

C/CAG
CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY

*Atherton Belmont Brisbane Burlingame Colma Daly City East Palo Alto Foster City Half Moon Bay Hillsborough Menlo Park
Millbrae Pacifica Portola Valley Redwood City San Bruno San Carlos San Mateo San Mateo County South San Francisco Woodside*

November 5, 2025

Badawi & Associates, CPAs
5901 Christie Ave., Suite 307
Emeryville, CA 94608

This representation letter is provided in connection with your audit of the financial statements of the City/County Association of Governments of San Mateo County (C/CAG) as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of C/CAG in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 5, 2025:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 17, 2025, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
5. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
6. We have a process to track the status of audit findings and recommendations.

7. We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
8. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of the applicable financial reporting framework.
9. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
10. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
11. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
12. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
13. All funds and activities are properly classified.
14. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
15. All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
16. Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
17. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
18. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
19. All interfund and intra-entity transactions and balances have been properly classified and reported.
20. Special items and extraordinary items have been properly classified and reported.
21. Deposit and investment risks have been properly and fully disclosed.
22. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.

23. All required supplementary information is measured and presented within the prescribed guidelines.
24. With regard to investments and other instruments reported at fair value:
 - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
25. With respect to providing assistance in preparation of the financial statements and related notes of C/CAG, we have performed the following:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and
 - e. Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

26. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within C/CAG from whom you determined it necessary to obtain audit evidence.
27. The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
28. All transactions have been recorded in the accounting records and are reflected in the financial statements.
29. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
30. We have provided to you our analysis of C/CAG's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
31. We have no knowledge of any fraud or suspected fraud that affects the C/CAG and involves:

- a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
32. We have no knowledge of any allegations of fraud, or suspected fraud, affecting C/CAG's financial statements communicated by employees, former employees, vendors, regulators, or others.
 33. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
 34. We have disclosed to you the identity of C/CAG's related parties and all the related party relationships and transactions of which we are aware.
 35. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
 36. C/CAG has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
 37. We have disclosed to you all guarantees, whether written or oral, under which C/CAG is contingently liable.
 38. We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that C/CAG will make a payment on any guarantee.
 39. For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
 40. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
 41. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
 42. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.

- b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - d. Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
43. C/CAG has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
 44. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
 45. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records reflected in the financial statements.
 46. There have been no cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for a loss contingency, or otherwise considered when preparing the financial statements.
 47. The significant judgements made in making the accounting estimates have taken into account all relevant information of which we are aware.
 48. We have consistently and appropriately selected and applied methods, assumptions, and data when making the accounting estimates.
 49. The assumptions we used in making and disclosing accounting estimates appropriately reflect our intent and ability to carry out specific courses of action on behalf of the City when relevant to the accounting estimates and disclosures.
 50. The disclosures related to accounting estimates, including those disclosures describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework.
 51. We have obtained and applied appropriate specialized skills and expertise in making the accounting estimates.
 52. We are not aware of any events subsequent to the date of the financial statements that require adjustment to our accounting estimates and related disclosures included in the financial statements.
 53. We agree with the findings of specialists in evaluating the amounts related to C/CAG's pension and OPEB plans, and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
 54. Provisions for uncollectible receivables have been properly identified and recorded.

55. The methods and significant inputs and assumptions used to determine fair values of financial instruments are determined by C/CAG's investment custodians. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes and are in accordance with the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*.
56. We believe that the actuarial assumptions and methods used to measure the pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
57. With respect to the Management's Discussion and Analysis, Budget and Actual statements, and the Pension and OPEB Plan schedules (RSI) accompanying the financial statements:
- a. We acknowledge our responsibility for the presentation of the RSI in accordance with U.S. GAAP.
 - b. We believe the RSI, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. There were no significant assumptions or interpretations underlying the measurement or presentation of the RSI.

DocuSigned by:

Sean Charpentier

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Sean Charpentier
Executive Director

Signed by:

Rebecca Mendenhall

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Rebecca Mendenhall
Administrative Services Director

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**City/County Association of Governments of
San Mateo County**
Basic Financial Statements
 For the year ended June 30, 2025

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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, 2025 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, 2025, 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

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

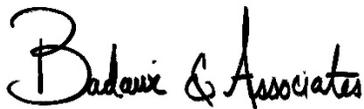
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the major fund budget to actual comparison schedules, and the required pension and OPEB schedules on pages 5-9 and 47-63 be presented to supplement the basic financial statements. 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 5, 2025 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
Emeryville, California
November 5, 2025

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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, 2025. 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 \$31.02 million, a decrease of \$0.18 million or 0.59%.
- The combined C/CAG revenues were \$21.62 million, an increase of \$2.53 million or 13.27%.
- The combined C/CAG expenses were \$21.80 million, an increase of \$5.43 million or 33.18%.

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 the *modified accrual basis of 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, 2025 and June 30, 2024

	2025	2024	\$ Change	% Change
Cash and investments (note 2)	\$ 32,089,788	\$ 29,478,794	\$ 2,610,994	8.86%
Accounts receivable and other assets	8,719,747	7,245,006	1,474,741	20.36%
Total Assets	40,809,535	36,723,800	4,085,735	11.13%
Deferred outflows related to pension & OPEB	434,423	474,127	(39,704)	-8.37%
Total Deferred Outflow	434,423	474,127	(39,704)	-8.37%
Current and other liabilities	9,358,404	5,099,338	4,259,066	83.52%
Long-term obligations	826,988	867,447	(40,459)	-4.66%
Total Liabilities	10,185,392	5,966,785	4,218,607	70.70%
Deferred inflows related to pension & OPEB	38,432	27,745	10,687	38.52%
Total Deferred Inflow	38,432	27,745	10,687	38.52%
Net Position:				
Restricted	\$ 29,231,919	\$ 29,768,605	\$ (536,686)	-1.80%
Unrestricted	1,788,215	1,434,792	353,423	24.63%
Total Net Position	\$ 31,020,135	\$ 31,203,397	\$ (183,263)	-0.59%

MANAGEMENT'S DISCUSSION AND ANALYSIS

The total net position is \$31.02 million, a decrease of \$0.18 million or 0.59% from the prior fiscal year. Significant changes during the fiscal year are as follows:

Total assets increased by \$4.09 million, or 11.13%, compared to the prior fiscal year. A key driver of this growth was a \$2.60 million increase in cash and investments, primarily from cash inflows related to grants, and cash outflow timing to support the Smart Corridor Northern Cities Expansion project. Additionally, the increase reflects the full-year financial impact of two NPDES grants, which began in the second quarter of FY2023-24 and reached full programmatic implementation in FY2024-25.

Accounts receivable and other assets increased by \$1.47 million or 20.36% from \$7.25 million to \$8.72 million. The increase is mainly driven by timing of receipt of grant reimbursements from Congestion Management, NPDES and Measure M. Toll revenues from express lanes continue to support SMCEL-JPA's administrative, operational and maintenance expenses and the outstanding operating loan will be paid off at the beginning of FY2025-26.

Current and other liabilities increased by \$4.26 million or 83.52% from the prior year. This is due to an increase in accrued expenditure related to the Northern Cities Expansion project of Smart Corridor and Bay Area Air Quality Management District's (BAAQMD) Transportation Fund for Clean Air (TFCA) fund distribution to project sponsors. The change of C/CAG's long-term obligations include OPEB and proportionate shares of pension liability related to deferred inflows and outflows have decreased by 4.66% 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 \$29.23 million of the total net position. Of this amount, \$15.17 million is restricted for Congestion Management Program, \$9.57 million is restricted for Measure M, \$1.47 million is restricted for NPDES, and \$1.79 million is restricted for Bay Area Air Quality Management Program and \$0.42 million is restricted for AB1546. The remaining \$0.81 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, 2025 was \$1.79 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, 2025 and June 30, 2024

	2025	2024	\$ Change	% Change
Revenues				
Program Revenues:				
Charges for services	\$ 11,674,491	\$ 11,691,182	\$ (16,691)	-0.14%
Operating grants and contributions	8,120,043	5,631,689	2,488,354	44.18%
General Revenues:				
Investment Income	1,820,568	1,759,749	60,819	3.46%
Total Revenues	21,615,102	19,082,620	2,532,482	13.27%
Expenses				
AB 1546	10,000	135,000	(125,000)	-92.59%
SMC Express Lane JPA	503,777	467,460	36,317	7.77%
Energy Watch	777,214	548,004	229,210	41.83%
General government	588,999	544,961	44,038	8.08%
Air quality (BAAQMD)	1,349,801	580,753	769,048	132.42%
NPDES stormwater	3,203,278	2,196,029	1,007,249	45.87%
Congestion management	8,819,104	4,905,343	3,913,761	79.79%
Measure M	6,546,192	6,990,611	(444,419)	-6.36%
Total Expenses	21,798,365	16,368,161	5,430,204	33.18%
Inc (Dec) in Net Position	(183,263)	2,714,459	(2,897,722)	-106.75%
Beginning Net Position	31,203,397	28,488,938	2,714,459	9.53%
Ending Net Position	\$ 31,020,134	\$ 31,203,397	\$ (183,263)	-0.59%

The overall change in net position in the current fiscal year is a decrease of \$0.18 million. The reasons for significant changes in the revenues and expenses are as follows:

The total charges for services decreased slightly by \$0.02 million, or 0.14%, from \$11.69 million to \$11.67 million. This marginal decline is primarily attributed to the conclusion of the four-year streetlight subscription contract in FY2023-24 that member cities contributed to. The decision not to renew the contract was based on an evaluation that the administrative and operational costs outweighed the value provided to C/CAG and its member cities. This decrease was partially offset by a modest increase in annual membership contributions.

Operating grants and contributions increased by \$2.49 million, or 44.18%, compared to the prior fiscal year. This increase is primarily due to the Smart Corridor program’s Northern Cities Expansion project entering the construction phase, resulting in a significant drawdown of the program’s Caltrans grant, which accounts for 38.88% of the overall increase. Additionally, FY2024-25 marks the first full year of activity for the two NPDES grants—Watching Our Watersheds Regional Trash Monitoring and the Integrated Climate Adaptation and Resilience Program—that began in late FY2023-24, further contributing to the increase.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Investment income increased by \$0.06 million, or 3.46%, compared to the previous year. This was due to the slightly higher interest earnings in the current fiscal year.

Program expenses totaled \$21.80 million in the fiscal year 2024-25, an increase of \$5.43 million or 33.18% from the prior year's expenses of \$16.37 million. Changes in the expenses of C/CAG's programs from the prior year are as follows:

- AB1546 program expenses decreased by \$0.13 million or 92.59%. No fund distributions were made to member cities during the current fiscal year, and the program's only expenditure was for consulting services.
- The Express Lanes JPA expenses increased by \$0.04 million or 7.77%. 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 increased by \$0.23 million or 41.83% from the prior year. This increase is primarily due to higher staffing and consultant costs needed to support key program initiatives, including Climate Action Plans, greenhouse gas (GHG) inventories, and various studies and implementation efforts. Notably, the San Mateo Energy Watch Kitchen Electrification project involved extensive outreach activities, contributing significantly to the overall rise in expenditures.
- General Government expenses increased by \$0.04 million or 8.08%. The increase is mainly due to a higher proportionate share of pension liability and professional expenditure related to administrative and operational support.
- The Bay Area Air Quality program expenses increased by \$0.77 million or 132%. The increase is due to higher fund distributions in FY2024-25, driven by two new projects: the Glens Path Pedestrian project in the Town of Woodside and Millbrae's Smart City initiative. Additionally, funding to Commute.org for BART shuttle services increased, reflecting a significant rise in utilization, from 78% in the prior year to 96% of the total annual allocation.
- NPDES program expenses increased by \$1.01 million or 45.87%. The increase is partly driven by filling of a vacant staff position, which has contributed to higher professional services costs. Additionally, the two NPDES grants that began in late FY2023-24 are now in their first full year of implementation, resulting in increased project expenditures.
- Congestion Management Program expenses increased by \$3.91 million or 79.8%, primarily due to fund distributions to Daly City and Brisbane for the Smart Corridor's Northern Cities Expansion project, which entered the construction phase. Additional increases were also driven by continued construction-related distributions for the South San Francisco Smart Corridor project.
- Measure M expenses decreased by \$0.44 million or 6.36% from the prior year. This decrease is due to the conclusion of the annual streetlight subscription at the end of FY2023-24. Fund distributions to member jurisdictions were also slightly lower. Member jurisdictions are allowed to roll over unclaimed allocated funds to the following year, and the level of activity varies annually based on available ending balances and the timing of project reimbursements.

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.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

**City/County Association
of Governments of San Mateo County
Statement of Net Position
June 30, 2025**

ASSETS	
Cash and investments	\$ 32,089,788
Accounts receivable	5,977,946
Loans receivable	2,741,801
Total assets	<u>40,809,535</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension related items	270,885
Deferred OPEB related items	163,538
Total deferred outflows of resources	<u>434,423</u>
LIABILITIES	
Accounts payable	5,207,862
Accrued liabilities	3,394,702
Unearned Revenue	755,840
Net pension liability	765,077
Net OPEB liability	61,911
Total liabilities	<u>10,185,392</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred pension related items	11,394
Deferred OPEB related items	27,038
Total deferred inflows of resources	<u>38,432</u>
NET POSITION	
Restricted for:	
Energy watch	814,709
AB 1546	422,973
BAAQMD	1,786,714
NPDES	1,471,512
Measure M	9,567,831
Congestion Management	15,168,180
Total restricted	<u>29,231,919</u>
Unrestricted	1,788,215
Total net position	<u>\$ 31,020,134</u>

**City/County Association
of Governments of San Mateo County
Statement of Activities
For the year ended June 30, 2025**

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 588,999	\$ -	\$ 307,060	\$ (281,939)
Special programs:				
Congestion management	8,819,104	2,399,722	4,361,168	(2,058,214)
National Pollutant Discharge & Elimination System	3,203,278	164,083	2,755,007	(284,188)
Bay Area Air Quality Management District	1,349,801	1,078,988	-	(270,813)
AB 1546	10,000	-	-	(10,000)
Energy watch	777,214	-	696,808	(80,406)
Measure M	6,546,192	7,639,246	-	1,093,054
San Mateo Express Lane JPA	503,777	392,452	-	(111,325)
Total governmental activities	\$ 21,798,365	\$ 11,674,491	\$ 8,120,043	\$ (2,003,831)
General Revenues:				
				1,820,568
				<u>1,820,568</u>
				Change in net position
				(183,263)
				Net position - beginning of year
				<u>31,203,397</u>
				Net position - end of year
				<u>\$ 31,020,134</u>

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

**City/County Association
of Governments of San Mateo County
Balance Sheet
Governmental Funds
June 30, 2025**

	General Fund	Congestion Management	National Pollutant Discharge & Elimination System	Bay Area Air Quality Management District
ASSETS				
Cash and investments	\$ 1,931,893	\$ 14,850,464	\$ 1,465,413	\$ 2,252,147
Accounts receivable	373,352	2,984,529	597,582	-
Due from other funds	157,102	2,746,908	-	-
Loans receivable	-	-	-	-
Total assets	\$ 2,462,347	\$ 20,581,901	\$ 2,062,995	\$ 2,252,147
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	80,581	2,120,677	589,730	218,673
Accrued liabilities	5,374	2,537,204	1,753	246,760
Due to other funds	-	-	-	-
Unearned Revenue	-	755,840	-	-
Total liabilities	85,955	5,413,721	591,483	465,433
Fund Balances:				
Restricted for:				
Congestion management	-	15,168,180	-	-
NPDES	-	-	1,471,512	-
Bay Area AQMD	-	-	-	1,786,714
AB 1546	-	-	-	-
Energy watch	-	-	-	-
Measure M	-	-	-	-
Unassigned	2,376,392	-	-	-
Total fund balances	2,376,392	15,168,180	1,471,512	1,786,714
Total liabilities and fund balances	\$ 2,462,347	\$ 20,581,901	\$ 2,062,995	\$ 2,252,147

AB 1546	Energy Watch	Measure M	San Mateo County Express Lane JPA	Total Governmental Funds
\$ 422,973	\$ 1,029,813	\$ 10,137,085	\$ -	\$ 32,089,788
-	158,457	1,773,093	90,933	5,977,946
-	-	-	-	2,904,010
-	-	-	2,741,801	2,741,801
<u>\$ 422,973</u>	<u>\$ 1,188,270</u>	<u>\$ 11,910,178</u>	<u>\$ 2,832,734</u>	<u>\$ 43,713,545</u>
-	369,418	1,746,620	82,163	5,207,862
-	4,143	595,727	3,741	3,394,702
-	-	-	2,904,010	2,904,010
-	-	-	-	755,840
-	<u>373,561</u>	<u>2,342,347</u>	<u>2,989,914</u>	<u>12,262,414</u>
-	-	-	-	15,168,180
-	-	-	-	1,471,512
-	-	-	-	1,786,714
422,973	-	-	-	422,973
-	814,709	-	-	814,709
-	-	9,567,831	-	9,567,831
-	-	-	(157,180)	2,219,212
<u>422,973</u>	<u>814,709</u>	<u>9,567,831</u>	<u>(157,180)</u>	<u>31,451,131</u>
<u>\$ 422,973</u>	<u>\$ 1,188,270</u>	<u>\$ 11,910,178</u>	<u>\$ 2,832,734</u>	<u>\$ 43,713,545</u>

See accompanying Notes to Basic Financial Statements.

**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, 2025**

Total Fund Balances - Total Governmental Funds \$ 31,451,131

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	270,885
Deferred outflows of resources related to OPEB	163,538
Deferred inflows of resources related to pension	(11,394)
Deferred inflows of resources related to OPEB	(27,038)

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	(765,077)
Net OPEB liability	(61,911)

Net Position of Governmental Activities \$ 31,020,134

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**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, 2025**

	General Fund	Congestion Management	National Pollutant Discharge & Elimination System	Bay Area Air Quality Management District
REVENUES:				
Member contributions	\$ 307,060	\$ 2,399,722	\$ -	\$ -
Intergovernmental	-	4,361,168	1,314,618	-
NPDES fees	-	-	1,604,472	-
AB 434 DMV fees	-	-	-	1,078,988
Investment income	93,565	732,069	74,326	110,948
Cost reimbursement	-	-	-	-
Total revenues	400,625	7,492,959	2,993,416	1,189,936
EXPENDITURES:				
Current:				
Professional services	336,988	2,974,305	3,120,198	30,912
Field and program supplies	15,349	-	3,557	-
Administrative expenses	214,003	241,244	35,813	-
Dues and memberships	-	5,129	33,110	-
Conferences and meetings	11,438	10,239	5,200	-
Publications	1,045	1,066	-	-
Distributions	-	5,587,121	5,400	1,318,889
Other	244	-	-	-
Total expenditures	579,067	8,819,104	3,203,278	1,349,801
REVENUES OVER (UNDER) EXPENDITURES	(178,442)	(1,326,145)	(209,862)	(159,865)
OTHER FINANCING SOURCES (USES):				
Transfers in	698,977	2,810,000	40,000	-
Transfers out	-	(594,543)	(97,038)	(7,271)
Total other financing sources (uses)	698,977	2,215,457	(57,038)	(7,271)
Net change in fund balances	520,535	889,312	(266,900)	(167,136)
FUND BALANCES:				
Beginning of year	1,855,857	14,278,868	1,738,412	1,953,850
End of year	\$ 2,376,392	\$ 15,168,180	\$ 1,471,512	\$ 1,786,714

See accompanying Notes to Basic Financial Statements.

AB 1546	Energy Watch	Measure M	San Mateo County Express Lane JPA	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 2,706,782
-	696,808	6,958,939	-	13,331,533
-	-	-	-	1,604,472
-	-	-	-	1,078,988
20,853	43,155	638,068	107,584	1,820,568
-	-	680,307	392,452	1,072,759
<u>20,853</u>	<u>739,963</u>	<u>8,277,314</u>	<u>500,036</u>	<u>21,615,102</u>
10,000	709,209	2,105,344	295,661	9,582,617
-	-	-	-	18,906
-	46,095	57,174	100,532	694,861
-	17,500	-	-	55,739
-	4,410	688	-	31,975
-	-	-	-	2,111
-	-	4,382,986	-	11,294,396
-	-	-	107,584	107,828
<u>10,000</u>	<u>777,214</u>	<u>6,546,192</u>	<u>503,777</u>	<u>21,788,433</u>
<u>10,853</u>	<u>(37,251)</u>	<u>1,731,122</u>	<u>(3,741)</u>	<u>(173,331)</u>
-	157,500	-	-	3,706,477
-	(8,279)	(2,844,169)	(155,177)	(3,706,477)
-	149,221	(2,844,169)	(155,177)	-
<u>10,853</u>	<u>111,970</u>	<u>(1,113,047)</u>	<u>(158,918)</u>	<u>(173,331)</u>
412,120	702,739	10,680,878	1,738	31,624,462
<u>\$ 422,973</u>	<u>\$ 814,709</u>	<u>\$ 9,567,831</u>	<u>\$ (157,180)</u>	<u>\$ 31,451,131</u>

See accompanying Notes to Basic 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 Government-Wide Statement of Activities**
For the year ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ (173,331)

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. (48,382)

OPEB adjustments are recorded on the economic resources basis of accounting and therefore not reported as expenditures in the governmental funds. 38,450

Change in Net Position of Governmental Activities \$ (183,263)

NOTES TO BASIC FINANCIAL STATEMENTS

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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 governmental entities, vehicle registration fees and fees 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 governmental entities.

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 an 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 School program 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 repay the full outstanding loan to C/CAG at the beginning of FY2025-26.

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

D. Measurement Focus and Basis of Accounting, 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 held by C/CAG.

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. 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.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both Government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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.

Pensions

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

For purposes of measuring the net pension liability and deferred outflows/inflows of resources relating to pensions and pension expense, information about the fiduciary net position of C/CAG's pension plan with CalPERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit's terms. Investments are reported at fair value.

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

Fund Balance

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

Nonspendable – 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.

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-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 C/CAG cannot unilaterally alter.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Net Position, continued

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

Net Position Flow Assumption

Sometimes C/CAG will fund outlays for a particular purpose from both restricted (e.g., restricted bond of 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 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 invest in San Mateo County Investment Pool (SMCIP) and Local Agency Investment Fund (LAIF), 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, 2025, C/CAG's cash and investment balance was \$32,089,788 consisting of \$17,585,729 in LAIF, \$11,834,569 in SMCIP, and \$2,669,490 cash in banks.

A. Local Agency Investment Fund

C/CAG is a voluntary participant in 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 fair value of the pool shares held by C/CAG.

At June 30, 2025, LAIF had invested 3.81% in structured notes and asset-backed securities as compared to 3.00% the previous year. The LAIF fair value factor of 1.001198310 was used to calculate the fair value of the investments in LAIF.

NOTE 2 - CASH AND INVESTMENTS, CONTINUED

B. San Mateo County Investment Fund

C/CAG is a voluntary participant in 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 1.01103 was used to calculate the fair value of the investments in the SMCIP at June 30, 2025.

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 investments. 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 C/CAG's investments by maturity:

Investment Type	12 Months or less
California Local Agency Investment Fund	\$ 17,585,729
San Mateo County Investment Pool	11,834,569
Total investments	29,420,298
Total Cash in Banks and Cash on Hand	2,669,490
Total Cash and Investments	<u>\$ 32,089,788</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 SMCIP 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, 2025

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 (LAIF)	Upon demand	N/A	\$75 million per account as approved by C/CAG Board	(C)
San Mateo County Investment Pool	Upon demand	N/A	As approved by C/CAG Board	(C)
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%	10%, (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%	10%
Daily Money Market Funds	Upon demand	N/A	10%	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.

(C) Investment portfolio mix approved by the Board: LAIF - 50-70%, County Pool - 30-50%

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 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

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.

City/County Association of Governments of San Mateo County
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

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, 2025:

Investment Type	Exempt	Total
Investments by Fair Value:		
California Local Agency Investment Fund	\$ 17,585,729	\$ 17,585,729
San Mateo County Investment Pool	11,834,569	11,834,569
Total Investments at Fair Value	\$ 29,420,298	29,420,298
Cash in banks		
Total Cash and Investments		\$ 32,089,788

Both LAIF and SMCIP are external investment pools 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, 2025:

Atherton	\$ 21,708
Belmont	93,482
Brisbane	23,033
Burlingame	128,241
Colma	12,429
Daly city	339,978
East Palo Alto	93,520
Foster City	125,152
Half Moon Bay	43,470
Hillsborough	36,011
Menlo Park	141,130
Millbrae	79,411
Pacifica	125,305
Portola Valley	16,722
Redwood City	326,178
San Bruno	153,061
San Carlos	115,267
South San Francisco	235,617
San Mateo	392,705
San Mateo County	184,419
Woodside	19,943
Total:	\$ 2,706,782

City/County Association of Governments of San Mateo County
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 4 - INTERFUND TRANSACTIONS

Transfers

Interfund transfers during the fiscal year ended June 30, 2025, consisted of the following:

Transfers Out:	Transfers In:				Total
	General Fund	Congestion Management	National Pollutant Discharge & Elimination System	Energy Watch	
Congestion Management	\$ 437,043	\$ -	\$ -	\$ 157,500	\$ 594,543
National Pollutant Discharge & Elimination System	97,038	-	-	-	97,038
Bay Area Air Quality Management District	7,271	-	-	-	7,271
Energy Watch	8,279	-	-	-	8,279
Measure M	54,169	2,750,000	40,000	-	2,844,169
San Mateo County Express Lane JPA	95,177	60,000	-	-	155,177
Total Interfund Transfers	\$ 698,977	\$ 2,810,000	\$ 40,000	\$ 157,500	\$ 3,706,477
	(A)	(B)	(C)	(D)	

- (A) Administrative overhead
- (B) Funding for Northern Cities Expansion Project
- (C) Stormwater staff working on Measure M projects
- (D) Climate initiatives

Interfund Loans

Interfund loans as of June 30, 2025 consisted of the following:

Due to:	Due From:		
	San Mateo County Express Land JPA	Total	
General Fund	\$ 157,102	\$ 157,102	(A)
Congestion Management	2,746,908	2,746,908	(B)
Total Interfund Transfers	\$ 2,904,010	\$ 2,904,010	

- (A) To cover temporary negative cash in the JPA fund.
- (B) Long-term loan to fund the JPA's express lane costs. Toll fees from the express lane will pay back the loan. Interest is accrued at LAIF rates.

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.

The provisions and benefits of the plan in effect at June 30, 2025 are summarized as follows:

	<i>CCAG Miscellaneous Plan</i>	
	<i>Tier 1</i>	<i>PEPRA</i>
	On or after March	On or after
Hire date	12, 2012	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	8.00%	7.75%
Required employer contribution rates	16.02%	7.87%
Required UAL payment	\$60,618	\$542

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, 2024 were \$101,145.

City/County Association of Governments of San Mateo County
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 5 - PENSION PLAN, CONTINUED

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

As of June 30, 2025, C/CAG reported a net pension liability for its proportionate shares of the net pension liability of the Plan of \$765,077.

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, 2024, 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, 2023 rolled forward to June 30, 2024 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 risk pool as of the measurement dates June 30, 2023 and June 30, 2024 was as follows:

Proportion - June 30, 2023	0.01533%
Proportion - June 30, 2024	<u>0.01582%</u>
Increase (Decrease)	0.00049%

For the year ended June 30, 2025, C/CAG recognized pension expense of \$161,349. At June 30, 2025, C/CAG reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contribution subsequent to measurement date	\$ 112,966	\$ -
Differences between actual and expected experience	66,147	2,580
Changes in assumptions	19,664	-
Net differences between projected and actual earnings on plan investments	44,045	-
Differences between employer's contribution and the employer's proportionate share of contributions	21,071	1,620
Changes in employer's proportion	<u>6,992</u>	<u>7,194</u>
Total	<u>\$ 270,885</u>	<u>\$ 11,394</u>

\$112,966 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, 2026. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	
2026	\$ 49,683
2027	107,263
2028	4,673
2029	(15,094)

NOTE 5 - PENSION PLAN, CONTINUED

Actuarial Assumptions

The total pension liabilities in the June 30, 2023 actuarial valuations were based on the following actuarial methods and assumptions:

Actuarial Methods and Assumptions	
Valuation date	June 30, 2023
Measurement date	June 30, 2024
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.

Discount Rate

The discount rate used to measure the total pension liability as of the measurement date of June 30, 2024 for the Plan was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions to the 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.

NOTE 5 - PENSION PLAN, CONTINUED

Discount Rate, Continued

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

Asset Class (a)	Assumed Asset Allocation	Real Return (a,b)
Global equity - cap-weighted	30%	4.54%
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%
\$ 1,151,068	\$ 765,077	\$ 447,350

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. 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.

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

General Information About the Other Post Employment Benefit Plan (OPEB), Continued

Employees Covered – Membership in the plan consisted of the following at June 30, 2025:

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

Net OPEB Liability

Actuarial Methods and Assumptions – C/CAG’s net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023 based on the following actuarial methods and assumptions:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Funding Method	Entry Age Normal Cost, level percent of pay
Assets Valuation Method	Market value of assets
Long Term Return on Assets	6.0% as of June 30, 2024, and 5.5% as of June 30, 2023, net of plan investment expenses
Discount Rates	6.0% as of June 30, 2024, and 5.5% as of June 30, 2023
Salary Increase	3.0% per year. Benefits do not depend on salary. This is used to allocate the cost of benefit between service years.
Inflation Rate	2.5% per year
Healthcare Cost Trend Rates	Actual rates in 2025; 6.0% in 2026, trending down to 3.9% in 2075 and later
Mortality Improvement	MacLeod Watts Scale 2022 applied generationally from 2017

Discount Rate – The discount rate used to measure the total OPEB liability was 6%.

City/County Association of Governments of San Mateo County
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

Changes in Net OPEB Liability

The changes in the Net OPEB Liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at Fiscal Year Ended 06/30/2024 (Measurement Date 06/30/2023)	\$ 482,410	\$ 381,288	\$ 101,122
Changes Recognized for the Measurement Period:			
Service cost	19,611	-	19,611
Interest on the total OPEB liability	26,577	-	26,577
Investment income	-	31,226	(31,226)
Employer contributions	-	92,593	(92,593)
Administrative expenses	-	(124)	124
Changes in assumptions	(28,827)	-	(28,827)
Change due to plan Experience	67,123	-	67,123
Benefit payments	(37,593)	(37,593)	-
Net changes	46,891	86,102	(39,211)
Balance at Fiscal Year Ended 06/30/2025 (Measurement Date 06/30/2024)	\$ 529,301	\$ 467,390	\$ 61,911

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%
5.00%	6.00%	7.00%
\$ 122,286	\$ 61,911	\$ 11,441

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
\$ 6,558	\$ 61,911	\$ 128,600

NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

Changes in Net OPEB Liability, Continued

For the year ended June 30, 2025, C/CAG recognized OPEB Expense of \$51,831. As of fiscal year ended June 30, 2025, C/CAG reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions made subsequent to the measurement date	\$ 90,281	\$ -
Changes of assumptions	4,829	27,038
Differences between expected and actual experience	52,828	-
Net difference between projected and actual earnings on investments	<u>15,600</u>	<u>-</u>
Total	<u>\$ 163,538</u>	<u>\$ 27,038</u>

\$90,281 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, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	
2026	\$ 17,083
2027	19,328
2028	7,610
2029	<u>2,198</u>
	<u>\$ 46,219</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 Agreement (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 as it commenced work on the San Mateo County 101 Express Lanes Project (Project).

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. The loan balance and accrued interest will be repaid on a monthly basis no later than five years after the Project begins operations and receives toll revenue, unless otherwise agreed by C/CAG and SMCEL-JPA. The 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, including interest, as of June 30, 2025 was \$2,741,801.

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.

**REQUIRED
SUPPLEMENTARY INFORMATION**

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**City/County Association
of Governments of San Mateo County**
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Member contributions	\$ 307,060	\$ 307,060	\$ 307,060	\$ -
Investment income	87,373	87,373	93,565	6,192
Total revenues	394,433	394,433	400,625	6,192
EXPENDITURES:				
Current:				
Professional services	761,472	761,472	336,988	424,484
Field and program supplies	23,000	23,000	15,349	7,651
Administrative expenses	166,984	166,984	214,003	(47,019)
Dues and memberships	18,525	18,525	-	18,525
Conferences and meetings	31,000	31,000	11,438	19,562
Publications	13,000	13,000	1,045	11,955
Other	18,500	18,500	244	18,256
Total expenditures	1,032,481	1,032,481	579,067	453,414
REVENUES OVER (UNDER) EXPENDITURES	(638,048)	(638,048)	(178,442)	459,606
OTHER FINANCING SOURCES (USES):				
Transfers in	698,977	698,977	698,977	-
Total other financing sources (uses)	698,977	698,977	698,977	-
Net change in fund balances	\$ 60,929	\$ 60,929	520,535	\$ 459,606
FUND BALANCES:				
Beginning of year			1,855,857	
End of year			\$ 2,376,392	

**City/County Association
of Governments of San Mateo County**
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Congestion Management
For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Member contributions	\$ 2,399,722	\$ 2,399,722	\$ 2,399,722	\$ -
Intergovernmental	4,262,438	4,282,438	4,361,168	78,730
Investment income	426,305	426,305	732,069	305,764
Cost reimbursement	200,000	200,000	-	(200,000)
Total revenues	7,288,465	7,308,465	7,492,959	184,494
EXPENDITURES:				
Current:				
Professional services	7,586,722	7,676,722	2,974,305	4,702,417
Field and program supplies	10,000	10,000	-	10,000
Administrative expenses	214,502	214,502	241,244	(26,742)
Dues and memberships	-	-	5,129	(5,129)
Conferences and meetings	30,000	30,000	10,239	19,761
Publications	-	-	1,066	(1,066)
Distributions	15,047,581	15,047,581	5,587,121	9,460,460
Total expenditures	22,888,805	22,978,805	8,819,104	14,159,701
REVENUES OVER (UNDER) EXPENDITURES	(15,600,340)	(15,670,340)	(1,326,145)	14,344,195
OTHER FINANCING SOURCES (USES):				
Transfers in	3,151,000	3,501,000	2,810,000	(691,000)
Transfers out	(1,285,543)	(1,285,543)	(594,543)	691,000
Total other financing sources (uses)	1,865,457	2,215,457	2,215,457	-
Net change in fund balances	\$ (13,734,883)	\$ (13,454,883)	889,312	\$ 14,344,195
FUND BALANCES:				
Beginning of year			14,278,868	
End of year			<u>\$ 15,168,180</u>	

**City/County Association
of Governments of San Mateo County**
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
National Pollutant Discharge & Elimination System
For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 1,689,343	\$ 1,689,343	\$ 1,314,618	\$ (374,725)
NPDES fees	1,471,800	1,602,602	1,604,472	1,870
Investment income	78,662	78,662	74,326	(4,336)
Total revenues	3,239,805	3,370,607	2,993,416	(377,191)
EXPENDITURES:				
Current:				
Professional services	3,686,620	4,196,620	3,120,198	1,076,422
Field and program supplies	2,000	4,000	3,557	443
Administrative expenses	26,010	26,010	35,813	(9,803)
Dues and memberships	28,000	33,000	33,110	(110)
Conferences and meetings	6,000	7,000	5,200	1,800
Distributions	30,000	30,000	5,400	24,600
Other	-	1,000	-	1,000
Total expenditures	3,778,630	4,297,630	3,203,278	1,094,352
REVENUES OVER (UNDER) EXPENDITURES	(538,825)	(927,023)	(209,862)	717,161
OTHER FINANCING SOURCES (USES):				
Transfers in	40,000	40,000	40,000	-
Transfers out	(97,038)	(97,038)	(97,038)	-
Total other financing sources (uses)	(57,038)	(57,038)	(57,038)	-
Net change in fund balances	\$ (595,863)	\$ (984,061)	(266,900)	\$ 717,161
FUND BALANCES:				
Beginning of year			1,738,412	
End of year			<u>\$ 1,471,512</u>	

**City/County Association
of Governments of San Mateo County
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Bay Area Air Quality Management District
For the year ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
AB 434 DMV fees	\$ 1,044,800	\$ 1,044,800	\$ 1,078,988	\$ 34,188
Investment income	46,651	46,651	110,948	64,297
Total revenues	1,091,451	1,091,451	1,189,936	98,485
EXPENDITURES:				
Current:				
Professional services	39,637	39,637	30,912	8,725
Administrative expenses	2,000	2,000	-	2,000
Distributions	2,351,848	2,351,848	1,318,889	1,032,959
Total expenditures	2,393,485	2,393,485	1,349,801	1,043,684
REVENUES OVER (UNDER) EXPENDITURES	(1,302,034)	(1,302,034)	(159,865)	1,142,169
OTHER FINANCING SOURCES (USES):				
Transfers out	(7,271)	(7,271)	(7,271)	-
Total other financing sources (uses)	(7,271)	(7,271)	(7,271)	-
Net change in fund balances	\$ (1,309,305)	\$ (1,309,305)	(167,136)	\$ 1,142,169
FUND BALANCES:				
Beginning of year			1,953,850	
End of year			\$ 1,786,714	

**City/County Association
of Governments of San Mateo County**
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
AB 1546
For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 19,471	\$ 19,471	\$ 20,853	\$ 1,382
Total revenues	19,471	19,471	20,853	1,382
EXPENDITURES:				
Current:				
Professional services	10,000	10,000	10,000	-
Distributions	374,000	374,000	-	374,000
Total expenditures	384,000	384,000	10,000	374,000
REVENUES OVER (UNDER) EXPENDITURES	(364,529)	(364,529)	10,853	375,382
Net change in fund balances	\$ (364,529)	\$ (364,529)	10,853	\$ 375,382
FUND BALANCES:				
Beginning of year			412,120	
End of year			\$ 422,973	

**City/County Association
of Governments of San Mateo County**
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Energy Watch
For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 850,000	\$ 850,000	\$ 696,808	\$ (153,192)
Investment income	21,032	21,032	43,155	22,123
Total revenues	871,032	871,032	739,963	(131,069)
EXPENDITURES:				
Current:				
Professional services	919,771	919,771	709,209	210,562
Field and program supplies	2,000	2,000	-	2,000
Administrative expenses	19,763	19,763	46,095	(26,332)
Dues and memberships	17,500	17,500	17,500	-
Conferences and meetings	2,000	2,000	4,410	(2,410)
Total expenditures	961,034	961,034	777,214	183,820
REVENUES OVER (UNDER) EXPENDITURES	(90,002)	(90,002)	(37,251)	52,751
OTHER FINANCING SOURCES (USES):				
Transfers in	157,500	157,500	157,500	-
Transfers out	(8,279)	(8,279)	(8,279)	-
Total other financing sources (uses)	149,221	149,221	149,221	-
Net change in fund balances	\$ 59,219	\$ 59,219	111,970	\$ 52,751
FUND BALANCES:				
Beginning of year			702,739	
End of year			\$ 814,709	

**City/County Association
of Governments of San Mateo County**
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Measure M
For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 6,700,000	\$ 6,700,000	\$ 6,958,939	\$ 258,939
Investment income	347,862	347,862	638,068	290,206
Cost reimbursement	706,268	706,268	680,307	(25,961)
Total revenues	7,754,130	7,754,130	8,277,314	523,184
EXPENDITURES:				
Current:				
Professional services	2,207,627	2,207,627	2,105,344	102,283
Administrative expenses	50,838	50,838	57,174	(6,336)
Dues and memberships	500	500	-	500
Conferences and meetings	2,500	2,500	688	1,812
Distributions	6,459,817	6,459,817	4,382,986	2,076,831
Total expenditures	8,721,282	8,721,282	6,546,192	2,175,090
REVENUES OVER (UNDER) EXPENDITURES	(967,152)	(967,152)	1,731,122	2,698,274
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,494,169)	(2,844,169)	(2,844,169)	-
Total other financing sources (uses)	(2,494,169)	(2,844,169)	(2,844,169)	-
Net change in fund balances	\$ (3,461,321)	\$ (3,811,321)	(1,113,047)	\$ 2,698,274
FUND BALANCES:				
Beginning of year			10,680,878	
End of year			\$ 9,567,831	

**City/County Association
of Governments of San Mateo County**
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
San Mateo County Express Lane JPA
For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 69,244	\$ 69,244	\$ 107,584	\$ 38,340
Cost reimbursement	634,116	634,116	392,452	(241,664)
Total revenues	703,360	703,360	500,036	(203,324)
EXPENDITURES:				
Current:				
Professional services	349,604	349,604	295,661	53,943
Administrative expenses	195,387	195,387	100,532	94,855
Other	-	-	107,584	(107,584)
Total expenditures	544,991	544,991	503,777	41,214
REVENUES OVER (UNDER) EXPENDITURES	158,369	158,369	(3,741)	(162,110)
OTHER FINANCING SOURCES (USES):				
Transfers out	(155,177)	(155,177)	(155,177)	-
Total other financing sources (uses)	(155,177)	(155,177)	(155,177)	-
Net change in fund balances	\$ 3,192	\$ 3,192	(158,918)	\$ (162,110)
FUND BALANCES:				
Beginning of year			1,738	
End of year			\$ (157,180)	

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**City/County Association
of Governments of San Mateo County
Required Supplementary Information
For the year ended June 30, 2025**

CalPERS Cost Sharing Plan

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

Measurement Date	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Proportion of the net pension liability**	0.01233%	0.01273%	0.01298%	0.01341%
Proportionate share of the net pension liability	\$ 338,250	\$ 442,081	\$ 511,510	\$ 505,489
Covered payroll	\$ 285,078	\$ 257,693	\$ 270,037	\$ 311,785
Proportionate share of the net pension liability as a percentage of covered payroll	118.65%	171.55%	189.42%	162.13%
Fiduciary net position as a percentage of the total pension liability	79.01%	75.20%	73.84%	75.10%

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: The CalPERS discount rate increased from 7.5% to 7.65% in fiscal year 2016, decreased from 7.65% to 7.15% in fiscal year 2018, and then decreased from 7.15% to 6.9% in fiscal year 2023.

The CalPERS mortality assumptions were adjusted in fiscal year 2019.

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

<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2024</u>
0.01374%	0.01410%	0.01882%	0.01494%	0.015325%	0.015820%
\$ 550,228	\$ 594,576	\$ 357,268	\$ 699,031	\$ 766,325	\$ 765,077
\$ 298,420	\$ 316,724	\$ 325,885	\$ 312,885	\$ 329,989	\$ 379,458
184.38%	187.73%	109.63%	223.41%	232.23%	201.62%
74.27%	73.59%	84.92%	71.83%	72.02%	71.47%

**City/County Association
of Governments of San Mateo County
Required Supplementary Information
For the year ended June 30, 2025**

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

Fiscal Year Ended	2016	2017	2018	2019
Actuarially determined contribution	\$ 41,142	\$ 40,857	\$ 54,162	\$ 61,955
Contributions in relation to actuarially deemed contributions	(41,142)	(40,857)	(54,162)	(61,955)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 257,693	\$ 270,037	\$ 311,785	\$ 298,420
Contributions as a percentage of covered payroll	15.97%	15.13%	17.37%	20.76%

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market Value of Assets
Discount Rate	6.90%
Inflation	2.30%
Salary increases	Varies by Entry age and Service
Retirement age	50 and up

2020	2021	2022	2023	2024	2025
\$ 70,981	\$ 80,555	\$ 83,910	\$ 93,591	\$ 101,145	\$ 112,966
(70,981)	(80,555)	(83,910)	(93,591)	(101,145)	(112,966)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 316,724	\$ 325,885	\$ 312,885	\$ 329,989	\$ 379,458	\$ 383,486
22.41%	24.72%	26.82%	28.36%	26.66%	29.46%

**City/County Association
of Governments of San Mateo County
Required Supplementary Information
For the year ended June 30, 2025**

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	6/30/2020
Total OPEB Liability				
Service cost	\$ 20,211	\$ 22,676	\$ 24,240	\$ 27,879
Interest	16,127	17,515	19,323	22,675
Change of Benefit Terms	-	-	-	-
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)	(9,217)
Net change in the 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
Plan Fiduciary Net Position				
Contribution - 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 expenses	-	(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/asset - ending (a) - (b)	\$ 164,609	\$ 153,286	\$ 150,289	\$ 133,089
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 1st year of implementation.

	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2024</u>
\$	28,715	\$ 5,762	\$ 6,864	\$ 19,611
	25,324	28,003	26,820	26,577
	-	-	(7,809)	-
	30,225	-	1,369	67,123
	6,362	35,021	(8,474)	(28,827)
	(8,804)	(33,561)	(34,270)	(37,593)
	81,822	35,225	(15,500)	46,891
	380,863	462,685	497,910	482,410
	462,685	497,910	482,410	529,301
	49,048	50,016	89,270	92,593
	52,102	(41,308)	11,317	31,226
	(120)	(85)	(91)	(124)
	-	-	-	-
	(8,804)	(33,561)	(34,270)	(37,593)
	92,226	(24,938)	66,226	86,102
	247,774	340,000	315,062	381,288
	340,000	315,062	381,288	467,390
\$	<u>122,685</u>	<u>\$ 182,848</u>	<u>\$ 101,122</u>	<u>\$ 61,911</u>
\$	325,887	\$ 313,888	\$ 347,103	\$ 379,458
	37.65%	58.25%	29.13%	16.32%

**City/County Association
of Governments of San Mateo County
Required Supplementary Information
For the year ended June 30, 2025**

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)	\$ -	\$ 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, 2023
Funding method	Entry Age Normal Cost, level % of pay
Amortization method	10 year closed Level Dollar
Asset valuation method	Market value
General inflation rate	2.50%
Healthcare Trend Rates	6.5% in 2025 decreasing to 3.9% by 2075
Salary increases	3.00%
Investment rate of return	6.00%
Retirement age	Ages 50 to 75
Mortality	2021 CalPERS Experience Study
Mortality improvement	MacLeod Watts Scale 2022

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

2022	2023	2024	2025
\$ 50,016	\$ 24,980	\$ 22,536	\$ 40,309
(50,016)	(89,270)	(92,593)	(90,281)
<u>\$ -</u>	<u>\$ (64,290)</u>	<u>\$ (70,057)</u>	<u>\$ (49,972)</u>
\$ 313,888	\$ 347,103	\$ 379,458	\$ 395,930
15.93%	25.72%	24.40%	22.80%

**City/County Association
of Governments of San Mateo County
Required Supplementary Information
For the year ended June 30, 2025**

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, 2025, none of the funds had total expenditures exceeding the budgeted amounts.