

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**City/County Association of Governments of
San Mateo County
Basic Financial Statements
For the year ended June 30, 2023**

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	14
Statement of Activities	15
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet	18
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	20
Statement of Revenues, Expenditures and Changes in Fund Balances.....	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities	24
Notes to the Basic Financial Statements.....	27
Required Supplementary Information:	
Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Fund	45
Congestion Management.....	46
National Pollutant Discharge & Elimination System.....	47
Bay Area Air Quality Management District.....	48
AB 1456.....	49
Energy Watch.....	50
Measure M	51
San Mateo County Express Lane JPA.....	52
CalPERS Cost-Sharing Plan:	
Schedule of the Proportionate Share of the Net Pension Liability	54
Schedule of Pension Plan Contributions.....	56
Other Post-Employment Benefits (OPEB) Plan:	
Schedule of Changes in the Net OPEB Liability and Related Ratios	58
Schedule of OPEB Contributions	60
Notes to Required Supplementary Information	62

This page intentionally left blank



INDEPENDENT AUDITOR'S REPORT

To the Honorable Chair and Members of the Board of Directors
of the City/County Association of Governments of San Mateo County
Redwood City, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, and each major fund, as of and for the year ended June 30, 2023 for the City/County Association of Governments of San Mateo County (C/CAG), and the related notes to the financial statements, which collectively comprise C/CAG's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of C/CAG and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

C/CAG's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about C/CAG's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of C/CAG's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about C/CAG's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the major fund budget to actual comparison schedules, and the required pension and OPEB schedules on pages 5-9 and 45-61 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

To the Honorable Chair and Members of the Board of Directors
of the City/County Association of Governments of San Mateo County
Redwood City, California
Page 3

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 November 14, 2023 on our consideration of 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering C/CAG's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Berkeley, California
November 14, 2023

This page intentionally left blank

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, 2023. We encourage readers to consider this information in conjunction with the basic financial statements.

FINANCIAL STATEMENT OVERVIEW

This discussion and analysis are 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 \$28.49 million, an increase of \$1.0 million or 3.63%.
- The combined C/CAG revenues were \$16.50 million, an increase of \$1.47 million or 9.79%.
- The combined C/CAG expenses were \$15.50 million, an increase of \$1.40 million or 9.97%.

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 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 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, 2023 and June 30, 2022

	2023	2022	\$ Change	% Change
Cash and investments (note 2)	\$ 28,183,276	\$ 27,432,198	\$ 751,078	2.74%
Accounts receivable and other assets	6,600,696	4,940,549	1,660,147	33.60%
Total Assets	34,783,972	32,372,747	2,411,225	7.45%
Deferred outflows related to pension & OPEB	473,602	221,732	251,870	113.59%
Total Deferred Outflow	473,602	221,732	251,870	113.59%
Current and other liabilities	5,850,999	4,276,802	1,574,197	36.81%
Long-term obligations	881,879	479,953	401,926	83.74%
Total Liabilities	6,732,878	4,756,755	1,976,123	41.54%
Deferred inflows related to pension & OPEB	35,758	347,500	(311,742)	-89.71%
Total Deferred Inflow	35,758	347,500	(311,742)	-89.71%
Net Position:				
Restricted	\$ 27,506,996	\$ 26,968,758	\$ 538,238	2.00%
Unrestricted	981,942	521,466	460,476	88.30%
Total Net Position	\$ 28,488,938	\$ 27,490,224	\$ 998,714	3.63%

MANAGEMENT'S DISCUSSION AND ANALYSIS

The total net position is \$28.49 million, an increase of \$1.00 million or 3.63% from the prior fiscal year. Significant changes during the fiscal year are as follows:

Total assets increased by \$2.41 million or 7.45%, of which \$0.75 million is the increase in cash in investment. The increase is mainly due to the decrease in interfund transfer from Congestion Management Program to San Mateo County Express Lanes Joint Powers Authority (SMCE-JPA). The intended amount of \$1 million was for the SMCE-JPA operating loan. The San Mateo 101 Express Lanes Project was completed in two phases and began fully operating in March 2023. No full budgeted amount was required to use in FY2022-23.

Accounts receivable and other assets increased by \$1.66 million or 33.6% from \$4.94 million to \$6.6 million. Of which \$0.89 is the increase in Congestion Management and BAAQMD program. The remaining \$0.77 million is the increase in San Mateo County Express Lanes Joint Powers Authority (SMCEL-JPA) for the loan and staff supporting services. In addition to the toll collection on the southern segment began in February 2022; the northern segment commenced tolling in March 2023. SMCEL-JPA is planning to pay \$0.33 million staff support services to C/CAG from the collected toll revenue in August 2023. It is anticipated that the administrative costs, operational and maintenance expenses can be covered by toll revenue from the express lanes. Thus, no operating loan is budgeted for FY2023-24.

Current and other liabilities increased by \$1.57 million or 36.8% from the prior year. This is primarily due to the timing for San Mateo County Transit District (Sam Trans) requesting the fund distribution for the Senior Mobility Program and consultant services from Eisenberg, Olivieri and Associates, Inc for Countywide Stormwater program in Measure M Fund. The change of C/CAG's long-term obligations include OPEB and proportionate shares of pension liability related deferred inflows and outflows have decreased by \$0.16 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 \$27.51 million of the total net position. Of this amount, \$11.03 million is restricted for Congestion Management Program, \$9.36 million is restricted for Measure M, \$3.04 million is restricted for SMCEL-JPA, \$1.6 million is restricted for NPDES, and \$1.38 million is restricted for Bay Area Air Quality Management Program and \$0.53 million is restricted for AB1546. The remaining \$0.56 million is related to the 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, 2023 was \$0.98 million.

Statement of Activities and Changes in Net Position

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2
Statement of Activities and Changes in Net Position
June 30, 2023 and June 30, 2022

	2023	2022	\$ Change	% Change
Revenues				
Program Revenues:				
Charges for services	\$ 11,377,999	\$ 11,701,449	\$ (323,450)	-2.76%
Operating grants and contributions	4,398,887	3,727,860	671,027	18.00%
General Revenues:				
Investment Income	721,575	(401,540)	1,123,115	279.70%
Total Revenues	16,498,461	15,027,769	1,470,692	9.79%
Expenses				
AB 1546	25,206	205,762	(180,556)	-87.75%
SMC Express Lane JPA	333,745	270,300	63,445	23.47%
Energy Watch	337,015	270,801	66,214	24.45%
General government	369,624	444,202	(74,578)	-16.79%
Air quality (BAAQMD)	1,087,294	919,801	167,493	18.21%
NPDES stormwater	1,831,079	1,608,799	222,280	13.82%
Congestion management	4,119,328	3,775,714	343,614	9.10%
Measure M	7,396,456	6,599,759	796,697	12.07%
Total Expenses	15,499,747	14,095,138	1,404,609	9.97%
Inc (Dec) in Net Position	998,714	932,631	66,083	7.09%
Beginning Net Position	27,490,224	26,557,593	932,631	3.51%
Ending Net Position	\$ 28,488,938	\$ 27,490,224	\$ 998,714	3.63%

The overall change in net position in the current fiscal year is an increase of \$1.00 million. The reasons for significant changes in the revenues and expenses are as follows:

Since 2007 members fees for General Fund and Gas Tax portion have not been increased. In fiscal year 2022-23 members fees were increased by 5% then escalated by consumer price index (CPI) in subsequent years with a ceiling of 3% pursuant to Resolution 22-04. The Congestion Relief Program assessment remains unchanged.

The combined amount of charges for services received decreased by \$0.32 million or 2.76%, from \$11.70 million to \$11.38 million. This is mainly driven by the receipt of \$0.26 million COVID-19 deferred payments of Congestion Relief Program Assessment that were collected in the prior year. The completion of California State Natural Resources Grant in FY2021-22 also contributed to the decrease in revenue as no more reimbursement for regional stormwater was captured in NPDES program in FY2022-23.

The combined amount of operating grants & contributions increased by \$0.67 million or 18%, compared to the prior year. The increase is primary due to the increase in funding reimbursement from the Metropolitan Transportation Commission for the Highway Planning and Construction Planning and Programming. This is an on-going planning grant. Revenue is on a reimbursable basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Investment income increased by \$1.12 million, or 279%, when compared to the previous year. This was particularly due to unfavorable unrealized gains from the GASB31 Fair Market Value adjustment which led to a \$0.58 million loss recognized at the prior year-end. The higher interest earnings in the current fiscal year also contributed to the increase in investment income.

Program expenses totaled \$15.50 million in the fiscal year 2022-2023, an increase of \$1.40 million or 9.97% from the prior year's expenses of \$14.09 million. Significant changes in the expenses of C/CAG's programs from the prior year are as follows:

- AB1546 program expenses decreased by \$0.18 million or 87.95%. The decrease is because funding to the Regional Congestion Management project was canceled in 2022 and the funding of \$0.13 million for the joint Green Infrastructure Pilot Project and Safe Route to School projects in FY2022-23 is moved to FY2023-24. Only minimal expenses were incurred in the current year.
- The Express Lanes JPA expenses increased by \$0.06 million or 23.47%. The expenses were mainly incurred for the staff support services provided by San Mateo County Public Works and C/CAG administrative support services in accordance with the Joint Powers Authority Agreement.
- Energy Watch Program expenses increased by \$0.07 million or 24.49% from the prior year. The increase is due to the additional funding source provided by Peninsula Clean Energy to backfill reduced funding from Pacific Gas & Electricity (PG&E) for the Energy Watch Program with more expenses incurred in the current year.
- General Government expenses decreased by \$0.07 million or 16.79%. The decrease is mainly associated with the decrease of proportionate share of pension liability.
- The Bay Area Air Quality program expenses increased by \$0.17 million or 18.21%. The increase is primarily due to the increase in fund distribution to Commute.org for Bart Shuttle Services. This program is to improve traffic congestion within the San Mateo County.
- NPDES program expenses increased by \$0.22 million or 13.82%. Most expenses were associated with technical support to the Countywide Stormwater Program, public information outreach, annual reporting, and web maintenance.
- Congestion Management Program expenses increased by \$0.34 million or 9.1%, mainly due to the increase in County staff support services provided by San Mateo County Public Works and the fund distribution to City of South San Francisco for construction of the South San Francisco Smart Corridor Project.
- Measure M expenses increased by \$0.8 million or 12.07% from the prior year. This is mainly caused by the timing for member jurisdictions submitting reimbursement requests. All member jurisdictions are allowed to rollover unclaimed allocated funding to next year. Funding distribution to members for congestion management increased from \$4 to \$4.98 million.

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 Sean Charpentier, 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.

This page intentionally left blank

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**City/County Association
of Governments of San Mateo County
Statement of Net Position
June 30, 2023**

ASSETS	
Cash and investments	\$ 28,183,276
Accounts receivable	3,831,382
Loans receivable	2,769,314
Total assets	34,783,972
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension related items	310,719
Deferred OPEB related items	162,883
Total deferred outflows of resources	473,602
LIABILITIES	
Accounts payable	4,392,552
Accrued liabilities	1,458,447
Net pension liability	699,031
Net OPEB liability	182,848
Total liabilities	6,732,878
DEFERRED INFLOWS OF RESOURCES	
Deferred pension related items	34,233
Deferred OPEB related items	1,525
Total deferred inflows of resources	35,758
NET POSITION	
Restricted for:	
Energy watch	564,995
AB 1546	525,868
BAAQMD	1,379,289
NPDES	1,603,451
San Mateo County Express Lane JPA	3,044,666
Measure M	9,362,417
Congestion Management	11,026,310
Total restricted	27,506,996
Unrestricted	981,942
Total net position	\$ 28,488,938

**City/County Association
of Governments of San Mateo County
Statement of Activities
For the year ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 369,624	\$ -	\$ 289,433	\$ (80,191)
Special programs:				
Congestion management	4,119,328	2,280,975	2,230,686	392,333
National Pollutant Discharge & Elimination System	1,831,079	152,646	1,548,798	(129,635)
Bay Area Air Quality Management District	1,087,294	1,028,232	-	(59,062)
AB 1546	25,206	714	-	(24,492)
Energy watch	337,015	-	329,970	(7,045)
Measure M	7,396,456	7,583,633	-	187,177
San Mateo Express Lane JPA	333,745	331,799	-	(1,946)
Total governmental activities	\$ 15,499,747	\$ 11,377,999	\$ 4,398,887	277,139
General Revenues:				
Investment income (expenses)				721,575
Total general revenues				721,575
Change in net position				998,714
Net position - beginning of year				27,490,224
Net position - end of year				\$ 28,488,938

This page intentionally left blank

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

**City/County Association
of Governments of San Mateo County
Balance Sheet
Governmental Funds
June 30, 2023**

	General Fund	Congestion Management	National Pollutant Discharge & Elimination System	Bay Area Air Quality Management District
ASSETS				
Cash and investments	\$ 1,309,941	\$ 11,140,042	\$ 1,867,166	\$ 1,219,149
Accounts receivable	215,704	1,030,643	-	503,229
Loans receivable	-	-	-	-
Total assets	\$ 1,525,645	\$ 12,170,685	\$ 1,867,166	\$ 1,722,378
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	99,668	992,892	263,715	343,089
Accrued liabilities	-	151,483	-	-
Total liabilities	99,668	1,144,375	263,715	343,089
Fund Balances:				
Restricted for:				
Congestion management	-	11,026,310	-	-
NPDES	-	-	1,603,451	-
Bay Area AQMD	-	-	-	1,379,289
AB 1546	-	-	-	-
Energy watch	-	-	-	-
Measure M	-	-	-	-
San Mateo County Express Lane JPA	-	-	-	-
Unassigned	1,425,977	-	-	-
Total fund balances	1,425,977	11,026,310	1,603,451	1,379,289
Total liabilities and fund balances	\$ 1,525,645	\$ 12,170,685	\$ 1,867,166	\$ 1,722,378

AB 1546	Energy Watch	Measure M	San Mateo County Express Lane JPA	Total Governmental Funds
\$ 525,868	\$ 645,467	\$ 11,467,007	\$ 8,636	\$ 28,183,276
-	57,536	1,692,471	331,799	3,831,382
-	-	-	2,769,314	2,769,314
<u>\$ 525,868</u>	<u>\$ 703,003</u>	<u>\$ 13,159,478</u>	<u>\$ 3,109,749</u>	<u>\$ 34,783,972</u>
-	138,008	2,490,097	65,083	4,392,552
-	-	1,306,964	-	1,458,447
-	138,008	3,797,061	65,083	5,850,999
-	-	-	-	11,026,310
-	-	-	-	1,603,451
-	-	-	-	1,379,289
525,868	-	-	-	525,868
-	564,995	-	-	564,995
-	-	9,362,417	-	9,362,417
-	-	-	3,044,666	3,044,666
-	-	-	-	1,425,977
<u>525,868</u>	<u>564,995</u>	<u>9,362,417</u>	<u>3,044,666</u>	<u>28,932,973</u>
<u>\$ 525,868</u>	<u>\$ 703,003</u>	<u>\$ 13,159,478</u>	<u>\$ 3,109,749</u>	<u>\$ 34,783,972</u>

**City/County Association
of Governments of San Mateo County
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023**

Total Fund Balances - Total Governmental Funds	\$ 28,932,973
---	----------------------

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

In the Government-Wide Financial Statements, deferred employer contributions for pension and OPEB, certain differences between actuarial estimates and actual results, and other adjustments resulting from changes in assumptions and benefits are deferred in the current year.

Deferred outflows of resources related to pension	310,719
Deferred outflows of resources related to OPEB	162,883
Deferred inflows of resources related to pension	(34,233)
Deferred inflows of resources related to OPEB	(1,525)

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

Net pension liability	(699,031)
Net OPEB liability	(182,848)

Net Position of Governmental Activities	\$ 28,488,938
--	----------------------

This page intentionally left blank

**City/County Association
of Governments of San Mateo County**
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2023

	General Fund	Congestion Management	National Pollutant Discharge & Elimination System	Bay Area Air Quality Management District
REVENUES:				
Member contributions	\$ 289,433	\$ 2,280,975	\$ -	\$ -
Intergovernmental	-	2,230,686	152,646	-
NPDES fees	-	-	1,548,798	-
AB 434 DMV fees	-	-	-	1,028,232
Investment income	47,498	253,598	42,590	27,898
Cost reimbursement	-	-	-	-
Total revenues	336,931	4,765,259	1,744,034	1,056,130
EXPENDITURES:				
Current:				
Professional services	358,585	2,866,431	1,764,135	157,705
Field and program supplies	7,466	-	-	-
Administrative expenses	152,384	248,971	4,790	-
Dues and memberships	1,500	4,600	30,604	-
Conferences and meetings	7,800	10,000	2,349	-
Publications	2,742	-	-	-
Distributions	-	989,326	29,193	929,589
Other	833	-	8	-
Total expenditures	531,310	4,119,328	1,831,079	1,087,294
REVENUES OVER (UNDER) EXPENDITURES	(194,379)	645,931	(87,045)	(31,164)
OTHER FINANCING SOURCES (USES):				
Transfers in	493,169	2,096,500	40,000	-
Transfers out	-	(593,312)	(57,503)	(4,902)
Total other financing sources (uses)	493,169	1,503,188	(17,503)	(4,902)
Net change in fund balances	298,790	2,149,119	(104,548)	(36,066)
FUND BALANCES:				
Beginning of year	1,127,187	8,877,191	1,707,999	1,415,355
End of year	\$ 1,425,977	\$ 11,026,310	\$ 1,603,451	\$ 1,379,289

AB 1546	Energy Watch	Measure M	San Mateo County Express Lane JPA	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 2,570,408
714	329,970	7,030,830	-	9,744,846
-	-	-	-	1,548,798
-	-	-	-	1,028,232
11,983	14,667	261,605	61,736	721,575
-	-	552,803	331,799	884,602
12,697	344,637	7,845,238	393,535	16,498,461
25,206	330,654	2,388,029	204,986	8,095,731
-	-	-	-	7,466
-	3,293	23,924	128,709	562,071
-	-	500	-	37,204
-	1,875	1,841	35	23,900
-	1,193	-	-	3,935
-	-	4,982,162	-	6,930,270
-	-	-	15	856
25,206	337,015	7,396,456	333,745	15,661,433
(12,509)	7,622	448,782	59,790	837,028
-	150,000	-	100,000	2,879,669
-	(47,005)	(2,176,947)	-	(2,879,669)
-	102,995	(2,176,947)	100,000	-
(12,509)	110,617	(1,728,165)	159,790	837,028
538,377	454,378	11,090,582	2,884,876	28,095,945
\$ 525,868	\$ 564,995	\$ 9,362,417	\$ 3,044,666	\$ 28,932,973

**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 Government-Wide Statement of Activities**
For the year ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 837,028
---	------------

Amounts reported for governmental activities in the Government-Wide Statement of Activities were different because:

Pension adjustments are recorded on the economic resources basis of accounting and therefore not reported as expenditures in the governmental funds.	116,272
--	---------

OPEB adjustments are recorded on the economic resources basis of accounting and therefore not reported as expenditures in the governmental funds.	45,414
---	--------

Change in Net Position of Governmental Activities	<u><u>\$ 998,714</u></u>
--	--------------------------

NOTES TO BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

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.

Generally accepted accounting principles require that the financial statements described below be presented.

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

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

C. *Major Funds*

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

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Major Funds, Continued

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.

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 created 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 owns and operates the express lanes. As the owner, the SMCEL JPA also administers 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 had no revenue. Hence, C/CAG and the TA committed to provide startup operating loans to the SMCEL JPA for its initial operation. C/CAG provided such operating loans from the Congestion Relief Fund. SMCEL JPA will begin to repay C/CAG when there is positive net toll revenue from the Express Lanes.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

Cash and Investments

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

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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.”

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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category: deferred outflows relating to the net pension liability, and deferred outflows relating to the net OPEB liability reported in the government-wide statement of net position.

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 assets 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 qualify for reporting in this category which are deferred inflows relating to the net pension liability and deferred inflows relating to the net OPEB liability reported in the government-wide statement of net position.

Fund Balance

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

Nonspendable – includes 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 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Fund Balance Flow Policy

Sometimes C/CAG 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 C/CAG'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-side 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 C/CAG cannot unilaterally alter.

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

Net Position Flow Assumption

Sometimes C/CAG will fund outlays for a particular purpose from both restricted (e.g., restricted bond of gran 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 C/CAG'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.

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, 2023, C/CAG's cash and investment balance was \$28,183,276 consisting of \$16,116,731 in the California Local Agency Investment Fund, \$10,683,853 in the San Mateo County Investment Pool, \$1,332,692 in money markets, and \$50,000 of cash in banks.

NOTE 2 - CASH AND INVESTMENTS, CONTINUED

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.

At June 30, 2023, LAIF had invested 2.78% in structured notes and asset-backed securities as compared to 1.88% the previous year. The LAIF fair value factor of 0.984828499 was used to calculate the fair value of the investments in LAIF.

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. The fair value factor of .9715 was used to calculate the fair value of the investments in the SMCIP at June 30, 2023.

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of C/CAG's investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

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

Investment Type	12 Months or less
California Local Agency Investment Fund	\$ 16,116,731
San Mateo County Investment Pool	10,683,853
Money Market	1,332,692
Total investments	28,133,276
Total Cash in Banks and Cash on Hand	50,000
Total Cash and Investments	<u>\$ 28,183,276</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.

City/County Association of Governments of San Mateo County
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 2 - CASH AND INVESTMENTS, CONTINUED

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 Deposits	5 years	N/A	30%	N/A
Placement Service Deposits - Deposits or Certificates	5 years	N/A	50%	N/A
Medium Term Corporate Notes	5 years	A	30%	N/A
Daily Money Market Funds	Upon demand	N/A	20%	10%

(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.

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 bank deposits are either insured by the Federal Depositary 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.

NOTE 2 - CASH AND INVESTMENTS, CONTINUED

G. Fair Value Hierarchy, Continued

The following is a summary of the fair value hierarchy of the fair value of investments of C/CAG as of June 30, 2023:

Investment Type	Exempt	Total
Investments by Fair Value:		
California Local Agency Investment Fund	\$ 16,116,731	\$ 16,116,731
San Mateo County Investment Pool	10,683,853	10,683,853
Total Investments at Fair Value	<u>\$ 26,800,584</u>	26,800,584
Cash in banks		<u>1,382,692</u>
Total Cash and Investments		<u>\$ 28,183,276</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.

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, 2023:

Atherton	\$ 23,072
Belmont	85,421
Brisbane	16,972
Burlingame	114,751
Colma	11,288
Daly city	327,386
East Palo Alto	85,219
Foster City	107,534
Half Moon Bay	42,820
Hillsborough	34,509
Menlo Park	125,088
Millbrae	75,311
Pacifica	119,081
Portola Valley	15,212
Redwood City	299,887
San Bruno	150,309
San Carlos	102,857
South San Francisco	225,042
San Mateo	364,671
San Mateo County	224,756
Woodside	19,222
Total:	<u>\$ 2,570,408</u>

City/County Association of Governments of San Mateo County
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers during the fiscal year ended June 30, 2023, consisted of the following:

	Transfers Out:						
	Congestion	National Pollutant Discharge & Elimination	Bay Area Air Quality Management	Energy			
Transfers In:	Management	System	District	Watch	Measure M	Total	
General Fund	\$ 343,312	\$ 57,503	\$ 4,902	\$ 47,005	\$ 40,447	\$ 493,169	(A)
Congestion Management	-	-	-	-	2,096,500	2,096,500	(B)
National Pollutant Discharge & Elimination System	-	-	-	-	40,000	40,000	(B)
Energy Watch	150,000	-	-	-	-	150,000	(B)
San Mateo County Express Land JPA	100,000	-	-	-	-	100,000	(B)
Total Interfund Transfers	\$ 593,312	\$ 57,503	\$ 4,902	\$ 47,005	\$2,176,947	\$2,879,669	

(A) Administration overhead

(B) Capital projects

NOTE 5 - PENSION PLAN

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. C/CAG sponsors 2 miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and C/CAG resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

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.

NOTE 5 - PENSION PLAN, CONTINUED

Benefits Provided, continued

The provisions and benefits of the plan in effect at June 30, 2023 are summarized as follows:

	<i>CCAG Miscellaneous Plan</i>	
	<i>Tier 1</i>	<i>PEPRA</i>
	On or after March 12, 2012	On or after January 1, 2013
Hire date		
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	8.00%	6.75%
Required employer contribution rates	14.03%	7.47%
Required UAL payment	\$ 52,048	\$ 1,031

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).

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are to be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is based on the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. C/CAG is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

C/CAG's contributions to the Plan for the measurement period ended June 30, 2022 were 83,910.

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

As of June 30, 2023, C/CAG reported a net pension liability for its proportionate shares of the net pension liability of the Plan of \$699,031.

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

C/CAG's proportionate share of the net pension liability for the miscellaneous pool as of the measurement dates June 30, 2021 and June 30, 2022 was as follows:

Proportion - June 30, 2021	0.01882%
Proportion - June 30, 2022	0.01494%
Increase (Decrease)	-0.00388%

City/County Association of Governments of San Mateo County
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 5 - PENSION PLAN, CONTINUED

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

For the year ended June 30, 2023, C/CAG recognized a pension expense (credit) of \$22,705. At June 30, 2023, C/CAG reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contribution subsequent to measurement date	\$ 93,571	\$ -
Differences between actual and expected experience	14,038	9,402
Changes in assumptions	71,630	-
Net differences between projected and actual earnings on plan investments	128,044	-
Differences between employer's contribution and the employer's proportionate share of contributions	640	6,890
Changes in employer's proportion	2,796	17,941
Total	<u>\$ 310,719</u>	<u>\$ 34,233</u>

\$93,571 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	
2024	\$ 46,725
2025	37,970
2026	19,905
2027	78,315

Actuarial Assumptions

For the measurement period ended June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2022 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Methods and Assumptions	
Valuation date	June 30, 2021
Measurement date	June 30, 2022
Inflation	2.30%
Salary increases	Varies by entry age and service
Investment rate of return	6.90%
Mortality rate table (1)	Derived using CalPERS' membership data for all funds
Post-retirement benefit increase	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies

(1) The mortality table was developed based on CalPERS' specific data. The rates incorporate generational mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report that can be found on the CalPERS website.

NOTE 5 - PENSION PLAN, CONTINUED

Discount Rate

The discount rate used to measure the total pension liability as of the measurement date of June 30, 2022 was 6.90%, which differs from the discount rate used as of the measurement date of June 30, 2021, of 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan 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. A detailed report testing these projections can be obtained from the CalPERS website.

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

The expected real rates of return by asset class are as follows:

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1-10 (a,b)
Global equity - cap-weighted	30%	4.45%
Global equity non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100%	

(a) An expected inflation of 2.30% used for this period

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

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

The following presents C/CAG's proportionate share of the net pension liability of the Plan, calculated using the discount rate of for the Plan, as well as what 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 (5.90%) or 1% point higher (7.90%) than the current rate:

Discount Rate		
1% Decrease 5.90%	Current 6.90%	1% Increase 7.90%
\$ 1,037,339	\$ 699,031	\$ 420,688

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 three 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, 2023:

Active plan members	2
Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	0
Total	<u>5</u>

Net OPEB Liability

Actuarial Methods and Assumptions – C/CAG's net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 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, 2021
Measurement Date	June 30, 2022
Funding Method	Entry Age Normal Cost, level percent of pay
Assets Valuation Method	Market value of assets
Long Term Return on Assets	5.5% as of June 30, 2022 and 6.2% on June 30, 2021, net of plan investment expenses
Discount Rates	5.5% on June 30, 2022 and 6.2% on June 30, 2021, net of plan investment expenses
Salary Increase	3.0% per year. Since benefits do not depend on salary this is used to allocate the cost of benefits between service years.
Inflation Rate	2.5% per year
Healthcare Cost Trend Rates	4.0% per year for PEMHCA, other premiums and costs are expected to increase 5.6% in 2023, decreasing to 4.0% in 2076 and later
Mortality Improvement	MacLeod Watts Scale 2020 applied generationally from 2015

Discount Rate – The discount rate used to measure the total OPEB liability was 5.5%.

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

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 Ended 06/30/2022 (Measurement Date 06/30/2021)	\$ 462,685	\$ 340,000	\$ 122,685
Changes Recognized for the Measurement Period:			
Service cost	5,762	-	5,762
Interest on the total OPEB liability	28,003	-	28,003
Investment income	-	(41,308)	41,308
Employer contributions	-	50,016	(50,016)
Administrative expenses	-	(85)	85
Changes in assumptions	35,021	-	35,021
Benefit payments	(33,561)	(33,561)	-
Net changes	<u>35,225</u>	<u>(24,938)</u>	<u>60,163</u>
Balance at Fiscal Year Ended 06/30/2023 (Measurement Date 06/30/2022)	<u>\$ 497,910</u>	<u>\$ 315,062</u>	<u>\$ 182,848</u>

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%
4.50%	5.50%	6.50%
\$ 241,487	\$ 182,848	\$ 134,147

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 rate:

Net OPEB Liability/(Asset)		
Healthcare Cost Trend Rates		
1% Decrease	Current Trend	1% Increase
\$ 135,025	\$ 182,848	\$ 240,485

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

For the year ended June 30, 2023, C/CAG recognized OPEB Expense of \$43,856. As of fiscal year ended June 30, 2023, C/CAG 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	\$ 89,270	\$ -
Changes of assumptions	30,352	-
Differences between expected and actual experience	12,855	1,525
Net difference between projected and actual earnings on investments	30,406	-
Total	<u>\$ 162,883</u>	<u>\$ 1,525</u>

\$89,270 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, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Fiscal Year Ending June 30,	
2024	\$ 27,925
2025	21,250
2026	10,334
2027	12,579
	<u>\$ 72,088</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 San Mateo County Express Lanes Joint Power Authority (SMCEL-JPA) in the amount of \$872,456 to partially fund the fiscal year 2019-20 operations of SMCEL-JPA.

During the fiscal year ended June 30, 2022, the loan agreement was amended to provide for additional loan advances up to a maximum amount of \$1,314,045 to support a portion of the fiscal year 2021-2022 operations. 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. The express lane project commenced tolling on the southern segment (Whipple Ave. to Santa Clara County line) in February 2022 and commenced tolling on the northern segment (Whipple Ave to I-380) in March 2023. As of March 2023, the entire 44 lane miles were in operation as toll lanes. The loan balance as of June 30, 2023 was \$2,769,314.

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.

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank

**City/County Association
of Governments of San Mateo County**
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Member contributions	\$ 289,433	\$ 289,433	\$ 289,433	\$ -
Investment income	5,000	5,000	47,498	42,498
Total revenues	294,433	294,433	336,931	42,498
EXPENDITURES:				
Current:				
Professional services	674,500	674,500	358,585	315,915
Field and program supplies	11,000	11,000	7,466	3,534
Administrative expenses	161,000	161,000	152,384	8,616
Dues and memberships	1,750	1,750	1,500	250
Conferences and meetings	15,500	15,500	7,800	7,700
Publications	14,000	14,000	2,742	11,258
Other	17,200	17,200	833	16,367
Total expenditures	894,950	894,950	531,310	363,640
REVENUES OVER (UNDER)				
EXPENDITURES	(600,517)	(600,517)	(194,379)	406,138
OTHER FINANCING SOURCES (USES):				
Transfers in	638,108	638,108	493,169	(144,939)
Total other financing sources (uses)	638,108	638,108	493,169	(144,939)
Net change in fund balances	\$ 37,591	\$ 37,591	298,790	\$ 261,199
FUND BALANCES:				
Beginning of year			1,127,187	
End of year			\$ 1,425,977	

**City/County Association
of Governments of San Mateo County**
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Congestion Management
For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES:				
Member contributions	\$ 2,280,975	\$ 2,280,975	\$ 2,280,975	\$ -
Intergovernmental	2,293,240	2,293,240	2,230,686	(62,554)
Investment income	36,000	36,000	253,598	217,598
Total revenues	4,610,215	4,610,215	4,765,259	155,044
EXPENDITURES:				
Current:				
Professional services	5,388,000	5,388,000	2,866,431	2,521,569
Field and program supplies	2,000	2,000	-	2,000
Administrative expenses	351,000	351,000	248,971	102,029
Dues and memberships	25,000	25,000	4,600	20,400
Conferences and meetings	7,000	7,000	10,000	(3,000)
Publications	9,000	9,000	-	9,000
Distributions	4,777,000	4,777,000	989,326	3,787,674
Other	2,000	2,000	-	2,000
Total expenditures	10,561,000	10,561,000	4,119,328	6,441,672
REVENUES OVER (UNDER)				
EXPENDITURES	(5,950,785)	(5,950,785)	645,931	6,596,716
OTHER FINANCING SOURCES (USES):				
Transfers in	4,017,000	4,017,000	2,096,500	(1,920,500)
Transfers out	(1,622,333)	(1,622,333)	(593,312)	1,029,021
Total other financing sources (uses)	2,394,667	2,394,667	1,503,188	(891,479)
Net change in fund balances	\$ (3,556,118)	\$ (3,556,118)	2,149,119	\$ 5,705,237
FUND BALANCES:				
Beginning of year			8,877,191	
End of year			\$ 11,026,310	

**City/County Association
of Governments of San Mateo County**
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
National Pollutant Discharge & Elimination System
For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES:				
Intergovernmental	\$ 152,295	\$ 152,295	\$ 152,646	\$ 351
NPDES fees	1,540,821	1,540,821	1,548,798	7,977
Investment income	12,000	12,000	42,590	30,590
Total revenues	1,705,116	1,705,116	1,744,034	38,918
EXPENDITURES:				
Current:				
Professional services	2,360,422	2,360,422	1,764,135	596,287
Administrative expenses	36,000	36,000	4,790	31,210
Dues and memberships	22,465	22,465	30,604	(8,139)
Conferences and meetings	6,000	6,000	2,349	3,651
Distributions	40,000	40,000	29,193	10,807
Other	1,000	1,000	8	992
Total expenditures	2,465,887	2,465,887	1,831,079	634,808
REVENUES OVER (UNDER)				
EXPENDITURES	(760,771)	(760,771)	(87,045)	673,726
OTHER FINANCING SOURCES (USES):				
Transfers in	40,000	40,000	40,000	-
Transfers out	(123,840)	(123,840)	(57,503)	66,337
Total other financing sources (uses)	(83,840)	(83,840)	(17,503)	66,337
Net change in fund balances	\$ (844,611)	\$ (844,611)	(104,548)	\$ 740,063
FUND BALANCES:				
Beginning of year			1,707,999	
End of year			\$ 1,603,451	

**City/County Association
of Governments of San Mateo County**
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Bay Area Air Quality Management District
For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
AB 434 DMV fees	\$ 1,045,400	\$ 1,045,400	\$ 1,028,232	\$ (17,168)
Investment income	7,000	7,000	27,898	20,898
Total revenues	1,052,400	1,052,400	1,056,130	3,730
EXPENDITURES:				
Current:				
Professional services	173,000	173,000	157,705	15,295
Administrative expenses	2,000	2,000	-	2,000
Distributions	1,511,000	1,511,000	929,589	581,411
Total expenditures	1,686,000	1,686,000	1,087,294	598,706
REVENUES OVER (UNDER)				
EXPENDITURES	(633,600)	(633,600)	(31,164)	602,436
OTHER FINANCING SOURCES (USES):				
Transfers out	(15,835)	(15,835)	(4,902)	10,933
Total other financing sources (uses)	(15,835)	(15,835)	(4,902)	10,933
Net change in fund balances	\$ (649,435)	\$ (649,435)	(36,066)	\$ 613,369
FUND BALANCES:				
Beginning of year			1,415,355	
End of year			\$ 1,379,289	

**City/County Association
of Governments of San Mateo County**
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
AB 1546
For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 714	\$ 714
Investment income	2,500	2,500	11,983	9,483
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>12,697</u>	<u>10,197</u>
EXPENDITURES:				
Current:				
Professional services	406,500	406,500	25,206	381,294
Distributions	125,000	125,000	-	125,000
Total expenditures	<u>531,500</u>	<u>531,500</u>	<u>25,206</u>	<u>506,294</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(529,000)</u>	<u>(529,000)</u>	<u>(12,509)</u>	<u>516,491</u>
Net change in fund balances	<u>\$ (529,000)</u>	<u>\$ (529,000)</u>	<u>(12,509)</u>	<u>\$ 516,491</u>
FUND BALANCES:				
Beginning of year			538,377	
End of year			<u>\$ 525,868</u>	

**City/County Association
of Governments of San Mateo County**
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Energy Watch
For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES:				
Intergovernmental	\$ 490,000	\$ 490,000	\$ 329,970	\$ (160,030)
Investment income	2,000	2,000	14,667	12,667
Total revenues	492,000	492,000	344,637	(147,363)
EXPENDITURES:				
Current:				
Professional services	708,500	708,500	330,654	377,846
Administrative expenses	16,000	16,000	3,293	12,707
Conferences and meetings	10,000	10,000	1,875	8,125
Publications	-	-	1,193	(1,193)
Total expenditures	734,500	734,500	337,015	397,485
REVENUES OVER (UNDER) EXPENDITURES	(242,500)	(242,500)	7,622	250,122
OTHER FINANCING SOURCES (USES):				
Transfers in	150,000	150,000	150,000	-
Transfers out	(18,198)	(18,198)	(47,005)	(28,807)
Total other financing sources (uses)	131,802	131,802	102,995	(28,807)
Net change in fund balances	\$ (110,698)	\$ (110,698)	110,617	\$ 221,315
FUND BALANCES:				
Beginning of year			454,378	
End of year			\$ 564,995	

**City/County Association
of Governments of San Mateo County**
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Measure M
For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 7,857,241	\$ 7,857,241	\$ 7,030,830	\$ (826,411)
Investment income	80,000	80,000	261,605	181,605
Cost reimbursement	50,000	50,000	552,803	502,803
Total revenues	7,987,241	7,987,241	7,845,238	(142,003)
EXPENDITURES:				
Current:				
Professional services	2,531,500	2,531,500	2,388,029	143,471
Administrative expenses	47,000	47,000	23,924	23,076
Dues and memberships	500	500	500	-
Conferences and meetings	7,000	7,000	1,841	5,159
Distributions	5,864,000	5,864,000	4,982,162	881,838
Total expenditures	8,450,000	8,450,000	7,396,456	1,053,544
REVENUES OVER (UNDER) EXPENDITURES	(462,759)	(462,759)	448,782	911,541
OTHER FINANCING SOURCES (USES):				
Transfers out	(4,114,902)	(4,114,902)	(2,176,947)	1,937,955
Total other financing sources (uses)	(4,114,902)	(4,114,902)	(2,176,947)	1,937,955
Net change in fund balances	\$ (4,577,661)	\$ (4,577,661)	(1,728,165)	\$ 2,849,496
FUND BALANCES:				
Beginning of year			11,090,582	
End of year			\$ 9,362,417	

**City/County Association
of Governments of San Mateo County**
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
San Mateo County Express Lane JPA
For the year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES:				
Investment income	\$ 10,000	\$ 10,000	\$ 61,736	\$ 51,736
Cost reimbursement	-	-	331,799	331,799
Total revenues	10,000	10,000	393,535	383,535
EXPENDITURES:				
Current:				
Professional services	263,833	263,833	204,986	58,847
Administrative expenses	111,218	111,218	128,709	(17,491)
Conferences and meetings	-	-	35	(35)
Other	974,949	974,949	15	974,934
Total expenditures	1,350,000	1,350,000	333,745	1,016,255
REVENUES OVER (UNDER) EXPENDITURES	(1,340,000)	(1,340,000)	59,790	1,399,790
OTHER FINANCING SOURCES (USES):				
Transfers in	1,050,000	1,050,000	100,000	(950,000)
Total other financing sources (uses)	1,050,000	1,050,000	100,000	(950,000)
Net change in fund balances	\$ (290,000)	\$ (290,000)	159,790	\$ 449,790
FUND BALANCES:				
Beginning of year			2,884,876	
End of year			<u>\$ 3,044,666</u>	

This page intentionally left blank

**City/County Association
of Governments of San Mateo County
Required Supplementary Information
For the year ended June 30, 2023**

CalPERS Cost Sharing Plan

Schedule of the Proportionate Share of the Net Pension Liability - Last Ten Fiscal Years*

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017
Proportion of the net pension liability**	0.00414%	0.01233%	0.01273%	0.01298%
Proportionate share of the net pension liability	\$ 257,601	\$ 338,250	\$ 442,081	\$ 511,510
Covered payroll	\$ 272,087	\$ 285,078	\$ 257,693	\$ 270,037
Proportionate share of the net pension liability as a percentage of covered payroll	94.68%	118.65%	171.55%	189.42%
Fiduciary net position as a percentage of the total pension liability	83.03%	79.01%	75.20%	73.84%

Notes to the 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: For the measurement date June 30, 2022, the discount rate changed from 7.15% to 6.90%

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

** These amounts reflect C/CAG's proportion of the Miscellaneous Pool of the CalPERS Cost-Sharing Plan only.

<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>
0.01341%	0.01374%	0.01410%	0.01882%	0.01494%
\$ 505,489	\$ 550,228	\$ 594,576	\$ 357,268	\$ 699,031
\$ 311,785	\$ 298,420	\$ 316,724	\$ 325,885	\$ 312,885
162.13%	184.38%	187.73%	109.63%	223.41%
75.10%	74.27%	73.59%	84.92%	71.83%

**City/County Association
of Governments of San Mateo County
Required Supplementary Information
For the year ended June 30, 2023**

***CalPERS Cost Sharing Plan
Schedule of Pension Plan Contributions - Last 10 Fiscal Years****

Fiscal Year Ended	2015	2016	2017	2018
Actuarially determined contribution	\$ 43,618	\$ 41,142	\$ 40,857	\$ 54,162
Contributions in relation to actuarially deemed contributions	(43,618)	(41,142)	(40,857)	(54,162)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 285,078	\$ 257,693	\$ 270,037	\$ 311,785
Contributions as a percentage of covered payroll	15.30%	15.97%	15.13%	17.37%

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	8 years as of the Valuation Date
Asset valuation method	Market Value of Assets
Discount Rate	6.90%
Inflation	2.50%
Salary increases	Annual increase vary by category, entry age and duration of service
Retirement age	50 and up

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

2019	2020	2021	2022	2023
\$ 61,955	\$ 70,981	\$ 80,555	\$ 83,910	\$ 93,591
(61,955)	(70,981)	(80,555)	(83,910)	(93,591)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 298,420	\$ 316,724	\$ 325,885	\$ 312,885	\$ 329,989
20.76%	22.41%	24.72%	26.82%	28.36%

**City/County Association
of Governments of San Mateo County
Required Supplementary Information
For the year ended June 30, 2023**

Schedule of Changes in the Net OPEB Liability and Related Ratios - Last 10 Fiscal Years*

Measurement Date	6/30/2017	6/30/2018	6/30/2019
Total OPEB Liability			
Service cost	\$ 20,211	\$ 22,676	\$ 24,240
Interest	16,127	17,515	19,323
Differences between expected and actual experience	(9,558)	-	(21,201)
Changes of assumptions	8,580	7,876	37,405
Benefit payments	(23,408)	(9,531)	(10,330)
Net change in the total OPEB liability	11,952	38,536	49,437
Total OPEB liability - beginning	239,601	251,553	290,089
Total OPEB liability - ending (a)	251,553	290,089	339,526
Plan Fiduciary Net Position			
Contribution - employer	48,408	54,162	53,132
Net investment income	4,093	5,389	9,662
Administrative expense	(31)	(46)	(30)
Other expenses	-	(115)	-
Benefit payments, including refunds of employee contributions	(23,408)	(9,531)	(10,330)
Net change in plan fiduciary net position	29,062	49,859	52,434
Plan fiduciary net position - beginning	57,882	86,944	136,803
Plan fiduciary net position - ending (b)	86,944	136,803	189,237
Net OPEB liability/asset - ending (a) - (b)	\$ 164,609	\$ 153,286	\$ 150,289
Covered-employee payroll	\$ 311,785	\$ 283,864	\$ 298,420
Net OPEB liability as a percentage of covered-employee payroll	52.80%	54.00%	50.36%

Notes to schedule:

* Fiscal year 2018 was the 1st year of implementation.

<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>
\$ 27,879	\$ 28,715	\$ 5,762
22,675	25,324	28,003
-	30,225	-
-	6,362	35,021
(9,217)	(8,804)	(33,561)
41,337	81,822	35,225
339,526	380,863	462,685
380,863	462,685	497,910
57,669	49,048	50,016
10,179	52,102	(41,308)
(94)	(120)	(85)
-	-	-
(9,217)	(8,804)	(33,561)
58,537	92,226	(24,938)
189,237	247,774	340,000
247,774	340,000	315,062
<u>\$ 133,089</u>	<u>\$ 122,685</u>	<u>\$ 182,848</u>
\$ 308,984	\$ 325,887	\$ 313,888
43.07%	37.65%	58.25%

**City/County Association
of Governments of San Mateo County
Required Supplementary Information
For the year ended June 30, 2023**

Schedule of OPEB Contributions - Last 10 Fiscal 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 contribution	(54,162)	(53,132)	(57,669)	(49,048)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 1,767</u>	<u>\$ (1,960)</u>	<u>\$ 264</u>
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, 2021
Funding method	Entry Age Normal Cost, level % of pay
Amortization period	8 year closed Level Dollar
Asset valuation method	Market value
General inflation rate	2.50%
Healthcare Trend Rates	5.7% in 2022, fluctuates until ultimate rate of 4% in 2076
Salary increases	3.00%
Investment rate of return	6.10%
Retirement age	Ages 50 to 75
Mortality	CalPERS 2017 Experience Study
Mortality improvement	MacLeoad Watts Scale 2020

*Fiscal year 2018 was the 1st year of implementation.

**The actuarially determined contribution for fiscal year ended June 30, 2020 was developed from the 2017 valuation.

2022	2023
\$ 50,016	\$ 24,980
(50,016)	(89,270)
<u>\$ -</u>	<u>\$ (64,290)</u>
\$ 313,888	\$ 347,103
15.93%	25.72%

**City/County Association
of Governments of San Mateo County
Required Supplementary Information
For the year ended June 30, 2023**

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, 2023, none of the funds had expenditures exceeding the budgeted amounts.