



For Year Ending June 30, 2023

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

## City of Millbrae





# City of Millbrae

Millbrae, California

*Annual Comprehensive Financial Report*

*For the year ended June 30, 2023*

Prepared by:  
Finance Department



**City of Millbrae**  
**Annual Comprehensive Financial Report**  
**For the year ended June 30, 2023**

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# City of Millbrae

621 Magnolia Avenue, Millbrae, CA 94030

ANN SCHNEIDER  
Mayor

MAURICE GOODMAN  
Vice Mayor

ANDERS FUNG  
Councilmember

ANGELINA CAHALAN  
Councilmember

GINA PAPAN  
Councilmember

December 12, 2023

**Citizens of the City of Millbrae,  
Honorable Mayor, and  
Honorable Members of the City Council**

We are pleased to submit the City of Millbrae Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. Navigating through a third year of the COVID-19 pandemic and exiting the pandemic, the City continued to take a cautious and prudent, but proactive approach to secure the city financially through cost savings measures to allow for critical operations and maintaining service levels in the community. While the City is sustaining operations, the deferred maintenance and costs of pension and retiree medical insurance will place some financial pressures on the City moving forward. To ameliorate these issues, the City will continue to monitor and diligently plan for a sustainable Millbrae well into the future.

California statutes require that the City issue annually a report on the financial position of its government and business-type activities and that this report is audited by independent certified public accountants.

The 2023 audit was performed by Badawi and Associates. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City, for the fiscal year ended June 30, 2023, are free of material misstatements. The independent 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. Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unmodified opinion, which states that the City's financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

The financial statements are presented in conformity with GAAP and audited in accordance with Generally Accepted Auditing Standards. Responsibility for the accuracy of the data and the fairness of presentation, including all footnotes and disclosures, rests with the City. We believe the data presented in this report is accurate in all material respects and all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities have been included.

Management of the City has established an internal control framework that is designed both to protect the City'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 GAAP. Because the cost of internal controls should not outweigh their benefits, the City's framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements.

While traditionally addressed to the governing body of the City, this report is intended to provide relevant financial information to the citizens of the City of Millbrae, City staff, creditors, investors, and other concerned readers. We encourage all readers to contact the Finance Department with any questions or comments concerning this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the City of Millbrae**

Incorporated in 1948, the City of Millbrae is located adjacent to the San Francisco International Airport and is 15 miles south of the City of San Francisco, in the heart of San Mateo County. The City encompasses 3.3 square miles and serves a largely residential population of approximately 22,487.

The City Council consists of five members, elected directly by the voters residing in the City to staggered terms of four years each. Effective November 8, 2022, each council member will be voted in by the citizens based on the districts they live in. As the legislative branch of the government, the City Council makes final decisions on all major City matters. The Council adopts ordinances and resolutions necessary for efficient governmental operations, approves the budget, and acts as a board of appeals. It appoints the City Manager and City Attorney, as well as the members of the City's committees and commissions. In addition to serving as the policy makers for the community, the City Council also is responsible for numerous land use decisions within its borders, including the General Plan.

The City of Millbrae operates under a Council-Manager form of government and provides municipal services that include law enforcement, fire protection, construction and maintenance of highways, streets and other infrastructure, community development, planning, and inspection, and management of recreational activities and cultural events. In addition, the City operates a water system, a sewer system, and flood control utility services (storm water / storm drain) as enterprise (business-type) activities.

This report includes all funds of the City of Millbrae and its blended component unit, the Successor Agency to the Redevelopment Agency for the City of Millbrae, for which the City is financially accountable.

### **Mission, Values, and Purpose**

The City of Millbrae has adopted a Mission Statement, Values, and Purposes.

#### ***City of Millbrae Mission Statement***

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*Enhancing the quality of life in our shared community, providing great services, encouraging community engagement, fostering economic growth, and embracing cultural diversity in a safe environment.*

## *City of Millbrae Our Values*

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*We are committed to the following values which are key to achievement of our Mission.*

- ***Quality:***

*We will produce nothing less than superior, high quality products and services. The public and our colleagues deserve nothing less.*

- ***Customer Service:***

*Service to people is what we are all about. We will provide products and services which meet the changing needs of the community. We will always provide services with respect, courtesy, warmth, and responsiveness.*

- ***Integrity and Honesty:***

*Honesty, openness, fair-dealing and the highest ethical behavior are the foundation for our work.*

- ***Innovation:***

*We encourage our colleagues and the public to suggest new ideas for improving our products and services, and for doing things more efficiently and effectively.*

- ***Teamwork:***

*Teamwork is each of us working together to reach a common goal. Teamwork is accomplished when each member contributes their unique abilities, actively communicates and supports each other.*

- ***Colleagues:***

*We recognize, from managers to line workers, we are colleagues working toward a common goal; accomplishment of the City's overall mission. Each of us should share in the City's success which we make possible.*

- ***Pride and Enjoyment In Our Work:***

*We believe our work should be a source of personal enjoyment and satisfaction. We accept the challenge and promote a work place in which pride, personal enjoyment, and satisfaction can flourish.*

- ***Action Orientation:***

*We are an organization which is decisive. We will act without delay, after considering alternatives and their implications. We are proud of our ability to respond quickly and effectively to emergencies and changing priorities.*

- ***Citizen Participation:***

*We are committed to keeping the public informed by using a variety of communication networks. Effective public policy depends on achievement of community consensus.*

- ***Cultural Diversity:***

*The world in which we live is always changing. We recognize the need to adapt to meet all new challenges within our community and surrounding region. We will be sensitive to the differing cultural and personal needs of our community.*

- **Legal Responsibility:**

*We accept the challenge to actively participate in legislative activities; supporting that with which we agree and opposing that with which we disagree. We will endeavor to know and comply with all Federal and State mandates.*

- **Regional Responsibility:**

*Our City is a part of a large, interdependent metropolitan area. We will actively participate in regional planning to serve the best interests of our City and the region.*

- **Planning:**

*We are a forward-looking organization, continuously assessing trends and developments which will impact our Mission. We seek to satisfy current needs in a manner which helps obtain our long-range goals.*

## *City of Millbrae Our Purposes*

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*The purpose of the City municipal government is to provide the conditions necessary for a high quality of life and prosperity for Millbrae residents, businesses and institutions.*

*A high quality of life and community prosperity are based upon:*

- **Democratic, Local, Self-Government:** determination of needs, priorities, and policies by local residents through democratically elected representatives.
- **Public Health and Safety:** providing an environment free from disease, pollution, crime, fire and conditions injurious to public health and well-being.
- **Physical, Cultural, and Social Well-Being:** providing facilities and programs for our residents to help meet their needs for socialization, recreation, and cultural and spiritual growth.
- **Economic Prosperity:** to create conditions which will promote strong sales and trade in our business sector and a strong tax base to support local government services.
- **Environmental Protection:** to promote conservation of our natural environment and resources, and to promote an attractive, uncluttered, well-maintained and landscaped urban environment.
- **Public Facilities and Infrastructure:** to provide, maintain and operate public facilities and infrastructure essential to serving and supporting the public and private sectors of the City.

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## **Council Goals:**

Each year, the City Council holds at least one meeting per year to discuss and organize the yearly goals and priorities for the City of Millbrae.

At the end of Fiscal Year 2022, the top priorities for 2023 were:

- Define the Millbrae Community of Tomorrow / Built Environment
- Sustainable City / Infrastructure Investment
- Quality of Life / Neighborhood Enhancement / Strong Community
- City Government Organizational Success / Employee Investment
- Fiscal Sustainability / Economic Development
- Environmental Stewardship

## **Budget Process**

The City Council establishes annual budgets for all funds. The City Council establishes goals each year and uses the annual budget process to assign resources to meet those goals and desired service levels for all programs. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the City Manager through the Finance Director. The City Manager and Finance Director prepare an estimate of revenues and prepares recommendations for the next year's budget. The City maintains budgetary controls with the ultimate control by City Council at the fund level. Within a fund, the City Manager has discretion to transfer appropriations between departments to achieve City Council goal and policy direction. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code. For Fiscal Year 2022-2023, a one-year budget was adopted and amended during the year as needed for unanticipated projects.

## **The Local Economy**

The City's top three general fund revenue sources are property tax, transient occupancy tax (TOT), and sales tax. In fiscal year 2023, property tax revenues increased 23.7% largely due to a one-time overdue payment of Property Tax In Lieu of Vehicle License Fees. TOT increased 62.7% due to a combination of factors including an increase of the TOT from 12% to 14% effective January 1, 2023, the opening of a new hotel in February and the moderate recovery from the pandemic. Sales tax decreased 1.4% due to the closing of a couple of long time businesses from the previous fiscal year figures. Two of the City's top revenue sources, TOT and sales tax were severely impacted by the COVID-19 pandemic in fiscal year 2021 and 2022 and recovered significantly.

The largest revenue source for the City of Millbrae is property tax. Year over year growth has created increases in assessed valuations and, thus, property tax revenues for local agencies. Between 2013 and 2023, the City of Millbrae's Assessment Roll has increased from \$3.8 billion in property tax valuation to \$7.1 billion.

The City's second largest source of revenue is usually transient occupancy tax (TOT). Due to the COVID-19 pandemic, hotel occupancy plummeted in March 2020. TOT revenue decreased by 75% from the fiscal year 2019 to 2021. A moderate recovery began in fiscal year 2021 and into fiscal year 2022. By fiscal year 2023, TOT had recovered a significant amount and is anticipated to continue to recover at a moderate pace.

Sales tax appears to have stabilized closer to historic norms as businesses adapted to the pandemic and post-pandemic. Diversification of the City's economic community would help to mitigate sales tax revenue fluctuations in the future.

The City's commercial base includes a mix of retail, restaurants, hotels, service businesses, and public services but unique to the City, the sales tax is primarily driven by restaurant sales.

The City houses the multi-modal transit center including the Millbrae BART Station providing a link to CalTrain, SamTrans, and the San Francisco Airport maximizing regional travel options for passengers in the San Francisco Bay Area.

The City has many significant development projects that are in various stages of review, permitting and construction. These projects include:

- Gateway at Millbrae Station (BART site) is now completed with new tenants arriving every week. The overall project encompasses 80-units of affordable, veterans' preference apartments at The Rollins; a 164 room Marriott Residence Inn which is now open; Station 16 Apartments, a 320-unit (20 affordable units) apartment building now open; and a 152,000 square-foot office building with 36,200 square feet of retail space. Commercial tenants committed to the project include Panda Express, Chick Fil-A, Base Camp Fitness, Zero& (teas), iCode Learning, Liberty Bank, and Sourdough & Co.
- Alexandria Center for Life Sciences is currently under construction. Building 3 and the amenities building are estimated to be completed in Spring 2025. Subsequent phases of the development are currently on hold but anticipated to commence construction within a few years. The primary tenant in Building 3 will be Eikon Therapeutics. When completed, the 4.7-acre life sciences campus will consist of four buildings totaling approximately 570,000 square feet, containing laboratories and office space for an estimated 2,055 professionals working in the biotechnology industry.
- The Longfellow Life Science Project is under construction with the foundation work completed and framing now underway. The primary tenant, Avia Labs, is slated to occupy the 315,000 square-foot Class A lab and office project.
- 1100 El Camino Real (Anton) residential project on the current El Rancho Hotel site consisting of 384 apartment units is currently under building permit review.
- 959 El Camino Real (Trammell Crow) project is currently under building permit review. The project will include 278 multi-family dwelling units and 17, 210 square feet of ground floor commercial space and is expected to break ground in 2024.
- A 9-unit residential project located at 480 El Camino Real is currently under building permit plan check.
- A 488-unit residential project, of which 73 are affordable at Serra Station, but California High Speed Rail (CHSR) has blocked the project's ability to start due to CHSR's project for a surface parking lot on the site.

The City will continue to monitor and update the potential economic impacts of these and other proposed developments.

## **Current Economic Conditions and Outlook**

The California Employment Development Department reports that, as of October 2023, the City of Millbrae has a labor force of 13,500 and an unemployment rate of 3.3%. This is essentially the average rate in San Mateo County (3.2%) and considerably better than the State's rate of 4.8%. The unemployment rates have increased slightly from 2022 and are stabilizing towards historic averages.

The City's economic development efforts and implementation of the City's financial policies assist in promoting Millbrae's long-term fiscal stability.

### **Financial Information**

During the past fiscal year, there were no changes to the City's financial policies or items which impacted the financial information or presentation.

Information concerning significant accounting policies affecting the finances of the City is summarized in the Notes to the Financial Statements.

### **Acknowledgements**

The preparation of this Annual Financial Report could not be accomplished without the efficient and dedicated service of the entire staff of the Finance Department and the support of the auditing firm of Badawi and Associates.

I would also like to thank members of the City Council, the City Manager, and the various departments for their cooperation and support in planning and conducting the financial operations of the City during the fiscal year.

Respectfully Submitted,



Mike Sung  
Finance Director

## CITY OF MILLBRAE

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### DIRECTORY OF CITY OFFICIALS

#### **MAYOR**

Ann Schneider

#### **MEMBERS OF THE CITY COUNCIL**

Maurice Goodman

Anders Fung

Angelina Cahalan

Gina Papan

#### **COUNCIL APPOINTED OFFICERS**

Thomas C. Williams

*City Manager*

Joan Cassman

*City Attorney*

#### **AGENCY AND DEPARTMENT DIRECTORS**

Mike Sung

Sam Bautista

*Finance Director*

*Director of Engineering & Public Works*

Elaine Tran

Andy Mogensen

*City Clerk*

*Community Services Director*

Hannah Moran

Isabel Carlos

*Recreation Director*

*Assistant City Manager/Human*

Eamonn Allen

*Resources Director*

*Law Enforcement Services Chief*

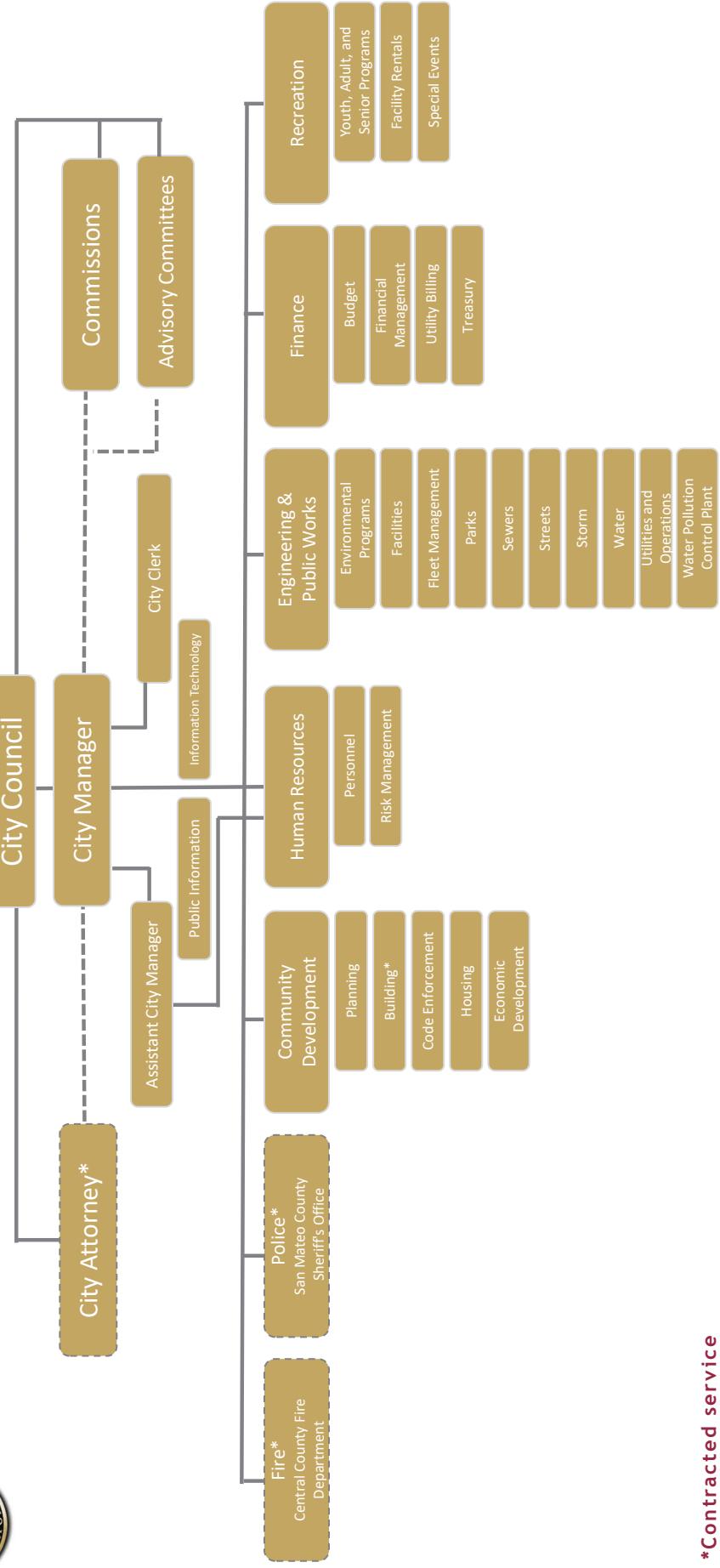
Ken Giacotto

*Interim Fire Chief*



## Organizational Chart

### Community of Millbrae



\*Contracted service

City of Millbrae



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Millbrae  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Monell*

Executive Director/CEO



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council  
of the City of Millbrae  
Millbrae, 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 Millbrae, California (City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 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 (GAAS) 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 Auditor's 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

The City's 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 Millbrae  
Millbrae, California  
Page 2

***Auditor's 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 auditor's 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 GAAS 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 GAAS, 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.<sup>5</sup>
- 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 information, pension plan information, and OPEB Plan information on pages 5-19 and 95-108 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 Millbrae  
Millbrae, 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 nonmajor fund financial statements, and budgetary comparison schedules on pages 111-127, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

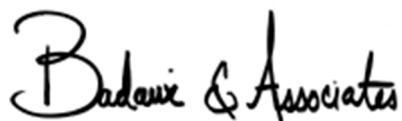
The combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 111-127 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 111-127 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. The other information comprises the introductory and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 December 12, 2023 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is fluid and cursive, with "Badawi" on the top line and "& Associates" on the bottom line, connected by a diagonal line.

Badawi & Associates, CPAs  
Berkeley, California  
December 12, 2023

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Millbrae's (City) Annual Comprehensive Financial Report (ACFR) presents a narrative overview and analysis of the City's financial activities for the fiscal year ending June 30, 2023. We encourage readers to consider the information presented here in conjunction with the additional information contained in the City's Financial Statements, the related notes and our letter of transmittal that precedes this section.

### FINANCIAL HIGHLIGHTS

- As of June 30, 2023, the City's total net position increased by \$29.3 million or 22.4% from the prior year to \$160.3 million. The increases are primarily related to \$10 million increases in capital assets, \$9.1 million pension related GASB 68 adjustments, \$6.2 million in general governmental revenues and \$4.7 million in investment earnings.
- The total current assets increased by \$4.5 million or 4.9% to \$94.7 million while the cash and investments increased by \$8.2 million or 10.8% to \$84.1 million.
- The total net position includes \$121.0 million net investment in capital assets (land, building, and equipment), \$40.1 million in restricted net position, and negative \$0.8 million in unrestricted net position primarily associated with net pension liability and long-term debt.
- Primary government revenues increased \$12.5 million or 18.5% from the prior year. Primary government expenses decreased by \$13.2 million or 20.6%. Tax revenues continue to improve at a moderate pace from their COVID-19 pandemic lows. Decreases in primary government expenses are predominantly associated with a pension liability adjustment required under GASB 68.
- The City's governmental funds reported a combined ending fund balance of \$60.3 million, an increase of \$11.9 million or 24.6% from the previous year. Approximately \$15.9 million (26.4%) of this amount is available for spending at the City Council's discretion (unassigned fund balance). While these funds are unassigned, the City Council has designated \$6.0 million to an emergency reserve and made other commitments including adoption of a 5-year capital plan requiring use of available fund balance.
- The City's General Fund unrestricted fund balance (total of committed, assigned, and unassigned fund balance) was \$19.0 million which represents 54.9% of general fund expenditures.
- The City's net pension liability (plus related deferred items) decreased \$12.4 million or 22.6% from the prior year, mostly attributable to a deferred increase in earnings on plan investments, which will decrease the City's liability as it is recognized over the course of the next 4 years. The City's Net OPEB liability (plus related deferred items) increased by \$0.1 million or 0.6% from the prior year. In 2017, the City took active steps to reduce post-employment benefit liability by establishing an Other Post Employment Benefit (OPEB) Trust.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: (1) Government-wide Financial Statements; (2) Fund Financial Statements; and (3) Notes to the Basic Financial Statements. The Government-wide Financial Statements provide a long-term view of all the City's activities, including all the capital assets and long-term liabilities. The Fund Financial Statements report the City's operations in detail and the focus is primarily on the short-term activities of the City's General Fund and other Major Funds. The Fund Financial Statements measure only current revenues, expenditures, fund balance, and exclude capital assets, and long-term liabilities. The Notes to the Basic Financial statements provide more

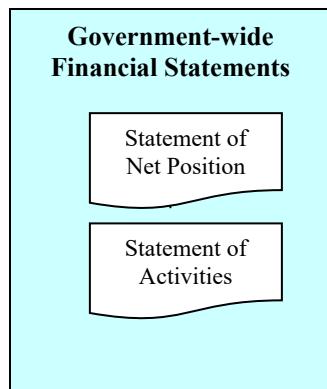
details to the specific components of the City's operations. This report includes the required, supplementary, and statistical information.

The diagram below outlines the major features of both the Government-wide and Fund Financial Statements.

	Government-wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire Entity	The day-to-day operating activities of the City for Governmental Services	The day-to-day operating activities of the City, for Business-type enterprises
Basis of Accounting	Accrual	Modified Accrual	Accrual
Accounting Method	All Revenues and Expenses are recorded, regardless of when the Cash transactions occur	Revenue is recorded when Cash is received, Expenditures are recorded when services or supplies have been received and the liability is due and payable	All Revenues and Expenses are recorded, regardless of when the Cash transactions occur
Measurement Focus	All Economic Resources	Current Financial Resources	All Economic Resources
Type of Asset and Liability Information	All Assets, Capital, Short and Long-term Liabilities	Current Assets and Liabilities due during the year or soon thereafter	All Assets, Capital, Short and Long-term Liabilities

## Government-wide Financial Statements

The Government-wide Financial Statements consist of the following two financial statements: 1) Statement of Net Position; and 2) Statement of Activities. Both are designed to provide readers with a broad overview of the City's financial activities and position, in a manner similar to the financial statements for a private-sector company.



The **Statement of Net Position** presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of an improving or deteriorating financial position.

The **Statement of Activities** presents information on the changes to net position that occurred during the reporting period. All changes to net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for items that may only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes, and expenses pertaining to earned but unused vacation and sick leave.

Both of the Government-wide Financial Statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The *Governmental Activities* of the City include General Government, Public Safety, Public Works, Recreation and Culture, Community and Economic Development, and Capital Improvements. The *Business-type Activities* of the City include a Municipal Water System, Wastewater Collection, Water Pollution Control Plant (WPCP), and Storm Drain Maintenance and Improvements.

## **Fund Financial Statements**

The Fund Financial Statements are designed to report information about groups of related funds that are used to maintain control over resources that have been segregated for specific activities or objectives in accordance with special regulations, restrictions, or limitations. A fund is a separate accounting entity with a self-balancing set of accounts. The City, like other State and Local Governments, utilizes fund accounting to ensure and demonstrate finance related legal compliance. The Funds managed by the City can be divided into the following three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

<b><u>Fund</u></b>
A separate accounting entity with a self-balancing set of accounts
<b><u>Fund Categories</u></b>
Governmental Funds
Proprietary Funds
Fiduciary Funds

### *Governmental Funds*

Governmental Funds are used to account for essentially the same functions reported as Governmental Activities in the Government-wide Financial Statements. Most of the City's basic services are reported in Governmental Funds. However, unlike the Government-wide Financial Statements, the Governmental Fund Financial Statements focus on the near-term inflow and outflows of resources, as well as on the balances of resources available at the end of the fiscal year. This information may be useful in evaluating the City's near-term financing requirements.

The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance, provide detailed information on Major Funds. The concept and the determination of Major Funds were established by criteria set forth in the Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, (GASB 34)" and represent the major activities of the City for the year. Major Funds include: the General Fund, Developer Fee Special Revenue Fund and the Low- and Moderate-Income Housing Asset Fund. Major Funds are presented individually, while the activities of Non-Major Funds are presented in summary. Non-Major Fund detailed activity is provided in the form of combining statements elsewhere in this report. Major Funds may change from year to year as a result of changes in the City's activities.

The focus of the Governmental Fund Financial Statements is narrower than that of the Government-wide Financial Statements; therefore, it is useful to compare the information presented for Governmental Funds with similar information presented for Governmental Activities in the Government-wide Financial Statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between Governmental Funds and Governmental Activities.

The City adopts an annual appropriated budget, and a budgetary comparison schedule has been provided in the required supplementary information to demonstrate compliance with the budget.

### *Proprietary Funds*

Proprietary Funds are generally used to account for services for which the City charges customers, or internal departments or agencies of the City. The City maintains two types of Proprietary Funds: Enterprise Funds and Internal Service Funds.

### *Enterprise Funds*

Enterprise Funds are utilized to report the same functions presented as Business-type Activities in the Government-wide Financial Statements. Enterprise Funds are supported by fees paid by users based on the amount of services received. The City utilizes Enterprise Funds for the following:

Municipal Water System	To account for the administration, operation, and distribution of the City's Municipal Water System
Wastewater Treatment	To account for the administration, collection, and treatment of the City's Sanitary Sewer System including Wastewater (Sewer) Collections and Water Pollution Control Plant (WPCP)
Storm Drains	To account for the administration, operation, maintenance, and improvements of the City's Storm Drains

### *Internal Service Funds*

Internal Service Funds are utilized to account for the financing of services and supplies provided by one department or agency, to other departments or agencies of the City on a cost-reimbursement basis. These services predominantly benefit governmental rather than Business-type functions; therefore, they are included within the Governmental Activities in the Government-wide Financial Statements. The Internal Service Funds are combined into a single, aggregated presentation, in the Proprietary Fund Financial Statements. Internal Service Fund detailed activity is provided in the form of combining statements elsewhere in this report. The City utilizes Internal Service Funds for the following:

Municipal Garage	To account for the purchase and maintenance of all motor vehicles except for public safety (police and fire) vehicles
General Liability	To account for the resources, claims, and insurance premiums related to general liability costs
Worker's Compensation	To account for the resources, claims, and payment of Workers' Compensation
Unemployment Insurance	To account for the accumulation, claims and payment of Unemployment Insurance
Compensated Absences (or Leave Accrual)	To account for the accumulation of earned compensation
OPEB	To account for the City's Other Post-Employment Benefits

### *Fiduciary Funds*

Fiduciary funds are used to account for financial resources held for the benefit of parties outside the City government. The City holds these funds in a custodial capacity or as an agent for individuals, private organizations, or other governmental units such as the State of California or the United States. Fiduciary funds, such as the Successor Agency to the former Redevelopment Agency, are not reflected in the government-wide statements because the resources of these funds are not available to support the City's governmental activities.

## **Notes to the Basic Financial Statements**

The Notes to the Basic Financial Statements provide additional information that is essential to fully understand the data presented in the Government-wide and Fund Financial Statements.

## **Required Supplemental Information**

This section contains the information about the City budget process including Budget versus Actual Statements for the General Fund as well as information about the City's defined benefit pension plan and OPEB funding information.

## **Supplementary Information**

In addition to the Financial Statements and accompanying notes, this section presents the combining statements and schedules for Non-Major Governmental Funds, Special Revenue Funds, Debt Service Funds, and the Internal Service Funds.

## **GOVERNMENT – WIDE FINANCIAL ANALYSIS**

### **Analysis of Net Position**

Net position may serve over time as a useful indicator of the Government's financial position. As shown on the following table, the City's net position was \$160.3 million as of June 30, 2023, compared to \$131.0 million on June 30, 2022. Overall, Government-wide Net Position increased \$29.3 million and Net Position for Governmental Activities increased \$20.0 million.

The largest portion of the City's net position is \$121.0 million invested in capital assets (e.g., land, buildings, and equipment) less any related outstanding debt used to acquire those assets. The City utilizes capital assets to provide services to citizens; consequently, those assets are not available for future spending. Although, the City's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be liquidated to pay those liabilities.

The restricted portion of net position is \$40.1 million (25.0%) and represents resources that are subject to external restrictions on use such as funds collected for a specific purpose. Examples include Gas Tax funds, Housing Related Funds, Developer Contributions, and Measure A and W Taxes.

Governmental Activities has a large unrestricted deficit net position of \$22.3 million due to the implementation of GASB 68 and GASB 75. This includes the City's net pension liability (plus related deferred items) of \$33.9 million and net OPEB liability (plus related deferred items) of \$4.1 million. The total net pension liability decreased \$9.3 million or 21.5%, and the total net OPEB liability increased by \$0.03 million or 0.6% from the prior year. Further information about the impact of the implementation of GASB 68 and GASB 75 can be found in Notes 12 and 13 to the Financial Statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**  
**NET POSITION**  
**06/30/23**  
*(In Thousands)*

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current and other assets	\$ 77,936	\$ 69,588	\$ 36,366	\$ 40,557	\$ 114,302	\$ 110,145
Capital assets	89,431	89,367	80,850	73,666	170,281	163,033
<b>Total assets</b>	<b>167,367</b>	<b>158,955</b>	<b>117,216</b>	<b>114,223</b>	<b>284,583</b>	<b>273,178</b>
<b>Deferred outflows</b>	<b>20,092</b>	<b>9,990</b>	<b>5,117</b>	<b>2,387</b>	<b>25,209</b>	<b>12,377</b>
<b>Liabilities</b>						
Short-Term Liabilities	2,369	2,097	1,303	1,241	3,672	3,338
Long-Term Liabilities	72,963	55,184	53,875	51,155	126,838	106,339
Other liabilities	4,211	5,497	4,503	5,898	8,714	11,395
<b>Total liabilities</b>	<b>79,543</b>	<b>62,778</b>	<b>59,681</b>	<b>58,294</b>	<b>139,224</b>	<b>121,072</b>
<b>Deferred inflows</b>	<b>8,621</b>	<b>26,882</b>	<b>1,701</b>	<b>6,620</b>	<b>10,322</b>	<b>33,502</b>
<b>Net position:</b>						
Net investments in capital assets	81,480	80,846	39,557	30,575	121,037	111,421
Restricted						
Debt service	1,443	1,350	-	-	1,443	1,350
Gas tax	1,533	1,069	-	-	1,533	1,069
Developer fee	13,590	11,555	-	-	13,590	11,555
Housing activities	16,186	13,991	-	-	16,186	13,991
Other special programs	5,844	5,612	-	-	5,844	5,612
Measure A	903	871	-	-	903	871
Measure W	573	625	-	-	573	625
Unrestricted	(22,257)	(36,633)	21,394	21,121	(863)	(15,512)
<b>Total net position</b>	<b>\$ 99,295</b>	<b>\$ 79,286</b>	<b>\$ 60,951</b>	<b>\$ 51,697</b>	<b>\$ 160,246</b>	<b>\$ 130,982</b>

*\*Due to rounding, the figures presented in the total rows may not equal the sum of component items.*

The variance in net position from the previous year is depicted in the following table. Factors contributing to the variance from the prior year include:

- Revenues from Governmental Activities (excluding extraordinary items) increased \$9.8 million from \$43.5 million to \$53.3 million. Most revenue categories increased between 2022 and 2023 mainly due to the continued moderate improvement from the COVID-19 pandemic; this year saw a sustained rebound from several sources. The largest increases occurred in TOT (\$3.1M), 62.7% increase from the previous year due to TOT rate increased from 12% to 14%, charges for service (\$4.6M), 59.4% increase due to permits issued to a couple of large development projects, investment earnings (\$4.2M) due to favorable interest rate environment, property taxes (\$3.1M), 22.5% increase mainly due to previous years' vehicle license fee shortfall reimbursements. Capital grants and contributions decreased by \$2.9 million while operating contributions and grants decreased by \$2.3 million, primarily due to the absence of federal CARES Act funding, which was a one-time occurrence during the prior fiscal year.
- Expenses associated with Governmental Activities decreased \$9.3 million from \$41.9 million in 2022 to \$32.7 million in 2023. Decreases in expenses are primarily associated with a \$14.2 million decrease in pension expenses adjustment related to GASB 68. Removing the adjustment and total governmental expenses went up 13.6% mainly due to inflation and rising labor costs.

## Analysis of the Changes in Net Position

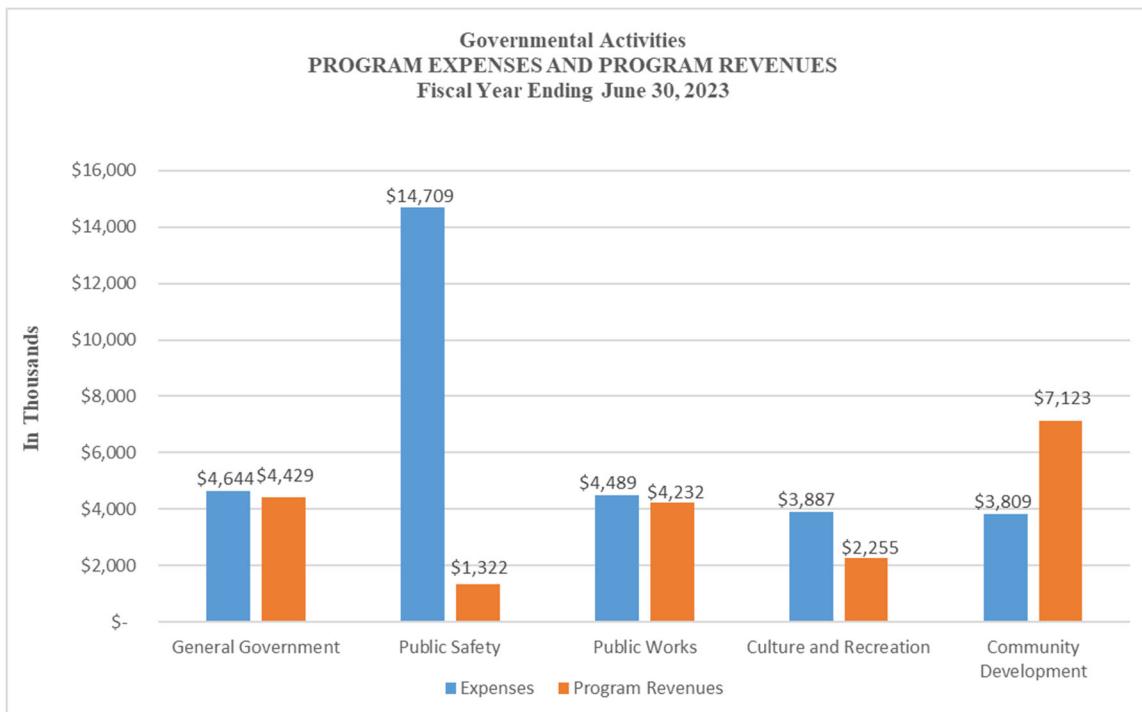
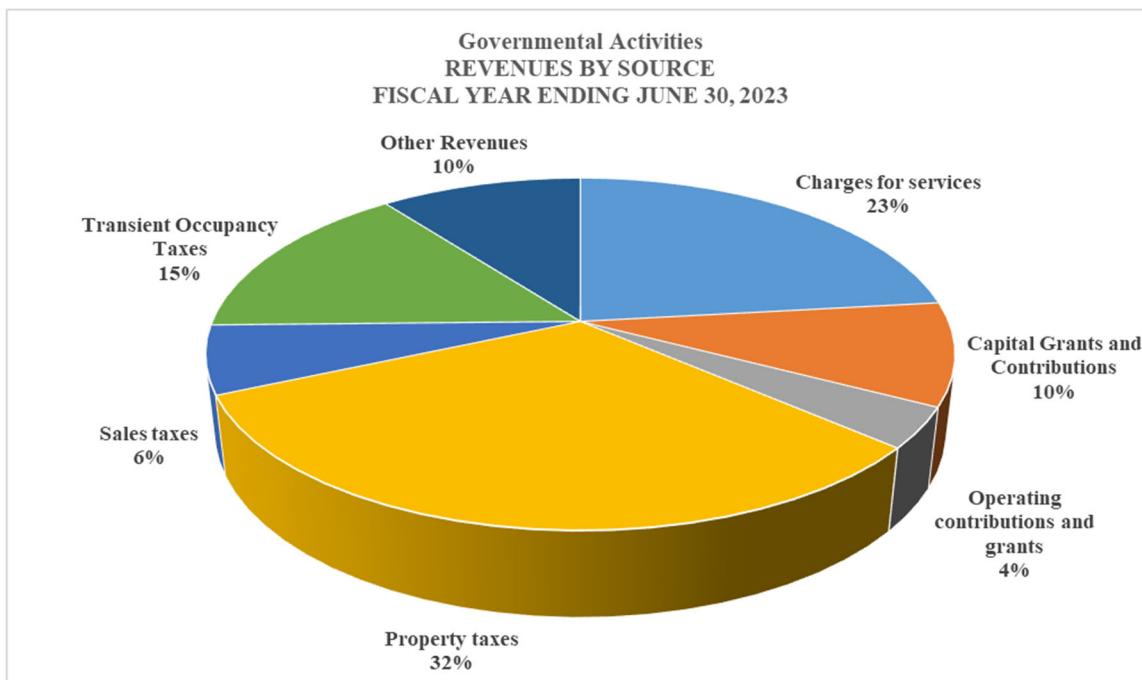
**STATEMENT OF ACTIVITIES**  
**CHANGE IN NET POSITION**  
**06/30/23**  
*(In Thousands)*

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Program revenues</b>						
Charges for services	\$ 12,363	\$ 7,757	\$ 26,094	\$ 23,882	\$ 38,457	\$ 31,639
Capital Grants and Contributions	5,019	7,935	-	-	5,019	7,935
Operating contributions and grants	1,979	4,257	-	-	1,979	4,257
	19,361	19,949	26,094	23,882	45,455	43,831
<b>General revenues</b>						
Property taxes	17,068	13,930	-	-	17,068	13,930
Sales taxes	3,335	3,384	-	-	3,335	3,384
Transient Occupancy Taxes	7,961	4,893	-	-	7,961	4,893
Franchise fees	1,318	1,264	-	-	1,318	1,264
Other taxes	1,851	1,870	-	-	1,851	1,870
Investment earnings	2,229	(1,925)	890	369	3,119	(1,556)
Miscellaneous	131	124	-	-	131	124
General revenues subtotal	33,893	23,540	890	369	34,783	23,909
<b>Total Revenues</b>	<b>53,254</b>	<b>43,489</b>	<b>26,984</b>	<b>24,251</b>	<b>80,238</b>	<b>67,740</b>
<b>Expenses by activity</b>						
General government	4,646	6,945	-	-	4,646	6,945
Public safety	14,711	18,850	-	-	14,711	18,850
Public works	4,490	4,812	-	-	4,490	4,812
Culture and recreation	3,887	5,149	-	-	3,887	5,149
Community development	3,809	4,987	-	-	3,809	4,987
Interest on long term debt	1,157	1,207	-	-	1,157	1,207
Municipal water system	-	-	8,155	8,400	8,155	8,400
Waste water treatment	-	-	9,285	12,842	9,285	12,842
Storm drain	-	-	834	958	834	958
<b>Total Expenses</b>	<b>32,700</b>	<b>41,950</b>	<b>18,274</b>	<b>22,200</b>	<b>50,974</b>	<b>64,150</b>
Increase (decrease) before transfers and special items						
Gain on sale of property	20,554	1,539	8,710	2,051	29,264	3,590
Insurance Recovery	-	1,490	-	-	-	1,490
Transfers	-	3,804	-	-	-	3,804
Change in Net Position	(545)	(904)	545	904	-	-
	20,009	5,929	9,255	2,955	29,264	8,884
Beginning Net Position	79,286	73,356	51,696	48,742	130,982	122,098
<b>Ending Net Position (June 30)</b>	<b>\$ 99,295</b>	<b>\$ 79,286</b>	<b>\$ 60,951</b>	<b>\$ 51,697</b>	<b>\$ 160,246</b>	<b>\$ 130,982</b>

*\*Due to rounding, the figures presented in the total rows may not equal the sum of component items.*

## Governmental Activities

The following charts illustrate the Revenues by Source and City's Expenses and Revenues by Program, for Governmental Activities.

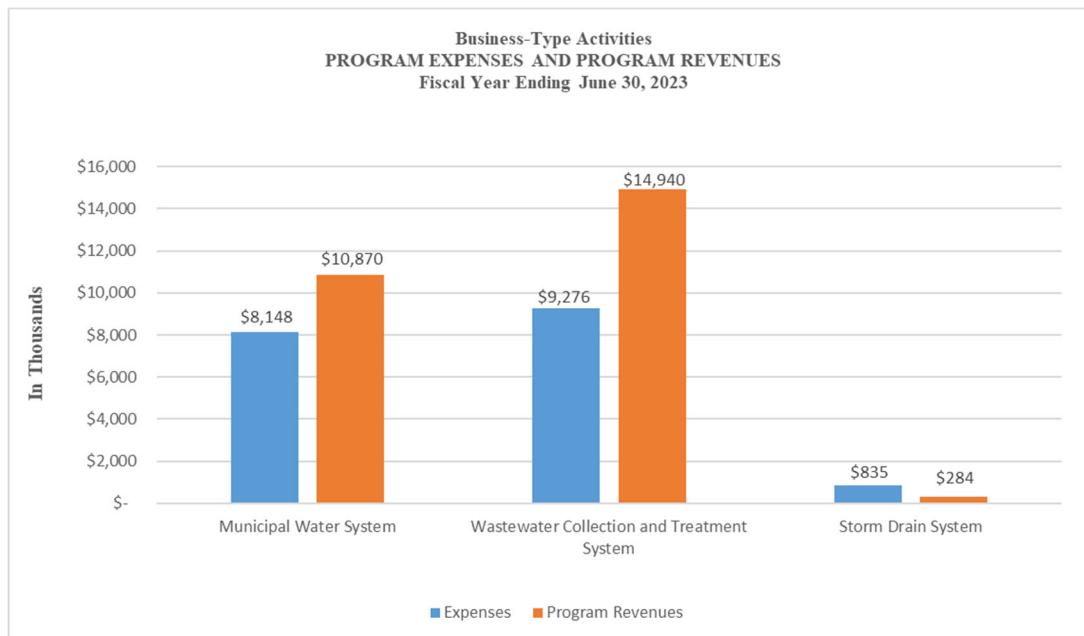


Governmental activities increased the City's total net position by \$20.0 million, an 8.1% increase over the prior fiscal year. This large increase was primarily driven by the following factors:

- Revenues from governmental activities (excluding special items) totaled \$53.3 million, an increase of \$9.8 million from the prior year. For the same period, expenses (excluding transfers between City funds) totaled \$32.7 million, a decrease of \$9.3 million, mainly due to a \$14.2 million decrease in pension expenses related to GASB 68 adjustments.
- Property tax revenues totaled \$17.1 million, an increase of \$3.1 million or 22.5%, as the City received a one-time payment of VLF revenue owed by the State. There continues to be a backlog in VLF revenue provided from the State to be distributed by the County. In addition, there was a large reduction in Redevelopment Property Tax Trust Fund distribution due to pass-through amount adjustments last year.
- Charges for services revenue increased by \$4.6 million or 59.4% primarily due to permit fees from a few large projects around the Millbrae station area, which continued to be a growing source of contribution revenue, as compared to prior fiscal years.
- Investment earnings revenues totaled \$2.2 million, an increase of \$4.2 million, primarily due to elevated inflation and a higher-for-longer interest rate environment.
- TOT revenues totaled \$8.0 million, an increase of \$3.1 million or 62.7%, as the travel industry continued its recovery from COVID 19 pandemic. Also, the City increased the TOT rate 12% to 14% in January 2023.
- Operating grants and contributions totaled \$2.0 million, a decrease of \$2.3 million, primarily due to the \$2.6 million last tranche of State and Local Fiscal Recovery Funds received in the previous year.
- Capital grants and contributions totaled \$5.0 million, a decrease of \$2.9 million, primarily due to the grants and donations contributed to the new Recreation Center, which opened in June 2022.
- The total cost of governmental activities in fiscal year 2023 was \$32.7 million. Of this amount, \$19.4 million was funded by charges for services, operating grants/contributions, and capital grants/contributions. The remaining "public benefit" expenses were funded by taxes and use of property including rent and investment earnings. Some taxes are restricted for use in certain programs.

### **Business-type Activities**

The following chart illustrates the City's Expenses and Revenues by Program, for Business-type Activities.



The City's net position of business activities increased \$9.3 million to \$61.0 million during fiscal year 2022 - 2023. Almost all revenues in these funds are based on fees and service charges. Key factors contributing to the increase from the prior year are as follows:

- Sewer service fees in the Municipal Wastewater Fund increased by \$1.7 million to \$14.9 million. In the current fiscal year, the City used the new sewer charge structures from the latest rate study. Operating expenses decreased \$3.6 million; a majority of which (-\$4.1 million) is due to a pension liability adjustment required under GASB 68.
- Operating revenues in the Water Enterprise Fund increased \$0.5 million to \$10.9 million after around 7% increases in the water fixed and quantity charges. At the same time, operational costs of the system decreased by \$0.3 million to \$8.1 million; a majority of which (-\$1.3 million) is due to a pension liability adjustment required under GASB 68.
- Business-type activities are intended to be self-sustaining wherein rate-based revenues charged to customers support the operating costs of the funds. While the Storm Drain fund is classified as a business-type activity, the fund is not self-sustaining and requires transfers from the General Fund. This is a common problem among municipalities in San Mateo County, as tax revenues for storm drains are capped by the State Constitution under the provisions of Proposition 218. Because storm drain related expenses are increasing due to increased environmental regulations designed to keep the bay clean, it is expected that the General Fund contribution towards storm drains will grow over time. For Fiscal Year 2023, the transfer from the General Fund to the Storm Drain Fund was \$0.5 million which is consistent with the prior year.

## **GOVERNMENTAL AND PROPRIETARY FUND ANALYSIS**

As noted earlier, the City utilizes fund accounting to ensure and demonstrate legal compliance and to aid financial management by segregating transactions related to specific governmental activities, functions, or objectives.

### **Governmental Funds**

The focus of the City's Governmental Funds Statement is to provide information on near-term inflows, outflows, and balance of spendable resources available. This type of 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 at the end of the fiscal year.

The types of Governmental Funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds.

At the end of fiscal year 2022 - 2023 the City's Governmental Funds reported a combined ending Fund Balance (including restricted funds and funds set aside for emergencies or economic downturn) of \$60.3 million. This represents an increase of \$11.9 million (24.6%) over the prior year ending balance of \$48.4 million.

The General Fund is the chief operating fund of the City. The total General Fund balance including amounts set aside for emergencies and economic downturn is \$19.6 Million. As a measure of liquidity, both unassigned and assigned fund balance can be compared to total fund expenditures. Unassigned fund balance totals \$17.4 million or 50.3% of total general fund expenditures. Of this amount, \$6.0 million was designated for reserves, and \$0.1 million allocated in the 2023 - 2024 budget.

## Revenue and Expense Comparison

Due to the COVID-19 pandemic, the City implemented reduction in capital project expenditures, spending and hiring freeze since March 2020. As a result, some comparisons experienced wild fluctuations this fiscal year. Before the transfers, General Fund revenues exceeded expenditures by \$5.9 million. Transfers from the general fund totaling \$2.8 million were related to debt service payments, capital program costs, operating deficits in other funds and internal service funds.

The Low- and Moderate-Income Housing Asset Fund accounts for activities related to affordable housing assets assumed by the City as Housing Successor to the former Redevelopment Agency. The activities are governed by California redevelopment law and must be used to provide housing for people with low and moderate incomes. The fund had an ending fund balance of \$14.2 million, increasing by \$0.2 million during the current fiscal year, primarily resulting from a partial payment of accrued interest. The fund balance reflects funds loaned in the past for affordable housing projects.

Developer Fee Special Revenue Fund was established to account for developer fee revenues to mitigate the cumulative impacts of new development and to accommodate future development. This fund became a major governmental fund in fiscal year 2019 – 2020 due to the receipt of \$13 million developer fees from Millbrae station area development projects. This fund is designated to fund capital improvement projects including acquisition, rehabilitation and new construction of city facilities and infrastructure. The fund had an ending fund balance of \$13.6 million, increasing by \$2.0 million during the current fiscal year.

**Non-Major Government Funds:** Other Governmental Funds have a combined ending fund balance of \$12.9 million, an increase of \$6.5 million over the prior year ending balance. This increase is primarily related to the newly created Affordable Housing In-lieu Fee fund (collected \$2.0 million), Other special revenue funds related to general plan update increased \$1.5 million and accumulation of Gas Tax, Measure A, and Measure W funding (totaling \$0.5 million) to be used in fiscal year 2023 – 2024 for road repair and improvement. In addition, the Recreation Center Capital Project fund received \$2.6 million grants, transfers, and donations after its completion in the prior fiscal year.

The following table presents a summary of actual revenues and other financing sources, expenditures, and the results of operations for the 2022 – 2023 fiscal year compared to the prior fiscal year.

## Comparative Analysis of Changes in Governmental Fund Balances

**COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FISCAL YEAR ENDING 6/30/2023**  
*(In Thousands)*

	Expenditures and							
	Revenues and Other		Other Financing		Net Change in Fund		Ending Fund Balances	
	Financing Sources	Uses	2023	2022	2023	2022	2023	2022
General Fund	\$ 40,595	\$ 31,224	\$37,446	\$34,202	\$ 3,149	\$ (2,978)	\$ 19,566	\$ 16,417
Low and Moderate Income Housing	216	133	-	-	216	133	\$ 14,207	13,991
Developer Fee	2,997	6,148	962	5,090	2,035	1,058	\$ 13,590	11,555
<i>Other Governmental Funds</i>	14,435	16,842	7,921	21,813	6,514	(4,971)	\$ 12,939	6,425
<b>TOTAL</b>	<b>\$ 58,243</b>	<b>\$ 54,347</b>	<b>\$46,329</b>	<b>\$61,105</b>	<b>\$ 11,914</b>	<b>\$ (6,758)</b>	<b>\$ 60,302</b>	<b>\$ 48,388</b>

The following table presents the detailed revenues, program expenditures, other financing sources and uses, and the net change in General Fund Balance for fiscal year 2022 – 2023 compared to the previous fiscal year. Primary drivers for the \$9.4 million increase in revenues were a 62.7% (\$3.1 million) increase in transient occupancy taxes, \$3.0 million increases to property, sales, and other taxes, \$3.3 million increases to charges for services, licenses and permits, plus \$3.1 million increases to use of money and property, offsetting \$2.8 million decreases to grants and intergovernmental. A significant portion of the decrease to grants and intergovernmental revenue is attributable to the exhaustion of one-time federal funding through the CARES Act during the prior two fiscal years. Primary drivers for \$2.9 million increases in expenditures were attributable to public safety (\$1.4M), Community Development (\$0.4M), and General Government (\$0.9M). Public Works increased modestly (\$0.7M), while Culture and Recreation and Capital Outlay saw slight decreases of \$0.5 million combined.

**GENERAL FUND**  
**REVENUE AND EXPENDITURE COMPARISON**  
**06/30/23**  
*(In Thousands)*

	<b>General Fund</b>		<b>Dollar Variance</b>	<b>Percentage Variance</b>
	<b>2023</b>	<b>2022</b>		
<b>REVENUES</b>				
Property Taxes	\$16,357	\$13,228	\$ 3,129	+23.7%
Sales Tax	3,335	3,384	(49)	-1.4%
Transient Occupancy Tax	7,961	4,893	3,068	+62.7%
Franchise Fees	1,318	1,264	54	+4.3%
Other Taxes	798	837	(39)	-4.7%
Licenses and Permits	3,498	841	2,657	+315.9%
Charges for Services	2,086	1,397	689	+49.3%
Fines and Forfeitures	884	1,261	(377)	-29.9%
Use of Money and Property	1,724	(1,390)	3,114	+224.0%
Grants and Intergovernmental	257	3,092	(2,835)	-91.7%
Miscellaneous	2,377	2,416	(39)	-1.6%
<b>Total Revenues</b>	<b>40,595</b>	<b>31,223</b>	<b>9,372</b>	<b>+30.0%</b>
<b>EXPENDITURES</b>				
General Government	5,602	4,689	913	+19.5%
Public Safety	19,540	18,141	1,399	+7.7%
Public Works	3,363	2,692	671	+24.9%
Culture and Recreation	2,013	2,294	(281)	-12.2%
Community Development	3,703	3,283	420	+12.8%
Capital Outlay	442	623	(181)	-29.1%
<b>Total Expenditures</b>	<b>34,663</b>	<b>31,722</b>	<b>2,941</b>	<b>+9.3%</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(2,784)	(2,479)	(305)	
<b>Total Other Financing</b>	<b>(2,784)</b>	<b>(2,479)</b>	<b>(305)</b>	
<b>Sources (Uses)</b>	<b>3,148</b>	<b>(2,978)</b>		
<b>NET CHANGE IN FUND BALANCE</b>	<b>16,417</b>	<b>19,396</b>		
<b>BEGINNING FUND BALANCE</b>	<b>\$19,565</b>	<b>\$16,417</b>		
<b>ENDING FUND BALANCE</b>	<b><u>\$19,565</u></b>	<b><u>\$16,417</u></b>		

## **Proprietary Funds**

Proprietary Funds are comprised of enterprise funds and internal service funds. The City's Proprietary Fund Statements provide the same type of information found in the Government-wide Financial Statements under *Business-type Activities* column but include greater details into the nature and extent of various revenue and expense categories. The City operates three enterprise (business-type) activities: municipal water system, wastewater fund, and storm drain fund. The total enterprise net position at the end of Fiscal Year 2023 was \$61.0 million, an increase of \$9.3 million from Fiscal Year 2022. The primary drivers for this strong increase are water and sewer rates increase based on the latest studies, and a negative \$3.0 million pension expense adjustment related to GASB 68. Although the net position saw health increases from the prior year, several significant capital projects are in the design phase and will require use of net position in the next few years. The total enterprise capital program expenditure is \$24.6 million for the fiscal year 2024. Changes in net position associated with Internal Service Funds are primarily associated with various temporary pauses in funding including worker's compensation, vehicle maintenance, and vehicle and equipment purchase in the fiscal year.

The following table shows actual revenues, expenses, and results of operations (change in net position) for the fiscal year 2022 – 2023.

<b>PROPRIETARY FUNDS</b>										
06/30/23										
(In Thousands)										
				Operating		Non-Operating		Transfers In (Out)	\$	Change In Net Position
	Operating Revenues	Operating Expenses	Income (Loss)	Revenues (Expenses)						
Municipal Water System	\$ 10,870	\$ 8,006	\$ 2,864	\$ 254	\$ -	\$ 3,118				
Wastewater Fund	14,940	8,129	6,811	(354)	-	6,457				
Storm Drain	284	798	(514)	20	545	51				
Internal Service Funds	\$ 1,397	\$ 2,686	\$ (1,289)	\$ 237	\$ 500	\$ (552)				
<b>TOTAL</b>	<b>\$ 27,491</b>	<b>\$ 19,619</b>	<b>\$ 7,872</b>	<b>\$ 157</b>	<b>\$ 1,045</b>	<b>\$ 9,074</b>				

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund final budget differs from the original adopted budget in that revenues were adjusted upward by \$3.9 million, and expenditures were also adjusted upward by \$1.8 million. In total, the final budget for the General Fund reflected a minor net surplus of \$47,588.

General Fund actual revenues were above the amended budget projections by \$2.1 million. Actual expenditure was slightly below the amended budget by \$0.9 million, mainly due to the actual capital outlay expenditure being \$1.6 million below the amended budget during the fiscal year.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

Capital Assets include land, buildings and improvements, furniture, fixtures and equipment, automobiles and trucks, and infrastructure. Capital Assets for Governmental and Business-type Activities are presented below for the fiscal year 2022 - 2023.

The investment in total capital assets for both the Governmental and Business-type Activities as of June 30, 2023, increased \$7.2 million due to capital assets placed into service during the year, notably in the

categories of construction in progress and infrastructure, offset by the retirements and disposals of capital assets in both governmental and business-type activities. Additional information about the City's capital assets can be found in Note 5 to the Financial Statements.

**CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION**

**YEAR ENDING 6/30/2023**

*(In Thousands)*

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Land	\$ 14,298	\$ 14,298	\$ 1,501	\$ 1,501	\$ 15,799	\$ 15,799
Construction in Progress	1,666	422	4,929	4,713	6,595	5,134
Buildings and Improvements	43,367	44,394	30,289	31,148	73,656	75,542
Furniture, Fixtures and Equipment	839	797	2,120	2,087	2,959	2,884
Automobiles and Trucks	891	841	-	-	891	841
Infrastructure	28,370	28,615	42,011	34,218	70,381	62,833
<b>TOTAL</b>	<b>\$ 89,431</b>	<b>\$ 89,367</b>	<b>\$ 80,850</b>	<b>\$ 73,667</b>	<b>\$ 170,281</b>	<b>\$ 163,033</b>

**Debt Administration**

As of June 30, 2023, the City had a total long-term debt outstanding of \$61.3 million. This includes \$20.1 million related to Governmental Activities and \$41.2 million related to Business-type Activities.

The City obligations are in the form of General Obligation Bonds (GOB), Revenue Bonds, Capital Appreciation Bonds, and Direct Lender Tax Exempt Loans.

The following table summarizes the City's outstanding long-term debt on June 30, 2023, in comparison to the prior year. Additional information about the City's Long-Term Debt can be found in Note 7 to the Financial Statements.

**LONG TERM LIABILITIES**

**YEAR ENDING 6/30/2023**

*(In Thousands)*

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
2004 Pension Obligation Bonds	\$ 12,107	\$ 12,564	\$ -	\$ -	\$ 12,107	\$ 12,564
2011 Police Remodel Lease Revenue Refunding Bonds (Direct Lender Tax Exempt Lease)	248	488	-	-	248	488
2013 General Obligation Refunding Bonds	7,445	7,755	-	-	7,445	7,755
Premium, net of amortization	258	278	-	-	258	278
*2009B Wastewater Revenue Certificate of Participation	-	-	-	-	-	-
Premium, net of amortization	-	-	63	69	63	69
2018 Wastewater Revenue Bond	-	-	16,995	17,375	16,995	17,375
Premium, net of amortization	-	-	613	639	613	639
2021 Wastewater Revenue Bond	-	-	18,445	19,250	18,445	19,250
Premium, net of amortization	-	-	5,176	5,759	5,176	5,759
<b>TOTAL</b>	<b>\$ 20,058</b>	<b>\$ 21,085</b>	<b>\$ 41,292</b>	<b>\$ 43,092</b>	<b>\$ 61,350</b>	<b>\$ 64,177</b>

\*Denotes debt that has been refunded; premium continues to be amortized over term of the original bond.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

As discussed in the transmittal letter accompanying this report, the local economy is moderately recovering from the downturn caused by the COVID-19 pandemic. The City's unemployment rate as reported on November 17, 2023, was 3.3%, which was slightly higher than San Mateo County (3.2%), but substantially better than the State of California overall (4.8%). The local job market has stabilized as the City exits the pandemic, with San Mateo County's unemployment rate ranking as one of the lowest in California. The economy of the City is further discussed in the accompanying Transmittal Letter.

The pandemic had affected every sector and greatly reduced the revenue streams to the General Fund over the last 3 years. The City has made decisions to mitigate those effects and continues to carefully plan ahead. Other rising costs, especially labor, healthcare, and pension costs also present a challenge to the financial status of the City. The City continues to actively work to fund long term liabilities including infrastructure and facility needs as well as post-employment benefit liabilities (retirement benefits and medical costs for retirees).

For Fiscal Year 2022 - 2023, the City adopted a one-year budget as revenue begins to stabilize. Staff had taken immediate action in 2020 and continued those actions into 2021, 2022 and 2023, including the implementation of a hiring freeze and reduced capital expenditures to mitigate the effects of the revenue shortfall that resulted from the COVID-19 pandemic. The Council will continue to evaluate options to maintain financial security into the future.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances.

Please direct any questions or comments you may have or requests for additional information regarding this report to:

City of Millbrae  
Finance Department  
Attn: Finance Director  
621 Magnolia Avenue  
Millbrae, CA 94030

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**BASIC  
FINANCIAL STATEMENTS**

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# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**City of Millbrae**  
**Statement of Net Position**  
**June 30, 2023**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 51,318,167	\$ 32,795,976	\$ 84,114,143
Cash with fiscal agent	53,565	346	53,911
Receivables:			
Taxes	3,230,379	-	3,230,379
Accounts - net	382,693	5,694,468	6,077,161
Accrued interest	277,450	-	277,450
Due from other governmental agencies	137,672	-	137,672
Leases	242,196	-	242,196
Internal balances	2,126,228	(2,126,228)	-
Prepaid items	527,880	-	527,880
Total current assets	58,296,230	36,364,562	94,660,792
Noncurrent assets:			
Land held for resale	1,911,814	-	1,911,814
Loans and notes receivable	14,422,446	-	14,422,446
Leases Receivables	3,305,861	-	3,305,861
Capital assets:			
Non-depreciable	15,964,493	6,429,393	22,393,886
Depreciable, net	73,466,321	74,420,660	147,886,981
Total capital asset	89,430,814	80,850,053	170,280,867
Total noncurrent assets	109,070,935	80,850,053	189,920,988
Total assets	167,367,165	117,214,615	284,581,780
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred employer pension contributions	4,754,040	1,262,120	6,016,160
Deferred outflows of resources - OPEB	808,689	280,648	1,089,337
Deferred outflows of resources - pension	14,528,842	3,574,561	18,103,403
<b>Total deferred outflows of resources</b>	<b>20,091,571</b>	<b>5,117,329</b>	<b>25,208,900</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	2,826,968	1,724,234	4,551,202
Interest payable	136,758	129,723	266,481
Deposits payable	984,074	859,652	1,843,726
Unearned revenue	262,386	1,788,718	2,051,104
Compensated absences - due within one year	79,659	58,111	137,770
Accrued self-insurance - due within one year	371,782	-	371,782
Long-term debt - due within one year	1,918,000	1,245,000	3,163,000
Total current liabilities	6,579,627	5,805,438	12,385,065
Noncurrent liabilities:			
Compensated absences - due in more than one year	716,933	523,008	1,239,941
Accrued self-insurance - due in more than one year	1,206,000	-	1,206,000
Net OPEB liability	4,827,644	1,675,386	6,503,030
Net pension liability	48,072,260	11,692,032	59,764,292
Long-term debt - due in more than one year	18,140,104	39,984,706	58,124,810
Total noncurrent liabilities	72,962,941	53,875,132	126,838,073
<b>Total liabilities</b>	<b>79,542,568</b>	<b>59,680,570</b>	<b>139,223,138</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	5,104,734	1,620,141	6,724,875
Deferred inflows of resources - OPEB	49,463	17,165	66,628
Deferred inflows of resources - leases	3,467,030	-	3,467,030
Deferred gain on refunding	-	63,440	63,440
<b>Total deferred inflows of resources</b>	<b>8,621,227</b>	<b>1,700,746</b>	<b>10,321,973</b>
<b>NET POSITION</b>			
Net investment in capital assets	81,479,504	39,557,253	121,036,757
Restricted for:			
Debt service	1,442,564	-	1,442,564
Gas tax	1,533,345	-	1,533,345
Developer fee (Millbrae station area development projects)	13,589,784	-	13,589,784
Housing activities	16,185,841	-	16,185,841
Other special programs	5,844,347	-	5,844,347
Measure W	573,161	-	573,161
Measure A	902,533	-	902,533
Total restricted	40,071,575	-	40,071,575
Unrestricted	(22,256,138)	21,393,375	(862,763)
<b>Total net position</b>	<b>\$ 99,294,941</b>	<b>\$ 60,950,628</b>	<b>\$ 160,245,569</b>

**City of Millbrae**  
**Statement of Activities**  
**For the year ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<b>Governmental activities:</b>					
General government	\$ 4,645,534	\$ 3,141,882	\$ 635,048	\$ 651,835	
Public safety	14,711,157	932,108	165,271	224,853	
Public works	4,489,811	2,189,565	1,178,694	863,365	
Culture and recreation	3,886,780	989,456	-	1,265,752	
Community development	3,809,002	5,110,078	-	2,013,128	
Interest on long-term debt	1,156,791	-	-	-	
<b>Total governmental activities</b>	<b>32,699,076</b>	<b>12,363,089</b>	<b>1,979,013</b>	<b>5,018,933</b>	
<b>Business-type activities:</b>					
Municipal water system	8,154,752	10,870,378	-	-	
Wastewater collection and treatment system	9,284,893	14,939,887	-	-	
Storm drain system	835,309	283,524	-	-	
<b>Total business-type activities</b>	<b>18,274,954</b>	<b>26,093,789</b>	<b>-</b>	<b>-</b>	
<b>Total primary government</b>	<b>\$ 50,974,030</b>	<b>\$ 38,456,878</b>	<b>\$ 1,979,013</b>	<b>\$ 5,018,933</b>	

**General Revenues and transfers:**

Taxes:

Property taxes  
 Sales taxes  
 Transient occupancy taxes  
 Franchise fees  
 Other taxes  
 Miscellaneous

Total taxes

Investment earnings

Transfers

**Total general revenues and transfers**

**Change in net position**

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

**Net position - end of year**

**Net (Expense) Revenue  
and Changes in Net Position**

	Governmental Activities	Business-Type Activities	Total
\$ 4,428,765	\$ (216,769)	\$ -	\$ -
1,322,232	(13,388,925)	-	-
4,231,624	(258,187)	-	-
2,255,208	(1,631,572)	-	-
7,123,206	3,314,204	-	-
-	(1,156,791)	-	-
<b>19,361,035</b>	<b>(13,338,041)</b>	<b>-</b>	<b>-</b>
 10,870,378	 -	 2,715,626	 2,715,626
 14,939,887	 -	 5,654,994	 5,654,994
 283,524	 -	 (551,785)	 (551,785)
 26,093,789	 -	 7,818,835	 7,818,835
<b>\$ 45,454,824</b>	<b>(13,338,041)</b>	<b>7,818,835</b>	<b>(5,519,206)</b>
   17,067,911	   -	   17,067,911	
 3,335,496	 -	 3,335,496	
 7,960,577	 -	 7,960,577	
 1,318,030	 -	 1,318,030	
 1,851,058	 -	 1,851,058	
 130,306	 -	 130,306	
 31,663,378	 -	 31,663,378	
 2,228,872	 890,113	 3,118,985	
 (545,000)	 545,000	 -	
 33,347,250	 1,435,113	 34,782,363	
 20,009,209	 9,253,948	 29,263,157	
 79,285,732	 51,696,680	 130,982,412	
<b>\$ 99,294,941</b>	<b>\$ 60,950,628</b>	<b>\$ 160,245,569</b>	

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# FUND FINANCIAL STATEMENTS

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*Governmental Fund Financial Statements*

*Proprietary Fund Financial Statements*

*Fiduciary Fund Financial Statements*

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## GOVERNMENTAL FUND FINANCIAL STATEMENTS

**General Fund** was established to account for the revenues and expenditures to carry out basic governmental activities of the City such as general government, public safety, highway and street, culture and recreation, and community development. This fund accounts for all financial transactions not accounted for in the other funds.

**Low and Moderate Income Housing Assets Fund** accounts for the activities related to the housing assets assumed by the City as Housing Successor to the former Redevelopment Agency. The activities are governed by California redevelopment law and must be used to provide housing for people with low and moderate incomes. The main source of revenues for this fund is the repayment of restricted housing loans.

**Developer Fee Special Revenue Fund** accounts for the fees collected from the developers for operational expenditures incurred for the entitlement review of the development projects which are recovered from deposits paid by developers.

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

# City of Millbrae

## Balance Sheet

### Governmental Funds

June 30, 2023

	Major Funds					
	Low and Moderate Income Housing		Developer Fee Special Revenue	Non-Major Governmental Funds		Total Governmental Funds
	General	Fund	Asset	Fund	Fund	
<b>ASSETS</b>						
Cash and investments	\$ 16,142,215	\$ 751,276	\$ 13,972,085	\$ 12,301,758	\$ 43,167,334	
Cash with fiscal agent	-	-	-	53,565	53,565	
Receivables:						
Taxes	2,996,188	-	-	234,191	3,230,379	
Accounts - net	175,867	2,759	378	165,846	344,850	
Accrued interest	171,337	-	-	106,113	277,450	
Due from other governmental agencies	137,672	-	-	-	137,672	
Loans	-	11,542,446	-	2,880,000	14,422,446	
Leases	3,548,057	-	-	-	3,548,057	
Advance to other funds	1,493,273	-	-	-	1,493,273	
Prepaid items	527,880	-	-	-	527,880	
Land held for resale	-	1,911,814	-	-	1,911,814	
<b>Total assets</b>	<b>\$ 25,192,489</b>	<b>\$ 14,208,295</b>	<b>\$ 13,972,463</b>	<b>\$ 15,741,473</b>	<b>\$ 69,114,720</b>	
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued payroll	\$ 1,493,444	\$ -	\$ 79,285	\$ 1,033,485	\$ 2,606,214	
Deposits	607,441	-	303,394	73,239	984,074	
Advance from other funds	-	-	-	1,493,273	1,493,273	
Unearned revenue	59,065	1,103	-	202,218	262,386	
<b>Total liabilities</b>	<b>2,159,950</b>	<b>1,103</b>	<b>382,679</b>	<b>2,802,215</b>	<b>5,345,947</b>	
<b>Deferred inflows of resources:</b>						
Deferred inflows of resources - leases	3,467,030	-	-	-	3,467,030	
<b>Total Deferred inflows of resources</b>	<b>3,467,030</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,467,030</b>	
<b>Fund Balances:</b>						
Nonspendable	527,880	-	-	-	527,880	
Restricted	-	14,207,192	13,589,784	12,274,599	40,071,575	
Committed	-	-	-	2,188,821	2,188,821	
Assigned	1,603,074	-	-	-	1,603,074	
Unassigned	17,434,555	-	-	(1,524,162)	15,910,393	
<b>Total fund balances</b>	<b>19,565,509</b>	<b>14,207,192</b>	<b>13,589,784</b>	<b>12,939,258</b>	<b>60,301,743</b>	
<b>Total liabilities, deferred inflows of resources and fund balances</b>						
	<b>\$ 25,192,489</b>	<b>\$ 14,208,295</b>	<b>\$ 13,972,463</b>	<b>\$ 15,741,473</b>	<b>\$ 69,114,720</b>	

# City of Millbrae

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

June 30, 2023

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<b>Total Fund Balances - Total Governmental Funds</b>	\$ 60,301,743
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Amounts reported for Governmental Activities in the Statement of Net Position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Non-depreciable (and net of internal service fund capital assets of \$99,128)	15,865,365
Depreciable, net of accumulated depreciation (and net of internal service fund capital assets of \$1,278,458)	72,187,863

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 Balance Sheet.

(136,758)

Net OPEB liabilities are not due and payable in the current period, and therefore are not recorded in the governmental funds

(4,827,644)

Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statement these contributions are deferred. The amount of deferred contribution, net of internal service fund amount is:

4,670,788

In the Government-Wide Financial Statement certain differences between actuarial estimates and actual results for pension and OPEB are deferred and amortized over a period of time, however in the governmental funds no transactions are recorded. The following are the amount, net of internal service funds amount:

Deferred outflows of resources - pension	14,293,056
Deferred outflows of resources - OPEB	808,689
Deferred inflows of resources - pension	(4,997,867)
Deferred inflows of resources - OPEB	(49,463)

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

Long-term liabilities - due within one year:	
Long-term debt	(1,918,000)
Long-term liabilities - due in more than one year:	
Net pension liability, net of internal service fund amount	(47,301,029)
Long-term debt	(18,140,104)

Internal service funds are used to charge the costs of certain services such as risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Position.

8,538,302

<b>Net Position of Governmental Activities</b>	<hr/> \$ 99,294,941
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# City of Millbrae

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

### Governmental Funds

For the year ended June 30, 2023

	Major Funds						Total Governmental Funds	
	Low and Moderate Income Housing	Developer Fee Special Revenue	Non-Major Governmental Funds					
	General	Asset Fund	Fund	General	Fund			
<b>REVENUES:</b>								
Property tax	\$ 16,357,136	\$ -	\$ -	\$ 710,775	\$ 17,067,911			
Sales tax	3,335,496	-	-	-	-	3,335,496		
Transient occupancy tax	7,960,577	-	-	-	-	7,960,577		
Franchise fees	1,318,030	-	-	-	-	1,318,030		
Other taxes	797,941	-	-	2,170,879	2,968,820			
Licenses and permits	3,497,811	-	-	234,870	3,732,681			
Charges for services	2,085,601	-	2,681,125	4,551,392	9,318,118			
Fines and forfeitures	884,440	-	-	-	-	884,440		
Use of money and property	1,723,936	216,279	316,236	370,704	2,627,155			
Grants and intergovernmental	257,209	-	-	2,367,746	2,624,955			
Miscellaneous	2,376,935	-	-	1,789,253	4,166,188			
<b>Total revenues</b>	<b>40,595,112</b>	<b>216,279</b>	<b>2,997,361</b>	<b>12,195,619</b>	<b>56,004,371</b>			
<b>EXPENDITURES:</b>								
Current:								
General government	5,602,260	-	-	45,535	5,647,795			
Public safety	19,540,010	-	-	-	19,540,010			
Public works	3,362,868	-	-	831,584	4,194,452			
Culture and recreation	2,012,662	-	-	2,784,323	4,796,985			
Community development	3,702,943	-	357,537	214,955	4,275,435			
Capital outlay	441,835	-	104,557	1,851,136	2,397,528			
Debt service:								
Principal	-	-	-	1,840,000	1,840,000			
Interest, and fiscal charges	-	-	-	353,388	353,388			
<b>Total expenditures</b>	<b>34,662,578</b>	<b>-</b>	<b>462,094</b>	<b>7,920,921</b>	<b>43,045,593</b>			
<b>REVENUES OVER (UNDER) EXPENDITURES</b>								
	<b>5,932,534</b>	<b>216,279</b>	<b>2,535,267</b>	<b>4,274,698</b>	<b>12,958,778</b>			
<b>OTHER FINANCING SOURCES (USES):</b>								
Proceeds from insurance	-	-	-	-	-	-		
Proceeds from sale of assets	-	-	-	-	-	-		
Transfers in	-	-	-	2,239,464	2,239,464			
Transfers out	(2,784,464)	-	(500,000)	-	(3,284,464)			
<b>Total other financing sources (uses)</b>	<b>(2,784,464)</b>	<b>-</b>	<b>(500,000)</b>	<b>2,239,464</b>	<b>(1,045,000)</b>			
<b>Net change in fund balances</b>	<b>3,148,070</b>	<b>216,279</b>	<b>2,035,267</b>	<b>6,514,162</b>	<b>11,913,778</b>			
<b>FUND BALANCES:</b>								
Beginning of year	16,417,439	13,990,913	11,554,517	6,425,096	48,387,965			
End of year	<b>\$ 19,565,509</b>	<b>\$ 14,207,192</b>	<b>\$ 13,589,784</b>	<b>\$ 12,939,258</b>	<b>\$ 60,301,743</b>			

## City of Millbrae

**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**

Net Change in Fund Balances - Total Governmental Funds		\$ 11,913,778
Amounts reported for governmental activities in the Statement of Activities were different because:		
Governmental Funds reported acquisition of capital assets as expenditures in various functions and in capital outlay. However, in the Government-Wide Statement of Activities, the cost of those assets will be allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period net of \$297,561 capital asset additions recorded in the internal service funds.		2,581,633
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds. This amount was recorded as depreciation expense in the current year net of \$204,890 that was recorded in the internal service funds.		(2,598,063)
Loss on the disposal of capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, it was not reported as expenditures in the Governmental Funds.		(12,112)
Current year employer pension contributions are recorded as expenditures in the governmental funds, however these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position. The amount of pension contribution, net of internal service fund amount is:		4,670,788
Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense is not recognized in the governmental funds.		4,404,567
Current year employer OPEB contributions are recorded as expenditures in the governmental funds, however these amounts are reported as a reduction to Net OPEB Liability in the Government-Wide Statement of Net Position. The amount of OPEB contribution, net of internal service fund amount is:		1,008,458
OPEB expense is recorded as incurred in the Government-Wide Statement of Activities, however OPEB expense is not recognized in the governmental funds.		(1,034,495)
Expenses to accrue for the unpaid interest to long-term debt are reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, these expenses are not reported in the Governmental Funds.		(833,004)
Bond proceeds provided current financial resources to Governmental Funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal was an expenditure in Governmental Funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.		1,840,000
Long-term debt repayments		
Proceeds and premiums/discounts on issuance of debt are recorded as revenues/expenditures in the Fund Financial Statements. In the Government-Wide Financial Statements, these costs are capitalized and reported as long-term debt and the premium/discounts are amortized over the life of the debt.		19,743
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.		(1,781,546)
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. Therefore, interest expense was not reported as expenditures in the Governmental Funds. The following amount represents the change in accrued interest from the prior year.		9,858
Internal service funds are used to charge the costs of certain services such as risk management to individual funds. The net revenue of the internal service funds is reported with governmental activities.		(180,396)
<b>Change in Net Position of Governmental Activities</b>		<b>\$ 20,009,209</b>

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## PROPRIETARY FUND FINANCIAL STATEMENTS

*Municipal Water System Fund* accounts for activities related to providing water service to Millbrae residents and businesses.

*Wastewater Collection and Treatment System Fund* accounts for activities related to providing sanitary sewer collection and wastewater treatment services to Millbrae residents and businesses.

*Storm Drain System Fund* accounts for resources and costs of maintenance and improvements of the City's storm drain system.

*Internal Service Funds* account for the City operations financing and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services to other City funds be financed through user charges to those funds.

**City of Millbrae**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2023**

	Business-Type Activities Enterprise Funds				Governmental
	Municipal Water System	Wastewater			Activities - Internal Service
		Collection and Treatment System	Non-Major Storm Drain System	Total	Funds
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 8,885,179	\$ 23,044,085	\$ 866,712	\$ 32,795,976	\$ 8,150,833
Cash with fiscal agents	-	346	-	346	-
Receivables:					
Accounts - net	2,579,881	3,114,587	-	5,694,468	37,843
Total current assets	11,465,060	26,159,018	866,712	38,490,790	8,188,676
Noncurrent assets:					
Capital assets:					
Non-depreciable capital assets	594,984	5,562,313	272,096	6,429,393	99,128
Depreciable capital assets, net	16,015,272	55,371,782	3,033,606	74,420,660	1,278,458
Total capital assets	16,610,256	60,934,095	3,305,702	80,850,053	1,377,586
Total noncurrent assets	16,610,256	60,934,095	3,305,702	80,850,053	1,377,586
<b>Total assets</b>	28,075,316	87,093,113	4,172,414	119,340,843	9,566,262
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred employer pension contributions	286,346	900,875	74,899	1,262,120	83,252
Deferred outflows of resources - OPEB	53,607	206,401	20,640	280,648	-
Deferred outflows of resources - pension	810,985	2,551,448	212,128	3,574,561	235,786
<b>Total deferred outflows of resources</b>	1,150,938	3,658,724	307,667	5,117,329	319,038
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued payroll	1,136,757	560,478	26,999	1,724,234	220,754
Interest payable	-	129,723	-	129,723	-
Deposits	751,152	107,000	1,500	859,652	-
Unearned revenue	296,860	1,491,858	-	1,788,718	-
Compensated absences - due within one year	12,852	40,913	4,346	58,111	79,659
Accrued self insurance - due within one year	-	-	-	-	371,782
Long-term debt - due within one year	-	1,245,000	-	1,245,000	-
Total current liabilities	2,197,621	3,574,972	32,845	5,805,438	672,195
Noncurrent liabilities:					
Compensated absences - due in more than one year	115,671	368,220	39,117	523,008	716,933
Accrued self-insurance - due in more than one year	-	-	-	-	1,206,000
Net pension liability	2,652,649	8,345,532	693,851	11,692,032	771,231
Net OPEB liability	320,018	1,232,153	123,215	1,675,386	-
Long-term debt - due in more than one year	-	39,984,706	-	39,984,706	-
Total noncurrent liabilities	3,088,338	49,930,611	856,183	53,875,132	2,694,164
<b>Total liabilities</b>	5,285,959	53,505,583	889,028	59,680,570	3,366,359
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related amounts	367,572	1,156,423	96,146	1,620,141	106,867
OPEB related amounts	3,279	12,624	1,262	17,165	-
Gain on refunding	-	63,440	-	63,440	-
<b>Total deferred inflows of resources</b>	370,851	1,232,487	97,408	1,700,746	106,867
<b>NET POSITION</b>					
Net investment in capital assets	16,610,256	19,641,295	3,305,702	39,557,253	1,377,586
Unrestricted	6,959,188	16,372,472	187,943	23,519,603	5,034,488
<b>Total net position</b>	\$ 23,569,444	\$ 36,013,767	\$ 3,493,645	\$ 63,076,856	\$ 6,412,074
Some amounts reported for business-type activities in the Statement of Net Position are different because of certain internal service fund assets and liabilities are included with business-type activities					
				(2,126,228)	
Net position business-type activities				\$ 60,950,628	

# City of Millbrae

## Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For the year ended June 30, 2023

	Business-Type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Municipal Water System	Wastewater Collection and Treatment System	Non-Major Storm Drain System	Total	
<b>OPERATING REVENUES:</b>					
Water sales	\$ 10,869,897	\$ -	\$ -	\$ 10,869,897	\$ -
Sewer service fees	-	14,939,887	-	14,939,887	-
Interdepartmental charges	-	-	-	-	1,395,938
Storm drain fees	-	-	268,442	268,442	-
Miscellaneous	481	-	15,082	15,563	966
<b>Total operating revenues</b>	<b>10,870,378</b>	<b>14,939,887</b>	<b>283,524</b>	<b>26,093,789</b>	<b>1,396,904</b>
<b>OPERATING EXPENSES:</b>					
Personnel services	992,786	2,389,634	297,659	3,680,079	401,173
Contractual services	877,194	1,791,894	336,899	3,005,987	204,154
Materials, supplies and other services	1,002,352	1,931,613	27,034	2,960,999	456,848
Water purchases	4,699,613	-	-	4,699,613	-
Depreciation	317,237	1,398,024	102,178	1,817,439	204,890
Utilities	38,252	421,903	15,687	475,842	-
Insurance premiums and claims	78,640	196,320	18,682	293,642	1,419,098
<b>Total operating expenses</b>	<b>8,006,074</b>	<b>8,129,388</b>	<b>798,139</b>	<b>16,933,601</b>	<b>2,686,163</b>
<b>OPERATING INCOME</b>					
	<b>2,864,304</b>	<b>6,810,499</b>	<b>(514,615)</b>	<b>9,160,188</b>	<b>(1,289,259)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Interest revenue	254,305	615,648	20,159	890,112	237,168
Interest expense and fiscal charges	-	(969,657)	-	(969,657)	-
<b>Total nonoperating revenues (expenses)</b>	<b>254,305</b>	<b>(354,009)</b>	<b>20,159</b>	<b>(79,545)</b>	<b>237,168</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>					
	<b>3,118,609</b>	<b>6,456,490</b>	<b>(494,456)</b>	<b>9,080,643</b>	<b>(1,052,091)</b>
Transfers in	-	-	545,000	545,000	500,000
<b>Total transfers</b>	<b>-</b>	<b>-</b>	<b>545,000</b>	<b>545,000</b>	<b>500,000</b>
<b>Change in net position</b>	<b>3,118,609</b>	<b>6,456,490</b>	<b>50,544</b>	<b>9,625,643</b>	<b>(552,091)</b>
<b>NET POSITION</b>					
Beginning of year	<u>20,450,835</u>	<u>29,557,277</u>	<u>3,443,101</u>		<u>6,964,165</u>
End of year	<u>\$ 23,569,444</u>	<u>\$ 36,013,767</u>	<u>\$ 3,493,645</u>		<u>\$ 6,412,074</u>
Some amounts reported for business-type activities in the Statement of Activities are different because a portion of the net income of certain internal service funds is reported with the business-type activities which those funds service				<u>(371,695)</u>	
Change in net position of business-type activities				<u>\$ 9,253,948</u>	

**City of Millbrae**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2023**

	Business-Type Activities Enterprise Funds				Governmental Activities - Internal Service Funds	
	Municipal Water System	Wastewater Collection and Treatment System		Non-Major Storm Drain System	Total	
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</b>						
Receipts from others	\$ 481	\$ -	\$ -	\$ 481	\$ 966	
Receipts from customers	10,869,670	14,763,686	287,295	25,920,651		
Receipts from other funds	-	-	-	-	1,358,095	
Payments to suppliers	(6,517,656)	(5,640,630)	(395,737)	(12,554,023)	(549,725)	
Payments to employees	(1,718,972)	(4,557,139)	(472,651)	(6,748,762)	(490,023)	
Claims paid	(78,640)	(196,320)	(18,682)	(293,642)	(1,251,047)	
<b>Cash Flows from (used in) Operating Activities</b>	<b>2,554,883</b>	<b>4,369,597</b>	<b>(599,775)</b>	<b>6,324,705</b>	<b>(931,734)</b>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers in	-	-	545,000	545,000	500,000	
<b>Cash Flows from Noncapital Financing Activities</b>	<b>-</b>	<b>-</b>	<b>545,000</b>	<b>545,000</b>	<b>500,000</b>	
<b>CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of capital assets, net	(5,061,811)	(3,846,452)	(92,978)	(9,001,241)	(297,561)	
Principal payments on debt	-	(1,185,000)	-	(1,185,000)	-	
Interest paid	-	(1,588,056)	-	(1,588,056)	-	
<b>Cash Flows from (used in) Noncapital Financing Activities</b>	<b>(5,061,811)</b>	<b>(6,619,508)</b>	<b>(92,978)</b>	<b>(11,774,297)</b>	<b>(297,561)</b>	
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES FINANCING ACTIVITIES</b>						
Interest	254,305	615,648	20,159	890,112	237,168	
<b>Cash Flows from Noncapital Financing Activities</b>	<b>254,305</b>	<b>615,648</b>	<b>20,159</b>	<b>890,112</b>	<b>237,168</b>	
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>						
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>(2,252,623)</b>	<b>(1,634,263)</b>	<b>(127,594)</b>	<b>(4,014,480)</b>	<b>(492,127)</b>	
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>11,137,802</b>	<b>24,678,694</b>	<b>994,306</b>	<b>36,810,802</b>	<b>8,642,960</b>	
<b>FINANCIAL STATEMENT PRESENTATION:</b>	<b>\$ 8,885,179</b>	<b>\$ 23,044,431</b>	<b>\$ 866,712</b>	<b>\$ 32,796,322</b>	<b>\$ 8,150,833</b>	
Cash and investments	\$ 8,885,179	\$ 23,044,085	\$ 866,712	\$ 32,795,976	\$ 8,150,833	
Cash with fiscal agents	-	346	-	346	-	
<b>Total</b>	<b>\$ 8,885,179</b>	<b>\$ 23,044,431</b>	<b>\$ 866,712</b>	<b>\$ 32,796,322</b>	<b>\$ 8,150,833</b>	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>						
Operating income	\$ 2,864,304	\$ 6,810,499	\$ (514,615)	\$ 9,160,188	\$ (1,289,259)	
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	317,237	1,398,024	102,178	1,817,439	204,890	
Changes in assets and liabilities:						
Accounts receivable	(48,867)	(148,701)	3,771	(193,797)	(37,843)	
Deferred outflows - pension	(659,950)	(2,076,277)	(172,622)	(2,908,849)	(191,874)	
Deferred outflows - OPEB	34,148	131,478	13,148	178,774	-	
Accounts payable and accrued payroll	99,755	(1,495,220)	(16,117)	(1,411,582)	111,277	
Deposits payable	48,640	(27,500)	-	21,140	-	
Compensated absences	(25,720)	35,024	8,014	17,318	115,306	
Accrued self-insurance	-	-	-	-	168,051	
Net OPEB Liability	(30,493)	(117,407)	(11,741)	(159,641)	-	
Net pension liability	1,070,194	3,366,951	279,930	4,717,075	311,148	
Deferred inflows - pension	(1,112,436)	(3,499,848)	(290,978)	(4,903,262)	(323,430)	
Deferred inflows - pension	(1,929)	(7,426)	(743)	(10,098)	-	
<b>Total adjustments</b>	<b>(309,421)</b>	<b>(2,440,902)</b>	<b>(85,160)</b>	<b>(2,835,483)</b>	<b>357,525</b>	
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 2,554,883</b>	<b>\$ 4,369,597</b>	<b>\$ (599,775)</b>	<b>\$ 6,324,705</b>	<b>\$ (931,734)</b>	

## FIDUCIARY FUND FINANCIAL STATEMENTS

### Private Purpose Trust Funds

*Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund* accounts for the activities of the Successor Agency to the former Redevelopment Agency of the City of Millbrae.

### OPEB Trust Fund

*OPEB Trust Fund* accounts for contributions made to the City's established IRC section 115 irrevocable trust fund with Benefit Trust Company and created as part of the City's OPEB (Other Post Employment Benefits) funding strategy.

# City of Millbrae

## Statement of Fiduciary Net Position

### Fiduciary Funds

June 30, 2023

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	Successor Agency	Agency to the	Redevelopment	Agency Private-	OPEB Trust
	Trust Fund			Trust Fund	Fund
<b>ASSETS</b>					
Current assets					
Cash and investments	\$ 605,810			\$ -	
Cash with fiscal agents		193			19,916
OPEB plan cash and investments:					
Mutual Funds				-	8,041,954
<b>Total assets</b>	<b>606,003</b>				<b>8,061,870</b>
<b>LIABILITIES</b>					
<b>Liabilities:</b>					
Current liabilities					
Payable to broker	180,000			19,916	
Interest payable		79,781			-
Long-term debt					
Portion due within one year	285,000				-
Portion due in more than one year		4,701,252			-
<b>Total liabilities</b>	<b>5,246,033</b>				<b>19,916</b>
<b>NET POSITION</b>					
Restricted for OPEB				-	8,041,954
Restricted for other purposes		(4,640,030)			-
<b>Total net position</b>	<b>\$ (4,640,030)</b>				<b>\$ 8,041,954</b>

**City of Millbrae**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2023**

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	Successor Agency Agency to the Redevelopment Agency Private- Trust Fund	OPEB Trust Fund
<b>ADDITIONS:</b>		
Property tax	\$ 497,501	\$ -
Employer contribution		1,008,458
Investment income:		
Interest and dividends	235	351,764
Net increase in fair value of investments	-	142,599
Investment expense	-	(22,938)
Total Investment Income	-	494,363
<b>Total additions</b>	<b>497,736</b>	<b>1,502,821</b>
<b>DEDUCTIONS:</b>		
Contract and administration services	195,000	-
Benefit payment		1,008,458
Interest and fiscal charges	183,776	-
<b>Total deductions</b>	<b>378,776</b>	<b>1,008,458</b>
<b>Change in net position</b>	<b>118,960</b>	<b>494,363</b>
<b>NET POSITION:</b>		
Beginning of year	(4,758,990)	7,547,591
End of year	<b>\$ (4,640,030)</b>	<b>\$ 8,041,954</b>

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# **NOTES TO BASIC FINANCIAL STATEMENTS**

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**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Financial Reporting Entity**

The City of Millbrae (City) was incorporated as a general law city in 1948. The City operates under the Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, wastewater collection and treatment, water utility, recreation, public improvements, planning and zoning, building inspections, and general administration services.

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

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

**Government-Wide Financial Statements**

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

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 liabilities are incurred.

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

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

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

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

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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

**B. Basis of 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 for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that meet specific qualifications.

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

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

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

Low and Moderate Income Housing Asset Special Revenue Fund accounts for revenues and expenditures related to the housing assets assumed by the City as Housing Successor to the former Redevelopment Agency.

Developer Fee Special Revenue Fund accounts for the fees collected from the developers for operational expenditures incurred for the entitlement review of the development projects which are recovered from deposits paid by developers.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally those received 60 days after year-end) are recognized when due. The primary revenue sources that have been treated as susceptible to accrual by the City are property taxes, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes, franchise taxes, etc.), grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

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

**Proprietary Fund Financial Statements**

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

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

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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

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

**Proprietary Fund Financial Statements, Continued**

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 present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which a liability is incurred.

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

The City reports the following funds as proprietary funds of the City.

Municipal Water System Fund accounts for activities related to providing water service to Millbrae residents and businesses.

Wastewater Collection and Treatment System Fund accounts for activities related to providing sanitary sewer collection and wastewater treatment services to Millbrae residents and businesses.

Storm Drain System Fund accounts for the resources and costs of maintenance and improvements of the City's storm drain systems.

Internal service fund balances and activities have been allocated between governmental activities and business-type activities in the Government-Wide Financial Statements. These funds account for municipal garage (fleet) services, workers' compensation, general liability, unemployment insurance, compensated absences, and other postemployment benefits funding; all of which are provided to other departments on an expense-reimbursement basis.

**Fiduciary Fund Financial Statements**

Fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City has two fiduciary funds which are a private-purpose trust fund and an OPEB Trust Fund. 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). OPEB trust fund accounts for contributions made to the City's established trust for the City's Single Employer Defined Benefits OPEB Plan. Fiduciary funds are accounted for using the accrual basis of accounting. The City reports the following fiduciary fund:

Successor Agency to the Redevelopment Agency Private Purpose Trust Fund - The Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future. The financial activities of the funds are excluded from the Government-wide financial statements, but are presented in the separate Fiduciary Fund financial statements.

# **City of Millbrae**

## **Notes to Basic Financial Statements**

**For the year ended June 30, 2023**

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

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

##### **Fiduciary Fund Financial Statements, Continued**

OPEB Trust Fund – OPEB Trust Fund accounts for contributions made to the City's established IRC section 115 irrevocable trust fund with Benefit Trust Company and created as part of the City's OPEB (other post-employment benefits) funding strategy.

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

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

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

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

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

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

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

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

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

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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

**D. Restricted Cash and Investments**

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

**E. Prepays and Supplies**

Certain payments to vendors reflect costs applicable to future accounting periods. Supplies are valued at cost on a first-in first-out basis. Supplies in the General Fund consist of expendable supplies held for consumption by all departments of the City. The cost is recorded as expenditure at the time individual inventory items are withdrawn for use (consumption method). The General Fund supplies amount is equally offset by non-spendable fund balance, which indicates that it does not constitute expendable available financial resources. Supplies in the enterprise funds consist principally of materials and supplies for utility operations and are expensed as consumed.

**F. Capital Assets**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at acquisition value on the date donated. The City defines capital assets as those assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of three years.

During the fiscal year ended June 30, 2023 the City recorded the historical costs and depreciation of infrastructure assets consistent the requirements of GASB 34.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of those assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

Water and Wastewater Mains, Lines and Trunks	15–20 years
Buildings and Improvements	7 – 50 years
Furniture, Fixtures and Equipment	5 – 20 years
Automobiles and Trucks	2 – 10 years
Infrastructure	25–65 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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

**G. *Leases Receivables***

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable.

**H. *Interest Payable***

In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is incurred.

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

**I. *Unearned Revenue***

Unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues in the Government-Wide Financial Statements are prepaid charges for services.

**J. *Claims and Judgments***

The short-term and long-term workers' compensation claims liability is reported in the Workers' Compensation Service Fund. The short-term and long-term general claims liability is reported in the General Liability 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.

**K. *Long-Term Debt***

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

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

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

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

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

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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

**L. Property Taxes**

State Constitution Article 13 provides for a maximum general property tax rate statewide of \$1.00 per \$100 of assessed value. At the time of transfer of ownership, assessed value is calculated at 100% of market value as defined by the above-referenced Articles 13; with limited exceptions, otherwise assessed value is calculated as the lesser of full cash value at the time of acquisition or 2% over the prior year assessed value. The State Legislature has determined the method of distribution of receipts from a \$1.00 tax levy among the counties, cities, school districts and other districts. Counties, cities and school districts may levy such additional tax rate as is necessary to repay voter-approved debt.

The County of San Mateo assesses properties and bills for and collects property taxes as follows:

	<b>Secured</b>	<b>Unsecured</b>
Valuation/lien dates	January 1	January 1
Levy dates	On or before November 1	July 1
Due dates (delinquent after)	50% on November 1 (December 10) 50% on February 1 (April 10)	July 1 (August 31)

**M. Revenue Recognition for Water and Wastewater Enterprise Funds**

Revenues are recognized based on cycle billings rendered to customers. Revenues for services provided but not billed at the end of a fiscal period are accrued.

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

In addition to assets, the statement of net position (balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position (balance sheet) will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**O. Pension**

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

# City of Millbrae

## Notes to Basic Financial Statements

For the year ended June 30, 2023

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

#### 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 City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. General fund is the governmental fund used to liquidate the OPEB liabilities of the governmental activities. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

#### Q. *Net Position*

Net Position is the excess of all the City's assets and deferred outflow of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net Position is divided into three captions under GASB Statement 34. These captions apply only to Net Position, which is determined only at the Government-wide and proprietary funds level, and are described below:

**Net investment in capital assets**, describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

**Restricted** describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate-income purposes.

**Unrestricted** describes the portion of Net Position which is not restricted to use.

#### R. *Fund Balances*

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. The City Council, through resolution, is able to constrain funds for specific purposes, thus creating assigned balances. Each category in the following hierarchy is ranked according to the degree of spending constraint:

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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

**R. Fund Balances, Continued**

**Nonspendables** represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then nonspendable amounts are required to be presented as a component of the applicable category.

**Restricted** fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Nonspendable amounts subject to restrictions are included along with spendable resources.

**Committed** fund balances have constraints imposed by formal action of the City Council which may be altered only by formal action by Resolution of the City Council. Nonspendable amounts subject to Council commitments are included along with spendable resources.

**Assigned** fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. The City Council expressed its intent to classify certain fund balances "assigned" through resolutions.

**Unassigned** fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

**S. Use of Estimates**

The accompanying basic financial statements have been prepared on the modified accrual basis of accounting in accordance with GAAP. This requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**T. New Pronouncements**

In 2023, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement 91, Conduit Debt Obligations – The objective of this statement is 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. The requirements of this statement did not apply to the City for the current fiscal year.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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

**T. New Pronouncements, Continued**

- GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The 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. The requirements of this statement did not apply to the City for the current year.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* – The objective of this statement is to provide 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. The requirements of this Statement are effective for the City's year ending June 30, 2023.

**2. CASH AND INVESTMENTS**

**A. Summary of Cash and Investments**

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

The following is a summary of cash and investments at June 30, 2023:

	Government-Wide Statement of Net Position			Fiduciary Funds Statement of Net Position	Total
	Governmental Activities	Business-Type Activities			
Cash and investments	\$ 51,318,167	\$ 32,795,976		\$ 605,810	\$ 84,719,953
Restricted cash and investments	53,565	346		20,109	74,020
OPEB trust investment pool	-	-		8,041,954	8,041,954
Total cash and investments	<u>\$ 51,371,732</u>	<u>\$ 32,796,322</u>		<u>\$ 8,667,873</u>	<u>\$ 92,835,927</u>

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**2. CASH AND INVESTMENTS, Continued**

*A. Summary of Cash and Investments, Continued*

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

Deposits:	
Cash on hand	\$ 1,210
Deposits with financial institutions	<u>(160,920)</u>
Total deposits	<u>(159,710)</u>
Investments:	
San Mateo Investment Pool	4,257,254
Local Agency Investment funds	2,892,115
CAMP	52,462,937
PFM Group	<u>25,267,357</u>
Total investments	<u>84,879,663</u>
Total City Treasury	<u>84,719,953</u>
Restricted cash and investments	20,109
Cash with Fiscal Agent	53,911
OPEB Trust Mutual Funds	<u>8,041,954</u>
<b>Total cash and investments</b>	<b>\$ 92,835,927</b>

*B. Deposits*

The carrying amount of the City's cash deposit was \$(159,710) at June 30, 2023. Bank balances before reconciling items were a positive amount of \$ 870,088 at June 30, 2023. The largest reconciling item was outstanding checks, for which the City had sufficient subsequent deposits to cover. The City has waived the collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities held by the pledging financial institutions in the City's name.

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

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

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**2. CASH AND INVESTMENTS, Continued**

**B. 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.

**C. Investments**

**Authorized Investments by the City**

The City's Investment Policy and the California Government Code allow the City to invest in the following securities, provided the credit ratings are acceptable of the issuers are acceptable to the City. Any other investment not specified hereunder shall be made only upon prior approval by the City Council. This does not address the City's investments of debt proceeds held by fiscal agents 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.

When a percentage limitation for a particular security type is indicated, that percentage is applicable only on the date of purchase. Credit criteria listed in this section refers to the credit rating at the time the security is purchased.

- Local government investment pools either state-administered or developed through joint powers statutes and other intergovernmental agreement legislation;
- U.S. Treasury obligations which carry the full faith and credit guarantee of the United States government and are considered to be the most secured investments available;
- U.S. government agency and instrumentality obligations that have a liquid market value with a readily determinable market value;
- Certificates of deposit and other evidences of deposit at financial institutions;
- Negotiable Certificates of Deposit issued by a nationally or state-chartered bank, a savings association, or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally or state licensed branch of a foreign bank. No more than 30% of the City's portfolio may be invested in negotiable CD's;
- Bankers' acceptances with a rating of the highest ranking or highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). Purchases of bankers' acceptances may not exceed 180 days. No more than 40% of the City's portfolio may be invested in bankers' acceptances;

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**2. CASH AND INVESTMENTS, Continued**

**C. Investments, Continued**

**Authorized Investments by the City, Continued**

- Commercial paper, rated in the highest tier by an NRSRO. The entity that issues the commercial paper must meet all the following conditions in either paragraph a or paragraph b:
  - A. The entity meets the following criteria: (i) is organized and operating in the United States as a general corporation, (ii) has total assets in excess of five hundred million dollars (\$500,000,000), and (iii) has debt other than commercial paper, if any, that is rated "A" or higher by an NRSRO;
  - B. The entity meets the following criteria: (i) is organized in the United States as special purpose corporation, trust, or limited liability company, (ii) has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and (iii) has commercial paper that is rated "A-1" or higher, or the equivalent by a NRSRO;
  - C. Eligible commercial paper will have a maximum maturity of 270 days or less. No more than 25% of the City's portfolio may be invested in commercial paper. The City may purchase no more than 10% of the outstanding commercial paper of any single issuer;
- Investment-grade obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency, or by a department, board, agency or authority of the state or any local agency;
- Investment-grade registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state, or by a department, board, agency, or authority of any of these states;
- Medium-Term Notes issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. Medium-term corporate notes will be rated in a rating category "A" or its equivalent or better by a NRSRO. No more than 30% of the City's portfolio may be invested in medium-term notes; and
- Money Market Mutual Funds are eligible for investment if the companies providing the mutual funds invest in only in instruments authorized by Government Code, Sections 53601 and/or 53635. Such companies shall have attained either the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest nationally recognized rating services, or retain an investment advisor registered with the Securities and Exchange Commission with not less than five (5) years' experience investing in securities and obligations authorized and with assets under management in excess of five hundred million dollars (\$500,000,000). The purchase price of the share of beneficial interest shall not include any commission that these companies charge.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**2. CASH AND INVESTMENTS, Continued**

**C. Investments, Continued**

**Authorized Investments by the City, Continued**

City did not enter into any reverse repurchase agreements during the year ended June 30, 2023.

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2023, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

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

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

As of June 30, 2023, the City had \$2,892,115 invested in LAIF, which had invested 1.46% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 1.88% in the previous year. The LAIF fair value factor of 0.98483 was used to calculate the fair value of the investments in LAIF.

The City is also a voluntary participant in the San Mateo County Investment Fund (County Pool) that is regulated by California Government 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.

The City is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports its investments in CAMP at the amortized costs provided by CAMP, which is the same as the value of the pool share in accordance with GASB 79 requirements. At June 30, 2023, the fair value was approximate to the City's cost. At June 30, these investments had an average maturity of 26 days.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**2. CASH AND INVESTMENTS, Continued**

**C. Investments, Continued**

**Authorized Investments by the City, Continued**

The City, as a CAMP shareholder, may withdraw all or any portion of the funds in its CAMP account at any time by redeeming shares. The CAMP Declaration of Trust permits the CAMP trustee to suspend the right of withdrawal from CAMP or to postpone the date of payment of redemption proceeds if the New York Stock Exchange is closed other than for customary weekend and holiday closings, if trading on the New York Stock Exchange is restricted, or if, in the opinion of the CAMP trustees, an emergency exists such that disposal of the CAMP pool securities or determination of its net asset value is not reasonably practicable. If the right of withdrawal is suspended, the City may either withdraw its request for that withdrawal or receive payment based on the net asset value of the CAMP pool next determined after termination of the suspension of the right of withdrawal.

**Authorized Investments by the Debt Agreements**

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City ordinances, bond indentures or State statutes. The table on the following page identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality *
Local government investment pools	N/A	N/A
U.S. Treasury obligations	5 years	N/A
State of California Obligations	5 years	A2/A
California Local Agency Obligations	5 years	N/A
Derivatives	N/A	N/A
Bankers' Acceptances	180 days	A-1
Commercial Paper	270 days	A-1
Medium Term Notes	5 years	A
Short-Term Certificates of Deposit	1 year	A-1
Asset-Backed Securities	5 years	AA
Repurchase Agreements	30 days	A
Money Market Mutual Funds	N/A	AA-M
Collateralized Bank Deposits	N/A	N/A
California Local Agency Investment Fund	N/A	N/A
Unsecured CD's, deposit accounts, time deposits	30 days	A-1
Special Revenue Bonds	5 years	AA

\* - at the time of purchase

There are no restrictions on the maximum amount invested in each security type or a maximum that can be invested in any one issuer.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**2. CASH AND INVESTMENTS, Continued**

**C. Investments, Continued**

**Investments Held in Trust for Other Post-Employment Benefits**

The City established an irrevocable Section 115 OPEB Trust with Keenan Financial Services and Benefit Trust. As of June 30, 2023, the trust had a balance of \$8,041,954. The Trust's policy for allocation of invested assets is established and may be amended by the Board of Authority through a majority vote. It is the policy of the Board to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of specific asset classes. The investment policy has a long-term focus. It discourages both major shifts of asset class allocations over a short time-span, and except for liquidity purposes, the use of cash equivalents. See Note 13 Section D for the Trust Board's adopted asset allocation policy and rate of return as of June 30, 2023.

**D. Risk Disclosures**

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City 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. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its Agent having a fair value of 105% to 150% of the City's cash on deposit. All of the City's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in the City's name.

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, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's Investment Policy limits its exposure to custodial credit risk by requiring that all security transactions entered into by the City, including collateral for repurchase agreements, be conducted on a delivery-versus-payment basis. Securities are to be held by a third party custodian.

*Interest Risk:* Interest rate risk is the risk that changes in market interest rates 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.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

**2. CASH AND INVESTMENTS, Continued**

**D. Risk Disclosures, Continued**

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution to the City's investments by maturity:

Investment Type	Fair Value	Investment Maturities (in years)				
		1 year or Less	1-2 years	2-3 years	3-4 years	4-5 years
Local Agency Investment Fund	\$ 2,892,115	\$ 2,892,115	\$ -	\$ -	\$ -	\$ -
San Mateo County Pool	4,257,254	4,257,254	-	-	-	-
California Asset Management Program Pool	52,462,937	52,462,937	-	-	-	-
Money Market Funds - Black Rock Fed Fund	55,939	55,939	-	-	-	-
U.S. Treasury Notes	15,994,869	952,895	2,665,374	6,288,866	1,269,478	4,818,256
Supra-National Agency Bond/ Note	310,994	-	310,994	-	-	-
Federal Agency Coll. Mortgage Obligation	329,630	41,813	111,165	-	176,652	-
Municipal Bond	808,406	208,391	327,978	272,036	-	-
Federal Agency Bonds/Notes	2,617,238	-	1,336,386	1,280,852	-	-
Corporate Bonds and Notes	4,619,406	1,108,501	1,933,848	230,674	1,099,963	246,421
Certificates of Deposit	249,839	-	249,839	-	-	-
Asset-Backed Securities	281,036	-	23,682	196,189	61,165	-
<b>Total</b>	<b>\$84,879,663</b>	<b>\$ 61,979,845</b>	<b>\$6,959,265</b>	<b>\$8,268,617</b>	<b>\$2,607,258</b>	<b>\$5,064,677</b>

*Credit Risk:* 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. Presented below are the ratings as of June 30, 2023 for each investment type:

Investment type	AAA	AA+	AA	AA-	A+	A	A-	BBB+*	Total
U.S. Treasury Notes	\$ -	\$ 15,994,869	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,994,869
Federal Agency Coll. Mortgage Oblig.	-	329,630	-	-	-	-	-	-	329,630
Federal Agency Bonds/Notes	-	2,617,238	-	-	-	-	-	-	2,617,238
Corporate Bonds and Notes	-	290,615	653,689	308,181	1,194,016	1,109,348	808,669	254,887	4,619,406
Certificates of Deposit	-	-	-	-	-	249,839	-	-	249,839
Asset-Backed Securities	257,355	-	-	-	-	-	-	-	257,355
Municipal Bond	140,862	78,039	339,993	249,511	-	-	-	-	808,406
Supra-National Agency Bond/ Note	310,994	-	55,939	-	-	-	-	-	310,994
Money Market Funds - Black Rock Fed Fund	-	-	-	-	-	-	-	-	55,939
<i>Not rated:</i>									
Local Agency Investment Fund									2,892,115
San Mateo County Investment Fund									4,257,254
California Asset Management Program Pool									52,462,937
Asset-Backed Securities									23,682
Total Investments									<b>\$ 84,879,663</b>

\* - These investments were considered in compliance with the City's investment policy as they were rated at or better than the minimum required rating by a NRSRO at the time of purchase.

**E. Investment Valuation**

Investments (except for money market accounts, time deposits, and commercial paper) are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2023 are described on the following page.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

**2. CASH AND INVESTMENTS, Continued**

**E. Investment Valuation, Continued**

Investments included in LAIF and San Mateo County Pool as well as restricted cash and investments included money market accounts and guaranteed investment contracts are not subject to fair value measurement disclosure.

Investment Type	Fair Value Measurement Using			
	Total	Level 1	Level 2	Level 3
<u>Investments subject to levels</u>				
U.S. Treasury Securities	\$ 15,994,869	\$ -	\$ 15,994,869	\$ -
Federal Agency Securities	2,946,869	-	2,946,869	-
Municipal Bond	808,406	-	808,406	-
Supra-National Agency Bond/ Note	310,994		310,994	-
Corporate Bonds and Notes	4,900,442	-	4,900,442	-
Total investments subject to levels	24,961,579	-	24,961,579	-
<u>Investments not subject to levels</u>				
San Mateo County Pool	4,257,254	-	-	-
Local Agency Investment Fund	2,892,115	-	-	-
Money Market Funds - Black Rock Fed Fund	55,939	-	-	-
Certificates of deposit	249,839	-	-	-
<u>Investments Measured at Net Asset Value Per Share</u>				
California Asset Management Program Pool	52,462,937	-	-	-
Total investments	\$ 84,879,663	\$ -	\$ 24,961,579	\$ -

US treasury notes categorized as Level 1 are valued based on prices quoted in active markets for those securities. Government agency obligation, corporate bonds and certificates of deposit categorized as Level 2 are valued based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuations for which all significant assumptions are observable or can be corroborated by observable market data.

**3. INTERFUND TRANSACTIONS**

**Transfers**

At June 30, 2023, the City had the following transfers in/out which arise in the normal course of operations.

Transfers Out	Transfers In			
	Non-Major Governmental Fund	Non-Major Enterprise Fund	Proprietary Internal Service Funds	Total
General Fund	\$ 1,739,464	\$ 545,000	\$ 500,000	\$ 2,784,464
Developer Fee Special Revenue Fund	500,000	-	-	500,000
Total	\$ 2,239,464	\$ 545,000	\$ 500,000	\$ 3,284,464

Transfers from the General Fund were approved by City Council and made to (1) the Non-Major Governmental Funds for debt service payments, (2) to finance capital projects and the acquisition of replacement vehicles and (3) to provide annual financial support to Recreation and Field License Agreement funds. Transfer from Developer Impact Fee fund were to finance the recreation center capital project.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**3. INTERFUND TRANSACTIONS, Continued**

**Advances**

At June 30, 2023, the City had the following advances to/from:

Advance to	Advance from	
	Recreation Capital Project Fund	Total
General Fund	\$ 1,493,273	\$ 1,493,273
Total	<u>\$ 1,493,273</u>	<u>\$ 1,493,273</u>

Advances from the General Fund were approved by City Council and made to cover the shortfalls of the new recreation center project. The interfund loan will be repaid over 10 years by the rent payments from the new recreation center.

**4. LOANS AND NOTES RECEIVABLE**

As of June 30, 2023, the City's loans and notes receivable totaled \$14,422,446 and were composed of the following:

	Balance as of June 30, 2023
Low-and-Moderate First Time Home Buyer Program	\$ 329,725
Dolores Lia Apartments Loan	5,700,000
Bayshore Affordable LP	2,880,000
Below Market Rate Loans:	
88 South Broadway	4,143,040
1388 Broadway	<u>1,369,681</u>
<b>Total:</b>	<b><u>\$ 14,422,446</u></b>

**Low-and-Moderate-Income First Time Home Buyer Program**

The program was established to provide mortgages for up to 20 employees of School Districts located within the City. In order to qualify, participants must be employees of these Districts and they must be home buyers in low-and-moderate-income categories who do not qualify for a home purchase without down payment assistance. These loans bear no interest nor require payments for the first ten years of the loan or until the participant ceases employment with the District, whichever is earlier. After that date the loans bear a negotiated interest rate and require monthly interest payments. The loans are secured by second deeds of trust, require the principal balance to be paid at the end of the thirty-year term, and must be repaid in full if the property is sold to an unqualified buyer.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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

**Dolores Lia Apartments Loan**

In June 2011, the former Redevelopment Agency authorized the execution of a loan commitment agreement pursuant to which the Agency agreed to provide a residual receipts loan of \$5.7 million to Pacific West Communities, Inc. for the acquisition and rehabilitation/permanent financing of a 27-unit affordable residential rental project located at 1275 El Camino Real (the Dolores Lia Project). The loan bears simple interest at three percent per annum. Annual payment on this note is payable on a residual receipt basis with 60% of all surplus cash payable toward principal and interest. The entire outstanding principal balance of the note, together with interest accrued thereon shall be payable in full on the maturity which is 57 years from the date of the note.

**Bayshore Affordable LP**

In spring of 2018, the Millbrae City Council approved a development agreement (DA) and related entitlements with Republic Urban for The Gateway at Millbrae Station Project, consisting of a hotel, office and retail space, additional BART parking, and 400 residential units, 100 of which will be affordable. Republic Urban, in turn, partnered with The CORE Companies in order to complete 80 of these affordable units as veterans housing, affordable at Very Low and Low income levels.

Section 2.3.7 of the DA requires the City to contribute \$2,880,000 to support the provision of an additional 5% of on-site affordable housing. Pursuant to the DA, the City's \$2,880,000 payment was to be made upon approval of certificate of occupancy for the affordable units. In order to facilitate the financing for the veterans affordable housing project, Republic Urban and CORE, the developer of Bayshore Affordable, L.P., are requesting that the City make the \$2,880,000 payment in the form of a loan directly to Bayshore Affordable, L.P. at the time of the closing of the financing for the project, instead of at the time of the issuance of a certificate of occupancy to Republic Urban.

The loan bears simple interest at 1.62% per annum. While this payment is now structured to be structured as a loan to assist project financing (instead of the required cash contribution outlined in the DA), the City is unlikely to recoup the loan proceeds, as repayment would occur only in the event that there are excess funds after all expenses of the project have been met.

**Below Market Rate Loans**

The former Redevelopment Agency sponsored a program that provided homeownership opportunities to individuals and families of moderate-income by offering below-market-rate deferred payment financing. The Agency provided below-market-rate/deferred payment financing for ten (10) units located at 88 South Broadway and eight (8) units located at 1388 Broadway. The loans have a term of forty-five (45) years, and provided the Owner is not in default, no interest shall accrue on the principal balance of the loan. Upon the expiration of the forty-five (45) year agreement, the Owner may renew for an additional forty-five (45) years. The loan, together with sale proceeds exceeding the resale affordable price, is payable in full upon the sale, encumbrance or other transfer of property.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**5. CAPITAL ASSETS**

**A. Government-Wide Financial Statements**

As of June 30, 2023, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$ 14,298,260	\$ 1,500,500	\$ 15,798,760
Construction in progress	1,666,233	4,928,893	6,595,126
Total non-depreciable assets	<u>15,964,493</u>	<u>6,429,393</u>	<u>22,393,886</u>
Depreciable assets:			
Buildings and Improvements	53,241,137	41,822,725	95,063,862
Furniture, Fixtures and Equipment	5,172,213	15,184,597	20,356,810
Automobiles and Trucks	4,322,066	26,696	4,348,762
Infrastructure	71,684,723	54,507,216	126,191,939
	<u>134,420,139</u>	<u>111,541,234</u>	<u>245,961,373</u>
Less accumulated depreciation:			
Buildings and improvements	(9,874,360)	(11,533,454)	(21,407,813)
Furniture, Fixtures and Equipment	(4,333,629)	(13,064,079)	(17,397,708)
Automobiles and Trucks	(3,431,124)	(26,695)	(3,457,819)
Infrastructure	(43,314,704)	(12,496,347)	(55,811,051)
	<u>(60,953,818)</u>	<u>(37,120,575)</u>	<u>(98,074,392)</u>
Total depreciable assets	<u>73,466,321</u>	<u>74,420,660</u>	<u>147,886,981</u>
<b>Total capital assets</b>	<b>\$ 89,430,814</b>	<b>\$ 80,850,053</b>	<b>\$ 170,280,867</b>

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

**5. CAPITAL ASSETS, Continued**

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

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

	Balance at June 30, 2022	Additions	Deletions	Transfers	Balance at June 30, 2023
<b>Government activities</b>					
Capital assets not being depreciated:					
Land	\$ 14,298,260	\$ -	\$ -	\$ -	\$ 14,298,260
Construction in progress	421,518	2,882,700	(3,508)	(1,634,477)	1,666,233
Total capital assets not being depreciated	<u>14,719,778</u>	<u>2,882,700</u>	<u>(3,508)</u>	<u>(1,634,477)</u>	<u>15,964,493</u>
Capital assets being depreciated:					
Buildings and Improvements	52,954,282	-	-	286,855	53,241,137
Furniture, Fixtures, and Equipment	4,969,309	-	-	202,904	5,172,213
Automobiles and Trucks	4,123,634	-	-	198,432	4,322,066
Infrastructure	70,750,549	-	(12,112)	946,286	71,684,723
Total capital assets being depreciated	<u>132,797,774</u>	<u>-</u>	<u>(12,112)</u>	<u>1,634,477</u>	<u>134,420,139</u>
Less accumulated depreciation for:					
Buildings and Improvements	8,560,202	1,314,158	-	-	9,874,360
Furniture, Fixtures, and Equipment	4,172,706	160,923	-	-	4,333,629
Automobiles and Trucks	3,282,346	148,778	-	-	3,431,124
Infrastructure	42,135,611	1,179,093	-	-	43,314,704
Total accumulated depreciation	<u>58,150,866</u>	<u>2,802,952</u>	<u>-</u>	<u>-</u>	<u>60,953,818</u>
Total capital assets, net	<u>74,646,908</u>	<u>(2,802,952)</u>	<u>(12,112)</u>	<u>1,634,477</u>	<u>73,466,321</u>
Government activities capital assets, net	<u>\$ 89,366,686</u>	<u>\$ 79,748</u>	<u>\$ (15,620)</u>	<u>-</u>	<u>\$ 89,430,814</u>

Depreciation expense by program for capital assets for the year ended June 30, 2023 was as follows:

General Government	\$ 1,758,822
Public Works	810,079
Culture and Recreation	23,373
Community Development	5,788
Internal Service Funds	<u>204,890</u>
<b>Total Governmental Activities</b>	<b><u>\$ 2,802,952</u></b>

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

**5. CAPITAL ASSETS, Continued**

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

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

	Balance at June 30, 2022	Additions	Deletions	Transfers	Balance at June 30, 2023
<b>Business-type activities</b>					
Capital assets not being depreciated:					
Land	\$ 1,500,500	\$ -	\$ -	\$ -	\$ 1,500,500
Construction in Progress	4,712,951	9,001,241	-	(8,785,299)	4,928,893
Total capital assets not being depreciated	<u>6,213,451</u>	<u>9,001,241</u>	<u>-</u>	<u>(8,785,299)</u>	<u>6,429,393</u>
Capital assets being depreciated:					
Building and Improvements	41,822,725	-	-	-	41,822,725
Furniture, Fixtures, and Equipment	14,987,786	-	-	196,811	15,184,597
Automobiles and Trucks	26,696	-	-	-	26,696
Infrastructure	45,918,728	-	-	8,588,488	54,507,216
Total capital assets being depreciated	<u>102,755,935</u>	<u>-</u>	<u>-</u>	<u>8,785,299</u>	<u>111,541,234</u>
Less accumulated depreciation for:					
Building and Improvements	10,674,492	858,962	-	-	11,533,454
Furniture, Fixtures, and Equipment	12,900,821	163,258	-	-	13,064,079
Automobiles and Trucks	26,695	-	-	-	26,695
Infrastructure	11,701,128	795,219	-	-	12,496,347
Total accumulated depreciation	<u>35,303,136</u>	<u>1,817,439</u>	<u>-</u>	<u>-</u>	<u>37,120,575</u>
Total depreciable capital assets, net	<u>67,452,800</u>	<u>(1,817,439)</u>	<u>-</u>	<u>8,785,299</u>	<u>74,420,660</u>
Business-type activities capital assets, net	<u>\$ 73,666,251</u>	<u>\$ 7,183,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,850,053</u>

Depreciation expense for the year ended June 30, 2023 was as follows:

Wastewater Collection and Treatment System	\$ 1,398,024
Municipal Water System	317,237
Storm Drain System	<u>102,178</u>
<b>Total Business-Type Activities</b>	<b><u>\$ 1,817,439</u></b>

**B. Capital Asset Contributions**

Some capital assets may be acquired using Federal and State grant funds, or they may be contributed by developers or other governments. GASB Statement 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**6. PROPERTY HELD FOR RESALE**

In 2012, the City elected to act as the successor housing agency to, and upon the dissolution of, the former Redevelopment Agency. In that capacity, the Successor Agency to the former Redevelopment Agency transferred land held for resale back to the City. Such land parcels are accounted for at the lower of cost or net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer.

**7. LEASES**

**Leases Receivable**

**AT&T**

In May 2007, the City entered into a lease with New Cingular Wireless PCS, LLC. Under the lease, the lessee pays the City \$1,834.90 per month with 15% increase every 5 years for 5 years in exchange for the use of a site located in the City. The lease term shall automatically be extended for five addition 5 years unless the lessee elects not to exercise such renewal term. The City estimates the lessee will extend the lease until 2040. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.01%, which is the 5-year US Treasury rate. In fiscal year 2023, the City recognized \$19,986 of lease revenue and \$13,501 of interest revenue under the lease.

**Crown Castle**

On April 9, 2002, the City entered into a lease with Pacific Bell Wireless. Under the lease, the lessee pays the City \$1,750 per month with 3% increase annually for 5 years in exchange for the use of 160 square feet of ground space at 340 Madrone Street. The lease term shall automatically be extended for five additional 5-year terms unless the lessee elects not to exercise such renewal term. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.01%, which is the 5-year US Treasury rate. In fiscal year 2023, the City recognized \$33,146 of lease revenue and \$2,781 of interest revenue under the lease.

**T-Mobile A**

On January 22, 1996, the City entered into a lease with Pacific Bell Mobile Services. Under the lease, the lessee pays the City \$850 per month with annual CPI increase with a minimum of 3% and maximum of 7% for 5 years in exchange for the use of ground space at the La Prenda Tank Site. The lease term shall automatically be extended for five additional 5-year terms unless the lessee elects not to exercise such renewal term. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.01%, which is the 5-year US Treasury rate. In fiscal year 2023, the City recognized \$22,186 of lease revenue and \$2,368 of interest revenue under the lease.

**T-Mobile B**

On November 4, 2010, the City entered into a lease with T-Mobile West Corporation. Under the lease, the lessee pays the City \$1,200 per month with 3% increase annually for 5 years in exchange for the use of 315 square feet of ground space. The lease term shall automatically be extended for five addition 5 years unless the lessee elects not to exercise such renewal term. The City estimates the lessee will extend the lease until 2040. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.01%, which is the 5-year US Treasury rate. In fiscal year 2023, the City recognized \$9,370 of lease revenue and \$10,962 of interest revenue under the lease.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

**7. LEASES, Continued**

**Office Depot**

On July 22, 1997, the City entered into a lease with Bay Properties, Inc. and Office Depot, Inc. Under the lease, the lessee pays the City \$200 per month with annual CPI increase for up to 31 years in exchange for the use of 0.06-acre vacant land adjacent to the former Millbrae Office Depot store. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.01%, which is the 5-year US Treasury rate. In fiscal year 2023, the City recognized \$3,263 of lease revenue and \$601 of interest revenue under the lease.

**Outfront Media**

On August 31, 2015, the City entered into a lease with OutFront Media, LLC(lessee). Under the lease, the lessee pays the City \$200,000 per year with increase every 5 years for 20 years in exchange for the use of Existing Sign located on the land in the City. In the year where the total rent paid by lessee is less than thirty five percent of the gross revenues for that lease year, then in addition to the base rent, the lessee shall also pay the City the percentage rate. However, if the total base rent paid by the lessee in any lease year equals or exceeds thirty five percent of the gross revenues for that lease year, then the lessee shall have no obligation to pay percentage rent for that lease year. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.01%, which is the 5-year US Treasury rate. In fiscal year 2023, the City recognized \$144,447 of lease revenue and \$80,553 of interest revenue under the lease.

The future revenue payments as of June 30, 2023 are as follows:

Year Ending June 30,	AT&T		Crown Castle		T-Mobile A		T-Mobile B	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 20,596	\$ 12,891	\$ 34,999	\$ 1,751	\$ 24,108	\$ 1,674	\$ 10,274	\$ 10,668
2025	21,225	12,263	31,077	683	26,150	920	11,225	10,345
2026	21,873	11,615	3,055	8	16,213	163	12,223	9,994
2027	23,379	10,946	-	-	-	-	13,272	9,612
2028	28,347	10,164					14,373	9,197
2029-2033	162,102	37,193	-	-	-	-	90,368	38,521
2034-2038	160,153	9,618	-	-	-	-	127,109	22,310
2039-2043	-	-	-	-	-	-	80,174	3,194
Total	\$ 437,674	\$ 104,690	\$ 69,132	\$ 2,441	\$ 66,471	\$ 2,757	\$ 359,017	\$ 113,841

Year Ending June 30,	Office Depot		Outfront Media		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 3,363	\$ 501	\$ 148,856	\$ 76,144	\$ 242,196	\$ 103,629
2025	3,465	399	153,398	71,602	246,541	96,211
2026	3,571	293	177,019	66,731	233,954	88,803
2027	3,680	184	188,830	61,170	229,160	81,912
2028	3,792	72	194,593	55,407	241,105	74,840
2029-2033	321	1	1,137,337	181,413	1,390,128	257,128
2034-2038	-	-	597,539	21,211	884,800	53,139
2039-2043	-	-	-	-	80,174	3,194
Total	\$ 18,192	\$ 1,450	\$ 2,597,572	\$ 533,678	\$ 3,548,057	\$ 758,857

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

**8. LONG-TERM DEBT**

**A. Governmental Activities**

The following is a summary of governmental long-term debt and other obligations for the year ended June 30, 2023:

	Original Issue Amount	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Due Within One Year
<b>Joint Power Financing Authority:</b>						
<b>2004 Pension Obligation</b>						
<b>Bonds Series A-2</b>						
4.35%-6.58%, due 6/1/2034	\$ 11,521,630	\$12,563,790	\$ 833,004	\$(1,290,000)	\$ 12,106,794	\$ 1,335,000
<b>2011 Police Remodel</b>						
<b>Lease-leaseback</b>						
4.25%, due 3/1/2024	2,555,000	488,000	-	(240,000)	248,000	248,000
<b>2013 General Obligation</b>						
<b>Refunding Bonds</b>						
1%-5%, due 8/1/2037	9,745,000	7,755,000	-	(310,000)	7,445,000	335,000
Premium, net of amortization	454,096	278,053	-	(19,743)	258,310	-
<b>Subtotal Bonds and Loans outstanding</b>	<u>21,084,843</u>	<u>833,004</u>	<u>(1,859,743)</u>	<u>20,058,104</u>	<u>1,918,000</u>	
<b>Claims payable</b>						
	1,409,731	496,256	(328,205)	1,577,782	371,782	
<b>Compensated absences</b>						
	681,286	744,944	(629,638)	796,592	79,659	
<b>Total Long-Term Debt</b>	<u>\$23,175,859</u>	<u>\$ 2,074,204</u>	<u>\$(2,817,586)</u>	<u>\$ 22,432,477</u>	<u>\$ 2,369,441</u>	

**2004 Pension Obligation Bonds - Original Issue \$11,521,630**

On June 29, 2004, the California Statewide Communities Development Authority issued the 2004 Series A-2 Capital Appreciation Bonds in the amount of \$18,529,195, of which \$11,521,630 was the City's portion. The bond proceeds were used to prepay the unfunded liability of the Miscellaneous and Safety Pension Plans through the California Public Employees' Retirement System.

The Bonds do not pay periodic interest. Interest on the Bonds will accrue in value at the rates of 4.35% to 6.58%. The accreted value on any date other than an interest payment date shall be calculated by straight line interpolation of the accreted value as of the immediately preceding and succeeding interest payment date. Repayments of the accreted principal commenced June 1, 2008.

**2011 Police Remodel Lease-leaseback- Original Amount \$2,555,000**

On August 25, 2011, the City entered into a lease-leaseback agreement with Municipal Finance Corporation("Corporation") in the amount of \$2,555,000 to provide funds for the refunding on a current basis of the outstanding debt the City issued with its 1999 Certificates of Participation (COPs). The outstanding principal amount of the COPs was \$2,850,000. It was paid off in full on September 1, 2012. The City leased the fire station to the Corporation in consideration of an upfront rental payment of \$2,555,000, and the City leased back the fire station from the Corporation and made lease payments to the Corporation. The City refunded the COPs in order to generate an economic gain based on interest rate savings. The economic gain on the transaction was a net present value benefit in the amount of \$634,477.

Interest payments due on March 1 and September 1 of each year and principal due on March 1 are repayable from General Fund revenue. The total principal and interest remaining to be paid on the loan are \$258,540. Principal and interest paid for the current year were \$260,740.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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

**A. Governmental Activities, Continued**

**2013 General Obligation Refunding Bonds – Original Issue \$9,745,000**

On August 1, 2013, the City issued 2013 General Obligation Refunding Bonds in the amount of \$9,745,000 to refund the 2001 General Obligation Bonds (Millbrae Public Library Project). Net proceeds of \$10,015,470 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. As a result, the 2001 Public Library General Obligation Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. The reacquisition price equaled the net carrying value of the refunded bonds. The advance refunding reduced the total debt service payments over 23 years by \$1,659,678 and resulted in an economic gain of \$1,106,127.

The 2013 General Obligation Refunding Bonds bear interest rates ranging from 1.0% to 5.0%. Principal payments are due annually on August 1 and interest payments are due semiannually on August 1 and February 1, through August 2036. The total principal and interest remaining to be paid on the bonds is \$9,909,606. Principal and interest paid for the current year were \$637,538.

**B. Business-Type Activities**

The City's debt issues and transactions of business-type activities are summarized below and discussed in detail thereafter.

	Original Issue Amount	Balance		Additions	Retirements	Balance June 30, 2023	Due Within One Year
		June 30, 2022					
<b>Enterprise Funds:</b>							
<b>2018 Wastewater Revenue</b>							
3.0-5.0%, due 12/1/2047	\$ 18,630,000	\$ 17,375,000	\$ -	\$ (380,000)	\$ 16,995,000	\$ 400,000	
Premium, net of amortization	745,358	638,580	-	(25,124)	613,456		-
<b>2021 Wastewater Revenue</b>							
5% bond, Due 06/30/2024	20,015,000	19,250,000	-	(805,000)	18,445,000	845,000	
Premium Net of Amortization	6,576,198	5,759,031	-	(582,781)	5,176,250		-
Subtotal Bonds and Loans Outstanding		43,022,610	-	(1,792,905)	41,229,706	1,245,000	
Compensated absences		563,801	588,932	(571,614)	581,119	58,111	
<b>Total Long-Term Debt</b>		<u>\$ 43,655,274</u>	<u>\$ 588,932</u>	<u>\$ (2,364,519)</u>	<u>\$ 41,810,825</u>	<u>\$ 1,303,111</u>	

**2018 – Wastewater Revenue Bonds – Original Issue \$18,630,000**

On April 10, 2018, the Millbrae Public Financing Authority issued the 2018 Wastewater Revenue Bonds to finance the acquisition and construction of improvements to the wastewater system. Principal payments are due annually on December 1 and interest payments are due semiannually on June 1 and December 1, through December 1, 2047. Debt service is payable from the net revenue of the municipal wastewater treatment facility fund. Interest on the bonds ranges from 3.0% to 5.0%. The total principal and interest remaining to be paid on the bonds is \$24,557,347. Principal and interest paid for the current year were \$1,023,931.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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

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

**2021- Wastewater Revenue Refunding Bonds – Original Issue \$20,015,000**

On February 11, 2021, the City issued 2021 Refunding Wastewater Revenue Bonds to refinance the 2009 Certificates and SRF loan. The bond will be secured by the Net Revenues of the Wastewater system on a parity with the City's installment payment obligations securing the Millbrae Public Financing Authority's 2018 Wastewater Revenue Bonds. The Wastewater Revenue Refunding Bonds bear interest rates 5.0%. Principal payments are due annually on December 1 and interest payments are due semiannually on June 1 and December 1, through December 2039. The total principal and interest remaining to be paid on the bonds is \$26,470,875. The advance refunding reduced the total debt service payments over 18 years by \$4,612,023 and resulted in an economic gain of \$4,504,289. The amount of pledged revenue for the current year were \$2,154,657.

**C. Debt Service Requirements**

The annual debt service requirements are as follows (A):

Year Ending June 30,	Governmental Activities				Business-Type Activities		
	Bond		Direct Borrowings and Direct Placement		Principal	Interest	Total
	Principal (B)	Interest	Principal	Interest			
2024	\$ 1,670,000	\$ 311,413	\$ 248,000	\$ 10,540	\$ 1,245,000	\$ 1,525,556	\$ 2,770,556
2025	1,745,000	294,038	-	-	1,310,000	1,461,681	2,771,681
2026	1,830,000	275,288	-	-	1,380,000	1,394,431	2,774,431
2027	1,910,000	258,794	-	-	1,450,000	1,323,681	2,773,681
2028	1,995,000	240,925			1,525,000	1,249,306	2,774,306
2029-2033	11,375,000	852,850	-	-	8,840,000	5,210,231	14,050,231
2034-2038	4,730,000	231,300	-	-	8,980,000	2,743,831	11,723,831
2039-2043	-	-	-	-	6,035,000	1,276,741	7,311,741
2044-2048	-	-	-	-	4,675,000	420,263	5,095,263
<b>Subtotal</b>	<b>25,255,000</b>	<b>\$ 2,464,606</b>	<b>\$ 248,000</b>	<b>\$ 10,540</b>	<b>35,440,000</b>	<b>\$ 16,605,722</b>	<b>\$ 52,045,722</b>
<b>Premium</b>	<b>258,308</b>				<b>5,789,706</b>		
<b>Total</b>	<b><u>\$ 25,513,308</u></b>				<b><u>\$ 41,229,706</u></b>		

(A) Cash basis; interest is not affected by amortization as presented

(B) Includes unaccrued discount totaling \$5,703,206; Excluding the unaccrued discount totaling \$19,551,794.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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

**D. Compensated Absences**

Compensated absences comprise of unpaid vacation and the vested portion of sick leave, which are accrued as earned. The City's liability for compensated absences is recorded in various Governmental funds or Proprietary funds as appropriate. The liability for compensated absences is determined annually. Compensated absences are reported in governmental funds only if they have matured. For all governmental funds, amounts expected to be permanently liquidated are recorded as fund liabilities; the long-term portion is recorded in the Statement of Net Position. Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

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.

The City accrues the liability for compensated leave as it is earned by employees. The amount of outstanding compensated leaves payable was \$1,377,711 as of June 30, 2023.

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities</b>					
Compensated Leaves Payable	\$ 681,286	\$ 744,944	\$ (629,638)	\$ 796,592	\$ 79,659
<b>Business-Type Activities</b>					
Compensated Leaves Payable	\$ 563,801	\$ 588,932	\$ (571,614)	\$ 581,119	\$ 58,111

The amount due within one year of \$79,659 for Governmental Activities and \$58,111 for Business-Type Activities represents the estimated amount for anticipated retirees.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

**9. FUND BALANCES**

Detailed classifications of the City's fund balances as of June 30, 2023, are below:

	General Fund	Low and Moderate Income Housing Asset Fund	Developer Fee Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>					
Prepaids	\$ 527,880	\$ -	\$ -	\$ -	\$ 527,880
<b>Total Nonspendable Fund Balances</b>	<b>527,880</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>527,880</b>
<b>Restricted for:</b>					
Low and Moderate Income Housing	-	14,207,192	-	-	14,207,192
Measure W	-	-	-	573,161	573,161
Gas Tax	-	-	-	1,533,345	1,533,345
Measure A	-	-	-	902,533	902,533
Integrated Waste Management	-	-	-	1,469,832	1,469,832
Developer Housing Fee	-	-	-	3,997,472	3,997,472
Developer Impact Fee	-	-	13,589,784	-	13,589,784
Debt Service	-	-	-	1,442,564	1,442,564
Affordable Housing	-	-	-	1,978,649	1,978,649
Measure M	-	-	-	129,434	129,434
PEG	-	-	-	164,697	164,697
LifeMoves	-	-	-	82,912	82,912
<b>Total Restricted Fund Balances</b>	<b>-</b>	<b>14,207,192</b>	<b>13,589,784</b>	<b>12,274,599</b>	<b>40,071,575</b>
<b>Committed for:</b>					
Community Development Technology	-	-	-	930,105	930,105
Recreation	-	-	-	7,465	7,465
Field License Agreement	-	-	-	198	198
General Plan Update	-	-	-	1,251,053	1,251,053
<b>Total Committed Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,188,821</b>	<b>2,188,821</b>
<b>Assigned for:</b>					
Construction	298,649	-	-	-	298,649
Materials/Equipment/Software	79,657	-	-	-	79,657
Services/Maintenance	1,224,769	-	-	-	1,224,769
<b>Total Assigned Fund Balances</b>	<b>1,603,074</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,603,074</b>
<b>Unassigned:</b>					
<b>Total Fund Balances</b>	<b>\$ 19,565,509</b>	<b>\$ 14,207,192</b>	<b>\$ 13,589,784</b>	<b>\$ 12,939,258</b>	<b>\$ 60,301,743</b>

**10. NEGATIVE FUND BALANCE**

At June 30, 2023, the Recreation Center Capital Project Fund, General Liability and Leave Accrual Internal Service Fund had deficit fund balances in the amount of \$1,524,162, \$192,351 and \$394,172, respectively. The deficit in the General Liability and Leave Accrual Internal Service Fund will be eliminated with future revenues. The deficit in the Recreation Center Capital Project fund will be eliminated with future state grant and donations.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**11. ENCUMBRANCES/COMMITMENTS**

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. As of June 30, 2023, the amount of encumbrances by major funds and non-major funds expected to be honored upon performance by the vendor in the following fiscal year are:

	Major Funds			Total
	General Fund	Developer Fee Fund	Non-Major Funds	
Construction	\$ 1,029,491	\$ -	\$ 1,298,767	\$ 2,328,258
Materials/Equipment/Software	61,016	-	-	61,016
Services/Maintenance	512,567	336,616	459,787	1,308,970
	<u>\$ 1,603,074</u>	<u>\$ 336,616</u>	<u>\$ 1,758,554</u>	<u>\$ 3,698,244</u>

**12. EXPENDITURES IN EXCESS OF APPROPRIATIONS**

The following fund had expenditures in excess of appropriations for fiscal year 2023. The excess in the general fund were due to unanticipated projects requiring additional legal fees and contractual public safety variable costs that came higher than expected.

Nonmajor Special Revenue Fund	
Special Recreation	\$ (133,735)
Integrated Waste Management	(22,290)
Nonmajor Debt Service Fund	
Library Fund	(500)
2004 Pension Obligation Bonds	(4,610)

**13. RETIREMENT BENEFITS**

**A. Plan Description**

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (Police and Fire) and a miscellaneous risk pool (all others). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors five rate plans (miscellaneous classic, miscellaneous PEPRA, safety fire classic, safety fire PEPRA and safety police classic). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

**13. RETIREMENT BENEFITS, Continued**

**B. Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employee's Retirement Law.

The rate plan's provisions and benefits in effect at June 30, 2023 are summarized as follows:

	Safety - Fire	Safety - Police	Miscellaneous
Hire Date	Prior to January 1, 2013	Prior to January 1, 2013	Prior to January 1, 2013
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payment	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	55	55
Monthly benefits, as a % of annual salary	3%	3%	2.7%
Required employee contribution rates	9.00%	9.00%	8.00%
Required employer contribution rates	0.000%	0.000%	14.900%
Required payment for unfunded liability	\$ 1,584,652	\$ 1,318,016	\$ 2,575,892
	Safety - Fire - PEPRA	Miscellaneous - PEPRA	
Hire Date	On or after January 1, 2013	On or after January 1, 2013	
Benefit vesting schedule	5 years service	5 years service	
Benefit payments	Monthly for life	Monthly for life	
Retirement age	57	62	
Monthly benefits, as a % of annual salary	2.70%	2.00%	
Required employee contribution rates	12.250%	6.50%	
Required employer contribution rates	0.000%	7.76%	
Required payment for unfunded liability	\$ 1,809	\$ 27,061	

Beginning in fiscal year 2017, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$2,904,477 and \$2,602,953 for safety and miscellaneous respectively, in fiscal year 2023.

**Contributions** – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an actuarial basis annually and are effective on July 1 following notice of a change in the rate. Funding contributions for the Plan 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, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2023, the contributions recognized against net pension liability for the Plan were \$5,520,289.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**13. RETIREMENT BENEFITS, Continued**

**C. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2023, the City reported net pension liability for its proportionate shares of the net pension liabilities of the rate plans as \$59,764,292.

The City's net pension liabilities for the Plans are measured as the proportionate share of the total net pension liability of each Plan. The net pension liability of the Plans are measured as of June 30, 2022, and the total pension liability for the Plans used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City's proportionate share of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The City's proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2022 were as follows:

Proportion - June 30, 2021	0.66181%
Proportion - June 30, 2022	0.51740%
Change - Increase (Decrease)	-0.14440%

For the year ended June 30, 2023, the City recognized pension income of \$6,358,387. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 6,016,160	\$ -
Changes of assumptions	6,074,811	-
Differences between expected and actual experience	1,840,238	725,994
Changes in employer's proportion	-	3,480,897
Differences between the employer's contribution and the employer's proportionate share of contributions	-	2,517,984
Net differences between projected and actual earnings on plan investments	<u>10,188,354</u>	<u>-</u>
<b>Total</b>	<b>\$ 24,119,563</b>	<b>\$ 6,724,875</b>

The amount of \$6,016,160 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**13. RETIREMENT BENEFITS, Continued**

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

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

Fiscal Year		
<u>Ending June 30:</u>		
2024	\$	2,161,932
2025		1,900,599
2026		1,092,143
2027		6,223,854
Thereafter		-

**Actuarial Assumptions** - The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by entry age and service
Mortality <sup>(1)</sup>	Derived by CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

(1) The mortality table used was developed based on CalPERS-specific data. The rate incorporate generational mortalities to capture mortality improvements using 80% of Scale MP 2020 published by Society of Actuaries.

**Discount Rate** - The discount rate used to measure the total pension liability for each Plan was 6.90%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

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

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**13. RETIREMENT BENEFITS, Continued**

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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The table below reflects the expected real rate of return by asset class.

Asset Class	Assumed Asset Allocation	Real Return (a,b)
Global Equity-Cap weighted	30.00%	4.45%
Global Equity-non-Cap weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortagage Backed Securities	5.00%	0.50%
Investment Grade Corporate	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.80%
Private Debt	5.00%	3.75%
Real Estate	15.00%	3.21%
Liquidity	-5.00%	-0.59%
Total	<u>100%</u>	

(a) An expected inflation of 2.3% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management

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

Discount Rate	1% Decrease 5.90%	Current 6.90%	1% Increase 7.90%
Net Pension Liability	\$ 85,548,326	\$ 59,764,292	\$ 38,621,444

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

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**14. POST-EMPLOYMENT BENEFITS**

**A. Plan Description**

By Council resolution and through agreements with its labor units, the City provides certain health care benefits for retired employees (including spouse and dependents) under third-party insurance plans. The City participates in the CalPERS health care plan, a single employer plan, which is governed under the California Public Employees Health and Medical Care Act (PEMCHA), however the City contributes to the plan on a pay-as-you go basis. Required retiree medical plan contributions are also governed by PEMCHA for member agencies. The City's OPEB Plan does not issue a publicly available financial report.

A summary of eligibility and retiree contribution requirements are shown below by bargaining unit:

Eligibility	<ul style="list-style-type: none"><li>• Service (50 &amp; 5 years CalPERS service) or Disability retirement</li><li>• Retire directly from City under CalPERS</li></ul>
Management & Confidential	<p>PEMHCA Method:</p> <ul style="list-style-type: none"><li>• Actives: Hired on or before June 1, 2013, City contributes premium up to \$1,386; Employees hired after June 1, 2013, City contributes the minimum PEMHCA amount as required by State law for retiree medical.</li><li>• Retirees: Hired on or before June 1, 2013, City pays medical premium and reimburses Medicare Parts A &amp; B up to \$1,386. Employees hired after June 1, 2013, City contributes the minimum PEMHCA amount as required by State law for retiree medical.</li><li>• Management &amp; Confidential joined PEMHCA in 1986</li></ul>
Firefighter	<ul style="list-style-type: none"><li>• Fire Captain Retirees: City contributes \$1,386 toward medical premiums</li><li>• Firefighter Retirees: City contributes maximum monthly amount of \$222, reduced by PEMHCA minimum, if applicable</li></ul>
Sanitation and Teamsters	<ul style="list-style-type: none"><li>• Teamsters Local 856 Health &amp; Welfare Trust</li><li>• Retiree pays full premium</li><li>• Not included in valuation</li></ul>
Surviving Spouse Benefit	<ul style="list-style-type: none"><li>• 100% of retiree benefit continues to surviving spouse if retiree elects CalPERS survivor annuity</li></ul>

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

**14. POST-EMPLOYMENT BENEFITS, Continued**

**B. Employees Covered**

Inactive employees or beneficiaries currently receiving benefits	85
Inactive employees entitled to but not yet receiving benefits	-
Active employees	38
	<hr/>
Total	123
	<hr/>

**C. Contributions**

Beginning in fiscal year 2016-17, the City prefunds an irrevocable Internal Revenue Code Section 115 OPEB Trust (Trust) with Benefit Trust Company. For the measurement period July 1, 2022 – June 30, 2023, the City made \$853,086 of cash benefit payments outside of the trust and made \$155,372 of implied subsidy benefit payments outside of the trust.

**D. Net OPEB Liability**

The City's net OPEB liability measured as of June 30, 2023 was \$6,503,030, and the total OPEB liability used to calculate the net OPEB liability of \$14,554,984 were based on the following assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Assumptions:	
Discount Rate	5.60% at June 30, 2023 and 5.60% at June 30, 2022
General Inflation	2.50% per annum
Contribution Policy	Contributes full ADC
Salary Increases	Aggregate 2.75%
	Merit - CalPERS 1997-2015 Experience Study
Mortality	Mortality projected fully generational with Scale MP-2017
Medical Trend	4.00%

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

Asset Class	Target Allocation	Expected Real Rate of Return
Global Equity	41%	7.25%
Global Fixed Income	55%	4.25%
Real Estate Investment Trusts	4%	7.25%
Total	100%	
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Rate of Return, Rounded		5.60%

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

**14. POST-EMPLOYMENT BENEFITS, Continued**

**E. Discount Rate**

The discount rate used to measure the total OPEB liability was 5.6 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**F. Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability / (Asset)
<b>Balance at June 30, 2022</b>	<b>\$ 14,670,268</b>	<b>\$ 7,547,591</b>	<b>\$ 7,122,677</b>
<b>Changes in the year:</b>			
Service cost	87,428	-	87,428
Interest	795,746	517,301	278,445
Expected Investment Income	-	-	-
Experience (Gains)/Losses	-	-	-
Changes in assumptions	-	-	-
Contribution - employer	-	1,008,458	(1,008,458)
Investment Gains/(Losses)	-	-	-
Benefit payments	(1,008,458)	(1,008,458)	-
Administrative expenses	-	(22,938)	22,938
<b>Net changes</b>	<b>(125,284)</b>	<b>494,363</b>	<b>(619,647)</b>
<b>Balance at June 30, 2023</b>	<b>\$ 14,544,984</b>	<b>\$ 8,041,954</b>	<b>\$ 6,503,030</b>

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

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023:

	1% Decrease (4.60%)	Current Rate (5.60%)	1% Increase (6.60%)
Net OPEB Liability	\$8,028,296	\$6,503,030	\$5,219,747

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**14. POST-EMPLOYMENT BENEFITS, Continued**

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

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023:

	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	\$5,022,946	\$6,503,030	\$8,250,214

**I. OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB**

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss.

For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$1,043,530 and reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 313,619	\$ -
Changes in assumptions	22,282	66,628
Net difference between projected and actual earnings on plan investments	<u>753,436</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 1,089,337</u></b>	<b><u>\$ 66,628</u></b>

**J. Recognition of Deferred Outflow and Deferred Inflows of Resources**

The deferrals will be recognized in OPEB expense in the following fiscal years:

Fiscal Year Ending June 30:	Deferred Outflows/(Inflows) of Resources	
2024	\$ 350,791	
2025	282,207	
2026	408,764	
2027	(19,053)	

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

**15. RISK MANAGEMENT**

**A. Insurance Coverage**

The City participates in Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA). PLAN JPA established to provide liability insurance coverage, claims and risk management, and legal defense to its participating members. PLAN JPA provides \$15,000,000 of general liability coverage per occurrence and is responsible for paying claims in excess of the City's \$100,000 deductible. PLAN JPA also provides \$1,000,000 of employee theft coverage in the excess of the city's \$5,000 deductible. For the year ended June 30, 2023, the City paid PLAN JPA \$846,441 in contribution and did not receive a refund of premiums paid in prior years. Financial statements may be obtained from PLAN JPA, 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA, 95833.

The City has also purchased excess coverage insurance for worker's compensation claims from an independent commercial insurance company with \$500,000 self-insured retention. For the past three fiscal years, the amount of settlements did not exceed insurance coverage.

**B. Liability for Uninsured Claims**

The City provides for the uninsured portion of claims and judgments in the Workers' Compensation and General Liability Internal Service Funds. Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims.

The City's liability for uninsured claims is limited to workers' compensation and general liability claims, as discussed above, and were estimated by an actuarial study and management respectively based on prior year's claims experience as follows:

	Fiscal 2022-2023			Fiscal 2021-2022	
	Workers' Compensation Claims	General Liability Claims		Total	Totals
Balances, beginning of year	\$ 1,365,000	\$ 44,731	\$ 1,409,731	\$ 1,853,607	
Net change in:					
Liability for current fiscal year claims	75,739	420,517	496,256	61,764	
Claims paid	(71,739)	(256,466)	(328,205)	(505,640)	
Balances, end of year	<u>\$ 1,369,000</u>	<u>\$ 208,782</u>	<u>\$ 1,577,782</u>	<u>\$ 1,409,731</u>	
Current portion	\$ 163,000	\$ 208,782	\$ 371,782	\$ 188,731	
Noncurrent portion	1,206,000	-	1,206,000	1,221,000	
	<u>\$ 1,369,000</u>	<u>\$ 208,782</u>	<u>\$ 1,577,782</u>	<u>\$ 1,409,731</u>	

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**16. JOINTLY GOVERNED ORGANIZATIONS**

The City participates in the joint ventures discussed below through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each joint venture is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective joint venture, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these joint ventures are not the City's responsibility and the City does not have an equity interest in the assets of each joint venture except upon dissolution of the joint venture.

**A. *City/County Association of Governments of San Mateo County (C/CAG)***

City/County Association of Governments of San Mateo County was formed in 1990 between the County and various cities in San Mateo County to prepare, adopt, monitor and enforce state mandated plans for the management of traffic congestion, integrated solid waste, airport land use and hazardous waste. The City's contribution to C/CAG was \$75,311 for the year ended June 30, 2023. Financial statements may be obtained by mailing a request to the City of San Carlos, 666 Elm Street, San Carlos, CA 94070.

**B. *Transportation System Management***

Transportation Systems Management (TSM) was established in 1991 by the Cities of South San Francisco, Brisbane, Colma, Daly City, Half Moon Bay, Millbrae, Pacifica and San Bruno for the purpose of mitigating traffic congestion. Financial statements for TSM may be obtained from Sam Trans, 401 Marina Boulevard, South San Francisco, CA 94080.

**17. CONTINGENT LIABILITIES AND COMMITMENTS**

**A. *Contingent Liabilities***

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

**B. *Bay Area Water Supply and Conservation Agency Revenue Bonds Surcharge***

The City contracts with the City and County of San Francisco for the purchase of water from the Hetch Hetchy System operated by the San Francisco Public Utilities Commission (SFPUC). The City is also a member of the Bay Area Water Supply and Conservation Agency (BAWSCA) which represents the interests of all the 24 cities and water districts, as well as two private utilities, that purchase wholesale water from the SFPUC.

In 2009, the City entered into a new 25 year agreement with the SFPUC that includes an individual water supply guarantee of 3.152 million gallons per day (MGD) to the City. One of the ways that the new agreement differs from the old is in how facilities constructed by the SFPUC that benefit the regional customers are treated from a rate and financial perspective. Under the old agreement, facilities were built, capitalized, and added to the rate base with a rate of return (interest), and then paid for over their useful lives through wholesale rates. Under the new agreement, the SFPUC issues revenue bonds and the debt service (which also includes an interest component) is paid for through rates over the life of the bonds.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**17. CONTINGENT LIABILITIES AND COMMITMENTS, Continued**

**B. Bay Area Water Supply and Conservation Agency Revenue Bonds Surcharge, Continued**

During the transition from the old to the new contracts, one of the issues addressed was how to deal with the \$370 million in assets that were still being paid for by the wholesale customers under the old agreement. The assets were transferred to the new agreement, assigned a life with an agreed upon rate of return of 5.13%. Also negotiated was a provision to allow the wholesale customers to prepay any remaining existing assets' unpaid principal balance without penalty or premium. This prepayment was executed through the issuance of bonds by BAWSCA which provide a better interest rate given the favorable rate environment.

BAWSCA issued Revenue Bonds in the principal amount of \$335,780,000 in January 2013 to prepay the capital cost recovery payment obligation and fund a stabilization fund. The Bonds mature in October 2034 and are secured by surcharges to the monthly water purchase charges imposed upon the participating members. The Bonds are not a debt obligation of any member, and BAWSCA's failure to pay its Bonds would not constitute a default by any participating member.

Should any participating member fail to pay its share, BAWSCA will rely on the stabilization fund and will pursue all legal remedies to collect the shortfall from the delinquent member. In the interim, other participating members may have their portion adjusted to insure the continued payment of the debt service surcharge.

The risk of bearing the debt service expense of a defaulting member is not significantly different than the risk each member assumes currently for fluctuations in water purchase charges. Under the Bond indenture, BAWSCA maintains a stabilization fund. If surcharge revenues collected are less than needed (due to a member's failure to pay timely), BAWSCA uses the stabilization fund to fund the debt service deficiency, and increases the surcharge in the subsequent year to make up for the prior year shortfall and reimburse the stabilization fund account. Also, given that each participating agency's governing body adopted a Resolution to participate in the Bond issue, Management believes that default is generally very unlikely.

The annual debt service surcharges are a fixed amount for each participant and are calculated by taking the subsequent fiscal year's debt service, multiplied by each participant's actual water purchase as a percent of total wholesale customer water purchases from the prior fiscal year. One twelfth of the annual surcharge is included in the monthly bill from SFPUC. Because each participant's share of the debt service surcharge is proportional to the amount of water purchased during the prior fiscal year, the City's share of the debt service will fluctuate from year to year.

The City paid its surcharge of \$260,664 during fiscal year 2023, which is included as a component of purchased water expenses in the Water Enterprise Fund. The surcharge for fiscal year 2024 is estimated to be \$260,000.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**17. CONTINGENT LIABILITIES AND COMMITMENTS, Continued**

**C. *San Mateo County Animal Shelter***

Since 1951, cities in San Mateo County have contracted with the County to manage animal control field and sheltering services. The current shelter has been determined to be inadequate to meet current animal sheltering services. In May 2014, all the municipalities signed an agreement, effective September 9, 2014, to share in the construction costs for a new animal control center by repaying the County through a 30-year, interest-free lease agreement in the amount of \$20.2 million. The City's share of annual lease payments is based on a formula using a three year average of shelter use and percentage of population in the County. The City's estimated annual lease payment is \$95,408. The actual lease payments will be determined and payments will commence after the new animal shelter facility is completed, and will be due each July 1st.

**18. RDA OBLIGATION RETIREMENT TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES**

**A. *Redevelopment Dissolution***

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies as of January 31, 2012.

The suspension provisions prohibited all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

ABx1 26 and AB1484 allowed three regulatory oversight authorities, the Successor Authority's Oversight Board, State Controller and Department of Finance (DOF), to review the former Authority's asset transfer, obligation payments and wind down activities. ABx1 26 specifically directs the State Controller to review the activities of all redevelopment agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the redevelopment agency. The State Controller completed its review in April 2016. The City subsequently brought the asset transfer review to the Oversight Board. The transfer identified as required to be returned in the asset transfer review was made during FY 2016.

Effective January 31, 2012, all California redevelopment agencies were dissolved. Certain assets of the Authority's Low- and Moderate-Income Housing Fund were distributed to a Housing Successor; and all remaining Authority assets and liabilities were distributed to a Successor Agency.

Under the provisions of AB 1484, the City could elect to become the Housing Successor and retain the housing assets. The City elected to become the Housing Successor and on January 24, 2012, and on February 1, 2012 certain housing assets were transferred to the City's Housing Successor Special Revenue Fund.

Cash and investments of the Successor Agency are discussed in Note 2.

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**18. RDA OBLIGATION RETIREMENT TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES,  
Continued**

**B. Capital Assets**

The Successor Agency assumed the capital assets of the former Redevelopment Agency as of February 1, 2012. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The Successor Agency's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of capital assets.

Depreciation is provided using the straight line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Successor Agency has assigned the useful lives and capitalization thresholds listed below to capital assets.

Buildings and Improvements	7 - 50 years
Furniture, Fixtures and Equipment	5 - 20 years
Automobiles and Trucks	2 - 10 years
Infrastructure	25-65 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

No capital asset was recorded at June 30, 2023.

**C. Long-Term Debt**

**Tax Allocations Bonds and Loans**

All of the long-term debt of the Successor Agency is comprised of Tax Allocation Bonds issued by the Redevelopment Agency. The Bonds are special obligations of the Agency and are secured only by the Agency's tax increment revenues. Tax Allocation Bond and loan transactions were as follows:

	Original Issue Amount	Balance June 30, 2022	Balance Additions	Deletions	Balance June 30, 2023	Due Within One Year
Redevelopment Tax 2015 Tax Allocation Bond Premium	\$ 6,505,000 - 174,597	\$ 5,100,000 \$ 174,597	\$ - - - (13,345)	\$ (275,000) (13,345) 161,252	\$ 4,825,000 \$ 161,252 \$ -	\$ 285,000 - -
Total long term debt	\$ 6,505,000	\$ 5,811,287	\$ -	\$ (288,345)	\$ 4,986,252	\$ 285,000

**City of Millbrae**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2023**

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**18. RDA OBLIGATION RETIREMENT TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES,  
Continued**

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

**2015 Tax Allocation Refunding Bonds**

On July 1, 2015, the Successor Agency issued \$6,505,000 Series 2015 Tax Allocation Refunding Bonds. The bonds were issued to refund the 2005 Tax Allocation Bonds. The economic gain on refunding of these bonds was \$351,443.

The 2015 Tax Allocation Refunding Bonds mature annually starting August 1, 2016 through 2036, with installments ranging from \$205,000 to \$460,000. The interest on the bonds is payable semi-annually on each February 1 and August 1, with coupon rates ranging from 2.00% to 5.00%.

**Pledged Revenues**

The 2015 Tax Allocation Refunding Bonds of the Successor Agency are payable solely from and secured by tax revenues deposited into Redevelopment Property Tax Trust Fund.

**Debt Service Requirements**

Debt service requirements are as follows:

Year ending June 30:	Principal	Interest	Total
2024	\$ 285,000	\$ 184,350	\$ 469,350
2025	305,000	169,600	474,600
2026	320,000	153,975	473,975
2027	335,000	140,950	475,950
2028	345,000	129,888	474,888
2029-2033	1,905,000	452,825	2,357,825
2034-2038	1,330,000	81,000	1,411,000
Subtotal	<u>4,825,000</u>	<u>\$ 1,312,588</u>	<u>\$ 6,137,588</u>
Premium	161,252		
<b>Total</b>	<b><u>\$ 4,986,252</u></b>		

**D. Commitments and Contingencies**

**State Approval of Enforceable Obligations**

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) annually that contains all proposed expenditures for the subsequent one year period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. The obligations incurred by the Successor Agency were approved by the State in advance.

Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**City of Millbrae**  
**Notes to Required Supplementary Information**  
**For the year ended June 30, 2023**

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**1. BUDGETS AND BUDGETARY ACCOUNTING**

**A. *Budgetary Procedures***

Every year, the City Manager submits to the City Council a proposed operating budget for the next fiscal year. The operating budget includes proposed expenditures and the means of financing them and is subject to public hearings where comments are obtained for consideration. Council adopts the budget through passage of a budget resolution at which time the proposed expenditures become appropriations to various Funds and City Departments. The budget is effective the following July 1, and may be amended by subsequent City Council resolutions.

The legal level of budgetary control is the fund level and the Council must approve any revision of budget that increases the total expenditures of any fund. All appropriations remaining at year end lapse, except for purchases in progress. With City Council approval, prior year unexpended and open project and grant appropriations will be rolled-over into the new fiscal year.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds except for Capital Projects Funds (which are budgeted on project length basis).

**B. *Encumbrances***

The City uses an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all budgeted funds. Since encumbrances do not yet constitute expenditures or liabilities, encumbrances outstanding at year-end are reported as an assignment of fund balances unless they relate to restricted or committed resources. Unexpended appropriations lapse at year end and must be re-appropriated in the following year.

**City of Millbrae**  
**Required Supplementary Information**  
**For the year ended June 30, 2023**

**Budgetary Comparison Schedule, General Fund**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		<b>Positive (Negative)</b>
<b>REVENUES:</b>				
Property tax	\$ 14,987,948	\$ 15,917,948	\$ 16,357,136	\$ 439,188
Sales tax	3,061,100	3,311,100	3,335,496	24,396
Transient occupancy tax	6,960,789	8,370,789	7,960,577	(410,212)
Franchise Tax	1,357,786	1,297,786	1,318,030	20,244
Other taxes	756,539	716,539	797,941	81,402
Licenses and permits	1,513,723	2,143,723	3,497,811	1,354,088
Charges for services	1,236,706	2,096,706	2,085,601	(11,105)
Fines and forfeitures	1,254,521	824,521	884,440	59,919
Use of money and property	925,221	1,065,221	1,723,936	658,715
Grants and intergovernmental	15,000	195,000	257,209	62,209
Miscellaneous	2,556,717	2,576,717	2,376,935	(199,782)
<b>Total revenues</b>	<b>34,626,050</b>	<b>38,516,050</b>	<b>40,595,112</b>	<b>2,079,062</b>
<b>EXPENDITURES:</b>				
Current:				
General government	5,381,276	5,420,776	5,602,260	(181,484)
Public safety	19,741,170	19,741,170	19,540,010	201,160
Public works	2,611,377	2,708,463	3,362,868	(654,405)
Culture and recreation	1,802,868	1,813,695	2,012,662	(198,967)
Community development	2,974,954	3,839,860	3,702,943	136,917
Capital outlay	1,275,000	2,015,309	441,835	1,573,474
<b>Total expenditures</b>	<b>33,786,645</b>	<b>35,539,273</b>	<b>34,662,578</b>	<b>876,695</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>839,405</b>	<b>2,976,777</b>	<b>5,932,534</b>	<b>2,955,757</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(2,779,189)	(2,929,189)	(2,784,464)	144,725
<b>Total other financing sources (uses)</b>	<b>(2,779,189)</b>	<b>(2,929,189)</b>	<b>(2,784,464)</b>	<b>144,725</b>
<b>Net change in fund balance</b>	<b>\$ (1,939,784)</b>	<b>\$ 47,588</b>	<b>3,148,070</b>	<b>\$ 3,100,482</b>
<b>FUND BALANCES:</b>				
Beginning of year			<b>16,417,439</b>	
End of year			<b>\$ 19,565,509</b>	

**City of Millbrae**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2023**

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**Budgetary Comparison Schedule, Low and Moderate Income Housing Asset Fund**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 20,000	\$ 20,000	\$ 216,279	\$ 196,279
<b>Total revenues</b>	<u>20,000</u>	<u>20,000</u>	<u>216,279</u>	<u>196,279</u>
<b>Net change in fund balances</b>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>216,279</u>	<u>\$ 196,279</u>
Beginning Fund Balance			<u>13,990,913</u>	
Ending Fund Balance			<u>\$ 14,207,192</u>	

**City of Millbrae**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2023**

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**Budgetary Comparison Schedule, Developer Fee Special Revenue Fund**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ 2,681,125	\$ 2,681,125
Use of money and property	-	-	316,236	316,236
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>2,997,361</b>	<b>2,997,361</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	385,711	357,537	28,174
Capital outlay	2,917,000	3,291,050	104,557	3,186,493
<b>Total expenditures</b>	<b>2,917,000</b>	<b>3,676,761</b>	<b>462,094</b>	<b>3,214,667</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(2,917,000)</b>	<b>(3,676,761)</b>	<b>2,535,267</b>	<b>6,212,028</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(500,000)	(500,000)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(500,000)</b>	<b>(500,000)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (2,917,000)</b>	<b>\$ (4,176,761)</b>	<b>2,035,267</b>	<b>\$ 6,212,028</b>
<b>FUND BALANCES:</b>				
Beginning of year			11,554,517	
End of year			<b>\$ 13,589,784</b>	

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**City of Millbrae**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2023**

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**2. DEFINED BENEFIT PENSION PLAN**

*A. Schedule of the City's Proportionate Share of the Net Pension Liability - Last 10 Years\**

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Proportion of the net pension liability	0.517400%	0.661810%	0.498470%	0.502670%
Proportionate share of the net pension liability	\$ 59,764,292	\$ 35,792,327	\$ 54,235,940	\$ 51,509,253
Covered payroll	\$ 7,733,319	\$ 7,356,631	\$ 7,598,472	\$ 7,644,691
Proportionate share of the net pension liability as percentage of covered payroll	772.82%	486.53%	713.77%	673.79%
Plan fiduciary net position as a percentage of the total pension liability	76.68%	88.29%	75.10%	75.26%

**Note to Schedule:**

\* Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016, then decreased from 7.65% to 7.15% in fiscal year 2018, and decreased to 6.9% in fiscal year 2023.

The CalPERS mortality assumptions were adjusted in fiscal year 2019

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<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
0.505901%	0.491466%	0.494261%	0.499079%	0.465881%
\$ 48,749,947	\$ 48,739,905	\$ 42,768,893	\$ 34,256,328	\$ 28,989,301
\$ 7,355,105	\$ 6,165,233	\$ 5,834,899	\$ 6,870,921	\$ 7,291,105
662.80%	790.56%	732.98%	498.57%	397.60%
75.26%	73.31%	74.06%	78.40%	79.82%

**City of Millbrae**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2023**

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**2. DEFINED BENEFIT PENSION PLAN, Continued**

**B. Schedule of Pension Contributions - Last 10 Years\***

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Contractually required contribution(actuarially determined)	\$ 6,016,160	\$ 5,520,289	\$ 5,173,206	\$ 4,514,053
Contribution in relation to the actuarially determined contributions	(6,016,160)	(5,520,289)	(5,173,206)	(4,514,053)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
 Covered payroll	 \$ 7,919,408	 \$ 7,733,319	 \$ 7,356,631	 \$ 7,598,472
Contributions as a percentage of covered payroll	75.97%	71.38%	70.32%	59.41%

**Notes to Schedule:**

Valuation date:	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Methods and assumptions used to determine contribution rates:				
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed Varies, not more than 30 years	Level percentage of payroll, closed Varies, not more than 30 years	Level percentage of payroll, closed Varies, not more than 30 years	Level percentage of payroll, closed Varies, not more than 30 years
Remaining amortization period	years	years	years	years
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Inflation	2.500%	2.500%	2.500%	2.625%
Salary increases	Varies by entry age and service			
Investment rate of return	7.00%	7.00%	7.00%	7.25%
Payroll Growth	Depending on age, service, and type of employment	Depending on age, service, and type of employment	Depending on age, service, and type of employment	Depending on age, service, and type of employment

\* Fiscal year 2015 was the 1st year of implementation.

6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
\$ 4,107,984	\$ 3,312,932	\$ 2,334,524	\$ 2,064,418	\$ 1,399,544
(4,107,984)	(3,312,932)	(2,334,524)	(2,064,418)	(1,399,544)
<u>\$ -</u>				
\$ 7,644,691	\$ 7,355,105	\$ 6,165,233	\$ 5,834,899	\$ 6,870,921
53.74%	45.04%	37.87%	35.38%	20.37%

6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Entry age				
Level	Level	Level	Level	Level
percentage of payroll, closed				
Varies, not more than 30 years				
Market Value	Market Value	Market Value	Market Value	15 yr smoothed
2.75%	2.75%	2.75%	2.75%	2.75%
Varies by entry age and service				
7.375%	7.50%	7.50%	7.50%	7.50%
Depending on age, service, and type of employment	Depending on age, service, and type of employment	Depending on age, service, and type of employment	Depending on age, service, and type of employment	Depending on age, service, and type of employment

**City of Millbrae**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2023**

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**3. OTHER POSTEMPLOYMENT BENEFITS**

**A. Schedule of Changes in Net OPEB Liability and Related Ratios During the Measurement Period - Last 10 Years\***

<b>Measurement Period</b>	<b>2022/2023</b>	<b>2021/2022</b>	<b>2020/2021</b>	<b>2019/2020</b>
<b>Total OPEB Liability</b>				
Service Cost	\$ 87,428	\$ 199,133	\$ 188,616	\$ 204,896
Interest on the total OPEB liability	795,746	756,792	794,245	821,818
Differences between expected and actual experience	-	682,585	-	(241,583)
Changes of assumptions	-	(145,016)	690,772	(211,223)
Benefit payments, including refunds of employee contributions	(1,008,458)	(1,025,000)	(1,041,312)	(993,063)
<b>Net change in total OPEB liability</b>	<b>(125,284)</b>	<b>468,494</b>	<b>632,321</b>	<b>(419,155)</b>
<b>Total OPEB liability - beginning</b>	<b>14,670,268</b>	<b>14,201,774</b>	<b>13,569,453</b>	<b>13,988,608</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 14,544,984</b>	<b>\$ 14,670,268</b>	<b>\$ 14,201,774</b>	<b>\$ 13,569,453</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 1,008,458	\$ 1,025,000	\$ 1,043,516	\$ 996,962
Contributions - employee				-
Net investment income	517,301	(1,633,407)	1,598,616	419,932
Benefit payments, including refunds of employee contributions	(1,008,458)	(1,025,000)	(1,041,312)	(993,063)
Administrative expense	(22,938)	(26,791)	(27,480)	(25,870)
<b>Net change in plan fiduciary net position</b>	<b>494,363</b>	<b>(1,660,198)</b>	<b>1,573,340</b>	<b>397,961</b>
<b>Plan fiduciary net position - beginning</b>	<b>7,547,591</b>	<b>9,207,789</b>	<b>7,634,449</b>	<b>7,236,488</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 8,041,954</b>	<b>\$ 7,547,591</b>	<b>\$ 9,207,789</b>	<b>\$ 7,634,449</b>
<b>Net OPEB liability/(asset) - ending (a) - (b)</b>	<b>\$ 6,503,030</b>	<b>\$ 7,122,677</b>	<b>\$ 4,993,985</b>	<b>\$ 5,935,004</b>
Plan fiduciary net position as a percentage of the total OPEB liability	55.3%	51.4%	64.8%	56.3%
Covered-employee payroll <sup>(1)</sup>	\$ 4,276,072	\$ 4,340,933	\$ 4,640,548	\$ 4,797,844
Employee payroll	152.1%	164.1%	107.6%	123.7%

\* Fiscal year 2018 was the 1st year of implementation, therefore only six years are shown

(1) - Contributions are not based on a measure of pay

Changes of assumption - the discount rate used to measure the total OPEB liability was changed from 6% to 5.5% for measurement date June 30, 2021.

<u>2018/2019</u>		<u>2017/18</u>	
\$ 198,928	\$ 193,134		
818,192	813,998		
-	-		
-	-		
<u>(932,212)</u>	<u>(953,848)</u>		
84,908	53,284		
13,903,700	13,850,416		
<u>\$ 13,988,608</u>	<u>\$ 13,903,700</u>		
\$ 932,212	\$ 4,453,848		
-	-		
371,984	166,768		
<u>(932,212)</u>	<u>(953,848)</u>		
<u>(20,688)</u>	<u>(21,544)</u>		
351,296	3,645,224		
<u>6,885,191</u>	<u>3,239,967</u>		
<u>\$ 7,236,487</u>	<u>\$ 6,885,191</u>		
\$ 6,752,121	\$ 7,018,509		
51.7%	49.5%		
\$ 4,869,011	\$ 4,662,129		
138.7%	150.5%		

**City of Millbrae**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2023**

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**3. OTHER POSTEMPLOYMENT BENEFITS, Continued**

***B. Schedule of OPEB Contributions – Last 10 Years\****

Fiscal Year Ended June 30	2023	2022
Actuarially Determined Contribution (ADC)	\$ -	\$ -
Contributions in relation to the ADC	1,008,458	1,025,000
Contribution deficiency (excess)	<u>\$ (1,008,458)</u>	<u>\$ (1,025,000)</u>
Covered-employee payroll	\$ 4,276,072	\$ 4,340,933
Contributions as a percentage of covered-employee payroll	23.6%	23.6%

**Notes to Schedule of Employer Contribution:**

Valuation Date	June 30, 2022	June 30, 2022
Actuarial Cost Method	Entry Age Normal, Level % of pay	Entry Age Normal, Level % of pay
Amortization Method	Level % of pay	Level % of pay
Amortization Period	16-year fixed period for 2020/21	16-year fixed period for 2020/21
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period	Investment gains and losses spread over 5-year rolling period
Discount Rate	5.60%	5.60%
General Inflation	2.50%	2.50%
Medical Trend	4%	4%

Mortality	CalPERS 1997-2015 experience study	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-2017	Mortality projected fully generational with Scale MP-2017

\* Fiscal year 2018 was the 1st year of implementation, therefore only six years are shown

2021				2020				2019				2018			
\$	667,000	\$	659,000	\$	648,000	\$	884,000								
	1,043,516		996,962		932,212		4,453,848								
\$	(376,516)	\$	(337,962)	\$	(284,212)	\$	(3,569,848)								
\$	4,640,548	\$	4,797,844	\$	4,869,011	\$	4,662,129								
	22.5%		20.8%		19.1%		95.5%								

January 1, 2020	January 1, 2018	January 1, 2018	January 1, 2018
Entry Age Normal, Level % of pay	Entry Age Normal, Level % of pay	Entry Age Normal, Level % of pay	Entry Age Normal, Level % of pay
Level % of pay	Level % of pay	Level % of pay	Level % of pay
16-year fixed period for 2020/21	17-year fixed period for 2019/20	18-year fixed period for 2018/19	19-year fixed period for 2017/18
Investment gains and losses spread over 5-year rolling period	Investment gains and losses spread over 5-year rolling period	Investment gains and losses spread over 5-year rolling period	Investment gains and losses spread over 5-year rolling period
6%	6%	6%	6%
2.75%	2.75%	2.75%	2.75%
Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076
Kaiser Medicare - 5.00% for 2021, decreasing to an ultimate rate of 4.0% in 2076	Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076	Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076	Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076
Non-Kaiser Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4 % in 2076			
CalPERS 1997-2015 experience study	CalPERS 1997-2015 experience study	CalPERS 1997-2015 experience study	CalPERS 1997-2015 experience study
Mortality projected fully generational with Scale MP-2017	Mortality projected fully generational with Scale MP-2017	Mortality projected fully generational with Scale MP-2017	Mortality projected fully generational with Scale MP-2017

**City of Millbrae**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2023**

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**3. OTHER POSTEMPLOYMENT BENEFITS, Continued**

*C. Schedule of Investment Returns - OPEB Trust Program - Last 10 Years\**

Year	Annual Money-Weighted Rate of Return, Net of Investment Expenses
2017	8.7900%
2018	3.5300%
2019	5.4100%
2020	5.5900%
2021	20.6100%
2022	-18.0300%
2023	6.5500%

\* Fiscal year 2017 was the 1st year of implementation, therefore only seven years are shown

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## **SUPPLEMENTARY INFORMATION**

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## NON-MAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

*Measure A Fund* accounts for additional county-wide sales tax imposed to provide resources for street and highway improvements.

*Gas Tax* accounts for gasoline tax allocated by the State for street and highway maintenance and improvements.

*Special recreation* accounts for fees and charges and expenditures for recreation and culture programs.

*Integrated Waste Management* accounts for solid waste franchise fees dedicated to AB939 compliance, that is, to fund City programs related to solid waste reduction and recycling.

*Other* accounts for moneys received from the Asset Forfeitures, Grants and other special revenue funds.

*Measure W Fund* accounts for additional county-wide sales tax imposed to provide resources for local transportation purposes.

*Affordable Housing Fund* - accounts for impact fees that collected from developers to help fund affordable housing.

### Debt Service Funds

*Library Bonds Debt Service Fund* accounts for the accumulation of resources for, and payment of principal and interest on, the City's 2001 general obligation bond issued for the Millbrae Public Library Project and the City's 2013 general obligation bonds issued to refinance the 2001 general obligation bonds.

*1999 Certificates of Participation (COPS)* accounts for the accumulation of resources for, and payment of the 1999 Certificates of Participation principal and interest.

*2004 Taxable Pension Obligation Bonds* accounts for payment of principal and interest on the City's share of the 2004 California Statewide Community Development Authority Capital Appreciation Bonds.

### Capital Project Funds

*Recreation Center Capital Project Fund* accounts for activities relating to rebuilding the Millbrae Recreation Center, including insurance proceeds committed for that purpose.

**City of Millbrae**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2023**

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Special Revenue Funds					
	Measure A	Gas Tax	Special Recreation	Integrated Waste Management	Other
<b>ASSETS</b>					
Cash and investments	\$ 1,337,450	\$ 1,593,212	\$ 411,992	\$ 1,435,625	\$ 3,637,921
Cash with fiscal agents	-	-	-	-	-
Receivables:					
Taxes	55,184	65,674	-	58,082	-
Accounts - net	-	91,229	61,967	-	12,650
Loan receivables	-	-	-	-	2,880,000
<b>Total assets</b>	<b>\$ 1,392,634</b>	<b>\$ 1,750,115</b>	<b>\$ 473,959</b>	<b>\$ 1,493,707</b>	<b>\$ 6,636,684</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 490,101	\$ 216,770	\$ 191,037	\$ 23,875	\$ 80,813
Deposits	-	-	73,239	-	-
Advance from other funds	-	-	-	-	-
Unearned revenue	-	-	202,218	-	-
<b>Total liabilities</b>	<b>490,101</b>	<b>216,770</b>	<b>466,494</b>	<b>23,875</b>	<b>80,813</b>
<b>Fund Balances:</b>					
Restricted	902,533	1,533,345	-	1,469,832	4,374,515
Committed	-	-	7,465	-	2,181,356
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>902,533</b>	<b>1,533,345</b>	<b>7,465</b>	<b>1,469,832</b>	<b>6,555,871</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,392,634</b>	<b>\$ 1,750,115</b>	<b>\$ 473,959</b>	<b>\$ 1,493,707</b>	<b>\$ 6,636,684</b>

Measure W	Debt Service Funds					Capital Project Fund			Total Non-Major Governmental Funds
	Affordable Housing	Library Fund	1999 COPS	2004	Pension Obligation Bonds	Recreation Center Capital Projects			
\$ 517,910	\$ 1,978,649	\$ 1,288,617	\$ 100,204	\$ 178	\$ -	\$ -	\$ -	\$ 12,301,758	
-	-	-	-	53,565	-	-	-	53,565	
55,251	-	-	-	-	-	-	-	234,191	
-	-	-	-	-	-	-	-	165,846	
-	-	-	-	-	-	-	-	2,880,000	
<b>\$ 573,161</b>	<b>\$ 1,978,649</b>	<b>\$ 1,288,617</b>	<b>\$ 100,204</b>	<b>\$ 53,743</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,741,473</b>	
<hr/>									
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,889	\$ 1,033,485		
-	-	-	-	-	-	-	-	73,239	
-	-	-	-	-	-	1,493,273	1,493,273		
-	-	-	-	-	-	-	-	202,218	
-	-	-	-	-	-	1,524,162	2,802,215		
<b>573,161</b>	<b>1,978,649</b>	<b>1,288,617</b>	<b>100,204</b>	<b>53,743</b>	<b>-</b>	<b>12,274,599</b>			
-	-	-	-	-	-	-	-	2,188,821	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	(1,524,162)	(1,524,162)		
<b>573,161</b>	<b>1,978,649</b>	<b>1,288,617</b>	<b>100,204</b>	<b>53,743</b>	<b>(1,524,162)</b>	<b>12,939,258</b>			
<b>\$ 573,161</b>	<b>\$ 1,978,649</b>	<b>\$ 1,288,617</b>	<b>\$ 100,204</b>	<b>\$ 53,743</b>	<b>\$ -</b>	<b>\$ 15,741,473</b>			

# City of Millbrae

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

### Non-Major Governmental Funds

For the year ended June 30, 2023

	Special Revenue Funds				
	Measure A	Gas Tax	Special Recreation	Integrated Waste Management	Other
<b>REVENUES:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	732,665	1,117,763	-	-	-
License and permits	-	-	-	-	234,870
Charges for services	-	-	960,115	405,721	1,206,907
Use of money and property	17,925	64,462	-	36,300	173,103
Grants and intergovernmental	-	-	50,723	5,956	547,362
Miscellaneous	-	-	67,679	-	51,131
<b>Total revenues</b>	<b>750,590</b>	<b>1,182,225</b>	<b>1,078,517</b>	<b>447,977</b>	<b>2,213,373</b>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	23,045	-
Public works	61,377	422,988	-	293,981	53,238
Culture and recreation	-	-	2,171,577	-	599,855
Community development	-	-	-	-	214,955
Capital outlay	658,036	294,992	-	-	203,252
Debt service:					
Principal	-	-	-	-	-
Interest, and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>719,413</b>	<b>717,980</b>	<b>2,171,577</b>	<b>317,026</b>	<b>1,071,300</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>31,177</b>	<b>464,245</b>	<b>(1,093,060)</b>	<b>130,951</b>	<b>1,142,073</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	1,096,468	-	382,256
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>1,096,468</b>	<b>-</b>	<b>382,256</b>
<b>Net change in fund balances</b>	<b>31,177</b>	<b>464,245</b>	<b>3,408</b>	<b>130,951</b>	<b>1,524,329</b>
<b>FUND BALANCES:</b>					
Beginning of the year	871,356	1,069,100	4,057	1,338,881	5,031,542
End of year	<b>\$ 902,533</b>	<b>\$ 1,533,345</b>	<b>\$ 7,465</b>	<b>\$ 1,469,832</b>	<b>\$ 6,555,871</b>

Measure W	Debt Service Funds				Capital Project Fund			Total Non-Major Governmental Funds
	Affordable Housing	Library Fund	1999 COPS	2004 Pension Obligation Bonds	Recreation Center Capital Projects			
\$ -	\$ -	\$ 710,775	\$ -	\$ -	\$ -	\$ -	\$ 710,775	
320,451	-	-	-	-	-	-	2,170,879	
-	-	-	-	-	-	-	234,870	
-	1,978,649	-	-	-	-	-	4,551,392	
38,665	-	-	-	40,249	-	-	370,704	
-	-	-	-	-	1,763,705	-	2,367,746	
-	-	-	-	1,293,444	376,999	-	1,789,253	
<b>359,116</b>	<b>1,978,649</b>	<b>710,775</b>	<b>-</b>	<b>1,333,693</b>	<b>2,140,704</b>	<b>12,195,619</b>		
		19,435	-	-	3,055	45,535		
	-	-	-	-	-	831,584		
	-	-	-	-	12,891	2,784,323		
	-	-	-	-	-	214,955		
411,230	-	-	-	-	283,626	1,851,136		
	-	310,000	240,000	1,290,000	-	1,840,000		
	-	328,038	20,740	4,610	-	353,388		
411,230	-	657,473	260,740	1,294,610	299,572	7,920,921		
(52,114)	1,978,649	53,302	(260,740)	39,083	1,841,132	4,274,698		
	-	-	260,740	-	500,000	2,239,464		
	-	-	260,740	-	500,000	2,239,464		
(52,114)	1,978,649	53,302	-	39,083	2,341,132	6,514,162		
625,275	-	1,235,315	100,204	14,660	(3,865,294)	6,425,096		
<b>\$ 573,161</b>	<b>\$ 1,978,649</b>	<b>\$ 1,288,617</b>	<b>\$ 100,204</b>	<b>\$ 53,743</b>	<b>\$ (1,524,162)</b>	<b>\$ 12,939,258</b>		

# City of Millbrae

## Combining Schedules of Revenues, Expenditures and Changes in Fund Balances

### Budget and Actual - Non-Major Governmental Funds

For the year ended June 30, 2023

	Special Revenue Funds					
	Measure A		Variance Positive (Negative)	Gas Tax		Variance Positive (Negative)
	Budget	Actual		Budget	Actual	
<b>REVENUES:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	685,535	732,665	47,130	1,135,875	1,117,763	(18,112)
License and permits	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Use of money and property	-	17,925	17,925	8,000	64,462	56,462
Grants and intergovernmental	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<b>685,535</b>	<b>750,590</b>	<b>65,055</b>	<b>1,143,875</b>	<b>1,182,225</b>	<b>38,350</b>
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	-	-	-	-
Public works	67,257	61,377	5,880	348,227	422,988	(74,761)
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	787,013	658,036	128,977	1,046,775	294,992	751,783
Debt service:						
Principal	-	-	-	-	-	-
Interest, and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>854,270</b>	<b>719,413</b>	<b>134,857</b>	<b>1,395,002</b>	<b>717,980</b>	<b>677,022</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(168,735)</b>	<b>31,177</b>	<b>199,912</b>	<b>(251,127)</b>	<b>464,245</b>	<b>715,372</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (168,735)</b>	<b>31,177</b>	<b>\$ 199,912</b>	<b>\$ (251,127)</b>	<b>464,245</b>	<b>\$ 715,372</b>
Beginning Fund Balances		871,356			1,069,100	
Ending Fund Balances (Deficits)		<b>\$ 902,533</b>			<b>\$ 1,533,345</b>	

Special Revenue Funds											
Special Recreation			Integrated Waste Management				Other				
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actuals	Variance Positive (Negative)			
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	100,000	234,870	134,870	
794,908	960,115	165,207	320,000	405,721	85,721	1,010,000	1,206,907	196,907			
-	-	-	10,000	36,300	26,300	21,000	173,103	152,103			
-	50,723	50,723	-	5,956	5,956	527,572	547,362	19,790			
20,000	67,679	47,679	-	-	-	-	51,131	51,131			
<b>814,908</b>	<b>1,078,517</b>	<b>263,609</b>	<b>330,000</b>	<b>447,977</b>	<b>117,977</b>	<b>1,658,572</b>	<b>2,213,373</b>	<b>554,801</b>			
11,500	-	11,500	3,000	23,045	(20,045)	135,000	-	135,000			
-	-	-	291,736	293,981	(2,245)	51,483	53,238	(1,755)			
2,026,342	2,171,577	(145,235)	-	-	-	846,835	599,855	246,980			
-	-	-	-	-	-	1,272,937	214,955	1,057,982			
-	-	-	-	-	-	215,027	203,252	11,775			
-	-	-	-	-	-	-	-	-			
-	-	-	-	-	-	-	-	-			
<b>2,037,842</b>	<b>2,171,577</b>	<b>(133,735)</b>	<b>294,736</b>	<b>317,026</b>	<b>(22,290)</b>	<b>2,521,282</b>	<b>1,071,300</b>	<b>1,449,982</b>			
<b>(1,222,934)</b>	<b>(1,093,060)</b>	<b>129,874</b>	<b>35,264</b>	<b>130,951</b>	<b>95,687</b>	<b>(862,710)</b>	<b>1,142,073</b>	<b>2,004,783</b>			
<b>1,222,935</b>	<b>1,096,468</b>	<b>(126,467)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400,512</b>	<b>382,256</b>	<b>(18,256)</b>			
<b>1,222,935</b>	<b>1,096,468</b>	<b>(126,467)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400,512</b>	<b>382,256</b>	<b>(18,256)</b>			
<b>\$ 1</b>	<b>3,408</b>	<b>\$ 3,407</b>	<b>\$ 35,264</b>	<b>130,951</b>	<b>\$ 95,687</b>	<b>\$ (462,198)</b>	<b>1,524,329</b>	<b>\$ 1,986,527</b>			
	<b>4,057</b>			<b>1,338,881</b>				<b>5,031,542</b>			
	<b>\$ 7,465</b>			<b>\$ 1,469,832</b>				<b>\$ 6,555,871</b>			

# City of Millbrae

## Combining Schedules of Revenues, Expenditures and Changes in Fund Balances

### Budget and Actual - Non-Major Governmental Funds

For the year ended June 30, 2023

	Special Revenue Funds					
	Measure W		Affordable Housing		Variance Positive	
	Budget	Actual	(Negative)	Budget	Actual	(Negative)
<b>REVENUES:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	304,682	320,451	15,769	-	-	-
License and permits	-	-	-	-	-	-
Charges for services	-	-	-	-	1,978,649	1,978,649
Use of money and property	-	38,665	38,665	-	-	-
Grants and intergovernmental	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<b>304,682</b>	<b>359,116</b>	<b>54,434</b>	<b>-</b>	<b>1,978,649</b>	<b>1,978,649</b>
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	623,368	411,230	212,138	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest, and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>623,368</b>	<b>411,230</b>	<b>212,138</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(318,686)</b>	<b>(52,114)</b>	<b>266,572</b>	<b>-</b>	<b>1,978,649</b>	<b>1,978,649</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (318,686)</b>	<b>(52,114)</b>	<b>\$ 266,572</b>	<b>\$ -</b>	<b>1,978,649</b>	<b>\$ 1,978,649</b>
Beginning Fund Balances	<u>625,275</u>		<u>-</u>		<u>-</u>	
Ending Fund Balances (Deficits)	<u>\$ 573,161</u>		<u>\$ 1,978,649</u>		<u>\$ 1,978,649</u>	

Debt Service Funds											
Library Fund				1999 COPS				2004 Pension Obligation Bonds			
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)			
\$ 657,000	\$ 710,775	\$ 53,775	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	1,978,649	1,978,649	
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
									1,290,000		(1,290,000)
657,000	710,775	53,775	-	-	-	1,290,000			1,978,649	688,649	
19,435	19,435	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
310,000	310,000	-	232,000	240,000	(8,000)	1,285,000	-		1,285,000		
327,538	328,038	(500)	28,740	20,740	8,000	5,000	-			5,000	
656,973	657,473	(500)	260,740	260,740	-	1,290,000	-		1,290,000		
27	53,302	53,275	(260,740)	(260,740)	-	-	-		1,978,649	1,978,649	
-	-	-	260,740	260,740	-	-	-	-	-	-	-
-	-	-	260,740	260,740	-	-	-	-	-	-	-
\$ 27	53,302	\$ 53,275	\$ -	-	\$ -	\$ -	\$ -	\$ -	1,978,649	\$ 1,978,649	
	1,235,315			100,204					-		
	<u>\$ 1,288,617</u>			<u>\$ 100,204</u>					<u>\$ 1,978,649</u>		

# City of Millbrae

## Combining Schedules of Revenues, Expenditures and Changes in Fund Balances

### Budget and Actual - Non-Major Governmental Funds

For the year ended June 30, 2023

	Capital Project Fund			Total		
	Recreation Center Capital Projects		Variance Positive (Negative)			Variance Positive (Negative)
	Budget	Actual		Budget	Actual	
<b>REVENUES:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ 657,000	\$ 710,775	\$ 53,775
Other taxes	-	-	-	2,126,092	2,170,879	44,787
License and permits	-	-	-	100,000	234,870	134,870
Charges for services	-	-	-	2,124,908	6,530,041	4,405,133
Use of money and property	-	-	-	39,000	330,455	291,455
Grants and intergovernmental	-	1,763,705	1,763,705	527,572	2,367,746	1,840,174
Miscellaneous	-	376,999	376,999	1,310,000	495,809	(814,191)
<b>Total revenues</b>	<b>-</b>	<b>2,140,704</b>	<b>2,140,704</b>	<b>6,884,572</b>	<b>12,840,575</b>	<b>5,956,003</b>
<b>EXPENDITURES:</b>						
Current:						
General government	-	3,055	(3,055)	168,935	45,535	123,400
Public works	-	-	-	758,703	831,584	(72,881)
Culture and recreation	115,252	12,891	102,361	2,988,429	2,784,323	204,106
Community development	-	-	-	1,272,937	214,955	1,057,982
Capital outlay	213,539	283,626	(70,087)	2,885,722	1,851,136	1,034,586
Debt service:						
Principal	-	-	-	1,827,000	550,000	1,277,000
Interest, and fiscal charges	-	-	-	361,278	348,778	12,500
<b>Total expenditures</b>	<b>328,791</b>	<b>299,572</b>	<b>29,219</b>	<b>10,263,004</b>	<b>6,626,311</b>	<b>3,636,693</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(328,791)</b>	<b>1,841,132</b>	<b>2,169,923</b>	<b>(3,378,432)</b>	<b>6,214,264</b>	<b>9,592,696</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	1,083,000	500,000	(583,000)	2,967,187	2,239,464	(727,723)
<b>Total other financing sources (uses)</b>	<b>1,083,000</b>	<b>500,000</b>	<b>(583,000)</b>	<b>2,967,187</b>	<b>2,239,464</b>	<b>(727,723)</b>
<b>Net change in fund balances</b>	<b>\$ 754,209</b>	<b>2,341,132</b>	<b>\$ 1,586,923</b>	<b>\$ (411,245)</b>	<b>8,453,728</b>	<b>\$ 8,864,973</b>
Beginning Fund Balances		(3,865,294)			6,410,436	
Ending Fund Balances (Deficits)		<u>\$ (1,524,162)</u>			<u>\$ 14,864,164</u>	

## INTERNAL SERVICE FUNDS

*Municipal Garage* accounts for the purchase and maintenance of all motor vehicles except fire engines.

*Unemployment Insurance* accounts for the accumulation, claims and payment of unemployment benefits.

*Workers' Compensation* accounts for the resources, claims, and payment of Workers' Compensation benefits.

*General Liability* accounts for the resource, claims, and insurance premiums related to general liability costs.

*Leave Accrual* accounts for the accumulation of earned compensation.

*OPEB* accounts for the City's Other Post-Employment Benefits.

# City of Millbrae

## Combining Statement of Net Position

### Internal Service Funds

June 30, 2023

	Municipal Garage	Unemployment Insurance	Workers' Compensation
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 3,153,789	\$ 94,497	\$ 4,270,460
Accounts - net	37,843	-	-
Total current assets	<u>3,191,632</u>	<u>94,497</u>	<u>4,270,460</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable capital assets	99,128	-	-
Depreciable capital assets, net	1,278,458	-	-
Total capital assets	<u>1,377,586</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>1,377,586</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<b>4,569,218</b>	<b>94,497</b>	<b>4,270,460</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred employer pension contributions	51,142	-	15,278
Deferred outflows of resources - pension	144,844	-	43,271
<b>Total deferred outflows of resources</b>	<b>195,986</b>	<b>-</b>	<b>58,549</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued payroll	120,850	-	1,297
Compensated absences	-	-	-
Accrued self insurance	-	-	163,000
Total current liabilities	<u>120,850</u>	<u>-</u>	<u>164,297</u>
Noncurrent liabilities:			
Compensated absences	-	-	-
Accrued self-insurance	-	-	1,206,000
Net Pension Liability	473,769	-	141,536
Total noncurrent liabilities	<u>473,769</u>	<u>-</u>	<u>1,347,536</u>
<b>Total liabilities</b>	<b>594,619</b>	<b>-</b>	<b>1,511,833</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	65,649	-	19,612
<b>Total deferred inflows of resources</b>	<b>65,649</b>	<b>-</b>	<b>19,612</b>
<b>NET POSITION</b>			
Net investment in capital assets	1,377,586	-	-
Unrestricted	2,727,350	94,497	2,797,564
<b>Total net position</b>	<b>\$ 4,104,936</b>	<b>\$ 94,497</b>	<b>\$ 2,797,564</b>

General Liability	Leave Accrual	OPEB	Total
\$ 227,887	\$ 395,876	\$ 8,324	\$ 8,150,833
-	-	-	37,843
<u>227,887</u>	<u>395,876</u>	<u>8,324</u>	<u>8,188,676</u>
-	-	-	99,128
-	-	-	1,278,458
-	-	-	1,377,586
-	-	-	1,377,586
<u>227,887</u>	<u>395,876</u>	<u>8,324</u>	<u>9,566,262</u>
16,832	-	-	83,252
47,671	-	-	235,786
<u>64,503</u>	<u>-</u>	<u>-</u>	<u>319,038</u>
98,607	-	-	220,754
-	79,659	-	79,659
<u>208,782</u>	<u>-</u>	<u>-</u>	<u>371,782</u>
<u>307,389</u>	<u>79,659</u>	<u>-</u>	<u>672,195</u>
-	716,933	-	716,933
-	-	-	1,206,000
<u>155,926</u>	<u>-</u>	<u>-</u>	<u>771,231</u>
<u>155,926</u>	<u>716,933</u>	<u>-</u>	<u>2,694,164</u>
<u>463,315</u>	<u>796,592</u>	<u>-</u>	<u>3,366,359</u>
<u>21,606</u>	<u>-</u>	<u>-</u>	<u>106,867</u>
<u>21,606</u>	<u>-</u>	<u>-</u>	<u>106,867</u>
-	-	-	1,377,586
<u>(192,531)</u>	<u>(400,716)</u>	<u>8,324</u>	<u>5,034,488</u>
<u>\$ (192,531)</u>	<u>\$ (400,716)</u>	<u>\$ 8,324</u>	<u>\$ 6,412,074</u>

# City of Millbrae

## Combining Statement of Revenues, Expenses and Changes in Fund Net Position Internal Service Funds For the year ended June 30, 2023

	Municipal Garage	Unemployment Insurance	Workers' Compensation
<b>OPERATING REVENUES:</b>			
Interdepartmental charges	\$ 608,082	\$ -	\$ -
Miscellaneous	966	-	-
<b>Total operating revenues</b>	<b>609,048</b>	<b>-</b>	<b>-</b>
<b>OPERATING EXPENSES:</b>			
Personnel services	237,962	-	41,322
Contractual services	85,660	-	36,093
Materials, supplies and other services	414,603	1,197	24,263
Depreciation	204,890	-	-
Insurance premiums and claims	14,376	-	131,321
<b>Total operating expenses</b>	<b>957,491</b>	<b>1,197</b>	<b>232,999</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(348,443)</b>	<b>(1,197)</b>	<b>(232,999)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest revenue	110,934	2,478	113,245
<b>Total nonoperating revenues (expenses)</b>	<b>110,934</b>	<b>2,478</b>	<b>113,245</b>
<b>Change in net position</b>	<b>(237,509)</b>	<b>1,281</b>	<b>(119,754)</b>
<b>NET POSITION</b>			
Beginning of year	4,342,445	93,216	2,917,318
End of year	<b>\$ 4,104,936</b>	<b>\$ 94,497</b>	<b>\$ 2,797,564</b>

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General Liability	Leave Accrual	OPEB	Total
\$ 787,856	\$ -	\$ -	\$ 1,395,938
-	-	-	966
<u>787,856</u>	<u>-</u>	<u>-</u>	<u>1,396,904</u>
6,583	115,306	-	401,173
82,401	-	-	204,154
16,785	-	-	456,848
-	-	-	204,890
<u>1,273,401</u>	<u>-</u>	<u>-</u>	<u>1,419,098</u>
<u>1,379,170</u>	<u>115,306</u>	<u>-</u>	<u>2,686,163</u>
<u>(591,314)</u>	<u>(115,306)</u>	<u>-</u>	<u>(1,289,259)</u>
-	10,295	216	237,168
-	10,295	216	237,168
<u>(91,314)</u>	<u>(105,011)</u>	<u>216</u>	<u>(552,091)</u>
<u>(101,217)</u>	<u>(295,705)</u>	<u>8,108</u>	<u>6,964,165</u>
<u>\$ (192,531)</u>	<u>\$ (400,716)</u>	<u>\$ 8,324</u>	<u>\$ 6,412,074</u>

**City of Millbrae**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2023**

	Municipal Garage	Unemployment Insurance	Workers' Compensation
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from others	\$ 966	\$ -	\$ -
Cash received from other funds	570,239	-	-
Cash payments to suppliers for goods and services	(423,701)	(1,197)	(59,890)
Cash paid to employees	(363,375)	-	(78,788)
Claims paid	(14,376)	-	(127,321)
<b>Net cash provided by (used in) operating activities</b>	<b>(230,247)</b>	<b>(1,197)</b>	<b>(265,999)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of capital assets	(297,561)	-	-
<b>Net cash (used in) capital and related financing activities</b>	<b>(297,561)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income received	110,934	2,478	113,245
<b>Net cash provided by investing activities</b>	<b>110,934</b>	<b>2,478</b>	<b>113,245</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>(416,874)</b>	<b>1,281</b>	<b>(152,754)</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>3,570,663</b>	<b>93,216</b>	<b>4,423,214</b>
<b>FINANCIAL STATEMENT PRESENTATION:</b>	<b>\$ 3,153,789</b>	<b>\$ 94,497</b>	<b>\$ 4,270,460</b>
Cash and investments	\$ 3,153,789	\$ 94,497	\$ 4,270,460
<b>Total</b>	<b>\$ 3,153,789</b>	<b>\$ 94,497</b>	<b>\$ 4,270,460</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income	\$ (348,443)	\$ (1,197)	\$ (232,999)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	204,890	-	-
Changes in assets and liabilities:			
Deferred outflows - pension	(117,869)	-	(35,212)
Accounts payable and accrued payroll	76,562	-	466
Compensated absences	-	-	-
Accrued self insurance	-	-	4,000
Net pension liability	191,139	-	57,102
Deferred inflows - pension	(198,683)	-	(59,356)
<b>Total adjustments</b>	<b>118,196</b>	<b>-</b>	<b>(33,000)</b>
<b>Net cash provided by operating activities</b>	<b>\$ (230,247)</b>	<b>\$ (1,197)</b>	<b>\$ (265,999)</b>

General Liability	Leave Accrual	OPEB	Total
\$ -	\$ -	\$ -	\$ 966
787,856	-	-	1,358,095
(64,937)	-	-	(549,725)
(47,860)	-	-	(490,023)
(1,109,350)	-	-	(1,251,047)
(434,291)	-	-	(931,734)
 - - -	 - - -	 - - -	 (297,561)
 - - -	 - - -	 - - -	 (297,561)
 - - -	 10,295	 216	 237,168
 - - -	 10,295	 216	 237,168
 65,709	 10,295	 216	 (492,127)
 162,178	 385,581	 8,108	 8,642,960
 <u>\$ 227,887</u>	 <u>\$ 395,876</u>	 <u>\$ 8,324</u>	 <u>\$ 8,150,833</u>
 <u>\$ 227,887</u>	 <u>\$ 395,876</u>	 <u>\$ 8,324</u>	 <u>\$ 8,150,833</u>
 \$ (591,314)	 \$ (115,306)	 \$ -	 \$ (1,289,259)
 - - -	 - - -	 - - -	 204,890
 (38,793)	 - - -	 - - -	 (191,874)
 34,249	 - - -	 - - -	 111,277
 - - -	 115,306	 - - -	 115,306
 164,051	 - - -	 - - -	 168,051
 62,907	 - - -	 - - -	 311,148
 (65,391)	 - - -	 - - -	 (323,430)
 157,023	 115,306	 - - -	 357,525
 <u>\$ (434,291)</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (931,734)</u>

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# STATISTICAL SECTION (Unaudited)

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This part of the City of Millbrae's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial condition.

## Contents

### **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.

### **Revenue Capacity**

These schedules contain information to help the reader assess the City's most significant local revenues source, the property tax.

### **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 issues additional debt in the future.

### **Demographic and Economic Information**

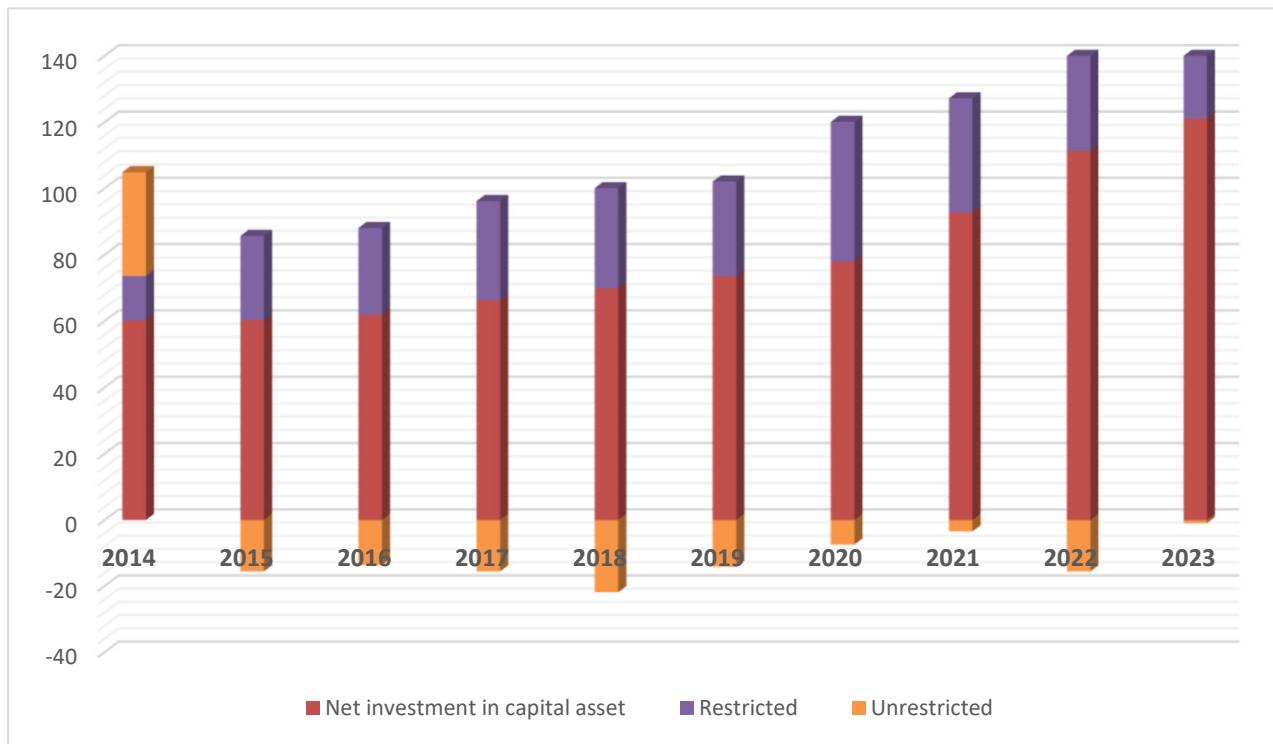
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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**CITY OF MILLBRAE**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(Dollars in millions)**



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities</b>										
Net investment in capital assets	46.9	46.2	46.0	47.5	48.0	51.3	54.0	66.9	80.8	81.5
Restricted	13.4	25.4	26.2	29.8	30.2	28.6	42.1	34.5	35.1	40.1
Unrestricted	14.2	(24.6)	(20.1)	(19.4)	(25.9)	(26.4)	(25.8)	(26.3)	(36.6)	(22.3)
Total governmental activities net position	74.5	47.0	52.1	57.9	52.3	53.5	70.3	75.1	79.3	99.3
<b>Business-type activities</b>										
Net investment in capital assets	13.3	14.2	15.9	18.8	21.9	22.2	24.1	25.8	30.6	39.6
Unrestricted	17.1	9.1	6.4	3.9	4.1	12.3	18.4	22.9	21.1	21.4
Total business-type activities net position	30.4	23.3	22.3	22.7	26.0	34.5	42.5	48.7	51.7	61.00
<b>Primary government</b>										
Net investment in capital assets	60.2	60.3	61.9	66.4	69.9	73.5	78.0	92.7	111.4	121.1
Restricted	13.4	25.4	26.2	29.8	30.2	28.6	42.1	34.5	35.1	40.1
Unrestricted	31.3	(15.5)	(13.6)	(15.5)	(21.8)	(14.1)	(7.4)	(3.4)	(15.5)	(0.9)
Total primary government net position	104.9	70.2	74.5	80.7	78.3	88.0	112.7	123.8	131.0	160.3

**CITY OF MILLBRAE**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Dollars in millions)**

<b>Expenses</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Governmental Activities:										
General Government	3.2	3.4	5.6	4.3	3.7	3.6	5.8	5.3	6.9	4.6
Public Safety	10.4	11.6	13.0	16.3	16.0	19.1	16.7	17.2	18.8	14.7
Public Works	2.5	3.0	3.0	4.3	5.1	4.6	4.2	3.8	4.8	4.5
Culture and Recreation	1.4	1.2	3.1	3.3	4.0	4.2	4.0	2.8	5.1	3.9
Community Development	3.6	4.3	3.2	3.0	2.9	3.7	3.3	2.6	5.0	3.8
Interest on Long-Term Debt	1.4	1.4	1.4	1.4	1.4	1.3	1.3	1.3	1.2	1.2
<b>Total Governmental Activities Expenses</b>	<b>22.5</b>	<b>24.9</b>	<b>29.3</b>	<b>32.6</b>	<b>33.1</b>	<b>36.5</b>	<b>35.4</b>	<b>33.0</b>	<b>41.9</b>	<b>32.7</b>
Business-Type Activities:										
Municipal Water System	6.5	6.7	8.4	8.4	7.4	7.2	7.4	7.7	8.4	8.1
Municipal Wastewater										
Treatment Facility	8.2	7.9	8.6	8.4	9.1	9.2	10.2	11	12.8	9.3
Storm Drain	0.5	0.4	0.3	0.8	0.9	1.0	1.0	0.9	1	0.9
<b>Total Business-Type Activities Expenses</b>	<b>15.2</b>	<b>15.0</b>	<b>17.3</b>	<b>17.6</b>	<b>17.4</b>	<b>17.4</b>	<b>18.6</b>	<b>19.6</b>	<b>22.2</b>	<b>18.3</b>
<b>Total Primary Government Expenses</b>	<b>37.7</b>	<b>39.9</b>	<b>46.6</b>	<b>50.2</b>	<b>50.5</b>	<b>53.9</b>	<b>54.0</b>	<b>52.6</b>	<b>64.1</b>	<b>51.0</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	2.4	2.2	0.8	2.4	1.9	0.8	2.6	3.1	3.1	3.1
Public Safety	1.8	1.9	1.9	0.3	0.3	1.3	0.1	1.0	1.3	1.0
Public Works	0.4	0.5	0.5	0.7	0.7	1.3	2.4	1.0	1.4	2.2
Culture and Recreation	0.9	0.9	0.9	0.6	0.5	0.6	8.1	0.4	0.6	1.0
Community Development	1.0	2.0	1.7	1.3	1.6	1.6	-	3.1	1.3	5.1
Capital Grants and Contributions	-	-	-	-	0.3	-	-	4.7	7.9	5.0
Operating Grants and Contributions	0.9	1.0	0.9	5.1	2.2	1.7	-	5.1	4.3	2.0
<b>Total Government Activities</b>										
Program Revenues	7.4	8.5	6.7	10.4	7.5	7.3	13.3	18.4	19.9	19.4
Business-Type Activities:										
Charges for Services:										
Municipal Water System	7.0	6.2	6.0	5.7	8.2	10.2	11.3	10.8	10.4	10.9
Municipal Wastewater										
Treatment Facility	8.6	8.4	9.9	11.2	12.2	13.6	13.4	13.1	13.2	14.9
Storm Drain	0.3	0.4	0.3	0.3	0.3	0.3	0.5	0.3	0.3	0.3
<b>Total Business-Type Activities</b>										
Program Revenues	15.9	15.0	16.2	17.2	20.7	24.1	25.3	24.2	23.9	26.1
<b>Total Primary Government</b>										
Program Revenues	23.3	23.5	22.9	27.6	28.2	31.4	38.6	42.6	43.8	45.5
<b>Net (Expenses)/Revenue</b>										
Governmental Activities	(15.1)	(16.4)	(22.6)	(22.2)	(25.6)	(29.3)	(15.7)	(14.6)	(22.0)	(13.3)
Business-Type Activities	0.7	-	(1.1)	(0.4)	3.3	6.7	6.6	4.5	1.7	7.8
<b>Total Primary Government Net Expense</b>	<b>(14.4)</b>	<b>(16.4)</b>	<b>(23.7)</b>	<b>(22.6)</b>	<b>(22.3)</b>	<b>(22.6)</b>	<b>(9.1)</b>	<b>(10.1)</b>	<b>(20.3)</b>	<b>(5.5)</b>

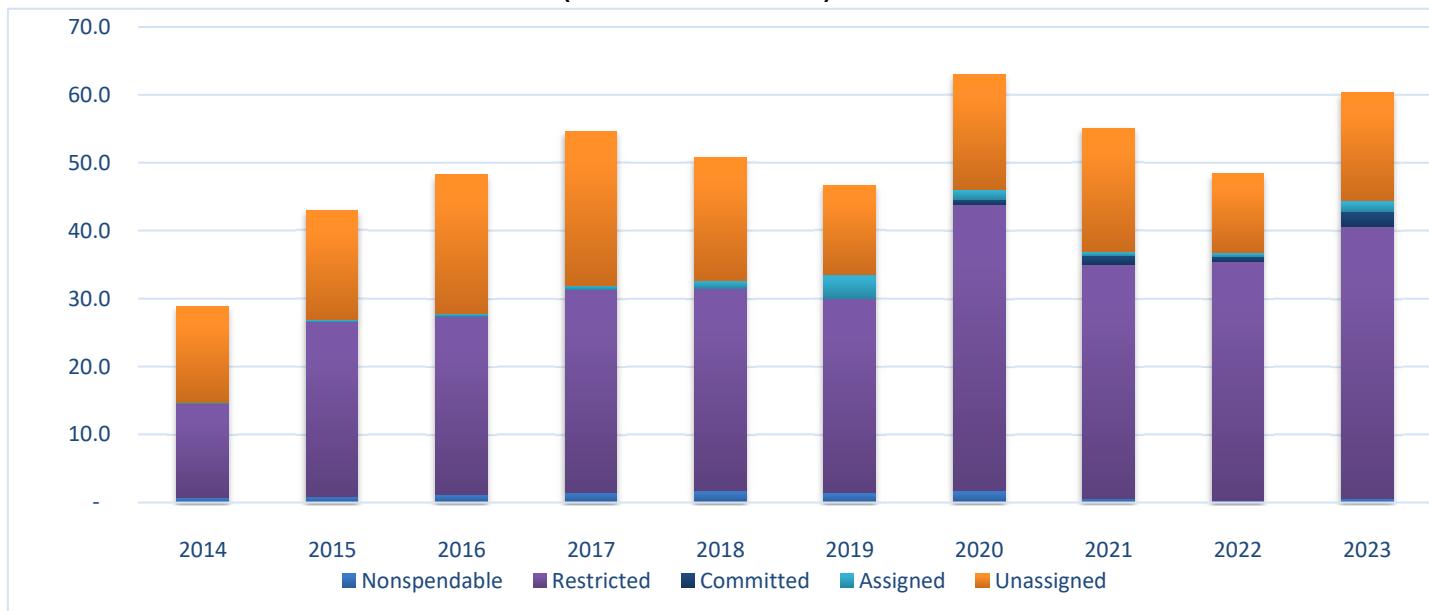
**CITY OF MILLBRAE**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Dollars in millions)**  
**(Continued)**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
Property Taxes	10.1	10.8	11.4	12.0	12.5	13.4	14.6	13.4	13.9	17.1
Sales Taxes	2.3	2.7	2.8	2.8	3.1	3.3	2.9	2.6	3.36	3.3
Transient Occupancy Tax	6.1	7.5	8.2	8.0	8.5	8.8	6.4	2.3	4.9	8
Franchise Tax	1.2	1.0	1.1	1.2	1.1	1.1	1.1	1.1	1.3	1.3
Other Taxes	0.8	0.8	1.2	1.3	1.5	1.5	1.6	1.5	1.9	1.9
Miscellaneous	0.1	0.4	1.4	2.0	1.8	1.8	2.4	0.2	0.1	0.1
Interest Earnings	0.4	0.3	0.7	0.2	0.3	1.3	2.2	(0.3)	(1.9)	2.2
Transfers	(0.2)	0.4	0.1	(0.6)	(1.1)	(0.7)	(0.9)	(1.4)	(0.9)	(0.5)
Extraordinary item	-	-	-	1.3	-	-	2.3	-	5.3	-
Total Government Activities	<b>20.8</b>	<b>23.9</b>	<b>26.9</b>	<b>28.2</b>	<b>27.7</b>	<b>30.6</b>	<b>32.5</b>	<b>19.4</b>	<b>27.9</b>	<b>33.4</b>
Business-Type Activities:										
Interest Earnings	0.2	-	0.3	0.1	0.2	0.9	0.5	0.4	0.4	0.9
Transfers and Other	0.2	(0.4)	(0.1)	0.6	1.1	0.7	0.9	1.4	0.9	0.5
Total Business-Type Activities	<b>0.4</b>	<b>(0.4)</b>	<b>0.2</b>	<b>0.7</b>	<b>1.3</b>	<b>1.6</b>	<b>1.4</b>	<b>1.7</b>	<b>1.3</b>	<b>1.4</b>
Total Primary Government	<b>21.2</b>	<b>23.5</b>	<b>27.1</b>	<b>28.9</b>	<b>29.0</b>	<b>32.2</b>	<b>33.9</b>	<b>21.2</b>	<b>29.2</b>	<b>34.8</b>
<b>Change in Net Position</b>										
Governmental Activities	5.6	7.5	4.2	5.8	2.0	1.3	16.8	4.8	5.9	20.0
Business-Type Activities	1.2	(0.4)	(0.9)	0.4	4.7	8.3	8.0	6.3	3.0	9.3
Total Primary Government	<b>6.8</b>	<b>7.1</b>	<b>3.3</b>	<b>6.2</b>	<b>6.7</b>	<b>9.6</b>	<b>24.8</b>	<b>11.1</b>	<b>8.9</b>	<b>29.3</b>

**CITY OF MILLBRAE**  
**Fund Balances of Governmental Funds**

**Last Ten Fiscal Years (Modified Accrual Basis of Accounting)**

**(Dollars in Millions)**



	June 30,				
	2014	2015	2016	2017	2018
<b>General Fund</b>					
Nonspendable	0.7	0.9	1.2	1.5	1.7
Assigned	0.2	0.3	0.4	0.7	1.2
Unassigned	14.1	16.3	20.5	22.7	18.1
Total General Fund	<u>15.0</u>	<u>17.5</u>	<u>22.1</u>	<u>24.9</u>	<u>21.0</u>
<b>All Other Governmental Funds</b>					
Restricted	13.9	25.7	26.2	29.8	29.8
Committed	-	-	-	-	0.6
Unassigned	-	(0.2)	-	(0.1)	-
Total all other govermental funds	<u>13.9</u>	<u>25.5</u>	<u>26.2</u>	<u>29.7</u>	<u>30.4</u>
	June 30,				
	2019	2020	2021	2022	2023
<b>General Fund</b>					
Nonspendable	1.4	1.7	0.6	0.3	0.5
Assigned	3.5	1.5	0.6	0.6	1.6
Unassigned	13.2	16.9	18.2	15.6	17.4
Total General Fund	<u>18.1</u>	<u>20.1</u>	<u>19.4</u>	<u>16.4</u>	<u>19.5</u>
<b>All Other Governmental Funds</b>					
Restricted	28.6	42.1	34.5	35.1	40.1
Committed	0.8	0.8	1.2	0.8	2.2
Unassigned	-	-	-	(3.9)	(1.5)
Total all other govermental funds	<u>29.4</u>	<u>42.9</u>	<u>35.7</u>	<u>32.0</u>	<u>40.8</u>

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**CITY OF MILLBRAE**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

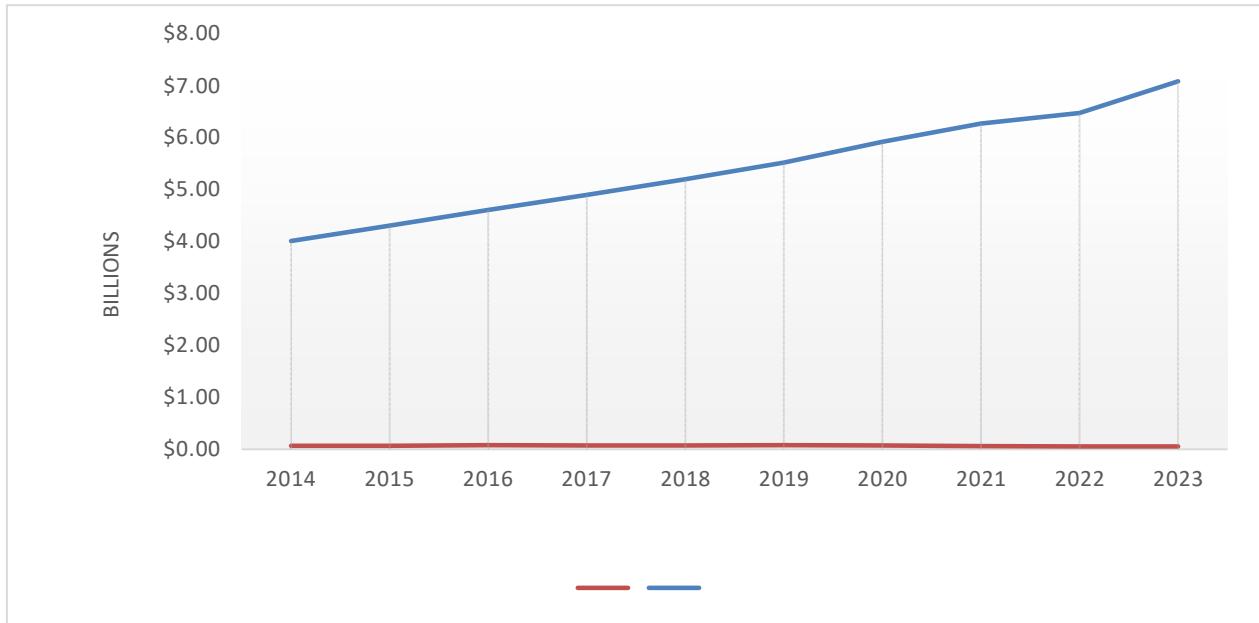
	<b>Fiscal Year Ended June 30,</b>				
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Revenue</b>					
Taxes	20,491,692	22,869,151	25,305,817	25,736,381	27,319,013
Licenses, permits and fees	843,018	864,939	669,389	612,279	651,132
Charges for services	2,540,041	3,842,299	2,888,755	2,437,313	2,303,966
Fines and Forfeitures	1,261,992	464,115	1,584,307	1,550,814	1,296,068
Use of money and property	1,067,420	1,277,810	1,210,899	956,301	1,082,150
Grants and intergovernmental	1,975,155	2,173,280	373,409	955,343	655,832
Miscellaneous	422,202	584,381	1,392,308	1,727,033	1,815,007
<b>Total Revenues</b>	<b>28,601,520</b>	<b>32,075,975</b>	<b>33,424,884</b>	<b>33,975,464</b>	<b>35,123,168</b>
<b>Expenditures</b>					
Current:					
General government	2,659,058	3,079,194	4,907,667	3,747,857	4,709,913
Public safety	10,385,421	11,339,762	12,373,974	13,759,054	15,683,208
Public Works	1,589,400	1,771,152	2,052,366	3,782,092	4,338,142
Culture and recreation	1,134,919	1,122,374	2,941,985	3,189,469	3,802,998
Community development	3,292,345	3,897,871	2,707,551	2,850,662	2,625,076
Capital outlay	827,351	1,034,074	1,188,912	2,337,047	4,526,373
Debt service:					
Principal repayment	1,436,000	1,304,000	1,360,000	1,417,000	1,477,000
Interest and fiscal charges	511,310	500,834	490,680	479,177	462,679
<b>Total Expenditures</b>	<b>21,835,804</b>	<b>24,049,261</b>	<b>28,023,135</b>	<b>31,562,358</b>	<b>37,625,389</b>
Excess (deficiency) of revenues over (under) expenditures	6,765,716	8,026,714	5,401,749	2,413,106	(2,502,221)
<b>Other Financing Sources (Uses)</b>					
Transfers in	2,110,769	1,755,350	1,373,422	1,266,671	2,401,521
Transfers (out)	(4,531,058)	(6,914,528)	(1,374,262)	(1,884,671)	(5,545,991)
Premium on issuance of long-term debt	454,096	-	-	-	-
Long-term debt issuance	9,745,000	-	-	-	-
Payment to refunding escrow agent	(10,015,490)	-	-	-	-
Proceeds from insurance	-	-	-	-	1,202,745
Sale of capital assets	-	-	-	-	3,000
<b>Total other financing sources (uses)</b>	<b>(2,236,683)</b>	<b>(5,159,178)</b>	<b>(840)</b>	<b>(618,000)</b>	<b>(1,938,725)</b>
Net change in fund balances before extraordinary item	4,529,033	2,867,536	5,400,909	1,795,106	(4,440,946)
Extraordinary item	-	-	-	4,401,067	-
<b>Net change in fund balances</b>	<b>4,529,033</b>	<b>2,867,536</b>	<b>5,400,909</b>	<b>6,196,173</b>	<b>(4,440,946)</b>
Debt services as a percentage of noncapital expenditures	9.2%	7.7%	6.9%	6.5%	5.8%

2019	2020	2021	2022	2023
29,019,266	27,533,455	21,773,086	26,339,269	32,650,834
842,787	545,742	2,294,811	930,215	3,732,681
2,854,067	15,326,309	4,338,574	8,602,694	9,318,118
1,187,345	1,096,915	929,228	1,260,625	884,440
1,802,835	2,797,825	159,144	(1,420,038)	2,627,155
484,843	1,185,193	4,282,690	3,259,608	2,624,955
1,823,647	2,353,434	3,536,668	3,808,147	4,166,188
<b>38,014,790</b>	<b>50,838,873</b>	<b>40,026,068</b>	<b>42,780,520</b>	<b>56,004,371</b>
4,710,426	4,428,761	4,222,434	4,717,439	5,647,795
17,303,089	15,380,748	16,881,861	18,140,885	19,540,010
4,409,164	3,653,969	3,045,365	3,385,207	4,194,452
4,080,803	4,109,442	4,085,952	4,677,133	4,796,985
3,547,974	3,330,402	2,779,669	4,266,138	4,275,435
3,564,160	3,762,806	13,407,979	16,606,457	2,397,528
<b>1,543,000</b>	<b>1,613,000</b>	<b>1,683,000</b>	<b>1,757,000</b>	<b>1,840,000</b>
442,834	419,318	401,923	378,121	353,388
<b>39,601,450</b>	<b>36,698,446</b>	<b>46,508,183</b>	<b>53,928,380</b>	<b>43,045,593</b>
<b>(1,586,660)</b>	<b>14,140,427</b>	<b>(6,482,115)</b>	<b>(11,147,860)</b>	<b>12,958,778</b>
1,845,000	1,757,304	9,163,185	6,272,394	2,239,464
(4,175,520)	(2,641,218)	(10,525,772)	(7,176,699)	(3,284,464)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	3,803,555	-
-	-	-	1,490,284	-
<b>(2,330,520)</b>	<b>1,366,086</b>	<b>(1,362,587)</b>	<b>4,389,534</b>	<b>(1,045,000)</b>
<b>(3,917,180)</b>	<b>15,506,513</b>	<b>(7,844,702)</b>	<b>(6,758,326)</b>	<b>11,913,778</b>
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(3,917,180)</b>	<b>15,506,513</b>	<b>(7,844,702)</b>	<b>(6,758,326)</b>	<b>11,913,778</b>
5.6%	6.3%	6.5%	5.8%	5.4%

**CITY OF MILLBRAE  
STATISTICS**

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

**LAST TEN FISCAL YEARS**



Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other	TOTAL Secured Property	TOTAL Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
2014	3,564,999,133	370,956,256	41,702,249	31,783,896	4,009,441,534	64,752,022	4,074,193,556	4,074,193,556	0.14259%
2015	3,789,987,207	447,673,807	39,569,115	28,968,792	4,306,198,921	68,073,302	4,374,272,223	4,374,272,223	0.14225%
2016	4,034,137,050	498,922,841	40,581,168	31,913,768	4,605,554,827	82,815,102	4,688,369,929	4,688,369,929	0.14187%
2017	4,306,533,850	514,038,816	41,197,315	35,892,670	4,897,662,651	70,504,021	4,968,166,672	4,968,166,672	0.14091%
2018	4,767,399,564	309,664,835	42,017,509	76,382,641	5,195,464,549	72,447,955	5,215,508,979	5,215,508,979	0.15790%
2019	5,074,098,222	316,985,101	42,855,836	82,006,123	5,515,945,282	78,659,325	5,542,212,635	5,542,212,635	0.15790%
2020	5,456,446,240	329,623,902	46,785,727	83,606,515	5,916,462,384	74,534,247	5,943,285,903	5,943,285,903	0.15790%
2021	5,713,669,341	359,614,213	55,664,765	138,395,782	6,267,344,101	62,516,676	6,281,238,251	6,281,238,251	0.15790%
2022	5,931,378,291	361,761,862	56,238,188	125,830,170	6,475,208,511	53,685,149	6,480,129,404	6,480,129,404	0.15790%
2023	6,412,213,345	398,220,141	143,055,494	131,007,549	7,084,496,529	55,449,556	7,091,034,876	7,091,034,876	0.15790%

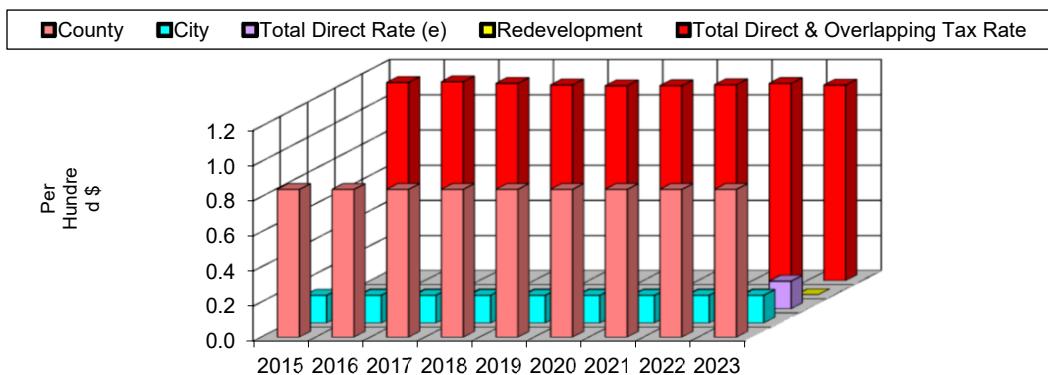
- (a) The California State Constitution requires property to be assessed at one hundred percent (100%) of the most recent purchase price, plus an increment of no more than two percent (2%) annually, plus any local over-rides. These values are considered to be full market values. Excludes tax-exempt properties.
- (b) California cities do not set their own direct tax rate. The California State Constitution establishes the rate at one percent (1%) and allocates a portion of that amount, by an annual calculation to all taxing entities within a tax rate area. The City of Millbrae encompasses more than fifteen (15) tax rate areas.

Sources: Avenu Insights & Analytics  
San Mateo County Assessor Combined Tax Rolls

**CITY OF MILLBRAE  
STATISTICS**

**PROPERTY TAX RATES ALL OVERLAPPING GOVERNMENTS**

**LAST TEN FISCAL YEARS**



Fiscal Year	Basic Levy (a)	Schools	Other	Total Direct & Overlapping Tax Rate (b)	City (c)	County	Redevelopment (d)	Total Direct Rate (e)
2014	1.0000	0.0977	0.0143	1.1120	0.1579	0.8421	-	0.14259
2015	1.0000	0.1130	0.0135	1.1265	0.1579	0.8421	-	0.14225
2016	1.0000	0.1177	0.0129	1.1306	0.1579	0.8421	-	0.14187
2017	1.0000	0.1092	0.0122	1.1214	0.1579	0.8421	-	0.14091
2018	1.0000	0.1011	0.0117	1.1128	0.1579	0.8421	-	0.15790
2019	1.0000	0.0112	0.0964	1.1076	0.1579	0.8421	-	0.15790
2020	1.0000	0.0974	0.0108	1.1082	0.1579	0.8421	-	0.15790
2021	1.0000	0.1031	0.0104	1.1135	0.1579	0.8421	-	0.15790
2022	1.0000	0.1106	0.0102	1.1208	0.1579	0.8421	-	0.15790
2023	1.0000	0.1023	0.0093	1.1116	0.1579	0.8421	-	0.15790

- (a) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for payment of any voter approved bonds.
- (b) Overlapping rates are those of local and county government that apply to property owners within the City. Not all overlapping rates apply to all City property owners.
- (c) The City's share of the 1.00% levy is based on the City's share of the General Fund tax rate area with the largest net taxable value within the City. Educational Revenue Augmentation (ERA) General Fund tax shifts may not be included in tax ratio figures.
- (d) The Redevelopment Agency (RDA) rate is based on the largest RDA tax rate area and includes only rate (s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABx1 26 eliminated RDAs from California for fiscal year 2012/13 and years thereafter.
- (e) Total Direct Rate is the weighted average of all individual direct rates applied by the Government preparing the statistical section information.

Sources: Avenu Insights & Analytics

San Mateo County Assessor Annual Tax Increment Tables

**CITY OF MILLBRAE  
STATISTICS**

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**TOP TEN PROPERTY TAXPAYERS**

**Top Property Owners Based on Net Values**

Owner / Taxpayer	Fiscal Year 2022-23		Fiscal Year 2013-14	
	Taxable Assessed Value	Total Percent City Taxable Assessed Value	Taxable Assessed Value	Total Percent City Taxable Assessed Value
SFO Bayshore LLC	164,115,000	2.32%		
Gateway Millbrae Residential LLC	98,736,656	1.39%		
Millbrae Adrian Science Park LLC	80,000,000	1.13%		
OR Property Holdings LLC	41,261,075	0.58%	35,437,348	0.87%
RAC Investment Group LLC	38,461,417	0.54%		
Are231 Millbrae Avenue LLC	33,553,908	0.47%		
Magnolia Of Millbrae Inc	32,417,423	0.46%	28,525,978	0.70%
Green Banker LLC	32,213,516	0.45%		
1201 Broadway-Owner LLC	30,273,940	0.43%		
PUR Skyline MMC li LLC	22,233,452	0.31%		
Millbrae WCP Hotel I LLC			47,476,727	1.17%
Millbrae WCP Hotel II LLC			28,969,312	0.71%
Marymount Greenhills LLC			22,201,782	0.54%
Friend Friend & Friend			15,843,918	0.39%
Simeon SPVEF LLC			15,706,803	0.39%
Wilson Plaza LLC			12,305,847	0.30%
Real Property Storage LLC			11,885,502	0.29%
Green Hills Country Club			11,826,117	0.29%
<b>TOTAL TOP TEN</b>	<b>573,266,387</b>	<b>8.09%</b>	<b>230,179,334</b>	<b>5.65%</b>

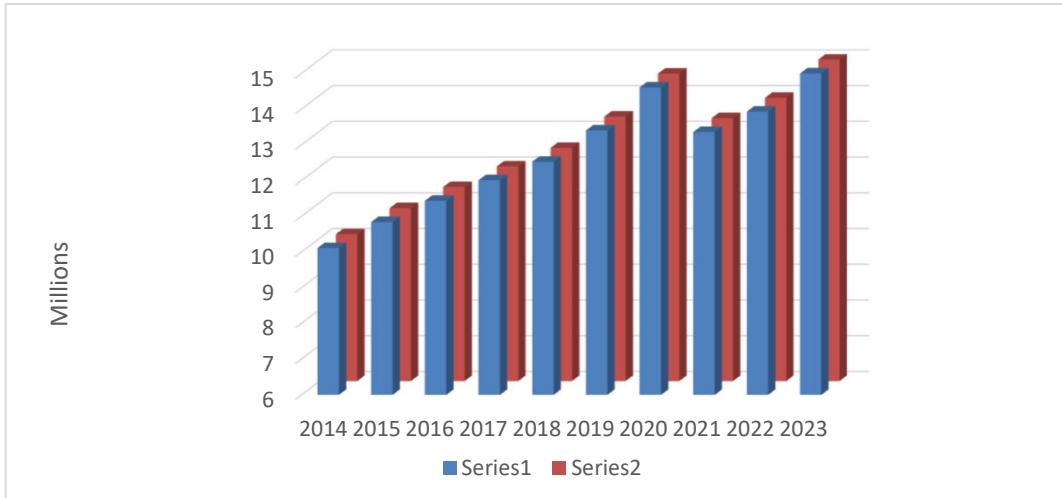
Total Secured Assessed Valuation: **\$ 7,084,496,529** **\$ 4,074,193,556**

Source: Avenu Insights & Analytics, San Mateo County Assessor Combined Tax Rolls  
San Mateo County Assessor Combined Tax Rolls

**CITY OF MILLBRAE  
STATISTICS**

**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**



Fiscal Year	TOTAL TAX LEVY (a)	TOTAL LEVY COLLECTED	% of Tax Collected (b)	San Mateo County Collection Fee
2014	10,111,108	10,111,108	100.0%	47,636
2015	10,839,738	10,839,738	100.0%	40,187
2016	11,434,498	11,434,498	100.0%	45,289
2017	12,010,916	12,010,916	100.0%	47,110
2018	12,528,779	12,528,779	100.0%	44,112
2019	13,402,214	13,402,214	100.0%	57,221
2020	14,607,473	14,607,473	100.0%	61,640
2021	13,360,403	13,360,403	100.0%	67,804
2022	13,930,309	13,930,309	100.0%	74,584
2023	17,067,911	17,067,911	100.0%	69,664

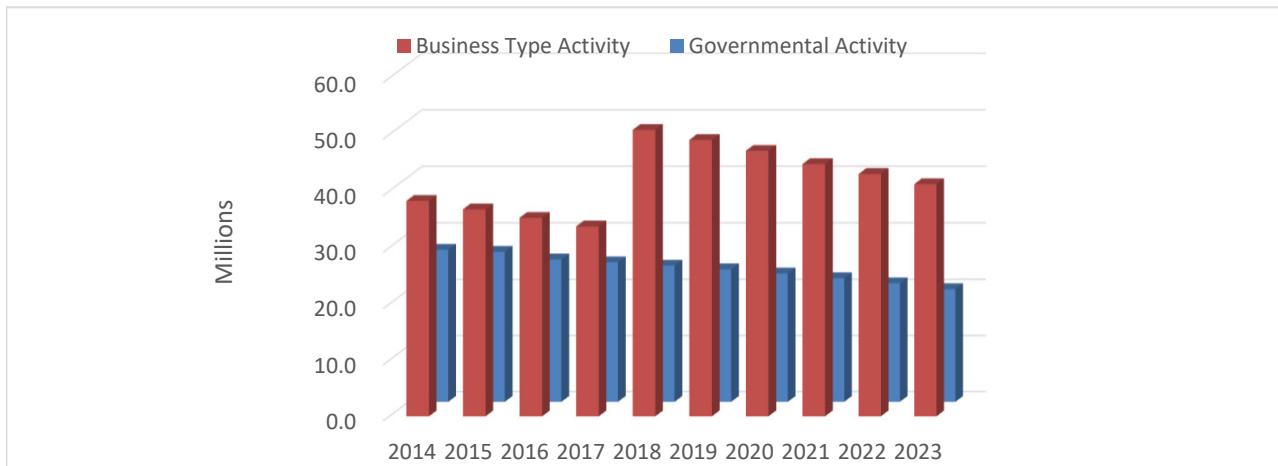
In 1995, the County began providing the City 100% of its Secured Tax levy pursuant to an agreement which allows the County to keep all interest and delinquency charges collected.

- (a) In Fiscal Year 2011-2012 Redevelopment was dissolved and Redevelopment funds were redistributed to all taxing entities pursuant to California Health and Safety Code Section 34183
- (b) California cities do not set their own direct tax rate. The California State Constitution establishes the rate at one percent (1%) and San Mateo County allocates a portion of that amount, by an annual calculation to all taxing entities within a tax rate area. The City of Millbrae encompasses more than fifteen (15) tax rate areas. Under the Teeter Plan, the City of Millbrae receives 100% of the tax levy representing its share, and the County of San Mateo pursues any delinquencies.

Source: County of San Mateo Controller's Office  
City of Millbrae Financial Records

**CITY OF MILLBRAE  
STATISTICS**

**RATIO OF OUTSTANDING DEBT BY TYPE**



**Governmental Activity**

Fiscal Year	General Obligation Bonds	Pension Obligation Bonds	Lease Revenue Financing (a)	TOTAL
2014	9,980,175	14,957,390	2,097,000	27,034,565
2015	9,791,255	14,950,473	1,923,000	26,664,728
2016	9,586,511	13,991,203	1,743,000	25,320,714
2017	9,366,768	13,880,379	1,556,000	24,803,147
2018	9,137,026	13,725,187	1,359,000	24,221,213
2019	8,887,281	13,522,022	1,156,000	23,565,303
2020	8,622,539	13,261,919	943,000	22,827,458
2021	8,337,796	12,945,527	720,000	22,003,323
2022	8,033,053	12,563,790	488,000	21,084,843
2023	7,703,310	12,106,794	248,000	20,058,104

**Business Type Activity**

Fiscal Year	Certificates of Participation	State Revolving Loan (b)	TOTAL	Total Primary Government	Personal Income Percentage (c)	Per Capita (c)
2014	12,275,000	25,982,472	38,257,472	65,292,037	7.10%	2,887
2015	12,115,000	24,657,832	36,772,832	63,437,560	6.57%	2,742
2016	11,950,000	23,319,946	35,269,946	60,590,660	6.08%	2,615
2017	11,775,000	21,968,680	33,743,680	58,546,827	5.70%	2,568
2018	30,225,000	20,603,903	50,828,903	75,050,116	6.85%	3,284
2019	29,820,000	19,225,478	49,045,478	72,610,781	6.05%	3,136
2020	29,295,000	17,833,268	47,128,268	69,955,726	5.68%	3,064
2021	44,779,748	-	44,779,748	65,864,591	5.10%	2,926
2022	43,022,610	-	43,022,610	64,107,453	4.26%	2,848
2023	41,229,706	-	41,229,706	61,287,810	3.49%	2,725

Debt amounts exclude any premiums, discounts, or other amortization amounts.

(a) In 2011, the 1999 Certificates of Participation were refinanced through a lease revenue financing. Includes 2018 Wastewater Rev

(b) In 2021, the State Revolving Loan, along with the 2009 Certification of Participation Bonds (Series A & B) were refinanced through 2021 Wastewater Revenue Bonds.

(c) Demographic Statistics for San Mateo County Personal Income and City of Millbrae population data.

Sources: City of Millbrae Financial Records

State of California, Department of Finance (population)

U.S. Department of Commerce, Bureau of the Census (income)

Avenu Insights & Analytics

**CITY OF MILLBRAE  
STATISTICS**

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**RATIO OF GENERAL BONDED DEBT OUTSTANDING**

**LAST TEN FISCAL YEARS**

Fiscal Year	Library Bonds	Less Amount Available in Debt Service Fund	Total	Percentage of Total City Taxable Assessed Value	Per Capita
2014	9,980,175	823,521	9,156,654	0.25%	404.86
2015	9,791,255	868,792	8,922,463	0.22%	385.65
2016	9,586,511	934,817	8,651,694	0.20%	373.43
2017	9,366,768	967,778	8,398,990	0.19%	368.44
2018	9,137,026	1,011,089	8,125,937	0.18%	355.56
2019	8,887,281	1,055,762	7,831,519	0.16%	338.24
2020	8,622,539	1,117,854	7,504,685	0.15%	328.69
2021	8,337,796	1,180,080	7,157,716	0.15%	317.99
2022	8,033,053	1,215,315	6,817,738	0.12%	302.85
2023	7,703,310	1,288,617	6,414,693	0.09%	285.26

Sources: State of California, Department of Finance  
California Municipal Statistics, Inc.

**CITY OF MILLBRAE  
STATISTICS**

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

June 30, 2023

2022-23 Assessed Valuation: 7,118,969,076

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/2023	% Applicable (1)	City's Share of Debt 6/30/23
San Mateo Community College District	\$ 708,837,622	2.47%	\$ 17,494,113
San Mateo Union High School District	637,551,532	7.32%	46,675,148
Millbrae School District	46,219,527	72.68%	33,590,503
<b>City of Millbrae</b>	<b>7,703,310</b>	<b>100.00%</b>	<b>7,703,310</b>
California Statewide Communities Development Authority			
Assessment District No. 03-1, Glenborough/Pauls Project Area	1,069,286	100%	1,069,286
California Statewide Communities Development Authority			
Assessment District No. 06-1, Park Broadway Project Area	1,115,367	100%	1,115,367
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 107,647,727</b>

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

San Mateo County General Fund Obligations	589,931,687	2.47%	\$ 14,559,514
San Mateo County Board of Education Certificates of Participation	6,120,000	2.47%	151,042
<b>City of Millbrae Lease Revenue Financing</b>	<b>248,000</b>	<b>100.00%</b>	<b>248,000</b>
<b>City of Millbrae Pension Obligation Bonds (2)</b>	<b>12,106,794</b>	<b>100.00%</b>	<b>12,106,794</b>
San Mateo County Mosquito and Vector Control District General Fund Obligations	3,617,831	2.47%	89,288
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 27,154,638</b>

OVERLAPPING TAX INCREMENT DEBT (Successor Agency): \$ 4,825,000 100.00% \$ 4,825,000

**TOTAL DIRECT DEBT**

TOTAL OVERLAPPING DEBT \$ 119,569,260

COMBINED TOTAL DEBT (2) \$ 139,627,364 (2)

(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, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2022-23 Assessed Valuation:

<b>Direct Debt (\$7,445,000)</b>	<b>0.10%</b>
Total Direct and Overlapping Tax and Assessment Debt	1.51%
<b>Total Direct Debt (\$12,159,197)</b>	<b>0.16%</b>
Combined Total Debt	1.84%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$1,333,402,357):

Total Overlapping Tax Increment Debt 0.36%

Source: California Municipal Statistics, Inc.

**CITY OF MILLBRAE  
STATISTICS**

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**COMPUTATION OF LEGAL BONDED DEBT MARGIN**

June 30, 2023

**ASSESSED VALUATION:**

Secured Property Assessed Value	\$7,084,496,529
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	<b>\$265,668,620</b>
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**AMOUNT OF DEBT SUBJECT TO LIMIT:**

Total Bonded Debt	19,810,104
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Less Pension Obligation Bonds	<u>(12,106,794)</u>
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Amount of debt subject to the limit	7,703,310
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LEGAL BONDED DEBT MARGIN	<b>\$257,965,310</b>
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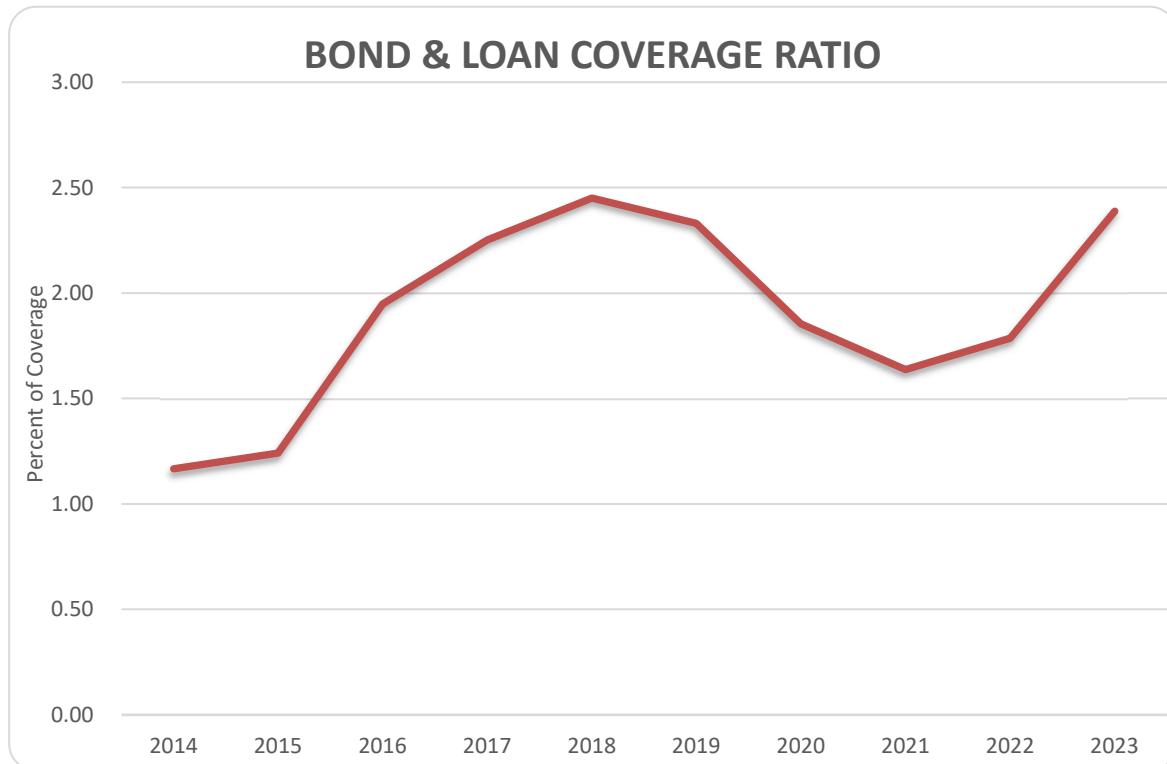
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**LAST TEN FISCAL YEARS**

Fiscal Year	Debt Limit	Total Debt Subject to Limit	Legal Debt Margin	Percentage of Total Debt to Debt Margin
2014	150,354,058	9,980,175	140,373,883	7.11%
2015	161,482,460	9,791,255	151,691,205	6.45%
2016	172,708,306	9,586,511	163,121,795	5.88%
2017	183,662,349	9,366,768	174,295,581	5.37%
2018	194,829,921	9,137,026	185,692,895	4.92%
2019	206,847,948	8,887,281	197,960,667	4.49%
2020	221,867,339	8,622,539	213,244,800	4.04%
2021	235,025,404	8,337,796	226,687,608	3.68%
2022	242,820,319	8,033,053	234,787,266	3.42%
2023	265,668,620	7,703,310	257,965,310	2.99%

(a) California Government Code, Section 43605 sets the Debt Limit at 15%. Section 43605 was enacted prior to the change of basing assessed value at full market rate, which was previously 25% of the market rate. Therefore, the limit is shown as 3.75% to account for the full market rate of assessed valuation.

**CITY OF MILLBRAE  
STATISTICS**  
**SEWER FUND REVENUE BOND AND LOAN COVERAGE**  
**SEWER AUTHORITY**  
**LAST TEN FISCAL YEARS**



Fiscal Year	Gross Revenue (a)	Operating Expenditures (b)	Funds Available for Debt Service	Debt Service Requirements			BOND & LOAN COVERAGE RATIO
				Principal	Interest	Total	
2014	8,699,499	5,668,142	3,031,357	1,466,913	1,131,503	2,598,416	1.17
2015	8,413,669	5,505,422	2,908,247	1,484,640	859,247	2,343,887	1.24
2016	10,123,692	5,562,583	4,561,109	1,502,886	838,469	2,341,355	1.95
2017	11,274,570	6,003,585	5,270,985	1,526,266	814,951	2,341,217	2.25
2018	12,378,916	6,644,016	5,734,900	1,544,778	793,882	2,338,660	2.45
2019	14,541,633	6,589,159	7,952,474	1,783,425	1,631,245	3,414,670	2.33
2020	13,826,448	7,566,724	6,259,724	1,917,210	1,459,232	3,376,441	1.85
2021	13,341,959	7,888,591	5,453,368	1,956,132	1,376,037	3,332,169	1.64
2022	13,446,520	8,493,009	4,953,511	1,130,000	1,644,181	2,774,181	1.79
2023	15,555,535	8,932,169	6,623,366	1,185,000	1,586,306	2,771,306	2.39

Note:

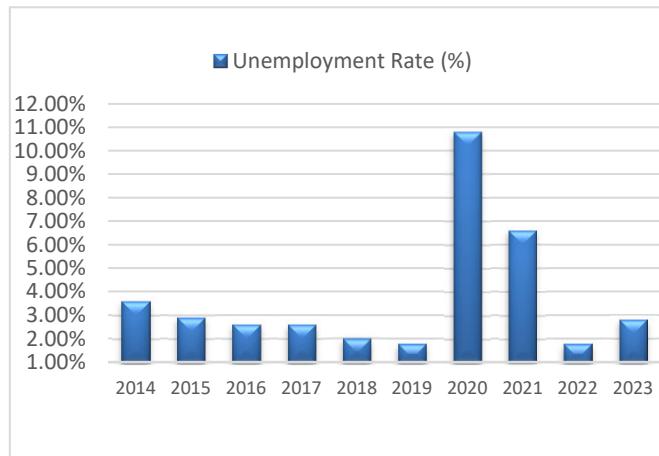
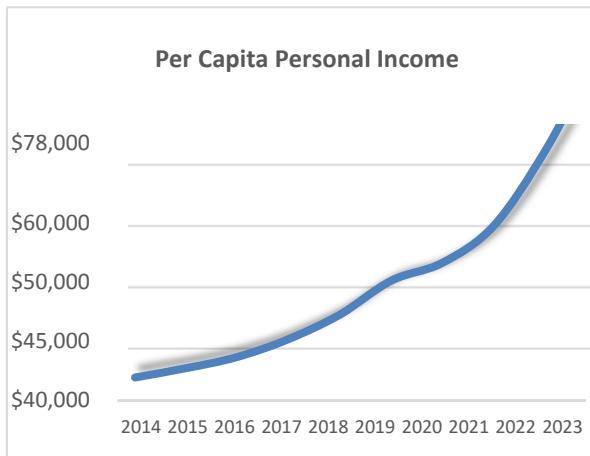
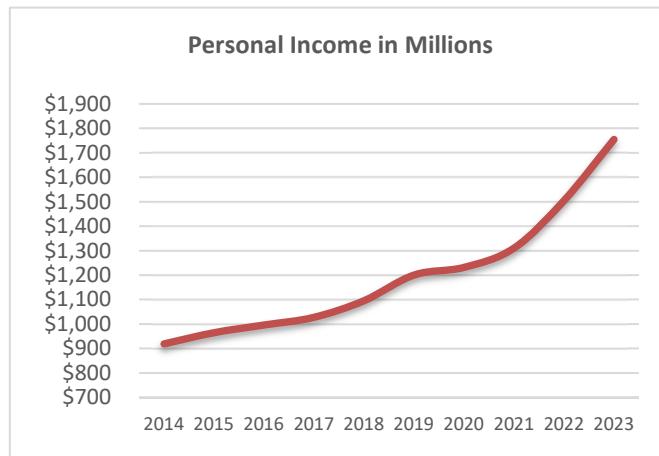
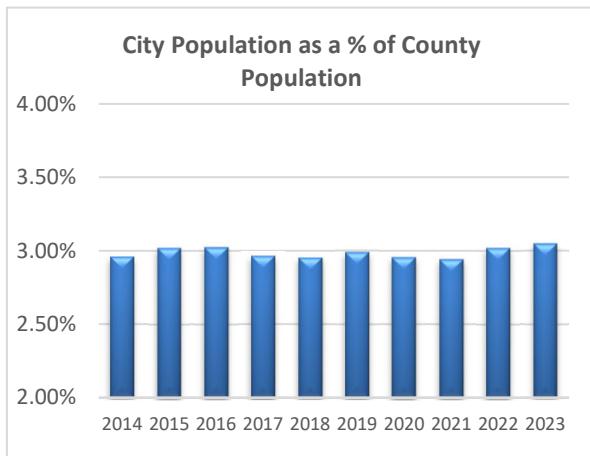
- (a) Includes all Wastewater Operating Revenues, Non-operating Interest Revenue, and Connection Fees
- (b) Includes Wastewater Operating Expenditures exclusive of depreciation and GASB 87 Pension adjustment

Source: City of Millbrae Financial Records

# CITY OF MILLBRAE STATISTICS

## DEMOGRAPHIC AND ECONOMIC STATISTICS

### LAST TEN CALENDAR YEARS



Calendar Year	City Population	San Mateo County Population	City Population % of County Population	Personal Income in Millions	Per Capita Personal Income	Unemployment Rate (%)
2014	22,617	765,135	2.96%	\$919.3	\$40,647	3.6%
2015	23,136	766,041	3.02%	\$965.1	\$41,713	2.9%
2016	23,168	765,895	3.02%	\$996.7	\$43,019	2.6%
2017	22,796	770,256	2.96%	\$1,027.9	\$45,089	2.6%
2018	22,854	774,155	2.95%	\$1,096.0	\$47,958	2.0%
2019	23,154	774,485	2.99%	\$1,201.0	\$51,880	1.8%
2020	22,832	773,244	2.95%	\$1,232.0	\$53,958	10.8%
2021	22,509	765,245	2.94%	\$1,310.0	\$58,242	6.6%
2022	22,512	744,662	3.02%	\$1,506.0	\$66,898	1.8%
2023	22,487	737,644	3.05%	\$1,755.0	\$78,030	2.8%

Sources: State of California, Department of Finance  
 State of California Employment Development Department  
 US Census Bureau  
 Complied by Avenu Insights & Analytics  
 San Mateo County Controller's Office

**CITY OF MILLBRAE  
STATISTICS**

**Principal Employers  
Last Fiscal Year and Nine Years Ago**

Fiscal Year 2022-23			Fiscal Year 2013-14		
Number of Employees	Rank	Percent of city Labor Force	Number of Employees	Rank	Percent of city Labor Force

Millbrae Elementary School District	200	1	1.5%	212	2	1.9%
San Francisco Public Utilities Commission (PUC)*	176	2	1.3%	300	1	2.8%
Westin Hotel - San Francisco Airport	249	3	1.8%	210	3	1.9%
Magnolia of Millbrae, Inc	123	4	0.9%	110	10	1.0%
Mills High School**	129	5	1.0%	143	8	1.3%
City of Millbrae	137	6	1.0%	112	9	1.0%
Millbrae Skilled Care (A & C Health Care Services)	105	7	0.8%			
Trader Joe's	136	8	1.0%			
Safeway	105	9	0.8%	187	5	1.7%
Cadence Living Millbrae	99	10	0.7%			
24 Hour Fitness Club				208	4	1.9%
A & C Health Care				160	6	1.5%
Best Western El Rancho Inn and Suites				149	7	1.4%
Total Top 10 Employers	1,459		10.8%	1,791		16.4%
City Labor Force (1)	13,500			10,900		

Source: Avenu Insights & Analytics

Source: 2011-12, previously published ACFR

Results based on direct correspondence with city's local businesses.

(1.) Total City Labor Force provided by EDD Labor Force Data.

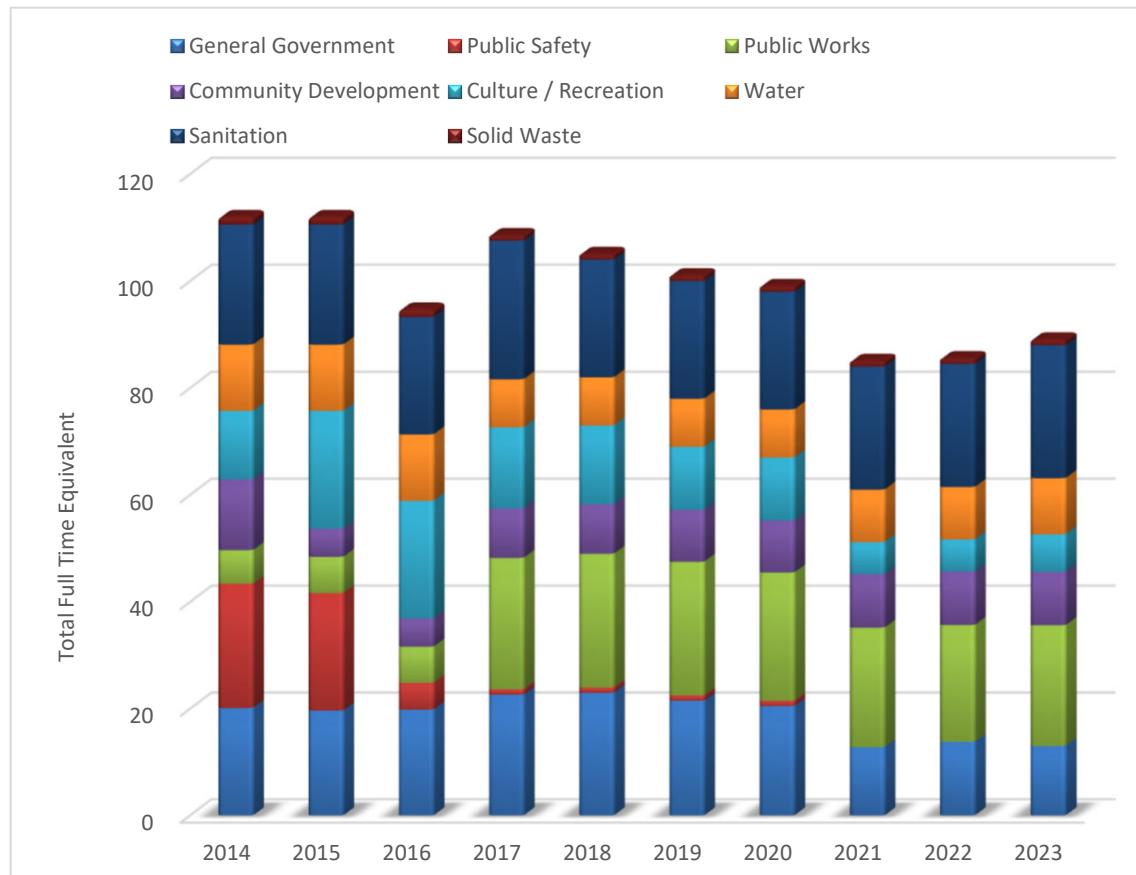
\*San Francisco PUC is a division of San Francisco County. Count is for employees at the Millbrae location only.

\*\*Mills High School is in the San Mateo Union High School District. Count is for employees at Mills High School in Millbrae only.

**CITY OF MILLBRAE  
STATISTICS**

**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION / PROGRAM**

**LAST TEN FISCAL YEARS**



Note: The City's Public Safety functions are provided by the Central County Fire Department (since 2015) and the San Mateo County Sheriff's Office (since 2012). Starting 2021, part-time employees are excluded in this schedule.

Source: City of Millbrae Budget / Position Allocation

**CITY OF MILLBRAE**  
**STATISTICS**

**OPERATING INDICATORS BY FUNCTION / PROGRAM**

**LAST TEN FISCAL YEARS**

Function / Program	2014	2015	2016	2017	2018
<b>Public Safety</b>					
Fire					
Emergency Responses (a)	2,680	2,914	7,322	7,668	6,584
Primary Fire Inspections	388	546	1,179	1,454	1,528
Police					
Police Calls for Service	13,924	14,721	14,783	16,744	17,171
Part I and Part II Crimes	1,189	1,302	1,329	1,479	1,601
Physical Arrests (adult and juvenile)	558	735	716	614	670
Moving Violations	1,171	1,601	1,366	1,904	1,822
Parking Violations	6,694	5,235	5,360	4,086	5,256
<b>Public Works</b>					
Street Resurfacing (miles) (b)	0	4	0	0.8	0
Potholes Repaired (square miles)	0.0009	0.0010	0.0010	0.0010	0.0011
<b>Culture and Recreation</b>					
Community Services					
Recreation Class Participants	5,305	7,775	5,978	4,165	4,350
Library					
Volumes in Collection	105,796	116,959	124,000	107,287	96,629
Total Volumes Borrowed	501,348	498,492	466,531	450,113	412,597
<b>Water</b>					
Water Service Connections	6,540	6,568	6,556	6,547	6,570
Water Main Breaks	10	10	9	10	10
Average Daily Consumption (gallons)	2,097,301	1,888,136	1,598,519	1,901,364	2,034,671
<b>Sanitation</b>					
Sewer Service Connections	6,560	6,568	6,556	6,547	6,348
Storm Drain Inlets	868	868	868	868	868
Sewer Main Blockages	1	6	5	5	10
Average Daily Treatment (gallons)	1,498,000	1,280,000	1,600,000	1,863,000	1,300,000
<b>Solid Waste</b>					
Recyclables Processed (tons per year)	2,566	2,612	2,597	2,674	2,583

(a) Total number of responses and inspections is a total for Central County Fire Department (CCFD). Their reporting system cannot separate responses or inspections for Millbrae only.

(b) In FY2015, a "micro surfacing" was completed resulting in significantly more street miles

\*Number previously was for entire CCFD coverage area.

Source: City of Millbrae

2019	2020	2021	2022	2023
7,493	6,574	7,004	8,328	9,507
1,366	1,152	1,036	1,780	904
17,638	17,773	16,757	18,729	16,547
1,065	1,291	1,059	496	546
715	415	445	509	790
3,202	2,171	1,932	3,254	3,986
4,200	4,030	3,521	8,118	7,146
4.8	0.3	0.3	1.0	1.4
0.2413	0.2154	0.0002	0.0500	0.1018
4,957	3,010	786	1,340	5,986
81,699	79,773	85,900	75,920	80,044
500,339	349,281	113,636	190,627	358,769
6,550	6,546	6,541	6,538	6,544
7	8	8	20	24
1,945,366	1,734,262	1,688,437	1,588,244	1,530,722
6,322	6,322	6,322	6,319	6,320
868	868	868	868	868
4	2	1	0	2
1,940,000	1,730,000	1,400,000	1,500,000	1,700,000
2,548	2,648	2,747	2,350	2,271

**CITY OF MILLBRAE  
STATISTICS**

**CAPITAL ASSETS BY FUNCTION / PROGRAM**

**LAST TEN FISCAL YEARS**

Function / Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Public Safety (a)</b>										
Fire Station	2	2	2	2	2	2	2	2	2	2
Police Station	1	1	1	1	1	1	1	1	1	1
<b>Public Works</b>										
Miles of Streets (lane miles)	110	110	110	110	110	110	110	110	110	110
Street Lights	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Traffic Signals	6	5	5	5	5	5	5	5	5	5
Roadway Landscaping Acreage	2	2	2	2	2	2	2	2	2	2
<b>Culture and Recreation</b>										
Community Services										
City Parks	13	13	13	13	13	13	13	13	13	13
City Park Acreage	77.7	77.7	77.7	77.7	77.7	77.7	77.7	77.7	77.7	77.7
Regional Park Facilities:										
Clubhouse / Banquet Facility	2	2	2	2	2	2	2	2	2	2
Historic House	2	2	2	2	2	2	2	2	2	2
Community Center (b)	1	1	1	-	-	-	1	1	1	1
Community Gardens							1	1	1	1
City Trail	1	1	1	1	1	1	1	1	1	1
City Trail Miles	3	3	3	3	3	3	3	3	3	3
Playgrounds	6	6	6	6	6	6	6	6	6	6
Tennis Court	4	4	4	4	4	4	3	3	3	3
Baseball / Softball Diamond	9	9	9	9	9	9	9	9	9	9
Soccer / Football Field	6	6	6	6	6	6	6	6	6	6
Library										
City Library	1	1	1	1	1	1	1	1	1	1
<b>Water</b>										
Miles of Water Mains	70	70	70	70	70	70	70	70	70	70
Fire Hydrants	545	545	545	545	545	545	545	545	545	545
Storage Capacity (gallons)	2,360,000	2,360,000	2,360,000	2,360,000	2,360,000	2,360,000	2,360,000	2,360,000	610,000	2,110,000
<b>Sanitation</b>										
Miles of Sanitary Sewers	56	56	56	56	56	56	56	56	56	56
Miles of Storm Sewers	21	21	21	21	21	21	21	21	21	21
Treatment Plant	1	1	1	1	1	1	1	1	1	1
Treatment Capacity (gallons)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000

(a) In 2012, the Police Department and Fire Force were dissolved and San Mateo County Sheriff's Office provides law enforcement services through service agreement. In 2015, Fire Department activities were transferred to Central County Fire. Police and Fire facilities remained the responsibility of the City.

(b) In July 2016, the City's Community Recreation Center burned down.

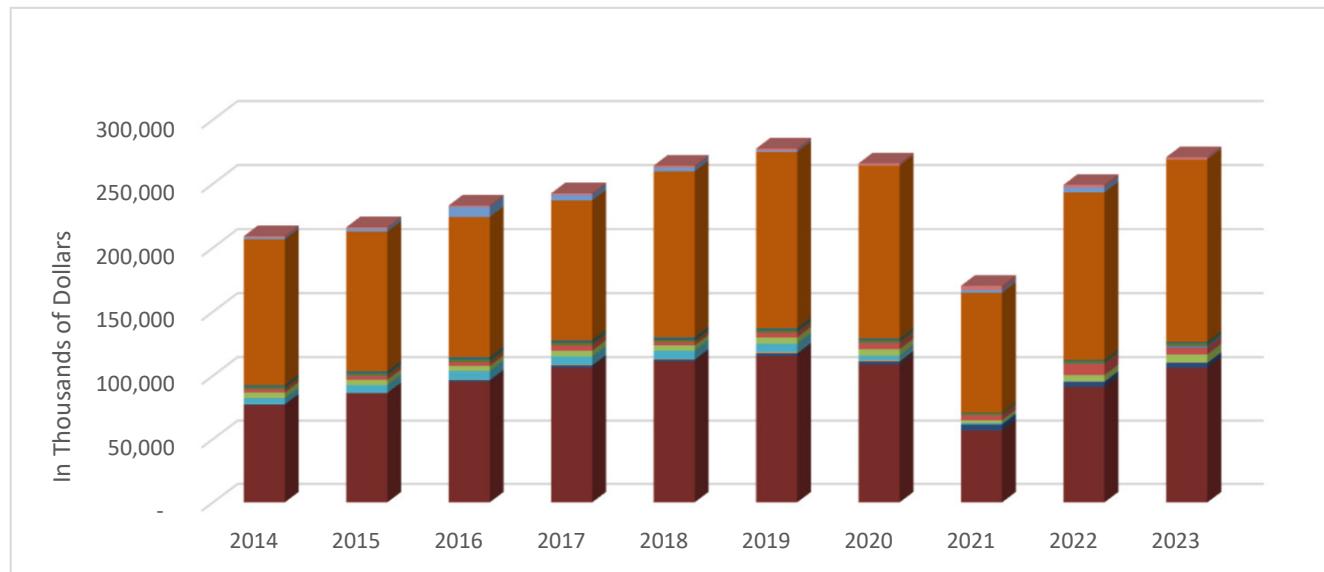
Source: City of Millbrae / GIS System

## CITY OF MILLBRAE

### STATISTICS

#### TAXABLE SALES BY CATEGORY

##### LAST TEN CALENDAR YEARS

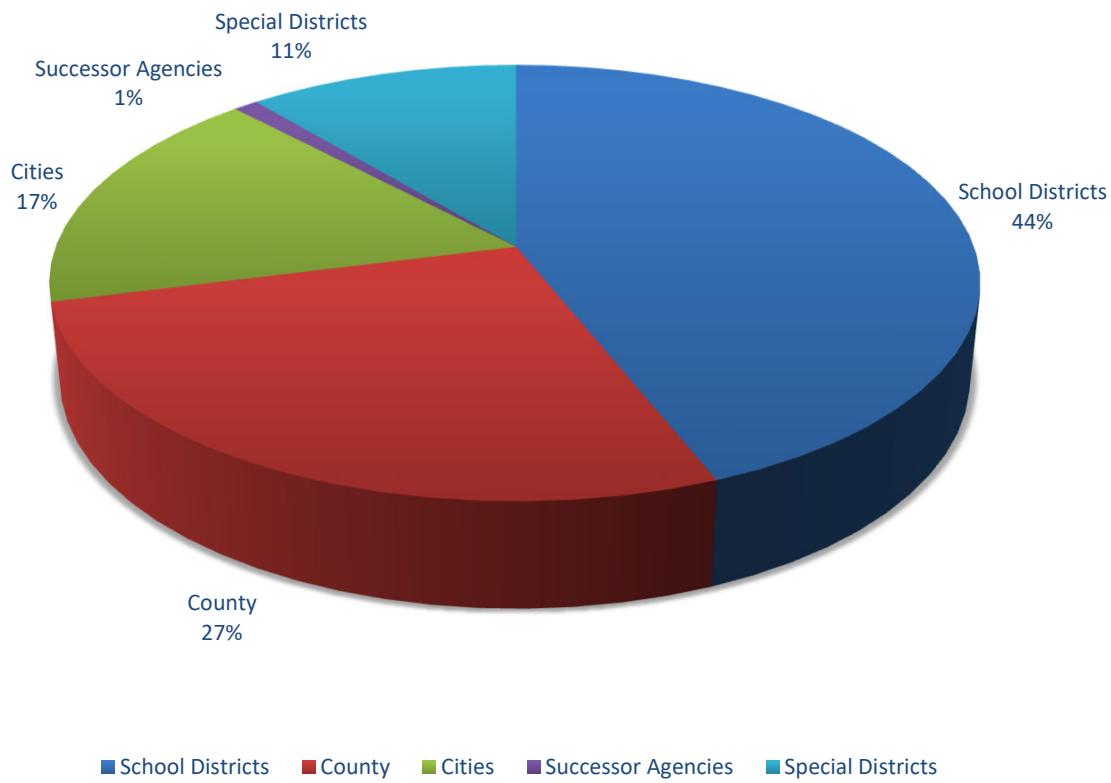


CDTFA NAICS SECTOR - Category name	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Accommodation and Food Services	76,866	86,104	95,179	106,050	111,088	115,424	108,638	56,704	91,135	106,155
Agriculture, Forestry, Fishing and Hunting	601	366	1,412	2,211	1,666	2,226	2,741	4,779	4,088	3,889
Arts, Entertainment, and Recreation	75	183	313	492	335	802	821	5	179	232
Construction	4,630	5,874	6,664	6,185	6,445	6,437	3,428	847	304	57
Educational Services	116	103	114	115	61	161	90	162	34	59
Information	4,403	4,175	3,940	4,462	4,070	4,856	5,053	2,434	4,774	6,280
Manufacturing	2,707	3,086	2,804	4,273	2,471	3,566	4,803	3,874	8,509	5,374
Mining, Quarrying, and Oil and Gas Extraction	5	16	14	35	9	81	58	82	145	1,245
Other Services (except Public Administration)	1,704	1,760	2,063	2,097	2,005	1,850	2,103	1,811	2,356	2,213
Professional, Scientific, and Technical Services	121	123	118	190	455	271	174	85	145	151
Real Estate and Rental and Leasing	1,315	1,639	1,795	1,563	1,469	1,432	1,181	321	726	899
Retail Trade	113,931	109,160	109,534	109,286	129,616	137,653	134,891	93,709	130,851	142,251
Utilities	1,399	2,246	7,861	4,373	2,918	1,006	119	2,005	3,887	6
All Other NAICS Sectors	1,128	1,151	1,209	1,200	1,503	1,684	1,793	3,486	1,992	1,940
<b>Grand Total</b>	<b>209,003</b>	<b>215,987</b>	<b>233,021</b>	<b>242,533</b>	<b>264,111</b>	<b>277,449</b>	<b>265,894</b>	<b>170,305</b>	<b>249,127</b>	<b>270,752</b>

Note: To maintain confidentiality, the names of the ten largest revenue payers are not disclosed.

The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

## Property Tax Dollar Distribution



School Districts	44.00%
County	27.00%
Cities	17.00%
Successor Agencies	1.00%
Special Districts	11.00%
<b>Total</b>	<b>100.00%</b>

The chart shows the distribution of the 1% general tax, based on the assessed value, for the fiscal year 2022-23.

Source: San Mateo County Treasurer-Tax Collector Office