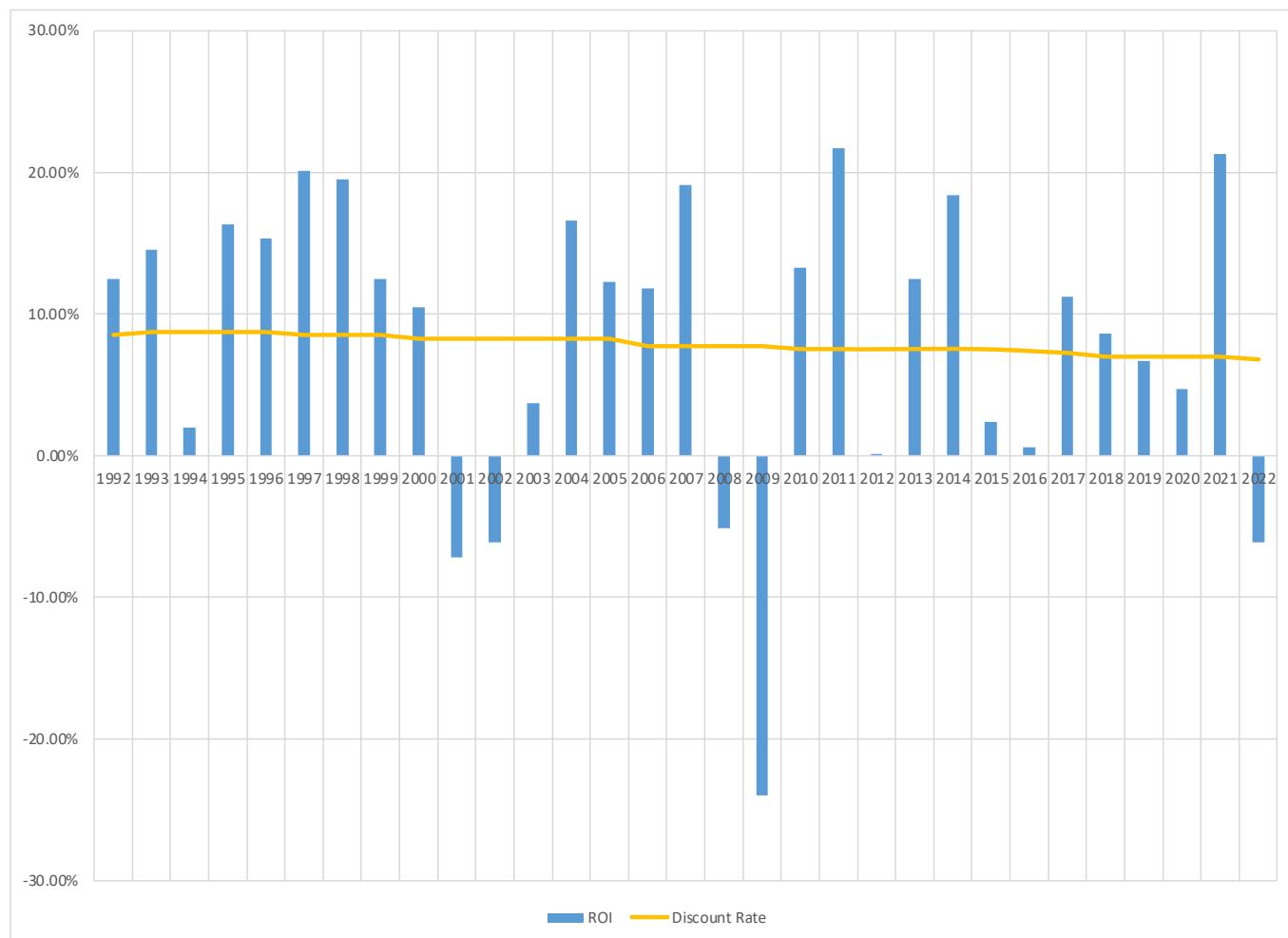
Transient Occupancy Tax

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.

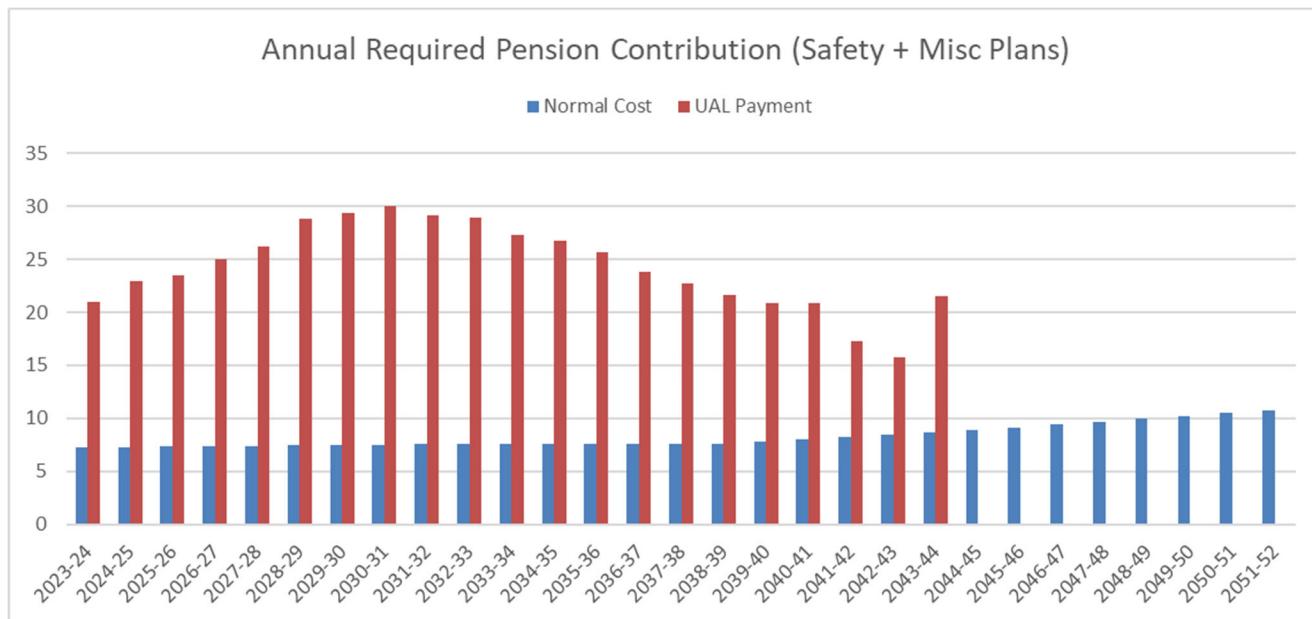
Overall, the adopted 2023-24 General Fund budget projects \$159.1 in total revenues and transfers in and \$171.7 in expenditures (including \$14.2 million of transfers out), resulting in a deficit of \$12.6 million.

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

This page intentionally left blank.

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 | <u>79,446,971</u> | <u>15,123,931</u> | <u>94,570,902</u> |
| 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 | <u>380,551,368</u> | <u>637,007,519</u> | <u>1,017,558,887</u> |
| Total liabilities | <u>459,998,339</u> | <u>652,131,450</u> | <u>1,112,129,789</u> |
| 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 | <u>12,147,706</u> | <u>1,071,105</u> | <u>13,218,811</u> |
| NET POSITION | | | |
| Net investment in capital assets | <u>384,115,038</u> | <u>79,620,512</u> | <u>463,735,550</u> |
| 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 | <u>54,886,312</u> | <u>92,240,461</u> | <u>147,126,773</u> |
| Unrestricted | <u>12,405,371</u> | <u>164,051,166</u> | <u>176,456,537</u> |
| Total net position | <u>\$ 451,406,721</u> | <u>\$ 335,912,139</u> | <u>\$ 787,318,860</u> |

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

| Functions/Programs | Program Revenues | | | | | Total |
|---------------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|------------------------------|-------|
| | Expenses | Charges for Services | Operating | Capital | | |
| | | | Grants and Contributions | 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 | <u>204,006,036</u> | <u>37,369,198</u> | <u>9,841,723</u> | <u>5,390,848</u> | <u>52,601,769</u> | |
| Business-type activities: | | | | | | |
| Sewer | 41,833,626 | 77,987,677 | - | 15,487,045 | 93,474,722 | |
| Total business-type activities | <u>41,833,626</u> | <u>77,987,677</u> | <u>-</u> | <u>15,487,045</u> | <u>93,474,722</u> | |
| Total primary government | <u>\$ 245,839,662</u> | <u>\$ 115,356,875</u> | <u>\$ 9,841,723</u> | <u>\$ 20,877,893</u> | <u>\$ 146,076,491</u> | |

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 | <u>(151,404,267)</u> | <u>-</u> | <u>(151,404,267)</u> |
| Business-type activities: | | | |
| Sewer | - | 51,641,096 | 51,641,096 |
| Total business-type activities | <u>-</u> | <u>51,641,096</u> | <u>51,641,096</u> |
| Total primary government | <u>(151,404,267)</u> | <u>51,641,096</u> | <u>(99,763,171)</u> |
| 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 | <u>144,983,774</u> | <u>-</u> | <u>144,983,774</u> |
| 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 | <u>1,794,000</u> | <u>(1,794,000)</u> | <u>-</u> |
| Total general revenues and transfers | <u>153,473,126</u> | <u>5,684,633</u> | <u>159,157,759</u> |
| Change in net position | <u>2,068,859</u> | <u>57,325,729</u> | <u>59,394,588</u> |
| 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> |

This page intentionally left blank.

FUND FINANCIAL STATEMENTS

This page intentionally left blank.

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 |

This page intentionally left blank.

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 | <u>469,579,194</u> |
| 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 | <u>(101,601,799)</u> |
| 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. | |
| | <u>12,484,582</u> |
| 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. | |
| | <u>(604,937)</u> |
| 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) |
| | <u>(268,471,471)</u> |
| 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 | <u>62,619,754</u> |
| 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 | <u>(2,637,086)</u> |
| 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. | |
| | <u>15,493,527</u> |
| Net Position of Governmental Activities | <u>\$ 451,406,721</u> |

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 Fund | Construction Services Special Revenue Fund | General Capital Projects 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 |

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 | \$ 58,744,866 | \$ 263,438,291 |

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

| | <u>Major Fund</u> | <u>Governmental Activities</u> |
|--|-----------------------|--------------------------------|
| | <u>Sewer Fund</u> | <u>Internal Service Funds</u> |
| 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 |

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

| | <u>Major Fund</u> | Governmental Activities |
|--|-----------------------|----------------------------|
| | Sewer Fund | 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 | \$ 335,912,139 | \$ 15,493,527 |

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

| | <u>Major Fund</u> | <u>Governmental Activities</u> |
|--|-----------------------|--------------------------------|
| | Sewer Fund | Internal Service Funds |
| 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 | <u>41,810,601</u> | <u>2,727,934</u> |
| 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 | <u>(1,794,000)</u> | <u>706,097</u> |
| 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 | <u>(172,127,077)</u> | <u>(1,756,595)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest from investments | <u>7,011,540</u> | <u>915,742</u> |
| Net cash provided by investing activities | <u>7,011,540</u> | <u>915,742</u> |
| Net change in cash and cash equivalents | <u>(125,098,936)</u> | <u>2,593,178</u> |
| CASH AND CASH EQUIVALENTS: | | |
| Beginning of year | <u>355,727,265</u> | <u>33,008,101</u> |
| End of year | <u>\$ 230,628,329</u> | <u>\$ 35,601,279</u> |
| 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 | <u>\$ 230,628,329</u> | <u>\$ 35,601,279</u> |

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

| | <u>Major Fund</u> | Governmental Activities |
|--|-----------------------------|----------------------------|
| | Sewer Fund | Internal Service Funds |
| 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>\$ 41,810,601</u> | <u>\$ 2,727,934</u> |

This page intentionally left blank.

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.

This page intentionally left blank.

City of San Mateo
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

| | Custodial Funds | Private Purpose Trust Funds |
|---|---------------------|--------------------------------|
| ASSETS | | |
| Cash and investments | \$ 3,325,103 | \$ 5,075,024 |
| Restricted cash and investments with fiscal agent | 3,559,554 | - |
| Total assets | 6,884,657 | 5,075,024 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred loss on refunding | - | 245,084 |
| Total deferred outflows of resources | - | 245,084 |
| 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 | 299,039 | 42,835,643 |
| 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) | \$ 6,585,618 | \$ (37,515,535) |

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 | 5,955,258 | 6,697,092 |
| 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 | 88,353,869 | 2,169,317 |
| 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 | \$ 6,585,618 | \$ (37,515,535) |

NOTES TO THE BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

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

| | <u>Page</u> |
|--|-------------|
| Note 1 – Summary of Significant Accounting Policies | 61 |
| A. Financial Reporting Entity | 61 |
| B. Basis of Presentation, Accounting and Measurement Focus | 62 |
| C. Deferred Outflows and Inflows of Resources | 65 |
| D. Cash, Cash Equivalents and Investments | 66 |
| E. Restricted Cash and Investments | 67 |
| F. Receivables | 67 |
| G. Interfund Transactions | 67 |
| H. Inventories and Prepaid Items | 67 |
| I. Leases | 67 |
| J. Subscription-Based Information Technology Arrangements (SBITAs) | 69 |
| K. Capital Assets | 69 |
| L. Long-Term Debt | 71 |
| M. Compensated Absences | 71 |
| N. Claims and Judgements Payable | 71 |
| O. Pension Plans | 72 |
| P. Other Postemployment Benefits (OPEB) | 72 |
| Q. Fund Balances | 73 |
| R. Net Position | 73 |
| S. Property Taxes | 74 |
| T. Use of Accounting Estimates | 74 |
| U. Implementation of New GASB Pronouncements for the Year Ended June 30, 2023 | 74 |
| V. Upcoming Government Accounting Standards Implementations | 75 |
| Note 2 – Cash and Investments | 76 |
| A. Demand Deposits | 76 |
| B. Investments Authorized by the California Government Code and the City's Investment Policy | 77 |
| C. Fair Value Measurement | 78 |
| D. Risk Disclosure | 79 |
| E. Investment in State Investment Pool | 82 |
| F. Investment in California Asset Management Program (CAMP) | 83 |
| G. Investment in San Mateo County Investment Pool | 83 |
| Note 3 – Loans and Notes Receivable | 84 |
| Note 4 – Lease Receivable | 90 |
| Note 5 – Interfund Receivables, Payables, and Transfers | 91 |
| A. Due To / From Other Funds | 91 |
| B. Transfers | 91 |

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

| | <u>Page</u> |
|--|-------------|
| Note 6 – Capital Assets..... | 92 |
| A. Governmental Activities | 92 |
| B. Business-Type Activities | 93 |
| Note 7 – Long-Term Liabilities | 94 |
| A. Summary | 94 |
| B. Governmental Activities | 95 |
| C. Business-Type Activities | 100 |
| D. Fiduciary Funds Private Purpose Trust Funds - Successor Agency to the Redevelopment Agency of the City of San Mateo..... | 104 |
| Note 8 – Special Assessment Debt with No City Commitment..... | 106 |
| Note 9 – Compensated Absences | 107 |
| A. Governmental Activities | 107 |
| B. Business-Type Activities | 107 |
| Note 10 – Landfill Closure | 107 |
| Note 11 – Pension Plans..... | 108 |
| A. Summary | 108 |
| B. General Information about Pension | 109 |
| C. Social Security | 115 |
| Note 12 – Other Postemployment Benefits..... | 116 |
| A. Summary | 116 |
| B. General Information about OPEB | 116 |
| C. Net OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB | 117 |
| Note 13 – Risk Management..... | 120 |
| A. Coverage | 120 |
| B. Claims Activity | 120 |
| Note 14 – Joint Ventures | 121 |
| Note 15 – Other Required Disclosures..... | 122 |
| A. Deficit Fund Balances/Net Position | 122 |
| B. Expenditures Exceeding Appropriations..... | 123 |

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

| | <u>Page</u> |
|---|-------------|
| Note 16 – Fund Balance Classification..... | 123 |
| Note 17 – Net Investment in Capital Assets..... | 124 |
| Note 18 – Successor Agency Private Purpose Trust For Assets of Former Redevelopment..... | 124 |
| Note 19 – Prior Period Adjustments | 125 |
| A. Government-Wide Financial Statements | 125 |
| Note 20 – Commitments and Contingencies..... | 126 |
| A. Litigation..... | 126 |
| B. Contingent Liabilities..... | 126 |
| C. Federal and State Grants | 126 |
| D. Contractual Commitments | 126 |

This page intentionally left blank.

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 noncancelable 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 noncancelable 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 | |
|--|--|--------------------------|-----------------------|---------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total | Fund Financial Statements | 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 |
| Deposits | P-1 to AA3 | A-1+ to AA- |
| Investments: | | |
| Securities of U.S. Government Agencies: | | |
| Federal Farm Credit Bank Bonds (FFCB) | Aaa | AA+ |
| Federal Home Loan Bank Bonds (FHLB) | Aaa | AA+ |
| Federal Home Loan Mortg. Corp. Notes (FHLMC) | Aaa | AA+ |
| Federal 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 | Notes Receivable, Net | 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 | \$ 58,698,006 | \$ (54,523,714) | \$ 4,174,292 | \$ 268,468 | |
| Business-Type Activities: | | | | | |
| Town of Hillborough | \$ 33,569,592 | \$ - | \$ 33,569,592 | \$ - | |
| Total Business-Type Activities | \$ 33,569,592 | \$ - | \$ 33,569,592 | \$ - | |

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:

| | | | | | Classification | |
|-------------------|--------------|--------------|--------------|---------------|------------------------|------------------------------|
| | Balance | | Deletions | Balance | Due within One Year | Due in More Than One Year |
| | July 1, 2022 | Additions | | | | |
| 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 | <u>128,815,632</u> | <u>25,117,502</u> | <u>(496,940)</u> | <u>(76,210,732)</u> | <u>77,225,462</u> |
| 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 | <u>745,945,889</u> | <u>1,977,677</u> | <u>(911,525)</u> | <u>74,714,282</u> | <u>821,726,323</u> |
| 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 | <u>(410,159,330)</u> | <u>(19,894,561)</u> | <u>827,024</u> | <u>-</u> | <u>(429,226,867)</u> |
| Total capital assets, being depreciated, net | <u>335,786,559</u> | <u>(17,916,884)</u> | <u>(84,501)</u> | <u>74,714,282</u> | <u>392,499,456</u> |
| Leased assets, being amortized | | | | | |
| Buildings and improvements | 2,169,194 | 5,423 | - | - | 2,174,617 |
| Total leased asset, being amortized | <u>2,169,194</u> | <u>5,423</u> | <u>-</u> | <u>-</u> | <u>2,174,617</u> |
| Less: accumulated amortization | | | | | |
| Buildings and improvements | (587,856) | (590,812) | - | - | (1,178,668) |
| Total accumulated amortization | <u>(587,856)</u> | <u>(590,812)</u> | <u>-</u> | <u>-</u> | <u>(1,178,668)</u> |
| Total leased asset, being amortized, net | <u>1,581,338</u> | <u>(585,389)</u> | <u>-</u> | <u>-</u> | <u>995,949</u> |
| 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 | <u>1,429,398</u> | <u>2,094,032</u> | <u>-</u> | <u>1,496,450</u> | <u>5,019,880</u> |
| Total capital assets, net | <u><u>\$ 467,612,927</u></u> | <u><u>\$ 8,709,261</u></u> | <u><u>\$ (581,441)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 475,740,747</u></u> |

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 | <u><u>\$ 21,253,920</u></u> |

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 | <u>382,174,470</u> | <u>152,742,133</u> | <u>(101,329)</u> | <u>(64,828)</u> | <u>534,750,446</u> |
| 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 | <u>281,247,744</u> | <u>283,738</u> | <u>-</u> | <u>64,828</u> | <u>281,596,310</u> |
| 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 | <u>(111,435,382)</u> | <u>(5,581,421)</u> | <u>-</u> | <u>-</u> | <u>(117,016,803)</u> |
| Total capital assets, being depreciated, net | <u>169,812,362</u> | <u>(5,297,683)</u> | <u>-</u> | <u>64,828</u> | <u>164,579,507</u> |
| Leased assets, being amortized | | | | | |
| Machinery and equipment | - | 110,037 | - | - | 110,037 |
| Total leased asset, being amortized | <u>-</u> | <u>110,037</u> | <u>-</u> | <u>-</u> | <u>110,037</u> |
| Less: accumulated amortization | | | | | |
| Machinery and equipment | - | (34,540) | - | - | (34,540) |
| Total accumulated amortization | <u>-</u> | <u>(34,540)</u> | <u>-</u> | <u>-</u> | <u>(34,540)</u> |
| Total leased asset, being amortized, net | <u>-</u> | <u>75,497</u> | <u>-</u> | <u>-</u> | <u>75,497</u> |
| Total capital assets, net | <u>\$ 551,986,832</u> | <u>\$ 147,519,947</u> | <u>\$ (101,329)</u> | <u>\$ -</u> | <u>\$ 699,405,450</u> |

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 | <u>\$ 14,620,000</u> | <u>\$ 1,995,625</u> | <u>\$ 16,615,625</u> | |

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 | Debt | Debt | Balance | Classification | |
|--|-----------------------|-------------------|------------------------|-----------------------|--------------------------------|--------------------------------------|
| | July 1, 2022 | Issued | Retired | June 30, 2023 | 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 | Principal | | | Interest | | | Total | |
|--------------------|------------------|-----------------|------------------|------------------|-----------------|--------------|------------------|-----------------|
| June 30, | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest |
| 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 | Debt | Debt | Balance | Classification | | | | | |
|--|----------------------|-------------|-----------------------|----------------------|-----------------------|----------------------|----------------|----------------------|--------------------------------|--------------------------------------|
| | | | | | July 1, 2022 | Issued | Retired | June 30, 2023 | 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 | Principal | | | Interest | Total |
|--------------------|----------------------|---------------------|----------------------|------------------|-----------------|
| June 30, | Principal | Interest | Total | Principal | Interest |
| 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 | Principal | | | Interest | Total |
|--------------------|---------------------|-------------------|---------------------|------------------|-----------------|
| June 30, | Principal | Interest | Total | Principal | Interest |
| 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 Mellow-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:

| | Classification | | | | | |
|----------------------|---------------------|---------------------|-----------------------|---------------------|-------------------|---------------------|
| | Balance | Additions | Deletions | Balance | Due within | Due in More |
| July 1, 2022 | | | June 30, 2023 | One Year | 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:

| | Classification | | | | | |
|----------------------|---------------------|---------------------|-----------------------|---------------------|-------------------|-------------------|
| | Balance | Additions | Deletions | Balance | Due within | Due in More |
| July 1, 2022 | | | June 30, 2023 | One Year | 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.

| | Classification | | | | | |
|---|----------------|------------|---------------|--------------|---------------|--------------|
| | Balance | Additions | Deletions | Balance | Due within | Due in More |
| July 1, 2022 | | | June 30, 2023 | One Year | 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 | <u>24,918,381</u> | <u>2,057,641</u> | <u>26,976,022</u> |
| 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 | <u>11,757,004</u> | <u>1,028,929</u> | <u>12,785,933</u> |
| 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 | <u>23,264,085</u> | <u>2,178,440</u> | <u>25,442,525</u> |
| Difference between expected and actual experience | | | |
| CalPERS Safety | 1,049,603 | - | 1,049,603 |
| Total difference between expected and actual experience | <u>1,049,603</u> | <u>1,049,603</u> | <u>1,049,603</u> |
| 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 | <u>\$ 60,989,073</u> | <u>\$ 5,265,010</u> | <u>\$ 66,254,083</u> |
| 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 | <u>\$ 261,133,799</u> | <u>\$ 17,622,949</u> | <u>\$ 278,756,748</u> |

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 M iscellaneous | \$ 1,175,667 | \$ 280,448 | \$ 1,456,115 |
| Total actual earnings on pension plan investments in excess of projected earnings | <u>1,175,667</u> | <u>280,448</u> | <u>1,456,115</u> |
| Total deferred inflows of resources | <u>1,175,667</u> | <u>280,448</u> | <u>1,456,115</u> |
| CalPERS M iscellaneous | <u>1,175,667</u> | <u>280,448</u> | <u>1,456,115</u> |
| Total deferred inflows of resources | <u>1,175,667</u> | <u>280,448</u> | <u>1,456,115</u> |
| Pension expenses: | | | |
| CalPERS M iscellaneous | \$ 9,035,957 | \$ 2,155,469 | \$ 11,191,426 |
| CalPERS Safety | <u>25,157,777</u> | <u>-</u> | <u>25,157,777</u> |
| Total net pension expenses | <u>34,193,734</u> | <u>2,155,469</u> | <u>36,349,203</u> |

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 | <u>659</u> | <u>397</u> | <u>1056</u> |
| Total | <u>1454</u> | <u>696</u> | <u>2150</u> |

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. PEPRA 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:

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

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) | <u>\$ 319,268,003</u> | <u>\$ 227,767,747</u> | <u>\$ 91,500,256</u> |

| 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) | <u>\$ 472,391,862</u> | <u>\$ 285,135,370</u> | <u>\$ 187,256,492</u> |

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 | - | - | | - |
| | \$ 15,196,895 | \$ 22,625,051 | | \$ 37,821,946 |

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><u>\$ 7,337,672</u></u> | <u><u>\$ 1,089,651</u></u> | <u><u>\$ 8,427,323</u></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><u>\$ 200,753</u></u> | <u><u>\$ 29,812</u></u> | <u><u>\$ 230,565</u></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 \$809,0000.

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 |
| Contribution Policy | Merit - CalPERS 2000-2019 Experience Study |
| Discount Rate | Contributes full ADC |
| Mortality, Retirement, Disability, Termination | 6.25% |
| Mortality Improvement | CalPERS 2000-2019 Experience Study |
| Medical Trend | Mortality projected fully generational with Scale MP-2021 |
| | 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% |
| | <hr/> 100.00% | |
| 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 (5.5% - 2.75%) | Trend Rate (6.5% - 3.75%) | 1% Increase (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 | <u><u>\$ 17,257,574</u></u> | <u><u>\$ 8,830,251</u></u> | <u><u>\$ 8,427,323</u></u> |

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 | - |
| | <u><u>\$ 1,872,839</u></u> | <u><u>\$ (1,678,444)</u></u> |

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 | <hr/> <hr/> \$ (988,605) |

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:

| | | Current Year | | | Balance at | | | Due in | |
|------------------------------|---------------|---------------|----------------|---------------|--------------|---------------|-----------|--------|--|
| | | Beginning of | Claims and | Claim | Fiscal Year | Due Within | More than | | |
| | | Fiscal Year | Changes in | Payments | End | One Year | One Year | | |
| Workers' Compensation | | | | | | | | | |
| 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 | | | |
| Dental | | | | | | | | | |
| 2023 | \$ - | \$ 786,503 | \$ (786,503) | \$ - | \$ - | \$ - | | | |
| 2022 | - | 473,383 | (473,383) | - | - | - | | | |
| 2021 | - | 661,872 | (661,872) | - | - | - | | | |
| General Liability | | | | | | | | | |
| 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 | | | |
| Total | | | | | | | | | |
| 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 | <u>\$ 11,420,117</u> |
| Total equities | <u>\$ 20,807,637</u> |
| Expenses | <u>\$ 51,643,157</u> |
| Program revenues | <u>\$ 49,817,703</u> |
| General revenues | <u>\$ 229,223</u> |
| Change in net position | <u><u>\$ (1,596,231)</u></u> |

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:

| | Construction | | | | Non-major Governmental Funds | Total |
|---------------------------------------|-----------------------|----------------------|-------------------------------------|------------------------------------|------------------------------------|-------|
| | General Fund | Services Fund | General Capital Projects Fund | Non-major Governmental Funds | | |
| 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><u>\$ 384,115,038</u></u> | <u><u>\$ 79,620,512</u></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</i> | |
| <i>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 | \$ 146,132,046 |

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank.

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 Amounts | Variance with Final Budget Favorable/ (Unfavorable) |
|---|--------------------|--------------------|--------------------|--|
| | Original | Final | | |
| 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 Amounts | Variance with Final Budget Favorable/ (Unfavorable) |
|---|-----------------------|-----------------------|-----------------------|--|
| | Original | Final | | |
| 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 | |

This page intentionally left blank.

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 Amounts | Variance with Final Budget Favorable/ (Unfavorable) |
|---|-----------------------|-----------------------|----------------------|--|
| | Original | Final | | |
| 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

| Total Pension Liability | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 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) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 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

| For the Measurement Period: | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 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 | 2017-18¹ |
|---|------------------|---------------------|---------------------|-------------------|---------------------|----------------------------|
| 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.

This page intentionally left blank.

SUPPLEMENTARY INFORMATION

This page intentionally left blank.

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 | \$ 5,328,927 | \$ 14,310,391 | \$ 12,287,087 | \$ 315,704 |
| 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 | 224,122 | 150,868 | 1,168 | - |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - |
| Fund Balances: | | | | |
| Restricted | 5,104,805 | 14,159,523 | 12,285,919 | 315,704 |
| Total fund balances | 5,104,805 | 14,159,523 | 12,285,919 | 315,704 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 5,328,927 | \$ 14,310,391 | \$ 12,287,087 | \$ 315,704 |

(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 | \$ 3,245,851 | \$ 3,958,617 | \$ 6,661,454 | \$ 1,642,477 |
| 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 | - | 4,850 | - | 1,383,565 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - |
| Fund Balances: | | | | |
| Restricted | 3,245,851 | 3,953,767 | 6,661,454 | 258,912 |
| Total fund balances | 3,245,851 | 3,953,767 | 6,661,454 | 258,912 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 3,245,851 | \$ 3,958,617 | \$ 6,661,454 | \$ 1,642,477 |

(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 | \$ 391,601 | \$ 405,162 | \$ 402,765 | \$ 966,099 |

(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 | \$ 4,711,510 | \$ 2,715 | \$ 1,267,760 | \$ 4,611,319 |

(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 | \$ 5,104,805 | \$ 14,159,523 | \$ 12,285,919 | \$ 315,704 |

(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 | 19,279,327 |
| 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 | 11,496,417 |
| REVENUES OVER (UNDER) EXPENDITURES | 7,782,910 |
| OTHER FINANCING SOURCES (USES): | |
| Transfers in | 4,182,834 |
| Transfers out | (3,058,403) |
| Total other financing sources (uses) | 1,124,431 |
| NET CHANGES IN FUND BALANCES | 8,907,341 |
| FUND BALANCES: | |
| Beginning of year | 49,837,525 |
| End of year | \$ 58,744,866 |

(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 Amounts | Variance with Final Budget Favorable/ (Unfavorable) |
|---|-------------------------|-------------------------|----------------------|--|
| | Original | Final | | |
| 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 | | | \$ 54,186,446 | |

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 Final Budget Favorable/ (Unfavorable) |
|-------------------------------------|---------------------|---------------------|-------------------|--|
| | Original | Final | Amounts | |
| 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 | 549,373 | 806,743 | 825,787 | 19,044 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety: | | | | |
| Police | 819,086 | 1,055,368 | 680,037 | 375,331 |
| Capital outlay | - | 21,088 | - | 21,088 |
| Total expenditures | 819,086 | 1,076,456 | 680,037 | 396,419 |
| NET CHANGES IN FUND BALANCES | \$ (269,713) | \$ (269,713) | 145,750 | \$ 415,463 |
| FUND BALANCES: | | | | |
| Beginning of year | | | 245,851 | |
| End of year | | | \$ 391,601 | |

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

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 Final Budget Favorable/ (Unfavorable) |
|-------------------------------------|------------------------|------------------------|--------------------------|--|
| | Original | Final | Amounts | |
| 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><u>\$ 5,000</u></u> | <u><u>\$ 5,000</u></u> | 29,737 | <u><u>\$ 24,737</u></u> |
| FUND BALANCES: | | | | |
| Beginning of year | | | 373,028 | |
| End of year | | | <u><u>\$ 402,765</u></u> | |

City of San Mateo
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
City Housing Special Revenue Fund
For the Year Ended June 30, 2023

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

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

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

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 Amounts | Variance with Final Budget Favorable/ (Unfavorable) |
|-------------------------------------|--------------------|--------------------|---------------------|--|
| | Original | Final | | |
| 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 | 3,016,154 | 3,016,154 | 2,712,896 | (303,258) |
| OTHER FINANCING (USES): | | | | |
| Transfers out | (2,734,500) | (2,734,500) | (2,525,972) | 208,528 |
| Total other financing (uses) | (2,734,500) | (2,734,500) | (2,525,972) | 208,528 |
| NET CHANGES IN FUND BALANCES | \$ 281,654 | \$ 281,654 | 186,924 | \$ (94,730) |
| FUND BALANCES: | | | | |
| Beginning of year | | | 1,080,836 | |
| End of year | | | \$ 1,267,760 | |

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 Amounts | Variance with Final Budget Favorable/ (Unfavorable) |
|---|--------------------|--------------------|---------------------|--|
| | Original | Final | | |
| 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 | 2,363,876 | 2,363,876 | 2,445,317 | 81,441 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (2,000,000) | (2,000,000) | (190) | 1,999,810 |
| Total other financing sources (uses) | (2,000,000) | (2,000,000) | (190) | 1,999,810 |
| NET CHANGES IN FUND BALANCES | \$ 363,876 | \$ 363,876 | 2,445,127 | \$ 2,081,251 |
| FUND BALANCES: | | | | |
| Beginning of year | | | 2,166,192 | |
| End of year | | | \$ 4,611,319 | |

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 Final Budget Favorable/ (Unfavorable) |
|---|-------------------|------------------|---------------------|--|
| | Original | Final | Amounts | |
| 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 | 2,075,603 | 2,075,603 | 2,238,045 | 162,442 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 1,777,973 | 1,904,075 | 1,738,143 | 165,932 |
| Total expenditures | 1,777,973 | 1,904,075 | 1,738,143 | 165,932 |
| REVENUES OVER (UNDER) EXPENDITURES | 297,630 | 171,528 | 499,902 | (3,490) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (115,600) | - | 115,600 |
| Total other financing sources (uses) | - | (115,600) | - | 115,600 |
| NET CHANGES IN FUND BALANCES | \$ 297,630 | \$ 55,928 | 499,902 | \$ 112,110 |
| FUND BALANCES: | | | | |
| Beginning of year | | | 4,604,903 | |
| End of year | | | \$ 5,104,805 | |

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 Amounts | Variance with Final Budget Favorable/ (Unfavorable) |
|---|-------------------|--------------------|----------------------|--|
| | Original | Final | | |
| 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 | | | \$ 14,159,523 | |

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 Amounts | Variance with Final Budget Favorable/ (Unfavorable) |
|---|---------------------|---------------------|----------------------|--|
| | Original | Final | | |
| 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 | 2,423,054 | 2,423,054 | 526,483 | (1,896,571) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Non-departmental | 16,390 | 16,390 | 16,390 | - |
| Total expenditures | 16,390 | 16,390 | 16,390 | - |
| REVENUES OVER (UNDER) EXPENDITURES | 2,406,664 | 2,406,664 | 510,093 | (1,896,571) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (725,000) | (725,000) | (350,493) | 374,507 |
| Total other financing sources (uses) | (725,000) | (725,000) | (350,493) | 374,507 |
| NET CHANGES IN FUND BALANCES | \$ 1,681,664 | \$ 1,681,664 | 159,600 | \$ (1,522,064) |
| FUND BALANCES: | | | | |
| Beginning of year | | | 12,126,319 | |
| End of year | | | \$ 12,285,919 | |

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 | 2,532,000 | 2,532,000 | 18,203 | (2,513,797) |
| OTHER FINANCING (USES): | | | | |
| Transfers in | (222,000) | (222,000) | 40,085 | 262,085 |
| Total other financing (uses) | (222,000) | (222,000) | 40,085 | 262,085 |
| NET CHANGES IN FUND BALANCES | \$ 2,310,000 | \$ 2,310,000 | 58,288 | \$ (2,251,712) |
| FUND BALANCES: | | | | |
| Beginning of year | | | 257,416 | |
| End of year | | | \$ 315,704 | |

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 Final Budget Favorable/ (Unfavorable) |
|-------------------------------------|---------------------|---------------------|---------------------|--|
| | Original | Final | Amounts | |
| 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 | 5,109,000 | 5,109,000 | 91,269 | (5,017,731) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Non-departmental | 4,936 | 4,936 | 4,936 | - |
| Total expenditures | 4,936 | 4,936 | 4,936 | - |
| NET CHANGES IN FUND BALANCES | \$ 5,104,064 | \$ 5,104,064 | 86,333 | \$ (5,017,731) |
| FUND BALANCES: | | | | |
| Beginning of year | | | 3,159,518 | |
| End of year | | | \$ 3,245,851 | |

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

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 | Variance with Final Budget Favorable/ (Unfavorable) |
|---|--------------------|--------------------|---------------------|--|
| | Original | Final | Amounts | |
| 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 | 2,138,250 | 2,138,250 | 2,824,794 | 686,544 |
| 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 | 4,791,177 | 4,791,177 | 4,790,247 | 930 |
| REVENUES OVER (UNDER) EXPENDITURES | (2,652,927) | (2,652,927) | (1,965,453) | 687,474 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | 2,692,749 | 2,692,749 | 2,692,749 | - |
| Total other financing sources | 2,692,749 | 2,692,749 | 2,692,749 | - |
| NET CHANGES IN FUND BALANCES | \$ 39,822 | \$ 39,822 | 727,296 | \$ 687,474 |
| FUND BALANCES: | | | | |
| Beginning of year | | | 5,934,158 | |
| End of year | | | \$ 6,661,454 | |

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 Amounts | Variance with Final Budget Favorable/ (Unfavorable) |
|---|---------------------|---------------------|-------------------|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Other taxes | \$ 538,750 | \$ 538,750 | \$ 1,022,922 | \$ 484,172 |
| Investment income | - | - | 2,146 | 2,146 |
| Total revenues | 538,750 | 538,750 | 1,025,068 | 486,318 |
| 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 | 856,166 | 860,667 | 852,327 | 8,340 |
| REVENUES OVER (UNDER) EXPENDITURES | (317,416) | (321,917) | 172,741 | 494,658 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 1,450,000 | 1,450,000 | - |
| Total other financing sources (uses) | - | 1,450,000 | 1,450,000 | - |
| NET CHANGES IN FUND BALANCES | \$ (317,416) | \$ 1,128,083 | 1,622,741 | \$ 494,658 |
| FUND BALANCES: | | | | |
| Beginning of year | | | (1,363,829) | |
| End of year | | | \$ 258,912 | |

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 | <u>18,515,439</u> | <u>1,000,790</u> | <u>728,477</u> | <u>2,726,177</u> |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Depreciable, net | - | - | - | - |
| Total capital assets | - | - | - | - |
| Total noncurrent assets | - | - | - | - |
| Total assets | <u>18,515,439</u> | <u>1,000,790</u> | <u>728,477</u> | <u>2,726,177</u> |
| 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 | <u>2,420,796</u> | <u>2,066</u> | <u>174,201</u> | <u>7,247,626</u> |
| Noncurrent liabilities: | | | | |
| Claims payable - due in more than one year | 9,704,000 | - | - | 7,536,000 |
| Total noncurrent liabilities | <u>9,704,000</u> | <u>-</u> | <u>-</u> | <u>7,536,000</u> |
| Total liabilities | <u>12,124,796</u> | <u>2,066</u> | <u>174,201</u> | <u>14,783,626</u> |
| NET POSITION | | | | |
| Investment in capital assets | - | - | - | - |
| Unrestricted (deficit) | 6,390,643 | 998,724 | 554,276 | (12,057,449) |
| Total net position | <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 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 | <u>12,994,930</u> | <u>1,057,545</u> | <u>37,023,358</u> |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Depreciable, net | <u>6,114,177</u> | <u>47,376</u> | <u>6,161,553</u> |
| Total capital assets | <u>6,114,177</u> | <u>47,376</u> | <u>6,161,553</u> |
| Total noncurrent assets | <u>6,114,177</u> | <u>47,376</u> | <u>6,161,553</u> |
| Total assets | <u>19,109,107</u> | <u>1,104,921</u> | <u>43,184,911</u> |
| 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 | <u>340,252</u> | <u>266,443</u> | <u>10,451,384</u> |
| Noncurrent liabilities: | | | |
| Claims payable - due in more than one year | - | - | 17,240,000 |
| Total noncurrent liabilities | <u>-</u> | <u>-</u> | <u>17,240,000</u> |
| Total liabilities | <u>340,252</u> | <u>266,443</u> | <u>27,691,384</u> |
| NET POSITION | | | |
| Investment in capital assets | 6,114,177 | 47,376 | 6,161,553 |
| Unrestricted (deficit) | <u>12,654,678</u> | <u>791,102</u> | <u>9,331,974</u> |
| Total net position | <u>\$ 18,768,855</u> | <u>\$ 838,478</u> | <u>\$ 15,493,527</u> |

City of San Mateo
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 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 | \$ 6,390,643 | \$ 998,724 | \$ 554,276 | \$ (12,057,449) |

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 | 1,762,816 | 5,564,164 | 57,261,746 |
| 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 | 1,735,165 | 5,480,558 | 67,716,321 |
| OPERATING INCOME (LOSS) | 27,651 | 83,606 | (10,454,575) |
| NONOPERATING REVENUES (EXPENSES): | | | |
| Investment income | 389,108 | - | 915,742 |
| Gain on sale of capital assets | (10,499) | - | (10,499) |
| Total nonoperating revenues (expenses) | 378,609 | - | 905,243 |
| INCOME (LOSS) BEFORE TRANSFERS | 406,260 | 83,606 | (9,549,332) |
| TRANSFERS: | | | |
| Transfers in | 704,000 | - | 3,704,000 |
| Transfers out | (1,497,903) | - | (2,997,903) |
| Total transfers | (793,903) | - | 706,097 |
| Changes in net position | (387,643) | 83,606 | (8,843,235) |
| NET POSITION: | | | |
| Beginning of year | 19,156,498 | 754,872 | 24,336,762 |
| End of year | \$ 18,768,855 | \$ 838,478 | \$ 15,493,527 |

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 | \$ 12,994,930 | \$ 1,023,811 | \$ 35,601,279 |

(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 | <u>1,371,651</u> | <u>64,854</u> | <u>13,182,509</u> |
| Net cash provided by (used in) operating activities | <u>\$ 1,399,302</u> | <u>\$ 148,460</u> | <u>\$ 2,727,934</u> |

(Concluded)

This page intentionally left blank.

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 | 351,820 | 5,192,439 | 410,999 | 5,955,258 |
| 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 | 351,820 | 87,591,050 | 410,999 | 88,353,869 |
| Changes in net position | - | (82,398,611) | - | (82,398,611) |
| NET POSITION: | | | | |
| Beginning of year | - | 88,984,229 | - | 88,984,229 |
| End of year | \$ - | \$ 6,585,618 | \$ - | \$ 6,585,618 |

This page intentionally left blank.

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.

This page intentionally left blank.

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 | 5,075,023 | 1 | - | 5,075,024 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred loss on refunding | - | 245,084 | - | 245,084 |
| Total deferred outflows of resources | - | 245,084 | - | 245,084 |
| 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 | - | 42,835,643 | - | 42,835,643 |
| NET POSITION | | | | |
| Held in trust for dissolution of RDA | 5,075,023 | (42,590,558) | - | (37,515,535) |
| Total Net Position (deficit) | \$ 5,075,023 | \$ (42,590,558) | \$ - | \$ (37,515,535) |

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 | \$ 5,075,023 | \$ (42,590,558) | \$ - | \$ (37,515,535) |

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.

This page intentionally left blank.

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 | 538,033 | 55,469 | 57,455 | 64,316 | 33,171 | 748,444 |
| EXPENDITURES: | | | | | | |
| Capital outlay | 12,865 | - | (8,321) | 132,276 | 34,473 | 171,293 |
| Debt service | 386,528 | - | - | - | - | 386,528 |
| Total expenditures | 399,393 | - | (8,321) | 132,276 | 34,473 | 557,821 |
| UNEXPENDED BALANCES: | | | | | | |
| Beginning of year | 2,161,424 | - | 2,145,646 | 1,162,866 | 1,258,929 | 6,728,865 |
| End of year | \$ 2,300,064 | \$ 55,469 | \$ 2,211,422 | \$ 1,094,906 | \$ 1,257,627 | \$ 6,919,488 |

This page intentionally left blank.

STATISTICAL SECTION

This page intentionally left blank.

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 These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 196 |
| Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenues source: property tax | 208 |
| Debt Capacity 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. | 214 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place. | 221 |
| Operating Information 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. | 223 |

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

| | FISCAL YEAR | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| 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 | \$ 504,759,393 | \$ 317,969,829 | \$ 365,695,008 | \$ 387,652,316 | \$ 401,748,728 |
| 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 | \$ 100,101,954 | \$ 99,713,007 | \$ 114,142,888 | \$ 123,289,534 | \$ 137,246,011 |
| 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 | \$ 604,861,347 | \$ 417,682,836 | \$ 479,837,896 | \$ 510,941,850 | \$ 538,994,739 |

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 | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| 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 | \$ 415,218,926 | \$ 417,376,012 | \$ 419,255,713 | \$ 449,338,862 | \$ 451,406,721 |
| 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 | \$ 162,648,557 | \$ 194,357,090 | \$ 228,111,783 | \$ 278,586,410 | \$ 335,912,139 |
| 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 | \$ 577,867,483 | \$ 611,733,102 | \$ 647,367,496 | \$ 727,925,272 | \$ 787,318,860 |

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 | | | | |
|---|--------------------|----------------|----------------|----------------|----------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| 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 | | | | |
|---|--------------------|------------------|------------------|------------------|------------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| 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 | | | | |
|--|--------------------|----------------|----------------|----------------|----------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| 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 | | | | |
|--|--------------------|----------------|----------------|----------------|----------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| 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

This page intentionally left blank.

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 | \$ 36,098,571 | \$ 47,644,022 | \$ 58,598,010 | \$ 67,105,512 | \$ 75,504,230 |
| 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 | \$ 74,208,544 | \$ 87,588,888 | \$ 106,119,739 | \$ 108,730,012 | \$ 121,088,007 |

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 | \$ 88,187,289 | \$ 85,562,278 | \$ 91,958,255 | \$ 111,452,010 | \$ 117,879,219 |
| 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 | \$ 125,498,424 | \$ 183,302,688 | \$ 164,118,816 | \$ 141,633,298 | \$ 145,559,072 |

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%

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%

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

This page intentionally left blank.

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

| Fiscal Year Ended June 30 | Collected Within the Fiscal Year of the Levy | | | Delinquent Tax Collections ⁽³⁾ | Total Collections To Date | |
|----------------------------------|--|--|---------------------------|--|----------------------------------|--|
| | Total Tax Levied for Fiscal Year ⁽¹⁾ | Collected Amount ⁽²⁾ | Percentage of Levy | | Collected Amount | Percentage of Levy ⁽⁴⁾ |
| 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 | | | | | Lease/ Subscription Payable |
|-------------|--------------------------------|-----------------|------------------|--|--|-----------------------------------|
| | General Obligation Bonds | Revenue Bond | Loans 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

| <u>2022-23 Assessed Valuation:</u> | <u>\$ 34,579,166,760</u> | <u>Total Debt 6/30/2023</u> | <u>% Applicable⁽¹⁾</u> | <u>City's Share of Debt 6/30/2023</u> |
|--|--------------------------|-----------------------------|-----------------------------------|---------------------------------------|
| OVERLAPPING TAX AND ASSESSMENT DEBT: | | | | |
| 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 | 72,345,000 | | 100.00% | \$ 72,345,000 |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | \$ 2,594,089,645 | | | \$ 746,437,115 |
| DIRECT TAX AND ASSESSMENT DEBT: | | | | |
| City of San Mateo | 14,620,000 | | 100.00% | \$ 14,620,000 |
| TOTAL DIRECT TAX AND ASSESSMENT DEBT | \$ 14,620,000 | | | \$ 14,620,000 |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | \$ 2,608,709,645 | | | \$ 761,057,115 |
| OVERLAPPING GENERAL FUND DEBT: | | | | |
| 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 | 3,617,831 | | 11.99% | \$ 433,706 |
| TOTAL OVERLAPPING GENERAL FUND DEBT | \$ 601,692,518 | | | \$ 71,888,685 |
| DIRECT GENERAL FUND DEBT: | | | | |
| City of San Mateo General Fund Obligations | 59,995,000 | | 100.00% | \$ 59,995,000 |
| TOTAL DIRECT GENERAL FUND DEBT | \$ 59,995,000 | | | \$ 59,995,000 |
| 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 | | | | 237 |
| TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | | \$ 131,883,449 |
| 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 | | | | \$ 932,475,801⁽²⁾ |
| NET COMBINED TOTAL DEBT | | | | \$ 932,475,564 |

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% |
|--------------------------------------|-------|

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

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

| | FISCAL YEAR | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| 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 | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| 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)

| Fiscal Year | Sewer Revenue Bonds | | | | | | | | |
|----------------|-------------------------------|-------------------------------|-----|-----------------------------|-----------------------|----------|--|---------------------|--|
| | Sewer Charges and Other | Less Operating Expenses | (1) | 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 development | 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

| Function | FISCAL YEAR | | | | | | | | | |
|--------------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| 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

| Function | FISCAL YEAR | | | | | | | | | |
|--|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| 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

This page intentionally left blank.