



City of Millbrae



Comprehensive
Annual Financial
Report

*For the Year Ended
June 30, 2020*

City of Millbrae

Millbrae, California

Comprehensive Annual Financial Report

For the year ended June 30, 2020

Prepared by:
Finance Department

City of Millbrae
Comprehensive Annual Financial Report
For the year ended June 30, 2020

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City of Millbrae

621 Magnolia Avenue, Millbrae, CA 94030

ANN SCHNEIDER
Mayor

ANNE OLIVA
Vice Mayor

GINA PAPAN
Councilmember

ANDERS FUNG
Councilmember

REUBEN D. HOLOBER
Councilmember

December 11, 2020

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

We are pleased to submit the City of Millbrae Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. Through an unprecedented pandemic, the City has continued to take a prudent and proactive approach to secure the city financially including taking drastic cost savings measures to continue operations and maintain service levels in the community. While the City is sustaining operations, the deferred maintenance and costs of post-employment benefits (pension and retiree medical insurance) require ongoing disciplined management and planning to sustain Millbrae 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 2020 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, 2020, 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, 2020, 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

City Council/City Manager/City Clerk
(650) 259-2334

Fire
(650) 558-7600

Building Division/Permits
(650) 259-2330

Police
(650) 259-2300

Community Development
(650) 259-2341

Public Works/Engineering
(650) 259-2339

Finance
(650) 259-2350

Recreation
(650) 259-2360

of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Millbrae

Incorporated in 1948, the City of Millbrae is located adjacent to the San Francisco International Airport and is 15 miles south of the City of San Francisco, in the heart of San Mateo County. The City encompasses 3.3 square miles and serves a largely residential population of approximately 22,832.

The City Council consists of five members, elected directly by the voters residing in the City to staggered terms of four years each. 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 2020, the top priorities for 2021 were:

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

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 2018 – 2019 and 2019 – 2020, a two-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 2020, property tax revenues increased 9.0%, TOT decreased 27.7%, and sales tax decreased 12.0%. Two of the City's top revenue sources, TOT and sales tax, are economically sensitive revenues and, therefore, are budgeted conservatively and monitored closely.

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 2010 and 2020, the City of Millbrae's Assessment Roll has increased from \$3.6 billion in property tax valuation to \$5.9 billion. This resulted in an increase of 64% over 10 years and an increase of 7.2% between 2019 and 2020.

The City's second largest source of revenue is transient occupancy tax (TOT). Due to the COVID-19 pandemic, hotel occupancy plummeted in March 2020. The result was a decrease of a staggering 27.7% from 2019 to 2020.

Sales tax declined considerably from 2019 to 2020 by 12.0% or \$400,000. The COVID-19 pandemic affected all the different facets of sales tax. Diversification of the City's economic community would help to mitigate sales tax revenue fluctuations. The City's commercial base includes a mix of retail, restaurants, hotels, service businesses, and public services but sales tax is primarily driven by restaurant sales (almost 50%).

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

The City has many significant development projects that are in various staging of the development review and permitting process. Currently the largest project in the City in the construction stage is the 9.6-acre Gateway Transit Oriented Development located near the multi-modal transit center. This project includes a 151,583 square-foot office building, 36,283 square feet of retail space, 400 residential rental units, and a 164-room Marriott Residence Inn hotel. The City has additional development projects anticipated to start construction in the coming years, and staff will continue to monitor the potential economic impacts of these developments.

Current Economic Conditions and Outlook

The California Employment Development Department reports that, as of October, 2020, the City of Millbrae has a labor force of 12,800 and an unemployment rate of 5.8%. This is slightly lower than the San Mateo County unemployment rate of 6.0% and better than the State's rate of 9.0%. All rates are considerably higher than the 2019 averages, due to the unprecedented COVID-19 pandemic.

The City's economic development efforts and implementation of the City's financial policies help to promote 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. In 2020, staff implemented a new payroll system.

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

Acknowledgements

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

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

Respectfully Submitted,



Mike Sung
Finance Director

CITY OF MILLBRAE

DIRECTORY OF CITY OFFICIALS

MAYOR

Reuben D. Holober

MEMBERS OF THE CITY COUNCIL

Gina Papan

Anne Oliva

Wayne J. Lee

Ann Schneider

COUNCIL APPOINTED OFFICERS

Thomas C. Williams

City Manager

Joan Cassman

City Attorney

AGENCY AND DEPARTMENT DIRECTORS

Mike Sung

Finance Director

Khee Lim

Public Works Director

Elaine Tran

City Clerk

Vacant

Administrative Services Director

Mackenzie Brady

Recreation Director

Darcy Smith

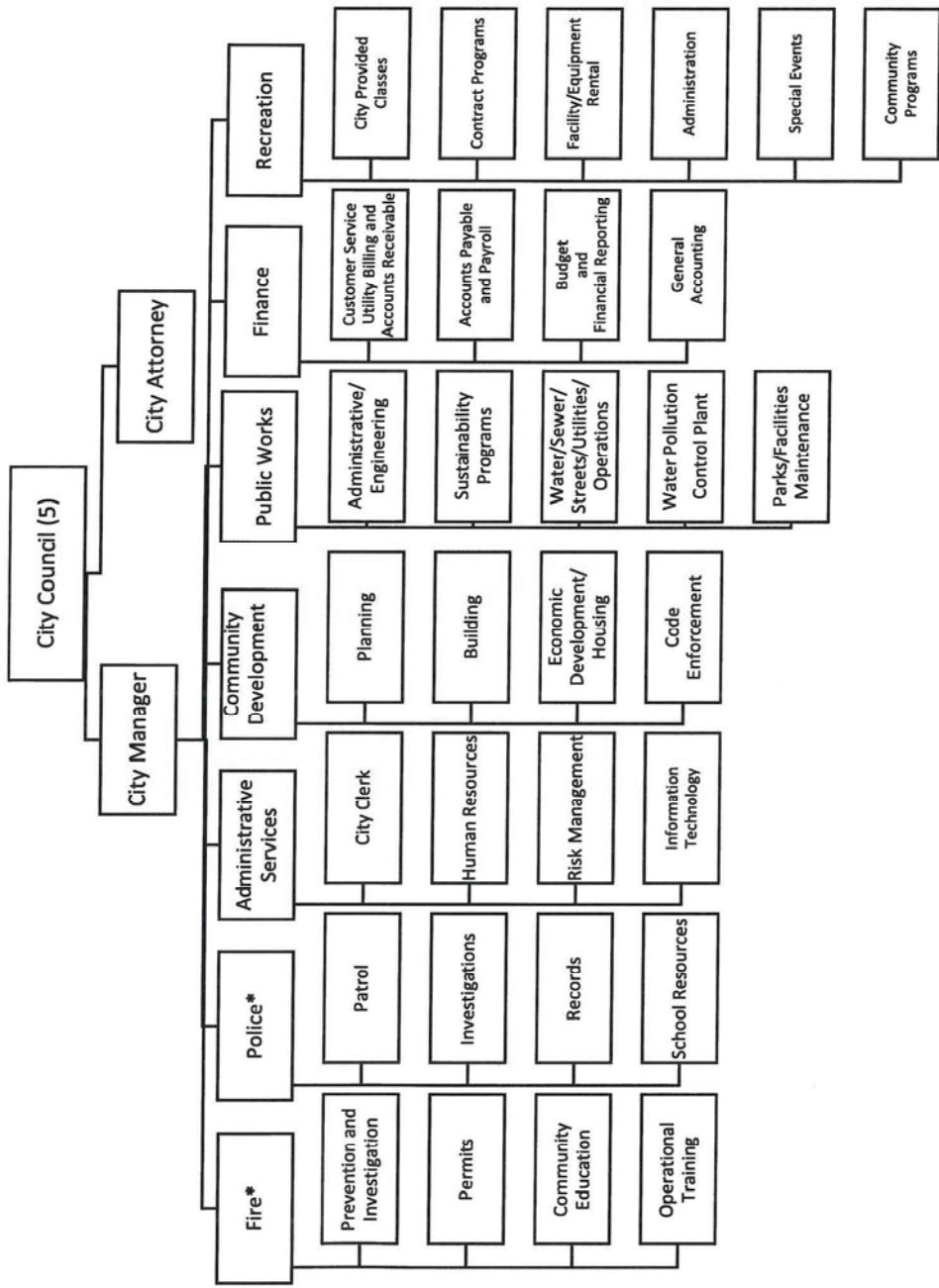
Community Development Director

Paul Kunkel

Law Enforcement Services

Bruce Barron

Fire Chief



*Fire and Police Services are contract services.
Fire – Central County Fire
Police – San Mateo County Sheriff



Government Finance Officers Association

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

Presented to

**City of Millbrae
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Monell

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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Millbrae, California (City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Honorable Mayor and Members of the City Council
of the City of Millbrae
Millbrae, California
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension plan information, and OPEB Plan information on pages 5-19 and 91-98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules on pages 102-117 and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

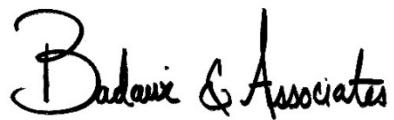
The combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 102-117 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 102-117 are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

To the Honorable Mayor and Members of the City Council
of the City of Millbrae
Millbrae, California
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The "B" is large and stylized, with a vertical line extending from the top of the "B" through the "a" and "s". The "a" and "s" are written in a cursive script.

Badawi and Associates
Certified Public Accountants
Berkeley, California
December 11, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Millbrae's (City) Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of the City's financial activities for the fiscal year ending June 30, 2020. 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, 2020, the City's total net position increased by \$24.7 million or 28.1% from the prior year to \$112.7 million. The increases are primarily related to \$4.5 million increases in capital assets and \$13 million increases in restricted for developer contributions and fees.
- The total current assets increased by \$20.6 million or 25.1% to \$102.6 million while the cash and investments increased by \$23.4 million or 35.9% to \$88.5 million.
- The total net position includes \$78 million net investment in capital assets (land, building, and equipment), \$42.1 million in restricted net position, and negative \$7.4 million in unrestricted net position primarily associated with net pension liability and long-term debt.
- Primary government revenues increased \$12.9 million or 20.3% from the prior year. Primary government expenses increased by \$0.1 million or 0.2%. Increases in primary government revenues are predominantly associated with the one-time \$12.8 million developer contributions and fees from Millbrae station area development projects.
- The City's governmental funds reported a combined ending fund balance of \$63 million, an increase of \$15.5 million or 32.6% from the previous year. Approximately \$16.9 million (26.8%) 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 designed \$4.8 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 \$18.3 million which represents 68% of general fund expenditures. As noted above, a significant portion of this amount was set-aside to fund a 5-year capital improvement program.
- The City's net pension liability increased \$2.8 million or 5.7% from the prior year. The City's Net OPEB Liability decreased over \$0.8 million or 12.1% 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

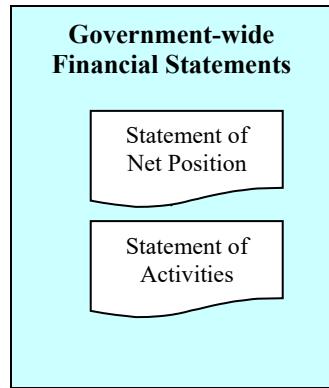
This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: (1) Government-wide Financial Statements; (2) Fund Financial Statements; and (3) Notes to the Basic Financial Statements. The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

<u>Fund</u>
A separate accounting entity with a self-balancing set of accounts
<u>Fund Categories</u>
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, 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 provides 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 \$112.7 million as of June 30, 2020 compared to \$88 million at June 30, 2019. Overall, Government-wide Net Position increased \$24.7 million and Net Position for Governmental Activities increased \$16.8 million.

The largest portion of the City's net position is \$78 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 \$42.1 million (37.4%) 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 (-\$25.8 million) due to the implementation of GASB 68 and GASB 75. This includes the City's net pension liability of \$41.6 million and net OPEB liability of \$4.9 million. The total net pension liability increased \$2.8 million or 5.7%, and the total net OPEB liability decreased over \$0.8 million or 12.1% 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
06/30/20
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 78,870	\$ 63,529	\$ 37,221	\$ 31,976	\$ 116,091	\$ 95,505
Capital assets	63,521	61,305	67,216	64,826	130,737	126,131
Total assets	142,391	124,834	104,437	96,802	246,828	221,636
Deferred outflows	8,193	9,401	2,076	2,350	10,269	11,751
Liabilities						
Short-Term Liabilities	1,986	2,004	2,013	1,960	3,999	3,964
Long-Term Liabilities	69,818	68,974	57,391	58,834	127,209	127,808
Other liabilities	4,841	5,388	3,805	2,920	8,646	8,308
Total liabilities	76,645	76,366	63,209	63,714	139,854	140,080
Deferred inflows	3,674	4,358	822	951	4,496	5,309
Net position:						
Net investments in capital assets	53,955	51,261	24,051	22,228	78,006	73,489
Restricted						
Debt service	1,259	1,207	-	-	1,259	1,207
Gas tax	342	665	-	-	342	665
Developer fee	16,424	3,549	-	-	16,424	3,549
Housing activities	13,839	13,819	-	-	13,839	13,819
Other special programs	9,628	6,863	-	-	9,628	6,863
Measure A	394	1,327	-	-	394	1,327
Measure W	233	-	-	-	233	-
Unrestricted	(25,810)	(25,180)	18,431	12,259	(7,379)	(12,921)
Total net position	\$ 70,265	\$ 53,511	\$ 42,482	\$ 34,487	\$ 112,747	\$ 87,998

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 revenues increased \$14.4 million from \$38.5 million to \$53 million. Most revenue categories increased between 2019 and 2020 with the exceptions of sales and transient occupancy taxes (TOT). The largest increases occurred in property tax (\$1.2M), capital grants and contributions (\$13.2M) associated with large Millbrae station area development projects and use of money and property (\$0.8M). Sales taxes decreased \$0.4 million or 12%, and TOT decreased \$2.4 million or 27.7% from the previous year. These decreases are primarily due the COVID 19 pandemic.
- Expenses associated with Governmental Activities decreased \$1.2 million from \$36.6 million in 2019 to \$35.4 million in 2020. Decreases in expenses are primarily associated with \$2.1 million unfunded actuarial accrued liabilities credits for FY 2018-19 and FY 2019-20 from the County of San Mateo.

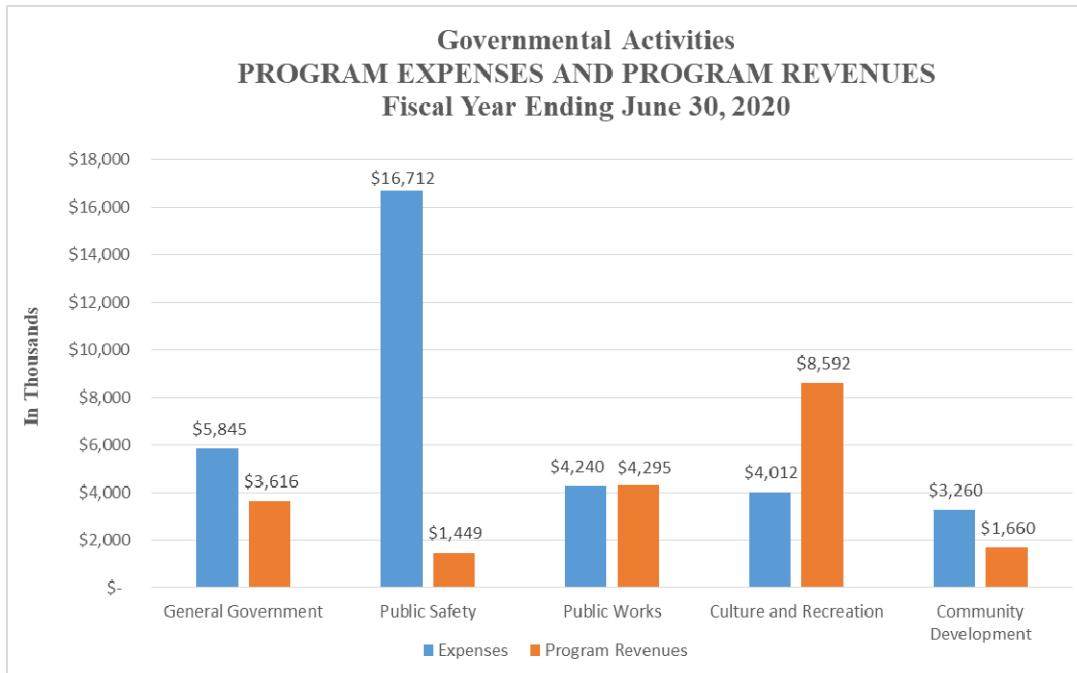
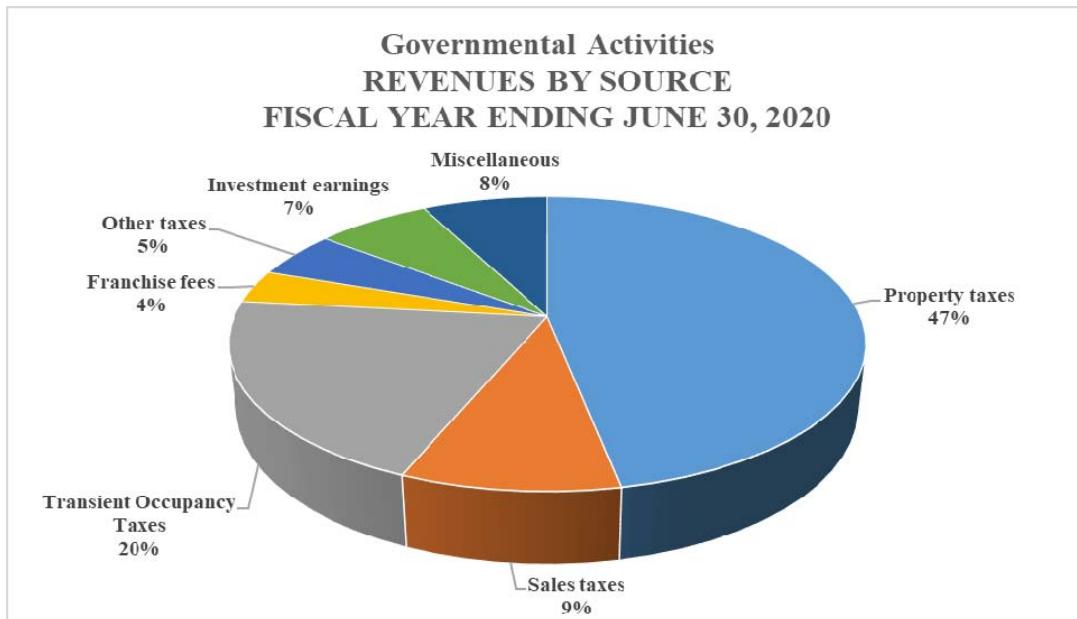
Analysis of the Changes in Net Position

STATEMENT OF ACTIVITIES
CHANGE IN NET POSITION
06/30/20
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenues						
Charges for services	\$ 4,994	\$ 5,646	\$ 25,253	\$ 24,067	\$ 30,247	\$ 29,713
Capital Grants and Contributions	13,279	-	-	-	13,279	-
Operating contributions and grants	1,338	1,651	-	-	1,338	1,651
	19,612	7,297	25,253	24,067	44,865	31,364
General revenues						
Property taxes	14,607	13,402	-	-	14,607	13,402
Sales taxes	2,913	3,312	-	-	2,913	3,312
Transient Occupancy Taxes	6,369	8,811	-	-	6,369	8,811
Franchise fees	1,130	1,126	-	-	1,130	1,126
Other taxes	1,592	1,462	-	-	1,592	1,462
Investment earnings	2,159	1,320	483	965	2,642	2,285
Miscellaneous	2,362	1,824	-	-	2,362	1,824
General revenues subtotal	31,132	31,257	483	965	31,615	32,222
Total Revenues	50,744	38,554	25,736	25,032	76,480	63,586
Expenses by activity						
General government	5,845	3,578	-	-	5,845	3,578
Public safety	16,712	19,130	-	-	16,712	19,130
Public works	4,240	4,640	-	-	4,240	4,640
Culture and recreation	4,012	4,199	-	-	4,012	4,199
Community development	3,260	3,702	-	-	3,260	3,702
Interest on long term debt	1,287	1,323	-	-	1,287	1,323
Municipal water system	-	-	7,448	7,194	7,448	7,194
Waste water treatment	-	-	10,220	9,176	10,220	9,176
Storm drain	-	-	956	1,002	956	1,002
Total expenses	35,356	36,572	18,624	17,372	53,980	53,944
Increase (decrease) before transfers	15,388	1,982	7,112	7,660	22,500	9,642
Gain on sale of property	2,250	-	-	-	2,250	-
Transfers	(884)	(662)	884	662	-	-
Change in Net Position	16,754	1,320	7,996	8,322	24,750	9,642
Beginning Net Position	53,511	52,192	34,488	26,165	87,999	78,357
Ending Net Position (June 30)	\$ 70,265	\$ 53,512	\$ 42,484	\$ 34,487	\$ 112,749	\$ 87,999

Governmental Activities

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

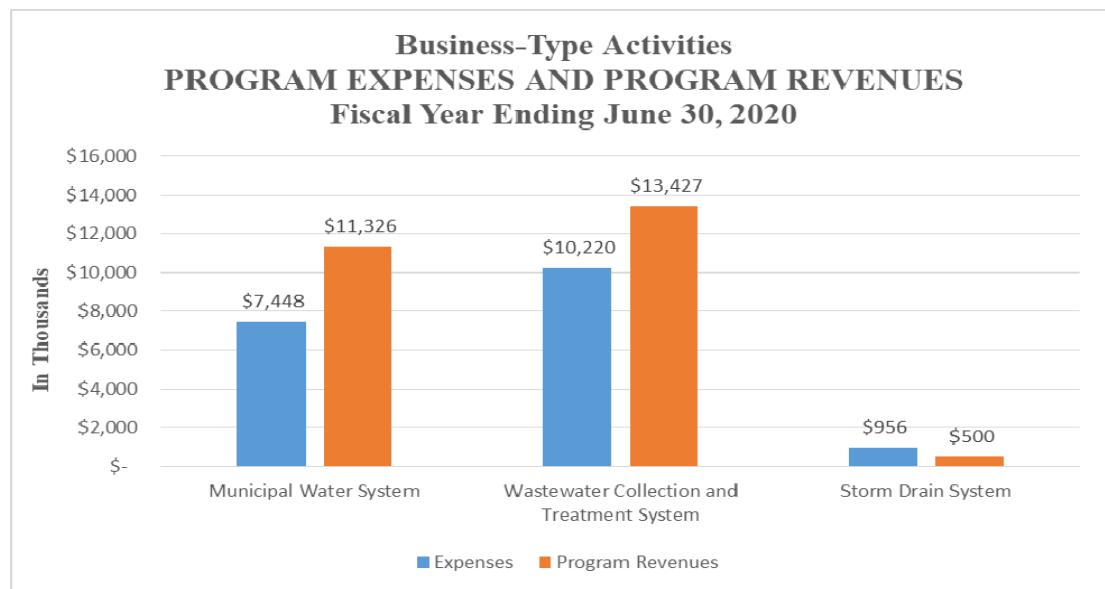


Governmental activities increased the City's total net position by \$16.8 million, a 31.3% increase over the prior fiscal year. This large increase was driven by the following factors:

- Revenues and transfers from governmental activities totaled \$52.1 million, an increase of \$14.2 million from the prior year. For the same period, expenses totaled \$35.4 million, a decrease of \$1.2 million.
- Property tax revenues totaled \$14.6 million, an increase of \$1.2 million or 9%, as property values continue to increase.
- Capital grants and contributions revenue increased by \$13.3 million or 100% primarily due to the \$12.8 million developer contributions and fees from Millbrae station area development projects.
- The total cost of governmental activities in fiscal year 2020 was \$35.4 million. Of this amount, \$19.6 million was funded by charges for services and capital grants and contributions. Remaining “public benefit” expenses were funded by taxes (property tax, TOT, sales tax, franchise fees, business license tax, and other taxes) and use of property including rent and investment earnings. In some cases, taxes are restricted for use in certain programs.

Business-type Activities

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



The City’s net position of business activities increased \$8 million to \$42.5 million during fiscal year 2019 - 2020. 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 \$0.2 million due the annual increases in wastewater rates adopted in 2015 including a Clean Bay Charge which was updated in 2017. Operating expenses increased \$1 million due to activities required to meet provisions of the Baykeeper Consent Decree, a court action requiring certain actions on the part of the City to reduce overflows of the sanitary sewer system during significant wet weather events.
- As the result of updated water rates adopted in 2017, operating revenues in the Water Enterprise Fund increased nearly \$1.2 million to \$11.3 million. At the same time, operational costs of the system increased slightly to \$7.4 million, an increase of \$0.2 million compared to the prior year.

- 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 2020, the transfer from the General Fund to the Storm Drain Fund was \$0.9 million which is \$1.1 million less than the prior year. This is mainly due to the fund received \$0.2 million more grants and reimbursements and contributed \$0.4 million less to Vehicle and Equipment Replacement Fund than the prior fiscal 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 2019 - 2020 the City's Governmental Funds reported a combined ending Fund Balance (including restricted funds and funds set aside for emergencies or economic downturn) of \$63 million. This represents an increase of \$15.5 million (32.6%) over the prior year ending balance of \$47.5 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 \$20.1 Million. As a measure of liquidity, both unassigned and assigned fund balance can be compared to total fund expenditures. Unassigned fund balance totals \$15.6 million or 57.8% of total general fund expenditures. Of this amount, \$4.8 million was designated for reserves, \$2.9 million was designated for a contribution to a housing project, and \$2.3 million allocated in the 2020 -2021 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. The fund balance in the General Fund increased by \$2 million. Before transfers, General Fund revenues exceeded expenditures by \$4.6 million. Transfers from the general fund totaling \$2.6 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 beginning balance of the fund was restated to account for the transfer of an asset into the fund. The fund had an ending fund balance of \$13.8 million, increasing by \$19,941 during the current fiscal year, primarily resulting from investments (interest earnings). 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.

Non-Major Government Funds: Other Governmental Funds have a combined ending fund balance of \$12.7 million, an increase of \$0.6 million over the prior year ending balance. This increase is primarily related to \$2.2 million proceeds from sale of a piece of land offsetting by an increase in capital expenses related to streets projects.

The following table presents a summary of actual revenues and other financing sources, expenditures, and the results of operations for the 2019 – 2020 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 6/30/2020

(In Thousands)

	Expenditures and				Net Change in Net					
	Revenues and Other		Other Financing		Fund Balances		Ending Fund Balances			
	Financing Sources	2020	2019	Uses	2020	2019	2020	2019		
General Fund	\$31,561	\$ 32,470	\$29,576	\$35,367	\$ 1,985	\$ (2,897)	\$ 20,072	\$ 18,087		
Low and Moderate Income Housing	20	24	-	-	20	24	13,839	13,819		
Developer Fee	13,780	-	904	-	12,876	-	16,424	3,549		
<i>Other Governmental Funds</i>	9,486	7,365	8,860	8,410	626	(1,045)	12,656	12,030		
TOTAL	\$54,847	\$ 39,859	\$39,340	\$43,777	\$15,507	\$ (3,918)	\$ 62,991	\$ 47,485		

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 2019 - 2020 compared to the previous fiscal year. Primary drivers for \$0.9 million decreases in revenues were \$2.8 million decreases in sales and transient occupancy taxes offsetting \$1.2 million property tax and \$1 million investment income increases. A majority of the increase in investment income was attributable to the market value adjustment that was done at the end of the fiscal year. Primary drivers for \$4.3 million decreases in expenditures were \$2.1 million unfunded actuarial accrued liabilities credits from the County of San Mateo along with hiring freeze and other cost containment measures implemented since March 2020.

GENERAL FUND
REVENUE AND EXPENDITURE COMPARISON
06/30/20
(In Thousands)

	General Fund	Dollar Variance	Percentage Variance
	2020	2019	
REVENUES			
Property Taxes	\$13,932	\$12,750	\$ 1,182
Sales Tax	2,913	3,312	(399)
Transient Occupancy Tax	6,369	8,811	(2,442)
Franchise Fees	1,130	1,126	4
Other Taxes	704	801	(97)
Licenses and Permits	502	788	(286)
Charges for Services	856	1,339	(483)
Fines and Forfeitures	1,097	1,187	(90)
Use of Money and Property	2,411	1,379	1,032
Grants and Intergovernmental	517	273	244
Miscellaneous	1,124	703	421
Total Revenues	31,555	32,469	(914)
			-2.81%
EXPENDITURES			
General Government	4,429	4,710	(281)
Public Safety	15,381	17,303	(1,922)
Public Works	3,000	3,715	(715)
Culture and Recreation	1,601	1,864	(263)
Community Development	2,416	3,001	(585)
Capital Outlay	115	598	(483)
Total Expenditures	26,942	31,191	(4,249)
			-13.62%
OTHER FINANCING SOURCES (USES)			
Transfers In	6	-	-
Transfers Out	(2,635)	(4,176)	1,541
Total Other Financing Sources (Uses)	(2,629)	(4,176)	1,541
NET CHANGE IN FUND BALANCE	1,984	(2,898)	
BEGINNING FUND BALANCE	18,087	20,983	
ENDING FUND BALANCE	\$20,071	\$18,085	

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 2020 was \$42.5 million, an increase of \$8 million from Fiscal Year 2019. The primary sources of this increase were increased revenues resulting from impacts of rate increases adopted in 2015

(wastewater) and 2017 (water and clean bay charge [wastewater]). Several significant capital projects are in design phase and will require use of net position in the next few years. Changes in net position associated with Internal Service Funds are primarily associated with \$0.4 million increase in worker's compensation operation in the fiscal year.

PROPRIETARY FUNDS

06/30/20

(In Thousands)

	Operating Revenues	Operating Expenses	Income (Loss)	Non-Operating Revenues (Expenses)	Transfers In (Out)	Change In Net Position
Municipal Water System Wastewater Fund	\$ 11,326	\$ 7,496	\$ 3,830	\$ 84	\$ -	\$ 3,914
Storm Drain Internal Service Funds	13,427	8,858	4,569	(1,024)	-	3,546
	500	968	(469)	-	884	415
TOTAL	\$ 27,756	\$ 19,405	\$ 8,350	\$ (774)	\$ 884	\$ 8,460

The following table shows actual revenues, expenses and results of operations (change in net position) for the fiscal year 2019 - 2020.

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 adjusted upward by \$1.9 million. In total, the final budget for the General Fund reflected a net deficit of \$8.2 million.

General Fund actual revenues were slightly below budget projections by \$0.6 million. Expenditures were below budget by \$9.3 million primarily associated with deferred spending on special and capital projects. More information about the Budget and Actuals can be found in the Required Supplementary Information.

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

YEAR ENDING 6/30/2020

(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$14,298	\$14,298	\$ 1,501	\$ 1,501	\$ 15,799	\$ 15,799
Construction in Progress	4,277	4,407	1,303	517	5,580	4,924
Buildings and Improvements	12,503	12,914	32,867	33,428	45,370	46,342
Furniture, Fixtures and Equipment	1,229	1,165	2,370	2,369	3,599	3,534
Automobiles and Trucks	1,383	1,732	-	-	1,383	1,732
Infrastructure	29,829	26,789	29,175	27,010	59,004	53,799
TOTAL	\$63,519	\$61,305	\$67,216	\$64,825	\$130,735	\$126,130

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.

The investment in total capital assets for both the Governmental and Business-type Activities as of June 30, 2020, increased \$4.6 million due to addition of capital assets especially in infrastructure during the year offset by the retirements and disposals of capital assets in both governmental and business-type activities during the year. Additional information about the City's capital assets can be found in Note 5 to the Financial Statements.

LONG TERM LIABILITIES
YEAR ENDING 6/30/2020
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
2004 Pension Obligation Bonds	\$ 13,262	\$ 13,522	-	-	\$ 13,262	\$ 13,522
2011 Police Remodel Lease Revenue Refunding Bonds (Direct Lender Tax Exempt Lease)	943	1,156	-	-	943	1,156
2013 General Obligation Refunding Bonds	8,305	8,550	-	-	8,305	8,550
Premium, net of amortization	318	337	-	-	318	337
2009 State Water Resources Board Water Pollution Control Plant	-	-	17,833	19,225	17,833	19,225
2009A Certificate of Participation: Wastewater Plant	-	-	5,560	5,560	5,560	5,560
2009B Wastewater Revenue Certificate of Participation	-	-	5,650	5,845	5,650	5,845
Premium, net of amortization	-	-	80	84	80	84
2018 Wastewater Revenue Bond	-	-	18,085	18,415	18,085	18,415
Premium, net of amortization	-	-	689	714	689	714
TOTAL	\$ 22,828	\$ 23,565	\$ 47,897	\$ 49,843	\$ 70,725	\$ 73,408

Debt Administration

As of June 30, 2020, the City had total long-term debt outstanding of \$70.7 million. This includes \$22.8 million related to Governmental Activities and \$47.9 million related to Business-type Activities.

The City obligations are in the form of Certificates of Participation (COP), 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 at June 30, 2020 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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

As discussed in the transmittal letter accompanying this report, the local economy was negatively affected by the COVID-19 pandemic.. The City's unemployment rate on June 30, 2020 was 10.6% which was lower than San Mateo County (10.8%) and the State of California (14.9%). The local job market was severely affected by the pandemic. The economy of the City is further discussed in the accompanying Transmittal Letter.

The pandemic has disproportionately affected every sector and greatly reduced the revenue streams to the General Fund. The City's financial status continues to be challenged by rising costs especially labor, healthcare, and pension costs. The City continues to actively work to fund long term liabilities including infrastructure and facility needs as well as unfunded post-employment benefit liabilities (retirement benefits and medical costs for retirees).

For Fiscal Year 2019 - 2020, the City is in the second year of a two-year budget cycle. For Fiscal Year 2019 - 2020, at a mid-cycle update in 2019, staff identified resources to close a funding gap and presented a balanced operating budget for Fiscal Year 2019 – 2020 including updates to property tax revenues as well as updates to the citywide cost allocation plan after a study in 2019. Staff took immediate action, including the implementation of a hiring freeze and reduced capital expenditures to mitigate the effects of the revenue shortfall that resulted from the COVID-19 pandemic. The Council will continue to evaluate options to maintain financial security into the future.

REQUESTS FOR INFORMATION

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

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

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

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**BASIC
FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

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City of Millbrae
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 60,595,731	\$ 27,863,970	\$ 88,459,701
Cash with fiscal agent	12,392	4,733,315	4,745,707
Receivables:			
Taxes	1,275,753	-	1,275,753
Accounts - net	261,917	5,731,805	5,993,722
Accrued interest	347,324	-	347,324
Internal balances	1,107,878	(1,107,878)	-
Prepaid items	1,739,232	-	1,739,232
Total current assets	65,340,227	37,221,212	102,561,439
Noncurrent assets:			
Land held for resale	1,911,814	-	1,911,814
Loans and notes receivable	11,617,824	-	11,617,824
Capital assets:			
Non-depreciable	18,575,256	2,803,770	21,379,026
Depreciable, net	44,945,303	64,412,676	109,357,979
Total capital asset	63,520,559	67,216,446	130,737,005
Total noncurrent assets	77,050,197	67,216,446	144,266,643
Total assets	142,390,424	104,437,658	246,828,082
DEFERRED OUTFLOWS OF RESOURCES			
Deferred employer pension contributions	3,571,277	942,776	4,514,053
Deferred outflows of resources - OPEB	67,430	14,133	81,563
Deferred outflows of resources - pension	4,554,485	1,119,016	5,673,501
Total deferred outflows of resources	8,193,192	2,075,925	10,269,117
LIABILITIES			
Current liabilities:			
Accounts payable	2,206,359	1,242,676	3,449,035
Interest payable	164,521	219,843	384,364
Deposits payable	857,823	770,929	1,628,752
Unearned revenue	1,611,856	1,571,494	3,183,350
Compensated absences - due within one year	64,612	56,971	121,583
Accrued self-insurance - due within one year	238,835	-	238,835
Long-term debt - due within one year	1,683,000	1,956,132	3,639,132
Total current liabilities	6,827,006	5,818,045	12,645,051
Noncurrent liabilities:			
Compensated absences - due in more than one year	581,507	512,731	1,094,238
Accrued self-insurance - due in more than one year	1,585,000	-	1,585,000
Net OPEB liability	4,906,620	1,028,384	5,935,004
Net pension liability	41,600,620	9,908,633	51,509,253
Long-term debt - due in more than one year	21,144,458	45,941,075	67,085,533
Total noncurrent liabilities	69,818,205	57,390,823	127,209,028
Total liabilities	76,645,211	63,208,868	139,854,079
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	3,423,938	769,271	4,193,209
Deferred inflows of resources - OPEB	249,564	52,306	301,870
Total deferred inflows of resources	3,673,502	821,577	4,495,079
NET POSITION			
Net investment in capital assets	53,955,016	24,052,554	78,007,570
Restricted for:			
Debt service	1,258,766	-	1,258,766
Gas tax	341,673	-	341,673
Developer fee (Millbrae station area development projects)	16,423,820	-	16,423,820
Housing activities	13,839,121	-	13,839,121
Other special programs	9,628,434	-	9,628,434
Measure W	233,463	-	233,463
Measure A	394,468	-	394,468
Total restricted	42,119,745	-	42,119,745
Unrestricted	(25,809,858)	18,430,584	(7,379,274)
Total net position	\$ 70,264,903	\$ 42,483,138	\$ 112,748,041

See accompanying Notes to Basic Financial Statements.

City of Millbrae
Statement of Activities
For the year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 5,844,749	\$ 845,143	\$ 142,310	\$ 2,628,258	
Public safety	16,712,150	1,168,599	155,948	124,484	
Public works	4,240,084	902,973	982,124	2,409,604	
Culture and recreation	4,012,342	475,377	-	8,116,685	
Community development	3,260,268	1,602,271	57,821	-	
Interest on long-term debt	1,287,371	-	-	-	
Total governmental activities	35,356,963	4,994,363	1,338,203	13,279,031	
Business-type activities:					
Municipal water system	7,447,600	11,326,260	-	-	
Wastewater collection and treatment system	10,220,305	13,427,412	-	-	
Storm drain system	956,370	499,573	-	-	
Total business-type activities	18,624,275	25,253,245	-	-	
Total primary government	\$ 53,981,238	\$ 30,247,608	\$ 1,338,203	\$ 13,279,031	

General Revenues:

Taxes:

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

Total taxes

- Investment earnings
- Gain on sale of property
- 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

	Governmental Activities	Business-Type Activities	Total
\$ 3,615,712	\$ (2,229,037)	\$ -	\$ -
1,449,030	(15,263,120)	-	-
4,294,701	54,617	-	-
8,592,062	4,579,720	-	-
1,660,092	(1,600,175)	-	-
-	(1,287,371)	-	-
<hr/>	<hr/>	<hr/>	<hr/>
19,611,598	(15,745,365)	-	-
<hr/>	<hr/>	<hr/>	<hr/>
11,326,260	-	3,878,660	3,878,660
13,427,412	-	3,207,107	3,207,107
499,573	-	(456,797)	(456,797)
<hr/>	<hr/>	<hr/>	<hr/>
25,253,245	-	6,628,970	6,628,970
<hr/>	<hr/>	<hr/>	<hr/>
\$ 44,864,843	(15,745,365)	6,628,970	(9,116,395)
<hr/>	<hr/>	<hr/>	<hr/>
14,607,473	-	14,607,473	
2,913,214	-	2,913,214	
6,368,575	-	6,368,575	
1,130,235	-	1,130,235	
1,592,299	-	1,592,299	
2,362,083	-	2,362,083	
<hr/>	<hr/>	<hr/>	
28,973,879	-	28,973,879	
2,159,023	482,655	2,641,678	
2,250,000	-	2,250,000	
(883,914)	883,914	-	
<hr/>	<hr/>	<hr/>	
32,498,988	1,366,569	33,865,557	
16,753,623	7,995,539	24,749,162	
53,511,280	34,487,599	87,998,879	
<hr/>	<hr/>	<hr/>	
\$ 70,264,903	\$ 42,483,138	\$ 112,748,041	
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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, 2020

	Major Funds					
	General	Low and Moderate Income Housing Fund	Developer Fee Special Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds	
		Housing Asset Fund				
ASSETS						
Cash and investments	\$ 19,874,352	\$ 306,769	\$ 17,454,894	\$ 12,776,811	\$ 50,412,826	
Cash with fiscal agent	-	-	-	12,392	12,392	
Receivables:				-		
Taxes	1,121,973	-	-	153,780	1,275,753	
Accounts - net	129,554	2,714	61,617	68,032	261,917	
Accrued interest	347,324	-	-	-	347,324	
Loans	-	11,617,824	-	-	11,617,824	
Prepaid items	1,739,232	-	-	-	1,739,232	
Land held for resale	-	1,911,814	-	-	1,911,814	
Total assets	\$ 23,212,435	\$ 13,839,121	\$ 17,516,511	\$ 13,011,015	\$ 67,579,082	
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued payroll	\$ 1,391,492	\$ -	\$ 521,592	\$ 205,326	\$ 2,118,410	
Deposits	245,164	-	571,099	41,560	857,823	
Unearned revenue	1,503,724	-	-	108,132	1,611,856	
Total liabilities	3,140,380	-	1,092,691	355,018	4,588,089	
Fund Balances:						
Nonspendable	1,739,232	-	-	-	1,739,232	
Restricted	-	13,839,121	16,423,820	11,856,804	42,119,745	
Committed	-	-	-	799,193	799,193	
Assigned	1,468,994	-	-	-	1,468,994	
Unassigned	16,863,829	-	-	-	16,863,829	
Total fund balances	20,072,055	13,839,121	16,423,820	12,655,997	62,990,993	
Total liabilities and fund balances	\$ 23,212,435	\$ 13,839,121	\$ 17,516,511	\$ 13,011,015	\$ 67,579,082	

City of Millbrae

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

June 30, 2020

Total Fund Balances - Total Governmental Funds	\$ 62,990,993
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Amounts reported for Governmental Activities in the Statement of Net Position were different because:

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

Non-depreciable (net of real estate held for resale in special revenue funds)	18,575,256
Depreciable, net of accumulated depreciation (and net of internal service fund capital assets of \$2,030,034)	43,007,709

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.	(164,521)
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Net OPEB liabilities are not due and payable in the current period, and therefore are not recorded in the governmental funds	(4,906,620)
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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:	3,509,089
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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	4,480,673
Deferred outflows of resources - OPEB	67,430
Deferred inflows of resources - pension	(3,373,196)
Deferred inflows of resources - OPEB	(249,564)

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	(1,683,000)
Long-term liabilities - due in more than one year:	
Net pension liability, net of internal service fund amount	(40,947,027)
Long-term debt	(21,144,458)

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.

	10,102,138
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Net Position of Governmental Activities

\$ 70,264,903

City of Millbrae

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2020

	Major Funds					
	Low and Moderate Income Housing		Developer Fee Special Revenue		Non-Major Governmental Funds	Total Governmental Funds
	General	Fund	Asset	Revenue	Governmental	
					Funds	Funds
REVENUES:						
Property tax	\$ 13,932,192	\$ -	\$ -	\$ 675,281	\$ 14,607,473	
Sales tax	2,913,214	-	-	-	-	2,913,214
Transient occupancy tax	6,368,575	-	-	-	-	6,368,575
Franchise fees	1,130,235	-	-	-	-	1,130,235
Other taxes	703,580	-	-	1,810,378	2,513,958	
Licenses and permits	501,784	-	-	43,958	545,742	
Charges for services	856,344	-	13,669,286	800,679	15,326,309	
Fines and forfeitures	1,096,915	-	-	-	-	1,096,915
Use of money and property	2,411,017	19,941	110,260	256,607	2,797,825	
Grants and intergovernmental	516,786	-	-	668,407	1,185,193	
Miscellaneous	1,124,208	-	-	1,229,226	2,353,434	
Total revenues	31,554,850	19,941	13,779,546	5,484,536	50,838,873	
EXPENDITURES:						
Current:						
General government	4,428,761	-	-	-	-	4,428,761
Public safety	15,380,748	-	-	-	-	15,380,748
Public works	2,999,699	-	-	654,270	3,653,969	
Culture and recreation	1,600,558	-	-	2,508,884	4,109,442	
Community development	2,416,243	-	903,356	10,803	3,330,402	
Capital outlay	114,869	-	-	3,647,937	3,762,806	
Debt service:						
Principal	-	-	-	1,613,000	1,613,000	
Interest, and fiscal charges	-	-	-	419,318	419,318	
Total expenditures	26,940,878	-	903,356	8,854,212	36,698,446	
REVENUES OVER (UNDER) EXPENDITURES	4,613,972	19,941	12,876,190	(3,369,676)	14,140,427	
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of assets	-	-	-	2,250,000	2,250,000	
Transfers in	6,240	-	-	1,751,064	1,757,304	
Transfers out	(2,634,978)	-	(902)	(5,338)	(2,641,218)	
Total other financing sources (uses)	(2,628,738)	-	(902)	3,995,726	1,366,086	
Net change in fund balances	1,985,234	19,941	12,875,288	626,050	15,506,513	
FUND BALANCES:						
Beginning of year	18,086,821	13,819,180	3,548,532	12,029,947	47,484,480	
End of year	\$ 20,072,055	\$ 13,839,121	\$ 16,423,820	\$ 12,655,997	\$ 62,990,993	

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, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 15,506,513
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 \$333,963 capital asset additions recorded in the internal service funds.	
	4,191,080
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 \$426,403 that was recorded in the internal service funds.	(1,646,951)
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.	(236,105)
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:	3,509,089
Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense is not recognized in the governmental funds.	(5,921,390)
Net change in OPEB liability	402,246
Unpaid interest added to long-term debt	(894,896)
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	1,613,000
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
Revenues that are not considered to be available are reported as unavailable revenues in the governmental funds, however these amounts are recognized in the Government-Wide Statement of Activities. This amount represents the change in unavailable revenues.	(260,000)
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.	7,100
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.	464,194
Change in Net Position of Governmental Activities	<hr/> <hr/> \$ 16,753,623

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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, 2020

	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	\$ 6,539,951	\$ 20,325,364	\$ 998,655	\$ 27,863,970	\$ 10,182,905
Cash with fiscal agents	-	4,733,315	-	4,733,315	-
Receivables:					
Accounts - net	2,742,320	2,989,485	-	5,731,805	-
Total current assets	9,282,271	28,048,164	998,655	38,329,090	10,182,905
Noncurrent assets:					
Capital assets:					
Non-depreciable capital assets	297,701	2,389,650	116,419	2,803,770	-
Depreciable capital assets, net	9,114,455	52,925,026	2,373,195	64,412,676	1,937,594
Total capital assets	9,412,156	55,314,676	2,489,614	67,216,446	1,937,594
Total noncurrent assets	9,412,156	55,314,676	2,489,614	67,216,446	1,937,594
Total assets	18,694,427	83,362,840	3,488,269	105,545,536	12,120,499
DEFERRED OUTFLOWS OF RESOURCES					
Deferred employer pension contributions	213,894	672,934	55,948	942,776	62,188
Deferred outflows of resources - OPEB	2,328	11,160	645	14,133	-
Deferred outflows of resources - pension	253,879	798,730	66,407	1,119,016	73,812
Total deferred outflows of resources	470,101	1,482,824	123,000	2,075,925	136,000
LIABILITIES					
Current liabilities:					
Accounts payable and accrued payroll	609,328	628,793	4,555	1,242,676	87,949
Interest payable	-	219,843	-	219,843	-
Deposits	661,776	107,653	1,500	770,929	-
Unearned revenue	264,960	1,306,534	-	1,571,494	-
Compensated absences - due within one year	14,520	37,351	5,100	56,971	64,612
Accrued self insurance - due within one year	-	-	-	-	238,835
Long-term debt - due within one year	-	1,956,132	-	1,956,132	-
Total current liabilities	1,550,584	4,256,306	11,155	5,818,045	391,396
Noncurrent liabilities:					
Compensated absences - due in more than one year	130,679	336,156	45,896	512,731	581,507
Accrued self-insurance - due in more than one year	-	-	-	-	1,585,000
Net pension liability	2,248,038	7,072,578	588,017	9,908,633	653,593
Net OPEB liability	169,364	812,096	46,924	1,028,384	-
Long-term debt - due in more than one year	-	45,941,075	-	45,941,075	-
Total noncurrent liabilities	2,548,081	54,161,905	680,837	57,390,823	2,820,100
Total liabilities	4,098,665	58,418,211	691,992	63,208,868	3,211,496
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	174,530	549,089	45,652	769,271	50,742
OPEB related amounts	8,614	41,305	2,387	52,306	-
Total deferred inflows of resources	183,144	590,394	48,039	821,577	50,742
NET POSITION					
Net investment in capital assets	9,412,156	12,150,784	2,489,614	24,052,554	1,937,594
Unrestricted	5,470,563	13,686,275	381,624	19,538,462	7,056,667
Total net position	\$ 14,882,719	\$ 25,837,059	\$ 2,871,238	43,591,016	\$ 8,994,261
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					
					(1,107,878)
Net position business-type activities					\$ 42,483,138

See accompanying Notes to Basic Financial Statements.

City of Millbrae

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For the year ended June 30, 2020

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Fund
	Municipal Water System	Wastewater Collection and Treatment System	Non-Major Storm Drain System	Total	
OPERATING REVENUES:					
Water Sales	\$ 11,247,665	\$ -	\$ -	\$ 11,247,665	\$ -
Sewer service fees	-	13,426,836	-	13,426,836	-
Equipment rental	-	-	-	-	436,952
Interdepartmental charges	-	-	-	-	2,023,594
Storm drain fees	-	-	243,857	243,857	-
Miscellaneous	78,595	576	255,716	334,887	42,185
Total operating revenues	11,326,260	13,427,412	499,573	25,253,245	2,502,731
OPERATING EXPENSES:					
Personnel services	1,551,757	4,519,224	565,340	6,636,321	488,624
Contractual services	479,555	1,066,257	239,133	1,784,945	114,591
Materials, supplies and other services	703,718	1,498,066	83,761	2,285,545	295,220
Water purchases	4,316,426	-	-	4,316,426	-
Depreciation	303,493	1,291,380	57,705	1,652,578	426,403
Utilities	76,712	322,619	7,247	406,578	-
Insurance premiums and claims	64,315	160,558	15,279	240,152	758,381
Total operating expenses	7,495,976	8,858,104	968,465	17,322,545	2,083,219
OPERATING INCOME	3,830,284	4,569,308	(468,892)	7,930,700	419,512
NONOPERATING REVENUES (EXPENSES):					
Interest revenue	83,618	399,036	-	482,654	165,627
Interest expense and fiscal charges	-	(1,422,674)	-	(1,422,674)	-
Total nonoperating revenues (expenses)	83,618	(1,023,638)	-	(940,020)	165,627
INCOME (LOSS) BEFORE TRANSFERS	3,913,902	3,545,670	(468,892)	6,990,680	585,139
Transfers in	-	-	883,914	883,914	-
Total transfers	-	-	883,914	883,914	-
Change in net position	3,913,902	3,545,670	415,022	7,874,594	585,139
NET POSITION					
Beginning of year	10,968,817	22,291,389	2,456,216		8,409,122
End of year	\$ 14,882,719	\$ 25,837,059	\$ 2,871,238		\$ 8,994,261
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				120,945	
Change in net position of business-type activities				\$ 7,995,539	

City of Millbrae
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2020

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Fund	
	Municipal Water System	Wastewater Collection and Treatment System	Non-Major Storm Drain System	Total		
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from others	\$ 78,595	\$ 576	\$ -	\$ 79,171	\$ 42,185	
Receipts from customers	11,026,556	14,691,425	503,344	26,221,325	-	
Receipts from other funds	-	-	-	-	2,470,701	
Payments to suppliers	(5,611,489)	(3,431,726)	(429,001)	(9,472,216)	(438,987)	
Payments to employees	(1,469,640)	(3,921,638)	(543,432)	(5,934,710)	(399,360)	
Claims paid	(64,315)	(160,558)	(15,279)	(240,152)	(726,733)	
Cash Flows from Operating Activities	3,959,707	7,178,079	(484,368)	10,653,418	947,806	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	883,914	883,914	-	
Cash Flows from Noncapital Financing Activities	-	-	883,914	883,914	-	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets, net	(414,651)	(2,809,367)	(819,305)	(4,043,323)	(333,963)	
Principal payments on debt	-	(1,917,210)	-	(1,917,210)	-	
Interest paid	-	(1,462,231)	-	(1,462,231)	-	
Cash Flows from Noncapital Financing Activities	(414,651)	(6,188,808)	(819,305)	(7,422,764)	(333,963)	
CASH FLOWS FROM INVESTMENT ACTIVITIES FINANCING ACTIVITIES						
Interest	83,618	430,036	-	513,654	165,627	
Cash Flows from Noncapital Financing Activities	83,618	430,036	-	513,654	165,627	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,628,674	1,419,307	(419,759)	4,628,222	779,470	
CASH AND CASH EQUIVALENTS - Beginning of year	2,911,277	23,639,372	1,418,414	27,969,063	9,403,435	
CASH AND CASH EQUIVALENTS - End of year	\$ 6,539,951	\$ 25,058,679	\$ 998,655	\$ 32,597,285	\$ 10,182,905	
FINANCIAL STATEMENT PRESENTATION:						
Cash and investments	\$ 6,539,951	\$ 20,325,364	\$ 998,655	\$ 27,863,970	\$ 10,182,905	
Cash with fiscal agents	-	4,733,315	-	4,733,315	-	
Total	\$ 6,539,951	\$ 25,058,679	\$ 998,655	\$ 32,597,285	\$ 10,182,905	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income	\$ 3,830,284	\$ 4,569,308	\$ (468,892)	\$ 7,930,700	\$ 419,512	
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	303,493	1,291,380	57,705	1,652,578	426,403	
Changes in assets and liabilities:						
Accounts receivable	(462,499)	(68,413)	3,771	(527,141)	10,155	
Deferred outflows - pension	61,353	193,021	16,048	270,422	17,837	
Deferred outflows - OPEB	1,522	1,471	648	3,641	-	
Accounts payable and accrued payroll	(35,078)	(544,784)	(98,860)	(678,722)	13,678	
Deposits payable	(23,570)	26,468	-	2,898	-	
Unearned Revenue	264,960	1,306,534	-	1,571,494	-	
Compensated absences	10,120	115,157	19,014	144,291	46,397	
Accrued self-insurance	-	-	-	-	(11,206)	
Net OPEB Liability	(85,590)	(24,236)	(38,709)	(148,535)	-	
Net pension liability	127,346	400,642	33,309	561,297	37,023	
Deferred inflows - pension	(41,248)	(129,774)	(10,789)	(181,811)	(11,993)	
Deferred inflows - pension	8,614	41,305	2,387	52,306	-	
Total adjustments	129,423	2,608,771	(15,476)	2,722,718	528,294	
Net cash provided by operating activities	\$ 3,959,707	\$ 7,178,079	\$ (484,368)	\$ 10,653,418	\$ 947,806	

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 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, 2020

	Successor Agency to the Redevelopment	Agency Private- Trust Fund	OPEB Trust Fund
ASSETS			
Current assets			
Cash and investments	\$ 581,704	\$ -	-
Cash with fiscal agents	160		7,654,090
Total assets	581,864		7,654,090
LIABILITIES			
Liabilities:			
Current liabilities			
Payable to broker	-		19,640
Interest payable	96,135		-
Long-term debt			
Portion due within one year	250,000		-
Portion due in more than one year	5,561,287		-
Total liabilities	5,907,422		19,640
NET POSITION			
Restricted for OPEB	-		7,634,450
Restricted for other purposes	(5,325,558)		-
Total net position	\$ (5,325,558)		\$ 7,634,450

City of Millbrae
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2020

	Successor Agency to the Redevelopment	Agency Private- Trust Fund	OPEB Trust Fund
ADDITIONS:			
Property tax	\$ 681,751	\$	-
Investment income:			
Interest and dividends	2,349		-
Net increase in fair value of investments	-		397,962
Total Investment Income	-		397,962
Total additions	684,100		397,962
DEDUCTIONS:			
Community development	195,000		-
Interest and fiscal charges	222,680		-
Total deductions	417,680		-
Change in net position	266,420		397,962
NET POSITION:			
Beginning of year	(5,591,978)		7,236,488
End of year	\$ (5,325,558)		\$ 7,634,450

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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, 2020

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, 2020

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 combined with the governmental activities in the Government-Wide Financial Statements.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

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 combined with governmental 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 a cost-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 IRC section 115 irrevocable trust fund. 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, 2020

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, 2020

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, 2020 the City recorded the historical costs and depreciation of infrastructure assets to comply with 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.

G. Interest Payable

In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is incurred for governmental fund types and proprietary fund types.

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

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

H. *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.

I. *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.

J. *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.

K. *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.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

K. *Property Taxes, Continued*

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)

L. *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.

M. *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 position 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

N. *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.

O. *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. 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	January 1, 2020
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

P. 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.

Q. 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:

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.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Q. Fund Balances, Continued

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.

R. 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.

S. New Pronouncements

In 2020, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 95 – Postponement of the Effective Dates of Certain Authoritative Guidance.
 - Due to the spread of COVID-19 Pandemic, GASB issued the above statement postponing implementation of certain authoritative guidance. Hence, no new accounting standards applicable to the City during the current fiscal year.

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, 2020:

	Government-Wide Statement of Net Position			Fiduciary Funds Statement of Net Position		Total
	Governmental Activities	Business-Type Activities				
Cash and investments	\$ 60,595,731	\$ 27,863,970		\$ 581,704	\$ 89,041,405	
Restricted cash and investments	12,392	4,733,315		160	4,745,867	
OPEB trust investment pool	-	-		7,654,090	7,654,090	
Total cash and investments	<u>\$ 60,608,123</u>	<u>\$ 32,597,285</u>		<u>\$ 8,235,954</u>	<u>\$ 101,441,362</u>	

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, CONTINUED

A. Summary of Cash and Investments, Continued

Cash and investments as of June 30, 2020 consisted of the following:

Deposits:	
Cash on hand	\$ 1,150
Deposits with financial institutions	<u>4,571,976</u>
Total deposits	<u>4,573,126</u>
Investments:	
San Mateo Investment Pool	9,582,792
Local Agency Investment funds	50,891,422
PFM Group	<u>23,994,065</u>
Total investments	<u>84,468,279</u>
Total City Treasury	<u>89,041,405</u>
Restricted cash and investments	4,745,867
OPEB Trust investment pool	<u>7,654,090</u>
Total cash and investments	<u>\$ 101,441,362</u>

B. Deposits

The carrying amount of the City's cash deposit was \$4,571,976 at June 30, 2020. Bank balances before reconciling items were a positive amount of \$4,945,058 at June 30, 2020. 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, 2020

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 Entity's investment policy.

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

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

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, CONTINUED

C. Investments, Continued

Authorized Investments by the City, Continued

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

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

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, 2020.

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, 2020, 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, 2020, the City had \$50,891,422 invested in LAIF, which had invested 3.37% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 1.77% in the previous year. The LAIF fair value factor of 1.004912795 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 1.0198 was used to calculate the fair value of the investments in the County Pool.

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 following identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, CONTINUED

C. Investments, Continued

Authorized Investments by the City, Continued

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

Authorized Investments by the Debt Agreements

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

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, 2020, the trust had a balance of \$7,654,090. 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, 2020.

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.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, CONTINUED

D. Risk Disclosures

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.

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	\$ 50,891,422	\$ 50,891,422	\$ -	\$ -	\$ -	\$ -
San Mateo County Pool	9,582,792	9,582,792	-	-	-	-
California Asset Management Program Pool	1,376,586	1,376,586	-	-	-	-
Money Market Funds - Black Rock Fed Fund	141,203	141,203	-	-	-	-
U.S. Treasury Notes	8,288,630	-	813,453	2,691,183	2,121,814	2,645,516
Federal Agency Coll. Mortgage Obligation	871,202	-	370,389	211,158	163,374	126,282
Municipal Bond	223,003				223,003	
Federal Agency Bonds/Notes	4,491,618	-	391,004	927,458	1,168,809	2,004,346
Corporate Bonds and Notes	4,415,894	538,157	701,928	808,831	1,085,178	1,281,780
Certificates of Deposit	2,841,530	1,804,726	216,335	820,469	-	-
Assed-Backed Securities	1,344,398	-	272,072	830,622	241,704	-
Total	\$ 84,468,279	\$ 64,334,886	\$ 2,765,181	\$ 6,289,721	\$ 5,003,882	\$ 6,057,924

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, 2020, the fair value was approximate to the City's cost. At June 30, these investments had an average maturity of 53 days.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, CONTINUED

D. Risk Disclosures, 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.

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, 2020 for each investment type:

Investment type	AAA	AA+	AA	AA-	A+	A	A-	A-1+	A-1	BBB+	Total
U.S. Treasury Notes	\$ -	\$ 8,288,631	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,288,631
Federal Agency Coll. Mortgage Oblig.	-	871,202	-	-	-	-	-	-	-	-	871,202
Federal Agency Bonds/Notes	-	4,491,618	-	-	-	-	-	-	-	-	4,491,618
Corporate Bonds and Notes	-	319,115	379,666	718,020	859,204	283,983	1,446,921	-	-	408,985	4,415,894
Certificates of Deposit	-	-	-	485,530	334,939	216,335	-	360,652	1,444,074	-	2,841,530
Asset-Backed Securities	1,060,343	-	-	-	-	-	-	-	-	-	1,060,343
Municipal Bond	-	-	-	223,003	-	-	-	-	-	-	223,003
Money Market Funds - Black Rock Fed Fund	-	141,203	-	-	-	-	-	-	-	-	141,203
<i>Not rated:</i>											
Local Agency Investment Fund											50,891,422
San Mateo County Investment Fund											9,582,792
California Asset Management Program Pool											1,376,586
Asset-Backed Securities											284,055
Total Investments											\$ 84,468,279

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, 2020 are described below.

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.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

2. CASH AND INVESTMENTS, CONTINUED

E. Investment Valuation, Continued

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
<u>Investments subject to levels</u>				
U.S. Treasury Securities	\$ 8,288,630	\$ 8,288,630	\$ -	\$ -
Federal Agency Securities	5,362,820	-	5,362,820	-
Municipal Bond	223,003	-	223,003	-
Corporate Bonds and Notes	5,760,292	-	5,760,292	-
Total investments subject to levels	19,634,746	8,288,630	11,346,115	-
<u>Investments not subject to levels</u>				
San Mateo County Pool	9,582,792	-	-	-
Local Agency Investment Fund	50,891,422	-	-	-
Money Market Funds - Black Rock Fed Fund	141,203	-	-	-
Certificates of deposit	2,841,530	-	-	-
<u>Investments Measured at Net Asset Value Per Share</u>				
California Asset Management Program Pool	1,376,586	-	-	-
Total investments subject to fair value	\$ 84,468,279	\$ 8,288,630	\$ 11,346,115	\$ -

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, 2020, the City had the following transfers in/out which arise in the normal course of operations.

Transfers Out	General Fund	Transfers In			
		Non-Major Governmental Fund	Non-Major Enterprise Fund	Proprietary Internal Service Funds	Total
General Fund	\$ -	\$ 1,751,064	\$ 883,914	\$ -	\$ 2,634,978
Non-Major Governmental Fund	5,338	-	-	-	5,338
Municipal Water System Fund	-	-	-	-	-
Developer Impact Fee Fund	902	-	-	-	902
Total	\$ 6,240	\$ 1,751,064	\$ 883,914	\$ -	\$ 2,641,218

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

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

4. LOANS AND NOTES RECEIVABLE

As of June 30, 2020, the City's loans and notes receivable totaled \$11,617,824 and were composed of the following:

	Balance as of June 30, 2020
Low-and-Moderate First Time Home Buyer Program	\$ 405,103
Dolores Lia Apartments Loan	5,700,000
Below Market Rate Loans:	
88 South Broadway	4,143,040
1388 Broadway	1,369,681
Total:	\$ 11,617,824

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.

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.

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, 2020

5. CAPITAL ASSETS

A. Government-Wide Financial Statements

As of June 30, 2020, 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	4,276,996	1,303,270	5,580,266
Total non-depreciable assets	18,575,256	2,803,770	21,379,026
Depreciable assets:			
Buildings and Improvements	20,163,099	41,822,725	61,985,824
Furniture, Fixtures and Equipment	4,899,330	14,842,182	19,741,512
Automobiles and Trucks	4,052,496	26,696	4,079,192
Infrastructure	68,048,319	39,499,536	107,547,855
	97,163,244	96,191,139	193,354,383
Less accumulated depreciation:			
Buildings and improvements	7,659,603	8,955,477	16,615,080
Furniture, Fixtures and Equipment	3,670,264	12,471,998	16,142,262
Automobiles and Trucks	2,669,046	26,695	2,695,741
Infrastructure	38,219,028	10,324,293	48,543,321
Total accumulated depreciation	52,217,941	31,778,463	83,996,404
Total depreciable assets	44,945,303	64,412,676	109,357,979
Total capital assets	\$ 63,520,559	\$ 67,216,446	\$ 130,737,005

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

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, 2019	Additions	Deletions	Transfers	Balance at June 30, 2020
Government activities					
Capital assets not being depreciated:					
Land	\$ 14,298,260	\$ -	\$ -	\$ -	\$ 14,298,260
Construction in progress	4,406,750	3,767,824	-	(3,897,578)	4,276,996
Total capital assets not being depreciated	18,705,010	3,767,824	-	(3,897,578)	18,575,256
Capital assets being depreciated:					
Buildings and Improvements	20,359,823	-	(441,111)	244,387	20,163,099
Furniture, Fixtures, and Equipment	4,824,631	364,558	(288,467)	(1,392)	4,899,330
Automobiles and Trucks	4,019,013	33,483	-	-	4,052,496
Infrastructure	64,034,559	359,177	-	3,654,583	68,048,319
Total capital assets being depreciated	93,238,026	757,218	(729,578)	3,897,578	97,163,244
Less accumulated depreciation for:					
Buildings and Improvements	7,445,658	419,210	(206,657)	1,392	7,659,603
Furniture, Fixtures, and Equipment	3,660,025	298,447	(286,816)	(1,392)	3,670,264
Automobiles and Trucks	2,287,235	381,811	-	-	2,669,046
Infrastructure	37,245,142	973,886	-	-	38,219,028
Total accumulated depreciation	50,638,060	2,073,354	(493,473)	-	52,217,941
Total capital assets, net	42,599,966	(1,316,136)	(236,105)	3,897,578	44,945,303
Government activities capital assets, net	\$ 61,304,976	\$ 2,451,688	\$ (236,105)	\$ -	\$ 63,520,560

Depreciation expense by program for capital assets for the year ended June 30, 2020 was as follows:

General Government	\$ 679,207
Public Works	921,724
Culture and Recreation	39,031
Community Development	6,989
Internal Service Funds	426,403
Total Governmental Activities	\$ 2,073,354

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

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, 2019	Additions	Deletions	Transfers	Balance at June 30, 2020
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 1,500,500	\$ -	\$ -	\$ -	\$ 1,500,500
Construction in Progress	517,285	2,869,786	-	(2,083,801)	1,303,270
Total capital assets not being depreciated	<u>2,017,785</u>	<u>2,869,786</u>	<u>-</u>	<u>(2,083,801)</u>	<u>2,803,770</u>
Capital assets being depreciated:					
Building and Improvements	41,535,369	-	-	287,356	41,822,725
Furniture, Fixtures, and Equipment	14,619,633	222,549	-	-	14,842,182
Automobiles and Trucks	26,696	-	-	-	26,696
Infrastructure	36,752,103	950,988	-	1,796,445	39,499,536
Total capital assets being depreciated	<u>92,933,801</u>	<u>1,173,537</u>	<u>-</u>	<u>2,083,801</u>	<u>96,191,139</u>
Less accumulated depreciation for:					
Building and Improvements	8,106,988	848,489	-	-	8,955,477
Furniture, Fixtures, and Equipment	12,250,491	221,507	-	-	12,471,998
Automobiles and Trucks	26,695	-	-	-	26,695
Infrastructure	9,741,711	582,582	-	-	10,324,293
Total accumulated depreciation	<u>30,125,885</u>	<u>1,652,578</u>	<u>-</u>	<u>-</u>	<u>31,778,463</u>
Total depreciable capital assets, net	<u>62,807,916</u>	<u>(479,041)</u>	<u>-</u>	<u>2,083,801</u>	<u>64,412,676</u>
Business-type activities capital assets, net	<u>\$ 64,825,701</u>	<u>\$ 2,390,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,216,446</u>

Depreciation expense for the year ended June 30, 2020 was as follows:

Wastewater Collection and Treatment System	\$ 1,291,380
Municipal Water System	303,493
Storm Drain System	57,705
Total Business-Type Activities	\$ 1,652,578

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.

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.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

7. 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, 2020:

	Original Issue Amount	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	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	\$ 13,522,022	\$ 894,897	\$ (1,155,000)	\$ 13,261,919	\$ 1,195,000
2011 Police Remodel						
Lease Revenue Financing						
4.25%, due 3/1/2024	2,555,000	1,156,000	-	(213,000)	943,000	223,000
2013 General Obligation						
Refunding Bonds						
1%-5%, due 8/1/2037	9,745,000	8,550,000	-	(245,000)	8,305,000	265,000
Premium, net of amortization	454,096	337,283	-	(19,743)	317,539	
Subtotal Bonds and Loans outstanding		23,565,305	894,897	(1,632,743)	22,827,458	1,683,000
Claims payable		1,835,041	267,226	(278,432)	1,823,835	238,835
Compensated absences		599,722	644,409	(598,012)	646,119	64,612
Total Long-Term Debt	\$ 26,000,068	\$ 1,806,532	\$ (2,509,187)	\$ 25,297,412	\$ 1,986,447	

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

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

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

2011 Police Remodel Lease Revenue Financing – Original Amount \$2,555,000

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

Interest payments due on March 1 and September 1 of each year and principal due on March 1 are repayable from General Fund revenue. The total principal and interest remaining to be paid on the loan are \$1,044,957. Principal and interest paid for the current year were \$262,130.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

7. 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 \$11,795,719. Principal and interest paid for the current year were \$612,688.

B. Business-Type Activities

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

	Issue Amount	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Within One Year
Enterprise Funds:						
2009 State Water Resources Board						
Water Pollution Control Plant 1%, due 4/1/2032	\$ 28,397,180	\$ 19,225,478	\$ -	\$ (1,392,209)	\$ 17,833,268	\$ 1,406,132
2009A Water Resources Board						
Certificates of Participation						
7.423%, due 12/1/2039	5,560,000	5,560,000	-	-	5,560,000	-
2009B Wastewater Revenue						
Certificates of Participation						
2.0-5.125%, due 12/1/2034	10,250,000	5,845,000	-	(195,000)	5,650,000	205,000
Premium, net of amortization	123,774	84,235	-	(4,126)	80,110	-
2018 Wastewater Revenue						
3.0-5.0%, due 12/1/2047	18,630,000	18,415,000	-	(330,000)	18,085,000	345,000
Premium, net of amortization	745,358	713,953	-	(25,124)	688,829	-
Subtotal Bonds and Loans Outstanding		49,843,666	-	(1,946,459)	47,897,207	1,956,132
Compensated absences		425,411	476,392	(332,101)	569,702	56,971
Total Long-Term Debt	\$ 50,269,077	\$ 476,392	\$ (2,278,560)	\$ 48,466,909	\$ 2,013,103	

2009 State Water Resources Control Board Loan – Original Issue \$28,397,180

On October 21, 2009 the City of Millbrae entered into a loan agreement with the State Water Resources Control Board, to fund the Water Pollution Control Plant Renovation Project. Under the agreement, the State Water Board provided project funds totaling \$28,397,180. The project funds are to be repaid at an interest rate of one percent (1%) per annum. Annual principal and interest payments are due each November 30 until November 30, 2031. The total principal and interest remaining to be paid on the loan is \$17,833,269 and \$1,180,303 respectively. Principal and interest paid for the current year was \$1,584,464.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM DEBT, CONTINUED

B. Business-Type Activities, Continued

2009 - Certificates of Participation Series A and B - Original Issue \$5,560,000 and \$10,250,000

On December 15, 2009, the Millbrae Financing Authority issued 2009 Wastewater Revenue Certificates of Participation (COP), Series A and Series B, to finance a portion of the renovation and modernization of the City's wastewater treatment facilities.

Series A COP were issued in the principal amount of \$5,560,000 to finance the acquisition and construction of improvements to the wastewater collection and treatment enterprise of the City. Principal payments commence on December 1, 2035, are due annually on December 1. Interest payments are due semiannually on June 1 and December 1, through December 1, 2039. Debt service is payable from net revenue of municipal wastewater treatment facility enterprise fund. The interest rate is 7.423% per annum.

Series B COP were issued in the principal amount of \$10,250,000 to refinance the City's outstanding 2008 Subordinate Notes and 2005 banknote installment sale agreement. Principal payments are due annually on December 1 and interest payments are due semiannually on June 1 and December 1, through December 1, 2034. Debt service is payable from the net revenue of the wastewater collection and treatment system fund. Interest ranges from 2.0% to 5.125%. The remaining debt service for the banknote installment sale agreement was \$7,842,269 while the net debt service for the 2009 Series B COP related portion was \$6,151,290, resulting in the aggregate difference in debt service of \$1,690,978. The remaining debt service for the 2008 Subordinate Notes was \$4,034,388 while the debt service for the 2009 Series B COP related portion was \$4,007,789; resulting in the aggregate difference in debt service of \$26,599. The economic gain on the transaction was a net present value benefit in the amount of \$278,948.

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%.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM DEBT, CONTINUED

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	Total	Principal	Interest	Total
2021	\$ 1,683,000	\$ 396,240	\$ 2,079,240	\$ 1,956,131	\$ 1,554,364	\$ 3,510,496
2022	1,757,000	373,013	2,130,013	2,000,193	1,512,053	3,512,246
2023	1,840,000	348,278	2,188,278	2,044,395	1,468,101	3,512,496
2024	1,918,000	321,953	2,239,953	2,088,739	1,422,507	3,511,246
2025	1,745,000	294,038	2,039,038	2,138,226	1,375,144	3,513,371
2026-2030	9,995,000	1,186,356	11,181,356	9,978,563	6,275,665	16,254,228
2031-2035	10,370,000	613,100	10,983,100	10,677,021	5,009,830	15,686,851
2036-2040	1,475,000	59,700	1,534,700	9,125,000	2,623,817	11,748,817
2041-2045	-	-	-	4,220,000	887,075	5,107,075
2046-2049	-	-	-	2,900,000	154,525	3,054,525
Subtotal	30,783,000	\$ 3,592,676	\$ 34,375,676	47,128,268	\$ 22,283,081	\$ 69,411,349
Premium	317,539			768,939		
Total	\$ 31,100,539			\$ 47,897,207		

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

(B) Includes unaccrued discount totaling \$8,273,081

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.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

7. LONG-TERM DEBT, CONTINUED

D. Compensated Absences, Continued

The City accrues the liability for compensated leave as it is earned by employees. The amount of outstanding compensated leaves payable was \$1,215,821 as of June 30, 2020.

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Governmental Activities					
Compensated Leaves Payable	\$ 599,722	\$ 644,409	\$ (598,012)	\$ 646,119	\$ 64,612
Business-Type Activities					
Compensated Leaves Payable	\$ 425,411	\$ 476,392	\$ (332,101)	\$ 569,702	\$ 56,971

The amount due within one year of \$64,612 for Governmental Activities and \$56,971 for Business-Type Activities represents the estimated amount for anticipated retirees.

8. FUND BALANCES

Detailed classifications of the City's fund balances as of June 30, 2020, are below:

Fund Balances Classifications	General Fund	Developer Fee Special Revenue Fund	Low and Moderate Income Housing Asset Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepays	\$ 1,739,232	\$ -	\$ -	\$ -	\$ 1,739,232
Total Nonspendable Fund Balances	1,739,232	-	-	-	1,739,232
Restricted for:					
Low and Moderate Income Housing	-	-	13,839,121	-	13,839,121
Measure A	-	-	-	394,468	394,468
Measure W	-	-	-	233,463	233,463
Gas Tax	-	-	-	341,673	341,673
Integrated Waste Management	-	-	-	1,068,906	1,068,906
Developer Housing Fee	-	-	-	3,819,483	3,819,483
Developer Impact Fee	-	16,423,820	-	-	16,423,820
Debt Service	-	-	-	1,258,766	1,258,766
Community Center Capital Project	-	-	-	4,317,650	4,317,650
Others	-	-	-	422,395	422,395
Total Restricted Fund Balances	-	16,423,820	13,839,121	11,856,804	42,119,745
Committed for:					
Document Imaging Needs	-	-	-	518,639	518,639
Others	-	-	-	280,554	280,554
Total Committed Fund Balances	-	-	-	799,193	799,193
Assigned for:					
Encumbrances	1,468,994	-	-	-	1,468,994
Total Assigned Fund Balances	1,468,994	-	-	-	1,468,994
Unassigned:					
16,863,829	-	-	-	-	16,863,829
Total Fund Balances	\$ 20,072,055	\$ 16,423,820	\$ 13,839,121	\$ 12,655,997	\$ 62,990,993

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

9. NEGATIVE FUND BALANCE

At June 30, 2020, the Leave Accrual Internal Service Fund had deficit fund balances in the amount of \$229,130. This deficit will be eliminated with future revenues.

10. 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, 2020, 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		
	General Fund	Non-Major Funds	Total
Construction	\$ 28,527	\$ 1,113,096	\$ 1,141,622
Materials/Equipment/Software	79,172	3,171	82,343
Services/Maintenance	1,416,384	133,174	1,549,557
	<u>\$ 1,524,082</u>	<u>\$ 1,249,440</u>	<u>\$ 2,773,523</u>

11. EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following fund had expenditures in excess of appropriations:

Major Fund	
Developer Fee Special Revenue Fund	\$ (634,501)

12. 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, 2020

12. RETIREMENT PLANS, 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, 2020 are summarized as follows:

	Safety - Fire Prior to January 1, 2013	Safety - Police Prior to January 1, 2013	Miscellaneous Prior to January 1, 2013
Hire Date			
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payment	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	55	55
Monthly benefits, as a % of annual salary	3%	3%	2.7%
Required employee contribution rates	9.00%	9.00%	8.00%
Required employer contribution rates	0.000%	0.000%	13.945%
Required payment for unfunded liability	\$ 1,085,716	\$ 1,105,552	\$ 1,859,581
<hr/>			
	Safety - Fire - PEPRA On or after January 1, 2013	Miscellaneous - PEPRA On or after January 1, 2013	
Hire Date			
Benefit vesting schedule	5 years service	5 years service	
Benefit payments	Monthly for life	Monthly for life	
Retirement age	57	62	
Monthly benefits, as a % of annual salary	2.70%	2.00%	
Required employee contribution rates	12.250%	6.50%	
Required employer contribution rates	0.000%	7.072%	
Required payment for unfunded liability	\$ 1,676	\$ 11,463	

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 \$2,192,944 and \$1,871,044 for safety and miscellaneous respectively, in fiscal year 2020.

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, 2020, the contributions recognized against net pension liability for the Plan were \$4,107,984.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

12. RETIREMENT PLANS, CONTINUED

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

As of June 30, 2020, the City reported net pension liability for its proportionate shares of the net pension liabilities of the rate plans as \$51,509,253.

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, 2019, and the total pension liability for the Plans used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2018 rolled forward to June 30, 2019 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, 2018 and 2019 were as follows:

Proportion - June 30, 2018	0.505900%
Proportion - June 30, 2019	0.502670%
Change - Increase (Decrease)	<u>-0.003230%</u>

For the year ended June 30, 2020, the City recognized pension expense of \$7,644,666. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,514,053	\$ -
Changes of assumptions	2,279,941	636,311
Differences between expected and actual experience	3,393,560	61,150
Changes in employer's proportion	-	922,097
Differences between the employer's contribution and the employer's proportionate share of contributions	-	1,771,194
Net differences between projected and actual earnings on plan investments	-	802,457
Total	\$ 10,187,554	\$ 4,193,209

The amount of \$4,514,053 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, 2021.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

12. RETIREMENT PLANS, 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:		
2021	\$	2,141,535
2022		(1,055,498)
2023		234,820
2024		159,435
Thereafter		-

Actuarial Assumptions – The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
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 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.5% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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, 2020

12. RETIREMENT PLANS, 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 both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100%</u>		

(a) An expected inflation of 2.0% used for this period.

(b) An expected inflation of 2.92% used for this period.

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	6.15%	Current	7.15%	1% Increase	8.15%
Net Pension Liability	\$	74,829,781	\$	51,509,253	\$	32,328,481

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, 2020

13. POST-EMPLOYMENT BENEFITS

A. Plan Description

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

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

Eligibility	<ul style="list-style-type: none">• 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, 2020

13. POST-EMPLOYMENT BENEFITS, CONTINUED

B. Employees Covered

Inactive employees or beneficiaries currently receiving benefits	85
Inactive employees entitled to but not yet receiving benefits	-
Active employees	37
Total	<u>122</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, 2019 – June 30, 2020, the City made \$853,063 of cash benefit payments outside of the trust and made \$140,000 of implied subsidy benefit payments outside of the trust.

D. Net OPEB Liability

The City's net OPEB liability measured as of June 30, 2020 was \$5,935,004, and the total OPEB liability used to calculate the net OPEB liability of \$13,569,453 were based on the following assumptions:

Valuation Date	January 1, 2020
Measurement Date	June 30, 2020
Actuarial Assumptions:	
Discount Rate	6.00%
General Inflation	2.75% per annum
Contribution Policy	Contributes full ADC
Salary Increases	Aggregate 3%
	Merit - CalPERS 1997-2015 Experience Study
Mortality	Mortality projected fully generational with Scale MP-2019
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 Kaiser Medicare - 5.00% for 2021, decreasing to an ultimate rate of 4.0% in 2076 Non-Kaiser Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4 % in 2076
Healthcare participation	100%
PEMHCA Minimum Increase	4.25% annually

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:

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

13. POST-EMPLOYMENT BENEFITS, CONTINUED

D. Net OPEB Liability, Continued

Asset Class	Target Allocation	Expected Real Rate of Return
Global Equity	35%	4.82%
Global Fixed Income	59%	1.47%
Real Estate Investment Trusts	6%	3.76%
Total	100%	
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Rate of Return, Rounded		6.00%

E. Discount Rate

The discount rate used to measure the total OPEB liability was 6.00 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, 2019	\$ 13,988,608	\$ 7,236,488	\$ 6,752,120
Changes in the year:			
Service cost	204,896	-	204,896
Interest	821,818	-	821,818
Benefit changes	-	-	-
Actual vs. expected experience	(241,583)	-	(241,583)
Changes in assumptions	(211,223)	-	(211,223)
Contribution - employer	-	996,962	(996,962)
Contribution - employee	-	-	-
Net investment income		419,932	(419,932)
Benefit payments	(993,063)	(993,063)	-
Administrative expenses	-	(25,870)	25,870
Net changes	(419,155)	397,961	(817,116)
Balance at June 30, 2020	\$ 13,569,453	\$ 7,634,449	\$ 5,935,004

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

13. POST-EMPLOYMENT BENEFITS, CONTINUED

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, 2020:

	1% Decrease (5.00%)	Current Rate (6.00%)	1% Increase (7.00%)
Net OPEB Liability	\$ 7,399,512	\$ 5,935,004	\$ 4,704,379

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, 2020:

	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	\$ 5,162,600	\$ 5,935,004	\$ 6,613,012

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, 2020, the City recognized OPEB expense of \$502,129 and reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 161,055
Changes in assumptions	-	140,815
Net difference between projected and actual earnings on plan investments	81,563	-
Total	\$ 81,563	\$ 301,870

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

13. POST-EMPLOYMENT BENEFITS, CONTINUED

J. Recognition of Deferred Outflow and Deferred Inflows of Resources

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

Fiscal Year Ending June 30:	Deferred Outflows/(Inflows) of Resources
2021	\$ (116,925)
2022	(116,922)
2023	10,822
2024	2,718
2025	-
Thereafter	-

Rate of return: For the year ended June 30, 2020, the annual money-weighted rate of return on Trust investments, net of investment expenses, was 6.4%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

14. 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, 2020, the City paid PLAN JPA \$361,608 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.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

14. RISK MANAGEMENT, CONTINUED

B. Liability for Uninsured Claims, Continued

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 2019-2020			Fiscal 2018-2019	
	Workers' Compensation Claims	General Liability Claims	Total	Totals	
Balances, beginning of year	\$ 1,770,000	\$ 65,041	\$ 1,835,041	\$ 2,030,990	
Net change in:					
Liability for current fiscal year claims	219,357	47,869	267,226	313,636	
Claims paid	(183,857)	(94,575)	(278,432)	(509,585)	
Balances, end of year	<u>\$ 1,805,500</u>	<u>\$ 18,335</u>	<u>\$ 1,823,835</u>	<u>\$ 1,835,041</u>	
Current portion	220,500	18,335	238,835	330,541	
Noncurrent portion	1,585,000	-	1,585,000	1,504,500	
	<u>\$ 1,805,500</u>	<u>\$ 18,335</u>	<u>\$ 1,823,835</u>	<u>\$ 1,835,041</u>	

15. 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 \$74,475 for the year ended June 30, 2020. 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.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

16. 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.

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.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

16. CONTINGENT LIABILITIES AND COMMITMENTS, CONTINUED

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

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 \$369,492 during fiscal year 2020, which is included as a component of purchased water expenses in the Water Enterprise Fund. The surcharge for fiscal year 2021 is estimated to be \$366,500.

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.

17. 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.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

**17. RDA OBLIGATION RETIREMENT TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES,
CONTINUED**

A. *Redevelopment Dissolution, Continued*

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.

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, 2020.

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

**17. RDA OBLIGATION RETIREMENT TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES,
 CONTINUED**

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	Balance			Balance June 30, 2020	Due Within One Year
	Amount	June 30, 2019	Additions	Deletions		
Redevelopment Tax						
2015 Tax Allocation	\$ 6,505,000	\$ 5,850,000	\$ -	\$ (240,000)	\$ 5,610,000	\$ 250,000
Bond Premium	-	214,632	-	(13,345)	201,287	-
Total long term debt	<u>\$ 6,505,000</u>	<u>\$ 6,064,632</u>	<u>\$ -</u>	<u>\$ (253,345)</u>	<u>\$ 5,811,287</u>	<u>\$ 250,000</u>

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
2021	\$ 250,000	\$ 224,475	\$ 474,475
2022	260,000	211,725	471,725
2023	275,000	198,350	473,350
2024	285,000	184,350	469,350
2025	305,000	169,600	474,600
2026-2030	1,725,000	647,400	2,372,400
2033-2035	2,050,000	302,038	2,352,038
2036-2040	460,000	9,200	469,200
Subtotal	<u>5,610,000</u>	<u>\$ 1,947,138</u>	<u>\$ 7,557,138</u>
Premium	201,287		
Total	<u>\$ 5,811,287</u>		

City of Millbrae
Notes to Basic Financial Statements
For the year ended June 30, 2020

**17. RDA OBLIGATION RETIREMENT TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES,
CONTINUED**

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.

18. COVID-19 PANDEMIC

During December 2019, the Novel Corona Virus Disease (COVID-19) was discovered. The COVID-19 was subsequently declared a world-wide pandemic by the World Health Organization on March 11, 2020. On March 4, 2020, California State Governor Gavin Newsom proclaimed a State of Emergency as a result of the threat of the COVID-19 in the State of California, leading to the San Mateo County Health Officer issuing a stay-at-home directive on March 16, 2020. This halted all business within San Mateo County outside of essential activities.

COVID-19 had an immediate and severe impact on the City of Millbrae's Sales, Property Transfer and Transient Occupancy tax revenues. While 2019-20 property tax revenues were inoculated from COVID-19 due to the lien date (and change in California Consumer Price Index) of January 1, 2019, preceding the onset of COVID-19 in March 2020, as clearly evident in the City's basic financial statements, sales tax, transient occupancy tax (TOT), and property transfer tax were susceptible to the economic impact of COVID-19. The reduction in sales tax revenue reflects the stay at home orders and the restrictions in place as a result of COVID-19. Non-tax revenues were also impacted by COVID-19, largely in charges for services, which reflected a reduction in development activity.

In response to the economic impact to the City's General Fund brought on by COVID-19, the City Council approved emergency measures, including a hiring freeze to mitigate the resulting structural imbalance from the effects of the pandemic.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Millbrae
Notes to Required Supplementary Information
For the year ended June 30, 2020

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, Continued
For the year ended June 30, 2020

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property tax	\$ 12,402,033	\$ 12,441,816	\$ 13,932,192	\$ 1,490,376
Sales tax	3,184,797	3,290,593	2,913,214	(377,379)
Transient occupancy tax	8,300,000	8,300,000	6,368,575	(1,931,425)
Franchise Tax	1,080,000	1,101,466	1,130,235	28,769
Other taxes	762,000	794,430	703,580	(90,850)
Licenses and permits	870,869	881,717	501,784	(379,933)
Charges for services	872,131	891,598	856,344	(35,254)
Fines and forfeitures	1,280,000	1,228,181	1,096,915	(131,266)
Use of money and property	925,000	1,089,652	2,411,017	1,321,365
Grants and intergovernmental	725,000	1,005,821	516,786	(489,035)
Miscellaneous	1,307,802	1,114,413	1,124,208	9,795
Total revenues	31,709,632	32,139,687	31,554,850	(584,837)
EXPENDITURES:				
Current:				
General government	5,019,523	5,742,326	4,428,761	1,313,565
Public safety	17,318,264	16,559,029	15,380,748	1,178,281
Public works	7,013,983	7,112,871	2,999,699	4,113,172
Culture and recreation	1,612,953	1,953,213	1,600,558	352,655
Community development	2,491,955	3,635,531	2,416,243	1,219,288
Capital outlay	1,185,000	1,334,973	114,869	1,220,104
Total expenditures	34,641,678	36,337,943	26,940,878	9,397,065
REVENUE OVER (UNDER) EXPENDITURES	(2,932,046)	(4,198,256)	4,613,972	8,812,228
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	6,240	(6,240)
Transfers out	(3,752,955)	(3,967,955)	(2,634,978)	1,332,977
Total other financing sources (uses)	(3,752,955)	(3,967,955)	(2,628,738)	1,326,737
Net change in fund balance	\$ (6,685,001)	\$ (8,166,211)	1,985,234	\$ 10,138,965
FUND BALANCES:				
Beginning of year			18,086,821	
End of year			\$ 20,072,055	

City of Millbrae
Required Supplementary Information, Continued
For the year ended June 30, 2020

Budgetary Comparison Schedule, Low and Moderate Income Housing Asset Fund

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Use of money and property	\$ 15,000	\$ 15,000	\$ 19,941	\$ 4,941
Total revenues	15,000	15,000	19,941	4,941
Net change in fund balances	\$ 15,000	\$ 15,000	19,941	\$ 4,941
Beginning Fund Balance			13,819,180	
Ending Fund Balance			\$ 13,839,121	

City of Millbrae
Required Supplementary Information, Continued
For the year ended June 30, 2020

Budgetary Comparison Schedule, Developer Fee Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 13,669,286	\$ 13,669,286
Use of money and property	-	-	110,260	110,260
Total revenues	-	-	13,779,546	13,779,546
EXPENDITURES:				
Current:				
Community development	-	268,855	903,356	(634,501)
Total expenditures	-	268,855	903,356	(634,501)
REVENUE OVER (UNDER) EXPENDITURES	-	(268,855)	12,876,190	13,145,045
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(902)	(902)
Total other financing sources (uses)	-	-	(902)	(902)
Net change in fund balance	\$ -	\$ (268,855)	12,875,288	\$ 13,144,143
FUND BALANCES:				
Beginning of year			3,548,532	
End of year			\$ 16,423,820	

City of Millbrae
Required Supplementary Information, Continued
For the year ended June 30, 2020

2. DEFINED BENEFIT PENSION PLAN

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

	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Measurement date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.502670%	0.505901%	0.491466%	0.494261%	0.499079%	0.465881%
Proportionate share of the net pension liability	\$ 51,509,253	\$ 48,749,947	\$ 48,739,905	\$ 42,768,893	\$ 34,256,328	\$ 28,989,301
Covered payroll	\$ 7,644,691	\$ 7,355,105	\$ 6,165,233	\$ 5,834,899	\$ 6,870,921	\$ 7,291,105
Proportionate share of the net pension liability as percentage of covered payroll	673.79%	662.80%	790.56%	732.98%	498.57%	397.60%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

Note to Schedule:

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

City of Millbrae
Required Supplementary Information, Continued
For the year ended June 30, 2020

2. DEFINED BENEFIT PENSION PLAN, Continued

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

	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 4,514,053	\$ 4,107,984	\$ 3,312,932	\$ 2,334,524	\$ 2,064,418	\$ 1,399,544
Contribution in relation to the actuarially determined contributions	(4,514,053)	(4,107,984)	(3,312,932)	(2,334,524)	(2,064,418)	(1,399,544)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 7,598,472	\$ 7,644,691	\$ 7,355,105	\$ 6,165,233	\$ 5,834,899	\$ 6,870,921
Contributions as a percentage of covered payroll	59.41%	53.74%	45.04%	37.87%	35.38%	20.37%

Notes to Schedule:

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

City of Millbrae
Required Supplementary Information, Continued
For the year ended June 30, 2020

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>	<i>2019/2020</i>	<i>2018/2019</i>	<i>2017/18</i>
Total OPEB Liability			
Service Cost	\$ 204,896	\$ 198,928	\$ 193,134
Interest on the total OPEB liability	821,818	818,192	813,998
Differences between expected and actual experience	(241,583)	-	-
Changes of assumptions	(211,223)	-	-
Benefit payments, including refunds of employee contributions	(993,063)	(932,212)	(953,848)
Net change in total OPEB liability	(419,155)	84,908	53,284
Total OPEB liability - beginning	13,988,608	13,903,700	13,850,416
Total OPEB liability - ending (a)	\$ 13,569,453	\$ 13,988,608	\$ 13,903,700
 Plan Fiduciary Net Position			
Contributions - employer	\$ 996,962	\$ 932,212	\$ 4,453,848
Contributions - employee	-	-	-
Net investment income	419,932	371,984	166,768
Benefit payments, including refunds of employee contributions	(993,063)	(932,212)	(953,848)
Administrative expense	(25,870)	(20,688)	(21,544)
Net change in plan fiduciary net position	397,961	351,296	3,645,224
Plan fiduciary net position - beginning	7,236,488	6,885,191	3,239,967
Plan fiduciary net position - ending (b)	\$ 7,634,449	\$ 7,236,487	\$ 6,885,191
 Net OPEB liability/(asset) - ending (a) - (b)	\$ 5,935,004	\$ 6,752,121	\$ 7,018,509
Plan fiduciary net position as a percentage of the total OPEB liability	56.3%	51.7%	49.5%
 Covered-employee payroll ⁽¹⁾	 \$ 4,797,844	 \$ 4,869,011	 \$ 4,662,129
Net OPEB liability as a percentage of covered-employee payroll	123.7%	138.7%	150.5%

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

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

City of Millbrae
Required Supplementary Information, Continued
For the year ended June 30, 2020

3. OTHER POSTEMPLOYMENT BENEFITS, Continued

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

Fiscal Year Ended June 30	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 659,000	\$ 648,000	\$ 884,000
Contributions in relation to the ADC	996,962	932,212	4,453,848
Contribution deficiency (excess)	<u>\$ (337,962)</u>	<u>\$ (284,212)</u>	<u>\$ (3,569,848)</u>
 Covered-employee payroll	 \$ 4,797,844	 \$ 4,869,011	 \$ 4,662,129
Contributions as a percentage of covered-employee payroll	20.8%	19.1%	95.5%

*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%

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

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.

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, 2020

Special Revenue Funds							
	Measure A	Gas Tax	Special Recreation	Integrated Waste Management	Other	Measure W	
ASSETS							
Cash and investments	\$ 351,980	\$ 278,708	\$ 92,740	\$ 1,011,774	\$ 5,053,702	\$ 194,753	
Cash with fiscal agents	-	-	-	-	-	-	-
Receivables:							-
Taxes	42,488	11,319	-	61,263	-	38,710	
Accounts - net	-	61,239	6,793	-	-	-	-
Total assets	\$ 394,468	\$ 351,266	\$ 99,533	\$ 1,073,037	\$ 5,053,702	\$ 233,463	
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ 9,593	\$ 26,801	\$ 4,131	\$ 16,737	\$ -	
Deposits	-	-	41,560	-	-	-	-
Unearned revenue	-	-	27,066	-	-	-	-
Total liabilities	-	9,593	95,427	4,131	16,737	-	
Fund Balances:							
Restricted	394,468	341,673	-	1,068,906	4,241,878	233,463	
Committed	-	-	4,106	-	795,087	-	-
Total fund balances	394,468	341,673	4,106	1,068,906	5,036,965	233,463	
Total liabilities and fund balances	\$ 394,468	\$ 351,266	\$ 99,533	\$ 1,073,037	\$ 5,053,702	\$ 233,463	

Library Fund	1999 COPS	Debt Service Funds		Capital Project Fund			Total Non-Major Governmental Funds
		2004 Pension Obligation		Recreation	Center Capital Project		
		Bonds					
\$ 1,117,854	\$ 117,882	\$ 10,638	\$ 4,546,780	\$ 12,776,811			
-	-	12,392		-		12,392	
-	-	-		-		153,780	
-	-	-		-		68,032	
\$ 1,117,854	\$ 117,882	\$ 23,030	\$ 4,546,780	\$ 13,011,015			
<hr/>							
\$ -	\$ -	\$ -	\$ 148,064	\$ 205,326			
-	-	-		-		41,560	
-	-	-	81,066		108,132		
-	-	-	229,130			355,018	
1,117,854	117,882	23,030	4,317,650	11,856,804			
-	-	-	-	-		799,193	
1,117,854	117,882	23,030	4,317,650	12,655,997			
\$ 1,117,854	\$ 117,882	\$ 23,030	\$ 4,546,780	\$ 13,011,015			

City of Millbrae

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the year ended June 30, 2020

	Special Revenue Funds					
	Measure A	Gas Tax	Special Recreation	Integrated Waste Management		Measure W
				Other		
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	609,261	947,689	-	-	-	253,428
License and permits	-	-	-	-	43,958	-
Charges for services	-	-	467,161	319,909	13,609	-
Use of money and property	52,862	24,861	-	16,558	84,213	3,738
Grants and intergovernmental	-	-	-	6,008	162,399	-
Miscellaneous	-	-	91,611	-	2,522	-
Total revenues	662,123	972,550	558,772	342,475	306,701	257,166
EXPENDITURES:						
Current:						
Public works	54,220	309,020	-	259,427	31,603	-
Culture and recreation	-	-	1,629,699	-	495,322	-
Community development	-	-	-	-	10,803	-
Capital outlay	2,214,977	1,079,688	-	-	-	23,703
Debt service:						-
Principal	-	-	-	-	-	-
Interest, and fiscal charges	-	-	-	-	-	-
Total expenditures	2,269,197	1,388,708	1,629,699	259,427	537,728	23,703
REVENUES OVER (UNDER) EXPENDITURES	(1,607,074)	(416,158)	(1,070,927)	83,048	(231,027)	233,463
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	1,064,687	-	424,812	-
Transfers out	-	-	-	-	(5,338)	-
Proceeds from sale of capital asset	-	-	-	-	-	-
Total other financing sources (uses)	-	-	1,064,687	-	419,474	-
Net change in fund balances	(1,607,074)	(416,158)	(6,240)	83,048	188,447	233,463
FUND BALANCES:						
Beginning of the year	2,001,542	757,831	10,346	985,858	4,848,518	-
End of year	\$ 394,468	\$ 341,673	\$ 4,106	\$ 1,068,906	\$ 5,036,965	\$ 233,463

Library Fund	Debt Service Funds		Capital Project Fund			Total	
			Recreation		Non-Major Governmental Funds		
	2004 Pension Obligation	Bonds	Center Capital Project				
1999 COPS							
\$ 675,281	\$ -	\$ -	\$ -	\$ 675,281			
-	-	-	-	-	1,810,378		
-	-	-	-	-	43,958		
-	-	-	-	-	800,679		
-	-	12,392	61,983	-	256,607		
-	-	-	500,000	-	668,407		
-	-	1,135,093	-	-	1,229,226		
675,281	-	1,147,485	561,983	5,484,536			
-	-	-	-	-	654,270		
-	-	-	383,863	-	2,508,884		
-	-	-	-	-	10,803		
-	-	-	329,569	-	3,647,937		
245,000	213,000	1,155,000	-	-	1,613,000		
367,689	49,130	2,499	-	-	419,318		
612,689	262,130	1,157,499	713,432	8,854,212			
62,592	(262,130)	(10,014)	(151,449)	(3,369,676)			
-	261,565	-	-	-	1,751,064		
-	-	-	-	-	(5,338)		
-	-	-	2,250,000	-	2,250,000		
-	261,565	-	2,250,000	-	3,995,726		
62,592	(565)	(10,014)	2,098,551	626,050			
1,055,262	118,447	33,044	2,219,099	12,029,947			
\$ 1,117,854	\$ 117,882	\$ 23,030	\$ 4,317,650	\$ 12,655,997			

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, 2020

	Special Revenue Funds					
	Measure A		Variance Positive (Negative)	Gas Tax		
	Budget	Actual		Budget	Actual	Variance Positive (Negative)
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	575,000	609,261	34,261	910,061	947,689	37,628
License and permits	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Use of money and property	10,000	52,862	42,862	10,000	24,861	14,861
Grants and intergovernmental	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	585,000	662,123	77,123	920,061	972,550	52,489
EXPENDITURES:						
Current:						
Public works	75,585	54,220	21,365	305,208	309,020	(3,812)
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	2,308,739	2,214,977	93,762	1,093,229	1,079,688	13,541
Debt service:						
Principal	-	-	-	-	-	-
Interest, and fiscal charges	-	-	-	-	-	-
Total expenditures	2,384,324	2,269,197	115,127	1,398,437	1,388,708	9,729
REVENUES OVER (UNDER) EXPENDITURES	(1,799,324)	(1,607,074)	192,250	(478,376)	(416,158)	62,218
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	\$ (1,799,324)	(1,607,074)	\$ 192,250	\$ (478,376)	(416,158)	\$ 62,218
Beginning Fund Balances		2,001,542			757,831	
Ending Fund Balances (Deficits)		\$ 394,468			\$ 341,673	

Special Revenue Funds										
Special Recreation			Integrated Waste Management				Other			
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actuals	Variance Positive (Negative)		
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	35,000	43,958	8,958		
713,000	467,161	(245,839)	300,000	319,909	19,909	25,000	13,609	(11,391)		
-	-	-	2,000	16,558	14,558	10,500	84,213	73,713		
-	-	-	6,000	6,008	8	156,961	162,399	5,438		
4,120	91,611	87,491	-	-	-	-	2,522	2,522		
<u>717,120</u>	<u>558,772</u>	<u>(158,348)</u>	<u>308,000</u>	<u>342,475</u>	<u>34,475</u>	<u>227,461</u>	<u>306,701</u>	<u>79,240</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, 2020

	Special Revenue Funds			Debt Service Funds		
	Measure W		Variance Positive (Negative)	Library Fund		Variance Positive (Negative)
	Budget	Actual		Budget	Actual	
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ 617,688	\$ 675,279	\$ 57,591
Other taxes	140,000	253,428	113,428	-	-	-
License and permits	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Use of money and property	-	3,738	3,738	-	-	-
Grants and intergovernmental	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	140,000	257,166	117,166	617,688	675,279	57,591
EXPENDITURES:						
Current:						
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	100,000	23,703	76,297	-	-	-
Debt service:						
Principal	-	-	-	245,000	245,000	-
Interest, and fiscal charges	-	-	-	372,688	367,687	5,001
Total expenditures	100,000	23,703	76,297	617,688	612,687	5,001
REVENUES OVER (UNDER) EXPENDITURES	40,000	233,463	193,463	-	62,592	62,592
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	\$ 40,000	233,463	\$ 193,463	\$ -	\$ 62,592	\$ 62,592
Beginning Fund Balances		-			1,055,262	
Ending Fund Balances (Deficits)		<u>\$ 233,463</u>			<u>\$ 1,117,854</u>	

Debt Service Funds								
1999 COPS			2004 Pension Obligation Bonds					
Budget		Actual	Variance Positive (Negative)	Budget		Actual	Variance Positive (Negative)	
\$	-	\$	-	\$	-	\$	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	12,392	12,392	
-	-	-	-	-	-	-	-	
-	-	-	-	1,160,000	1,135,093	(24,907)		
-	-	-	-	1,160,000	1,147,485	(12,515)		
<hr/>								
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
213,000	213,000	-	1,155,000	1,155,000	-	-	-	
54,130	49,130	5,000	5,000	2,499	-	2,501		
267,130	262,130	5,000	1,160,000	1,157,499	-	2,501		
(267,130)	(262,130)	5,000	-	(10,014)	-	(10,014)		
<hr/>								
267,131	261,565	(5,566)	-	-	-	-	-	
-	-	-	-	-	-	-	-	
267,131	261,565	(5,566)	-	-	-	-	-	
\$	1	(565)	\$	(566)	\$	(10,014)	\$	(10,014)
<hr/>								
		118,447				33,044		
\$		\$ 117,882				\$ 23,030		

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INTERNAL SERVICE FUNDS 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, 2020

	Municipal Garage	Unemployment Insurance	Workers' Compensation
ASSETS			
Current assets:			
Cash and investments	\$ 4,335,435	\$ 67,605	\$ 4,172,769
Total current assets	<u>4,335,435</u>	<u>67,605</u>	<u>4,172,769</u>
Noncurrent assets:			
Capital assets:			
Depreciable capital assets, net	1,937,594	-	-
Total capital assets	<u>1,937,594</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>1,937,594</u>	<u>-</u>	<u>-</u>
Total assets	6,273,029	67,605	4,172,769
DEFERRED OUTFLOWS OF RESOURCES			
Deferred employer pension contributions	38,202	-	11,413
Deferred outflows of resources - pension	<u>45,343</u>	<u>-</u>	<u>13,546</u>
Total deferred outflows of resources	83,545	-	24,959
LIABILITIES			
Current liabilities:			
Accounts payable and accrued payroll	39,227	42,854	278
Compensated absences	-	-	-
Accrued self insurance	-	-	220,500
Total current liabilities	<u>39,227</u>	<u>42,854</u>	<u>220,778</u>
Noncurrent liabilities:			
Compensated absences	-	-	-
Accrued self-insurance	-	-	1,585,000
Net Pension Liability	<u>401,504</u>	<u>-</u>	<u>119,947</u>
Total noncurrent liabilities	<u>401,504</u>	<u>-</u>	<u>1,704,947</u>
Total liabilities	440,731	42,854	1,925,725
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	31,171	-	9,312
Total deferred inflows of resources	31,171	-	9,312
NET POSITION			
Net investment in capital assets	1,937,594	-	-
Unrestricted	<u>3,947,078</u>	<u>24,751</u>	<u>2,262,691</u>
Total net position	\$ 5,884,672	\$ 24,751	\$ 2,262,691

General Liability	Leave Accrual	OPEB	Total
\$ 515,245	\$ 376,987	\$ 714,864	\$ 10,182,905
515,245	376,987	714,864	10,182,905
-	-	-	1,937,594
-	-	-	1,937,594
-	-	-	1,937,594
515,245	376,987	714,864	12,120,499
12,573	-	-	62,188
14,923	-	-	73,812
27,496	-	-	136,000
5,590	-	-	87,949
-	64,612	-	64,612
18,335	-	-	238,835
23,925	64,612	-	391,396
-	581,507	-	581,507
-	-	-	1,585,000
132,142	-	-	653,593
132,142	581,507	-	2,820,100
156,067	646,119	-	3,211,496
10,259	-	-	50,742
10,259	-	-	50,742
-	-	-	1,937,594
376,415	(269,132)	714,864	7,056,667
\$ 376,415	\$ (269,132)	\$ 714,864	\$ 8,994,261

City of Millbrae

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

Internal Service Funds

For the year ended June 30, 2020

	Municipal Garage	Unemployment Insurance	Workers' Compensation
OPERATING REVENUES:			
Equipment rental	\$ 436,952	\$ -	\$ -
Interdepartmental charges	657,102	44,356	672,136
Storm drain fees	-	-	-
Miscellaneous	39,023	-	-
Total operating revenues	1,133,077	44,356	672,136
OPERATING EXPENSES:			
Personnel services	345,594	-	41,898
Contractual services	74,859	-	31,468
Materials, supplies and other services	248,705	599	37,523
Depreciation	426,403	-	-
Insurance premiums and claims	33,029	62,280	233,565
Total operating expenses	1,128,590	62,879	344,454
OPERATING INCOME (LOSS)	4,487	(18,523)	327,682
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	73,035	993	67,446
Total nonoperating revenues (expenses)	73,035	993	67,446
INCOME (LOSS) BEFORE TRANSFERS	77,522	(17,530)	395,128
Change in net position	77,522	(17,530)	395,128
NET POSITION			
Beginning of year	5,807,150	42,281	1,867,563
End of year	\$ 5,884,672	\$ 24,751	\$ 2,262,691

General Liability	Leave Accrual	OPEB	Total
\$ -	\$ -	\$ -	\$ 436,952
650,000	-	-	2,023,594
-	-	-	-
3,162	-	-	42,185
653,162	-	-	2,502,731
54,735	46,397	-	488,624
8,264	-	-	114,591
8,393	-	-	295,220
-	-	-	426,403
429,507	-	-	758,381
500,899	46,397	-	2,083,219
152,263	(46,397)	-	419,512
5,632	6,395	12,126	165,627
5,632	6,395	12,126	165,627
157,895	(40,002)	12,126	585,139
157,895	(40,002)	12,126	585,139
218,520	(229,130)	702,738	8,409,122
\$ 376,415	\$ (269,132)	\$ 714,864	\$ 8,994,261

City of Millbrae
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2020

	Municipal Garage	Unemployment Insurance	Workers' Compensation
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from others	\$ 39,023	\$ -	\$ -
Cash received from other funds	1,104,209	44,356	672,136
Cash payments to suppliers for goods and services	(327,238)	(599)	(68,713)
Cash paid to employees	(319,260)	-	(34,031)
Claims paid	(33,029)	(19,426)	(198,065)
Net cash provided by operating activities	463,705	24,331	371,327
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(333,963)	-	-
Net cash (used in) capital and related financing activities	(333,963)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	73,035	993	67,446
Net cash provided by investing activities	73,035	993	67,446
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS - Beginning of year	202,777	25,324	438,773
CASH AND CASH EQUIVALENTS - End of year	4,132,658	42,281	3,733,996
FINANCIAL STATEMENT PRESENTATION:	\$ 4,335,435	\$ 67,605	\$ 4,172,769
Cash and investments	\$ 4,335,435	\$ 67,605	\$ 4,172,769
Total	\$ 4,335,435	\$ 67,605	\$ 4,172,769
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 4,487	\$ (18,523)	\$ 327,682
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	426,403	-	-
Changes in assets and liabilities:			
Accounts receivable	10,155	-	-
Deferred outflows - pension	10,957	-	3,274
Accounts payable and accrued payroll	(3,674)	42,854	278
Compensated absences	-	-	-
Accrued self insurance	-	-	35,500
Net pension liability	22,744	-	6,794
Deferred inflows - pension	(7,367)	-	(2,201)
Total adjustments	459,218	42,854	43,645
Net cash provided by operating activities	\$ 463,705	\$ 24,331	\$ 371,327

General Liability	Leave Accrual	OPEB	Total
\$ 3,162	\$ -	\$ 42,185	
650,000	-	-	2,470,701
(42,437)	-	-	(438,987)
(46,069)	-	-	(399,360)
(476,213)	-	-	(726,733)
<u>88,443</u>	<u>-</u>	<u>-</u>	<u>947,806</u>
-	-	-	(333,963)
-	-	-	(333,963)
5,632	6,395	12,126	165,627
<u>5,632</u>	<u>6,395</u>	<u>12,126</u>	<u>165,627</u>
94,075	6,395	12,126	779,470
421,170	370,592	702,738	9,403,435
<u>\$ 515,245</u>	<u>\$ 376,987</u>	<u>\$ 714,864</u>	<u>\$ 10,182,905</u>
\$ 515,245	\$ 376,987	\$ 714,864	\$ 10,182,905
<u>\$ 515,245</u>	<u>\$ 376,987</u>	<u>\$ 714,864</u>	<u>\$ 10,182,905</u>
\$ 152,263	\$ (46,397)	\$ -	\$ 419,512
-	-	-	426,403
-	-	-	10,155
3,606	-	-	17,837
(25,780)	-	-	13,678
-	46,397	-	46,397
(46,706)	-	-	(11,206)
7,485	-	-	37,023
(2,425)	-	-	(11,993)
<u>(63,820)</u>	<u>46,397</u>	<u>-</u>	<u>528,294</u>
<u>\$ 88,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 947,806</u>

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STATISTICAL SECTION (Unaudited)

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability issues additional debt in the future.

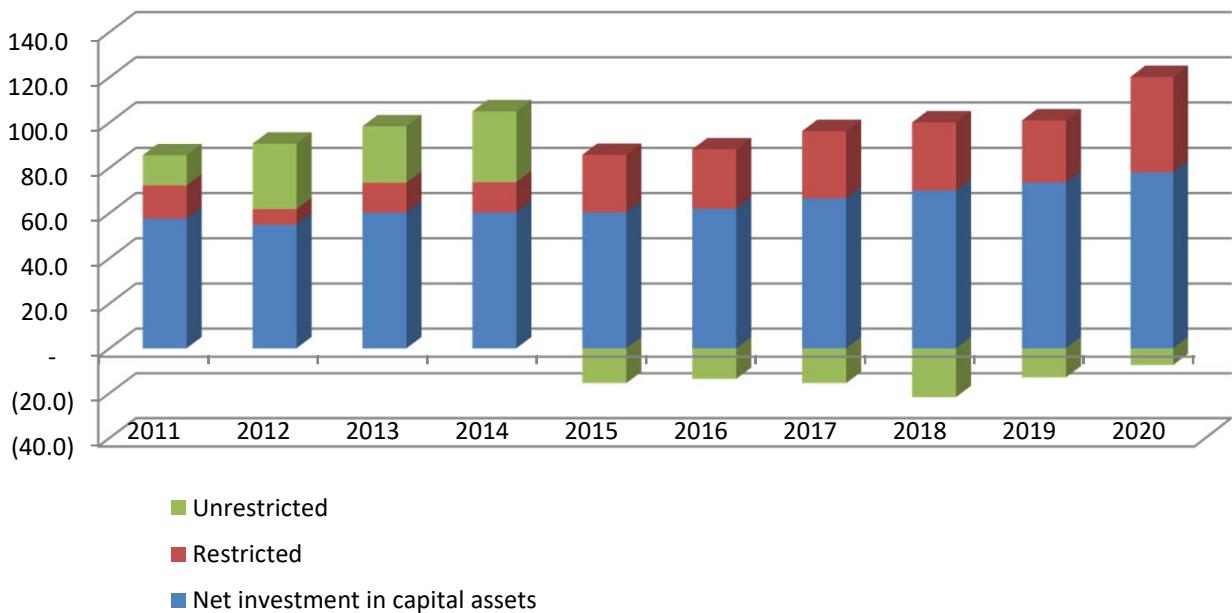
Demographic and Economic Information

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

Operating Information

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

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



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net investment in capital assets	46.4	44.5	47.2	46.9	46.2	46.0	47.5	48.0	51.3	54.0
Restricted	14.7	6.9	13.2	13.4	25.4	26.2	29.8	30.2	28.6	42.1
Unrestricted	(0.1)	12.6	8.6	14.2	(24.6)	(20.1)	(19.4)	(25.9)	(26.4)	(25.8)
Total governmental activities net position	61.0	64.0	69.0	74.5	47.0	52.1	57.9	52.3	53.5	70.3
Business-type activities										
Net investment in capital assets	11.1	10.2	13.0	13.3	14.2	15.9	18.8	21.9	22.2	24.1
Unrestricted	13.3	16.4	16.2	17.1	9.1	6.4	3.9	4.1	12.3	18.4
Total business-type activities net position	24.4	26.6	29.2	30.4	23.3	22.3	22.7	26.0	34.5	42.5
Primary government										
Net investment in capital assets	57.5	54.8	60.2	60.2	60.3	61.9	66.4	69.9	73.5	78.0
Restricted	14.7	6.9	13.2	13.4	25.4	26.2	29.8	30.2	28.6	42.1
Unrestricted	13.3	28.9	24.9	31.3	(15.5)	(13.6)	(15.5)	(21.8)	(14.1)	(7.4)
Total primary government net position	85.5	90.6	98.3	104.9	70.2	74.5	80.7	78.3	88.0	112.7

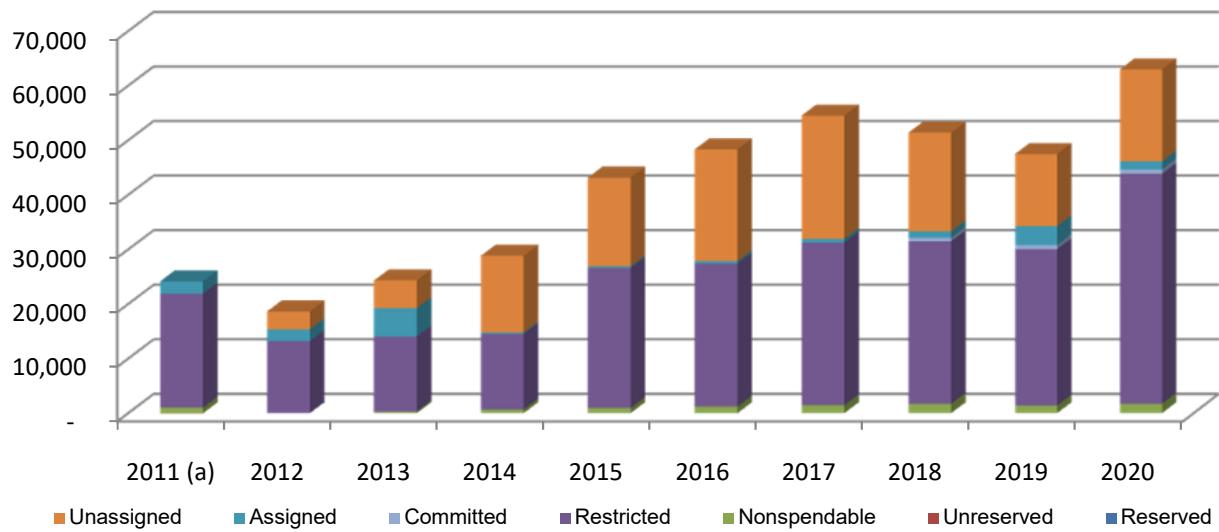
CITY OF MILLBRAE
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Dollars in millions)

Expenses	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
General Government	2.3	4.1	3.2	3.2	3.4	5.6	4.3	3.7	3.6	5.8
Public Safety	11.7	12.1	10.8	10.4	11.6	13.0	16.3	16.0	19.1	16.7
Public Works	2.4	1.1	2.7	2.5	3.0	3.0	4.3	5.1	4.6	4.2
Culture and Recreation	1.2	1.1	1.0	1.4	1.2	3.1	3.3	4.0	4.2	4.0
Community Development	6.3	2.9	2.7	3.6	4.3	3.2	3.0	2.9	3.7	3.3
Interest on Long-Term Debt	2.1	2.0	1.5	1.4	1.4	1.4	1.4	1.4	1.3	1.3
Total Governmental Activities Expenses	26.0	23.3	21.9	22.5	24.9	29.3	32.6	33.1	36.5	35.4
Business-Type Activities:										
Municipal Water System	5.1	5.9	6.4	6.5	6.7	8.4	8.4	7.4	7.2	7.4
Municipal Wastewater										
Treatment Facility	5.4	6.7	6.6	8.2	7.9	8.6	8.4	9.1	9.2	10.2
Storm Drain	0.5	0.5	0.4	0.5	0.4	0.3	0.8	0.9	1.0	1.0
Total Business-Type Activities Expenses	11.0	13.1	13.4	15.2	15.0	17.3	17.6	17.4	17.4	18.6
Total Primary Government Expenses	37.0	36.4	35.3	37.7	39.9	46.6	50.2	50.5	53.9	54.0
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	1.2	1.5	2.4	2.4	2.2	0.8	2.4	1.9	0.8	0.8
Public Safety	1.9	1.8	0.8	1.8	1.9	1.9	0.3	0.3	1.3	1.2
Public Works	0.4	0.4	1.1	0.4	0.5	0.5	0.7	0.7	1.3	0.9
Culture and Recreation	1.0	1.0	1.0	0.9	0.9	0.9	0.6	0.5	0.6	0.5
Community Development	3.6	1.1	1.0	1.0	2.0	1.7	1.3	1.6	1.6	1.6
Capital Grants and Contributions	-	-	-	-	-	-	-	0.3	-	13.3
Operating Grants and Contributions	1.1	0.8	1.6	0.9	1.0	0.9	5.1	2.2	1.7	1.3
Total Government Activities	9.2	6.6	7.9	7.4	8.5	6.7	10.4	7.5	7.3	19.6
Business-Type Activities:										
Charges for Services:										
Municipal Water System	5.8	6.2	6.7	7.0	6.2	6.0	5.7	8.2	10.2	11.3
Municipal Wastewater										
Treatment Facility	8.4	8.4	8.5	8.6	8.4	9.9	11.2	12.2	13.6	13.4
Storm Drain	0.3	0.3	0.2	0.3	0.4	0.3	0.3	0.3	0.3	0.5
Total Business-Type Activities	14.5	14.9	15.4	15.9	15.0	16.2	17.2	20.7	24.1	25.3
Total Primary Government	23.7	21.5	23.3	23.3	23.5	22.9	27.6	28.2	31.4	44.9
Net (Expenses)/Revenue										
Governmental Activities	(16.8)	(16.7)	(14.0)	(15.1)	(16.4)	(22.6)	(22.2)	(25.6)	(29.3)	(15.7)
Business-Type Activities	3.5	1.8	2.1	0.7	-	(1.1)	(0.4)	3.3	6.7	6.6
Total Primary Government Net Expense	(13.3)	(14.9)	(11.9)	(14.4)	(16.4)	(23.7)	(22.6)	(22.3)	(22.6)	(9.1)

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other										
Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	13.4	10.9	9.2	10.1	10.8	11.4	12.0	12.5	13.4	14.6
Sales Taxes	2.2	2.2	2.2	2.3	2.7	2.8	2.8	3.1	3.3	2.9
Motor Vehicle in Lieu	0.1	-	-	-	-	-	-	-	-	-
Transient Occupancy Tax	3.7	3.9	5.0	6.1	7.5	8.2	8.0	8.5	8.8	6.4
Franchise Tax	1.0	1.0	0.9	1.2	1.0	1.1	1.2	1.1	1.1	1.1
Miscellaneous	0.3	0.2	0.8	0.1	0.4	1.4	2.0	1.8	1.8	2.4
Interest Earnings	0.2	0.2	0.4	0.4	0.3	0.7	0.2	0.3	1.3	2.2
Other Taxes	0.6	0.7	0.7	0.8	0.8	1.2	1.3	1.5	1.5	1.6
Transfers	(0.3)	(0.2)	(0.1)	(0.2)	0.4	0.1	(0.6)	(1.1)	(0.7)	(0.9)
Extraordinary item	-	0.8	-	-	-	-	1.3	-	-	2.3
Total Government Activities	21.2	19.7	19.1	20.8	23.9	26.9	28.2	27.7	30.6	32.5
Business-Type Activities:										
Interest Earnings	0.1	0.2	0.2	0.2	-	0.3	0.1	0.2	0.9	0.5
Miscellaneous	-	-	0.1	-	-	-	-	-	-	-
Transfers and Other	0.3	0.2	0.1	0.2	(0.4)	(0.1)	0.6	1.1	0.7	0.9
Total Business-Type Activities	0.4	0.4	0.4	0.4	(0.4)	0.2	0.7	1.3	1.6	1.4
Total Primary Government	21.6	20.1	19.5	21.2	23.5	27.1	28.9	29.0	32.2	33.9
Change in Net Position										
Governmental Activities	4.3	2.9	5.0	5.6	7.5	4.2	5.8	2.0	1.3	16.8
Business-Type Activities	3.9	2.1	2.6	1.2	(0.4)	(0.9)	0.4	4.7	8.3	8.0
Total Primary Government	8.2	5.0	7.6	6.8	7.1	3.3	6.2	6.7	9.6	24.7

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



	June 30,				
	2011 ^(a)	2012	2013	2014	2015
General Fund					
Nonspendable	1,040,100	29,860	298,057	672,576	932,312
Assigned	2,264,565	2,171,454	5,205,122	236,452	308,378
Unassigned	788,991	3,291,888	5,057,221	14,066,917	16,252,132
Total General Fund	4,093,656	5,493,202	10,560,400	14,975,945	17,492,822
 All Other Governmental Funds					
Restricted	20,860,686	13,174,286	13,751,243	13,864,731	25,661,566
Unassigned	(1,228,417)	(23,248)	-	-	(233,445)
Total all other govermental funds	\$ 19,632,269	\$ 13,151,038	\$ 13,751,243	\$ 13,864,731	\$ 25,428,111
 General Fund					
2016	2017	2018	2019	2020	
Nonspendable	1,183,977	1,473,046	1,724,735	1,403,607	1,739,232
Assigned	431,927	653,077	1,191,686	3,456,045	1,468,994
Unassigned	20,501,961	22,716,226	18,066,825	13,227,169	16,863,829
Total General Fund	22,117,865	24,842,349	20,983,246	18,086,821	20,072,055
 All Other Governmental Funds					
Restricted	26,220,965	29,804,020	29,783,385	28,645,912	42,119,745
Committed	-	-	635,029	751,747	799,193
Unassigned	(16,988)	(128,354)	-	-	-
Total all other govermental funds	\$ 26,203,977	\$ 29,675,666	\$ 30,418,414	\$ 29,397,659	\$ 42,918,938

(a) - The change in total fund balance for the General Fund and other governmental funds is due to the implementation of GASB 54.

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

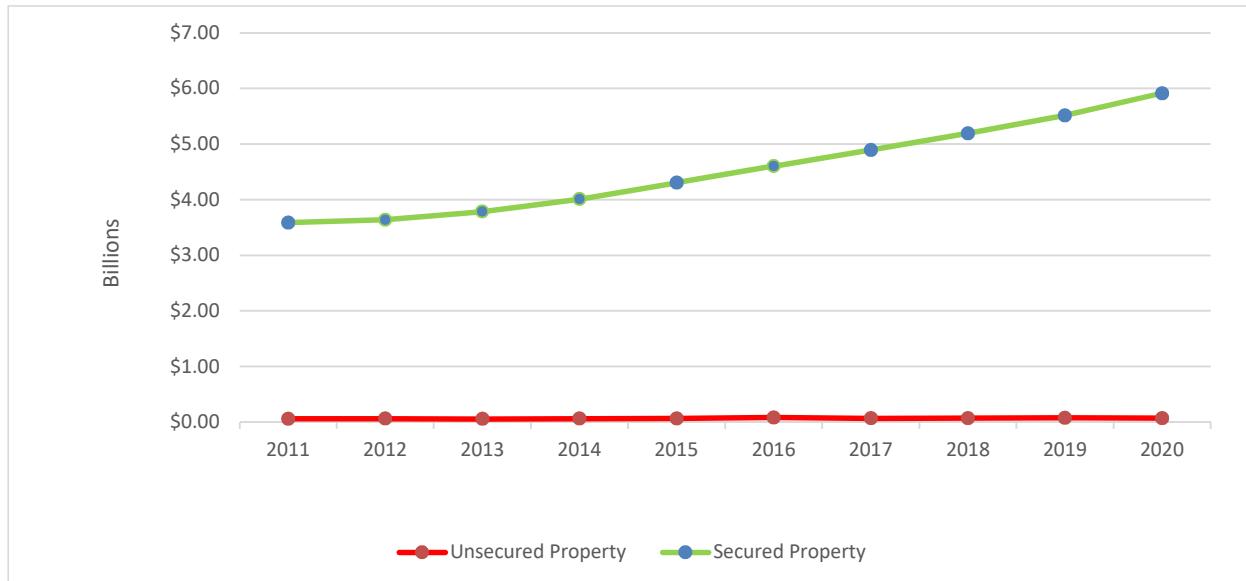
	2011	2012	2013
Revenue			
Taxes	20,876,511	18,724,073	17,879,783
Licenses, permits and fees	665,289	998,214	1,633,463
Charges for services	4,205,335	2,462,577	2,432,939
Fines and Forfeitures	1,313,498	1,223,209	1,165,881
Use of money and property	724,554	781,252	787,221
Grants and intergovernmental	1,798,705	808,281	1,968,688
Miscellaneous	834,417	665,205	1,063,882
Total Revenues	30,418,309	25,662,811	26,931,857
Expenditures			
Current:			
General government	1,796,972	2,160,416	2,614,832
Public safety	10,712,547	11,665,202	9,986,838
Public Works	1,620,416	1,780,137	1,954,495
Culture and recreation	1,105,585	1,055,993	934,198
Community development	5,862,770	4,234,460	2,319,047
Capital outlay	297,200	760,286	1,722,942
Debt service:			
Principal repayment	1,295,105	1,289,000	1,183,000
Interest and fiscal charges	1,158,685	1,102,398	611,307
Total Expenditures	23,849,280	24,047,892	21,326,659
Excess (deficiency) of revenues over (under) expenditures	6,569,029	1,614,919	5,605,198
Other Financing Sources (Uses)			
Transfers in	3,049,536	1,658,279	978,332
Transfers (out)	(4,895,301)	(2,006,475)	(916,127)
Premium on issuance of long-term debt	-	-	-
Long-term debt issuance	-	2,555,000	-
Payment to refunding escrow agent	-	(2,850,000)	-
Proceeds from insurance	-	-	-
Sale of capital assets	-	25,221	-
Total other financing sources (uses)	(1,845,765)	(617,975)	62,205
Net change in fund balances before extraordinary item	4,723,264	996,944	5,667,403
Extraordinary item	-	(6,078,629)	-
Net change in fund balances	4,723,264	(5,081,685)	5,667,403
Debt services as a percentage of noncapital expenditures	10.4%	10.9%	9.1%

Fiscal Year Ended June 30,

2014	2015	2016	2017	2018	2019	2020
20,491,692	22,869,151	25,305,817	25,736,381	27,319,013	29,019,266	27,533,455
843,018	864,939	669,389	612,279	651,132	842,787	545,742
2,540,041	3,842,299	2,888,755	2,437,313	2,303,966	2,854,067	15,326,309
1,261,992	464,115	1,584,307	1,550,814	1,296,068	1,187,345	1,096,915
1,067,420	1,277,810	1,210,899	956,301	1,082,150	1,802,835	2,797,825
1,975,155	2,173,280	373,409	955,343	655,832	484,843	1,185,193
422,202	584,381	1,392,308	1,727,033	1,815,007	1,823,647	2,353,434
28,601,520	32,075,975	33,424,884	33,975,464	35,123,168	38,014,790	50,838,873
2,659,058	3,079,194	4,907,667	3,747,857	4,709,913	4,710,426	4,428,761
10,385,421	11,339,762	12,373,974	13,759,054	15,683,208	17,303,089	15,380,748
1,589,400	1,771,152	2,052,366	3,782,092	4,338,142	4,409,164	3,653,969
1,134,919	1,122,374	2,941,985	3,189,469	3,802,998	4,080,803	4,109,442
3,292,345	3,897,871	2,707,551	2,850,662	2,625,076	3,547,974	3,330,402
827,351	1,034,074	1,188,912	2,337,047	4,526,373	3,564,160	3,762,806
1,436,000	1,304,000	1,360,000	1,417,000	1,477,000	1,543,000	1,613,000
511,310	500,834	490,680	479,177	462,679	442,834	419,318
21,835,804	24,049,261	28,023,135	31,562,358	37,625,389	39,601,450	36,698,446
6,765,716	8,026,714	5,401,749	2,413,106	(2,502,221)	(1,586,660)	14,140,427
2,110,769	1,755,350	1,373,422	1,266,671	2,401,521	1,845,000	1,757,304
(4,531,058)	(6,914,528)	(1,374,262)	(1,884,671)	(5,545,991)	(4,175,520)	(2,641,218)
454,096	-	-	-	-	-	-
9,745,000	-	-	-	-	-	-
(10,015,490)	-	-	-	-	-	-
-	-	-	-	1,202,745	-	-
-	-	-	-	3,000	-	2,250,000
(2,236,683)	(5,159,178)	(840)	(618,000)	(1,938,725)	(2,330,520)	1,366,086
4,529,033	2,867,536	5,400,909	1,795,106	(4,440,946)	(3,917,180)	15,506,513
-	-	-	4,401,067	-	-	-
4,529,033	2,867,536	5,400,909	6,196,173	(4,440,946)	(3,917,180)	15,506,513
9.2%	7.7%	6.9%	6.5%	5.8%	5.6%	6.2%

**CITY OF MILLBRAE
STATISTICS**

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**



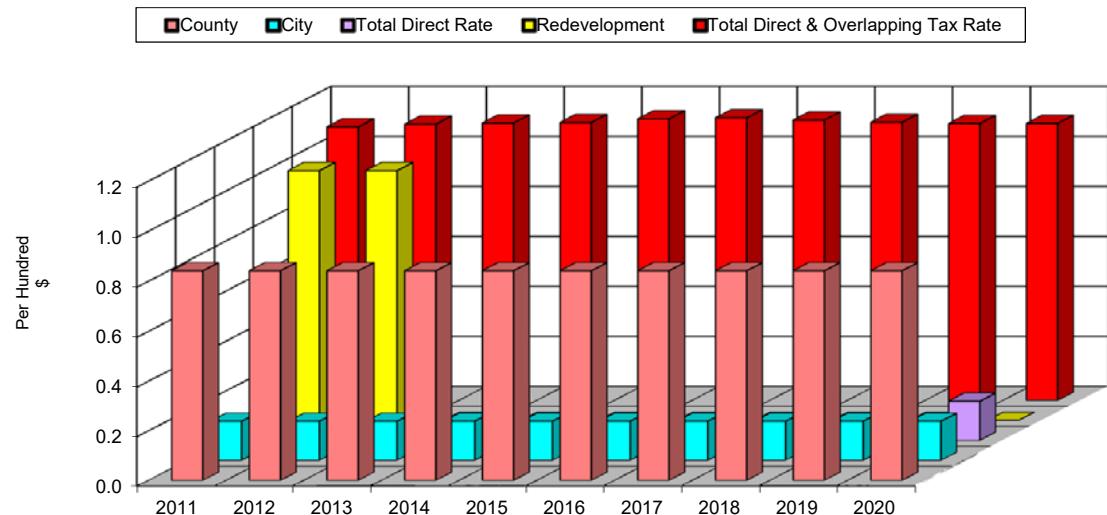
(a) The California State Constitution requires property to be assessed at one hundred percent (100%) of the most recent purchase price, plus an increment of no more than two percent (2%) annually, plus any local over-rides. These values are considered to be full market values.

(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)
2011	1.0000	0.0769	0.0176	1.0945	0.1579	0.8421	1.0000	0.27861
2012	1.0000	0.0877	0.0175	1.1052	0.1579	0.8421	1.0000	0.28129
2013	1.0000	0.0930	0.0169	1.1099	0.1579	0.8421	-	0.27960
2014	1.0000	0.0977	0.0143	1.1120	0.1579	0.8421	-	0.14259
2015	1.0000	0.1130	0.0135	1.1265	0.1579	0.8421	-	0.14225
2016	1.0000	0.1177	0.0129	1.1306	0.1579	0.8421	-	0.14187
2017	1.0000	0.1092	0.0122	1.1214	0.1579	0.8421	-	0.14091
2018	1.0000	0.1011	0.0117	1.1128	0.1579	0.8421	-	0.15790
2019	1.0000	0.0112	0.0964	1.1076	0.1579	0.8421	-	0.15790
2020	1.0000	0.0974	0.0108	1.1082	0.1579	0.8421	-	0.15790

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

Sources: Avenu Insights & Analytics
San Mateo County Assessor Annual Tax Increment Tables

**CITY OF MILLBRAE
STATISTICS**

TOP TEN PROPERTY TAXPAYERS

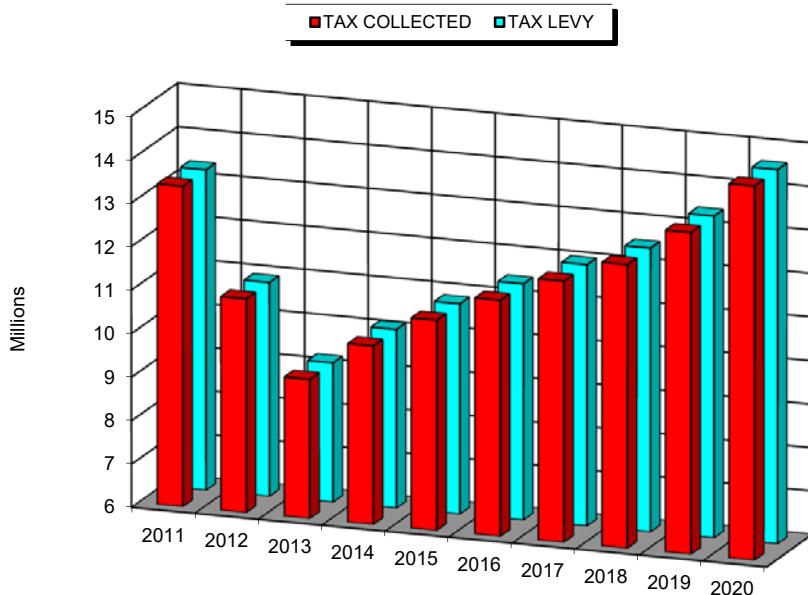
Top Property Owners Based on Net Values

Owner / Taxpayer	Fiscal Year 2019-20		Fiscal Year 2010-11	
	Taxable Assessed Value	Total Percent City Taxable Assessed Value	Taxable Assessed Value	Total Percent City Taxable Assessed Value
Westin Bay Hotel Company	117,089,241	1.97%	45,779,046	1.27%
Starwood S F Clarion Realty LLC	82,314,000	1.38%	22,300,000	0.62%
OR Property Holdings LLC	39,240,257	0.66%	33,782,500	0.93%
Rac Investment Group LLC	36,588,855	0.62%		
1201 Broadway Owner LLC	31,745,200	0.53%		
Magnolia Of Millbrae Inc.	30,839,125	0.52%	27,399,115	0.76%
Great Mountain Properties LLC	28,571,858	0.48%		
Rhc Assoc	18,231,088	0.31%		
Friend Friend Friend	16,816,838	0.28%	14,532,967	0.40%
Wilson Plaza LLC	13,584,489	0.23%		
Millbrae Paradise LLC			23,790,000	0.66%
Marymount Greenhills LLC			21,264,798	0.59%
Green Hills Country Club			16,891,612	0.47%
Braddock & Logan Grp LP			15,912,083	0.44%
Simeon Spvef LLC			14,984,065	0.41%
TOTAL TOP TEN	415,020,951	6.98%	236,636,186	6.55%
Total Secured Assessed Valuation:	<u>\$ 5,943,285.903</u>		<u>\$ 3,614,738,921</u>	

Source: Avenu Insights & Analytics, 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
2011	13,367,388	13,367,388	100.0%	54,280
2012	10,915,138	10,915,138	100.0%	52,564
2013	9,209,244	9,209,244	100.0%	42,975
2014	10,111,108	10,111,108	100.0%	47,636
2015	10,839,738	10,839,738	100.0%	40,187
2016	11,434,498	11,434,498	100.0%	45,289
2017	12,010,916	12,010,916	100.0%	47,110
2018	12,528,779	12,528,779	100.0%	44,112
2019	13,402,214	13,402,214	100.0%	57,221
2020	14,607,473	14,607,473	100.0%	61,640

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

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

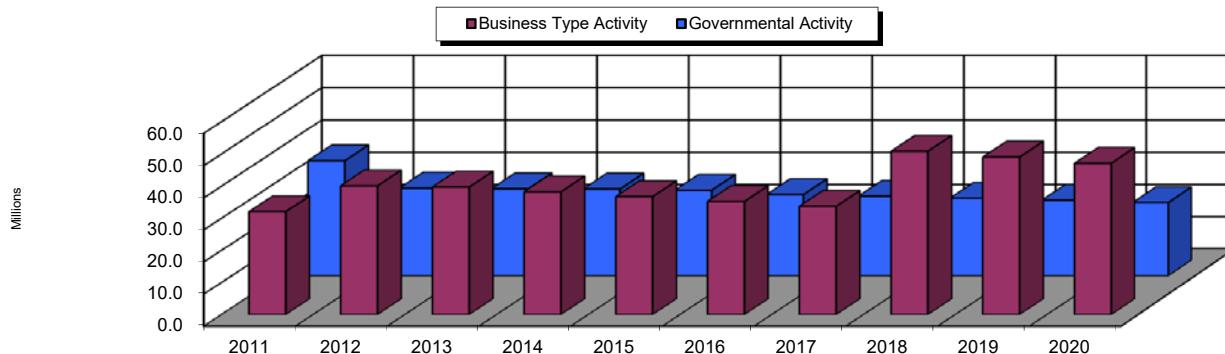
(b) to all taxing entities within a tax rate area. The City of Millbrae encompasses more than fifteen (15) tax rate areas. Under the Teeter Plan, the City of Millbrae receives 100% of the tax levy representing its share, and the County of San Mateo pursues any delinquencies.

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	Tax Allocation Bonds	Certificates of Participation	Special Assessment Debt	Lease Revenue Financing (a)	TOTAL
2011	10,160,000	14,819,095	7,985,000	2,850,000			35,814,095
2012	10,045,000	14,889,318			2,426,555		27,360,873
2013	9,915,000	14,934,475			2,263,000		27,112,475
2014	9,980,175	14,957,390			2,097,000		27,034,565
2015	9,791,255	14,950,473			1,923,000		26,664,728
2016	9,586,511	13,991,203			1,743,000		25,320,714
2017	9,366,768	13,880,379			1,556,000		24,803,147
2018	9,137,026	13,725,187			1,359,000		24,221,213
2019	8,887,281	13,522,022			1,156,000		23,565,303
2020	8,622,539	13,261,919			943,000		22,827,458

Business Type Activity

Fiscal Year	Certificates of Participation	State Revolving Loan (b)	TOTAL	Total Primary Government	Personal Income Percentage (c)	Per Capita (c)
2011	14,325,935	17,738,215	32,064,150	67,878,245	7.69%	3,054
2012	12,690,984	27,405,675	40,096,659	67,457,532	7.55%	2,984
2013	12,430,000	27,294,385	39,724,385	66,836,860	7.27%	2,955
2014	12,275,000	25,982,472	38,257,472	65,292,037	6.77%	2,822
2015	12,115,000	24,657,832	36,772,832	63,437,560	6.36%	2,738
2016	11,950,000	23,319,946	35,269,946	60,590,660	5.89%	2,658
2017	11,775,000	21,968,680	33,743,680	58,546,827	5.34%	2,562
2018	30,225,000	20,603,903	50,828,903	75,050,116	6.25%	3,242
2019	29,820,000	19,225,478	49,045,478	72,610,781	6.04%	3,134
2020	29,295,000	17,833,268	47,128,268	69,955,726	5.68%	3,065

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

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

(b) The 2005 Wastewater Bank Loan and the 2008 Subordinate Wastewater Revenue Note in the total amount of \$9,564,218 were paid in full with the issuance of the 2009 Certification of Participation Bonds (Series A & B). In 2010, the State Revolving Loan liability began.

(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	Percentage of Total City Taxable Assessed Value	Per Capita
2011	10,160,000	0.28%	460.37
2012	10,045,000	0.27%	451.91
2013	9,915,000	0.25%	438.62
2014	9,980,175	0.25%	441.27
2015	9,791,255	0.22%	423.20
2016	9,586,511	0.20%	413.78
2017	9,366,768	0.19%	410.90
2018	9,137,026	0.18%	399.80
2019	8,887,281	0.16%	383.83
2020	8,622,539	0.15%	377.65

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

**CITY OF MILLBRAE
STATISTICS**

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2020

2019-20 Assessed Valuation: \$5,972,250,503

	Total Debt 6/30/2020	% Applicable (1)	City's Share of Debt 6/30/19
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
San Mateo Community College District	\$766,683,503	2.50%	\$19,136,420
San Mateo Union High School District	623,906,623	7.150	44,609,324
Millbrae School District	52,554,527	57.987	30,474,794
City of Millbrae	8,305,000	100	8,305,000
California Statewide Communities Development Authority			
Assessment District No. 03-1, Glenborough/Pauls Project Area	1,256,966	100	1,256,966
California Statewide Communities Development Authority			
Assessment District No. 06-1, Park Broadway Project Area	1,265,842	100	1,265,842
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$105,048,346
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
San Mateo County General Fund Obligations	\$515,920,256	2.496%	\$12,877,370
San Mateo County Board of Education Certificates of Participation	7,505,000	2.496	187,325
City of Millbrae Lease Revenue Financing	943,000	100	943,000
City of Millbrae Pension Obligation Bonds (2)	13,261,919	100	13,261,919
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$27,269,614
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$5,610,000	100.00%	\$5,610,000
TOTAL DIRECT DEBT			\$22,509,919
TOTAL OVERLAPPING DEBT			\$115,418,041
COMBINED TOTAL DEBT (3)			\$137,927,960

(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 accreted interest.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2018-19 Assessed Valuation:

Direct Debt (\$8,887,281)	0.15%
Total Direct and Overlapping Tax and Assessment Debt	1.77%
Total Direct Debt (\$ 23,565,303)	0.42%
Combined Total Debt	2.39%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$962,160,414):

Total Overlapping Tax Increment Debt	0.60%
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Source: California Municipal Statistics, Inc.

**CITY OF MILLBRAE
STATISTICS**

COMPUTATION OF LEGAL BONDED DEBT MARGIN

June 30, 2020

ASSESSED VALUATION:

Secured Property Assessed Value	\$5,916,462,384
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$221,867,339
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AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	21,884,458
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Less Pension Obligation Bonds	(13,261,919)
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Amount of debt subject to the limit	8,622,539
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LEGAL BONDED DEBT MARGIN	\$213,244,800
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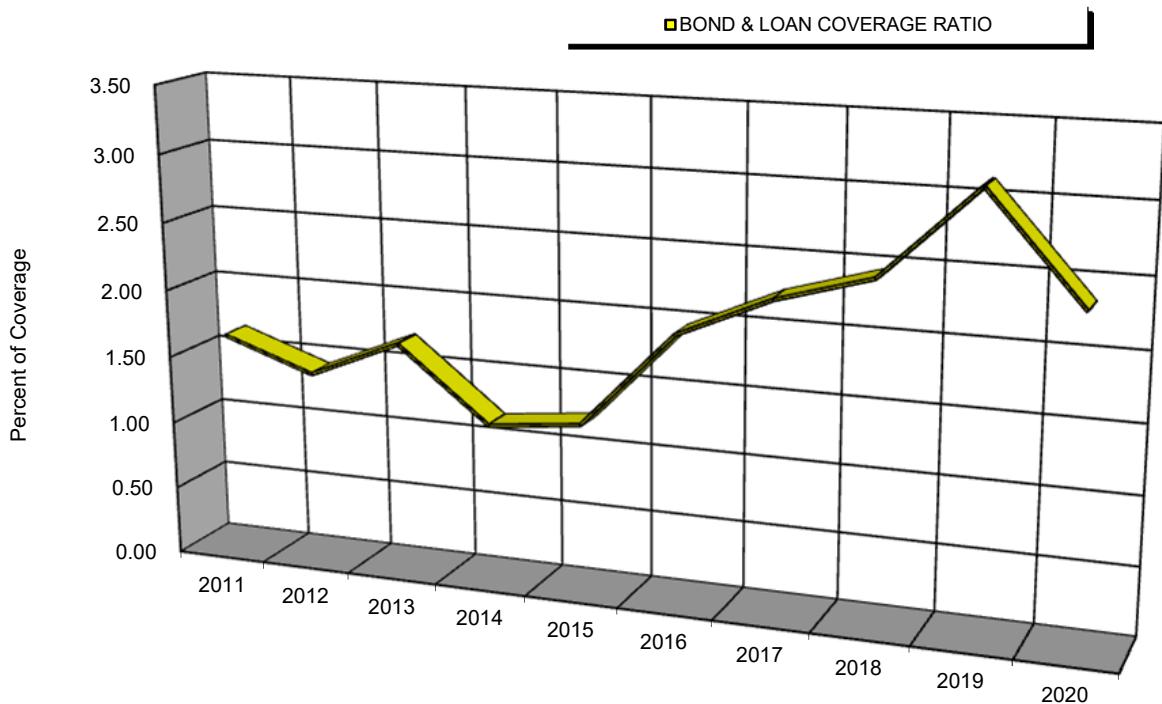
LAST TEN FISCAL YEARS

Fiscal Year	Debt Limit	Total Debt Subject to Limit	Legal Debt Margin	Percentage of Total Debt to Debt Margin
2011	134,571,731	10,160,000	124,411,731	8.17%
2012	136,469,733	10,045,000	126,424,733	7.95%
2013	142,509,037	9,915,000	132,594,037	7.48%
2014	150,354,058	9,980,175	140,373,883	7.11%
2015	161,482,460	9,791,255	151,691,205	6.45%
2016	172,708,306	9,586,511	163,121,795	5.88%
2017	183,662,349	9,366,768	174,295,581	5.37%
2018	194,829,921	9,137,026	185,692,895	4.92%
2019	206,847,948	8,887,281	197,960,667	4.49%
2020	221,867,339	8,622,539	213,244,800	4.04%

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

**CITY OF MILLBRAE
STATISTICS**

**SEWER FUND REVENUE BOND AND LOAN COVERAGE
SEWER AUTHORITY
LAST TEN FISCAL YEARS**



Fiscal Year	Gross Revenue (a)	Operating Expenditures (b)	Funds Available for Debt Service	Debt Service Requirements			BOND & LOAN COVERAGE RATIO
				Principal	Interest	Total	
2011	8,449,800	4,732,371	3,717,429	1,600,000	657,098	2,257,098	1.65
2012	8,496,612	5,302,863	3,193,749	1,630,000	624,798	2,254,798	1.42
2013	8,730,438	4,774,522	3,955,916	1,458,041	868,456	2,326,497	1.70
2014	8,699,499	5,668,142	3,031,357	1,466,913	1,131,503	2,598,416	1.17
2015	8,413,669	5,505,422	2,908,247	1,484,640	859,247	2,343,887	1.24
2016	10,123,692	5,562,583	4,561,109	1,502,886	838,469	2,341,355	1.95
2017	11,274,570	6,003,585	5,270,985	1,526,266	814,951	2,341,217	2.25
2018	12,378,916	6,644,016	5,734,900	1,544,778	793,882	2,338,660	2.45
2019	14,541,633	6,589,159	7,952,474	1,783,425	775,988	2,559,413	3.11
2020	13,826,448	7,566,724	6,259,724	1,917,210	753,528	2,670,738	2.34

Note:

(a) Includes all Wastewater Operating Revenues, Non-operating Interest Revenue, and Connection Fees

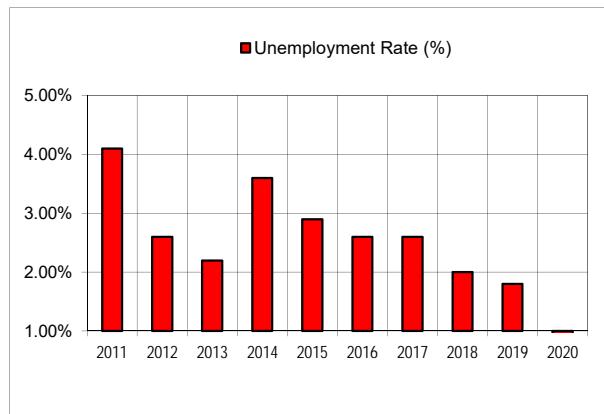
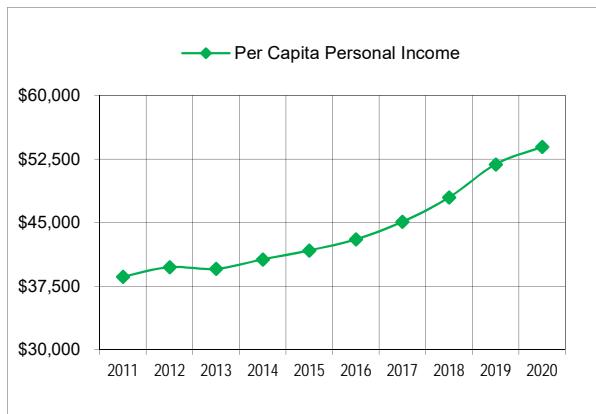
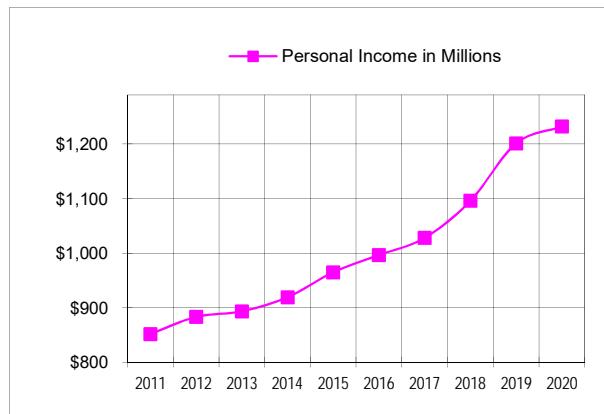
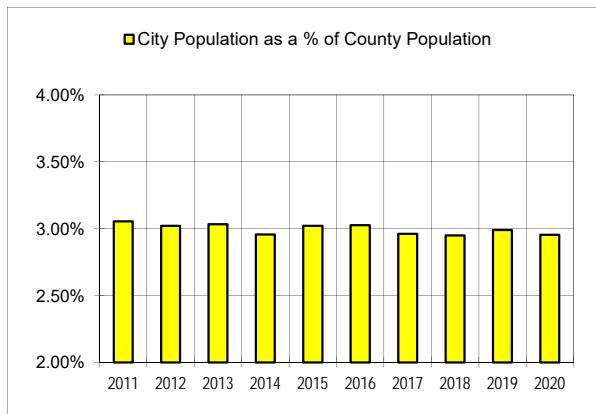
(b) Includes Wastewater Operating Expenditures exclusive of depreciation

Source: City of Millbrae Financial Records

CITY OF MILLBRAE STATISTICS

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS



Calendar Year	City Population	San Mateo County Population	City Population % of County Population	Personal Income in Millions	Per Capita Personal Income	Unemployment Rate (%)
2011	22,069	722,372	3.06%	\$852.0	\$38,604	4.1%
2012	22,228	735,678	3.02%	\$883.2	\$39,735	2.6%
2013	22,605	745,193	3.03%	\$893.6	\$39,530	2.2%
2014	22,617	765,135	2.96%	\$919.3	\$40,647	3.6%
2015	23,136	766,041	3.02%	\$965.1	\$41,713	2.9%
2016	23,168	765,895	3.02%	\$996.7	\$43,019	2.6%
2017	22,796	770,256	2.96%	\$1,027.9	\$45,089	2.6%
2018	22,854	774,155	2.95%	\$1,096.0	\$47,958	2.0%
2019	23,154	774,485	2.99%	\$1,201.0	\$51,880	1.8%
2020	22,832	773,244	2.95%	\$1,232.0	\$53,958	10.8%*

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

*Unemployment Rate is due to the unprecedented COVID-19 pandemic

**CITY OF MILLBRAE
STATISTICS**

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

	Fiscal Year 2019-20			Fiscal Year 2010-11		
	Number of Employees	Rank	Percent of city Labor Force	Number of Employees	Rank	Percent of city Labor Force
Millbrae Elementary School District	246	1	2.1%	185		1.9%
San Francisco PUC*	231	2	1.9%	150		1.6%
Westin Hotel - San Francisco Airport	144	3	1.2%	160		1.7%
Magnolia of Millbrae, Inc	122	4	1.0%	108		1.1%
Mills High School**	114	5	1.0%	113		1.2%
Millbrae Skilled Care (A&C Health Care Services)	113	6	0.9%	158		1.6%
Cadence Living Millbrae	110	7	0.9%			
City of Millbrae	109	8	0.9%	143		1.5%
Safeway	106	9	0.9%			
Best Western El Rancho Inn and Suites	97	10	0.8%	135		1.4%
Kohl's Department Stores				92		1.0%
Walgreens				86		9.0%
TOTAL:	1,392		11.2%	1,330		13.90%
City Labor Force (4)			12,000			9,600

(1) San Francisco Public Utilities Commission (PUC) employee count at the Millbrae Location only

(2) Millbrae Skilled care was previously known as A & C Healthcare

(3) San Mateo Union High School District employee count at Mills High School only

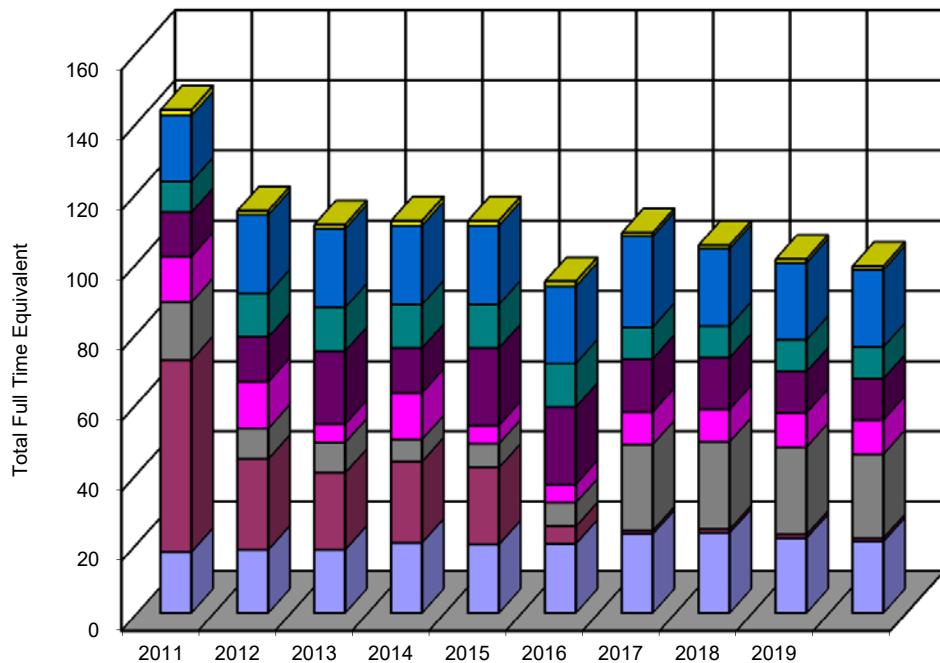
(4) State of California Employment Development Department Labor Force Data

(5) The City of Millbrae's number of employees were assessed based on the last payroll of June, 2020. All employees including part-time employees were included.

**CITY OF MILLBRAE
STATISTICS**

**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS**

General Government	Public Safety	Public Works
Community Development	Culture / Recreation	Water
Sanitation	Solid Waste	



Function / Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	17.50	18.15	18.15	20.15	19.65	19.85	22.65	23.00	21.50	20.50
Public Safety	54.75	26.00	22.00	23.25	22.00	5.00	1.00	1.00	1.00	1.00
Public Works	16.50	8.65	8.65	6.29	6.79	6.79	24.59	25.00	25.00	24.00
Community Development	13.00	13.25	5.25	13.25	5.25	5.25	9.25	9.25	9.75	9.75
Culture / Recreation	12.66	12.79	20.79	12.79	22.04	22.04	15.15	14.75	11.75	11.75
Water	8.75	12.39	12.39	12.39	12.39	12.39	9.00	9.00	9.00	9.00
Sanitation	18.75	22.45	22.45	22.45	22.45	21.95	25.91	22.00	22.00	22.00
Solid Waste	1.60	1.11	1.11	1.37	1.37	1.37	0.95	1.00	1.00	1.00
TOTAL	143.51	114.79	110.79	111.94	111.94	94.64	108.50	105.00	101.00	99.00

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)

Source: City of Millbrae Budget / Position Allocation

**CITY OF MILLBRAE
STATISTICS**

OPERATING INDICATORS BY FUNCTION / PROGRAM

LAST TEN FISCAL YEARS

Function / Program	2011	2012	2013	2014
Public Safety				
Fire				
Emergency Responses (a)	2,764	2,683	2,735	2,680
Primary Fire Inspections	527	639	602	388
Police				
Police Calls for Service	20,706	17,876	14,837	13,924
Part I and Part II Crimes	1,273	1,157	1,367	1,189
Physical Arrests (adult and juvenile)	677	576	445	558
Traffic Violations	2,139	1,834	1,932	1,171
Parking Violations	9,030	5,562	6,707	6,694
Public Works				
Street Resurfacing (miles) (b)	0	1	0	0
Potholes Repaired (square miles)	0.0009	0.0008	0.0004	0.0009
Culture and Recreation				
Community Services				
Recreation Class Participants	5,443	6,239	6,162	5,305
Library				
Volumes in Collection	109,595	110,550	113,345	105,796
Total Volumes Borrowed	578,739	550,956	548,010	501,348
Water				
Water Service Connections	6,499	6,546	6,549	6,540
Water Main Breaks	8	8	11	10
Average Daily Consumption (gallons)	2,075,149	2,024,473	2,110,022	2,097,301
Sanitation				
Sewer Service Connections	6,499	6,546	6,549	6,560
Storm Drain Inlets	700	700	868	868
Sewer Main Blockages	8	6	2	1
Average Daily Treatment (gallons)	1,560,602	1,481,000	1,610,000	1,498,000
Solid Waste				
Recyclables Processed (tons per year)	2,831	2,681	2,817	2,566

(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.

Source: City of Millbrae

2015	2016	2017	2018	2019	2020
2,914	7,322	7,668	6,584	7,493	6,574
546	1,179	1,454	1,528	1,366	1,152
14,721	14,783	16,744	17,171	17,638	17,773
1,302	1,329	1,479	1,601	1,065	1,291
735	716	614	670	715	415
1,601	1,366	1,904	1,822	3,202	2,171
5,235	5,360	4,086	5,256	4,200	4,030
4	0	0.8	0	4.8	0.3
0.0010	0.0010	0.0010	0.0011	0.2413	0.2154
7,775	5,978	4,165	4,350	4,957	3,010
116,959	124,000	107,287	96,629	81,699	79,773
498,492	466,531	450,113	412,597	500,339	349,281
6,568	6,556	6,547	6,570	6,550	6,546
10	9	10	10	7	8
1,888,136	1,598,519	1,901,364	2,034,671	1,945,366	1,292,977
6,568	6,556	6,547	6,348	6,550	6,550
868	868	868	868	868	868
6	5	5	10	4	2
1,280,000	1,600,000	1,863,000	1,300,000	1,940,000	1,730,000
2,612	2,597	2,674	2,583	2,548	2,648

**CITY OF MILLBRAE
STATISTICS**

CAPITAL ASSETS BY FUNCTION / PROGRAM

LAST TEN FISCAL YEARS

Function / Program	2011	2012	2013	2014
Public Safety (a)				
Fire Station	2	2	2	2
Police Station	1	1	1	1
Police Patrol Unit	17			
Public Works				
Miles of Streets (lane miles)	110	110	110	110
Street Lights	1,250	1,250	1,250	1,250
Traffic Signals	5	5	5	6
Roadway Landscaping Acreage	2	2	2	2
Culture and Recreation				
Community Services				
City Parks	14	14	14	14
City Park Acreage	104	104	104	104
Regional Park Facilities:				
Clubhouse / Banquet Facility	2	2	2	2
Historic House	2	2	2	2
Community Center (b)	1	1	1	1
Senior Center	1	1	1	1
Community Gardens	1	1	1	1
City Trail	1	1	1	1
City Trail Miles	3	3	3	3
Playgrounds	6	6	6	6
Tennis Court	4	4	4	4
Baseball / Softball Diamond	5	5	5	9
Soccer / Football Field	1	1	1	3
Library				
City Library	1	1	1	1
Water				
Miles of Water Mains	70	70	70	70
Fire Hydrants	545	545	545	545
Storage Capacity (gallons)	2,360,000	2,360,000	2,360,000	2,360,000
Sanitation				
Miles of Sanitary Sewers	56	56	56	56
Miles of Storm Sewers	21	21	21	21
Treatment Plant	1	1	1	1
Treatment Capacity (gallons)	3,000,000	3,000,000	3,000,000	3,000,000

(a) In 2012, the Police Department and Fire 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.

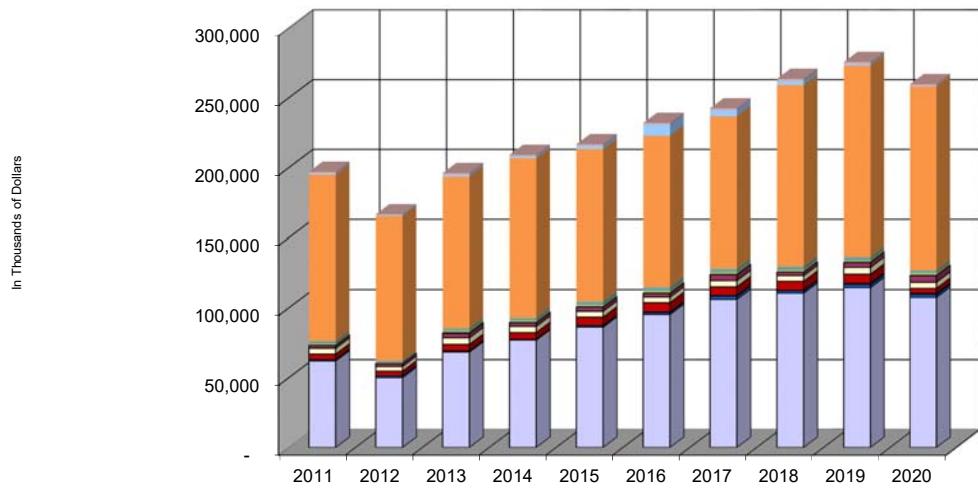
Source: City of Millbrae / GIS System

2015	2016	2017	2018	2019	2020
2	2	2	2	2	2
1	1	1	1	1	1
110	110	110	110	110	110
1,250	1,250	1,250	1,250	1,250	1,250
5	5	5	5	5	5
2	2	2	2	2	2
14	14	14	14	14	14
104	104	104	104	104	104
2	2	2	2	2	2
2	2	2	2	2	2
1	1	-	-	-	1
1	1	1	1	1	0
					1
1	1	1	1	1	1
3	3	3	3	3	3
6	6	6	6	6	6
4	4	4	4	4	3
9	9	9	9	9	9
3	3	3	3	3	3
1	1	1	1	1	1
70	70	70	70	70	70
545	545	545	545	545	545
2,360,000	2,360,000	2,360,000	2,360,000	2,360,000	2,360,000
56	56	56	56	56	56
21	21	21	21	21	21
1	1	1	1	1	1
3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000

CITY OF MILLBRAE STATISTICS

TAXABLE SALES BY CATEGORY

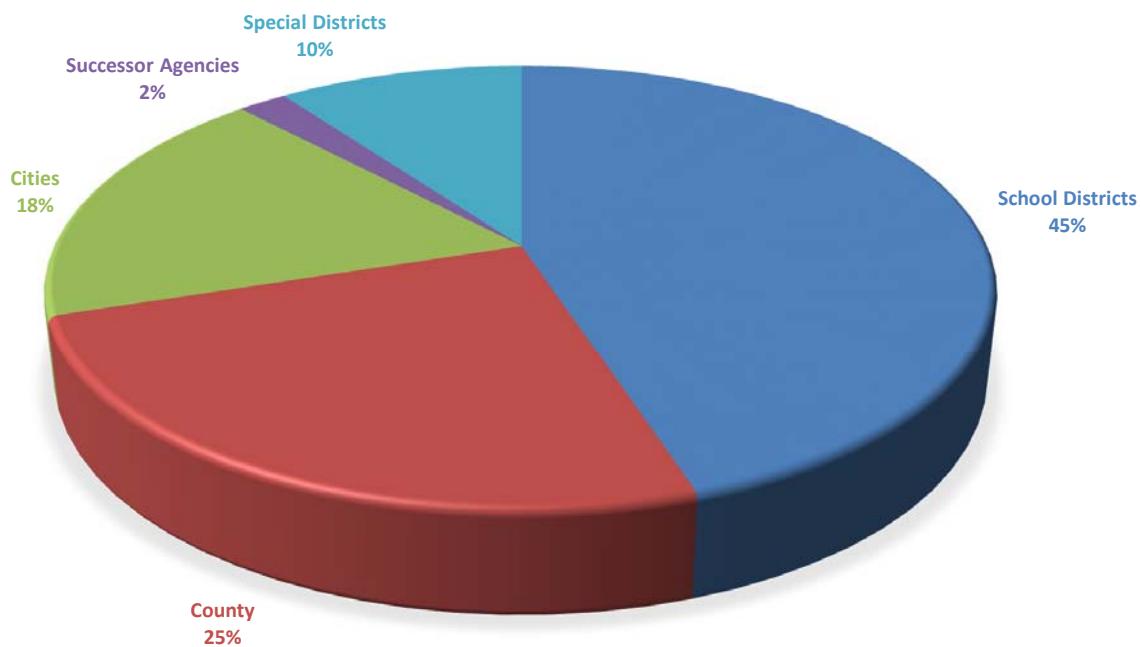
LAST TEN CALENDAR YEARS



CDTFA NAICS SECTOR - Category name	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Accommodation and Food Services	61,866	49,993	68,244	76,866	86,104	95,179	106,050	110,471	114,473	107,441
Agriculture, Forestry, Fishing and Hunting	1,081	1,330	912	601	1,062	1,412	2,258	1,679	2,225	2,077
Arts, Entertainment, and Recreation	-	-	35	75	183	313	385	335	802	895
Construction	3,730	3,305	4,392	4,630	5,874	6,664	6,185	6,445	6,437	3,435
Educational Services	135	49	213	116	103	114	115	61	161	90
Information	4177	3,272	4,676	4,403	4,175	3,940	4,462	4,019	4,757	4,335
Manufacturing	2,001	2,119	3,206	2,707	3,086	2,804	4,273	2,471	3,596	4,772
Mining, Quarrying, and Oil and Gas Extraction	95	3	301	5	16	14	9	9	81	58
Other Services (except Public Administration)	1,506	939	1,821	1,704	1,760	2,063	2,230	2,005	1,850	2,126
Professional, Scientific, and Technical Services	394	139	179	121	123	118	190	455	271	181
Real Estate and Rental and Leasing	1,056	829	1,221	1,315	1,639	1,795	1,563	1,469	1,432	1,140
Retail Trade	118,825	103,463	108,224	113,923	109,067	108,313	109,023	129,615	136,837	131,197
Utilities	938	759	1,279	1,399	2,289	7,861	4,371	2,916	1,007	206
All Other NAICS Sectors	1,092	283	1,267	1,137	1,160	1,289	1,242	1,512	1,571	1,645
Grand Total	196,895	166,484	195,969	209,003	216,642	231,880	242,357	263,462	275,499	259,597

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	45.00%
County	25.00%
Cities	18.00%
Successor Agencies	2.00%
Special Districts	10.00%
Total	100.00%

The chart shows the distribution of the 1% general tax, based on the assessed value, for the fiscal year 2019-20.

Source: San Mateo County Assessor