

**CITY/COUNTY ASSOCIATION
OF GOVERNMENTS
OF SAN MATEO COUNTY, CALIFORNIA**

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2015

CITY/COUNTY ASSOCIATION
OF GOVERNMENTS
OF SAN MATEO COUNTY, CALIFORNIA

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2015

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CITY/COUNTY ASSOCIATION OF GOVERNMENTS OF
SAN MATEO COUNTY, CALIFORNIA

JUNE 30, 2015

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INDEPENDENT AUDITORS' REPORT

To the Governing Board of the City/County Association
Of Governments of San Mateo County
San Mateo, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City/County Association of Governments of San Mateo County (C/CAG) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the C/CAG'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the C/CAG as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



To the Governing Board of the City/County Association
Of Governments of San Mateo County
San Mateo, California

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison information, the schedule of proportionate share of the net pension liability, and the schedule of Plan contribution 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015 on our consideration of the C/CAG'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 C/CAG's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
December 11, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The information presented in the "Management's Discussion and Analysis" is intended to be a narrative overview of the City/County Association of Governments of San Mateo County (C/CAG) financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the basic financial statements.

FINANCIAL STATEMENT OVERVIEW

This discussion and analysis is intended to serve as an introduction to the C/CAG Annual Financial Report. The C/CAG basic financial statements are comprised of four components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, 3) Notes to the Financial Statements, and 4) Required Supplementary Information.

FINANCIAL HIGHLIGHTS

- C/CAG total net position was \$18.46 million, an increase of \$0.01 million or 0.06%.
- The combined C/CAG revenues were \$15.33 million, a decrease of \$4.48 million or 22.60%.
- The combined C/CAG expenditures were \$15 million, a decrease of \$3.41 million or 18.51%.

Government-wide Financial Statements: The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the C/CAG finances. These statements include *all* assets and liabilities, using the full *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All revenues and expenses related to the current fiscal year are included regardless of when the funds are received or paid.

- The *Statement of Net Position* presents all of the C/CAG assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator to determine whether the financial position of the Agency is improving or deteriorating.
- The *Statement of Activities* presents information showing how the C/CAG net position changed during the fiscal year. All changes in net position (revenues and expenses) are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Accordingly, revenues and expenses are reported in this statement for items that will result in cash flows in future fiscal periods (e.g., uncollected revenues, and accrued but unpaid interest expenses).

The services of the Agency are considered to be governmental activities including General and special purpose Government. All Agency activities are financed with investment income, City/County fees, State/Federal/ Regional grants, Motor Vehicle Fees, and County discretionary State/ Federal Transportation funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements: A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Agency used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the C/CAG activities are reported in governmental funds. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental Fund Financial Statements provide a detailed view of the C/CAG operations. Governmental fund information helps to determine the amount of financial resources used to finance the C/CAG programs.

Notes to the Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the Government-wide and Fund Financial Statements.

Required Supplementary Information: In addition to the basic financial statements and accompanying notes, this section contains C/CAG's budgetary comparison schedules for all major governmental funds and C/CAG's obligation for the provision of pension to its employees.

FINANCIAL ANALYSIS

Statement of net position is the excess of all the C/CAG's assets and deferred outflows of resources over liabilities and deferred inflows of resources. Net position may over time serve as a useful indicator of C/CAG financial position. The following table summarizes C/CAG's net position change from this year to last year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Table 1
Statement of Net Position
June 30, 2015 and June 30, 2014**

	2015		2014	\$ Change	% Change
Cash and investments (note 2)	\$ 17,300,222	\$	19,089,318	\$ (1,789,096)	-9.37%
Accounts receivable and other assets	4,050,031		3,617,740	432,291	11.95%
Total Assets	21,350,253		22,707,058	(1,356,805)	-5.98%
Deferred outflows related to pension	49,003		-	49,003	100%
Total Deferred Outflow	49,003		-	49,003	100%
Current and other liabilities	2,569,448		4,218,085	(1,648,637)	-39.08%
Long-term obligations	286,324		43,823	242,501	553.36%
Total Liabilities	2,855,772		4,261,908	(1,406,136)	-32.99%
Deferred inflows related to pension	89,566		-	89,566	100%
Total Deferred Inflow	89,566		-	89,566	100%
Net Position:					
Restricted	\$ 18,683,845	\$	18,415,474	\$ 268,371	1.46%
Unrestricted	(226,927)		29,676	(256,603)	864.68%
Total Net Position	\$ 18,456,918	\$	18,445,150	\$ 11,768	0.06%

Statement of Net Position (Table 1) Change:

The total net position is \$18.46 million, an increase of \$0.01 million, or 0.06% from the prior fiscal year. Significant changes during the fiscal year are as follows:

The Governmental Accounting Standards Board (GASB) issued Statement No.68 (Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27) and No. 71 (Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68) that requires all government entities to change the accounting and financial reporting of the unfunded pension obligations. As a result, C/CAG's long-term obligations and pension related deferred inflows and outflows have increased by \$0.28 million in the fiscal year 2014-2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The increase in pension liabilities is offset by the decrease of \$1.65 million in current liabilities that is mainly due to the timing of Measure M and AB1546 fund distribution to member agencies.

The net decrease of \$1.36 million is related to a decrease of \$1.79 million in cash and investment and an increase of \$0.43 million in accounts receivable. The program AB1546 expired in the fiscal year 2012-2013 but still had unspent cash balance of \$4.37 million. During the fiscal year 2014-2015, C/CAG spent \$1.34 million for the AB1546 fund. The remaining decrease of \$0.45 million in cash and investment is associated with payments to Transportation Fund for Clean Air (TFCA) project. The accounts receivable increase is due to the timing of receipt reimbursement from Bay Area Air Quality Management District.

The majority of C/CAG's net position is subject to external restrictions, such as grantor's stipulations or enabling legislation, on how they may be used. The restricted assets were \$18.68 million of the total net position. Of this amount, \$6.87 million is restricted for Congestion Management Program, \$6.79 million is restricted for Measure M, \$2.99 million is restricted for AB1546 and \$1.66 million is restricted for NPDES. The remaining amount related to other programs.

Unrestricted net position can be used to finance day-to-day operations without constraints established by other legal requirements or restrictions. Due to the implementation of the new GASB requirements for pension obligation, the unrestricted net position has a negative balance of \$0.23 million.

Statement of Activities and Changes in Net Position

The Statement of Activities presents program revenues and expenses, and general revenues in detail. All of these are elements in the Changes in Governmental Net Position summarized in Table 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Table 2
Statement of Activities and Changes in Net Position
June 30, 2015 and June 30, 2014**

	2015	2014	\$ Change	% Change
Revenues				
Program Revenues:				
Charges for services	\$ 11,227,087	\$ 12,312,217	\$ (1,085,130)	-8.81%
Operating grants and contributions	4,023,869	7,363,654	(3,339,785)	-45.35%
General Revenues:				
Investment Income	82,495	134,697	(52,202)	-38.76%
Total Revenues	\$ 15,333,451	\$ 19,810,568	\$ (4,477,117)	-22.60%
Expenses				
Congestion management	4,284,512	6,978,216	(2,693,704)	-38.60%
Abandoned vehicle abatement	20,586	540,937	(520,351)	-96.19%
Measure M	6,238,245	6,427,286	(189,041)	-2.94%
Air quality (BAAQMD)	923,879	1,043,456	(119,577)	-11.46%
NPDES stormwater	1,346,323	1,444,514	(98,191)	-6.80%
General government	488,993	545,591	(56,598)	-10.37%
Energy Watch	623,270	668,881	(45,611)	-6.82%
AB 1546	1,077,979	763,643	314,336	41.16%
Total Expenses	15,003,787	18,412,524	(3,408,737)	-18.51%
Inc (Dec) in Net Position	\$ 329,664	\$ 1,398,044	\$ (1,068,380)	-76.42%
Beginning Net Position	18,445,150	17,047,106	1,398,044	8.20%
Restatement	(317,896)		(317,896)	100%
Ending Net Position	\$ 18,456,918	\$ 18,445,150	\$ 11,768	0.06%

The overall change in net position in current fiscal year is an increase of \$0.33 million. The reasons for significant changes in the revenues and expenses are as follows:

Due to the implementation of the new GASB requirements for pension obligation, C/CAG was required to restate the beginning net position by \$0.32 million. See Note 5 to the financial statements for further detail.

The combined amount of charges for services decreased by \$1.09 million or 8.81% compared to prior year. Congestion Management Program decreased \$0.72 million which is mainly due to a decrease in reimbursement for the Traffic Light Synchronization (TLSP) project. The TLSCP project is near completion and has received less reimbursement in the fiscal year 2014-2015. Additionally, in the prior fiscal year C/CAG had received one-time Housing Element funding of \$0.20 million. Revenue from Measure M program decreased by 0.37 million is due to the timing of receipt from Department of Motor Vehicles.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The combined amount of operating grants & contributions received in the fiscal year 2014-2015 is \$3.34 million or 45.35% less than the prior year. The main factor for the decrease is due to reimbursement received from the State Transportation Improvement Program for the completion of Smart Corridor project (project #2 North Segment) in the fiscal year 2013-2014.

Investment income decreased by \$0.05 million or 38.76% compared to the prior year. The decrease is due to \$0.06 million Lehman Brothers Litigation settlements received in prior year while in current year the recovery is only \$0.01 million.

Program expenses totaled \$15 million in the fiscal year 2014-2015, a decrease of \$3.41 million or 18.51% from the prior year's expenses of \$18.41 million. Significant changes in the expenses of C/CAG's programs from the prior year are as follows:

- The decrease of \$2.7 million or 38.6% in Congestion Management Program is mainly due to the completion of Smart Corridor project (project #2 North Segment) in the fiscal year 2013-2014; no other expenses incurred in the fiscal year 2014-2015.
- Due to expiration of Abandon Vehicle Abatement program in May 2013, only \$0.02 million residual revenues were distributed to the members in the fiscal year 2014-2015.
- The Bay Area Air Quality program expenses decreased by \$0.12 million or 11.46%. The decrease is due to a reduction in shuttle routes provided by San Mateo County Transit District.
- NPDES program expenses decreased by \$0.1 million or 6.8% because the potential funding initiative project was placed on hold at the end of fiscal year 2013-2014, pending the adoption of MRP by Water Board. In the fiscal year 2014-2015 only a small amount was spent on this effort.
- General Government expenses decreased by \$0.05 million or 10.37%. The decrease is associated with the timing of recording the pension contributions as required by the new GASB guidelines.
- The Transportation/Environmental Fund (AB1546) increased by \$0.31 million or 41.16%. Due to the Supplement Trash Program funding allocation deadline of December 30, 2014, more member agencies submitted reimbursement request before the deadline, increasing fund distribution to member agencies.

For description of each of the Agency's programs see Note 1 to financial statements.

CONTACTING THE C/CAG FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the C/CAG finances. If you have any questions about this report or need additional information, please contact the Executive Director of the City/County Association of Governments of San Mateo County at 555 County Center Fifth Floor, Redwood City, CA 94063 or the C/CAG Financial Agent which is the Finance Department at the City of San Carlos, 600 Elm Street, San Carlos, CA 94070.

CITY/COUNTY ASSOCIATION OF GOVERNMENTS OF SAN MATEO COUNTY

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The Statement of Net Position reports the difference between C/CAG's total assets and C/CAG's total liabilities. The Statement of Net Position presents information similar to the traditional balance sheet format, but presents it in a way that focuses the reader on the composition of C/CAG's Net Position, by subtracting total liabilities from total assets.

The Statement of Activities reports increases and decreases in C/CAG's Net Position. It is also prepared on the full accrual basis, which means it includes all C/CAG's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund Financial Statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents C/CAG's expenses first, listed by program. Program revenues - that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental program. C/CAG's general revenues are then listed and the Change in Net Position is computed and reconciled with the Statement of Net Position.

These financial statements along with the Fund Financial Statements and footnotes are called Basic Financial Statements.

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
Assets:	
Cash and investments	\$ 17,300,222
Accounts receivable	3,984,204
Prepaid costs	65,827
Total Assets	21,350,253
Deferred Outflows of Resources:	
Deferred items related to pensions	49,003
Total Deferred Outflows of Resources	49,003
Liabilities and Net Position	
Liabilities:	
Accounts payable	2,127,246
Accrued liabilities	442,202
Long-term liabilities:	
Net pension liability	257,601
Net OPEB liability	28,723
Total Liabilities	2,855,772
Deferred Inflows of Resources:	
Deferred items related to pensions	86,566
Total Deferred Inflows of Resources	86,566
Net Position:	
Restricted for:	
Congestion management	6,865,972
NPDES	1,660,431
BAAQMD	238,289
Abandoned vehicle abatement	2,710
AB 1546	2,994,018
Energy watch	128,130
Measure M	6,794,295
Unrestricted	(226,927)
Total Net Position	\$ 18,456,918

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities
Governmental Activities:					
General Government	\$ 488,993	\$ -	\$ 365,294	\$ -	\$ (123,699)
Special Programs:					
Congestion management	4,284,512	2,825,265	1,781,518	-	322,271
National Pollutant Discharge & Elimination System	1,346,323	118,658	1,354,786	-	127,121
Bay Area Air Quality Management District	923,879	1,067,865	-	-	143,986
Abandoned vehicle abatement	20,586	4,586	-	-	(16,000)
AB 1546	1,077,979	5,693	-	-	(1,072,286)
Energy watch	623,270	-	522,271	-	(100,999)
Measure M	6,238,245	7,205,020	-	-	966,775
Total Governmental Activities	\$ 15,003,787	\$ 11,227,087	\$ 4,023,869	\$ -	247,169
General Revenues:					
Investment Income					82,495
Total General Revenues					82,495
Change in Net Position					329,664
Net Position at Beginning of Year					18,445,150
Restatement to Net Position					(317,896)
Net Position at End of Year					\$ 18,456,918

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FUND FINANCIAL STATEMENTS

The Fund Financial Statements are presented by individual major funds. Major funds are defined generally as having significant activities or balances in the current year. C/CAG has determined that all funds have significant activities.

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND - This fund finances all administrative and management functions relating to C/CAG Board, the Administrators' Advisory Committee, Finance Committee, Airport Land Use Committee (ALUC) and Solid Waste and Hazardous Waste Advisory Committees. Legal services finance and accounting services, office expenses and the coordination of all C/CAG programs and activities are also accounted for in this fund.

CONGESTION MANAGEMENT FUND - This fund finances the Congestion Management and Congestion Relief Programs, Smart Corridor Project, Countywide Transportation Plan, Bicycle/Pedestrian Project TDA Fund Management, Local Street Repair Program, and policy development to better integrate transportation and land use. This fund provides the support to program the San Mateo County discretionary State/Federal Transportation Funds.

NATIONAL POLLUTANT DISCHARGE AND ELIMINATION SYSTEM (NPDES) FUND - This fund is used to account for the NPDES program in response to the State/Federal Clean Water Act mandate directing individual jurisdictions in San Mateo County to obtain a stormwater discharge permit. C/CAG has been designated by its members as the coordinator of the program for the Water Pollution Prevention Program (WPPP). Its main objective is to implement a comprehensive storm water quality management program to protect the water quality of San Francisco Bay Area.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT FUND - This fund is used to account for local programs implementing specified transportation control measures to improve air quality in the San Francisco Bay Area.

ABANDONED VEHICLE ABATEMENT FUND - This fund is used to account for the program which assists Cities and County in the abatement of abandoned vehicles. C/CAG has been designated as the San Mateo County Service Authority for the abatement of abandoned vehicles. State law allows the imposition of a \$1.00 fee increase to motor vehicle registration to fund this program. The revenues of this program are used to provide cost recovery for expenses incurred by member jurisdictions related to the abatement of abandoned vehicles. The \$1.00 fee expired in May 2013. On November 12, 2012 C/CAG Board adopted Resolution No. 12-64 authorizing the distribution of the Abandoned Vehicle Abatement fund balance to be used to fund an additional year of Abandoned Vehicle Abatement program, and to return a certain portion of the fund balance to the State.

AB 1546 FUND - State law authorizes C/CAG Board to impose up to a \$4.00 fee increase to motor vehicle registration to fund this program. It is a pilot program until January 1, 2009. Subsequently, Senate Bill 348 authorized C/CAG's Board to continue the imposition of a \$4.00 fee on vehicles registered in San Mateo Count for a period of four years. Half of the funds are for programs that provide congestion management and the other half are for programs to address the impact of motor vehicles on the environment (water quality). The program expired in December 2012. C/CAG Board adopted Resolution No. 12-71 authorizing the fund expenditures plan for the unspent fund balance.

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MAJOR GOVERNMENTAL FUNDS (CONTINUED)

ENERGY WATCH - The San Mateo County Energy Watch is a Local Government Partnership between C/CAG and Pacific Gas & Electric (PG&E). The objective of Energy Watch is to provide integrated approach to energy savings and incentives to encourage cost effective projects for municipal governments, non-profits, schools, farms, and small/medium businesses. C/CAG contracts with the County of San Mateo to implement the program. This fund also includes the activity of the County-wide Climate Action Planning function.

MEASURE M - This fund accounts for Motor Vehicle Fees of \$10 per vehicle per year for 25 years. This will raise approximately \$170 million, with \$85 million allocated to the cities and the County for Water Pollution Prevention Programs and Congestion Management Programs. The remaining \$85 million will go to transit operations, safe routes to schools, Intelligent Transportation System projects, and County-wide Water Pollution Prevention Programs.

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Congestion Management	National Pollutant Discharge & Elimination System	Bay Area Air Quality Management District
Assets:				
Cash and investments	\$ 5,290	\$ 6,524,977	\$ 2,035,707	\$ -
Accounts receivable	135,098	1,005,583	-	497,964
Due from other funds	-	171,304	-	-
Prepaid costs	-	65,827	-	-
Total Assets	\$ 140,388	\$ 7,767,691	\$ 2,035,707	\$ 497,964
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 43,428	\$ 809,685	\$ 340,634	\$ 88,371
Accrued liabilities	-	92,034	34,642	-
Due to other funds	-	-	-	171,304
Total Liabilities	43,428	901,719	375,276	259,675
Fund Balances:				
Restricted for:				
Congestion management	-	6,865,972	-	-
NPDES	-	-	1,660,431	-
Bay Area AQMD	-	-	-	238,289
Abandoned vehicle abatement	-	-	-	-
AB 1546	-	-	-	-
Energy watch	-	-	-	-
Measure M	-	-	-	-
Unassigned	96,960	-	-	-
Total Fund Balances	96,960	6,865,972	1,660,431	238,289
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 140,388	\$ 7,767,691	\$ 2,035,707	\$ 497,964

Abandoned Vehicle Abatement	AB 1546	Energy Watch	Measure M	Total Governmental Funds
\$ 2,710	\$ 3,029,892	\$ 40,379	\$ 5,661,267	\$ 17,300,222
-	514	211,627	2,133,418	3,984,204
-	-	-	-	171,304
-	-	-	-	65,827
\$ 2,710	\$ 3,030,406	\$ 252,006	\$ 7,794,685	\$ 21,521,557
\$ -	\$ 36,388	\$ 123,876	\$ 684,864	\$ 2,127,246
-	-	-	315,526	442,202
-	-	-	-	171,304
-	36,388	123,876	1,000,390	2,740,752
-	-	-	-	6,865,972
-	-	-	-	1,660,431
-	-	-	-	238,289
2,710	-	-	-	2,710
-	2,994,018	-	-	2,994,018
-	-	128,130	-	128,130
-	-	-	6,794,295	6,794,295
-	-	-	-	96,960
2,710	2,994,018	128,130	6,794,295	18,780,805
\$ 2,710	\$ 3,030,406	\$ 252,006	\$ 7,794,685	\$ 21,521,557

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CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
JUNE 30, 2015

Fund balances of governmental funds	\$ 18,780,805
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred Outflows related to contributions made after the actuarial measurement date for the net pension liability and Adjustment due to differences in proportions.	49,003
Net pension liability that have not been included in governmental fund activity	
Net Pension Liability	(257,601)
Governmental funds report all OPEB contributions as expenditures, however in the Statement of Net Position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability.	(28,723)
Deferred Inflows related to differences between projected and actual net pension liability	<u>(86,566)</u>
Net position of governmental activities	<u><u>\$ 18,456,918</u></u>

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	General	Congestion Management	National Pollutant Discharge & Elimination System	Bay Area Air Quality Management District
Revenues:				
Member contributions	\$ 262,526	\$ 2,260,452	\$ -	\$ -
Intergovernmental	102,768	1,781,518	118,658	-
NPDES fees	-	-	1,354,786	-
Abandoned vehicle program	-	-	-	-
AB 434 DMV fees	-	-	-	1,067,865
Investment income	347	31,367	9,594	-
Cost reimbursement	-	589,500	-	-
Other revenue	-	1,264	-	-
Total Revenues	365,641	4,664,101	1,483,038	1,067,865
Expenditures:				
Current:				
Professional services	354,297	3,082,440	1,244,061	25,549
Field and program supplies	47,758	-	-	-
Administrative services	96,067	214,504	30,127	2,550
Dues and memberships	893	-	45,120	-
Conferences and meetings	6,785	2,383	5,168	-
Publications	15,548	299	-	-
Distributions	-	980,886	21,700	895,780
Other	5,477	4,000	147	-
Total Expenditures	526,825	4,284,512	1,346,323	923,879
Excess (Deficiency) of Revenues Over (Under) Expenditures	(161,184)	379,589	136,715	143,986
Other Financing Sources (Uses):				
Transfers in	184,645	200,000	-	-
Transfers out	-	(302,938)	(14,813)	(2,635)
Total Other Financing Sources (Uses)	184,645	(102,938)	(14,813)	(2,635)
Net Change in Fund Balances	23,461	276,651	121,902	141,351
Fund Balances, Beginning of Year	73,499	6,589,321	1,538,529	96,938
Fund Balances, End of Year	\$ 96,960	\$ 6,865,972	\$ 1,660,431	\$ 238,289

Abandoned Vehicle Abatement	AB 1546	Energy Watch	Measure M	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 2,522,978
-	5,693	522,271	6,580,544	9,111,452
-	-	-	-	1,354,786
4,586	-	-	-	4,586
-	-	-	-	1,067,865
-	14,287	189	26,711	82,495
-	-	-	629,784	1,219,284
-	-	-	-	1,264
4,586	19,980	522,460	7,237,039	15,364,710
-	176,189	597,579	2,103,408	7,583,523
-	-	-	-	47,758
-	6,062	7,547	37,429	394,286
-	-	350	-	46,363
-	-	17,397	190	31,923
-	-	397	643	16,887
20,586	895,728	-	4,096,575	6,911,255
-	-	-	-	9,624
20,586	1,077,979	623,270	6,238,245	15,041,619
(16,000)	(1,057,999)	(100,810)	998,794	323,091
-	-	200,000	-	584,645
-	(1,599)	(41,770)	(220,890)	(584,645)
-	(1,599)	158,230	(220,890)	-
(16,000)	(1,059,598)	57,420	777,904	323,091
18,710	4,053,616	70,710	6,016,391	18,457,714
\$ 2,710	\$ 2,994,018	\$ 128,130	\$ 6,794,295	\$ 18,780,805

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds	\$	323,091
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the Statement of Activities only the ARC is an expense.		15,100
Revenues reported as unavailable revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.		(31,259)
Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		<u>22,732</u>
Change in net position of governmental activities	\$	<u><u>329,664</u></u>

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies

a. Reporting Entity

The City/County Association of Governments of San Mateo County (C/CAG), California was formed in 1990 as a joint exercise of powers between San Mateo County and all the cities in San Mateo County. The purpose of C/CAG is to prepare, adopt, monitor and enforce County-wide State mandated plans for congestion management, integrated solid waste management, airport land use, hazardous waste management and water/air pollution reduction.

C/CAG is controlled by a twenty-one member board consisting of one member from each of the participating entities. None of the member entities exercise specific control over the budgeting and financing of C/CAG activities beyond their representation on the board. The County fulfills contractual obligations with C/CAG by providing engineering and professional services. Accounting services are provided by the City of San Carlos. C/CAG is administered by an Executive Director who works directly for the Board.

C/CAG's operations are financed by contributions made by each member agency and grants received from other governments, vehicle registration fees and fee for services.

b. Basis of Presentation

C/CAG's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These Statements require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display overall information about C/CAG. C/CAG's activities generally are financed through grants and contributions received from other governments.

The Statement of Activities presents a summary of expenses specifically associated with each function of C/CAG's governmental activities. Program revenues include grants and contributions that are restricted to meeting the operational needs of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

c. Major Funds

Major funds are defined as funds that have either assets, deferred outflows, liabilities, deferred inflows, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. C/CAG may also select other funds it believes should be presented as major funds.

C/CAG reported all its governmental funds as major funds in the accompanying financial statements:

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

General Fund - Finances all administrative and management functions relating to the C/CAG Board, the Administrator's Advisory Committee, Finance Committee, Airport Land Use Committee (ALUC) and Solid Waste and Hazardous Waste Advisory Committees. Legal services finance and accounting services, office expenses and the coordination of all C/CAG programs and activities are also accounted for in this fund.

Congestion Management Fund - Finances the Congestion Management and Congestion Relief Programs, Smart Corridor Project, Countywide Transportation Plan, Bicycle/Pedestrian Project TDA Fund Management, Local Street Repair Program, and policy development to better integrate transportation and land use. This fund provides the support to program the San Mateo County discretionary State/Federal Transportation Funds.

National Pollutant Discharge and Elimination System Fund - The NPDES program is a response to the State/Federal Clean Water Act mandate directing San Mateo County jurisdictions to obtain a storm water discharge permit. C/CAG has been designated by its members as the coordinator of the program for the Water Pollution Prevention Program (WPPP). Its main objective is to implement a comprehensive storm water quality management program to protect the water quality of San Francisco Bay.

Bay Area Air Quality Management District Fund - Used to fund local programs implementing specified transportation control measures to improve air quality in the San Francisco Bay Area.

Abandoned Vehicle Abatement Fund - Assists Cities and County in the abatement of abandoned vehicles. C/CAG has been designated as the San Mateo County Service Authority for the abatement of abandoned vehicles. State law allows the imposition of a \$1.00 fee increase to motor vehicle registration to fund this program. The revenues of this program are used to provide cost recovery for expenses incurred by member jurisdictions related to the abatement of abandoned vehicles. The \$1.00 fee expired in May 2013. On November 8, 2012, C/CAG Board adopted Resolution 12-64 authorizing the distribution of the Abandoned Vehicle Abatement fund balance to be used to fund an additional year Abandoned Vehicle Abatement program, and to return a certain portion of the fund balance to the State.

AB 1546 - State law authorizes C/CAG Board to impose up to a \$4.00 fee increase to motor vehicle registration to fund this program. Half of the funds are for programs that provide congestion management and the other half are for programs to address the impact of motor vehicles on the environment (water quality). This program expired in December 2012. C/CAG Board adopted Resolution 12-71 authorizing the fund expenditures plan for the unspent fund balance.

Energy Watch - The San Mateo County Energy Watch is a Local Government Partnership between C/CAG and Pacific Gas & Electric (PG&E). The objective of Energy Watch is to provide integrated approach to energy savings and incentives to encourage cost effective projects for municipal governments, non-profits, schools, farms, and small/medium businesses. C/CAG contracts with the County of San Mateo to implement the program. This fund also includes the activity of the County-wide Climate Action Planning function.

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

Measure M - This fund accounts for Motor Vehicle Fees of \$10 per vehicle per year for 25 years. This will raise approximately \$170 million, with \$85 million allocated to the cities and the County for Water Pollution Prevention Programs and Congestion Management Programs. The remaining \$85 million will go to transit operations, safe routes to schools, Intelligent Transportation System projects, and County-wide Water Pollution Prevention Programs.

d. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. C/CAG uses the modified accrual basis of accounting, under which revenues are recognized when they become available and measurable as net current assets. Expenditures are recognized when the related fund liability is incurred. Revenues susceptible to accrual consist of grants and interest. Grants collected within 365 days after year end are accrued as revenue.

Non-exchange Transactions, in which C/CAG gives or receives value without directly receiving or giving equal value in exchange, include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

e. Assets, Liabilities, Deferred Outflow/Inflow of Resources, and Net Position or Equity

Cash and Investments

The fund's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the fund are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

All receivables are shown net of an allowance for uncollectibles.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and 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. The government only has one item that qualify for reporting in this category. Deferred outflows relating to the proportionate share of the net pension liability reported in the government-wide statement of net position. These outflows are the results of adjustments due to difference in proportions and the contributions made subsequent to the measurement period.

In addition to liabilities, the statement of financial position 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. The government has one item that qualifies for reporting in this category which are deferred inflows relating to the proportionate share of the net pension liability reported in the government-wide statement of net position. These inflows are the result of the net difference between projected and actual earnings on pension plan investments.

Net Pension Liability

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Note 5 and the required supplementary information (RSI) section immediately following the Notes to Financial Statements), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, C/CAG recognizes a net pension liability, which represents C/CAG's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the California Public Employees' Retirement System (CalPERS). The net pension liability is measured as of C/CAG's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pensions and pension expense, information about the fiduciary net position of C/CAG's pension plan with CalPERS 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 benefits terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

Fund Balance

In the fund financial statements, the fund reports the following fund balance classifications:

Nonspendable - include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - Includes amounts that have constraints on the use of resources by being externally imposed, imposed by law through constitution, or through enabling legislation.

Committed - include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, C/CAG's Board. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is Council resolution.

Assigned - include amounts that are constrained by C/CAG's intent to be used for specific purposes, but are neither restricted nor committed. C/CAG's Executive Director authorizes assigned amounts for specific purposes pursuant to the policy-making powers granted through a resolution.

Unassigned - The residual classification which includes all spendable amounts not contained in other classifications.

Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position

Net position is the excess of C/CAG's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net position is divided into two captions. These captions apply only to net position, which is determined only at the government-wide level, and are described below:

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 government cannot unilaterally alter.

Unrestricted describes the portion of net position which is not restricted to use.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, revenues and expenses. Actual results could differ from those estimates.

f. Effect of New Accounting Standards

During the fiscal year ended June 30, 2015, C/CAG implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 68 – *Accounting and financial Reporting for Pensions—an Amendment of GASB Statement No. 27* will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (Continued)

requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information. C/CAG has fully implemented this standard, which resulted in restated net position as of June 30, 2014. Please refer to Note 9 regarding the restatement.

GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of GASB Statement No. 71 are effective for financial statements beginning after June 15, 2014. C/CAG has fully implemented this statement.

Note 2: Cash and Investments

C/CAG pools cash from all sources and all funds traditionally invests in San Mateo County Pool and Local Agency Investment Fund, consistent with the principles of safety and liquidity. Individual funds can make expenditures at any time. Investments are carried at fair value.

As of June 30, 2015, C/CAG's cash and investment balance was \$17,300,222, consisting of \$9,912,182 in Local Agency Investment Fund, \$6,600,463 in San Mateo County Investment Pool, and \$787,577 of cash in bank.

a. Local Agency Investment Fund

C/CAG is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The carrying value of LAIF approximates fair value. C/CAG reports its investments in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share.

b. San Mateo County Investment Fund

C/CAG is a voluntary participant in the San Mateo County Investment Fund (SMCIF) that is regulated by California Government Code Section 53600 under the oversight of the treasurer of the County of San Mateo. The balance available for withdrawal is based on the accounting records maintained by SMCIF, which are recorded on an amortized cost basis. Included in SMCIF's investment portfolio are U.S. Treasury Notes, obligations issued by agencies of the U.S. 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. C/CAG reports its investments in SMCIF at the fair value amounts provided by SMCIF, which is the same as the value of the pool share.

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 2: Cash and Investments (Continued)

c. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of C/CAG's 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 C/CAG's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the C/CAG's investments by maturity:

	6 Months or Less
Local Agency Investment Fund	\$ 9,912,182
San Mateo County Investment Fund	6,600,463
	<u>\$ 16,512,645</u>

d. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF and San Mateo County Investment Pool are not rated by a nationally recognized statistical rating organization.

e. Authorized Investments by C/CAG

C/CAG's Investment Policy and the California Government Code allow C/CAG to invest in the following, provided the credit ratings of the issuers are acceptable to C/CAG. The following also identifies certain provisions of C/CAG and California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 2: Cash and Investments (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum in Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Investment Fund	Upon Demand	N/A	\$40 million per account	N/A
San Mateo County Investment Pool	Upon Demand	N/A	\$40 million per account	N/A
U. S. Treasury Bonds, Notes and Bills	5 years	N/A	100%	N/A
U.S. Government Agency and Federal Agency Securities	5 years	N/A	100%	N/A
Bankers Acceptances	180 days	N/A	30%	(A) (B)
Commercial Paper	270 days	AA	25%	(A) (B)
Negotiable Certificates of Deposit	5 years	N/A	30%	(A) (B)
Time Certificates of Deposit — Banks or Savings and Loans	5 years	N/A	25%	(A) (B)
Medium Term Corporate Notes	5 years	AA	30%	(A) (B)

(A) 5% of outstanding paper of issuing corporation

(B) 5% of the portfolio in one corporation

f. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, C/CAG 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 C/CAG's cash on deposit. All of C/CAG'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 C/CAG's name. The C/CAG Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC.

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 3: Member Contributions

Member contributions are nonrefundable and are assessed annually based on population and C/CAG's adopted budget for the current fiscal year. Member contributions were as follows during the fiscal year ended June 30, 2015:

Atherton	\$ 31,151
Belmont	89,957
Brisbane	25,781
Burlingame	134,111
Colma	10,557
Daly City	294,149
East Palo Alto	68,864
Foster City	119,147
Half Moon Bay	34,045
Hillsborough	36,658
Menlo Park	133,002
Millbrae	80,753
Pacifica	99,456
Portola Valley	11,676
Redwood City	320,531
San Bruno	141,782
San Carlos	114,711
San Mateo	385,729
San Mateo County	148,850
South San Francisco	225,901
Woodside	16,167
Total	<u>\$ 2,522,978</u>

Note 4: Interfund Balances

Interfund balances at June 30, 2015, consisted of the following:

Transfers In:	Transfers Out:						Total	
	Congestion Management	National Pollutant Discharge & Elimination System	Bay Area Air Quality Management District	AB 1546	Energy Watch	Measure M		
General Fund	\$ 102,938	\$ 14,813	\$ 2,635	\$ 1,599	\$ 41,770	\$ 20,890	\$ 184,645	A
Congestion Management	-	-	-	-	-	200,000	200,000	B
Energy Watch	200,000	-	-	-	-	-	200,000	B
	<u>\$ 302,938</u>	<u>\$ 14,813</u>	<u>\$ 2,635</u>	<u>\$ 1,599</u>	<u>\$ 41,770</u>	<u>\$ 220,890</u>	<u>\$ 584,645</u>	

(A) Administration overhead

(B) Capital Projects

Due to	Due from
	Bay Area Air Quality Management District
Congestion Management	\$ 171,304

The Congestion Management fund provided a short-term loan to the Bay Area Air Quality Management District to cover cash deficits.

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 5: Pension Plan

Plan Description

C/CAG contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer public employee defined benefit pension plan. All qualified permanent and probationary employees are eligible to participate in the C/CAG's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by CalPERS. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and C/CAG Board resolution. Copies of CalPERS' annual financial report may be obtained from their executive office located at 400 P Street, Sacramento, California 95814.

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 50 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 Employees' Retirement Law.

The Public Employees' Pension Reform Act of 2013 (PEPRA) mandated new benefit formulas and new member contributions for new members (as defined by PEPRA) hired after January 1, 2013.

The provisions and benefits of the plan in effect at June 30, 2015, are summarized as follows:

	Miscellaneous cost-sharing plan	
	Tier 1	PEPRA
Hire date	On or after March 12, 2012	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 and up	52 and up
Monthly benefits, as a % of eligible compensation	2.00% - 2.70%	1.00% - 2.50%
Required employee contribution rates	7.947%	6.5%
Required employer contribution rates	15.685%	6.5%

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 5: Pension Plan (Continued)

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The required employer contribution and the amount paid to CalPERS by C/CAG for the year ended June 30, 2015 were \$48,599. C/CAG's employer contributions were equal to the required employer contributions for the year ended June 30, 2015.

Pension Liabilities, Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, C/CAG reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

Proportionate Share of Net Pension Liability	
Miscellaneous	\$ 257,601
Total Net Pension Liability:	\$ 257,601

C/CAG's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. C/CAG's proportion of the net pension liability was based on a projection of the C/CAG's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The C/CAG's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	Miscellaneous
Proportion - June 30, 2013	0.010742%
Proportion - June 30, 2014	0.010423%
Change - Increase (Decrease)	(0.000319%)

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 5: Pension Plan (Continued)

For the year ended June 30, 2015, C/CAG recognized a total pension expense of \$20,866 for all plans in total. At June 30, 2015, the C/CAG reported deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions made subsequent of the measurement period	\$ 43,618	\$ -
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(86,566)
Adjustment due to Difference in Proportions	5,385	-
Total	<u>\$ 49,003</u>	<u>\$ (86,566)</u>

\$43,618 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 ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Measurement Period ended June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2015	\$ (19,719)
2016	(19,719)
2017	(20,103)
2018	(21,640)

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 5: Pension Plan (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Projected Salary Increases	3.3% - 14.2% (1)
Investment Rate of Return	7.50% (2)
Mortality Rate Table (3)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Depending on age, service and type of employment

(2) Net of Pension Plan Investment and Administrative Expenses; includes Inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report on the CalPERS website.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 5: Pension Plan (Continued)

return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS determined this difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. More information can be found on the CalPERS website.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the 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 long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 5: Pension Plan (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the C/CAG's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50% for each Plan, as well as what the C/CAG's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.50%) or 1% point higher (8.50%) than the current rate:

Miscellaneous plans Net Pension Liability/(Asset)	Discount Rate - 1% 6.50%	Current Discount 7.50%	Discount Rate +1% 8.50%
Tier 1	458,966	257,601	90,488
TOTAL:	\$ 458,966	\$ 257,601	\$ 90,488

Note 6: Other Post-Employment Benefits

C/CAG administers a single-employer defined benefit post employment healthcare plan. Permanent employees who retire under C/CAG's retirement plan (CalPERS) are, pursuant to their respective collective bargaining agreements, eligible to have their medical insurance premiums reimbursed by C/CAG up to the Kaiser family premium rate. Medical insurance premiums for spouses and other dependents generally are not paid by C/CAG. Currently there are two retirees receiving this benefit.

C/CAG is not required by law or contractual agreement to provide funding for retiree health costs other than the pay-as-you go amount necessary to provide current benefits to retirees. C/CAG's retiree health plan is a pay-as-you go and C/CAG makes contributions equal to the premium payments for retirees.

Total current payroll for all covered employees for the fiscal year ended June 30, 2015, was \$285,078.

C/CAG's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of C/CAG's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in C/CAG's net OPEB obligation.

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 6: Other Post-Employment Benefits (Continued)

Annual required contribution (ARC)	\$ 30,702
Interest on net OPEB obligation	329
Adjustment to annual required contribution	<u>(1,687)</u>
Annual OPEB cost (expense)	29,344
Contributions made	<u>44,444</u>
Increase/(decrease) in Net OPEB obligation	(15,100)
Net OPEB obligation - beginning of year	<u>43,823</u>
Net OPEB obligation - end of year	<u><u>\$ 28,723</u></u>

The General Fund has been used to finance the net OPEB obligation.

C/CAG annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last two fiscal years is as follows:

Fiscal Year	Annual OPEB Cost	Actuarial Contribution	Percentage of Annual OPEB Cost	Net OPEB Obligation (Asset)
6/30/2014	\$ 28,364	\$ 7,126	25%	\$ 43,823
6/30/2015	29,344	44,444	151%	28,723

As of July 1, 2014, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability (AAL) for benefits was \$232,739, and there is no actuarial value of plan assets since C/CAG provides funding in a pay-as-you go basis, resulting in an unfunded actuarial accrued liability (UAAL) of \$232,739. In 2015, C/CAG made a contribution towards the unfunded liability of \$30,000. The covered payroll (annual payroll of active employees covered by the plan) was \$285,078 and the ratio of UAAL to the covered payroll was - 81.64%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits. Trend data from the July 1, 2013 and 2014 actuarial study are presented below:

Actuarial Valuation Date	Ending Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A-B)/C]
7/1/2013	\$ -	\$ 215,079	\$ (215,079)	0.00%	\$ 272,084	-79.05%
7/1/2014	-	232,739	(232,739)	-	285,078	-81.64%

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 6: Other Post-Employment Benefits (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014, actuarial valuation, the actuarial cost method used is Entry Age Normal (EAN) cost method. Under the EAN method, the plan's Normal Cost is developed as a level percent of payroll throughout the participants' working lifetime. Entry age is based on current age minus years of service. The Actuarial Accrued Liability (AAL) is the cumulative value on the valuation date of prior Normal Cost. For the retirees, the AAL is the present value of all projected benefits. The Unfunded AAL is being amortized as a level dollar closed 30 year basis, as a level percent of payroll with a remaining amortization period at June 30, 2015, of 28 years.

GASB 45 requires the interest rate to represent the underlying expected return for the source of funds used to pay benefits. The actuarial methods and assumptions include a 4.00% interest rate, annual inflation at 3.25% per annum, aggregate payroll assumed to increase at 3.25% per annum, and an annual healthcare trend rate of 7.50% for 2015, reduced gradually each year with an ultimate rate of 4.5% for 2020 and thereafter.

Note 7: Risk Management

C/CAG is covered under the County of San Mateo's insurance policies. Therefore, the limitations and self-insured retentions applicable to the County also apply to C/CAG. Additional information on coverage and self-insured retentions can be obtained by contacting the County of San Mateo.

Note 8: Commitments and Contingent Liabilities

C/CAG is subject to litigation arising in the normal course of business. In the opinion of legal counsel there is no pending litigation, which is likely to have a material adverse effect on the financial position of C/CAG.

Construction Commitments

There are no significant construction commitments as of June 30, 2015.

Note 9: Net Position Restatement

Beginning Net Position has been restated by \$317,896 related to the accrued pension liability. This restatement is a result of the new Governmental Accounting Standards Board Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (Inflows):				
Member Contributions	\$ 262,526	\$ 262,526	\$ 262,526	\$ -
Intergovernmental	141,711	141,711	102,768	(38,943)
Investment Income	2,000	2,000	347	(1,653)
Amounts Available for Appropriations	406,237	406,237	365,641	(40,596)
Charges to Appropriation (Outflow):				
Professional services	462,510	462,510	354,297	108,213
Field and program supplies	17,000	17,000	47,758	(30,758)
Administrative services	280,373	280,373	96,067	184,306
Dues and memberships	1,000	1,000	893	107
Conferences and meetings	9,500	9,500	6,785	2,715
Publications	24,000	24,000	15,548	8,452
Other	12,500	12,500	5,477	7,023
Total Charges to Appropriations	806,883	806,883	526,825	280,058
Other Financing Sources (Uses):				
Transfers In	-	-	184,645	184,645
Total Financing Sources (Uses)	-	-	184,645	184,645
Net Change in Fund Balance	\$ (400,646)	\$ (400,646)	23,461	\$ 424,107
Fund Balances at Beginning of Year			73,499	
Fund Balances at End of Year			\$ 96,960	

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

BUDGETARY COMPARISON SCHEDULE
CONGESTION MANAGEMENT FUND
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (Inflows):				
Member Contributions	\$ 2,260,452	\$ 2,260,452	\$ 2,260,452	\$ -
Intergovernmental	2,098,212	2,098,212	1,781,518	(316,694)
Investment Income	11,000	11,000	31,367	20,367
Cost reimbursement	-	-	589,500	589,500
Other revenue	-	-	1,264	1,264
Amounts Available for Appropriations	4,369,664	4,369,664	4,664,101	294,437
Charges to Appropriation (Outflow):				
Professional services	6,124,128	6,124,128	3,082,440	3,041,688
Field and program supplies	8,000	8,000	-	8,000
Administrative services	192,500	192,500	214,504	(22,004)
Dues and memberships	1,000	1,000	-	1,000
Conferences and meetings	6,100	6,100	2,383	3,717
Publications	3,000	3,000	299	2,701
Distributions	695,000	695,000	980,886	(285,886)
Other	2,000	2,000	4,000	(2,000)
Total Charges to Appropriations	7,031,728	7,031,728	4,284,512	2,747,216
Other Financing Sources (Uses):				
Transfers In	200,000	200,000	200,000	-
Transfers Out	(200,000)	(200,000)	(302,938)	(102,938)
Total Financing Sources (Uses)	-	-	(102,938)	(102,938)
Net Change in Fund Balance	\$ (2,662,064)	\$ (2,662,064)	276,651	\$ 2,938,715
Fund Balances at Beginning of Year			6,589,321	
Fund Balances at End of Year			\$ 6,865,972	

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

BUDGETARY COMPARISON SCHEDULE
NATIONAL POLLUTANT DISCHARGE AND ELIMINATION SYSTEM FUND
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (Inflows):				
Intergovernmental	\$ 118,695	\$ 118,695	\$ 118,658	\$ (37)
NPDES fees	1,356,265	1,356,265	1,354,786	(1,479)
Investment Income	6,226	6,226	9,594	3,368
Amounts Available for Appropriations	1,481,186	1,481,186	1,483,038	1,852
Charges to Appropriation (Outflow):				
Professional services	2,223,392	2,223,392	1,244,061	979,331
Field and program supplies	2,500	2,500	-	2,500
Administrative services	35,000	35,000	30,127	4,873
Dues and memberships	46,309	46,309	45,120	1,189
Conferences and meetings	5,000	5,000	5,168	(168)
Distributions	26,000	26,000	21,700	4,300
Other	1,000	1,000	147	853
Total Charges to Appropriations	2,339,201	2,339,201	1,346,323	992,878
Other Financing Sources (Uses):				
Transfers Out	-	-	(14,813)	(14,813)
Total Financing Sources (Uses)	-	-	(14,813)	(14,813)
Net Change in Fund Balance	\$ (858,015)	\$ (858,015)	121,902	\$ 979,917
Fund Balances at Beginning of Year			1,538,529	
Fund Balances at End of Year			\$ 1,660,431	

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

BUDGETARY COMPARISON SCHEDULE
BAY AREA AIR QUALITY MANAGEMENT DISTRICT FUND
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (Inflows):				
AB 434 DMV fees	\$ 1,092,837	\$ 1,092,837	\$ 1,067,865	\$ (24,972)
Investment Income	2,500	2,500	-	(2,500)
Amounts Available for Appropriations	1,095,337	1,095,337	1,067,865	(27,472)
Charges to Appropriation (Outflow):				
Professional services	35,000	35,000	25,549	9,451
Administrative services	7,000	7,000	2,550	4,450
Distributions	1,039,500	1,039,500	895,780	143,720
Total Charges to Appropriations	1,081,500	1,081,500	923,879	157,621
Other Financing Sources (Uses):				
Transfers Out	-	-	(2,635)	(2,635)
Total Financing Sources (Uses)	-	-	(2,635)	(2,635)
Net Change in Fund Balance	\$ 13,837	\$ 13,837	141,351	\$ 127,514
Fund Balances at Beginning of Year			96,938	
Fund Balances at End of Year			\$ 238,289	

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

BUDGETARY COMPARISON SCHEDULE
AB 1546 FUND
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (Inflows):				
Intergovernmental	\$ -	\$ -	\$ 5,693	\$ 5,693
Investment Income	8,000	8,000	14,287	6,287
Amounts Available for Appropriations	8,000	8,000	19,980	11,980
Charges to Appropriation (Outflow):				
Professional services	7,000	7,000	176,189	(169,189)
Administrative services	5,000	5,000	6,062	(1,062)
Distributions	2,969,835	2,969,835	895,728	2,074,107
Total Charges to Appropriations	2,981,835	2,981,835	1,077,979	1,903,856
Other Financing Sources (Uses):				
Transfers Out	-	-	(1,599)	(1,599)
Total Financing Sources (Uses)	-	-	(1,599)	(1,599)
Net Change in Fund Balance	\$ (2,973,835)	\$ (2,973,835)	(1,059,598)	\$ 1,914,237
Fund Balances at Beginning of Year			4,053,616	
Fund Balances at End of Year			\$ 2,994,018	

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

BUDGETARY COMPARISON SCHEDULE
ENERGY WATCH FUND
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (Inflows):				
Intergovernmental	\$ 420,000	\$ 420,000	\$ 522,271	\$ 102,271
Investment Income	-	-	189	189
Amounts Available for Appropriations	420,000	420,000	522,460	102,460
Charges to Appropriation (Outflow):				
Professional services	587,500	587,500	597,579	(10,079)
Administrative services	3,692	3,692	7,547	(3,855)
Dues and memberships	-	-	350	(350)
Conferences and meetings	4,500	4,500	17,397	(12,897)
Publications	-	-	397	(397)
Total Charges to Appropriations	595,692	595,692	623,270	(27,578)
Other Financing Sources (Uses):				
Transfers In	200,000	200,000	200,000	-
Transfers Out	-	-	(41,770)	(41,770)
Total Financing Sources (Uses)	200,000	200,000	158,230	(41,770)
Net Change in Fund Balance	\$ 24,308	\$ 24,308	57,420	\$ 33,112
Fund Balances at Beginning of Year			70,710	
Fund Balances at End of Year			\$ 128,130	

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

BUDGETARY COMPARISON SCHEDULE
MEASURE M FUND
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (Inflows):				
Intergovernmental	\$ 6,515,704	\$ 6,515,704	\$ 6,580,544	\$ 64,840
Investment Income	17,000	17,000	26,711	9,711
Cost reimbursement	635,000	635,000	629,784	(5,216)
Amounts Available for Appropriations	7,167,704	7,167,704	7,237,039	69,335
Charges to Appropriation (Outflow):				
Professional services	2,474,054	2,474,054	2,103,408	370,646
Administrative services	15,000	15,000	37,429	(22,429)
Conferences and meetings	-	-	190	(190)
Publications	-	-	643	(643)
Distributions	3,951,782	3,951,782	4,096,575	(144,793)
Total Charges to Appropriations	6,440,836	6,440,836	6,238,245	202,591
Other Financing Sources (Uses):				
Transfers Out	(200,000)	(200,000)	(220,890)	(20,890)
Total Financing Sources (Uses)	(200,000)	(200,000)	(220,890)	(20,890)
Net Change in Fund Balance	\$ 526,868	\$ 526,868	777,904	\$ 251,036
Fund Balances at Beginning of Year			6,016,391	
Fund Balances at End of Year			\$ 6,794,295	

CITY OF SAN CARLOS

MISCELLANEOUS PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	<u>2015</u>
Proportion of the Net Pension Liability	0.00414%
Proportionate Share of the Net Pension Liability	\$ 257,601
Covered-Employee Payroll	\$ 187,690
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	137.25%
Plan Fiduciary Net Position	\$ 1,260,267
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.03%

Notes to Schedule:

Benefit Changes:

The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact.

Changes of Assumptions: None.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

CITY OF SAN CARLOS

**MISCELLANEOUS PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
Actuarially Determined Contribution	\$ 43,618
Contribution in Relation to the Actuarially Determined Contribution	(43,618)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 187,690
Contributions as a Percentage of Covered-Employee Payroll	23.24%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Note to Schedule:

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers Example	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Assets valuation method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment rate of return	7.5% net of pension plan investment expense, including inflation
Retirement age	50 Years
Mortality Rate Table	Derived using CalPERS Membership Data for all Funds

CITY/COUNTY ASSOCIATION OF GOVERNMENTS OF SAN MATEO COUNTY

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

C/CAG's Governing Board adopts an annual operating budget on or before June 30 for the ensuing fiscal year for all funds. C/CAG follows a budgeting process in which C/CAG plans and objectives are outlined and budgeted. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various funds.

C/CAG's Governing Board may amend the budget by resolution during the fiscal year.

Budgets are adopted on a basis consistent with generally accepted accounting principles.

C/CAG did not adopt a budget for the Abandoned Vehicle Abatement Fund due to the \$1.00 fee adds on to motor vehicle registration to fund this program expired in May 2013. Therefore, no budgetary schedule is presented.

Expenditures in Excess of Budget

For the year ended June 30, 2015, the following fund had expenditures exceeding the budgeted amounts:

Fund	Total Amount Budgeted	Total Amount Expended	Excess over Budget
Energy Watch	\$ 595,692	\$ 623,270	\$ 27,578