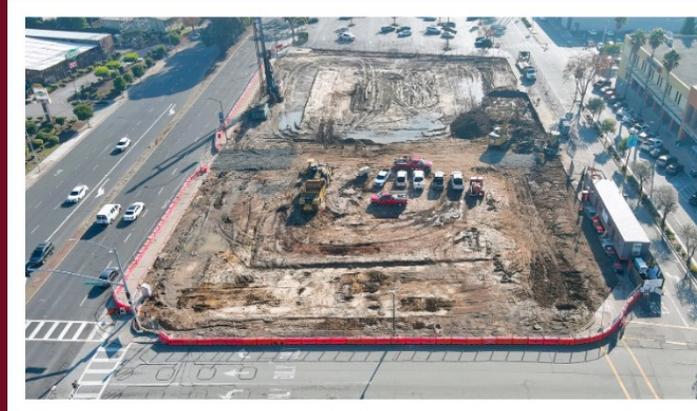




CITY OF MILLBRAE



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Year Ending June 30, 2024

**City of
Millbrae**
Millbrae, California

Annual Comprehensive Financial Report

For the year ended June 30, 2024

Prepared by:
Finance Department

City of Millbrae
Annual Comprehensive Financial Report
For the year ended June 30, 2024

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City of Millbrae
621 Magnolia Avenue, Millbrae, CA 94030

ANDERS FUNG
Mayor

REUBEN D. HOLOBER
Vice Mayor

STEPHEN RAINALDI
Councilmember

SISSY Y. RILEY
Councilmember

BOB NGUYEN
Councilmember

December 30, 2024

**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, 2024. The City has continued to take a cautious and prudent, but proactive approach to secure the city financially through a combination of economic development and 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 2024 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, 2024, 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, 2024, 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 23,093.

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

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

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

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.*

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 2024, the top priorities for 2024 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 2023-2024, 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 2024, property tax revenues were 2.2% higher than anticipated, and within the variance. TOT increased 17.8% due to a combination of factors including receiving the full revenue for the fiscal year for a new hotel that opened in February 2023 and the continued moderate recovery from the pandemic. Sales tax increased by 1.3% from the previous fiscal year figures, also within the variance. Two of the City's top revenue sources, TOT and sales tax that were severely impacted by the COVID-19 pandemic in fiscal year 2021 and 2022 continue to recover at a moderate pace.

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 2014 and 2024, the City of Millbrae's Assessment Roll has increased from \$4.1 billion in property tax valuation to \$7.6 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 has recovered even further in fiscal year 2024 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 (with both SamTrans and CalTrain set to move into the Gateway Development), 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:

- Alexandria Center for Life Sciences is nearing completion, with the primary tenant, Eikon Therapeutics, estimated to move in this Spring. Subsequent phases of the development are currently on hold but anticipated to commence construction within the next few years. 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.
- Development at Gateway at Millbrae Station (BART site) is now completed with new tenants moving in. Building permits are currently under review for SamTrans and CalTrain to move into the project's 152,000 square-foot office building. Retail tenants continue to move into the project's 36,200 square feet of retail space. Liberty Bank and Panda Express most recently opened for business, soon to be followed by Chick Fil-A, Base Camp Fitness, Zero& (teas), iCode Learning, and Sourdough & Company.
- The Longfellow Life Science Project is under construction and estimated for completion in mid-2025. The project consists of 315,000 square-foot Class A laboratories and offices.
- A Planned Development (PD) Amendment / Conceptual Development Plan application at 1 Old Bayshore Drive for a seven-building campus development to include life science laboratories, offices, a hotel, and parking garage is currently under review by the Planning Division.
- 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.
- 1301 Broadway, approved by the Planning Commission in August 2024, is currently under building permit review. The project consists of a 125,766 square foot, seven-story 97-unit residential affordable housing development at the corner of Broadway and Ludeman Lane.
- 959 El Camino Real (Trammell Crow) project located in downtown Millbrae is now under construction. The project will include 278 multi-family dwelling units, 17, 210 square feet of ground floor commercial space, and a public plaza.
- 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.

- Marina Vista Park Renovation Project will make improvements to the 0.6-acre park located along Bay Street at the end of Spruce Street, which has remained unchanged for over 25 years. Millbrae obtained a California Natural Resources Agency grant of \$187,025 for renovations of Marina Vista Park. A \$1.1M construction contract was awarded this year and the park is currently under construction. Scope of work includes grading, erosion control, water utilities, storm drain system, bioretention area, concrete work such as pedestrian paving and mow band, planting, landscape, irrigation system, play structure, lawn area, and site elements such as benches, picnic tables, BBQ grills, drinking fountain, and a pet waste station. The scheduled re-opening of the park is February 2025.
- Bayside Manor Park Renovation Project will make improvements to the 0.8-acre park located at the end of Lerida Avenue, which has also remained unchanged for over 25 years. Millbrae obtained a California Natural Resources Agency grant of \$187,025 for renovations of Bayside Manor Park. The proposed improvements will include a new playground, basketball courts, grassy lawn, new trees and landscaping, a shaded picnic area, benches, irrigation system, playground fencing, and a pet run and the total estimated cost is \$1,200,000. The project will be re- advertised in 2025 and should be complete by the end of 2025.
- Mill Estate Park Reactivation Project will be a multi-year project to make improvements to the 4.7-acre park. Design and community engagement will start in 2025. It is estimated to cost \$200,000 for landscape architectural services and the associated contract will go to Council in early 2025. Construction of this project is tentatively scheduled for mid-2026.
- Recycled Water Project Feasibility Study was completed in November 2024, which was accepted by Council. The study analyzed multiple treatment and distribution alternatives for providing recycled water to Millbrae customers and partners. With a new recycled water system, Millbrae will diversify its water portfolio and reduce the dependency on purchased SFPUC water. Recycled water will also improve resiliency during droughts and support future development. Next steps include obtaining additional funding and updating the study to meet federal grant requirements. The estimated cost of this project is approximately \$50 million.

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 2024, the City of Millbrae has a labor force of 12,900 and an unemployment rate of 3.8%. This is essentially on par with the average rate in San Mateo County (3.6%) and considerably better than the State’s rate of 5.4%. The unemployment rates have increased slightly from 2024, 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,

A handwritten signature in black ink, appearing to read "Mike Sung", with a long horizontal line extending to the right.

Mike Sung
Finance Director

CITY OF MILLBRAE

DIRECTORY OF CITY OFFICIALS

MAYOR

Anders Fung

MEMBERS OF THE CITY COUNCIL

Maurice Goodman

Ann Schneider

Angelina Cahalan

Gina Papan

COUNCIL APPOINTED OFFICERS

Thomas C. Williams

City Manager

Joan Cassman

City Attorney

AGENCY AND DEPARTMENT DIRECTORS

Mike Sung

Finance Director

Elaine Tran

City Clerk

Hannah Moran

Recreation Director

Eamonn Allen

Law Enforcement Services Chief

Sam Bautista

Director of Engineering & Public Works

Andy Mogensen

Community Services Director

Isabel Carlos

Assistant City Manager/Human

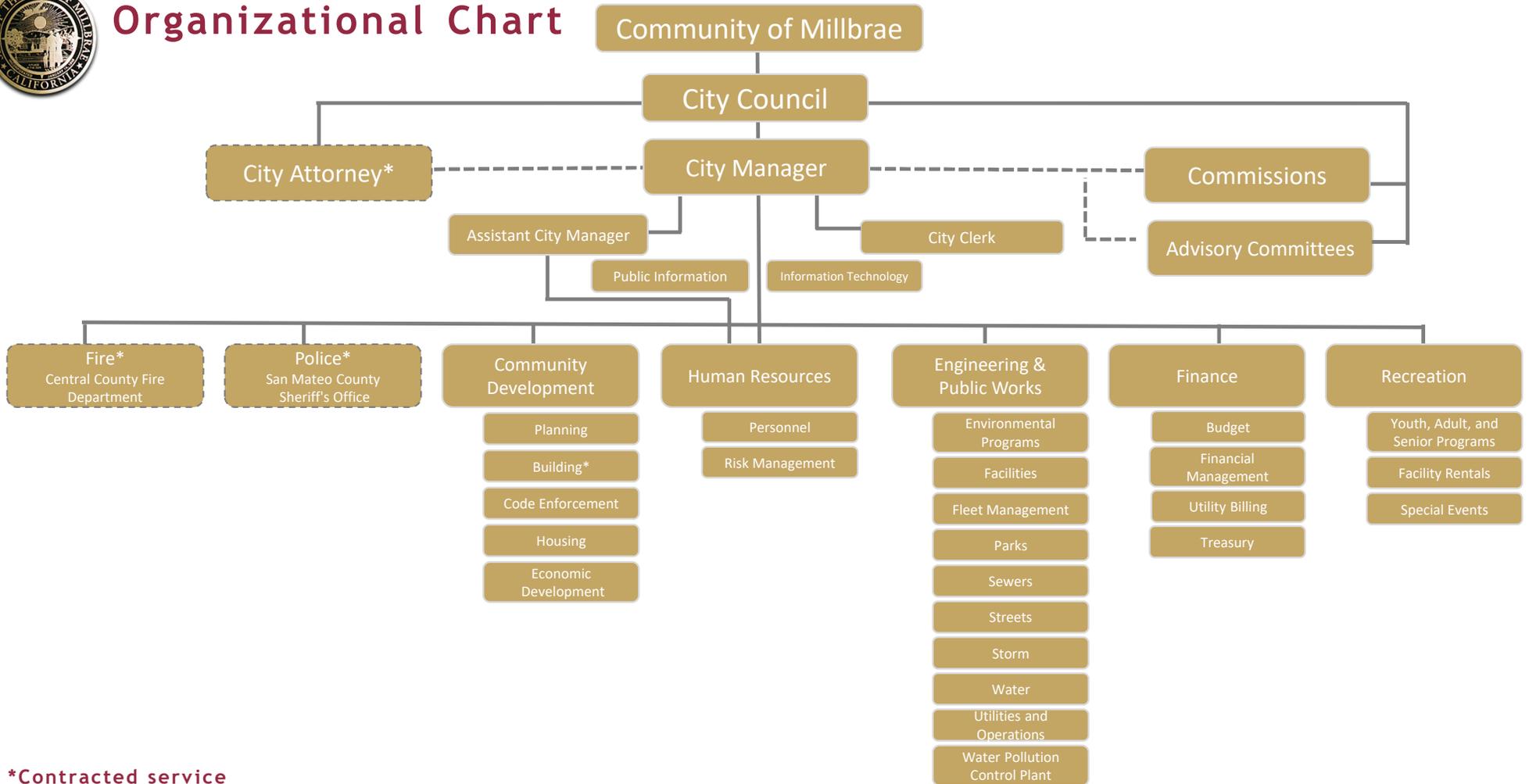
Resources Director

Dave Pucci

Fire Chief



Organizational Chart



*Contracted service



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, 2023

Christopher P. Morill

Executive Director/CEO

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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, 2024, 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, 2024, 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.

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.⁵
- 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.

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.

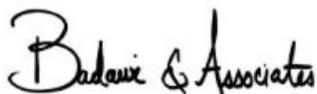
The combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 111-127 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 30, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



Badawi & Associates, CPAs
Berkeley, California
December 30, 2024

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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, 2024. 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, 2024, the City's total net position increased by \$7.6 million or 4.7% from the prior year to \$167.8 million. The increases are primarily related to \$10.3 million increase in net investment in capital assets compared to the prior year.
- The total current assets decreased by \$1.9 million or 1.7% to \$92.8 million while the cash and investments decreased by \$1.2 million or 1.4% to \$82.9 million.
- The total net position includes \$131.3 million net investment in capital assets (land, building, and equipment), \$40.6 million in restricted net position, and deficit \$4.1 million in unrestricted net position primarily associated with net pension liability and long-term debt.
- Primary government revenues decreased \$3.5 million or 4.4% from the prior year. Primary government expenses increased by \$18.1 million or 35.6%. Tax revenues continue to improve at a moderate pace from their COVID-19 pandemic lows. Increases 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 \$61.7 million, an increase of \$1.4 million or 2.3% from the previous year. Approximately \$14.8 million (24.0%) 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 \$17.9 million which represents 46.7% of general fund expenditures.
- The City's net pension liability (plus related deferred items) increased \$1.7 million or 4.1% from the prior year, mostly attributable to a deferred decrease in earnings on plan investments, which will increase 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) decreased by \$0.5 million or 8.3% 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

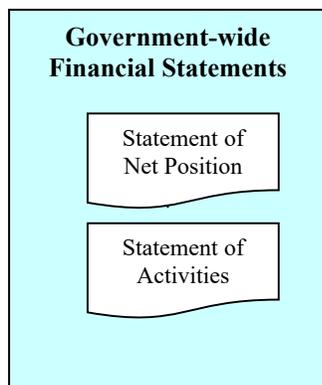
This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: (1) Government-wide Financial Statements; (2) Fund Financial Statements; and (3) Notes to the Basic Financial Statements. 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.

Fund

A separate accounting entity with a self-balancing set of accounts

Fund Categories

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 \$167.8 million as of June 30, 2024, compared to \$160.2 million on June 30, 2023. Overall, Government-wide Net Position increased \$7.6 million and Net Position for Governmental Activities increased \$1.0 million.

The largest portion of the City's net position is \$131.3 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 \$40.6 million (24.2%) 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 \$22.7 million due to the implementation of GASB 68 and GASB 75. This includes the City's net pension liability (plus related deferred items) of \$35.6 million and net OPEB liability (plus related deferred items) of \$3.7 million. The total net pension liability increased \$1.7 million or 4.9%, and the total net OPEB liability decreased by \$0.3 million or 8.3% 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
06/30/24
(In Thousands)

	Governmental		Business-type		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	\$ 79,416	\$ 77,936	\$ 32,944	\$ 36,365	\$ 112,360	\$ 114,301
Capital assets	89,685	89,431	88,433	80,850	178,118	170,281
Total assets	<u>169,101</u>	<u>167,367</u>	<u>121,377</u>	<u>117,215</u>	<u>290,478</u>	<u>284,582</u>
Deferred outflows	<u>18,089</u>	<u>20,092</u>	<u>4,868</u>	<u>5,117</u>	<u>22,957</u>	<u>25,209</u>
Liabilities						
Short-Term Liabilities	2,282	2,369	1,380	1,303	3,662	3,673
Long-Term Liabilities	72,788	72,963	52,228	53,875	125,016	126,838
Other liabilities	4,518	4,210	3,828	4,502	8,346	8,713
Total liabilities	<u>79,587</u>	<u>79,543</u>	<u>57,436</u>	<u>59,681</u>	<u>137,023</u>	<u>139,223</u>
Deferred inflows	<u>7,320</u>	<u>8,621</u>	<u>1,244</u>	<u>1,701</u>	<u>8,565</u>	<u>10,322</u>
Net position:						
Net investments in capital assets	82,336	81,480	48,978	39,557	131,314	121,037
Restricted						
Debt service	1,501	1,443			1,501	1,443
Gas tax	1,659	1,533			1,659	1,533
Developer fee	13,270	13,590			13,270	13,590
Housing activities	16,324	16,186			16,324	16,186
Other special programs	5,785	5,844			5,785	5,844
Measure W	863	573			863	573
Measure A	1,200	903			1,200	903
Unrestricted	(22,654)	(22,256)	18,587	21,393	(4,067)	(863)
Total net position	<u>\$ 100,283</u>	<u>\$ 99,295</u>	<u>\$ 67,565</u>	<u>\$ 60,951</u>	<u>\$ 167,847</u>	<u>\$ 160,246</u>

**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) decreased \$6.7 million from \$53.3 million to \$46.6 million. Most revenue categories slightly increased or remained relatively unchanged between 2023 and 2024 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 (\$1.4M), 17.8% increase from the previous year due to moderate recovery from the COVID-19 pandemic, investment earnings (\$1.0M) due to favorable interest rate environment, Operating contributions and grants (\$0.7M) due to a combination of grants including one for traffic calming and the resurfacing and rehabilitation of basket courts at Taylor Middle School. Charges for services decreased by \$4.8 million due to the leveling off of a couple of large development projects and capital grants and contributions decreased by \$4.7 million, primarily due to a large grant from the state for the Millbrae Recreation Center, which was a one-time occurrence during the prior fiscal year.
- Expenses associated with Governmental Activities increased \$12.0 million from \$32.7 million in 2023 to \$44.7 million in 2024. Increases in expenses are primarily associated with a \$10.9 million increase in pension expenses adjustment related to GASB 68. Removing the adjustment and total governmental expenses went up 2.6% mainly due to inflation and rising labor costs.

Analysis of the Changes in Net Position

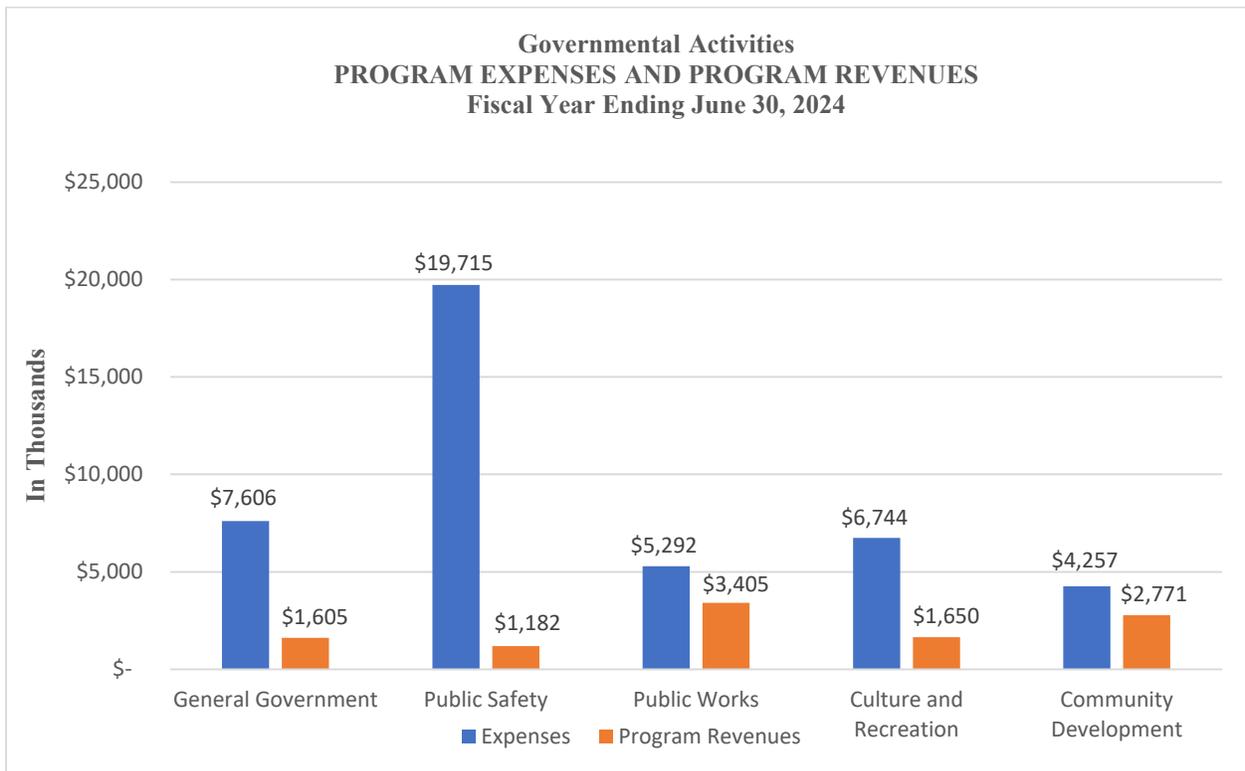
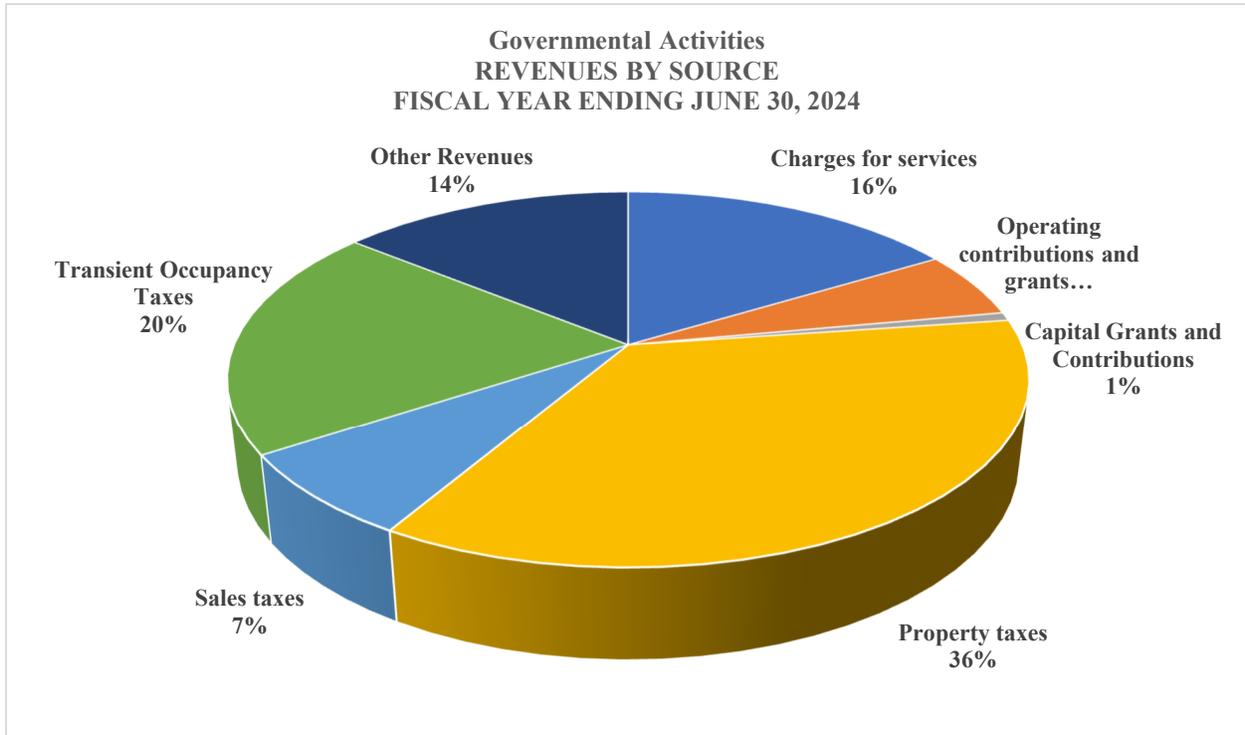
**STATEMENT OF ACTIVITIES
CHANGE IN NET POSITION
06/30/24
(In Thousands)**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program revenues						
Charges for services	\$ 7,607	\$ 12,363	\$ 28,873	\$ 26,094	\$ 36,480	\$ 38,457
Operating contributions and grants	2,674	1,979	-	-	2,674	1,979
Capital Grants and Contributions	330	5,019	-	-	330	5,019
	<u>10,612</u>	<u>19,361</u>	<u>28,873</u>	<u>26,094</u>	<u>39,485</u>	<u>45,455</u>
General revenues						
Property taxes	16,622	17,068			16,622	17,068
Sales taxes	3,378	3,335			3,378	3,335
Transient Occupancy Taxes	9,376	7,961			9,376	7,961
Franchise fees	1,390	1,318			1,390	1,318
Other taxes	1,832	1,851			1,832	1,851
Investment earnings	3,244	2,229	1,266	890	4,509	3,119
Miscellaneous	117	130	-	-	117	130
General revenues subtotal	<u>35,958</u>	<u>33,892</u>	<u>1,266</u>	<u>890</u>	<u>37,224</u>	<u>34,782</u>
Total Revenues	<u>46,570</u>	<u>53,253</u>	<u>30,139</u>	<u>26,984</u>	<u>76,709</u>	<u>80,237</u>
Expenses by activity						
General government	7,606	4,646			7,606	4,646
Public safety	19,715	14,711			19,715	14,711
Public works	5,292	4,490			5,292	4,490
Culture and recreation	6,744	3,887			6,744	3,887
Community development	4,257	3,809			4,257	3,809
Interest on long term debt	1,100	1,157			1,100	1,157
Municipal water system			10,052	8,155	10,052	8,155
Waste water treatment			13,077	9,285	13,077	9,285
Storm drain			1,266	835	1,266	835
Total Expenses	<u>44,712</u>	<u>32,699</u>	<u>24,395</u>	<u>18,275</u>	<u>69,107</u>	<u>50,974</u>
Increase (decrease) before transfers and special items	1,858	20,554	5,744	8,709	7,602	29,263
Transfers	(870)	(545)	870	545	-	-
Change in Net Position	<u>988</u>	<u>20,009</u>	<u>6,614</u>	<u>9,254</u>	<u>7,602</u>	<u>29,263</u>
Beginning Net Position	99,295	79,286	60,951	51,697	160,246	130,982
Ending Net Position (June 30)	<u>\$ 100,283</u>	<u>\$ 99,295</u>	<u>\$ 67,565</u>	<u>\$ 60,951</u>	<u>\$ 167,847</u>	<u>\$ 160,246</u>

**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.

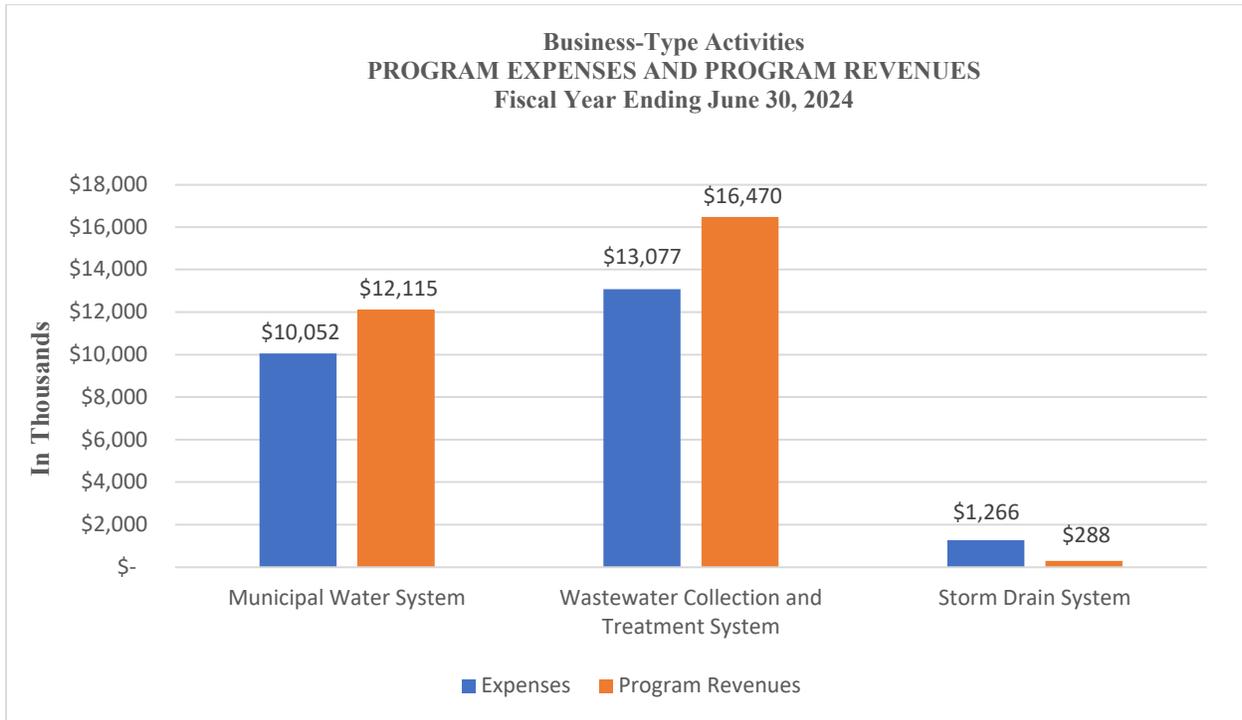


Governmental activities increased the City's total net position by \$1.0 million, an 1.0% increase over the prior fiscal year. This minor increase was primarily driven by the following factors:

- Revenues from governmental activities (excluding special items) totaled \$46.6 million, a decrease of \$6.7 million from the prior year. For the same period, expenses (excluding transfers between City funds) totaled \$44.7 million, an increase of \$12.0 million, mainly due to a \$10.9 million increase in pension expenses related to GASB 68 adjustments.
- Property tax revenues totaled \$16.6 million, a decrease of \$0.4 million or 2.6%, as the City received a lower 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.
- Charges for services revenue decreased by \$4.8 million or 38.5% primarily due to less permit fees as the previous year received a large amount from a few large projects around the Millbrae station area.
- Investment earnings revenues totaled \$3.2 million, an increase of \$1.0 million, primarily due to elevated inflation and a higher-for-longer interest rate environment.
- TOT revenues totaled \$9.4 million, an increase of \$1.4 million or 17.8%, as the travel industry continued its recovery from COVID 19 pandemic.
- Operating grants and contributions totaled \$2.7 million, an increase of \$0.7 million, primarily due to the combination of grants including one for traffic calming and the resurfacing and rehabilitation of basket courts at Taylor Middle School.
- Capital grants and contributions totaled \$0.3 million, a decrease of \$4.7 million, primarily due to large amount of grants and donations contributed to the new Recreation Center in the previous fiscal year.
- The total cost of governmental activities in fiscal year 2024 was \$44.7 million. Of this amount, \$10.6 million was funded by charges for services, operating grants/contributions, and capital grants/contributions.

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 \$6.6 million to \$67.6 million during fiscal year 2023 - 2024. 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 \$1.6 million to \$16.5 million. In the current fiscal year, the City used the new sewer charge structures from the latest rate study. Operating expenses increased \$3.8 million; a majority of which (\$2.3 million) is due to a pension liability adjustment required under GASB 68.
- Operating revenues in the Water Enterprise Fund increased \$1.2 million to \$12.1 million after around 7% increases in the water fixed and quantity charges. At the same time, operational costs of the system increased by \$1.9 million to \$10.1 million; a portion of which (\$0.7 million) is due to a pension liability adjustment required under GASB 68 and an increase in operating expenses including wholesale water costs.
- 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 2024, the transfer from the General Fund to the Storm Drain Fund was \$1.0 million which is slightly higher than 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 2023 - 2024 the City's Governmental Funds reported a combined ending Fund Balance (including restricted funds and funds set aside for emergencies or economic downturn) of \$61.7 million. This represents an increase of \$1.4 million (2.3%) over the prior year ending balance of \$60.3 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 \$20.4 Million. As a measure of liquidity, both unassigned and assigned fund balance can be compared to total fund expenditures. Unassigned fund balance totals \$16.6 million or 43.4% of total general fund expenditures. Of this amount, \$6.0 million was designated for reserves 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 \$3.2 million. Transfers from the general fund totaling \$2.4 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 \$14.3 million, increasing by \$0.1 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 \$13.3 million, decreasing by \$0.3 million during the current fiscal year.

Non-Major Government Funds: Other Governmental Funds have a combined ending fund balance of \$13.7 million, an increase of \$0.7 million over the prior year ending balance. This increase is primarily related to an overall slight increase in fund balance for most Non-Major Governmental Funds.

The following table presents a summary of actual revenues and other financing sources, expenditures, and the results of operations for the 2023 – 2024 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 6/30/2024
(In Thousands)**

	Revenues and Other Financing Sources		Expenditures and Other Financing Uses		Net Change in Fund Balances		Ending Fund Balances	
	2024	2023	2024	2023	2024	2023	2024	2023
General Fund	\$ 41,428	\$ 40,595	\$ 40,620	\$ 37,447	\$ 808	\$ 3,149	\$ 20,374	\$ 19,566
Low and Moderate Income Housing	145	216	7	-	138	216	\$ 14,345	14,207
Developer Fee	829	2,997	1,149	962	(320)	2,035	\$ 13,270	13,590
Other Governmental Funds	9,227	14,435	8,487	7,921	740	6,514	\$ 13,679	12,939
TOTAL	\$ 51,629	\$ 58,244	\$ 50,263	\$ 46,330	\$ 1,366	\$ 11,914	\$ 61,668	\$ 60,302

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 2023 – 2024 compared to the previous fiscal year. Primary drivers for the \$0.8 million increase in revenues were a 17.8% (\$1.4 million) increase in transient occupancy taxes, \$0.7 million increases to grants and intergovernmental plus \$0.6 million increases to use of money and property, offsetting \$0.5 million decreases to property tax, \$1.7 million decreases to charges for services, licenses and permits. A significant portion of the increase to grants and intergovernmental revenue is attributable to combination of grants including one for traffic calming and the resurfacing and rehabilitation of basket courts at Taylor Middle School. The primary driver for \$3.5 million increases in expenditures was attributable to a one-time increase to Capital Outlay (\$2.0M), with more modest increases to Public safety (\$0.6M), Public Works (\$0.8M), and General Government (\$0.3M). Community Development saw a slight decrease of \$0.3 million.

**GENERAL FUND
REVENUE AND EXPENDITURE COMPARISON
06/30/24
(In Thousands)**

	General Fund		Dollar Variance	Percentage Variance
	2024	2023		
REVENUES				
Property Taxes	\$ 15,856	\$ 16,357	\$ (501)	-3.1%
Sales Tax	3,378	3,335	43	+1.3%
Transient Occupancy Tax	9,376	7,961	1,415	+17.8%
Franchise Fees	1,390	1,318	72	+5.5%
Other Taxes	767	798	(31)	-3.9%
Licenses and Permits	1,962	3,498	(1,536)	-43.9%
Charges for Services	1,889	2,086	(197)	-9.4%
Fines and Forfeitures	979	884	95	+10.7%
Use of Money and Property	2,295	1,724	571	+33.1%
Grants and Intergovernmental	988	257	731	+284.4%
Miscellaneous	2,548	2,377	171	+7.2%
Total Revenues	41,428	40,595	833	+2.1%
EXPENDITURES				
General Government	5,924	5,602	322	+5.7%
Public Safety	20,123	19,540	583	+3.0%
Public Works	4,145	3,363	782	+23.3%
Culture and Recreation	2,128	2,013	115	+5.7%
Community Development	3,425	3,703	(278)	-7.5%
Capital Outlay	2,491	442	2,049	+463.6%
Total Expenditures	38,236	34,663	3,573	+10.3%
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	
Transfers Out	(2,384)	(2,784)	400	
Total Other Financing Sources (Uses)	(2,384)	(2,784)	400	
NET CHANGE IN FUND BALANCE	808	3,148		
BEGINNING FUND BALANCE	19,566	16,417		
ENDING FUND BALANCE	\$ 20,374	\$ 19,566		

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 2024 was \$67.5 million, an increase of \$6.5 million from Fiscal Year 2023. The primary drivers for this increase are water and sewer rates increase based on the latest studies, and an increase in water rates tied to a higher rate charged by SFPUC (San Francisco Public Utility Commission). Although the net position saw healthy 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 \$21.8 million for the fiscal year 2025. Changes in net position associated with Internal Service Funds are primarily associated with a temporary pause in funding for the worker’s compensation fund in the fiscal year.

The following table shows actual revenues, expenses, and results of operations (change in net position) for the fiscal year 2023 – 2024.

PROPRIETARY FUNDS						
06/30/24						
<i>(In Thousands)</i>						
	Operating Revenues	Operating Expenses	Operating Income (Loss)	Non-Operating Revenues (Expenses)	Transfers In (Out)	Change In Net Position
Municipal Water System	\$ 12,115	\$ 9,954	\$ 2,161	\$ 350	\$ -	\$ 2,511
Wastewater Fund	16,470	11,993	4,477	(68)	-	4,409
Storm Drain	288	1,241	(953)	22	870	(61)
Internal Service Funds	\$ 2,368	\$ 3,217	\$ (849)	\$ 439	\$ -	\$ (409)
TOTAL	\$ 31,241	\$ 26,405	\$ 4,836	\$ 744	\$ 870	\$ 6,450

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final budget differs from the original adopted budget in that revenues were adjusted upward by \$0.4 million, and expenditures were also adjusted upward by \$2.6 million. In total, the final budget for the General Fund reflected a minor net surplus of \$0.8 million.

General Fund actual revenues were above the amended budget projections by \$1.3 million. Actual expenditure was slightly below the amended budget by \$2.0 million, mainly due to the actual Community Development Budget expenditure being \$2.0 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 2023 - 2024.

The investment in total capital assets for both the Governmental and Business-type Activities as of June 30, 2024, increased \$7.8 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 6/30/2024
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 14,298	\$ 14,298	\$ 1,501	\$ 1,501	\$ 15,799	\$ 15,799
Construction in Progress	1,841	1,666	5,767	4,929	7,608	6,595
Buildings and Improvements	41,120	43,355	29,431	30,289	70,551	73,644
Furniture, Fixtures and Equipment	1,024	839	2,449	2,121	3,473	2,960
Automobiles and Trucks	979	891	-	-	979	891
Infrastructure	30,423	28,382	49,285	42,011	79,708	70,393
TOTAL	\$ 89,685	\$ 89,431	\$ 88,433	\$ 80,850	\$ 178,118	\$ 170,281

Debt Administration

As of June 30, 2024, the City had a total long-term debt outstanding of \$58.4 million. This includes \$18.9 million related to Governmental Activities and \$39.5 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, 2024, 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 6/30/2024
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
2004 Pension Obligation Bonds	\$ 11,574	\$ 12,107	\$ -	\$ -	\$ 11,574	\$ 12,107
2011 Police Remodel Lease Revenue Refunding Bonds (Direct Lender Tax Exempt Lease)	-	248	-	-	-	248
2013 General Obligation Refunding Bonds	7,110	7,445	-	-	7,110	7,445
Premium, net of amortization	239	258	-	-	239	258
*2009B Wastewater Revenue Certificate of Participation	-	-	-	-	-	-
Premium, net of amortization	-	-	58	63	58	63
2018 Wastewater Revenue Bond	-	-	16,595	16,995	16,595	16,995
Premium, net of amortization	-	-	588	613	588	613
2021 Wastewater Revenue Bond	-	-	17,600	18,445	17,600	18,445
Premium, net of amortization	-	-	4,614	5,176	4,614	5,176
TOTAL	\$ 18,923	\$ 20,058	\$ 39,456	\$ 41,293	\$ 58,378	\$ 61,351

*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 in October, 2024, was 3.8%, which was slightly higher than San Mateo County (3.6%), but substantially better than the State of California overall (5.4%). The local job market has stabilized as the City navigates into the post-pandemic era, 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 4 years. The City has made decisions to mitigate those effects and continues to carefully plan ahead as we move past the pandemic and are faced with other rising costs, especially labor, healthcare, and pension costs which 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 2023 - 2024, the City adopted a one-year budget as revenue continues to stabilize. Staff had taken immediate action in 2020 and continued those actions into 2021 through 2024, 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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Millbrae
Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 50,459,173	\$ 32,465,318	\$ 82,924,491
Cash with fiscal agent	114,099	399	114,498
Receivables:			
Taxes	4,178,318	-	4,178,318
Accounts - net	550,369	2,849,435	3,399,804
Accrued interest	337,902	-	337,902
Due from other governmental agencies	257,120	-	257,120
Leases	330,824	-	330,824
Internal balances	2,370,890	(2,370,890)	-
Prepaid items	1,255,357	-	1,255,357
Total current assets	<u>59,854,052</u>	<u>32,944,262</u>	<u>92,798,314</u>
Noncurrent assets:			
Land held for resale	1,911,814	-	1,911,814
Loans and notes receivable	14,406,758	-	14,406,758
Leases Receivables	3,243,497	-	3,243,497
Capital assets:			
Non-depreciable	16,139,267	7,267,574	23,406,841
Depreciable, net	73,545,934	81,165,308	154,711,242
Total capital asset	<u>89,685,201</u>	<u>88,432,882</u>	<u>178,118,083</u>
Total noncurrent assets	<u>109,247,270</u>	<u>88,432,882</u>	<u>197,680,152</u>
Total assets	<u>169,101,322</u>	<u>121,377,144</u>	<u>290,478,466</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred employer pension contributions	3,956,905	1,296,481	5,253,386
Deferred outflows of resources - OPEB	291,458	101,148	392,606
Deferred outflows of resources - pension	13,840,289	3,470,471	17,310,760
Total deferred outflows of resources	<u>18,088,652</u>	<u>4,868,100</u>	<u>22,956,752</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,642,468	2,788,135	5,430,603
Interest payable	126,266	124,536	250,802
Deposits payable	1,224,985	915,482	2,140,467
Unearned revenue	523,968	-	523,968
Compensated absences - due within one year	91,669	69,876	161,545
Accrued self-insurance - due within one year	445,108	-	445,108
Long-term debt - due within one year	1,745,000	1,310,000	3,055,000
Total current liabilities	<u>6,799,464</u>	<u>5,208,029</u>	<u>12,007,493</u>
Noncurrent liabilities:			
Compensated absences - due in more than one year	825,022	628,882	1,453,904
Accrued self-insurance - due in more than one year	1,392,000	-	1,392,000
Net OPEB liability	3,572,066	1,239,649	4,811,715
Net pension liability	49,820,751	12,271,843	62,092,594
Long-term debt - due in more than one year	17,177,793	38,087,732	55,265,525
Total noncurrent liabilities	<u>72,787,632</u>	<u>52,228,106</u>	<u>125,015,738</u>
Total liabilities	<u>79,587,096</u>	<u>57,436,135</u>	<u>137,023,231</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	3,541,115	1,030,369	4,571,484
Deferred inflows of resources - OPEB	449,557	156,014	605,571
Deferred inflows of resources - leases	3,329,581	-	3,329,581
Deferred gain on refunding	-	57,883	57,883
Total deferred inflows of resources	<u>7,320,253</u>	<u>1,244,266</u>	<u>8,564,519</u>
NET POSITION			
Net investment in capital assets	82,336,634	48,977,666	131,314,300
Restricted for:			
Debt service	1,501,176	-	1,501,176
Gas tax	1,658,567	-	1,658,567
Developer fee (Millbrae station area development projects)	13,269,586	-	13,269,586
Housing activities	16,323,786	-	16,323,786
Other special programs	5,784,574	-	5,784,574
Measure W	863,379	-	863,379
Measure A	1,199,585	-	1,199,585
Total restricted	<u>40,600,653</u>	<u>-</u>	<u>40,600,653</u>
Unrestricted	<u>(22,654,662)</u>	<u>18,587,177</u>	<u>(4,067,485)</u>
Total net position	<u>\$ 100,282,625</u>	<u>\$ 67,564,843</u>	<u>\$ 167,847,468</u>

See accompanying Notes to Basic Financial Statements.

City of Millbrae
Statement of Activities
For the year ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 7,605,900	\$ 820,142	\$ 757,232	\$ 27,602
Public safety	19,714,563	990,201	186,159	5,267
Public works	5,291,615	1,824,411	1,580,381	-
Culture and recreation	6,744,004	1,352,859	-	296,722
Community development	4,256,777	2,619,854	150,000	727
Interest on long-term debt	1,099,509	-	-	-
Total governmental activities	44,712,368	7,607,467	2,673,772	330,318
Business-type activities:				
Municipal water system	10,051,998	12,114,990	-	-
Wastewater collection and treatment system	13,076,858	16,469,903	-	-
Storm drain system	1,265,652	288,109	-	-
Total business-type activities	24,394,508	28,873,002	-	-
Total primary government	\$ 69,106,876	\$ 36,480,469	\$ 2,673,772	\$ 330,318

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

Net position - end of year

Net (Expense) Revenue
and Changes in Net Position

Total	Governmental Activities	Business-Type Activities	Total
\$ 1,604,976	\$ (6,000,924)	\$ -	\$ -
1,181,627	(18,532,936)	-	-
3,404,792	(1,886,823)	-	-
1,649,581	(5,094,423)	-	-
2,770,581	(1,486,196)	-	-
-	(1,099,509)	-	-
10,611,557	(34,100,811)	-	-
12,114,990	-	2,062,992	2,062,992
16,469,903	-	3,393,045	3,393,045
288,109	-	(977,543)	(977,543)
28,873,002	-	4,478,494	4,478,494
\$ 39,484,559	(34,100,811)	4,478,494	(29,622,317)

16,622,475	-	16,622,475
3,377,714	-	3,377,714
9,376,250	-	9,376,250
1,389,520	-	1,389,520
1,832,441	-	1,832,441
116,532	-	116,532
32,714,932	-	32,714,932
3,243,563	1,265,721	4,509,284
(870,000)	870,000	-
35,088,495	2,135,721	37,224,216
987,684	6,614,215	7,601,899
99,294,941	60,950,628	160,245,569
\$ 100,282,625	\$ 67,564,843	\$ 167,847,468

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FUND FINANCIAL STATEMENTS

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, 2024

	Major Funds				
	General	Low and Moderate Income Housing Fund	Developer Fee Special Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 15,321,334	\$ 904,597	\$ 14,011,207	\$ 12,434,898	\$ 42,672,036
Cash with fiscal agent	-	-	-	114,099	114,099
Receivables:					
Taxes	3,906,394	-	-	271,924	4,178,318
Accounts - net	298,064	1,968	378	220,849	521,259
Accrued interest	199,896	-	-	138,006	337,902
Due from other governmental agencies	257,120	-	-	-	257,120
Loans	-	11,526,758	-	2,880,000	14,406,758
Leases	3,574,321	-	-	-	3,574,321
Due from other funds	506,194	-	-	-	506,194
Advances to other funds	1,256,000	-	-	-	1,256,000
Prepaid items	1,255,357	-	-	-	1,255,357
Land held for resale	-	1,911,814	-	-	1,911,814
Total assets	\$ 26,574,680	\$ 14,345,137	\$ 14,011,585	\$ 16,059,776	\$ 70,991,178
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued payroll	\$ 1,994,021	\$ -	\$ 208,589	\$ 383,143	\$ 2,585,753
Deposits	604,320	-	533,410	87,255	1,224,985
Due to other funds	-	-	-	403,042	403,042
Advances from other funds	-	-	-	1,256,000	1,256,000
Unearned revenue	272,911	-	-	251,057	523,968
Total liabilities	2,871,252	-	741,999	2,380,497	5,993,748
Deferred inflows of resources:					
Deferred inflows of resources - leases	3,329,581	-	-	-	3,329,581
Total Deferred inflows of resources	3,329,581	-	-	-	3,329,581
Fund Balances:					
Nonspendable	2,511,357	-	-	-	2,511,357
Restricted	-	14,345,137	13,269,586	12,985,930	40,600,653
Committed	-	-	-	2,455,538	2,455,538
Assigned	1,277,500	-	-	-	1,277,500
Unassigned	16,584,990	-	-	(1,762,189)	14,822,801
Total fund balances	20,373,847	14,345,137	13,269,586	13,679,279	61,667,849
Total liabilities, deferred inflows of resources and fund balances	\$ 26,574,680	\$ 14,345,137	\$ 14,011,585	\$ 16,059,776	\$ 70,991,178

See accompanying Notes to Basic Financial Statements.

City of Millbrae

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position June 30, 2024

Total Fund Balances - Total Governmental Funds	\$ 61,667,849
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 \$95,765)	16,043,502
Depreciable, net of accumulated depreciation (and net of internal service fund capital assets of \$1,567,492)	71,978,442
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.	(126,266)
Net OPEB liabilities are not due and payable in the current period, and therefore are not recorded in the governmental funds	(3,572,066)
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:	3,871,387
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	13,611,369
Deferred outflows of resources - OPEB	291,458
Deferred inflows of resources - pension	(3,473,150)
Deferred inflows of resources - OPEB	(449,557)
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	(1,745,000)
Long-term liabilities - due in more than one year:	
Net pension liability, net of internal service fund amount	(49,011,275)
Long-term debt	(17,177,793)
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.	8,373,725
Net Position of Governmental Activities	<u>\$ 100,282,625</u>

City of Millbrae
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2024

	Major Funds				Total Governmental Funds
	General	Low and Moderate Income Housing Asset Fund	Developer Fee Special Revenue Fund	Non-Major Governmental Funds	
REVENUES:					
Property tax	\$ 15,855,603	\$ -	\$ -	\$ 766,872	\$ 16,622,475
Sales tax	3,377,714	-	-	-	3,377,714
Transient occupancy tax	9,376,250	-	-	-	9,376,250
Franchise fees	1,389,520	-	-	-	1,389,520
Other taxes	766,525	-	-	2,314,038	3,080,563
Licenses and permits	1,962,371	-	-	125,920	2,088,291
Charges for services	1,889,358	-	294,024	2,023,959	4,207,341
Fines and forfeitures	979,351	-	-	-	979,351
Use of money and property	2,294,761	145,308	516,476	574,581	3,531,126
Grants and intergovernmental	988,384	-	-	473,562	1,461,946
Miscellaneous	2,548,273	-	18,317	1,398,932	3,965,522
Total revenues	41,428,110	145,308	828,817	7,677,864	50,080,099
EXPENDITURES:					
Current:					
General government	5,924,065	7,363	-	207,418	6,138,846
Public safety	20,122,560	-	-	-	20,122,560
Public works	4,145,035	-	-	1,037,040	5,182,075
Culture and recreation	2,128,213	-	-	3,159,920	5,288,133
Community development	3,424,605	-	799,720	242,753	4,467,078
Capital outlay	2,491,396	-	349,295	1,594,298	4,434,989
Debt service:					
Principal	-	-	-	1,918,000	1,918,000
Interest, and fiscal charges	-	-	-	327,312	327,312
Total expenditures	38,235,874	7,363	1,149,015	8,486,741	47,878,993
REVENUES OVER (UNDER) EXPENDITURES	3,192,236	137,945	(320,198)	(808,877)	2,201,106
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of assets	-	-	-	35,000	35,000
Transfers in	-	-	-	1,513,898	1,513,898
Transfers out	(2,383,898)	-	-	-	(2,383,898)
Total other financing sources (uses)	(2,383,898)	-	-	1,548,898	(835,000)
Net change in fund balances	808,338	137,945	(320,198)	740,021	1,366,106
FUND BALANCES:					
Beginning of year	19,565,509	14,207,192	13,589,784	12,939,258	60,301,743
End of year	\$ 20,373,847	\$ 14,345,137	\$ 13,269,586	\$ 13,679,279	\$ 61,667,849

See accompanying Notes to Basic Financial Statements.

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, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ 1,366,106
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 \$506,871 capital asset additions recorded in the internal service funds.	4,325,648
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 \$221,200 that was recorded in the internal service funds.	(2,597,902)
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.	(1,759,030)
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:	3,871,387
Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense is not recognized in the governmental funds.	(5,538,004)
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:	753,767
OPEB expense is recorded as incurred in the Government-Wide Statement of Activities, however OPEB expense is not recognized in the governmental funds.	(415,514)
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.	(802,432)
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.	
Long-term debt repayments	1,918,000
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
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.	10,492
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.	(164,577)
Change in Net Position of Governmental Activities	\$ 987,684

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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, 2024

	Business-Type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Municipal Water System	Wastewater Collection and Treatment System	Non-Major Storm Drain System	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 8,602,353	\$ 23,208,010	\$ 654,955	\$ 32,465,318	\$ 7,787,137
Cash with fiscal agents	-	399	-	399	-
Receivables:					
Accounts - net	2,834,321	7,573	7,541	2,849,435	29,110
Total current assets	11,436,674	23,215,982	662,496	35,315,152	7,816,247
Noncurrent assets:					
Capital assets:					
Non-depreciable capital assets	1,696,831	5,570,743	-	7,267,574	95,765
Depreciable capital assets, net	17,186,230	60,313,940	3,665,138	81,165,308	1,567,492
Total capital assets	18,883,061	65,884,683	3,665,138	88,432,882	1,663,257
Total noncurrent assets	18,883,061	65,884,683	3,665,138	88,432,882	1,663,257
Total assets	30,319,735	89,100,665	4,327,634	123,748,034	9,479,504
DEFERRED OUTFLOWS OF RESOURCES					
Deferred employer pension contributions	294,141	925,402	76,938	1,296,481	85,518
Deferred outflows of resources - OPEB	19,320	74,389	7,439	101,148	-
Deferred outflows of resources - pension	787,369	2,477,151	205,951	3,470,471	228,920
Total deferred outflows of resources	1,100,830	3,476,942	290,328	4,868,100	314,438
LIABILITIES					
Current liabilities:					
Accounts payable and accrued payroll	1,069,058	1,465,489	253,588	2,788,135	56,715
Interest payable	-	124,536	-	124,536	-
Deposits	786,982	127,000	1,500	915,482	-
Due to other funds	-	-	-	-	103,152
Unearned revenue	-	-	-	-	-
Compensated absences - due within one year	19,925	46,137	3,814	69,876	91,669
Accrued self insurance - due within one year	-	-	-	-	445,108
Long-term debt - due within one year	-	1,310,000	-	1,310,000	-
Total current liabilities	1,875,965	3,073,162	258,902	5,208,029	696,644
Noncurrent liabilities:					
Compensated absences - due in more than one year	179,328	415,232	34,322	628,882	825,022
Accrued self-insurance - due in more than one year	-	-	-	-	1,392,000
Net pension liability	2,784,195	8,759,389	728,259	12,271,843	809,476
Net OPEB liability	236,787	911,693	91,169	1,239,649	-
Long-term debt - due in more than one year	-	38,087,732	-	38,087,732	-
Total noncurrent liabilities	3,200,310	48,174,046	853,750	52,228,106	3,026,498
Total liabilities	5,076,275	51,247,208	1,112,652	57,436,135	3,723,142
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	233,767	735,456	61,146	1,030,369	67,965
OPEB related amounts	29,800	114,740	11,474	156,014	-
Gain on refunding	-	57,883	-	57,883	-
Total deferred inflows of resources	263,567	908,079	72,620	1,244,266	67,965
NET POSITION					
Net investment in capital assets	18,883,061	26,429,467	3,665,138	48,977,666	1,663,257
Unrestricted	7,197,662	13,992,853	(232,448)	20,958,067	4,339,578
Total net position	\$ 26,080,723	\$ 40,422,320	\$ 3,432,690	69,935,733	\$ 6,002,835

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

(2,370,890)

Net position business-type activities

\$ 67,564,843

City of Millbrae
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2024

	Business-Type Activities Enterprise Funds			Total	Governmental
	Municipal Water System	Wastewater Collection and Treatment System	Non-Major Storm Drain System		Activities - Internal Service Funds
OPERATING REVENUES:					
Water sales	\$ 12,114,988	\$ -	\$ -	\$ 12,114,988	\$ -
Sewer service fees	-	16,304,647	-	16,304,647	-
Interdepartmental charges	-	-	-	-	2,367,378
Storm drain fees	-	-	269,256	269,256	-
Miscellaneous	2	165,256	18,853	184,111	774
Total operating revenues	12,114,990	16,469,903	288,109	28,873,002	2,368,152
OPERATING EXPENSES:					
Personnel services	1,887,581	4,912,530	560,797	7,360,908	593,133
Contractual services	1,242,067	2,702,232	450,054	4,394,353	165,918
Materials, supplies and other services	1,343,603	2,168,266	64,737	3,576,606	532,253
Water purchases	4,817,082	-	-	4,817,082	-
Depreciation	465,219	1,432,621	102,871	2,000,711	221,200
Utilities	83,775	491,069	35,453	610,297	-
Insurance premiums and claims	114,806	286,608	27,274	428,688	1,704,283
Total operating expenses	9,954,133	11,993,326	1,241,186	23,188,645	3,216,787
OPERATING INCOME	2,160,857	4,476,577	(953,077)	5,684,357	(848,635)
NONOPERATING REVENUES (EXPENSES):					
Interest revenue	350,422	893,177	22,122	1,265,721	338,946
Interest expense and fiscal charges	-	(929,589)	-	(929,589)	-
Gain (loss) on sale	-	(31,612)	-	(31,612)	100,450
Grants	-	-	-	-	-
Total nonoperating revenues (expenses)	350,422	(68,024)	22,122	304,520	439,396
INCOME (LOSS) BEFORE TRANSFERS	2,511,279	4,408,553	(930,955)	5,988,877	(409,239)
Transfers in	-	-	870,000	870,000	-
Total transfers	-	-	870,000	870,000	-
Change in net position	2,511,279	4,408,553	(60,955)	6,858,877	(409,239)
NET POSITION					
Beginning of year	23,569,444	36,013,767	3,493,645		6,412,074
End of year	<u>\$ 26,080,723</u>	<u>\$ 40,422,320</u>	<u>\$ 3,432,690</u>		<u>\$ 6,002,835</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

(244,662)

Change in net position of business-type activities

\$ 6,614,215

City of Millbrae
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2024

	Business-Type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Municipal Water System	Wastewater Collection and Treatment System	Non-Major Storm Drain System	Total	
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:					
Receipts from others	\$ 2	\$ 165,256	\$ -	\$ 165,258	\$ 774
Receipts from customers	11,599,518	17,939,803	280,568	29,819,889	-
Receipts from other funds	-	-	-	-	2,376,111
Payments to suppliers	(7,554,226)	(4,456,556)	(323,655)	(12,334,437)	(862,210)
Payments to employees	(1,825,712)	(4,903,966)	(571,211)	(7,300,889)	(469,091)
Claims paid	(114,806)	(286,608)	(27,274)	(428,688)	(1,444,957)
Cash Flows from (used in) Operating Activities	2,104,776	8,457,929	(641,572)	9,921,133	(399,373)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash received from other funds	-	-	870,000	870,000	103,152
Cash Flows from Noncapital Financing Activities	-	-	870,000	870,000	103,152
CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets, net	(2,738,024)	(6,414,821)	(462,307)	(9,615,152)	(506,871)
Proceeds from sale of capital assets	-	-	-	-	100,450
Principal payments on debt	-	(1,245,002)	-	(1,245,002)	-
Interest paid	-	(1,527,305)	-	(1,527,305)	-
Cash Flows from (used in) Noncapital Financing Activities	(2,738,024)	(9,187,128)	(462,307)	(12,387,459)	(406,421)
CASH FLOWS FROM INVESTMENT ACTIVITIES					
FINANCING ACTIVITIES					
Interest	350,422	893,177	22,122	1,265,721	338,946
Cash Flows from Noncapital Financing Activities	350,422	893,177	22,122	1,265,721	338,946
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	(282,826)	163,978	(211,757)	(330,605)	(363,696)
CASH AND CASH EQUIVALENTS - Beginning of year	8,885,179	23,044,431	866,712	32,796,322	8,150,833
CASH AND CASH EQUIVALENTS - End of year	\$ 8,602,353	\$ 23,208,409	\$ 654,955	\$ 32,465,717	\$ 7,787,137
FINANCIAL STATEMENT PRESENTATION:					
Cash and investments	\$ 8,602,353	\$ 23,208,010	\$ 654,955	\$ 32,465,318	\$ 7,787,137
Cash with fiscal agents	-	399	-	399	-
Total	\$ 8,602,353	\$ 23,208,409	\$ 654,955	\$ 32,465,717	\$ 7,787,137
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income	\$ 2,160,857	\$ 4,476,577	\$ (953,077)	\$ 5,684,357	\$ (848,635)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	465,219	1,432,621	102,871	2,000,711	221,200
Changes in assets and liabilities:					
Accounts receivable	(254,440)	3,107,014	(7,541)	2,845,033	8,733
Deferred outflows - pension	15,821	49,770	4,138	69,729	4,600
Deferred outflows - OPEB	34,287	132,012	13,201	179,500	-
Accounts payable and accrued payroll	(67,699)	905,011	226,589	1,063,901	(164,039)
Deposits payable	35,830	20,000	-	55,830	-
Unearned Revenue	(296,860)	(1,491,858)	-	(1,788,718)	-
Compensated absences	70,730	52,236	(5,327)	117,639	120,099
Accrued self-insurance	-	-	-	-	259,326
Net OPEB Liability	(83,231)	(320,460)	(32,046)	(435,737)	-
Net pension liability	131,546	413,857	34,408	579,811	38,245
Deferred inflows - pension	(133,805)	(420,967)	(35,000)	(589,772)	(38,902)
Deferred inflows - pension	26,521	102,116	10,212	138,849	-
Total adjustments	(56,081)	3,981,352	311,505	4,236,776	449,262
Net cash provided by (used in) operating activities	\$ 2,104,776	\$ 8,457,929	\$ (641,572)	\$ 9,921,133	\$ (399,373)

See accompanying Notes to Basic Financial Statements.

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, 2024

	Successor Agency Agency to the Redevelopment Agency Private- Trust Fund	OPEB Trust Fund
ASSETS		
Current assets		
Cash and investments	\$ 443,601	\$ -
Cash with fiscal agents	119	13,647
OPEB plan cash and investments:		
Mutual Funds	-	8,867,374
Total assets	443,720	8,881,021
LIABILITIES		
Liabilities:		
Current liabilities		
Payable to broker	-	13,647
Interest payable	73,844	-
Long-term debt		
Portion due within one year	305,000	-
Portion due in more than one year	4,382,907	-
Total liabilities	4,761,751	13,647
NET POSITION		
Restricted for OPEB	-	8,867,374
Restricted for other purposes	(4,318,031)	-
Total net position	\$ (4,318,031)	\$ 8,867,374

City of Millbrae
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2024

	Successor Agency Agency to the Redevelopment Agency Private- Trust Fund	OPEB Trust Fund
ADDITIONS:		
Property tax	\$ 503,251	\$ -
Employer contribution		
Investment income:		
Interest and dividends	4,066	489,142
Net increase in fair value of investments	-	361,135
Investment expense	-	(24,857)
Total Investment Income	-	825,420
Total additions	507,317	825,420
DEDUCTIONS:		
Contract and administration services	15,750	-
Interest and fiscal charges	169,568	-
Total deductions	185,318	-
Change in net position	321,999	825,420
NET POSITION:		
Beginning of year	(4,640,030)	8,041,954
End of year	\$ (4,318,031)	\$ 8,867,374

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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, 2024

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024 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, 2024

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, 2024

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:

	Secured	Unsecured
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, 2024

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, 2024
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

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, 2024

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 2024, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- *GASB Statement No. 100, Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62* – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

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, 2024:

	Government-Wide Statement of Net Position		Fiduciary Funds	Total
	Governmental Activities	Business-Type Activities	Statement of Net Position	
Cash and investments	\$ 50,459,173	\$ 32,465,318	\$ 443,601	\$ 83,368,092
Restricted cash and investments	114,099	399	119	114,617
OPEB trust investment pool	-	-	8,881,021	8,881,021
Total cash and investments	\$ 50,573,272	\$ 32,465,717	\$ 9,324,741	\$ 92,363,730

Cash and investments as of June 30, 2024 consisted of the following:

Deposits:	
Cash on hand	1,210
Deposits with financial institutions	25,205
Total deposits	26,415
Investments:	
San Mateo Investment Pool	4,547,364
Local Agency Investment funds	1,131,032
CAMP	51,257,635
PFM Group	26,405,646
Total investments	83,341,677
Total City Treasury	83,368,092
Restricted cash and investments	114,617
Cash with Fiscal Agent	13,647
OPEB Trust Mutual Funds	8,867,374
Total cash and investments	\$ 92,363,730

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

2. CASH AND INVESTMENTS, Continued

B. Deposits

The carrying amount of the City's cash deposit was \$25,205 at June 30, 2024. Bank balances before reconciling items were a positive amount of \$1,099,947 at June 30, 2024. 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.

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.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

2. CASH AND INVESTMENTS, Continued

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;
- 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;

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

2. CASH AND INVESTMENTS, Continued

C. Investments, Continued

Authorized Investments by the City, Continued

- 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, 2024

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, 2024.

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, 2024, 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, 2024, the City had \$1,131,032 invested in LAIF, which had invested 3.00% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 2.88% in the previous year. The LAIF fair value factor of 0.96316042 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 0.9913 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, 2024, 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, 2024

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, 2024

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, 2024, the trust had a balance of \$8,881,021. 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, 2024.

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, 2024

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	\$ 1,131,032	\$ 1,131,032	\$ -	\$ -	\$ -	\$ -
San Mateo County Pool	4,547,364	4,547,364	-	-	-	-
California Asset Management Program Pool	51,257,635	51,257,635	-	-	-	-
Money Market Funds - Black Rock Fed Fund	55,390	55,390	-	-	-	-
U.S. Treasury Notes	13,239,732	-	6,193,485	1,301,947	4,830,781	913,519
Supra-National Agency Bond/ Note	326,278	326,278	-	-	-	-
Federal Agency Coll. Mortgage Obligation	4,800,996	110,813	-	811,146	823,337	3,055,700
Municipal Bond	544,773	344,046	200,727	-	-	-
Federal Agency Bonds/Notes	1,334,068	-	1,334,068	-	-	-
Corporate Bonds and Notes	4,207,110	656,800	237,373	1,901,808	499,436	911,693
Certificates of Deposit	498,706	249,635	-	249,071	-	-
Asset-Backed Securities	1,398,593	-	54,964	64,309	215,053	1,064,267
Total	\$ 83,341,677	\$ 58,678,993	\$ 8,020,617	\$ 4,328,281	\$ 6,368,607	\$ 5,945,179

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, 2024 for each investment type:

Investment type	AAA	AA+	AA	AA-	A+	A	A-	AAAm	BBB+*	NR	Total
U.S. Treasury Notes	\$ -	\$ 13,239,732	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,239,732
Federal Agency Coll. Mortgage Oblig.	-	4,800,996	-	-	-	-	-	-	-	-	4,800,996
Federal Agency Bonds/Notes	-	1,334,068	-	-	-	-	-	-	-	-	1,334,068
Corporate Bonds and Notes	-	-	191,361	233,841	2,305,621	875,339	453,384	-	147,564	-	4,207,110
Certificates of Deposit	-	-	-	-	249,071	249,635	-	-	-	-	498,706
Asset-Backed Securities	1,274,841	-	-	-	-	-	-	-	-	123,752	1,398,593
Municipal Bond	147,191	-	355,244	42,338	-	-	-	-	-	-	544,773
Supra-National Agency Bond/ Note	326,278	-	-	-	-	-	-	-	-	-	326,278
<i>Not rated:</i>											
Local Agency Investment Fund	-	-	-	-	-	-	-	-	-	1,131,032	1,131,032
San Mateo County Investment Fund	-	-	-	-	-	-	-	-	-	4,547,364	4,547,364
California Asset Management Program Pool	-	-	-	-	-	-	-	51,257,635	-	-	51,257,635
Money Market Funds - Black Rock Fed Fund	-	-	-	-	-	-	-	-	-	55,390	55,390
Total Investments											\$ 83,341,677

* - 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, 2024 are described on the following page.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

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	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
<u>Investments subject to levels</u>				
U.S. Treasury Securities	\$ 13,239,732	\$ -	\$ 13,239,732	\$ -
Federal Agency Securities	6,135,064	-	6,135,064	-
Municipal Bond	544,773	-	544,773	-
Supra-National Agency Bond/ Note	326,278	-	326,278	-
Corporate Bonds and Notes	5,605,703	-	5,605,703	-
Total investments subject to levels	25,851,550	-	25,851,550	-
<u>Investments not subject to levels</u>				
San Mateo County Pool	4,547,364	-	-	-
Local Agency Investment Fund	1,131,032	-	-	-
Money Market Funds - Black Rock Fed Fund	55,390	-	-	-
Certificates of deposit	498,706	-	-	-
<u>Investments Measured at Net Asset Value Per Share</u>				
California Asset Management Program Pool	51,257,635	-	-	-
Total investments	\$ 83,341,677	\$ -	\$ 25,851,550	\$ -

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, 2024, 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	Total
General Fund	\$ 1,513,898	\$ 870,000	\$ 2,383,898
Total	\$ 1,513,898	\$ 870,000	\$ 2,383,898

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

3. INTERFUND TRANSACTIONS, Continued

Transfers, Continued

Transfers from the General Fund were approved by City Council and made to the Non-Major Governmental Funds for (1) 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, and to the Non-Major Enterprise Fund was to provide additional financing for operations.

Due to and from Other Funds

At June 30, 2024, the City had the following due to/from:

Due from Other Funds	Due to Other Funds		
	Non-Major Governmental Fund	Internal Service Funds	Total
General Fund	\$ 403,042	\$ 103,152	\$ 506,194
Total	\$ 403,042	\$ 103,152	\$ 506,194

These amounts represent temporary borrowings to cover cash shortfalls expected to be resolved in the following fiscal year.

Advances to and from Other Funds

At June 30, 2024, the City had the following advances to/from:

Advance to Other Funds	Advance from Other Funds	
	Non-Major Governmental Fund	Total
General Fund	\$ 1,256,000	\$ 1,256,000
Total	\$ 1,256,000	\$ 1,256,000

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.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

4. LOANS AND NOTES RECEIVABLE

As of June 30, 2024, the City’s loans and notes receivable totaled \$14,406,758 and were composed of the following:

	Balance as of June 30, 2024
Low-and-Moderate First Time Home Buyer Program	\$ 314,037
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	1,369,681
Total:	<u><u>\$ 14,406,758</u></u>

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, 2024

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 tum, 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 1.45% 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, 2024

5. CAPITAL ASSETS

A. Government-Wide Financial Statements

As of June 30, 2024, 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	1,841,007	5,767,074	7,608,081
Total non-depreciable assets	<u>16,139,267</u>	<u>7,267,574</u>	<u>23,406,841</u>
Depreciable assets:			
Buildings and Improvements	52,127,615	41,822,725	93,950,340
Furniture, Fixtures and Equipment	4,481,024	15,153,117	19,634,141
Automobiles and Trucks	4,483,658	26,696	4,510,354
Infrastructure	74,951,480	62,748,347	137,699,827
	<u>136,043,777</u>	<u>119,750,885</u>	<u>255,794,662</u>
Less accumulated depreciation:			
Buildings and improvements	10,995,300	12,391,351	23,386,651
Furniture, Fixtures and Equipment	3,457,358	12,704,252	16,161,610
Automobiles and Trucks	3,504,350	26,695	3,531,045
Infrastructure	44,540,835	13,463,279	58,004,114
Total accumulated depreciation	<u>62,497,843</u>	<u>38,585,577</u>	<u>101,083,420</u>
Total depreciable assets	<u>73,545,934</u>	<u>81,165,308</u>	<u>154,711,242</u>
Total capital assets	<u><u>\$ 89,685,201</u></u>	<u><u>\$ 88,432,882</u></u>	<u><u>\$ 178,118,083</u></u>

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

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, 2023	Additions	Deletions	Transfers	Balance at June 30, 2024
Government activities					
Capital assets not being depreciated:					
Land	\$ 14,298,260	\$ -	\$ -	\$ -	\$ 14,298,260
Construction in progress	1,666,233	4,832,519	(69,072)	(4,588,673)	1,841,007
Total capital assets not being depreciated	15,964,493	4,832,519	(69,072)	(4,588,673)	16,139,267
Capital assets being depreciated:					
Buildings and Improvements	53,241,137	-	(1,890,532)	777,010	52,127,615
Furniture, Fixtures, and Equipment	5,172,213	-	(973,704)	282,515	4,481,024
Automobiles and Trucks	4,322,066	-	(100,799)	262,391	4,483,658
Infrastructure	71,684,723	-	-	3,266,757	74,951,480
Total capital assets being depreciated	134,420,139	-	(2,965,035)	4,588,673	136,043,777
Less accumulated depreciation for:					
Buildings and Improvements	9,874,360	1,321,514	(200,574)	-	10,995,300
Furniture, Fixtures, and Equipment	4,333,629	97,433	(973,704)	-	3,457,358
Automobiles and Trucks	3,431,124	174,025	(100,799)	-	3,504,350
Infrastructure	43,314,705	1,226,130	-	-	44,540,835
Total accumulated depreciation	60,953,818	2,819,102	(1,275,077)	-	62,497,843
Total capital assets, net	73,466,321	(2,819,102)	(1,689,958)	4,588,673	73,545,934
Government activities capital assets, net	\$ 89,430,814	\$ 2,013,417	\$ (1,759,030)	-	\$ 89,685,201

Depreciation expense by program for capital assets for the year ended June 30, 2024 was as follows:

Public Works	748,821
Culture and Recreation	21,713
Community Development	5,788
Internal Service Funds	221,200
Total Governmental Activities	\$ 2,819,102

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

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, 2023	Additions	Deletions	Transfers	Balance at June 30, 2024
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 1,500,500	\$ -	\$ -	\$ -	\$ 1,500,500
Construction in Progress	4,928,893	9,615,152	-	(8,776,971)	5,767,074
Total capital assets not being depreciated	<u>6,429,393</u>	<u>9,615,152</u>	<u>-</u>	<u>(8,776,971)</u>	<u>7,267,574</u>
Capital assets being depreciated:					
Building and Improvements	41,822,725	-	-	-	41,822,725
Furniture, Fixtures, and Equipment	15,184,598	-	(567,321)	535,840	15,153,117
Automobiles and Trucks	26,696	-	-	-	26,696
Infrastructure	54,507,216	-	-	8,241,131	62,748,347
Total capital assets being depreciated	<u>111,541,235</u>	<u>-</u>	<u>(567,321)</u>	<u>8,776,971</u>	<u>119,750,885</u>
Less accumulated depreciation for:					
Building and Improvements	11,533,454	857,897	-	-	12,391,351
Furniture, Fixtures, and Equipment	13,064,079	175,882	(535,709)	-	12,704,252
Automobiles and Trucks	26,695	-	-	-	26,695
Infrastructure	12,496,347	966,932	-	-	13,463,279
Total accumulated depreciation	<u>37,120,575</u>	<u>2,000,711</u>	<u>(535,709)</u>	<u>-</u>	<u>38,585,577</u>
Total depreciable capital assets, net	<u>74,420,660</u>	<u>(2,000,711)</u>	<u>(31,612)</u>	<u>8,776,971</u>	<u>81,165,308</u>
Business-type activities capital assets, net	<u>\$ 80,850,053</u>	<u>\$ 7,614,441</u>	<u>\$ (31,612)</u>	<u>\$ -</u>	<u>\$ 88,432,882</u>

Depreciation expense for the year ended June 30, 2024 was as follows:

Wastewater Collection and Treatment System	\$ 465,219
Municipal Water System	1,432,621
Storm Drain System	<u>102,871</u>
Total Business-Type Activities	<u>\$ 2,000,711</u>

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, 2024

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 additional 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 2024, the City recognized \$30,000 of lease revenue and \$12,891 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 2024, the City recognized \$33,956 of lease revenue and \$1,751 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 2024, the City recognized \$23,842 of lease revenue and \$1,674 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 additional 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 2024, the City recognized \$19,377 of lease revenue and \$10,668 of interest revenue under the lease.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

7. LEASES, Continued

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 2024, the City recognized \$202,766 of lease revenue and \$76,144 of interest revenue under the lease.

Montessori

On June 6, 2022, the City entered into a lease with the Millbrae Montessori School, Inc. Under the lease, the lessee pays the City \$7,500 per month ending on September 1, 2027 in exchange for the use of the Preschool Facilities. 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%. In fiscal year 2024, the City recognized \$82,833 of lease revenue and \$9,692 of interest revenue under the lease.

The future payments as of June 30, 2024 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
2025	\$ 21,225	\$ 12,263	\$ 36,067	\$ 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	29,212	9,299	-	-	-	-	15,528	8,749
2030-2034	172,906	32,165	-	-	-	-	97,047	35,710
2035-2039	120,135	5,346	-	-	-	-	135,532	18,369
2040-2043	-	-	-	-	-	-	49,544	1,198
Total	\$ 417,076	\$ 91,798	\$ 39,122	\$ 691	\$ 42,363	\$ 1,083	\$ 348,744	\$ 103,174

Year Ending June 30,	Outfront Media		Montessori		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 153,398	\$ 71,602	\$ 82,759	\$ 7,241	\$ 330,824	\$ 103,054
2026	177,019	66,731	85,284	4,716	315,667	93,227
2027	188,830	61,170	87,887	2,113	313,368	83,841
2028	194,593	55,407	22,370	112	259,683	74,880
2029	200,532	49,468	-	-	245,272	67,516
2030-2034	1,197,395	146,355	-	-	1,467,348	214,230
2035-2039	336,949	6,801	-	-	592,616	30,516
2040-2043	-	-	-	-	49,544	1,198
Total	\$2,448,716	\$ 457,534	\$ 278,300	\$ 14,182	\$3,574,321	\$ 668,462

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

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, 2024:

	Original Issue Amount	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
Joint Power Financing Authority:						
2004 Pension Obligation						
Bonds Series A-2						
4.35%-6.58%, due 6/1/2034	\$ 11,521,630	\$ 12,106,794	\$ 802,432	\$ (1,335,000)	\$ 11,574,226	\$ 1,385,000
2011 Police Remodel						
Lease-leaseback						
4.25%, due 3/1/2024	2,555,000	248,000	-	(248,000)	-	-
2013 General Obligation						
Refunding Bonds						
1%-5%, due 8/1/2037	9,745,000	7,445,000	-	(335,000)	7,110,000	360,000
Premium, net of amortization	454,096	258,310	-	(19,743)	238,567	-
Subtotal Bonds and Loans outstanding		20,058,104	802,432	(1,937,743)	18,922,793	1,745,000
Claims payable		1,577,782	1,704,283	(1,444,957)	1,837,108	445,108
Compensated absences		796,591	702,865	(582,766)	916,690	91,669
Total Long-Term Debt		\$ 22,432,477	\$ 3,209,580	\$ (3,965,466)	\$ 21,676,591	\$ 2,281,777

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 accrete 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.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

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 \$9,263,194. Principal and interest paid for the current year were \$646,412.

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 June 30, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
Enterprise Funds:						
2018 Wastewater Revenue						
3.0-5.0%, due 12/1/2047	\$ 18,630,000	\$ 16,995,000	\$ -	\$ (400,000)	\$ 16,595,000	\$ 420,000
Premium, net of amortization	745,358	613,456	-	(25,124)	588,332	-
2021 Wastewater Revenue						
5% bond, Due 12/1/2039	20,015,000	18,445,000	-	(845,000)	17,600,000	890,000
Premium, net of amortization	6,576,198	5,176,250	-	(561,848)	4,614,402	-
Subtotal Bonds and Loans outstanding		41,229,706	-	(1,831,972)	39,397,734	1,310,000
Compensated absences		581,119	614,119	(496,480)	698,758	69,876
Total Long-Term Debt		\$ 41,810,825	\$ 614,119	\$ (2,328,452)	\$ 40,096,492	\$ 1,379,876

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 \$24,550,416. Principal and interest paid for the current year were \$1,024,431.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

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 \$5,909,198.

C. Debt Service Requirements

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

Year Ending June 30,	Governmental Activities		Business-Type Activities		
	Principal (B)	Interest	Principal	Interest	Total
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	2,085,000	217,925	1,600,000	1,171,181	2,771,181
2030-2034	11,865,000	733,924	9,265,000	4,594,881	13,859,881
2035-2039	2,155,000	132,300	8,710,000	2,554,503	11,264,503
2040-2044	-	-	5,150,000	1,058,638	6,208,638
2045-2048	-	-	3,805,000	271,863	4,076,863
Subtotal	23,585,000	<u>\$ 2,153,194</u>	34,195,000	<u>\$ 15,080,165</u>	<u>\$ 49,275,165</u>
Premium	238,567		5,202,734		
Total	<u>\$ 23,823,567</u>		<u>\$ 39,397,734</u>		

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

(B) Includes unaccreted discount totaling \$4,900,774.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

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 \$1,615,449 as of June 30, 2024.

	Balance			Balance	Due Within
	<u>June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2024</u>	<u>One Year</u>
Governmental Activities					
Compensated Leaves Payable	\$ 796,592	\$ 702,865	\$ (582,766)	\$ 916,691	\$ 91,669
Business-Type Activities					
Compensated Leaves Payable	\$ 581,119	\$ 614,119	\$ (496,480)	\$ 698,758	\$ 69,876

The amount due within one year of \$91,669 for Governmental Activities and \$69,876 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, 2024

9. FUND BALANCES

Detailed classifications of the City's fund balances as of June 30, 2024, are below:

	General Fund	Low and Moderate Income Housing Asset Fund	Developer Fee Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepays	\$ 1,256,000	\$ -	\$ -	\$ -	\$ 1,256,000
Advances to Other Funds	1,255,357	-	-	-	1,255,357
Total Nonspendable Fund Balances	<u>2,511,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,511,357</u>
Restricted for:					
Low and Moderate Income Housing Measure W	-	14,345,137	-	-	14,345,137
Gas Tax Measure A	-	-	-	863,379	863,379
Integrated Waste Management	-	-	-	1,658,567	1,658,567
Developer Housing Fee	-	-	-	1,199,585	1,199,585
Developer Impact Fee	-	-	13,269,586	3,923,863	1,612,028
Debt Service	-	-	-	3,923,863	3,923,863
Affordable Housing Measure M	-	-	-	-	13,269,586
PEG	-	-	-	1,501,176	1,501,176
LifeMoves	-	-	-	1,978,649	1,978,649
Total Restricted Fund Balances	<u>-</u>	<u>14,345,137</u>	<u>13,269,586</u>	<u>12,985,930</u>	<u>40,600,653</u>
Committed for:					
Community Development Technology	-	-	-	1,075,846	1,075,846
General Plan Update	-	-	-	1,379,692	1,379,692
Total Committed Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,455,538</u>	<u>2,455,538</u>
Assigned for:					
Construction	506,789	-	-	-	506,789
Materials/Equipment/Software	89,233	-	-	-	89,233
Services/Maintenance	681,478	-	-	-	681,478
Total Assigned Fund Balances	<u>1,277,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,277,500</u>
Unassigned:	<u>16,584,990</u>	<u>-</u>	<u>-</u>	<u>(1,762,189)</u>	<u>14,822,801</u>
Total Fund Balances	<u>\$ 20,373,847</u>	<u>\$ 14,345,137</u>	<u>\$ 13,269,586</u>	<u>\$ 13,679,279</u>	<u>\$ 61,667,849</u>

10. NEGATIVE FUND BALANCE

At June 30, 2024, the Special Recreation Special Revenue Fund, Recreation Center Capital Project Fund, General Liability and Leave Accrual Internal Service Fund had deficit fund balances in the amount of \$54,286, \$1,621,904, \$370,486 and \$505,322, respectively. The deficits in the Special Recreation Special Revenue Fund, Recreation Center Capital Project Fund, General Liability, and Leave Accrual Internal Service Fund will be eliminated with future revenues.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

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, 2024, 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	\$ 506,789	\$ 534,924	\$ 64,561	\$ 1,106,274
Materials/Equipment/Software	89,233	-	-	89,233
Services/Maintenance	681,478	105,417	793,938	1,580,833
	<u>\$ 1,277,500</u>	<u>\$ 640,341</u>	<u>\$ 858,499</u>	<u>\$ 2,776,340</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.

The following fund had expenditures in excess of appropriations

Nonmajor Special Revenue Fund	
Integrated Waste Management	\$ 70,865
Nonmajor Debt Service Fund	
Library Fund	21,569
2004 Pension Obligation Bonds	5,270
Nonmajor Capital Project Fund	
Recreation Center	163,379

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, 2024

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, 2024 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	0.00%	0.00%	8.00%
Required employer contribution rates	0.00%	0.00%	16.87%
Required payment for unfunded liability	\$ 1,076,534	\$ 946,680	\$ 2,528,126
	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	0.00%	8.25%	
Required employer contribution rates	0.00%	8.00%	
Required payment for unfunded liability	\$ -	\$ -	

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 \$2,023,214 and \$2,528,126 for safety and miscellaneous respectively, in fiscal year 2024.

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, 2024, the contributions recognized against net pension liability for the Plan were \$6,016,160.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

13. RETIREMENT BENEFITS, Continued

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

As of June 30, 2024, the City reported net pension liability for its proportionate shares of the net pension liabilities of the rate plans as \$62,092,594.

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, 2023, and the total pension liability for the Plans used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2022 rolled forward to June 30, 2023 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, 2022 and 2023 were as follows:

Proportion - June 30, 2022	0.51740%
Proportion - June 30, 2023	<u>0.49772%</u>
Change - Increase (Decrease)	-0.01968%

For the year ended June 30, 2024, the City recognized pension income of \$6,983,713. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 5,253,386	\$ -
Changes of assumptions	3,686,607	-
Differences between expected and actual experience	3,862,064	441,410
Changes in employer's proportion	-	2,881,276
Differences between the employer's contribution and the employer's proportionate share of contributions	483,013	1,248,798
Net differences between projected and actual earnings on plan investments	<u>9,279,076</u>	<u>-</u>
Total	<u>\$ 22,564,146</u>	<u>\$ 4,571,484</u>

The amount of \$5,253,386 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, 2025.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

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 Ending June 30:		
2025	\$	3,056,413
2026		2,317,491
2027		7,102,424
2028		262,948

Actuarial Assumptions - The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
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 ⁽¹⁾	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, 2024

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%
Mortgage 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	100%	

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

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

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	\$ 88,472,687	\$ 62,092,594	\$ 40,451,327

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, 2024

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, which is governed under the California Public Employees Health and Medical Care Act (PEMCHA). Required retiree medical plan contributions are also governed by PEMCHA for member agencies. The City administers a trust for the single-employer OPEB Plan, and does not issue a separate financial report for the plan.

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

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

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

14. POST-EMPLOYMENT BENEFITS, Continued

B. Employees Covered

Inactive employees or beneficiaries currently receiving benefits	87
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>38</u>
Total	<u><u>125</u></u>

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, 2023 – June 30, 2024, the City made \$869,356 of cash benefit payments outside of the trust and made \$149,248 of implied subsidy benefit payments outside of the trust.

D. Net OPEB Liability

The City’s net OPEB liability measured as of June 30, 2024 was \$4,811,715, and the total OPEB liability used to calculate the net OPEB liability of \$13,679,089 were based on the following assumptions:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2024
Actuarial Assumptions:	
Discount Rate	5.60% at June 30, 2024 and 5.60% at June 30, 2023
General Inflation	2.50% per annum
Contribution Policy	Contributes full ADC
Salary Increases	Aggregate 2.75%
Mortality	2021 CalPERS Mortality for Miscellaneous and School Employees
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	<u>100%</u>	
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, 2024

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)
Balance at June 30, 2023	\$ 14,544,984	\$ 8,041,954	\$ 6,503,030
Changes in the year:			
Service cost	89,832	-	89,832
Interest	788,513	850,277	(61,764)
Benefit changes	-	-	-
Expected Investment Income	-	-	-
Experience (Gains)/Losses	(743,320)	-	(743,320)
Changes in assumptions	17,684	-	17,684
Contribution - employer	-	1,018,604	(1,018,604)
Contribution - employee	-	-	-
Investment Gains/(Losses)	-	-	-
Benefit payments	(1,018,604)	(1,018,604)	-
Administrative expenses	-	(24,857)	24,857
Net changes	(865,895)	825,420	(1,691,315)
Balance at June 30, 2024	\$ 13,679,089	\$ 8,867,374	\$ 4,811,715

The plan's fiduciary net position as a percentage of the total OPEB liability was 64.82%.

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, 2024:

	1% Decrease (4.60%)	Current Rate (5.60%)	1% Increase (6.60%)
Net OPEB Liability	\$6,020,500	\$4,811,715	\$3,770,419

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

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, 2024:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Net OPEB Liability	\$3,993,504	\$4,811,715	\$5,704,869

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, 2024, the City recognized OPEB expense of \$562,962 and reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 129,136	\$ 578,137
Changes in assumptions	13,754	27,434
Net difference between projected and actual earnings on plan investments	249,716	-
Total	<u>\$ 392,606</u>	<u>\$ 605,571</u>

J. Recognition of Deferred Outflow and Deferred Inflows of Resources

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

<u>Fiscal Year Ending June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2025	\$ 40,829
2026	167,386
2027	(260,432)
2028	(160,748)

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

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, 2024, the City paid PLAN JPA \$1,053,421 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 2023-2024			Fiscal 2022-2023 Totals
	Workers' Compensation Claims	General Liability Claims	Total	
Balances, beginning of year	\$ 1,369,000	\$ 208,782	\$ 1,577,782	\$ 1,409,731
Net change in:				
Liability for current fiscal year claims	439,730	1,243,565	1,683,295	496,256
Claims paid	(116,730)	(1,307,239)	(1,423,969)	(328,205)
Balances, end of year	<u>\$ 1,692,000</u>	<u>\$ 145,108</u>	<u>\$ 1,837,108</u>	<u>\$ 1,577,782</u>
Current portion	\$ 300,000	\$ 145,108	\$ 445,108	\$ 371,782
Noncurrent portion	1,392,000	-	1,392,000	1,206,000
	<u>\$ 1,692,000</u>	<u>\$ 145,108</u>	<u>\$ 1,837,108</u>	<u>\$ 1,577,782</u>

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

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 \$75,637 for the year ended June 30, 2024. 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, 2024

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 \$259,068 during fiscal year 2024, 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 \$222,000.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

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, 2024

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, 2024.

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, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Redevelopment Tax						
2015 Tax Allocation	\$ 6,505,000	\$ 4,825,000	\$ -	\$ (285,000)	\$ 4,540,000	\$ 305,000
Bond Premium	-	161,252	-	(13,345)	147,907	-
Total long term debt	<u>\$ 6,505,000</u>	<u>\$ 5,811,287</u>	<u>\$ -</u>	<u>\$ (298,345)</u>	<u>\$ 4,687,907</u>	<u>\$ 305,000</u>

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2024

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
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	355,000	117,638	472,638
2030-2034	1,980,000	379,788	2,359,788
2035-2039	900,000	36,400	936,400
Subtotal	4,540,000	\$ 1,128,239	\$ 5,668,239
Premium	147,907		
Total	\$ 4,687,907		

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.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Millbrae
Notes to Required Supplementary Information
For the year ended June 30, 2024

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, 2024

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property tax	\$ 15,459,423	\$ 15,519,423	\$ 15,855,603	\$ 336,180
Sales tax	3,238,600	3,398,600	3,377,714	(20,886)
Transient occupancy tax	9,570,025	9,600,025	9,376,250	(223,775)
Franchise Tax	1,423,262	1,403,262	1,389,520	(13,742)
Other taxes	747,514	667,514	766,525	99,011
Licenses and permits	2,813,005	1,813,005	1,962,371	149,366
Charges for services	1,101,443	1,871,443	1,889,358	17,915
Fines and forfeitures	972,101	882,101	979,351	97,250
Use of money and property	1,643,403	1,553,403	2,294,761	741,358
Grants and intergovernmental	15,000	654,714	988,384	333,670
Miscellaneous	2,710,120	2,770,120	2,548,273	(221,847)
Total revenues	39,693,896	40,133,610	41,428,110	1,294,500
EXPENDITURES:				
Current:				
General government	5,542,169	5,381,747	5,924,065	(542,318)
Public safety	20,651,638	20,651,638	20,122,560	529,078
Public works	3,397,228	3,610,883	4,145,035	(534,152)
Culture and recreation	1,988,120	1,992,420	2,128,213	(135,793)
Community development	5,233,256	5,399,806	3,424,605	1,975,201
Capital outlay	790,000	3,199,591	2,491,396	708,195
Total expenditures	37,602,411	40,236,085	38,235,874	2,000,211
REVENUE OVER (UNDER) EXPENDITURES	2,091,485	(102,475)	3,192,236	3,294,711
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,478,832)	(3,734,832)	(2,383,898)	1,350,934
Total other financing sources (uses)	(2,478,832)	(3,734,832)	(2,383,898)	1,350,934
Net change in fund balance	\$ (387,347)	\$ (3,837,307)	808,338	\$ 4,645,645
FUND BALANCES:				
Beginning of year			19,565,509	
End of year			<u>\$ 20,373,847</u>	

City of Millbrae
Required Supplementary Information, Continued
For the year ended June 30, 2024

Budgetary Comparison Schedule, Low and Moderate Income Housing Asset Fund

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 145,308	\$ 145,308
Total revenues	<u>-</u>	<u>-</u>	<u>145,308</u>	<u>145,308</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	137,945	<u>\$ 152,671</u>
Beginning Fund Balance			<u>14,207,192</u>	
Ending Fund Balance			<u>\$ 14,345,137</u>	

City of Millbrae
Required Supplementary Information, Continued
For the year ended June 30, 2024

Budgetary Comparison Schedule, Developer Fee Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 294,024	\$ 294,024
Use of money and property	-	-	516,476	516,476
Miscellaneous	-	-	18,317	18,317
Total revenues	-	-	828,817	828,817
EXPENDITURES:				
Current:				
Community development	-	1,492,930	799,720	693,210
Capital outlay	-	989,636	349,295	640,341
Total expenditures	-	2,482,566	1,149,015	1,333,551
Net change in fund balance	\$ -	\$ (2,482,566)	(320,198)	\$ 2,162,368
FUND BALANCES:				
Beginning of year			13,589,784	
End of year			<u>\$ 13,269,586</u>	

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City of Millbrae
Required Supplementary Information, Continued
For the year ended June 30, 2024

2. DEFINED BENEFIT PENSION PLAN

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

	6/30/2024	6/30/2023	6/30/2022	6/30/2021
Measurement date	6/30/2023	6/30/2022	6/30/2021	6/30/2020
Proportion of the net pension liability	0.497720%	0.517400%	0.661810%	0.498470%
Proportionate share of the net pension liability	\$ 62,092,594	\$ 59,764,292	\$ 35,792,327	\$ 54,235,940
Covered payroll	\$ 8,267,600	\$ 7,733,319	\$ 7,356,631	\$ 7,598,472
Proportionate share of the net pension liability as percentage of covered payroll	751.04%	772.82%	486.53%	713.77%
Plan fiduciary net position as a percentage of the total pension liability	76.21%	76.68%	88.29%	75.10%

Note to Schedule:

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

6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
0.502670%	0.505901%	0.491466%	0.494261%	0.499079%	0.465881%
\$ 51,509,253	\$ 48,749,947	\$ 48,739,905	\$ 42,768,893	\$ 34,256,328	\$ 28,989,301
\$ 7,644,691	\$ 7,355,105	\$ 6,165,233	\$ 5,834,899	\$ 6,870,921	\$ 7,291,105
673.79%	662.80%	790.56%	732.98%	498.57%	397.60%
75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

City of Millbrae
Required Supplementary Information, Continued
For the year ended June 30, 2024

2. DEFINED BENEFIT PENSION PLAN, Continued

B. Schedule of Pension Contributions - Last 10 Years

	6/30/2024	6/30/2023	6/30/2022	6/30/2021
Contractually required contribution(actuarially determined)	\$ 5,253,386	\$ 6,016,160	\$ 5,520,289	\$ 5,173,206
Contribution in relation to the actuarially determined contributions	(5,253,386)	(6,016,160)	(5,520,289)	(5,173,206)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 9,292,215	\$ 8,267,600	\$ 7,733,319	\$ 7,356,631
Contributions as a percentage of covered payroll	56.54%	72.77%	71.38%	70.32%

Notes to Schedule:

	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Valuation date:	6/30/2021	6/30/2020	6/30/2019	6/30/2018
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			
Remaining amortization period	Market Value	Market Value	Market Value	Market Value
Asset valuation method	2.300%	2.500%	2.500%	2.500%
Inflation	Varies by entry age and service			
Salary increases	6.80%	7.00%	7.00%	7.00%
Investment rate of return	Depending on age, service, and type of employment			
Payroll Growth				

6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
\$ 4,514,053	\$ 4,107,984	\$ 3,312,932	\$ 2,334,524	\$ 2,064,418	\$ 1,399,544
(4,514,053)	(4,107,984)	(3,312,932)	(2,334,524)	(2,064,418)	(1,399,544)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 7,598,472	\$ 7,644,691	\$ 7,355,105	\$ 6,165,233	\$ 5,834,899	\$ 6,870,921
59.41%	53.74%	45.04%	37.87%	35.38%	20.37%
6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Entry age					
Level percentage of payroll, closed Varies, not more than 30 years					
Market Value 2.625%	Market Value 2.75%	Market Value 2.75%	Market Value 2.75%	Market Value 2.75%	15 yr smoothed 2.75%
Varies by entry age and service 7.25%	Varies by entry age and service 7.375%	Varies by entry age and service 7.50%			
Depending on age, service, and type of employment					

City of Millbrae
Required Supplementary Information, Continued
For the year ended June 30, 2024

3. OTHER POSTEMPLOYMENT BENEFITS

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

<i>Measurement Period</i>	2023/2024	2022/2023	2021/2022	2020/2021
Total OPEB Liability				
Service Cost	\$ 89,832	\$ 87,428	\$ 199,133	\$ 188,616
Interest on the total OPEB liability	788,513	795,746	756,792	794,245
Differences between expected and actual experience	(743,320)	-	682,585	-
Changes of assumptions	17,684	-	(145,016)	690,772
Benefit payments, including refunds of employee contributions	(1,018,604)	(1,008,458)	(1,025,000)	(1,041,312)
Net change in total OPEB liability	(865,895)	(125,284)	468,494	632,321
Total OPEB liability - beginning	14,544,984	14,670,268	14,201,774	13,569,453
Total OPEB liability - ending (a)	\$ 13,679,089	\$ 14,544,984	\$ 14,670,268	\$ 14,201,774
Plan Fiduciary Net Position				
Contributions - employer	\$ 1,018,604	\$ 1,008,458	\$ 1,025,000	\$ 1,043,516
Contributions - employee	-	-	-	-
Net investment income	850,277	517,301	(1,633,407)	1,598,616
Benefit payments, including refunds of employee contributions	(1,018,604)	(1,008,458)	(1,025,000)	(1,041,312)
Administrative expense	(24,857)	(22,938)	(26,791)	(27,480)
Net change in plan fiduciary net position	825,420	494,363	(1,660,198)	1,573,340
Plan fiduciary net position - beginning	8,041,954	7,547,591	9,207,789	7,634,449
Plan fiduciary net position - ending (b)	\$ 8,867,374	\$ 8,041,954	\$ 7,547,591	\$ 9,207,789
Net OPEB liability/(asset) - ending (a) - (b)	\$ 4,811,715	\$ 6,503,030	\$ 7,122,677	\$ 4,993,985
Plan fiduciary net position as a percentage of the total OPEB liability	64.8%	55.3%	51.4%	64.8%
Covered-employee payroll ⁽¹⁾	\$ 5,348,518	\$ 5,084,401	\$ 4,340,933	\$ 4,640,548
Net OPEB liability as a percentage of covered-employee payroll	90.0%	127.9%	164.1%	107.6%

* Fiscal year 2018 was the 1st year of implementation, therefore less than ten years are presented

(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.

2019/2020	2018/2019	2017/18
\$ 204,896	\$ 198,928	\$ 193,134
821,818	818,192	813,998
(241,583)	-	-
(211,223)	-	-
(993,063)	(932,212)	(953,848)
(419,155)	84,908	53,284
13,988,608	13,903,700	13,850,416
<u>\$ 13,569,453</u>	<u>\$ 13,988,608</u>	<u>\$ 13,903,700</u>
\$ 996,962	\$ 932,212	\$ 4,453,848
-	-	-
419,932	371,984	166,768
(993,063)	(932,212)	(953,848)
(25,870)	(20,688)	(21,544)
397,961	351,296	3,645,224
7,236,488	6,885,191	3,239,967
<u>\$ 7,634,449</u>	<u>\$ 7,236,487</u>	<u>\$ 6,885,191</u>
\$ 5,935,004	\$ 6,752,121	\$ 7,018,509
56.3%	51.7%	49.5%
\$ 4,797,844	\$ 4,869,011	\$ 4,662,129
123.7%	138.7%	150.5%

City of Millbrae
Required Supplementary Information, Continued
For the year ended June 30, 2024

3. OTHER POSTEMPLOYMENT BENEFITS, Continued

*B. Schedule of OPEB Contributions - Last 10 Years**

Fiscal Year Ended June 30	2024	2023	2022
Actuarially Determined Contribution (ADC)	N/A	N/A	N/A
Contributions in relation to the ADC	1,018,604	1,008,458	1,025,000
Contribution deficiency (excess)	N/A	N/A	N/A
Covered-employee payroll	\$ 5,348,518	\$ 5,084,401	\$ 4,340,933
Contributions as a percentage of covered-employee payroll	19.0%	19.8%	23.6%

Notes to Schedule of Employer Contribution:

Valuation Date	N/A, no	N/A, no	N/A, no
Actuarial Cost Method	actuarially	actuarially	actuarially
	determined	determined	determined
	contribution	contribution	contribution
	amount was	amount was	amount was
Amortization Method	determined for	determined for	determined for
Amortization Period	fiscal year ended	fiscal year ended	fiscal year ended
	June 30, 2024.	June 30, 2023.	June 30, 2022.
Asset Valuation Method	Employer	Employer	Employer
	contributions and	contributions and	contributions and
	covered-	covered-	covered-
	employee payroll	employee payroll	employee payroll
	information is	information is	information is
Discount Rate	provided for	provided for	provided for
General Inflation	informational	informational	informational
Medical Trend	and comparative	and comparative	and comparative
	purposes only.	purposes only.	purposes only.
Mortality			
Mortality Improvement			

* Fiscal year 2018 was the 1st year of implementation, therefore less than ten years are presented

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 Entry Age Normal, Level % of pay 16-year fixed period for 2020/21 Investment gains and losses spread over 5-year rolling period	January 1, 2018 Entry Age Normal, Level % of pay 17-year fixed period for 2019/20 Investment gains and losses spread over 5-year rolling period	January 1, 2018 Entry Age Normal, Level % of pay 18-year fixed period for 2018/19 Investment gains and losses spread over 5-year rolling period	January 1, 2018 Entry Age Normal, Level % of pay 19-year fixed period for 2017/18 Investment gains and losses spread over 5-year rolling period
6%	6%	6%	6%
2.75%	2.75%	2.75%	2.75%
4% to 7.25%	4% to 7.5%	4% to 7.5%	4% to 7.5%
depending on plan. CalPERS 1997- 2015 experience study Mortality projected fully generational with Scale MP-2019	depending on plan. CalPERS 1997- 2015 experience study Mortality projected fully generational with Scale MP-2017	depending on plan. CalPERS 1997- 2015 experience study Mortality projected fully generational with Scale MP-2017	depending on plan. CalPERS 1997- 2015 experience study Mortality projected fully generational with Scale MP-2017

City of Millbrae
Required Supplementary Information, Continued
For the year ended June 30, 2024

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%
2024	10.2600%

* Fiscal year 2017 was the 1st year of implementation, therefore less than ten years are presented

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, 2024

	Special Revenue Funds				
	Measure A	Gas Tax	Special Recreation	Integrated Waste Management	Other
ASSETS					
Cash and investments	\$ 1,153,961	\$ 1,486,511	\$ 412,454	\$ 1,548,783	\$ 3,662,347
Cash with fiscal agents	-	-	-	-	-
Receivables:					
Taxes	58,239	70,549	-	84,030	-
Accounts - net	-	104,916	-	-	79,638
Accrued interest	-	-	-	-	138,006
Due from other governmental agencies	-	-	-	-	-
Loan receivables	-	-	-	-	2,880,000
Total assets	\$ 1,212,200	\$ 1,661,976	\$ 412,454	\$ 1,632,813	\$ 6,759,991
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 12,615	\$ 3,409	\$ 128,428	\$ 20,785	\$ 217,906
Deposits	-	-	87,255	-	-
Due to other funds	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Unearned revenue	-	-	251,057	-	-
Advances from developers	-	-	-	-	-
Total liabilities	12,615	3,409	466,740	20,785	217,906
Fund Balances:					
Restricted	1,199,585	1,658,567	-	1,612,028	4,172,546
Committed	-	-	-	-	2,455,538
Unassigned	-	-	(54,286)	-	(85,999)
Total fund balances	1,199,585	1,658,567	(54,286)	1,612,028	6,542,085
Total liabilities and fund balances	\$ 1,212,200	\$ 1,661,976	\$ 412,454	\$ 1,632,813	\$ 6,759,991

Special Revenue Funds		Debt Service Funds			Capital Project Fund	Total Non-Major Governmental Funds
Measure W	Affordable Housing	Library Fund	1999 COPS	2004 Pension Obligation Bonds	Recreation Center Capital Projects	
\$ 804,273	\$ 1,978,649	\$ 1,387,920	\$ -	\$ -	\$ -	\$ 12,434,898
-	-	-	-	114,099	-	114,099
59,106	-	-	-	-	-	271,924
-	-	-	-	-	36,295	220,849
-	-	-	-	-	-	138,006
-	-	-	-	-	-	-
-	-	-	-	-	-	2,880,000
<u>\$ 863,379</u>	<u>\$ 1,978,649</u>	<u>\$ 1,387,920</u>	<u>\$ -</u>	<u>\$ 114,099</u>	<u>\$ 36,295</u>	<u>\$ 16,059,776</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 383,143
-	-	-	-	-	-	87,255
-	-	-	-	843	402,199	403,042
-	-	-	-	-	1,256,000	1,256,000
-	-	-	-	-	-	251,057
-	-	-	-	-	-	-
-	-	-	-	843	1,658,199	2,380,497
863,379	1,978,649	1,387,920	-	113,256	-	12,985,930
-	-	-	-	-	-	2,455,538
-	-	-	-	-	(1,621,904)	(1,762,189)
<u>863,379</u>	<u>1,978,649</u>	<u>1,387,920</u>	<u>-</u>	<u>113,256</u>	<u>(1,621,904)</u>	<u>13,679,279</u>
<u>\$ 863,379</u>	<u>\$ 1,978,649</u>	<u>\$ 1,387,920</u>	<u>\$ -</u>	<u>\$ 114,099</u>	<u>\$ 36,295</u>	<u>\$ 16,059,776</u>

City of Millbrae
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2024

	Special Revenue Funds				
	Measure A	Gas Tax	Special Recreation	Integrated Waste Management	Other
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	735,909	1,248,122	-	-	-
License and permits	-	-	-	-	125,920
Charges for services	-	-	1,268,434	394,425	361,100
Use of money and property	104,349	122,327	-	56,596	141,150
Grants and intergovernmental	-	-	-	135,710	301,557
Miscellaneous	-	-	12,047	-	48,323
Total revenues	840,258	1,370,449	1,280,481	586,731	978,050
EXPENDITURES:					
Current:					
General government	-	-	-	23,150	163,861
Public works	60,826	508,348	-	421,385	46,481
Culture and recreation	-	-	2,334,559	-	825,361
Community development	-	-	-	-	242,753
Capital outlay	482,380	736,879	-	-	76,615
Debt service:					
Principal	-	-	-	-	-
Interest, and fiscal charges	-	-	-	-	-
Total expenditures	543,206	1,245,227	2,334,559	444,535	1,355,071
REVENUES OVER (UNDER) EXPENDITURES	297,052	125,222	(1,054,078)	142,196	(377,021)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	992,327	-	363,235
Proceeds from sale of capital asset	-	-	-	-	-
Total other financing sources (uses)	-	-	992,327	-	363,235
Net change in fund balances	297,052	125,222	(61,751)	142,196	(13,786)
FUND BALANCES:					
Beginning of the year	902,533	1,533,345	7,465	1,469,832	6,555,871
End of year	\$ 1,199,585	\$ 1,658,567	\$ (54,286)	\$ 1,612,028	\$ 6,542,085

Special Revenue Funds		Debt Service Funds			Capital Project Fund	Total Non-Major Governmental Funds
Measure W	Affordable Housing	Library Fund	1999 COPS	2004 Pension Obligation Bonds	Recreation Center Capital Projects	
\$ -	\$ -	\$ 766,872	\$ -	\$ -	\$ -	\$ 766,872
330,007	-	-	-	-	-	2,314,038
-	-	-	-	-	-	125,920
-	-	-	-	-	-	2,023,959
55,079	-	-	-	60,561	34,519	574,581
-	-	-	-	-	36,295	473,562
-	-	-	-	1,338,562	-	1,398,932
385,086	-	766,872	-	1,399,123	70,814	7,677,864
-	-	20,407	-	-	-	207,418
-	-	-	-	-	-	1,037,040
-	-	-	-	-	-	3,159,920
-	-	-	-	-	-	242,753
94,868	-	-	-	-	203,556	1,594,298
-	-	335,000	248,000	1,335,000	-	1,918,000
-	-	312,162	10,540	4,610	-	327,312
94,868	-	667,569	258,540	1,339,610	203,556	8,486,741
290,218	-	99,303	(258,540)	59,513	(132,742)	(808,877)
-	-	-	158,336	-	-	1,513,898
-	-	-	-	-	35,000	35,000
-	-	-	158,336	-	35,000	1,548,898
290,218	-	99,303	(100,204)	59,513	(97,742)	740,021
573,161	1,978,649	1,288,617	100,204	53,743	(1,524,162)	12,939,258
\$ 863,379	\$ 1,978,649	\$ 1,387,920	\$ -	\$ 113,256	\$ (1,621,904)	\$ 13,679,279

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, 2024

	Special Revenue Funds					
	Measure A			Gas Tax		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	750,775	735,909	(14,866)	1,249,059	1,248,122	(937)
License and permits	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Use of money and property	20,000	104,349	84,349	30,000	122,327	92,327
Grants and intergovernmental	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	770,775	840,258	69,483	1,279,059	1,370,449	91,390
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public works	67,620	60,826	6,794	420,302	508,348	(88,046)
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	1,005,746	482,380	523,366	2,366,914	736,879	1,630,035
Debt service:						
Principal	-	-	-	-	-	-
Interest, and fiscal charges	-	-	-	-	-	-
Total expenditures	1,073,366	543,206	530,160	2,787,216	1,245,227	1,541,989
REVENUES OVER (UNDER) EXPENDITURES	(302,591)	297,052	599,643	(1,508,157)	125,222	1,633,379
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	\$ (302,591)	297,052	\$ 599,643	\$ (1,508,157)	125,222	\$ 1,633,379
Beginning Fund Balances		902,533			1,533,345	
Ending Fund Balances (Deficits)		<u>\$ 1,199,585</u>			<u>\$ 1,658,567</u>	

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	125,920	25,920
1,278,750	1,268,434	(10,316)	434,877	394,425	(40,452)	530,000	361,100	(168,900)
-	-	-	30,000	56,596	26,596	50,000	141,150	91,150
-	-	-	-	135,710	135,710	416,000	301,557	(114,443)
2,000	12,047	10,047	-	-	-	52,000	48,323	(3,677)
1,280,750	1,280,481	(269)	464,877	586,731	121,854	1,148,000	978,050	(169,950)
-	-	-	9,000	23,150	(14,150)	150,000	163,861	(13,861)
-	-	-	364,670	421,385	(56,715)	53,741	46,481	7,260
2,377,673	2,334,559	43,114	-	-	-	1,121,528	825,361	296,167
-	-	-	-	-	-	2,126,063	242,753	1,883,310
-	-	-	-	-	-	39,217	76,615	(37,398)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
2,377,673	2,334,559	43,114	373,670	444,535	(70,865)	3,490,549	1,355,071	2,135,478
(1,096,923)	(1,054,078)	42,845	91,207	142,196	50,989	(2,342,549)	(377,021)	1,965,528
1,097,327	992,327	(105,000)	-	-	-	363,235	363,235	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,097,327	992,327	(105,000)	-	-	-	363,235	363,235	-
\$ 404	(61,751)	\$ (62,155)	\$ 91,207	142,196	\$ 50,989	\$ (1,979,314)	(13,786)	\$ 1,965,528
	7,465			1,469,832			6,555,871	
	\$ (54,286)			\$ 1,612,028			\$ 6,542,085	

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, 2024

	Special Revenue Funds					
	Measure W			Affordable Housing		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	333,678	330,007	(3,671)	-	-	-
License and permits	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Use of money and property	-	55,079	55,079	-	-	-
Grants and intergovernmental	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	333,678	385,086	51,408	-	-	-
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	466,960	94,868	372,092	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest, and fiscal charges	-	-	-	-	-	-
Total expenditures	466,960	94,868	372,092	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	(133,282)	290,218	423,500	-	-	-
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	\$ (133,282)	290,218	\$ 423,500	\$ -	-	\$ -
Beginning Fund Balances		573,161			1,978,649	
Ending Fund Balances (Deficits)		<u>\$ 863,379</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)
\$ 646,000	\$ 766,872	\$ 120,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	60,561	60,561
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,340,000	1,338,562	(1,438)
646,000	766,872	120,872	-	-	-	1,340,000	1,399,123	59,123
-	20,407	(20,407)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
646,000	335,000	311,000	253,270	248,000	5,270	1,340,000	1,335,000	5,000
-	312,162	(312,162)	-	10,540	(10,540)	-	4,610	(4,610)
646,000	667,569	(21,569)	253,270	258,540	(5,270)	1,340,000	1,339,610	390
-	99,303	99,303	(253,270)	(258,540)	(5,270)	-	59,513	59,513
-	-	-	253,270	158,336	(94,934)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	253,270	158,336	(94,934)	-	-	-
\$ -	99,303	\$ 99,303	\$ -	(100,204)	\$ (100,204)	\$ -	59,513	\$ 59,513
	<u>1,288,617</u>			<u>100,204</u>			<u>53,743</u>	
	<u>\$ 1,387,920</u>			<u>\$ -</u>			<u>\$ 113,256</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, 2024

	Capital Project Fund			Total		
	Recreation Center Capital Projects					
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ 646,000	\$ 766,872	\$ 120,872
Other taxes	-	-	-	2,333,512	2,314,038	(19,474)
License and permits	-	-	-	100,000	125,920	25,920
Charges for services	-	-	-	2,243,627	2,023,959	(219,668)
Use of money and property	90,000	34,519	(55,481)	220,000	574,581	354,581
Grants and intergovernmental	-	36,295	36,295	416,000	473,562	57,562
Miscellaneous	-	-	-	1,394,000	1,398,932	4,932
Total revenues	90,000	70,814	(19,186)	7,353,139	7,677,864	324,725
EXPENDITURES:						
Current:						
General government	-	-	-	159,000	207,418	(48,418)
Public works	-	-	-	906,333	1,037,040	(130,707)
Culture and recreation	-	-	-	3,499,201	3,159,920	339,281
Community development	-	-	-	2,126,063	242,753	1,883,310
Capital outlay	40,177	203,556	(163,379)	3,919,014	1,594,298	2,324,716
Debt service:						
Principal	-	-	-	2,239,270	1,918,000	321,270
Interest, and fiscal charges	-	-	-	-	327,312	(327,312)
Total expenditures	40,177	203,556	(163,379)	12,848,881	8,486,741	4,362,140
REVENUES OVER (UNDER) EXPENDITURES	49,823	(132,742)	(182,565)	(5,495,742)	(808,877)	4,686,865
OTHER FINANCING SOURCES (USES):						
Transfers in	1,256,000	-	(1,256,000)	2,969,832	1,513,898	(1,455,934)
Transfers out	(90,000)	-	90,000	(90,000)	-	90,000
Proceeds from sale of capital assets	-	35,000	35,000	-	35,000	35,000
Total other financing sources (uses)	1,166,000	35,000	(1,131,000)	2,879,832	1,548,898	(1,330,934)
Net change in fund balances	\$ 1,215,823	(97,742)	\$ (1,313,565)	\$ (2,615,910)	740,021	\$ 3,355,931
Beginning Fund Balances		(1,524,162)			12,939,258	
Ending Fund Balances (Deficits)		<u>\$ (1,621,904)</u>			<u>\$ 13,679,279</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, 2024

	Municipal Garage	Unemployment Insurance	Workers' Compensation
ASSETS			
Current assets:			
Cash and investments	\$ 3,114,195	\$ 96,909	\$ 4,156,014
Accounts - net	18,831	-	10,279
Total current assets	<u>3,133,026</u>	<u>96,909</u>	<u>4,166,293</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable capital assets	95,765	-	-
Depreciable capital assets, net	1,567,492	-	-
Total capital assets	<u>1,663,257</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>1,663,257</u>	<u>-</u>	<u>-</u>
Total assets	<u>4,796,283</u>	<u>96,909</u>	<u>4,166,293</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred employer pension contributions	52,534	-	15,694
Deferred outflows of resources - pension	140,626	-	42,011
Total deferred outflows of resources	<u>193,160</u>	<u>-</u>	<u>57,705</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued payroll	46,023	-	2,292
Due to other funds	-	-	-
Compensated absences	-	-	-
Accrued self insurance	-	-	300,000
Total current liabilities	<u>46,023</u>	<u>-</u>	<u>302,292</u>
Noncurrent liabilities:			
Compensated absences	-	-	-
Accrued self-insurance	-	-	1,392,000
Long-term debt			
Due in more than one year	-	-	-
Net Pension Liability	497,263	-	148,555
Total noncurrent liabilities	<u>497,263</u>	<u>-</u>	<u>1,540,555</u>
Total liabilities	<u>543,286</u>	<u>-</u>	<u>1,842,847</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	41,751	-	12,473
Total deferred inflows of resources	<u>41,751</u>	<u>-</u>	<u>12,473</u>
NET POSITION			
Net investment in capital assets	1,663,257	-	-
Unrestricted	2,741,149	96,909	2,368,678
Total net position	<u>\$ 4,404,406</u>	<u>\$ 96,909</u>	<u>\$ 2,368,678</u>

General Liability	Leave Accrual	OPEB	Total
\$ -	\$ 411,369	\$ 8,650	\$ 7,787,137
-	-	-	29,110
-	411,369	8,650	7,816,247
-	-	-	95,765
-	-	-	1,567,492
-	-	-	1,663,257
-	-	-	1,663,257
-	411,369	8,650	9,479,504
17,290	-	-	85,518
46,283	-	-	228,920
63,573	-	-	314,438
8,400	-	-	56,715
103,152	-	-	103,152
-	91,669	-	91,669
145,108	-	-	445,108
256,660	91,669	-	696,644
-	825,022	-	825,022
-	-	-	1,392,000
-	-	-	-
163,658	-	-	809,476
163,658	825,022	-	3,026,498
420,318	916,691	-	3,723,142
13,741	-	-	67,965
13,741	-	-	67,965
-	-	-	1,663,257
(370,486)	(505,322)	8,650	4,339,578
\$ (370,486)	\$ (505,322)	\$ 8,650	\$ 6,002,835

City of Millbrae

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

Internal Service Funds

For the year ended June 30, 2024

	Municipal Garage	Unemployment Insurance	Workers' Compensation
OPERATING REVENUES:			
Interdepartmental charges	\$ 1,217,180	\$ -	\$ -
Miscellaneous	774	-	-
Total operating revenues	1,217,954	-	-
OPERATING EXPENSES:			
Personnel services	327,457	-	90,286
Contractual services	118,158	-	36,087
Materials, supplies and other services	490,416	1,257	22,956
Depreciation	221,200	-	-
Insurance premiums and claims	20,988	-	439,730
Total operating expenses	1,178,219	1,257	589,059
OPERATING INCOME (LOSS)	39,735	(1,257)	(589,059)
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	159,285	3,669	160,173
Total nonoperating revenues (expenses)	259,735	3,669	160,173
Change in net position	299,470	2,412	(428,886)
NET POSITION			
Beginning of year	4,104,936	94,497	2,797,564
End of year	\$ 4,404,406	\$ 96,909	\$ 2,368,678

General Liability	Leave Accrual	OPEB	Total
\$ 1,150,198	\$ -	\$ -	\$ 2,367,378
-	-	-	774
1,150,198	-	-	2,368,152
55,291	120,099	-	593,133
11,673	-	-	165,918
17,624	-	-	532,253
-	-	-	221,200
1,243,565	-	-	1,704,283
1,328,153	120,099	-	3,216,787
(177,955)	(120,099)	-	(848,635)
-	15,493	326	338,946
-	15,493	326	439,396
(177,955)	(104,606)	326	(409,239)
(192,531)	(400,716)	8,324	6,412,074
\$ (370,486)	\$ (505,322)	\$ 8,650	\$ 6,002,835

City of Millbrae
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2024

	Municipal Garage	Unemployment Insurance	Workers' Compensation
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from others	\$ 774	\$ -	\$ -
Receipts from other funds	1,236,192	-	(10,279)
Payments to suppliers	(683,401)	(1,257)	(58,048)
Payments to employees	(325,035)	-	(89,562)
Claims paid	(20,988)	-	(116,730)
Net cash provided by (used in) operating activities	207,542	(1,257)	(274,619)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from other funds	-	-	-
Net cash provided by noncapital financing activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(506,871)	-	-
Proceed from sale of capital assets	100,450	-	-
Net cash (used in) capital and related financing activities	(406,421)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest	159,285	3,669	160,173
Net cash provided by investing activities	159,285	3,669	160,173
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(39,594)	2,412	(114,446)
CASH AND CASH EQUIVALENTS - Beginning of year	3,153,789	94,497	4,270,460
CASH AND CASH EQUIVALENTS - End of year	\$ 3,114,195	\$ 96,909	\$ 4,156,014
FINANCIAL STATEMENT PRESENTATION:			
Cash and investments	\$ 3,114,195	\$ 96,909	\$ 4,156,014
Total	\$ 3,114,195	\$ 96,909	\$ 4,156,014
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 39,735	\$ (1,257)	\$ (589,059)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	221,200	-	-
Changes in assets and liabilities:			
Accounts receivable	19,012	-	(10,279)
Deferred outflows - pension	2,826	-	844
Accounts payable and accrued payroll	(74,827)	-	995
Compensated absences	-	-	-
Accrued self insurance	-	-	323,000
Net pension liability	23,494	-	7,019
Deferred inflows - pension	(23,898)	-	(7,139)
Total adjustments	167,807	-	314,440
Net cash provided by operating activities	\$ 207,542	\$ (1,257)	\$ (274,619)

General Liability	Leave Accrual	OPEB	Total
\$ -	\$ -	\$ -	\$ 774
1,150,198	-	-	2,376,111
(119,504)	-	-	(862,210)
(54,494)	-	-	(469,091)
(1,307,239)	-	-	(1,444,957)
(331,039)	-	-	(399,373)
103,152	-	-	103,152
103,152	-	-	103,152
-	-	-	(506,871)
-	-	-	100,450
-	-	-	(406,421)
-	15,493	326	338,946
-	15,493	326	338,946
(227,887)	15,493	326	(363,696)
227,887	395,876	8,324	8,150,833
\$ -	\$ 411,369	\$ 8,650	\$ 7,787,137
\$ -	\$ 411,369	\$ 8,650	\$ 7,787,137
\$ -	\$ 411,369	\$ 8,650	\$ 7,787,137
\$ (177,955)	\$ (120,099)	\$ -	\$ (848,635)
-	-	-	221,200
-	-	-	8,733
930	-	-	4,600
(90,207)	-	-	(164,039)
-	120,099	-	120,099
(63,674)	-	-	259,326
7,732	-	-	38,245
(7,865)	-	-	(38,902)
(153,084)	120,099	-	449,262
\$ (331,039)	\$ -	\$ -	\$ (399,373)

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STATISTICAL SECTION (Unaudited)

This part of the City of Millbrae’s annual comprehensive 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)



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities										
Net investment in capital assets	46.2	46.0	47.5	48.0	51.3	54.0	66.9	80.8	81.5	82.4
Restricted	25.4	26.2	29.8	30.2	28.6	42.1	34.5	35.1	40.1	40.6
Unrestricted	(24.6)	(20.1)	(19.4)	(25.9)	(26.4)	(25.8)	(26.3)	(36.6)	(22.3)	(22.7)
Total governmental activities net position	47.0	52.1	57.9	52.3	53.5	70.3	75.1	79.3	99.3	100.3
Business-type activities										
Net investment in capital assets	14.2	15.9	18.8	21.9	22.2	24.1	25.8	30.6	39.6	49.0
Unrestricted	9.1	6.4	3.9	4.1	12.3	18.4	22.9	21.1	21.4	18.6
Total business-type activities net position	23.3	22.3	22.7	26.0	34.5	42.5	48.7	51.7	61.0	67.6
Primary government										
Net investment in capital assets	60.3	61.9	66.4	69.9	73.5	78.0	92.7	111.4	121.1	131.4
Restricted	25.4	26.2	29.8	30.2	28.6	42.1	34.5	35.1	40.1	40.6
Unrestricted	(15.5)	(13.6)	(15.5)	(21.8)	(14.1)	(7.4)	(3.4)	(15.5)	(0.9)	(4.1)
Total primary government net position	70.2	74.5	80.7	78.3	88.0	112.7	123.8	131.0	160.3	167.9

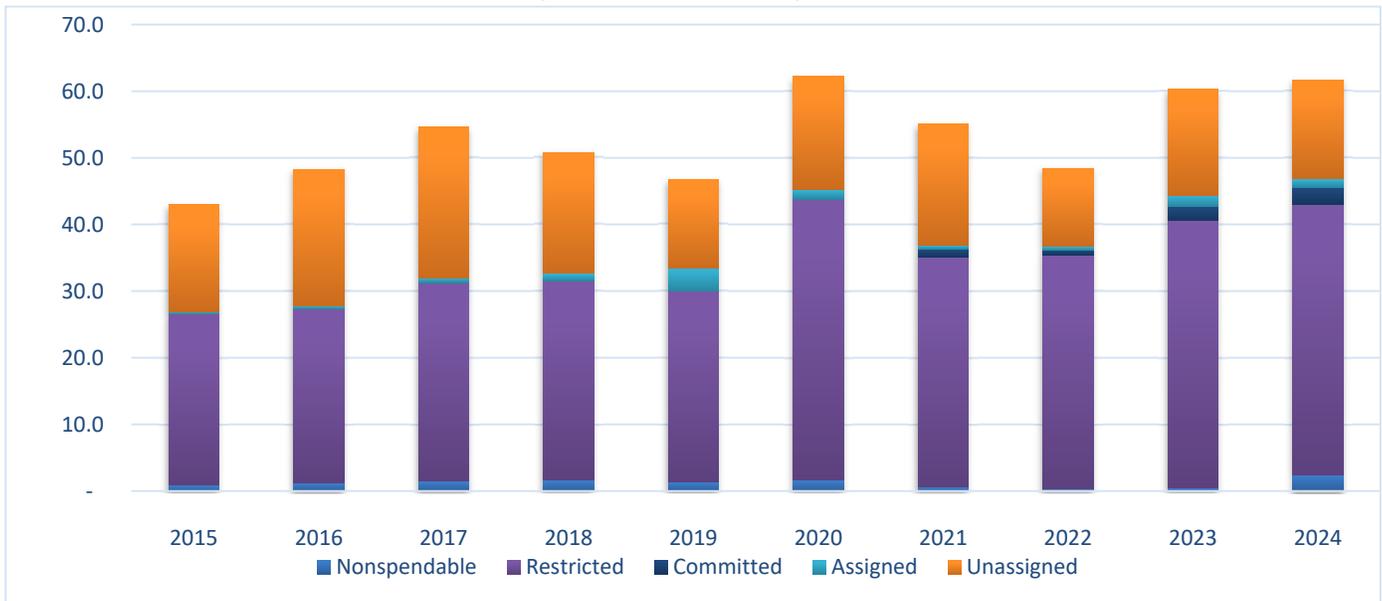
CITY OF MILLBRAE
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Dollars in millions)

Expenses	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities:										
General Government	3.4	5.6	4.3	3.7	3.6	5.8	5.3	6.9	4.6	7.6
Public Safety	11.6	13.0	16.3	16.0	19.1	16.7	17.2	18.8	14.7	19.7
Public Works	3.0	3.0	4.3	5.1	4.6	4.2	3.8	4.8	4.5	5.3
Culture and Recreation	1.2	3.1	3.3	4.0	4.2	4.0	2.8	5.1	3.9	6.7
Community Development	4.3	3.2	3.0	2.9	3.7	3.3	2.6	5.0	3.8	4.3
Interest on Long-Term Debt	1.4	1.4	1.4	1.4	1.3	1.3	1.3	1.2	1.2	1.1
Total Governmental Activities Expenses	24.9	29.3	32.6	33.1	36.5	35.4	33.0	41.9	32.7	44.7
Business-Type Activities:										
Municipal Water System	6.7	8.4	8.4	7.4	7.2	7.4	7.7	8.4	8.1	10
Municipal Wastewater										
Treatment Facility	7.9	8.6	8.4	9.1	9.2	10.2	11.0	12.8	9.3	13.1
Storm Drain	0.4	0.3	0.8	0.9	1.0	1.0	0.9	1.0	0.9	1.3
Total Business-Type Activities Expenses	15.0	17.3	17.6	17.4	17.4	18.6	19.6	22.2	18.3	24.4
Total Primary Government Expenses	39.9	46.6	50.2	50.5	53.9	54.0	52.6	64.1	51.0	69.1
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	2.2	0.8	2.4	1.9	0.8	2.6	3.1	3.1	3.1	0.8
Public Safety	1.9	1.9	0.3	0.3	1.3	0.1	1.0	1.3	1.0	1.0
Public Works	0.5	0.5	0.7	0.7	1.3	2.4	1.0	1.4	2.2	1.8
Culture and Recreation	0.9	0.9	0.6	0.5	0.6	8.1	0.4	0.6	1	1.4
Community Development	2.0	1.7	1.3	1.6	1.6	-	3.1	1.3	5.1	2.6
Capital Grants and Contributions	-	-	-	0.3	-	-	4.7	7.9	5	0.3
Operating Grants and Contributions	1.0	0.9	5.1	2.2	1.7	-	5.1	4.3	2	2.7
Total Government Activities										
Program Revenues	8.5	6.7	10.4	7.5	7.3	13.3	18.4	19.9	19.4	10.6
Business-Type Activities:										
Charges for Services:										
Municipal Water System	6.2	6.0	5.7	8.2	10.2	11.3	10.8	10.4	10.9	12.1
Municipal Wastewater										
Treatment Facility	8.4	9.9	11.2	12.2	13.6	13.4	13.1	13.2	14.9	16.5
Storm Drain	0.4	0.3	0.3	0.3	0.3	0.5	0.3	0.3	0.3	0.3
Total Business-Type Activities										
Program Revenues	15.0	16.2	17.2	20.7	24.1	25.3	24.2	23.9	26.1	28.9
Total Primary Government										
Program Revenues	23.5	22.9	27.6	28.2	31.4	38.6	42.6	43.8	45.5	39.5
Net (Expenses)/Revenue										
Governmental Activities	(16.4)	(22.6)	(22.2)	(25.6)	(29.3)	(15.7)	(14.6)	(22.0)	(13.3)	(34.1)
Business-Type Activities	-	(1.1)	(0.4)	3.3	6.7	6.6	4.5	1.7	7.8	4.5
Total Primary Government Net Expense	(16.4)	(23.7)	(22.6)	(22.3)	(22.6)	(9.1)	(10.1)	(20.3)	(5.5)	(29.6)

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Revenues and Other										
Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	10.8	11.4	12.0	12.5	13.4	14.6	13.4	13.9	17.1	16.6
Sales Taxes	2.7	2.8	2.8	3.1	3.3	2.9	2.6	3.4	3.3	3.4
Transient Occupancy Tax	7.5	8.2	8.0	8.5	8.8	6.4	2.3	4.9	8	9.4
Franchise Tax	1.0	1.1	1.2	1.1	1.1	1.1	1.1	1.3	1.3	1.4
Other Taxes	0.8	1.2	1.3	1.5	1.5	1.6	1.5	1.9	1.9	1.8
Miscellaneous	0.4	1.4	2.0	1.8	1.8	2.4	0.2	0.1	0.1	0.1
Interest Earnings	0.3	0.7	0.2	0.3	1.3	2.2	(0.3)	(1.9)	2.2	3.2
Transfers	0.4	0.1	(0.6)	(1.1)	(0.7)	(0.9)	(1.4)	(0.9)	(0.5)	(0.8)
Extraordinary item	-	-	1.3	-	-	2.3	-	5.3	0.0	-
Total Government Activities	23.9	26.9	28.2	27.7	30.6	32.5	19.4	27.9	33.4	35.1
Business-Type Activities:										
Interest Earnings	-	0.3	0.1	0.2	0.9	0.5	0.4	0.4	0.9	1.3
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers and Other	(0.4)	(0.1)	0.6	1.1	0.7	0.9	1.4	0.9	0.5	0.8
Total Business-Type Activities	(0.4)	0.2	0.7	1.3	1.6	1.4	1.7	1.3	1.4	2.1
Total Primary Government	23.5	27.1	28.9	29.0	32.2	33.9	21.2	29.23	34.8	37.2
Change in Net Position										
Governmental Activities	7.5	4.2	5.8	2.0	1.3	16.8	4.8	5.9	20	0.9
Business-Type Activities	(0.4)	(0.9)	0.4	4.7	8.3	8.0	6.3	3.0	9.3	6.7
Total Primary Government	7.1	3.3	6.2	6.7	9.6	24.8	11.1	8.9	29.3	7.6

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



	June 30,				
	2015	2016	2017	2018	2019
General Fund					
Nonspendable	0.9	1.2	1.5	1.7	1.4
Assigned	0.3	0.4	0.7	1.2	3.5
Unassigned	16.3	20.5	22.7	18.1	13.2
Total General Fund	<u>17.5</u>	<u>22.1</u>	<u>24.9</u>	<u>21.0</u>	<u>18.1</u>

All Other Governmental Funds					
Restricted	25.7	26.2	29.8	29.8	28.6
Committed			-	0.6	0.8
Unassigned	(0.2)	-	(0.1)	-	-
Total all other governmental funds	<u>25.5</u>	<u>26.2</u>	<u>29.7</u>	<u>30.4</u>	<u>29.4</u>

	June 30,				
	2020	2021	2022	2023	2024
General Fund					
Nonspendable	1.7	0.6	0.3	0.5	2.5
Assigned	1.5	0.6	0.6	1.6	1.3
Unassigned	16.9	18.2	15.6	17.4	16.6
Total General Fund	<u>20.1</u>	<u>19.4</u>	<u>16.4</u>	<u>19.5</u>	<u>20.4</u>

All Other Governmental Funds					
Restricted	42.1	34.5	35.1	40.1	40.6
Committed	0.8	1.2	0.8	2.2	2.5
Unassigned	-	-	(3.9)	(1.5)	(1.8)
Total all other governmental funds	<u>42.9</u>	<u>35.7</u>	<u>32.0</u>	<u>40.8</u>	<u>41.3</u>

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

	Fiscal Year Ended June 30,				
	2015	2016	2017	2018	2019
Revenue					
Taxes	22,869,151	25,305,817	25,736,381	27,319,013	29,019,266
Licenses, permits and fees	864,939	669,389	612,279	651,132	842,787
Charges for services	3,842,299	2,888,755	2,437,313	2,303,966	2,854,067
Fines and Forfeitures	464,115	1,584,307	1,550,814	1,296,068	1,187,345
Use of money and property	1,277,810	1,210,899	956,301	1,082,150	1,802,835
Grants and intergovernmental	2,173,280	373,409	955,343	655,832	484,843
Miscellaneous	584,381	1,392,308	1,727,033	1,815,007	1,823,647
Total Revenues	32,075,975	33,424,884	33,975,464	35,123,168	38,014,790
Expenditures					
Current:					
General government	3,079,194	4,907,667	3,747,857	4,709,913	4,710,426
Public safety	11,339,762	12,373,974	13,759,054	15,683,208	17,303,089
Public Works	1,771,152	2,052,366	3,782,092	4,338,142	4,409,164
Culture and recreation	1,122,374	2,941,985	3,189,469	3,802,998	4,080,803
Community development	3,897,871	2,707,551	2,850,662	2,625,076	3,547,974
Capital outlay	1,034,074	1,188,912	2,337,047	4,526,373	3,564,160
Debt service:					
Principal repayment	1,304,000	1,360,000	1,417,000	1,477,000	1,543,000
Interest and fiscal charges	500,834	490,680	479,177	462,679	442,834
Total Expenditures	24,049,261	28,023,135	31,562,358	37,625,389	39,601,450
Excess (deficiency) of revenues over (under) expenditures	8,026,714	5,401,749	2,413,106	(2,502,221)	(1,586,660)
Other Financing Sources (Uses)					
Transfers in	1,755,350	1,373,422	1,266,671	2,401,521	1,845,000
Transfers (out)	(6,914,528)	(1,374,262)	(1,884,671)	(5,545,991)	(4,175,520)
Proceeds from insurance	-	-	-	1,202,745	-
Sale of capital assets	-	-	-	3,000	-
Total other financing sources (uses)	(5,159,178)	(840)	(618,000)	(1,938,725)	(2,330,520)
Net change in fund balances before extraordinary item	2,867,536	5,400,909	1,795,106	(4,440,946)	(3,917,180)
Extraordinary item	-	-	4,401,067	-	-
Net change in fund balances	2,867,536	5,400,909	6,196,173	(4,440,946)	(3,917,180)
Debt services as a percentage of noncapital expenditures	7.7%	6.9%	6.5%	5.8%	5.6%

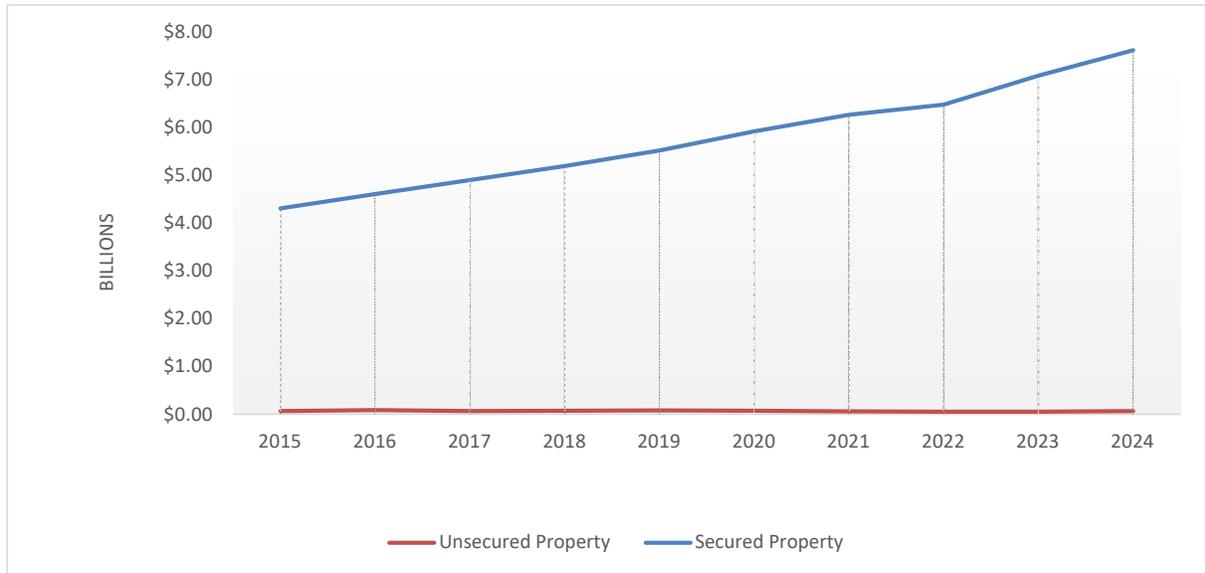
Fiscal Year Ended June 30,

2020	2021	2022	2023	2024
27,533,455	21,773,086	26,339,269	32,650,834	33,846,522
545,742	2,294,811	930,215	3,732,681	2,088,291
15,326,309	4,338,574	8,602,694	9,318,118	4,207,341
1,096,915	929,228	1,260,625	884,440	979,351
2,797,825	159,144	(1,420,038)	2,627,155	3,531,126
1,185,193	4,282,690	3,259,608	2,624,955	1,461,946
2,353,434	3,536,668	3,808,147	4,166,188	3,965,522
50,838,873	40,026,068	42,780,520	56,004,371	50,080,099
4,428,761	4,222,434	4,717,439	5,647,795	6,138,846
15,380,748	16,881,861	18,140,885	19,540,010	20,122,560
3,653,969	3,045,365	3,385,207	4,194,452	5,182,075
4,109,442	4,085,952	4,677,133	4,796,985	5,288,133
3,330,402	2,779,669	4,266,138	4,275,435	4,467,078
3,762,806	13,407,979	16,606,457	2,397,528	4,434,989
1,613,000	1,683,000	1,757,000	1,840,000	1,918,000
419,318	401,923	378,121	353,388	327,312
36,698,446	46,508,183	53,928,380	43,045,593	47,878,993
14,140,427	(6,482,115)	(11,147,860)	12,958,778	2,201,106
1,757,304	9,163,185	6,272,394	2,239,464	1,513,898
(2,641,218)	(10,525,772)	(7,176,699)	(3,284,464)	(2,383,898)
-	-	3,803,555	-	-
-	-	1,490,284	-	35,000
1,366,086	(1,362,587)	4,389,534	(1,045,000)	(835,000)
15,506,513	(7,844,702)	(6,758,326)	11,913,778	1,366,106
-	-	-	-	-
15,506,513	(7,844,702)	(6,758,326)	11,913,778	1,366,106
6.3%	6.5%	5.8%	5.4%	5.2%

**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)
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%
2024	6,855,186,486	447,994,253	74,901,428	236,138,347	7,614,220,514	69,364,328	7,624,829,913	7,624,829,913	0.15790%

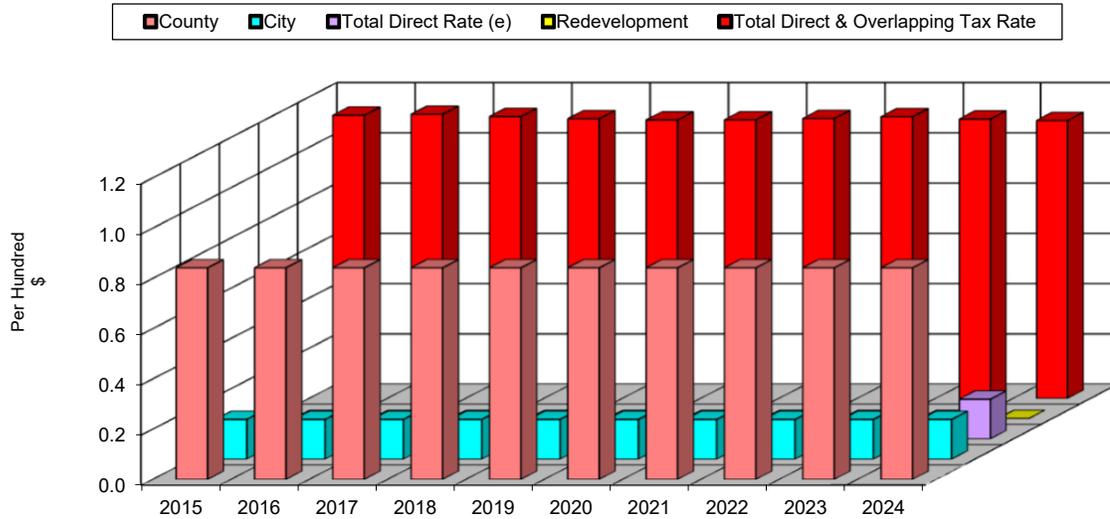
(a) The California State Constitution requires property to be assessed at one hundred percent (100%) of the most recent purchase price, plus an increment of no more than two percent (2%) annually, plus any local over-rides. These values are considered to be full market values. Excludes tax-exempt properties.

(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)
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
2024	1.0000	0.0964	0.0093	1.1057	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 (ERAF) 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**

TOP TEN PROPERTY TAXPAYERS

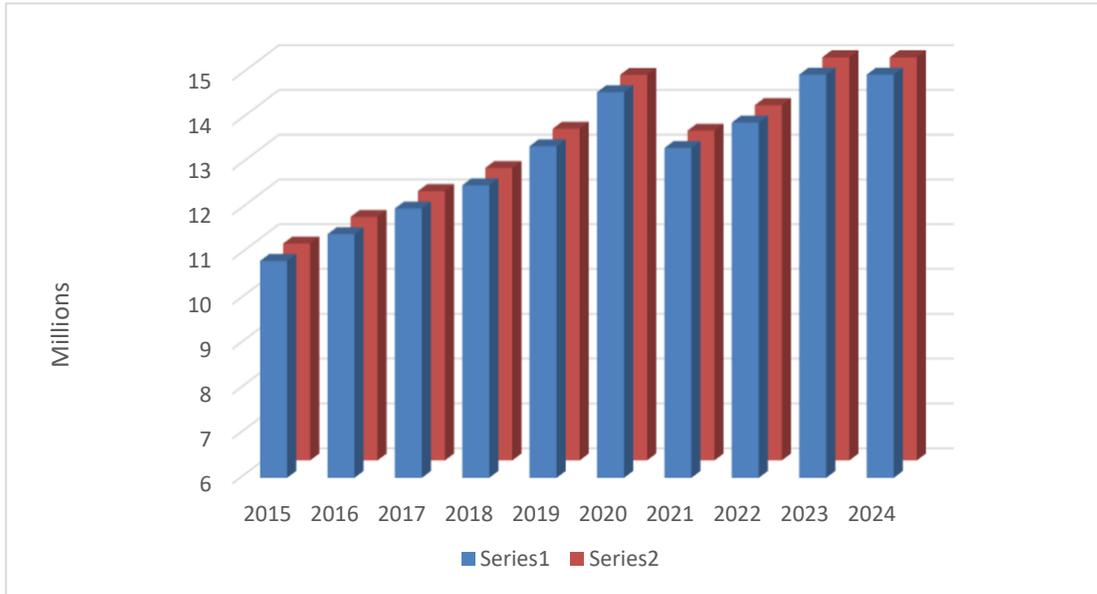
Top Property Owners Based on Net Values

Owner / Taxpayer	Fiscal Year 2023-24		Fiscal Year 2014-15	
	Taxable Assessed Value	Total Percent City Taxable Assessed Value	Taxable Assessed Value	Total Percent City Taxable Assessed Value
Gateway Millbrae Hotel Devel LLC Lessor	197,905,387	2.60%		
SFO Millbrae LLC	195,896,490	2.57%		
Millbrae Adrian Science Park LLC	81,600,000	1.07%		
ARE 230 Adrian Road LLC	69,644,203	0.91%		
Anton Millbrae LLC Lessee	50,000,000	0.66%		
OR Property Holdings LLC Et Al	42,100,668	0.55%	35,602,603	0.83%
RAC Investment Group LLC	39,230,644	0.51%		
Magnolia of Millbrae Inc	33,065,770	0.43%	28,063,185	0.65%
Green Banker LLC	32,857,779	0.43%		
1201 Broadway-Owner LLC	30,879,418	0.40%		
Millbrae WCP Hotel I LLC			74,301,623	1.73%
Millbrae WCP Hotel II LLC			47,133,000	1.09%
Marymount Greenhills LLC			22,278,237	0.52%
Friend Friend & Friend			15,915,846	0.37%
Great Mountain Properties, LLC			15,778,110	0.37%
Wilson Plaza LLC			12,361,713	0.29%
RHC Associates			16,590,042	0.39%
Green Hills Country Club			12,464,474	0.29%
TOTAL TOP TEN	773,180,359	10.14%	280,488,833	6.51%
Total Secured Assessed Valuation:	<u><u>\$ 7,614,220,514</u></u>		<u><u>\$ 4,306,198,921</u></u>	

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 (c)	% of Tax Collected (b)	San Mateo County Collection Fee
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
2024	16,622,475	16,622,475	100.0%	79,503

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.

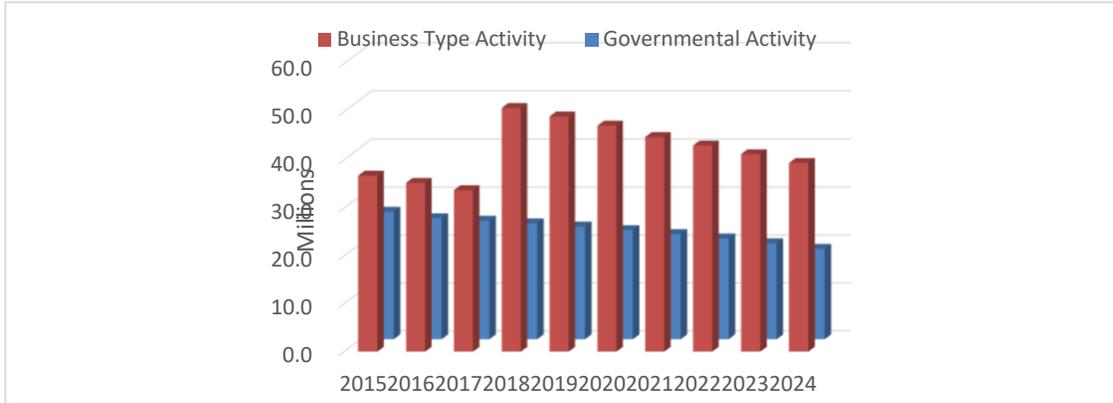
- (a) In Fiscal Year 2011-2012 Redevelopment was dissolved and Redevelopment funds were redistributed to all taxing entities pursuant to California Health and Safety Code Section 34183

- (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
LAST TEN FISCAL YEARS**



Governmental Activity

Fiscal Year	General Obligation Bonds	Pension Obligation Bonds	Lease Revenue Financing (a)	TOTAL
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
2024	7,348,567	11,574,226		18,922,793

Business Type Activity

Fiscal Year	Certificates of Participation	State Revolving Loan (b)	TOTAL	Total Primary Government	Personal Income Percentage (c)	Per Capita (c)
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
2024	39,397,734	-	39,397,734	58,320,527	2.90%	2,525

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

(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**

RATIO OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

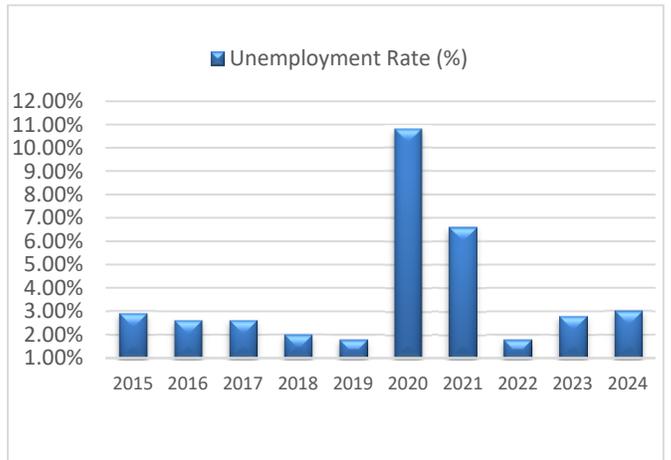
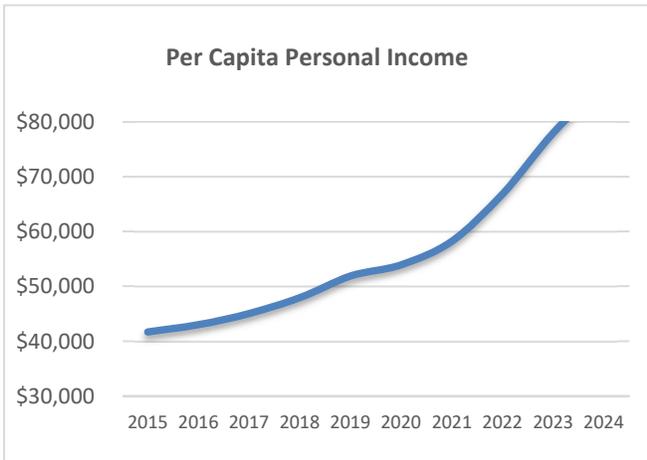
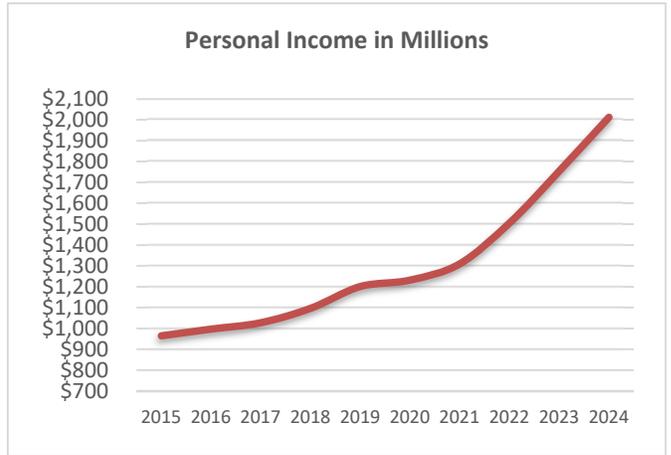
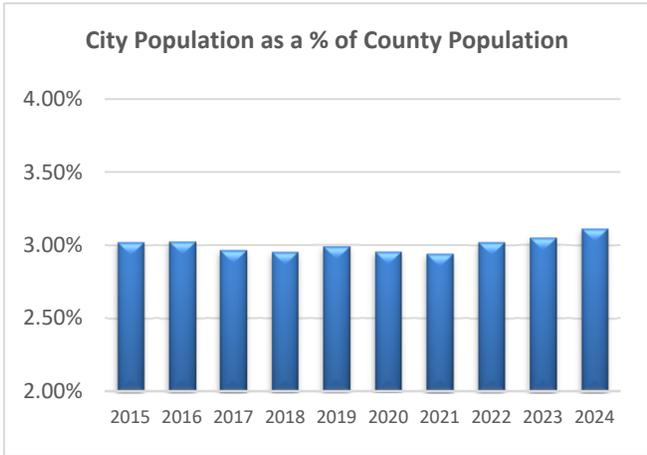
Fiscal Year	Library Bonds	Less Amount Available in Debt Service Fund	Total	Percentage of Total City Taxable Assessed Value	Per Capita
2015	9,791,255	868,792	8,922,463	0.22%	385.65
2016	9,586,511	934,817	8,651,694	0.20%	373.43
2017	9,366,768	967,778	8,398,990	0.19%	368.44
2018	9,137,026	1,011,089	8,125,937	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
2024	7,348,567	1,387,920	5,960,647	0.08%	258.11

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

**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 (%)
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%
2024	23,093	741,565	3.11%	\$2,013.6	\$87,196	3.0%

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

**CITY OF MILLBRAE
STATISTICS**

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2024

<u>2022-23 Assessed Valuation:</u>	\$7,652,472,913		
	Total Debt		City's Share of
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>6/30/2024</u>	<u>% Applicable (1)</u>	<u>Debt 6/30/24</u>
San Mateo Community College District	682,237,216	2.486%	16,960,417
San Mateo Union High School District	703,110,767	7.371%	51,826,295
Millbrae School District	44,634,527	70.891%	31,641,863
City of Millbrae	7,110,000	100.00%	7,110,000
California Statewide Communities Development Authority			
Assessment District No. 03-1, Glenborough/Pauls Project Area	1,001,613	100%	1,001,613
California Statewide Communities Development Authority			
Assessment District No. 06-1, Park Broadway Project Area	1,060,270	100%	1,060,270
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$109,600,457</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
San Mateo County General Fund Obligations	554,571,645	2.486%	\$13,786,651
San Mateo County Board of Education Certificates of Participation	5,735,000	2.486%	\$142,572
City of Millbrae Pension Obligation Bonds	11,574,226	100.00%	11,574,226
San Mateo County Mosquito and Vector Control District General Fund Obligations	3,404,654	2.486%	84,640
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$25,588,089</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	4,540,000	100.00%	\$4,540,000
TOTAL DIRECT DEBT			18,684,226
TOTAL OVERLAPPING DEBT			\$121,044,320
COMBINED TOTAL DEBT (2)			\$139,728,546

(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:

Direct Debt (\$7,110,000)	0.09%
Total Direct and Overlapping Tax and Assessment Debt	1.43%
Total Direct Debt (\$18,684,226)	0.24%
Combined Total Debt	1.83%

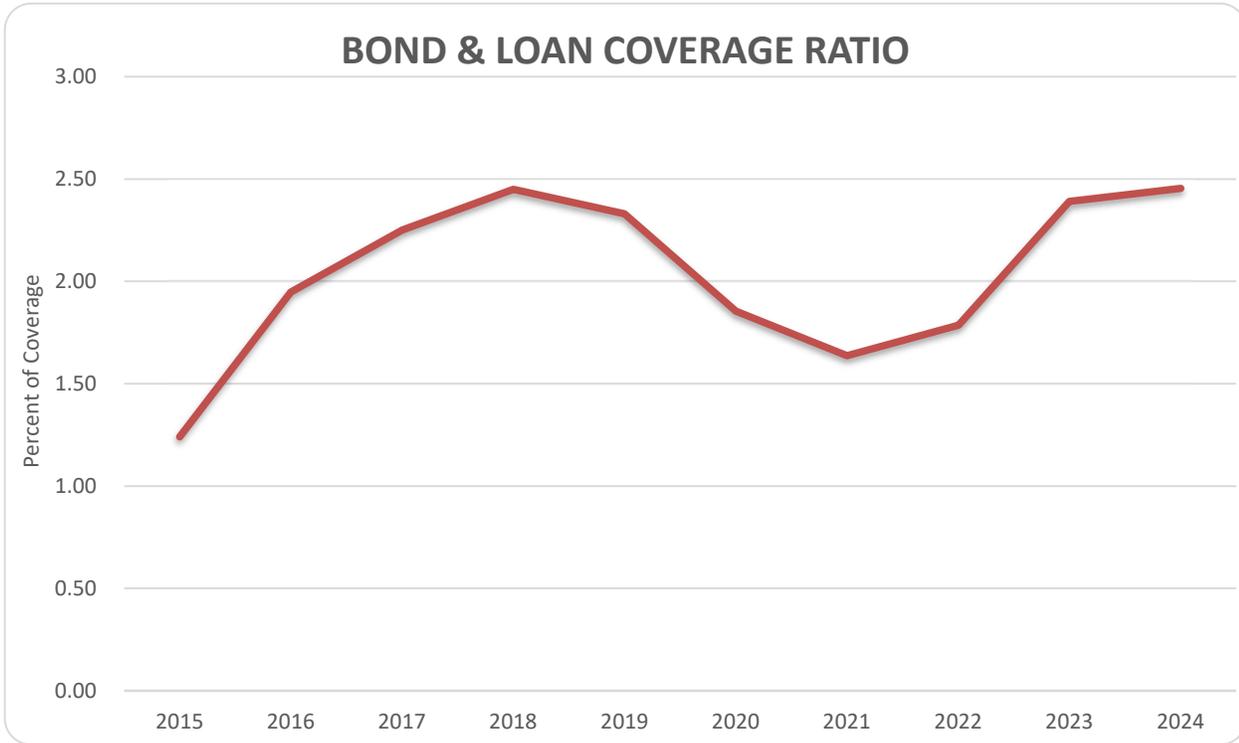
Ratios to Redevelopment Successor Agency Incremental Valuation (\$1,581,811,784):

Total Overlapping Tax Increment Debt	0.29%
--------------------------------------	-------

Source: California Municipal Statistics, Inc.
Avenu Insights & Analytics

**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	
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
2024	17,363,080	10,560,705	6,802,375	1,245,000	1,525,556	2,770,556	2.46

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**

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

	Fiscal Year 2023-24			Fiscal Year 2014-15		
	Number of Employees	Rank	Percent of city Labor Force	Number of Employees	Rank	Percent of city Labor Force
Westin Hotel - San Francisco Airport	250	1	1.9%	195	3	1.6%
Millbrae Elementary School District	200	2	1.6%	220	2	1.8%
San Francisco Public Utilities Commission (PUC)*	192	3	1.5%	247	1	2.0%
City of Millbrae	154	4	1.2%	99	10	0.8%
Magnolia of Millbrae, Inc	130	5	1.0%	143	6	1.2%
Mills High School (San Mateo UHSD)	127	6	1.0%	112	8	0.9%
Trader Joe's	120	7	0.9%			
Safeway	107	8	0.8%	125	7	1.0%
Millbrae Care Center (formerly Millbrae Skilled Care)	103	9	0.8%	160	4	1.3%
Cadence Living Millbrae	97	10	0.8%			
Marymount Greenhills Retirement Center				105	9	0.9%
Best Western El Rancho Inn and Suites				146	5	1.2%
Total Top 10 Employers	1,480		11.5%	1,552		12.7%
City Labor Force (1)	12,900			12,200		

Source: Avenu Insights & Analytics

Source: City of Millbrae - ACFR 2015 Publication

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

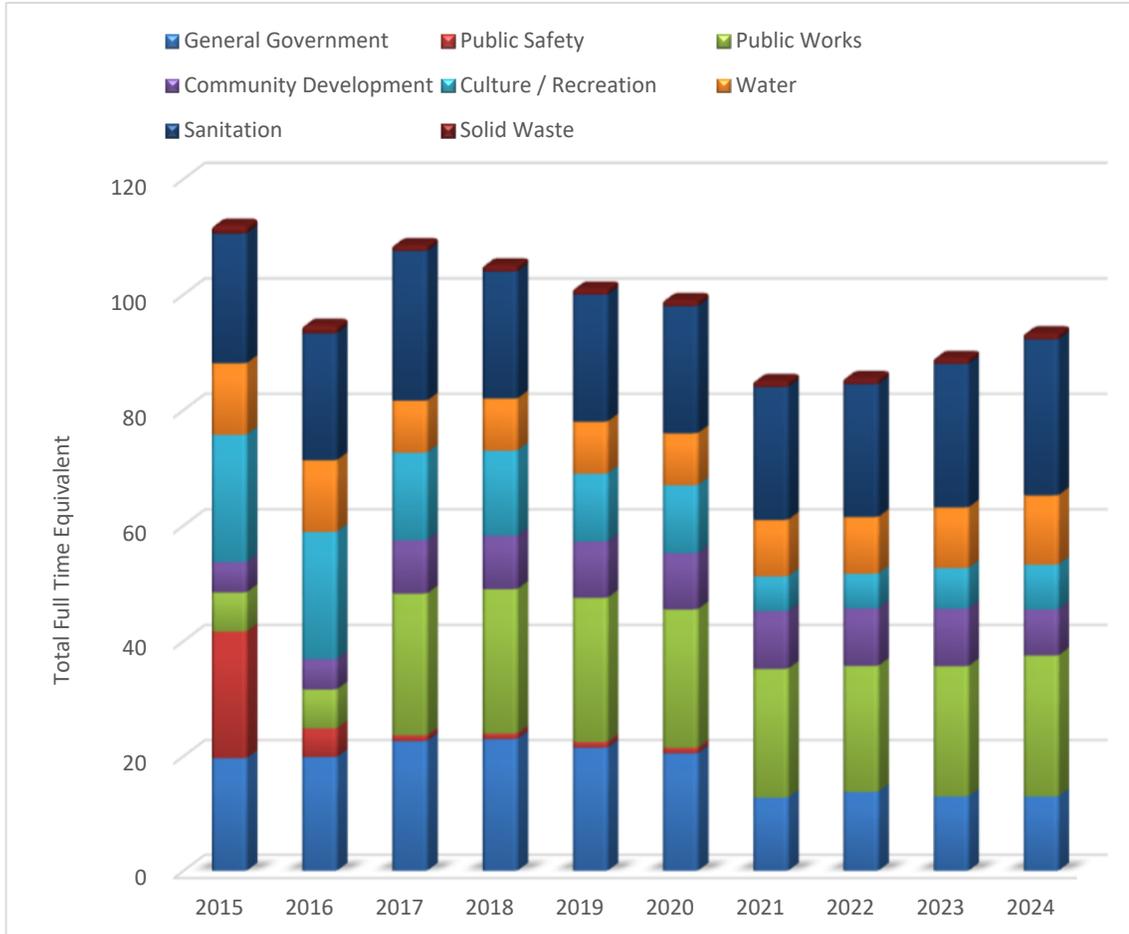
(1.) Total City Labor Force provided by EDD Labor Force Data.

*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**



Function / Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government	19.65	19.85	22.65	23.00	21.50	20.50	12.80	13.80	13.00	13.00
Public Safety	22.00	5.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00
Public Works	6.79	6.79	24.59	25.00	25.00	24.00	22.40	21.90	22.65	24.50
Community Development	5.25	5.25	9.25	9.25	9.75	9.75	10.00	10.00	10.00	8.00
Culture / Recreation	22.04	22.04	15.15	14.75	11.75	11.75	6.00	6.00	7.00	7.75
Water	12.39	12.39	9.00	9.00	9.00	9.00	9.80	9.80	10.50	12.00
Sanitation	22.45	21.95	25.91	22.00	22.00	22.00	23.00	23.00	24.85	27.00
Solid Waste	1.37	1.37	0.95	1.00	1.00	1.00	1.00	1.00	1.00	1.00
TOTAL	111.94	94.64	108.50	105.00	101.00	99.00	85.00	85.50	89.00	93.25

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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety										
Fire										
Emergency Responses (a)	2,914	7,322	7,668	6,584	7,493	6,574	7,004	8,328	9,507	8,974
Primary Fire Inspections	546	1,179	1,454	1,528	1,366	1,152	1,036	1,780	904	1,203
Police										
Police Calls for Service	14,721	14,783	16,744	17,171	17,638	17,773	16,757	18,729	16,547	16,350
Part I and Part II Crimes	1,302	1,329	1,479	1,601	1,065	1,291	1,059	496	546	542
Physical Arrests (adult and juvenile)	735	716	614	670	715	415	445	509	790	928
Moving Violations	1,601	1,366	1,904	1,822	3,202	2,171	1,932	3,254	3,986	3,672
Parking Violations	5,235	5,360	4,086	5,256	4,200	4,030	3,521	8,118	7,146	4,274
Public Works										
Street Resurfacing (miles) (b)	4	0	0.8	0	4.8	0.3	0.3	1.0	1.4	3.4
Potholes Repaired (square miles)	0.0010	0.0010	0.0010	0.0011	0.2413	0.2154	0.0002	0.0500	0.1018	0.1016
Culture and Recreation										
Community Services										
Recreation Class Participants	7,775	5,978	4,165	4,350	4,957	3,010	786	1,340	5,986	6,937
Library										
Volumes in Collection	116,959	124,000	107,287	96,629	81,699	79,773	85,900	75,920	80,044	79,703
Total Volumes Borrowed	498,492	466,531	450,113	412,597	500,339	349,281	113,636	190,627	358,769	400,000
Water										
Water Service Connections	6,568	6,556	6,547	6,570	6,550	6,546	6,541	6,538	6,544	6,540
Water Main Breaks	10	9	10	10	7	8	8	20	24	11
Average Daily Consumption (gallons)	1,888,136	1,598,519	1,901,364	2,034,671	1,945,366	1,734,262	1,688,437	1,588,244	1,530,722	1,720,000
Sanitation										
Sewer Service Connections	6,568	6,556	6,547	6,348	6,322	6,322	6,322	6,319	6,320	6,330
Storm Drain Inlets	868	868	868	868	868	868	868	868	868	868
Sewer Main Blockages	6	5	5	10	4	2	1	0	2	2
Average Daily Treatment (gallons)	1,280,000	1,600,000	1,863,000	1,300,000	1,940,000	1,730,000	1,400,000	1,500,000	1,700,000	1,680,000
Solid Waste										
Recyclables Processed (tons per year)	2,612	2,597	2,674	2,583	2,548	2,648	2,747	2,350	2,271	2,444

(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 resurfaced.

**CITY OF MILLBRAE
STATISTICS**

**CAPITAL ASSETS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS**

Function / Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety (a)										
Fire Station	2	2	2	2	2	2	2	2	2	2
Police Station	1	1	1	1	1	1	1	1	1	1
Public Works										
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	5	5	5	5	5	5	5	5	5	5
Roadway Landscaping Acreage	2	2	2	2	2	2	2	2	2	2
Culture and Recreation										
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	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	3	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
Water										
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	610,000	2,110,000	2,110,000
Sanitation										
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

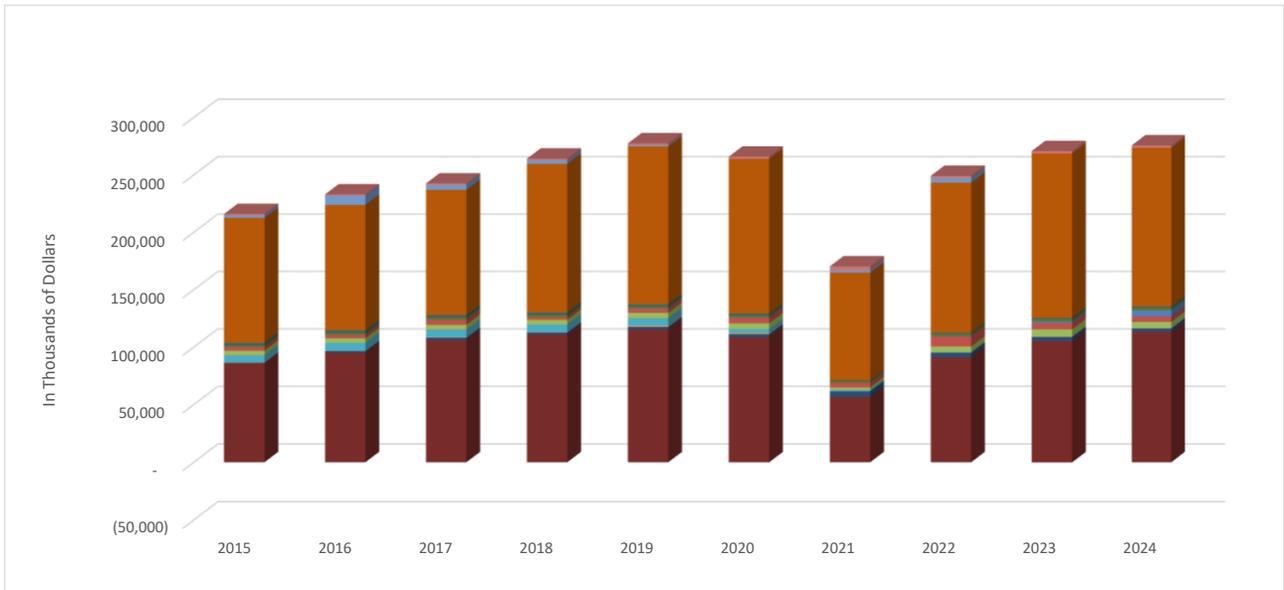
(a) In 2012, the Police Department and Force were dissolved and San Mateo County Sheriff's Office provides law enforcement services through service agreement. In 2015, Fire Department activities were transferred to Central County Fire. Police and Fire facilities remained the responsibility of the City.

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

Source: City of Millbrae / GIS System

**CITY OF MILLBRAE
STATISTICS**

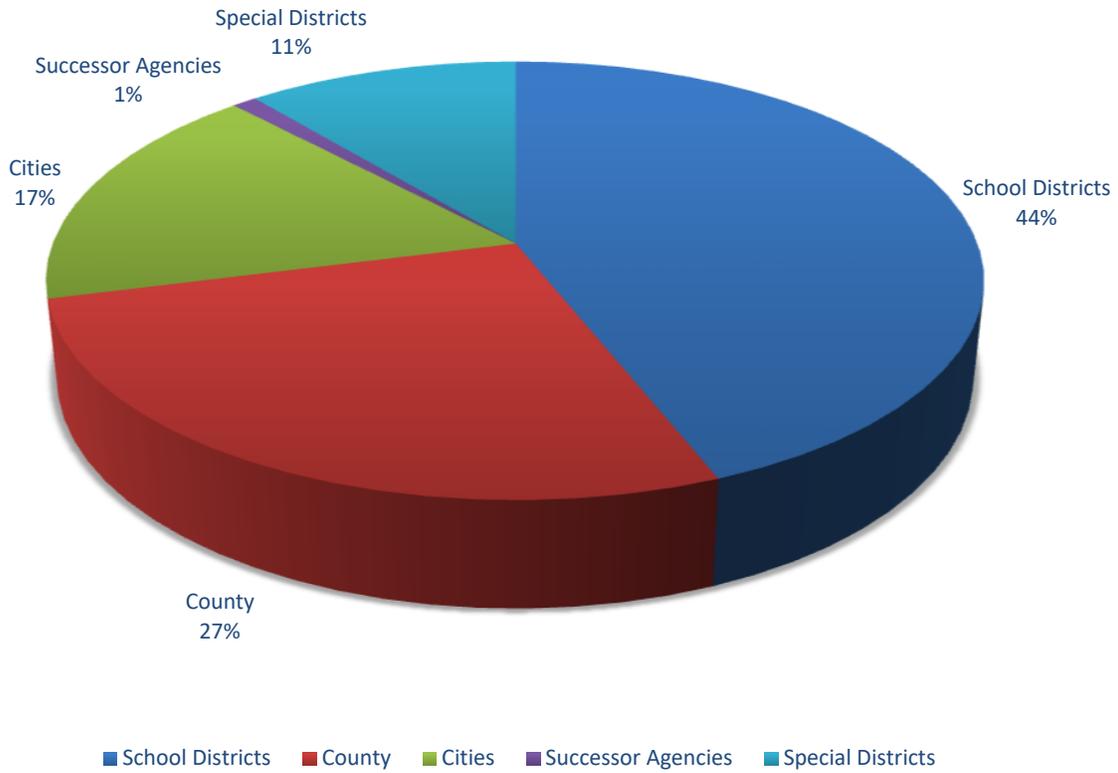
**TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS**



CDTFA NAICS SECTOR - Category name	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Accommodation and Food Services	86,104	95,179	106,050	111,088	115,424	108,638	56,704	91,135	105,187	113,069
Agriculture, Forestry, Fishing and Hunting	366	1,412	2,211	1,666	2,226	2,741	4,779	4,088	3,684	3,126
Arts, Entertainment, and Recreation	183	313	492	335	802	821	5	179	232	184
Construction	5,874	6,664	6,185	6,445	6,437	3,428	847	304	57	71
Educational Services	103	114	115	61	161	90	162	34	59	107
Information	4,175	3,940	4,462	4,070	4,856	5,053	2,434	4,774	6,277	5,413
Manufacturing	3,086	2,804	4,273	2,471	3,566	4,803	3,874	8,509	5,376	4,884
Mining, Quarrying, and Oil and Gas Extraction	16	14	35	9	81	58	82	145	1,245	5,229
Other Services (except Public Administration)	1,760	2,063	2,097	2,005	1,850	2,103	1,811	2,356	2,279	2,250
Professional, Scientific, and Technical Services	123	118	190	455	271	174	85	145	149	178
Real Estate and Rental and Leasing	1,639	1,795	1,563	1,469	1,432	1,181	321	726	905	703
Retail Trade	109,160	109,534	109,286	129,616	137,653	134,891	93,709	130,851	143,191	138,359
Utilities	2,246	7,861	4,373	2,918	1,006	119	2,005	3,887	(40)	60
All Other NAICS Sectors	1,151	1,209	1,200	1,503	1,684	1,793	3,486	1,992	2,086	1,997
Grand Total	215,987	233,021	242,533	264,111	277,449	265,894	170,305	249,127	270,687	275,631

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%
Total	<u>100.00%</u>

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