

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

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY, CALIFORNIA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page Number</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Notes to Basic Financial Statements	23
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule	
General Fund	44
Congestion Management Fund	45
National Pollutant Discharge and Elimination System Fund	46
Bay Area Air Quality Management District Fund	47
AB 1546 Fund	48
Energy Watch Fund	49
Measure M	50
San Mateo County Express Lane JPA	51
Miscellaneous Pension Plan	
Schedule of Proportionate Share of the Net Pension Liability	52
Schedule of Plan Contributions	53
Other Post-Employment Benefits Plan	
Schedule of Changes in Net OPEB Liability and Related Ratios	54
Schedule of Contributions	55
Notes to Required Supplementary Information	56

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INDEPENDENT AUDITOR'S REPORT

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

Report on the 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), California, as of and for the year ended June 30, 2021, 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 the 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 C/CAG'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 C/CAG'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 C/CAG as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2021, 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 the effectiveness of C/CAG's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the C/CAG's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
October 1, 2021

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, 2021. 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 \$26.56 million, a decrease of \$0.45 million or 1.67%.
- The combined C/CAG revenues were \$15.11 million, a decrease of \$1.54 million or 9.23%.
- The combined C/CAG expenditures were \$15.56 million, an increase of \$0.68 million or 4.54%.

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 deferred outflows of resources and liabilities and deferred inflows of resources, 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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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.

Table 1
Statement of Net Position
June 30, 2021 and June 30, 2020

	2021	2020	\$ Change	% Change
Cash and investments (note 2)	\$ 26,374,342	\$ 29,895,517	\$ (3,521,175)	-11.78%
Accounts receivable and other assets	3,882,657	3,384,795	497,862	14.71%
Total Assets	30,256,999	33,280,312	(3,023,313)	-9.08%
Deferred outflows related to pension & OPEB	220,043	241,307	(21,264)	-8.81%
Total Deferred Outflow	220,043	241,307	(21,264)	-8.81%
Current and other liabilities	3,170,027	5,763,165	(2,593,138)	-45.00%
Long-term obligations	727,665	700,517	27,148	3.88%
Total Liabilities	3,897,692	6,463,682	(2,565,990)	-39.70%
Deferred inflows related to pension & OPEB	21,757	49,642	(27,885)	-56.17%
Total Deferred Inflow	21,757	49,642	(27,885)	-56.17%
Net Position:				
Restricted	\$ 26,127,367	\$ 26,652,287	\$ (524,920)	-1.97%
Unrestricted	430,226	356,008	74,218	20.85%
Total Net Position	\$ 26,557,593	\$ 27,008,295	\$ (450,702)	-1.67%

MANAGEMENT'S DISCUSSION AND ANALYSIS

The total net position is \$26.56 million, a decrease of \$0.45 million or 1.67% from the prior fiscal year. Significant changes during the fiscal year are as follows:

Total assets decreased by \$3.02 million or 9.08%, of which \$3.52 million is the decrease in cash in investment. The decrease in fiscal year 2021 consists primarily of \$1.5 million in Congestion Management Fund related to smart corridor network maintenance (\$0.8 million) and transfer (\$0.95 million) to San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) and Energy Watch Program. Measure M Fund cash and investment decreased by \$1.69 million compared to the prior year, is mainly due to the timing of fund distribution to member agencies, payments for Smart Corridor extension and Countywide consultant services.

Accounts receivable and other assets increased by \$0.5 million or 14.71% from \$3.38 million to \$3.88 million. This is driven by the loan payments to SMCEL-JPA to cover its operating budget as the agency with no current operating revenue. In addition, C/CAG and SMCEL-JPA executed a subsequent amendment for Operating Loans from C/CAG to SMCEL-JPA. In lieu of issuing payments to C/CAG staff support services, the monthly invoice is being added to the loan amount of the operating loan from C/CAG to SMCEL-JPA.

Current and other liabilities decreased by \$2.59 million or 45%, was mainly the result of the effort of staff monitoring accounts payable process closely and the timing of vendors submitting invoices. The change of C/CAG's long-term obligations include OPEB and proportionate shares of pension liability related deferred inflows and outflows have slightly increased by \$0.03 million in comparison with the prior year. The change is affected by the proportionate shares of contributions and investment gains of the CalPERS retirement pool.

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 \$26.13 million of the total net position. Of this amount, \$12.60 million is restricted for Measure M, \$7.67 million is restricted for Congestion Management Program, \$1.83 million is restricted for SMCEL-JPA, \$1.59 million is restricted for NPDES, \$1.32 million is restricted for Bay Area Air Quality Management Program and \$0.75 million is restricted for AB1546. The remaining amount is related to Energy Watch Program.

Unrestricted net position can be used to finance day-to-day operations without constraints established by other legal requirements or restrictions. The unrestricted net position on June 30, 2021 was \$0.43 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

Table 2
Statement of Activities and Changes in Net Position
June 30, 2021 and June 30, 2020

	2021	2020	\$ Change	% Change
Revenues				
Program Revenues:				
Charges for services	\$ 11,407,817	\$ 12,108,341	\$ (700,524)	-5.79%
Operating grants and contributions	3,705,222	3,795,408	(90,186)	-2.38%
General Revenues:				
Investment Income	(4,723)	740,408	(745,131)	-100.64%
Total Revenues	15,108,316	16,644,157	(1,535,841)	-9.23%
Expenses				
SMC Express Lane JPA	270,949	225,602	45,347	20.10%
Energy Watch	330,668	395,511	(64,843)	-16.39%
General government	401,530	400,759	771	0.19%
AB 1546	585,818	805,275	(219,457)	-27.25%
Air quality (BAAQMD)	727,892	942,627	(214,735)	-22.78%
NPDES stormwater	1,590,283	1,826,486	(236,203)	-12.93%
Congestion management	3,839,180	3,574,288	264,892	7.41%
Measure M	7,812,698	6,712,230	1,100,468	16.39%
Total Expenses	15,559,018	14,882,778	676,240	4.54%
Inc (Dec) in Net Position	(450,702)	1,761,379	(2,212,081)	-125.59%
Beginning Net Position	27,008,295	25,246,916	1,761,379	6.98%
Ending Net Position	\$ 26,557,593	\$ 27,008,295	\$ (450,702)	-1.67%

The overall change in net position in current fiscal year is a decrease of \$0.45 million. The reasons for significant changes in the revenues and expenses are as follows:

The combined amount of charges for services received decreased by \$0.7 million or 5.79%, from \$12.11 million to \$11.41 million. This is driven by the decrease in Congestion Relief Program Assessment. In response to the financial environment due to COVID-19, an installment option was provided to jurisdictions of payment 50% of the jurisdiction's share in FY20-21, while deferring the remaining 50% to next fiscal year. There were total six jurisdictions choosing to pay the assessment by installment. In addition, Motor vehicle registration fees decreased by \$0.1 million and \$0.2 million in Bay Area Air Quality Management District and Measure M Fund, respectively. This is due to the continued impacts of Covid-19 pandemic caused the delay in motor vehicle registration fees collection.

The combined amount of operating grants & contributions received in fiscal year 2020-2021 is \$3.71 million, a decrease of \$0.09 million or 2.38% compared to prior year. The main factor for the decrease is due to the completion of Smart Corridor North Expansion project with less reimbursement received from California Department of Transportation. Energy Watch Program received Local Government Partnership implementation funds from Pacific Gas & Electric (PG&E) to support San Mateo County municipalities, non-profits, schools, business and residents'

MANAGEMENT'S DISCUSSION AND ANALYSIS

implementation of energy efficiency projects at its facilities in prior year. In the fiscal year 2020-21, expense amount on this effort was reduced in response to the reduction in grant amount.

The decrease in investment income is primarily due to the interest rates have significantly dropped and the fair market value adjustment caused the investment income to drop even more. Investment income consists of \$0.2 million interest earned from the investment pool which is offset by the loss of \$0.21 million GASB31 fair market value adjustment. C/CAG adjusts the carrying value of its investments to reflect their fair value at each fiscal year end.

Program expenses totaled \$15.56 million in the fiscal year 2020-2021, an increase of \$0.68 million or 4.54% from the prior year's expenses of \$14.88 million. Significant changes in the expenses of C/CAG's programs from the prior year are as follows:

- The Express Lanes JPA expenses increased by \$0.05 million or 20.1%. The expenses were mainly incurred for the staff support services provided by San Mateo County Public Works and C/CAG in accordance with the Joint Powers Authority Agreement.
- Energy Watch Program expenses decreased by \$0.06 million or 16.39%, from the prior year. The decrease is due to less funding received from Pacific Gas & Electricity (PG&E) for the Energy Watch Program with less expense incurred in the current year.
- General Government expenses have stayed relatively flat at \$0.4 million as prior year. \$0.22 million were paid for the professional services including audit, legal and financial services, website design and maintenance. The remaining expenses were payments for the consulting and administrative services.
- AB1546 program expenses decreased by \$0.22 million or 27.25%. The decrease is being driven by the Joint Safe Routes to School and Green Infrastructure pilot project funded by this program have been delay and project sponsors requested for one-year time extension.
- The Bay Area Air Quality program expenses decreased by \$0.21 million or 22.78%, primarily due to the impact from the COVID-19 pandemic that led to the closure of offices and most of the employees are working from home. As a result, a reduction in eligible expense claimed by Commute.org for Countywide Voluntary Trip Reduction Program and shuttle services.
- NPDES program expenses decreased by \$0.24 million or 12.93%. The decrease of consulting costs were associated with the public information outreach and green infrastructure technical support to the Countywide Water Pollution Program.
- Congestion Management Program expenses increased by \$0.26 million or 7.14%, due to the increase in consulting services for the Smart Corridor system and network maintenance.
- Measure M expenses increased by \$1.1 million or 16.39% from the prior year. The increase is due to the increase in fund distribution for Safe Route to School Program, funding agreement for the connection of the San Mateo County Smart Corridor fiber optic system to the County which including extension and integration to the regional operations center and one-year subscription to Streetlight Data and Services. During the year, \$5.12 million were distributed to local jurisdictions to reimburse expenditures for congestion management and stormwater pollution mitigation programs.

For a 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. Questions about this report or additional information can be obtained by contacting 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 Division at the City of San Carlos, 600 Elm Street, San Carlos, CA 94070.

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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 deferred outflows of resources and C/CAG's total liabilities and deferred inflows of resources. 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.

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

**STATEMENT OF NET POSITION
JUNE 30, 2021**

Assets	
Cash and investments (Note 2)	\$ 26,374,342
Accounts receivable	2,490,930
Loans receivable (Note 8)	<u>1,391,727</u>
Total Assets	<u>30,256,999</u>
Deferred Outflows of Resources	
Deferred pension related items (Note 5)	144,193
Deferred OPEB related items (Note 6)	<u>75,850</u>
Total Deferred Outflows of Resources	<u>220,043</u>
Liabilities	
Accounts payable	2,758,022
Accrued liabilities	412,005
Net pension liability (Note 5)	594,576
Net OPEB Liability (Note 6)	<u>133,089</u>
Total Liabilities	<u>3,897,692</u>
Deferred Inflows of Resources	
Deferred pension related items (Note 5)	9,504
Deferred OPEB related items (Note 6)	<u>12,253</u>
Total Deferred Inflows of Resources	<u>21,757</u>
Net Position	
Restricted for:	
Energy watch	376,441
AB 1546	752,353
BAAQMD	1,316,805
NPDES	1,585,221
San Mateo County Express Lane JPA	1,825,901
Congestion Management	7,666,162
Measure M	12,604,484
Unrestricted	<u>430,226</u>
Total Net Position	<u>\$ 26,557,593</u>

See accompanying notes to financial statements

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

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Functions/Programs:	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
General government	\$ 401,530	\$ -	\$ 275,651	\$ (125,879)
Special programs:				
Congestion management	3,839,180	1,979,093	1,687,999	(172,088)
National Pollutant Discharge & Elimination System	1,590,283	620,299	1,468,591	498,607
Bay Area Air Quality Management District	727,892	1,071,228	-	343,336
AB 1546	585,818	725	-	(585,093)
Energy watch	330,668	-	272,981	(57,687)
Measure M	7,812,698	7,448,757	-	(363,941)
San Mateo Express Lane JPA	270,949	287,715	-	16,766
Total Governmental Activities	<u>\$ 15,559,018</u>	<u>\$ 11,407,817</u>	<u>\$ 3,705,222</u>	<u>(445,979)</u>
General Revenues:				
Investment income				<u>(4,723)</u>
Total General Revenues				<u>(4,723)</u>
Change in Net Position				(450,702)
Net Position - Beginning				<u>\$27,008,295</u>
Net Position - Ending				<u>\$ 26,557,593</u>

See accompanying notes to financial statements

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 Countywide Integrated Waste Management Plan Review Ad-Hoc Committee. 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 and Active Transportation Program TDA Article #3 Fund Management, Local Shuttle 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 and Commute.Org for Countywide Voluntary Trip Reduction Program.

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.

AB 1546 FUND - State law authorized 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 County 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.

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 and senior mobility improvement, safe routes to schools, Intelligent Transportation System projects, and County-wide Water Pollution Prevention Programs.

San Mateo County Express Lanes JPA - C/CAG and the San Mateo County Transportation Authority (TA) are Co-Sponsors of the Express Lanes project which will create 44 miles (22 miles in each direction) of new express lanes on US 101 in San Mateo County. In April 2019, C/CAG Board approved Resolution 19-22 authorizing the C/CAG Chair to execute the Joint Exercise of Powers Agreement (JEPA) between C/CAG and TA to establish the San Mateo County Express Lanes Joint Powers Authority (SMCEL JPA). The SMCEL JPA will own and operate the express lanes upon opening to traffic. As the owner, the SMCEL JPA will also administer express lane toll revenue funds. In accordance with the JEPA, C/CAG will provide certain staffing support to the SMCEL JPA. In addition, from its inception in June 2019 to the beginning of toll collection, the SMCEL JPA has no revenue. Hence, C/CAG and the TA are committed to provide startup operating loans to the SMCEL JPA for its initial operation. C/CAG provides such operating loans from the Congestion Relief Fund. SMCEL JPA will begin to repay C/CAG when there will be positive toll revenue from the Express Lanes, anticipated to begin in FY 2022/23.

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General Fund	Congestion Management	National Pollutant Discharge & Elimination System	Bay Area Air Quality Management District
ASSETS:				
Cash and investments (Note 2)	\$ 954,640	\$ 7,644,769	\$ 1,684,506	\$ 1,535,229
Accounts receivable	36,205	805,501	70,956	-
Loans receivable (Note 8)	-	-	-	-
Total Assets	\$ 990,845	\$ 8,450,270	\$ 1,755,462	\$ 1,535,229
LIABILITIES:				
Accounts payable	\$ 17,182	\$ 648,336	\$ 170,241	\$ 218,424
Accrued liabilities	14,058	135,772	-	-
Total Liabilities	31,240	784,108	170,241	218,424
FUND BALANCE:				
Restricted for				
Congestion management	-	7,666,162	-	-
NPDES	-	-	1,585,221	-
Bay Area AQMD	-	-	-	1,316,805
AB 1546	-	-	-	-
Energy watch	-	-	-	-
Measure M	-	-	-	-
San Mateo County Express Lane JPA	-	-	-	-
Unassigned	959,605	-	-	-
Total Fund Balance	959,605	7,666,162	1,585,221	1,316,805
Total Liabilities and Fund Balances	\$ 990,845	\$ 8,450,270	\$ 1,755,462	\$ 1,535,229

See accompanying notes to financial statements.

<u>AB 1546</u>	<u>Energy Watch</u>	<u>Measure M</u>	<u>San Mateo County Express Lane JPA</u>	<u>Total Governmental Funds</u>
\$ 922,261	\$ 395,145	\$ 12,764,395	\$473,397	\$ 26,374,342
91	43,347	1,534,830	-	2,490,930
-	-	-	1,391,727	1,391,727
<u>\$ 922,352</u>	<u>\$ 438,492</u>	<u>\$ 14,299,225</u>	<u>\$ 1,865,124</u>	<u>\$ 30,256,999</u>
\$ 169,999	\$ 62,051	\$ 1,432,566	\$39,223	\$ 2,758,022
-	-	262,175	-	412,005
<u>169,999</u>	<u>62,051</u>	<u>1,694,741</u>	<u>39,223</u>	<u>3,170,027</u>
-	-	-	-	7,666,162
-	-	-	-	1,585,221
-	-	-	-	1,316,805
752,353	-	-	-	752,353
-	376,441	-	-	376,441
-	-	12,604,484	-	12,604,484
-	-	-	1,825,901	1,825,901
-	-	-	-	959,605
<u>752,353</u>	<u>376,441</u>	<u>12,604,484</u>	<u>1,825,901</u>	<u>27,086,972</u>
<u>\$ 922,352</u>	<u>\$ 438,492</u>	<u>\$ 14,299,225</u>	<u>\$ 1,865,124</u>	<u>\$ 30,256,999</u>

See accompanying notes to financial statements.

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Fund balances of governmental funds \$ 27,086,972

Amounts reported for governmental activities in the statement of net position are different because:

Deferred inflows and outflows:

The deferred outflows below are not current assets or financial resources; and the deferred inflows are not due and payable in the current period and therefore are not reported in the Governmental Funds.

Deferred outflows related to pension	144,193
Deferred inflows related to pension	(9,504)
Deferred outflows related to OPEB	75,850
Deferred inflows related to OPEB	(12,253)

Long term liabilities:

The liabilities below are not due and payable in the current period and therefore are not reported in the funds:

Net pension liability	(594,576)
Net OPEB liability	(133,089)

Net Position of governmental activities \$ 26,557,593

See accompanying notes to financial statements

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Congestion Management	National Pollutant Discharge & Elimination System	Bay Area Air Quality Management District
REVENUES				
Member contributions	\$ 275,651	\$ 1,979,093	\$ -	\$ -
Intergovernmental	-	1,687,999	620,299	-
NPDES fees	-	-	1,468,591	-
AB 434 DMV fees	-	-	-	1,071,228
Investment income	(363)	(3,809)	(837)	(760)
Cost reimbursement	-	-	-	-
Total Revenues	275,288	3,663,283	2,088,053	1,070,468
EXPENDITURES				
Current:				
Professional services	236,351	2,897,026	1,536,022	44,953
Field and program supplies	302	-	-	-
Administrative services	137,461	230,572	32,094	3,281
Dues and membership	1,500	3,550	16,150	-
Conferences and meetings	-	3,154	303	-
Publications	3,371	810	-	-
Distributions	-	704,068	5,714	678,743
Other	2,018	-	-	915
Total Expenditures	381,003	3,839,180	1,590,283	727,892
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(105,715)	(175,897)	497,770	342,576
OTHER FINANCING SOURCES (USES)				
Transfers in	200,460	-	40,000	-
Transfers (out)	-	(966,232)	(41,000)	(4,473)
Total Other Financing Sources (Uses)	200,460	(966,232)	(1,000)	(4,473)
NET CHANGE IN FUND BALANCES	94,745	(1,142,129)	496,770	338,103
Fund balances at beginning of year	864,860	8,808,291	1,088,451	978,702
Fund balances at end of year	<u>\$ 959,605</u>	<u>\$ 7,666,162</u>	<u>\$ 1,585,221</u>	<u>\$ 1,316,805</u>

See accompanying notes to financial statements

AB 1546	Energy Watch	Measure M	San Mateo County Express Lane JPA	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 2,254,744
725	272,981	7,021,549	287,715	9,891,268
-	-	-	-	1,468,591
-	-	-	-	1,071,228
(458)	(197)	(6,351)	8,052	(4,723)
-	-	427,208	-	427,208
<u>267</u>	<u>272,784</u>	<u>7,442,406</u>	<u>295,767</u>	<u>15,108,316</u>
38,519	314,809	2,097,745	201,672	7,367,097
-	-	-	-	302
-	15,859	43,378	69,277	531,922
-	-	-	-	21,200
-	-	-	-	3,457
-	-	-	-	4,181
547,299	-	5,671,575	-	7,607,399
-	-	-	-	2,933
<u>585,818</u>	<u>330,668</u>	<u>7,812,698</u>	<u>270,949</u>	<u>15,538,491</u>
<u>(585,551)</u>	<u>(57,884)</u>	<u>(370,292)</u>	<u>24,818</u>	<u>(430,175)</u>
-	150,000	-	700,000	1,090,460
-	(22,648)	(56,107)	-	(1,090,460)
-	127,352	(56,107)	700,000	-
(585,551)	69,468	(426,399)	724,818	(430,175)
<u>1,337,904</u>	<u>306,973</u>	<u>13,030,883</u>	<u>1,101,083</u>	<u>27,517,147</u>
<u>\$ 752,353</u>	<u>\$ 376,441</u>	<u>\$ 12,604,484</u>	<u>\$ 1,825,901</u>	<u>\$ 27,086,972</u>

See accompanying notes to financial statements

CITY/COUNTY ASSOCIATION
OF GOVERNMENTS OF SAN MATEO COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds **\$ (430,175)**

Amounts reported for governmental activities in the statement of activities are different because:

Pension expense related to the proportionate share of net pension liabilities is recorded on the economic resources basis of accounting and therefore not reported as expenditures in the governmental funds (25,825)

OPEB - Governmental funds report all contributions in relation to the actuarially determined contribution (ADC) for OPEB as expenditures, however, in the statement of Activities, the total ADC is recognized as an expense. 5,298

Change in net position of governmental activities **\$ (450,702)**

See accompanying notes to financial statements

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

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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 and towns 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies (Continued)

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

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 Countywide Integrated Waste Management Plan Review Ad-Hoc Committee. 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 and Active Transportation Program, TDA Article #3 Fund Management, Local Shuttle 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 and Commute.Org for Countywide Voluntary Trip Reduction Program.

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.

AB 1546 - State law authorized 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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 and senior mobility improvement, safe routes to schools, Intelligent Transportation System projects, and County-wide Water Pollution Prevention Programs.

San Mateo County Express Lanes JPA - C/CAG and the San Mateo County Transportation Authority (TA) are Co-Sponsors of the Express Lanes project which will create 44 miles (22 miles in each direction) of new express lanes on US 101 in San Mateo County. In April 2019, C/CAG Board approved Resolution 19-22 authorizing the C/CAG Chair to execute the Joint Exercise of Powers Agreement (JEPA) between C/CAG and TA to establish the San Mateo County Express Lanes Joint Powers Authority (SMCEL JPA). The SMCEL JPA will own and operate the express lanes upon opening to traffic. As the owner, the SMCEL JPA will also administer express lane toll revenue funds. In accordance with the JEPA, C/CAG will provide certain staffing support to the SMCEL JPA. In addition, from its inception in June 2019 to the beginning of toll collection, the SMCEL JPA has no revenue. Hence, C/CAG and the TA are committed to provide startup operating loans to the SMCEL JPA for its initial operation. C/CAG provides such operating loans from the Congestion Relief Fund. SMCEL JPA will begin to repay C/CAG when there will be positive toll revenue from the Express Lanes, anticipated to begin in FY 2022/23.

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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies (Continued)

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.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The C/CAG categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Receivables and Payables

All receivables are shown net of an allowance for uncollectible.

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."

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

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies (Continued)

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 two items that qualify for reporting in this category. Deferred outflows relating to the proportionate share of the net pension liability and OPEB 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 two items that qualifies for reporting in this category which are deferred inflows relating to the proportionate share of the net pension liability and OPEB 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.

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 Board 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance Flow Policy

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021, C/CAG's cash and investment balance was \$26,374,342 consisting of \$14,285,029 in the California Local Agency Investment Fund, \$9,567,418 in the San Mateo County Investment Pool, and \$2,521,895 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 Pool (SMCIP) that is regulated by California Government Code Section 53684 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 SMCIP, which are recorded on an amortized cost basis. Included in SMCIP'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 SMCIP at the fair value amounts provided by SMCIP, which is the same as the value of the pool share.

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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 2: Cash and Investments (continued)

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:

Investment Type	12 Months or less
California Local Agency Investment Pool	\$ 14,285,029
San Mateo County Investment Pool	9,567,418
Total Investments	23,852,447
Total Cash in Banks and Cash on Hand	2,521,895
Total Cash and Investments	<u>\$ 26,374,342</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.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment in One Issuer
State of California Local Agency Investment Fund	Upon Demand	N/A	\$75 million per account as approved by C/CAG Board	N/A
San Mateo County Investment Pool	Upon Demand	N/A	As approved by C/CAG Board	N/A
U.S. Treasury Bonds, Notes and Bills	5 years	N/A	100%	N/A
U.S. Government Agency and Federal Agency	5 years	N/A	100%	N/A
Bankers' Acceptances	180 days	N/A	40%	(B)
Commercial Paper	270 days	Highest letter and number rating by an NRSRO	25%	(A)
Negotiable Certificates of Deposit	5 years	N/A	30%	N/A
Time Certificates of Deposit - Banks or Savings and Loans	5 years	N/A	50%	N/A
Medium Term Corporate Notes	5 years	A	30%	N/A

(A) 10% of outstanding paper of issuing corporation

(B) No more than 30% of the agency's money may be in bankers' acceptances of any one commercial bank.

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

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 2: Cash and Investments (continued)

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.

g. Fair Value Hierarchy

The C/CAG categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of C/CAG as of June 30, 2021:

Investment Type	Exempt	Total
Investments by Fair Value:		
California Local Agency Investment Fund	\$ 14,285,029	\$ 14,285,029
San Mateo County Investment Pool	9,567,418	9,567,418
Total Investments at Fair Value	<u>\$ 23,852,447</u>	23,852,447
Cash in banks		<u>2,521,895</u>
Total Cash and Investments		<u>\$ 26,374,342</u>

Both the California Local Agency Investment Fund and the San Mateo County Investment Pool are external investment pool measured at fair value, and exempt in the fair value hierarchy under GASB 72.

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

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021:

Atherton	\$	22,952
Belmont		54,553
Brisbane		16,884
Burlingame		113,857
Colma		10,866
Daly city		208,773
East Palo Alto		83,405
Foster City		107,007
Half Moon Bay		26,910
Hillsborough		34,499
Menlo Park		124,659
Millbrae		47,795
Pacifica		76,162
Portola Valley		15,099
Redwood City		294,213
San Bruno		93,964
San Carlos		100,877
South San Francisco		220,227
San Mateo		360,637
San Mateo County		222,604
Woodside		18,801
Total:	\$	<u><u>2,254,744</u></u>

Note 4: Interfund Transfers

Interfund transfers at June 30, 2021, consisted of the following:

Transfers In:	Transfers Out:					Total	
	Congestion Management	National Pollutant Discharge & Elimination System	Bay Area Air Quality Management District	Energy Watch	Measure M		
General Fund	\$ 116,232	\$ 41,000	\$ 4,473	\$ 22,648	\$ 16,107	\$ 200,460	(A)
National Pollutant Discharge & Elimination System					40,000	40,000	(B)
Energy Watch	150,000					150,000	(B)
San Mateo County Express Lane JPA	700,000					700,000	(B)
Total Interfund Transfers	<u>\$ 966,232</u>	<u>\$ 41,000</u>	<u>\$ 4,473</u>	<u>\$ 22,648</u>	<u>\$ 56,107</u>	<u>\$ 1,090,460</u>	

(A) Administration overhead

(B) Capital projects

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

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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 and Public Employee's Pension Reform Act of 2013 (PEPRA,) cost-sharing multiple employer defined benefit pension plans administered by CalPERS. 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 provisions and benefits of the plan in effect at June 30, 2021 are summarized as follows:

	CCAG Miscellaneous Plan	
	Tier 1	PEPRA
Hire date	On or after March 12, 2012	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 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	2.0% - 2.7%	1.0% - 2.5%
Required employee contribution rates	8.0%	6.75%
Required employer contribution rates	14.194%	7.732%

Beginning in fiscal year 2016, 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 (UAL). The dollar amounts are billed on a monthly basis. The C/CAG's required contributions for the unfunded liability in the Miscellaneous Plan for the year ended June 30, 2021 was \$40,192.

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

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021 were \$80,555 C/CAG's employer contributions were equal to the required employer contributions for the year ended June 30, 2021.

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

As of June 30, 2021, C/CAG reported \$594,576 of net pension liabilities for its proportionate shares of the net pension liability.

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, 2020, 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, 2019 rolled forward to June 30, 2020 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, 2020 and 2019 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2020	0.014096%
Proportion - June 30, 2019	0.013740%
Increase (Decrease)	<u>0.000356%</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 5: Pension Plan (Continued)

For the year ended June 30, 2021, C/CAG recognized a total pension expense of \$106,380 for all plans in total. At June 30, 2021, the C/CAG reported deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contribution subsequent to measurement date	\$ 80,555	\$ -
Differences between actual and expected experience	30,640	
Changes in assumptions	-	(4,241)
Net differences between projected and actual earnings on plan investments	17,663	-
Difference in actual contributions and proportion contributions	-	(5,263)
Change in proportion and differences between actual contributions and proportionate share of contributions	15,335	-
Total	<u>\$ 144,193</u>	<u>\$ (9,504)</u>

In the table above, the \$80,555 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, 2022. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2022	\$ 10,593
2023	20,154
2024	14,915
2025	8,472
Total	<u>\$ 54,134</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 5: Pension Plan (Continued)

Actuarial Assumptions

For the measurement period ended June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost Method
Discount Rate	7.15%
Inflation Rate	2.50%
Salary Increases	(1)
Investment Rate of Return	7.15% (2)
Mortality	Derived using CalPERS membership data for all funds (3)
	Contract COLA up to 2.50% until Purchasing Power Protection
Post-Retirement Benefit Increase	Allowance Floor on Purchasing Power applies, 2.5% thereafter

- (1) Depending on age, service and type of enrollment
(2) Net of pension plan investment expenses, including inflation
(3) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 valuation were based on the results of a December 2018 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 5: Pension Plan (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 and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class (a)	New Strategic Allocation	Real Return Years 1-10(b)	Real Return Years 11+(c)
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	-	(0.92%)
Total	100%		

(a) In the CalPERS Comprehensive Annual Financial Report, Fixed income is included in the Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

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

(c) 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 C/CAG's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15% 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 (6.15%) or 1% point higher (8.15%) than the current rate:

	Discount Rate		
	1% Decrease 6.15%	Current 7.15%	1% Increase 8.15%
Miscellaneous	\$ 894,200	\$ 594,576	\$ 347,006

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

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 6: Other Post-Employment Benefits

General Information about the Other Post Employment Benefit Plan (OPEB)

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.

During the fiscal year 2015, the Board authorized to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administrated by CalPERS, and is managed by an appointed board not under the control of C/CAG, with a deposit of \$30,000 with CERBT to begin funding its OPEB liability. Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability (AAL) when such contributions are placed in an irrevocable trust or equivalent arrangement. This Trust is not considered a component unit of C/CAG and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

Employees Covered – Membership in the plan consisted of the following at June 30, 2021:

Active plan members	2
Inactive employees or beneficiaries currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	0
Total	<u><u>4</u></u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 6: Other Post-Employment Benefits (Continued)

Net OPEB Liability

Actuarial Methods and Assumptions – C/CAG's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was rolled forward to determine the total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Funding Method	Entry age normal cost, level percent of pay
Assets Valuation Method	Market value of assets
Long Term Return on Assets	6.25% as of June 30, 2020 and June 30, 2019 net of plan investment expenses and including inflation
Discount Rates	6.25% as of June 30, 2020 and June 30, 2019
Salary Increase	3.0% per year, used only to allocate the cost of benefits between service years
Inflation Rate	2.5% per year
Healthcare Cost Trend Rates	5.40% in 2021, rate down to 4% for year 2076 and later
Mortality Improvement	Macleod Watts Scale 2020 applied generationally

Discount Rate – The discount rate used to measure the total OPEB liability was 6.25%.

Changes in Net OPEB Liability

The changes in the Net OPEB Liability follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at Fiscal Year Ending 6/30/2020: (Measurement Date 6/30/19)	\$ 339,526	\$ 189,237	\$ 150,289
Changes Recognized for the Measurement Period:			
Service Cost	27,879	-	27,879
Interest on the total OPEB liability	22,675	-	22,675
Expected investment income	-	13,338	(13,338)
Employer contributions	-	57,669	(57,669)
Changes of benefit terms	-	-	-
Administrative expenses	-	(94)	94
Changes of assumptions	-	-	-
Investment Experience	-	(3,159)	3,159
Benefit payments	(9,217)	(9,217)	-
Net Changes during Fiscal Year 2021	41,337	58,537	(17,200)
Balance at Fiscal Year Ending 6/30/2021: (Measurement Date 6/30/2020)	\$ 380,863	\$ 247,774	\$ 133,089

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

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 6: Other Post-Employment Benefits (Continued)

Sensitivity of the Net OPEB Liability

The following presents the net OPEB liability, as well as what the net OPEB 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 discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1%	Discount Rate	Discount Rate +1%
5.25%	6.25%	7.25%
\$ 177,831	\$ 133,089	\$ 95,796

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Net OPEB Liability/(Asset)		
1% Decrease	Healthcare Cost	1% Increase
	Trend Rates	
Current Trend	Current Trend	Current Trend
\$ 91,233	\$ 133,089	\$ 183,433

OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2021, C/CAG recognized OPEB Expense of \$43,750. As of fiscal year ended June 30, 2021, it reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$ 49,048	\$ -
Changes of assumptions	23,361	-
Differences between expected and actual experience		(12,253)
Net difference between projected and actual earnings on investments	3,441	-
Total	<u>\$ 75,850</u>	<u>\$ (12,253)</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 6: Other Post-Employment Benefits (Continued)

\$49,048 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year Ended June 30	Annual Amortization
2022	\$ 6,568
2023	5,509
2024	1,841
2025	631
Total	<u>\$ 14,549</u>

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: Cooperative Funding Agreement – Loan Receivable

On November 14, 2019, the C/CAG Board approved Resolution 19-71 authorizing the C/CAG Chair to execute the Cooperative Funding (Loan) Agreement with SMCEL-JPA in the amount of \$872,456 to partially fund the fiscal year 2019-20 operations of the SMCEL-JPA. SMCEL-JPA will repay C/CAG with interest, based on the net earning rates on the San Mateo County Investment Pool, when toll revenue is generated from the operation of the US101 Express Lanes. It is anticipated that the express lanes project will begin to generate toll revenue as early as 2022. The loan balance as of June 30, 2021 was \$1,391,727.

Note 9: 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.

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REQUIRED SUPPLEMENTARY INFORMATION

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

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Member contributions	\$ 275,651	\$ 275,651	\$ 275,651	\$ -
Investment income	10,000	10,000	(363)	(10,363)
Total Revenues	285,651	285,651	275,288	(10,363)
EXPENDITURES				
Professional services	354,500	354,500	236,351	118,149
Field and program supplies	11,000	11,000	302	10,698
Administrative services	140,845	140,845	137,461	3,384
Dues and membership	1,750	1,750	1,500	250
Conferences and meetings	15,500	15,500	-	15,500
Publications	14,000	14,000	3,371	10,629
Other	13,000	13,000	2,018	10,982
Total Expenditures	550,595	550,595	381,003	169,592
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(264,944)	(264,944)	(105,715)	159,229
OTHER FINANCING SOURCES				
Transfers in	-	-	200,460	200,460
Total Other Financing Sources	-	-	200,460	200,460
NET CHANGE IN FUND BALANCES	<u>\$ (264,944)</u>	<u>\$ (264,944)</u>	94,745	<u>\$ 359,689</u>
FUND BALANCES AT BEGINNING OF YEAR			864,860	
FUND BALANCES AT END OF YEAR			<u>\$ 959,605</u>	

CITY/COUNTY ASSOCIATION
OF GOVERNMENTS OF SAN MATEO COUNTY

CONGESTION MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Member contributions	\$ 1,797,952	\$ 1,797,952	\$ 1,979,093	\$ 181,141
Intergovernmental	1,721,979	1,721,979	1,687,999	(33,980)
Investment income	101,000	101,000	(3,809)	(104,809)
Total Revenues	3,620,931	3,620,931	3,663,283	42,352
EXPENDITURES				
Professional services	4,008,360	4,008,360	2,897,026	1,111,334
Field and program supplies	8,000	8,000	-	8,000
Administrative services	278,000	278,000	230,572	47,428
Conferences and meetings	6,000	6,000	3,154	2,846
Publications	3,000	3,000	810	2,190
Distributions	1,093,000	1,093,000	704,068	388,932
Dues and memberships	8,000	8,000	3,550	4,450
Other	2,000	2,000	-	2,000
Total Expenditures	5,406,360	5,406,360	3,839,180	1,567,180
EXCESS OF REVENUES OVER EXPENDITURES	(1,785,429)	(1,785,429)	(175,897)	1,609,532
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(850,000)	(850,000)	(966,232)	(116,232)
Total Other Financing Sources (Uses)	(850,000)	(850,000)	(966,232)	(116,232)
NET CHANGE IN FUND BALANCES	\$ (2,635,429)	\$ (2,635,429)	(1,142,129)	\$ 1,493,300
FUND BALANCES AT BEGINNING OF YEAR			8,808,291	
FUND BALANCES AT END OF YEAR			\$ 7,666,162	

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

**NATIONAL POLLUTANT DISCHARGE AND ELIMINATION SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 615,652	\$ 615,652	\$ 620,299	\$ 4,647
NPDES fees	1,386,373	1,386,373	1,468,591	82,218
Investment income	10,000	10,000	(837)	(10,837)
Total Revenues	<u>2,012,025</u>	<u>2,012,025</u>	<u>2,088,053</u>	<u>76,028</u>
EXPENDITURES				
Professional services	2,061,506	2,061,506	1,536,022	525,484
Administrative services	40,000	40,000	32,094	7,906
Dues and membership	47,400	47,400	16,150	31,250
Conferences and meetings	6,000	6,000	303	5,697
Distributions	19,500	19,500	5,714	13,786
Others	1,000	1,000	-	1,000
Total Expenditures	<u>2,175,406</u>	<u>2,175,406</u>	<u>1,590,283</u>	<u>585,123</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(163,381)</u>	<u>(163,381)</u>	<u>497,770</u>	<u>661,151</u>
OTHER FINANCING (USES)				
Transfers in	40,000	40,000	40,000	-
Transfers (out)	-	-	(41,000)	(41,000)
Total Other Financing (Uses)	<u>40,000</u>	<u>40,000</u>	<u>(1,000)</u>	<u>(41,000)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (123,381)</u>	<u>\$ (123,381)</u>	<u>496,770</u>	<u>\$ 620,151</u>
FUND BALANCES AT BEGINNING OF YEAR			<u>1,088,451</u>	
FUND BALANCES AT END OF YEAR			<u>\$ 1,585,221</u>	

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

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
AB 434 DMV Fees	\$ 1,273,635	\$ 1,273,635	\$ 1,071,228	\$ (202,407)
Investment income	10,000	10,000	(760)	(10,760)
Total Revenues	<u>1,283,635</u>	<u>1,283,635</u>	<u>1,070,468</u>	<u>(213,167)</u>
EXPENDITURES				
Professional services	1,002,000	1,002,000	44,953	957,047
Administrative services	10,000	10,000	3,281	6,719
Distributions	900,000	900,000	678,743	221,257
Other	-	-	915	(915)
Total Expenditures	<u>1,912,000</u>	<u>1,912,000</u>	<u>727,892</u>	<u>1,184,108</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(628,365)</u>	<u>(628,365)</u>	<u>342,576</u>	<u>970,941</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	-	(4,473)	(4,473)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(4,473)</u>	<u>(4,473)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (628,365)</u>	<u>\$ (628,365)</u>	<u>338,103</u>	<u>\$ 966,468</u>
FUND BALANCES AT BEGINNING OF YEAR			<u>978,702</u>	
FUND BALANCES AT END OF YEAR			<u>\$ 1,316,805</u>	

CITY/COUNTY ASSOCIATION
OF GOVERNMENTS OF SAN MATEO COUNTY

AB 1546 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 15	\$ 15	\$ 725	\$ 710
Investment income	25,000	25,000	(458)	(25,458)
Total Revenues	25,015	25,015	267	(24,748)
EXPENDITURES				
Professional services	224,031	224,031	38,519	185,512
Distributions	1,117,632	1,117,632	547,299	570,333
Total Expenditures	1,341,663	1,341,663	585,818	755,845
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,316,648)	(1,316,648)	(585,551)	731,097
NET CHANGE IN FUND BALANCES	<u>\$ (1,316,648)</u>	<u>\$ (1,316,648)</u>	(585,551)	<u>\$ 731,097</u>
FUND BALANCES AT BEGINNING OF YEAR			1,337,904	
FUND BALANCES AT END OF YEAR			<u>\$ 752,353</u>	

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

**ENERGY WATCH FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 330,000	\$ 330,000	\$ 272,981	\$ (57,019)
Investment income	2,000	2,000	(197)	(2,197)
Total Revenues	332,000	332,000	272,784	(59,216)
EXPENDITURES				
Professional services	467,500	467,500	314,809	152,691
Administrative services	20,000	20,000	15,859	4,141
Total Expenditures	487,500	487,500	330,668	156,832
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(155,500)	(155,500)	(57,884)	97,616
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	150,000	-
Transfers (out)	-	-	(22,648)	(22,648)
Total Other Financing (Uses)	150,000	150,000	127,352	(22,648)
NET CHANGE IN FUND BALANCES	\$ (5,500)	\$ (5,500)	69,468	\$ 74,968
FUND BALANCES AT BEGINNING OF YEAR			306,973	
FUND BALANCES AT END OF YEAR			\$ 376,441	

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

**MEASURE M FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 6,942,000	\$ 6,942,000	\$ 7,021,549	\$ 79,549
Investment income	180,000	180,000	(6,351)	(186,351)
Cost reimbursement	573,400	573,400	427,208	(146,192)
Total Revenues	7,695,400	7,695,400	7,442,406	(252,994)
EXPENDITURES				
Professional services	2,396,787	2,396,787	2,097,745	299,042
Administrative services	50,000	50,000	43,378	6,622
Distributions	7,718,754	7,718,754	5,671,575	2,047,179
Conferences and meetings	3,500	3,500	-	3,500
Total Expenditures	10,169,041	10,169,041	7,812,698	2,356,343
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,473,641)	(2,473,641)	(370,292)	2,103,349
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(40,000)	(40,000)	(56,107)	(16,107)
Total Other Financing (Uses)	(40,000)	(40,000)	(56,107)	(16,107)
NET CHANGE IN FUND BALANCES	<u>\$ (2,513,641)</u>	<u>\$ (2,513,641)</u>	(426,399)	<u>\$ 2,087,242</u>
FUND BALANCES AT BEGINNING OF YEAR			13,030,883	
FUND BALANCES AT END OF YEAR			<u>\$ 12,604,484</u>	

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

**SAN MATEO COUNTY EXPRESS LANE JPA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 287,715	\$ 287,715
Investment income	10,000	10,000	8,052	(1,948)
Total Revenues	10,000	10,000	295,767	285,767
EXPENDITURES				
Administrative services	72,000	72,000	69,277	2,723
Professional services	185,000	185,000	201,672	(16,672)
Field and program supplies	4,000	4,000	-	4,000
Conferences and meetings	3,000	3,000	-	3,000
Other	2,000	2,000	-	2,000
Total Expenditures	266,000	266,000	270,949	(4,949)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(256,000)	(256,000)	24,818	280,818
OTHER FINANCING SOURCES (USES)				
Transfers in	700,000	700,000	700,000	-
Total Other Financing (Uses)	700,000	700,000	700,000	-
NET CHANGE IN FUND BALANCES	<u>\$ 444,000</u>	<u>\$ 444,000</u>	724,818	<u>\$ 280,818</u>
FUND BALANCES AT BEGINNING OF YEAR			1,101,083	
FUND BALANCES AT END OF YEAR			<u>\$ 1,825,901</u>	

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

**REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

CALPERS COST SHARING PLAN
Last 10 Years*
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Measurement Date of	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20
Plan's proportion of the Net Pension Liability (Asset)	0.00414%	0.012329%	0.012726%	0.012976%	0.013413%	0.013740%	0.014096%
Plan's proportion share of the Net Pension Liability (Asset)	\$ 257,601	\$ 338,250	\$ 442,081	\$ 511,510	\$ 505,489	\$ 550,228	\$ 594,576
Plan's Covered Payroll	272,087	285,078	257,693	270,037	311,785	298,420	316,724
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	94.68%	118.65%	171.55%	189.42%	162.13%	184.38%	187.73%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.03%	79.01%	75.20%	73.84%	75.10%	74.27%	73.59%

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes).

Changes in assumptions: In 2020, there were no changes in the discount rate

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

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

**REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

**CALPERS COST SHARING PLAN
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS**

Fiscal year ended	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 43,618	\$ 41,142	\$ 40,857	\$ 54,162	\$ 61,955	\$ 70,981	\$ 80,555
Contributions in relation to the actuarially determined contributions	(43,618)	(41,142)	(40,857)	(54,162)	(61,955)	(70,981)	(80,555)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$285,078	\$257,693	\$270,037	\$311,785	\$298,420	\$316,724	\$325,885
Contributions as a percentage of covered payroll	15.30%	15.97%	15.13%	17.37%	20.76%	22.41%	24.72%

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	9 Years as of the Valuation Date
Asset valuation method	Market Value of Assets
Discount Rate	7.15%
Inflation	2.50%
Salary increases	Annual increase vary by category, entry age and duration of service
Retirement age	50 years and up

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

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

**REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
Single-employer Defined Benefit Post Employment Healthcare plan (OPEB)
Last 10 years*

Measurement Date	6/30/17	6/30/18	6/30/19	6/30/20
Total OPEB Liability				
Service Cost	\$ 20,211	\$ 22,676	\$ 24,240	\$ 27,879
Interest	16,127	17,515	19,323	22,675
Differences between expected and actual experience	(9,558)	-	(21,201)	-
Changes in assumptions	8,580	7,876	37,405	-
Benefit payments	(23,408)	(9,531)	(10,330)	(9,217)
Net change in total OPEB liability	11,952	38,536	49,437	41,337
Total OPEB liability - beginning	239,601	251,553	290,089	339,526
Total OPEB liability - ending (a)	\$ 251,553	\$ 290,089	\$ 339,526	\$ 380,863
OPEB fiduciary net position				
Contributions - employer	\$ 48,408	\$ 54,162	\$ 53,132	\$ 57,669
Net investment income	4,093	5,389	9,662	10,179
Administrative expense	(31)	(46)	(30)	(94)
Other expense	-	(115)	-	-
Benefit payments, including refunds of employee contributions	(23,408)	(9,531)	(10,330)	(9,217)
Net change in plan fiduciary net position	29,062	49,859	52,434	58,537
Plan fiduciary net position - beginning	57,882	86,944	136,803	189,237
Plan fiduciary net position - ending (b)	\$ 86,944	\$ 136,803	\$ 189,237	\$ 247,774
Net OPEB liability - ending (a)-(b)	\$ 164,609	\$ 153,286	\$ 150,289	\$ 133,089
Plan fiduciary net position as a percentage of the total OPEB liability	35%	47%	56%	65%
Covered-employee payroll	\$ 311,785	\$ 283,864	\$ 298,420	\$ 308,984
Net OPEB liability as a percentage of covered-employee payroll	52.80%	54.00%	50.36%	43.07%

Notes to schedule:

* - Fiscal year 2018 was the first year of implementation.

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

**REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

SCHEDULE OF CONTRIBUTIONS
Single-employer Defined Benefit Post Employment Healthcare plan (OPEB)
Last 10 years*

Fiscal Year Ended June 30,	2018	2019	2020	2021
Actuarially determined contribution	\$ 54,162	\$ 54,899	\$ 55,709	\$ 49,312
Contributions in relation to the actuarially determined contributions	54,162	53,132	57,669	49,048
Contribution deficiency (excess)	\$ -	\$ 1,767	\$ (1,960)	\$ 264
Covered-employee payroll	\$ 283,864	\$ 298,420	\$ 308,984	\$ 325,887
Contributions as a percentage of covered-employee payroll	19.08%	17.80%	18.66%	15.05%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

*Valuation date: June 30, 2019

Funding Method Entry Age Normal Cost, level percent of pay

Amortization Method 10 year closed Level dollar

Asset Valuation Method Market value of assets

General Inflation Rate 2.50%

Healthcare cost trend rates 5.4% in 2021, fluctuating down to 4.0% by 2076

Salary Increase 3.00%

Investment rate of return 6.25% as of June 30, 2020 and 2019, net of plan investment expenses

Retirement Age 50 to 75

Mortality 2017 CalPERS Experience Study

Mortality Improvement MacLeod Watts Scale 2020

* - Fiscal year 2018 was the first year of implementation.

* The ADC for fiscal year end June 30, 2020 was developed from the 2017 valuation.

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

**REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – C/CAG BUDGETARY INFORMATION

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.

Expenditures in Excess of Budget

For the year ended June 30, 2021, none of the funds had expenditures exceeding the budgeted amounts.