



City of Burlingame, California

2019-20 Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020



City of Burlingame, California

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2020

Prepared by

City of Burlingame Finance Department

CITY OF BURLINGAME, CALIFORNIA



Comprehensive Annual Financial Report

June 30, 2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2020

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Comprehensive Annual Financial Report

June 30, 2020



Burlingame Finance Department

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November 30, 2020

To the Honorable Mayor, Members of the City Council, and residents of Burlingame:

I am pleased to submit the City of Burlingame's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. This financial report contains a complete set of audited financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City, and in particular, the Finance Department. Information contained in this report is based upon a comprehensive framework of internal controls that has been established for this purpose. The objective of internal controls is to provide reasonable assurance that the CAFR information is accurate in all material aspects. The Management's Discussion and Analysis section of the financial report provides information on the City's financial position and should be read in conjunction with the financial statements.

As required by GAAP, the financial statements present the government and its component units that are considered to be fiscally interdependent. For financial reporting purposes, the City's basic financial statements include all funds, boards, commissions, and authorities that are controlled by or are dependent upon the Burlingame City Council.

The California Government Code requires an annual audit of the basic financial statements of the City. The accounting firm Maze & Associates performed the audit for the fiscal year ended June 30, 2020. The independent auditor's report on the general purpose financial statements is included in the financial section of this report and states that the City's basic financial statements present fairly, in all material respects, the financial position of the City as of June 30, 2020, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles. For the year ended June 30, 2020, single audits were not required in accordance with the provisions of the Single Audit Act, as threshold expenditure requirements from federal funding were not reached during the fiscal year.

This transmittal letter is intended to provide an introductory profile of the City of Burlingame, its economy, and other information useful in assessing its overall financial condition, especially in consideration of the economic impact of the pandemic late in the fiscal year. The transmittal letter is designed to complement the Management's Discussion & Analysis (MD&A), and should be read in conjunction with it. The MD&A, which can be found immediately following the independent auditor's report in the financial statement of the CAFR, provides a more comprehensive look at the City's financial results.

Government Profile

The City of Burlingame is a California general law City incorporated in 1908 that operates under the Council-Manager form of government. A five-member City Council is elected at large to four-year terms and serves as the board of directors. The City Council selects a Mayor and Vice Mayor from its members annually. A City Manager is appointed by the City Council and serves as the chief executive officer. The City Manager is responsible for all municipal functions. A City Attorney is appointed by the City Council to serve as chief legal advisor for the governing body and the administration. The City's municipal services include: police and fire protection, public works, community development, parks and recreation, library services, water, sewer, parking, solid waste, and storm drainage. General government activities include finance and information technology, human resources, legal services, and city administration. The City employs approximately 220 full-time employees. An executive team helps the City Manager lead the City organization. It includes eight department directors, the City Attorney, and the City Clerk.

Burlingame is approximately six square miles in size and is located in San Mateo County, on the western shore of the San Francisco Bay approximately 10 miles south of San Francisco. According to the State Department of Finance, the population for Burlingame is 30,118. The population has remained fairly level, increasing by 1.3% over the past five years.

Budget Process

The City adopts an annual budget for all funds, except for the debt service fund and capital projects fund. Major funds include the General, Capital Projects, Debt Service, Water, Sewer, Parking, Waste Management, Landfill, and Building Funds. Budgets are prepared on the same basis of accounting as the associated financial statements.

The City's formal budget is employed as a management control device during the year, and it is adopted annually for all City funds, except for the fiduciary funds and certain special revenue funds where appropriate. Consistent with most governmental entities, the City's budget is based on a modified accrual basis of accounting under which revenues are recognized in the period they become available and measurable, and expenditures are recognized in the period the related liability is incurred.

The City budget includes information regarding estimated costs (or outlays) and revenue (or cash inflows) for identified programs, projects, and levels of service to meet the needs of the City. All annual appropriations lapse at the end of the fiscal year except in the Capital Projects Fund, because capital improvement projects typically span more than one fiscal year. Appropriations for capital projects lapse when projects are completed, placed into service, accounted for as capital assets, or abandoned at the discretion of the City staff and/or City Council.

Budget amendments that increase a fund's appropriations require majority approval by the City Council. Certain budgetary re-allocations within departments require approval by the Finance Director and department heads. Budget amendments between departments are approved by the Finance Director and City Manager. A mid-year budget status report and a long-term financial forecast for the next five years are presented to the City Council as part of an ongoing assessment and evaluation of budgetary performance, with special attention to the General Fund and certain other major funds.

The City Council encourages all Burlingame residents and business community members to participate in the development of the City budget. The Council holds three public meetings to provide guidance on the budget: a goal-setting session in January, and budget study sessions in March and May. The City Council solicits input at each of the meetings. Community members may also submit their ideas directly to the City Council and/or City staff.

Under these policy directives and guidance, departments prepare their budget requests in support of their programs for submission in early April. Expenditure assumptions are based on known factors such as collective bargaining agreements, current pay and benefit policies, consumer price indices, and other information available from expert third-parties or governing authorities.

The Finance Department reviews budget requests for technical compliance to City budget instructions. The Proposed Budget is prepared and delivered to the City Council in May. The City Council reviews the Proposed Budget before the final budget is formally adopted in June at a public hearing, which gives residents an additional opportunity to comment on the spending plan.

Assessment of Economic Conditions

Through the first eight months of the 2019-20 fiscal year, the City's revenues continued to grow moderately, as they had each year since the 2008-2010 recession. The City's top three revenue streams (from transient occupancy tax, property tax, and sales taxes), which had long surpassed pre-recessionary amounts, constituted nearly 82% of the City's General Fund revenues in the City's prior fiscal year. However, many of these revenues are highly sensitive to economic conditions and reliant on the travel and leisure industry. When nations around the world began to shut down their economies because of the coronavirus pandemic, governmental restrictions decimated passenger demand for air travel – up to 67 percent of flights in and out of nearby SFO were cancelled or postponed. The City's transient occupancy tax (TOT) revenues were hardest hit, and the impact to the City's sales tax revenues was also significant.

In recognition of the vulnerability of the City's main revenue sources, and in preparation for the next inevitable economic downturn, Burlingame's General Fund Reserve Policy dictates that the City hold a high level of reserves. In addition, a sizeable Capital Investment Reserve has been accumulated from recent year operating surpluses. Coupled with the systematic pre-funding of its pension and retiree medical obligations, the City is in a strong financial position to weather this economic storm.

Key indicators of the City's economic health are job growth, real estate values, travel activity and retail sales volume. Job growth, travel-related activity and retail sales volumes have been greatly diminished by the pandemic-induced recession, but assessed values of properties in Burlingame have remained solid. The following information is being provided to offer a flavor of the City's fiscal health as it stands at the time of this report.

Employment

Despite the pandemic, the unemployment rate in the San Francisco Bay Area remains one of the lowest in California, based upon recent Employment Development Department (EDD) data. The unemployment rate in the San Francisco/Redwood City/South San Francisco Metropolitan Division was 6.5% in October 2020, down from a revised 7.7% in September 2020, but well above the pre-recessionary estimate of 2.0%. Comparatively, California's unemployment rate stood at 9.0% in October, while it was 6.6 % nation-wide.

The Bay Area was among the first regions in the nation to enact stay-at-home orders in March 2020, as reflected in a 15% decline in employment from March to April 2020. The Leisure and Hospitality sector led the decline, comprising roughly 44% of this job loss. The unemployment rate in the region peaked at 12.9% in May. Despite the ongoing pandemic, average salaries in the Bay Area are well above the California average and are expected to remain so in the near future.

Real Estate & Property Taxes

With the recent dampening of revenues from hotel taxes beginning in March 2020, property taxes, which are based on assessed value, are now the City's largest revenue source. Fiscal year 2019-20 property tax receipts were \$23.3 million, up approximately 6.1% from the prior year, and accounted for 28.3% of the City's General Fund revenue.

According to data obtained from the San Mateo County Assessor, the City has 8,707 parcels with a net total assessed value of nearly \$11.8 billion—an increase of \$816.8 million, or 7.4%, since last year. Residential assessed values grew by 7.4%; commercial assessed values grew by 7.7%.

The median price of homes sold in Burlingame during the third quarter of 2020 was approximately \$2.9 million, reflecting a 4.8% increase in home values compared to the prior year. The volume of homes on the market remained low (although 60 homes sold in the third quarter of 2020 as compared to 49 in 2019). County-wide, the median value of homes sold in the third quarter also increased – from over \$1.2 million in 2019 to over \$1.3 million in 2020. Although the rents have dropped throughout the region since the beginning of the pandemic, home sale values are projected to continue trending higher. The continued lack of inventory of homes on the market appears to be the primary driver of high housing costs. With lower-income residents getting priced out of the area, housing affordability is a priority issue for Burlingame and for the entire San Francisco Metropolitan area.

Sales and Use Taxes

Burlingame is a highly desirable residential community and upscale commercial location with attractive shopping districts. Burlingame borders Hillsborough, an affluent community that is 100% residential. Therefore, in many cases, Burlingame businesses have the opportunity to serve the commercial needs of Hillsborough residents and benefit from the additional disposable income from neighboring communities. Numerous national retailers are located in the Burlingame Avenue Business District, making the area competitive with regional shopping malls. In addition, the city is known for its upscale restaurants and businesses that attract patrons from throughout the entire San Francisco Bay Area. The City owns and manages most of the parking spaces located within the shopping districts and works with local merchants to maximize the shopping experience. However, the statewide shelter-in-place order issued to help curtail the spread of the COVID19 virus was firmly in place at the end of the fiscal year's third quarter, and many retail businesses, considered non-essential, were temporarily or permanently closed. With the travel industry significantly truncated, there were very few out-of-town shoppers to be drawn from Burlingame's hotels. Although restrictions were relaxed somewhat through May and June, sales transactions, particularly from consumer goods and restaurants, were severely reduced.

Sales and use taxes accounted for 20.5% of General Fund revenue in fiscal year 2019-20. Sales and use tax revenues were \$14.8 million, which is approximately 17% less than the prior year's receipts of \$17.8 million. Note that these revenues include both the 1% local sales tax on taxable transactions and the City's Measure I receipts. Measure I, approved by the voters in November 2017 and effective in April 2018, enacted an additional ¼ cent transaction tax to help fund street and sidewalk maintenance, enhance neighborhood police patrols and programs, and support the cost of maintaining recreation programs and facilities.

The top 25 sales tax producers in Burlingame in the last quarter of the fiscal year accounted for approximately 61% of total sales tax revenue, and included several auto dealers, grocery and drug stores, and building contractors. This is a significant contrast to the first three quarters of the fiscal year, where retail shops, hotels, and restaurants joined auto dealers in contributing the larger share of sales tax revenues. Although sales from the New Motor Vehicle Dealers business type dropped 18.8% when compared to the prior fiscal year, it still accounted for nearly a third of the City's local sales tax revenue in the year ended June 30, 2020. While revenues from sales taxes dropped in all other major industry groups due to the severe decline in business activity in the fourth quarter, the City's share of the countywide use tax pool increased over 4.2% compared to the same four quarters in 2019. The County distributes these taxes, which do not involve a California "point of sale", to each jurisdiction in the county on a pro rata share of taxable sales. These use tax pool allocations represent tax revenue from out-of-state online retailers. These receipts comprised about 24% of the City's total sales tax revenues in fiscal year 2019-20 (and are categorized by major industry group along with point-of-sale receipts). The increase reflects further accelerated growth in on-line shopping and demand for merchandise shipped from out of state, due largely to shutdowns created in response to the pandemic.

Tourism and Business Travel

Burlingame's 12 major hotels provide convenient overnight accommodations for business travelers and tourists using San Francisco International Airport (SFO), with a total of approximately 3,709 rooms available for rental. Hotel occupancy rates are indicative of growth (or lack thereof) in the economy. The rapid and sharp decline in hotel occupancy in area hotels began early in 2020, as international air traffic began to slow. As the pandemic brought most business-related travel activities to a halt, Burlingame's overall hotel occupancy dropped from a seasonally appropriate 82.8% in January to 23.7% in April. Although each passing month shows improved occupancy, as of September occupancy levels remain quite low at 38.7%.

The decline in occupancy rates in the latter months of the fiscal year was exacerbated by a drop in average room rates. Although transient occupancy tax (TOT) revenues had been the City's highest revenue source since 2010-11 – at nearly \$29.4 million, approximately 34.8% of all General Fund revenues last year - TOT declined by nearly \$9 million (30.5%) in the year ended June 30, 2020. As reported by the San Francisco Airport, total domestic and international airport passengers decreased by 89.9% in June 2020 as compared to the month of June 2019, while passenger traffic declined 29.4% from the previous fiscal year ended June 30.

Financial Information

Accounting System, Budgetary Control & Fund Accounting: All governmental and fiduciary fund types use the modified accrual basis of accounting. Revenues are recorded when measurable and available, rather than when received, and expenses are recorded when the liability is incurred, rather than when paid. Conversely, the accrual basis of accounting is used for proprietary funds. All governmental fund types are accounted for on a spending (or funds flow) measurement focus. Only current assets and current liabilities are generally included on the governmental fund balance sheets.

Internal Controls: City management is responsible for establishing and maintaining adequate internal controls to ensure that City assets are protected from loss, theft, or misuse and to assure that adequate accounting data is compiled to allow for the preparation of financial statements that conform to generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits to be derived, and that cost-benefit analysis requires prudent estimates and judgments by management.

The Finance Department establishes internal accounting controls to provide management with reasonable assurance regarding the safeguarding of assets and the reliability of financial records for preparing financial statements and maintaining asset accountability. The City's finance staff and the independent auditor consider the internal controls over financial reporting in planning and performing the annual audit. The independent auditors test the City's internal controls and make inquiries into the staff's knowledge of fraud or the occurrence of fraud.

Cash Management: The City pools cash from all operating sources to manage cash flow and invest idle funds. The Finance Director serves as the City's Treasurer and, utilizing the services of a third-party asset management advisor, oversees the investment of funds in accordance with the City Council-adopted Investment Policy and Government Code Sections 53601 and 56535. The Finance Director submits a quarterly investment report to the Council. The Council also reviews and approves the City's Investment Policy early in each fiscal year.

Risk Management: The City is a member of the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA), a joint powers insurance authority that consists of 28 member cities in the San Francisco Bay Area. The PLAN JPA was established to provide liability insurance, claims, risk management, and legal defense services to participating members. The program provides the City with liability coverage up to a maximum of \$10 million, with the City maintaining a self-insured retention of \$250,000. The City also maintains workers' compensation coverage to a maximum of \$5 million, with a self-insured retention of \$500,000 per claim. The City maintains reserves for all claims below its self-insured retention in separate Internal Service Funds and charges the costs of the program to operating departments. Accruals for current and expected claims have been included in the year-end results for the General Liability and Workers' Compensation Funds based on an actuarial study of current obligations. The City has implemented and is in compliance with Governmental Accounting Standards Board Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*.

Debt Administration: In August 2019, S&P Global Ratings reviewed the City's debt obligations and raised the City's issuer credit rating (ICR) and its outstanding pension obligation bonds from AA+ to AAA. At the same time, it raised the long-term rating from AA to AA+ on the City's outstanding lease revenue bonds. The City's water and wastewater revenue refunding bonds are also rated AA+. The rating on the City's three series of storm drainage revenue bonds is AA.

In December 2019, the City issued the 2019 Lease Revenue Bonds to help fund a new Community Center, replacing the aged Recreation Center in Washington Park. The \$31.4 million issuance yielded \$39.2 million in bond proceeds at an all-in interest cost of 3.16%. The bonds were structured to maintain an annual debt service payment of \$2 million per year for 30 years. As of June 30, 2020, the City had 12 outstanding bonds or loans, including a taxable bond issue for pension obligations, two loans from the State of California Water Resources Control Board for improvements to the Burlingame Wastewater Treatment Plant, and a storm drain revenue bond issued under the Internal Revenue Service's Build America Bond program. The City annually evaluates each outstanding debt obligation that is subject to arbitrage rebate requirements and determined that there was no arbitrage rebate liability as of June 30, 2020.

As of June 30, 2020, the City's general obligation debt limit was \$442 million, which represents 3.75% of total assessed valuation based on assessments at 100% of full market value, in accordance with California Government Code Section 43605. With only the 2006 Pension Obligation Bonds (\$8.0 million outstanding) considered to be general obligation debt, the City's legal debt margin was \$434 million.

Additional information pertaining to the City's outstanding long-term debt can be found under Long-Term Debt (Note 6) in the Notes to the Basic Financial Statements and in the Statistical Section under Legal Debt Margin information.

Certificate of Achievement

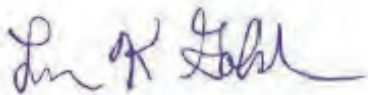
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2019. The City has received the award for 18 consecutive years. To receive the award, a government must publish a readable and well organized annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. The certificate is valid for one year. Staff believes that the City's current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements.

Acknowledgments

The preparation of this report on a timely basis could not be accomplished in these unprecedented times without the dedicated service of the entire staff of the Finance Department. The department achieved the successful implementation of a new financial system in October 2019 and has been working on the Payroll module implementation as this annual report was being prepared and audited. Each member of the team has our sincere appreciation for their contributions in furthering the fiscal year-end audit while maintaining excellent levels of financial service and accountability. Special thanks go to the City's Deputy Finance Director Karen Huang, who oversaw the compilation and review of the financial statements and continues to lead the new ERP system implementation under very difficult circumstances. The audit firm of Maze and Associates has also been very helpful in meeting the City's audit report requirements and financial reporting.

The City Council's continued support in fiscal matters, especially in the maintenance of a long-term, sustainable financial vision, is essential and sincerely appreciated. The financial health of the City is a direct result of their vigilant fiduciary stewardship.

Respectfully submitted,



Lisa K. Goldman
City Manager



Carol Augustine
Finance Director & Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Burlingame
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



**CITY OF BURLINGAME, CALIFORNIA
ELECTED AND APPOINTED OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2020**

CITY COUNCIL

Emily Beach, MayorNovember 2024
Ann O’Brien Keighran, Vice MayorNovember 2022
Donna ColsonNovember 2024
Michael BrownriggNovember 2022
Ricardo Ortiz.....November 2022

CITY MANAGER

Lisa K. Goldman

DEPARTMENT DIRECTORS

Community Development..... Kevin Gardiner
Finance Director and Treasurer..... Carol Augustine
Central County Fire (JPA) Chief..... Bruce Barron
Human Resources..... Sonya Morrison
Library..... Bradley McCulley
Parks and Recreation..... Margaret Glomstad
Police Michael Matteucci
Public Works..... Syed Murtuza

CITY CLERK

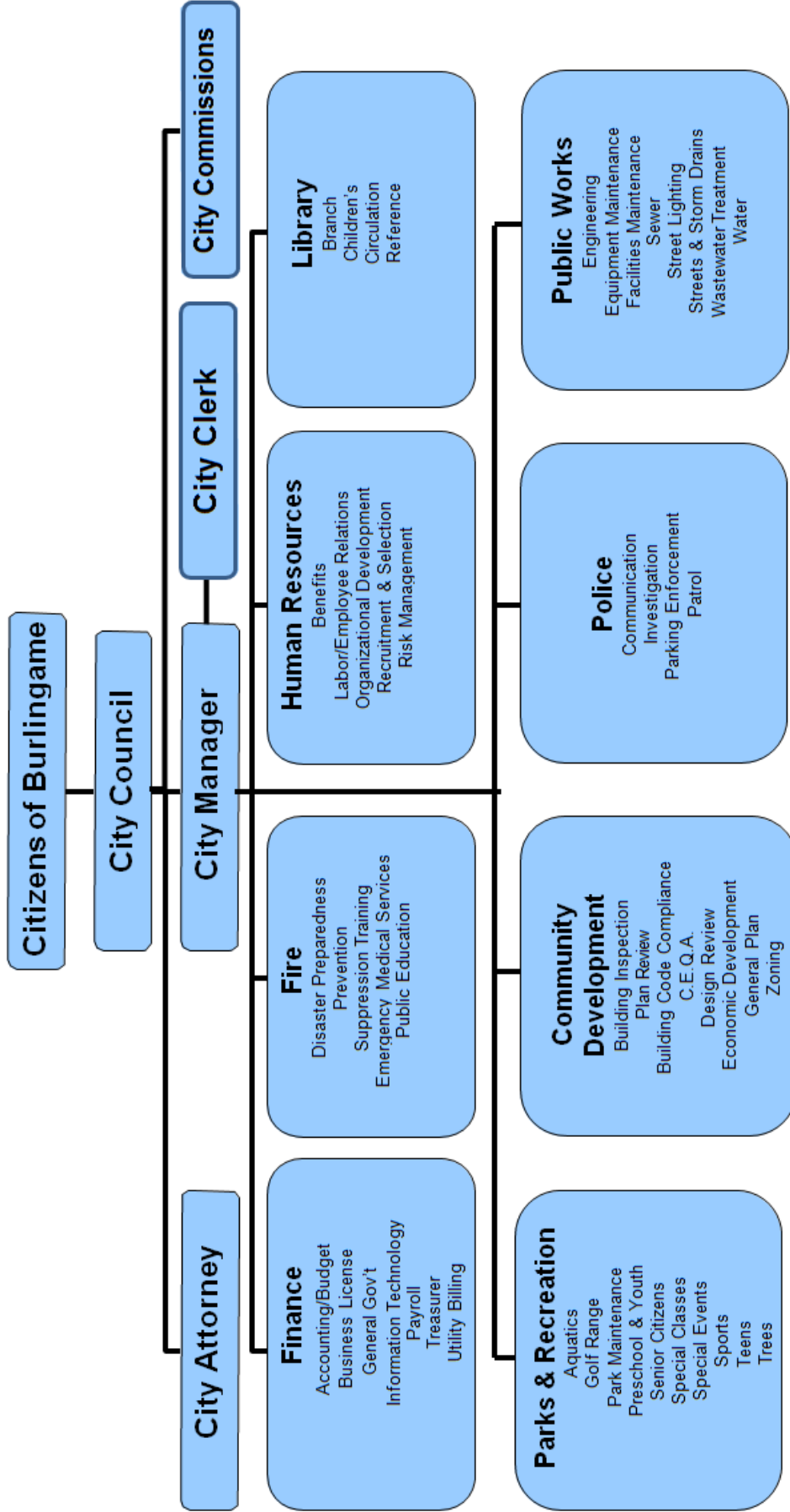
Meaghan Hassel-Shearer

CITY ATTORNEY

Kathleen Kane



**CITY OF BURLINGAME, CALIFORNIA
ORGANIZATIONAL CHART**



CITY OF BURLINGAME | FISCAL YEAR 2019-20

General Government

City Attorney

In-house counsel, risk management, and code enforcement

City Clerk

Elections, City records, public noticing, and maintenance of municipal code

City Manager

Supervision of departments, implementation of City policy and strategy, management of City communications and sustainability programs

Finance

Revenue management, disbursements, budget and forecasting, payroll, financial reporting, treasury, purchasing, information technology, telecom and utility billing, business licenses, cashing and front-desk customer service, and solid waste

Human Resources

Salary and benefits administration, employment, health and safety, employee training and wellness, and collective bargaining

Public Works

Engineering

Administration of capital improvement program including major and minor repair and replacement of city infrastructure

Water & Sewer

Delivery of potable water, treatment and discharge of sanitary flows in accordance with environmental, health and safety guidelines

Streets & Storm Drainage

Street sweeping, transportation and regional shuttles, streetlights, and stormwater management and compliance

Public Safety

Police

Community patrol, 911 communications and dispatch, crime prevention, special weapons and tactics (SWAT), K-9 Program, traffic safety, parking enforcement, and community outreach

Central County Fire Department (JPA)

Fire suppression and prevention, emergency medical services, and disaster preparedness for the City of Burlingame and the Town of Hillsborough; provision of service to the City of Millbrae via contract

Leisure and Neighborhood Services

Library

City literacy advocacy, circulation of written and digital media, special programs, and community education for citizens, children, and teens

Parks

Operation and maintenance of urban forest, landscaping, City parks, and infrastructure

Recreation

Recreational, educational and after-school programs for pre-school children, youth, and seniors

Community Development

Building

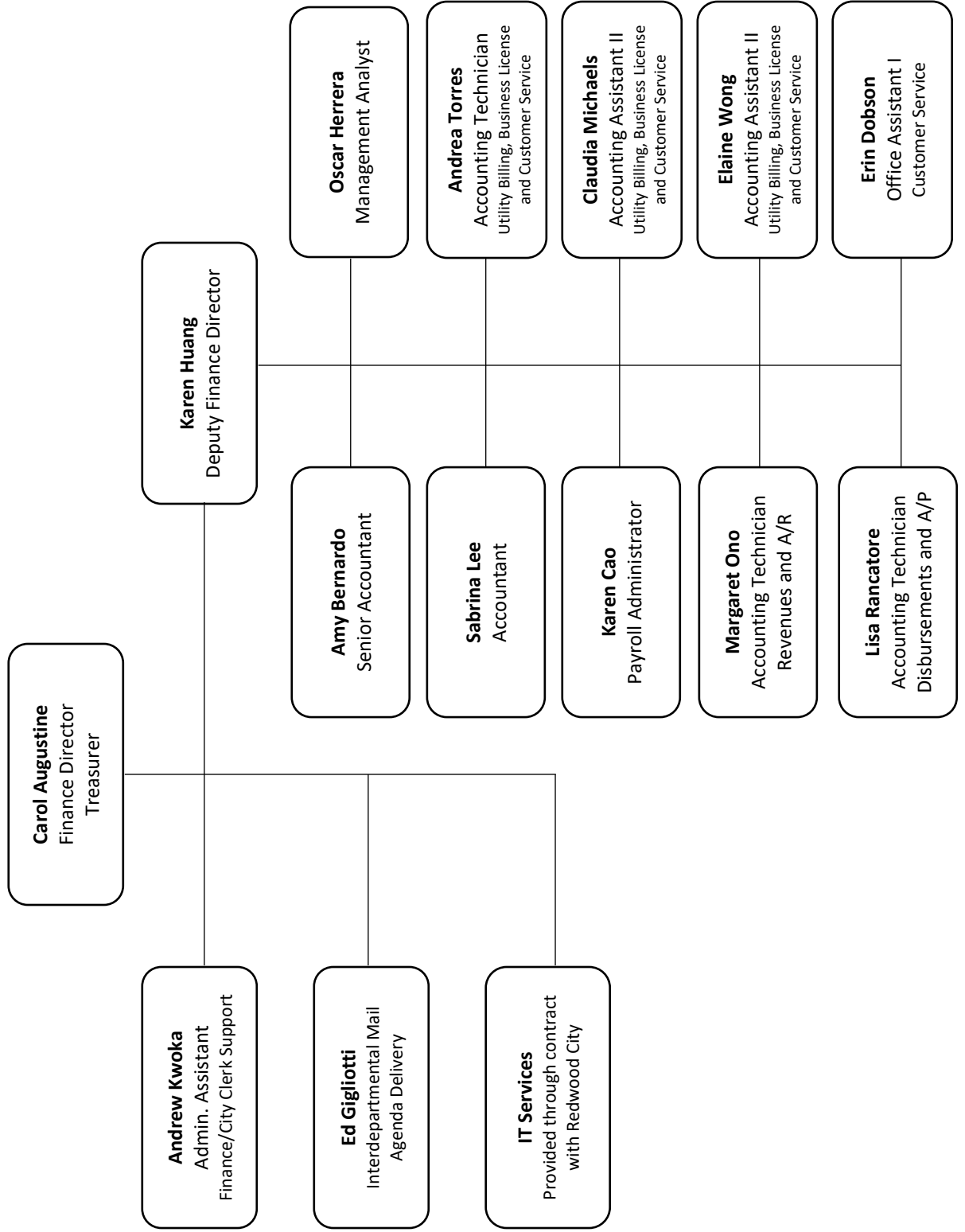
Plan checking, inspection, complaint response, development review and consultation, and building research and development

Planning

Public outreach, Climate Action Plan, land use, economic development, plan checks, and code and zoning enforcement



CITY OF BURLINGAME, CALIFORNIA
FINANCE DEPARTMENT ORGANIZATION CHART FOR FISCAL YEAR 2019-20



CITY OF BURLINGAME ORGANIZATIONAL COMPASS

The City of Burlingame is an organization that exists to serve and benefit the community. We deliver unsurpassed municipal services that enhance the quality of life for our citizens. As employees of the City of Burlingame, we recognize the leadership role we play in the community and we hold ourselves accountable to those we serve. We value the partnership that exists between the organization and community and strive to foster and maintain that relationship. As such, we are committed to the tenets of the Organizational Compass:

COMMUNITY SERVICE THAT IS RESPONSIVE TO AND MEETS THE NEEDS OF THE PUBLIC BY:

- Being dedicated to the community we serve
- Involving and understanding our community
- Anticipating and adapting to the changing needs of our citizens

AN ETHICAL ORGANIZATION THAT INTERACTS WITH THE PUBLIC AND EACH OTHER IN AN HONEST AND PROFESSIONAL MANNER BY:

- Treating people with respect and dignity
- Taking responsibility for our decisions, statements and actions to the organization and community
- Dealing with differences and conflicts in a professional, respectful and authentic fashion

ONE ORGANIZATION THAT FOSTERS POSITIVE RELATIONSHIPS AND TEAMWORK BY:

- Being part of the solution
- Creating and maintaining constructive relationships while respecting individual contributions
- Focusing on the issues and needs of the organization and community
- Encouraging behavior that builds confidence and self-esteem
- Emphasizing self-initiative, constant improvement and employee involvement

POSITIVE LEADERSHIP THAT IS NURTURING AND FORWARD-THINKING BY:

- Recognizing the leadership role all employees play in the community
- Encouraging innovation and creativity
- Leading by example
- Being supportive, humanistic and compassionate

As City employees we embrace the Organizational Compass and will be guided by its points.



Comprehensive Annual Financial Report

June 30, 2020

FINANCIAL SECTION



Comprehensive Annual Financial Report

June 30, 2020

INTRODUCTORY SECTION



Comprehensive Annual Financial Report
June 30, 2020

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
City of Burlingame, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplemental Information and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 23, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
November 23, 2020



Comprehensive Annual Financial Report
June 30, 2020

**CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

This is Management's Discussion and Analysis of financial activities for the fiscal year ended June 30, 2020. This information should be read together with the transmittal letter, financial statements, and notes to the basic financial statements to better understand the City of Burlingame's (the City) financial position.

The City has prepared its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP) and all Governmental Accounting Standards Board (GASB) pronouncements that affect the City.

Financial Highlights for Fiscal Year 2019-20 (ending June 30)

Key financial highlights for the year are as follows:

- In total, City assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$305.7 million, which is a \$31.1 million increase compared to the beginning net position.
- Governmental fund balances increased \$43.1 million, to \$172.0 million. Of this amount, approximately \$12.3 million, or 7.1%, was unassigned fund balance and available for spending at the City's discretion.
- The Enterprise Funds net position increased by \$12.7 million to over \$134.2 million. Of this amount, \$39.7 million was unrestricted net position and available for use at the City's discretion.
- General Fund revenues decreased by \$12.4 million in fiscal year 2019-20, a decrease of 14.6% over the prior year's total of \$84.5 million. The decrease in revenue was largely the result of the international response to the COVID-19 pandemic early in 2020, which drove transient occupancy (hotel) taxes down nearly \$9.0 million (30.5%), and caused a retraction of sales and use tax revenues of approximately \$3.0 million (16.9%) when compared to the prior year. Property tax revenues remained strong, rising over \$1.3 million (6.1%).
- At mid-year, the City Council authorized amendments to decrease various revenue sources in the General Fund budget in the amount of \$9.6 million, as the impaired revenues became evident during the third quarter of the fiscal year.
- The General Fund ending fund balance decreased from \$49.2 million to \$44.8 million. Of this amount, \$21.7 million has been assigned – intended to be used for specific purposes.

Overview of the Financial Statements

This section introduces the reader to the City's three basic financial statements: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. The report also contains supplemental information to help the reader develop a full understanding of the City's financial activities.

**CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Government-Wide Statements

The government-wide financial statements include the **Statement of Net Position** and the **Statement of Activities**. These statements provide a broad overview of the City's finances. They are presented in a manner that is similar to private-sector business.

The **Statement of Net Position** presents complete information on the City's assets and deferred outflows of resources, as well as liabilities and deferred inflows of resources, with the difference reported as net position. Changes in net position that occur over time may serve as an indicator of the City's financial position.

The **Statement of Activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported using the "accrual basis of accounting." Changes are reported when the underlying event causing the changes occurs, regardless of the timing of the related cash flows. Therefore, revenue and expenses are reported in this statement for some items that will result in cash flows in future years, such as revenues related to uncollected taxes, or earned but unused employee leave.

Both government-wide financial statements distinguish between governmental activities, such as City functions that are supported by taxes and intergovernmental revenue, and other activities that are self-supporting. The self-supporting functions are called "business-type activities," or enterprise funds. They are intended to recover all or a significant portion of their costs through user fees and charges for services.

Governmental activities include general government administration, public safety (such as police, fire, and 911-dispatch), public works, community development, parks, recreation and library, shuttle bus operations, and financing and other activities. The self-supporting, business-type activities include water, sewer service, parking, waste management, landfill, and building inspection.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal and accounting requirements. The City's funds can be divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds account for tax supported functions reported as governmental activities in the government-wide financial statements. Governmental funds use the "current financial resources" measurement focus, with an emphasis on having sufficient resources to meet expenditures in the short-term – a 12 month fiscal year. These statements focus on how cash and other financial assets can be readily converted to available resources for spending on City services. They also show fund balances that are left at the end of the fiscal year and distinguish between amounts that are restricted versus funds that are available for spending.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impacts of the City's near-term financing decisions. Both

**CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental activities and governmental funds.

The City has four major governmental funds: General, Capital Projects, Storm Drainage, and Debt Service. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds. Financial information for the remaining governmental funds is combined into a single, aggregated presentation called Non-Major Governmental Funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements located elsewhere in the report.

Proprietary Funds

Proprietary funds are used to account for services and activities for which a fee is charged to customers in exchange for City provided goods or services. Proprietary funds use the "economic resources" measurement focus, which concentrates on how transactions and events have affected the fund's total economic resources. The City maintains two different types of proprietary funds.

Business-Type Activities or Enterprise Funds: These are funds that are used to report business-type activities in the governmental-wide financial statements. The City has six enterprise funds: Water, Sewer, Parking, Waste Management, Landfill, and the Building Fund.

Internal Service Funds: These funds are used to allocate costs internally among the City's functions. The City uses internal service funds to account for the maintenance and replacement of its fleet and rolling stock; maintenance of City buildings and facilities; general liability; workers' compensation; and information technology and administrative support. These funds are included in the governmental activities of the government-wide financial statements because their activities support governmental programs. The internal service funds are then combined into a single, aggregated presentation in the proprietary fund financial statements. Individual data for the internal service funds is provided in the form of combining statements.

Fiduciary Funds

Fiduciary funds are used to account for financial resources held for the benefit of parties outside the City government. The City holds these funds in a custodial capacity or as an agent for individuals, private organizations, or other governmental units such as the State of California or the United States. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's governmental activities.

Government-Wide Financial Analysis

All financial statements are presented in conformance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis (MD&A) – for State and Local Governments*. Prior year information is made available for a comparative analysis of government-wide data.

Analysis of Net Position

The City had a total net position of \$305.7 million as of June 30, 2020. Net position increased by 11.3% from the beginning total net position of \$274.6 million. Assets and deferred outflows of resources as of

CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

the end of June 30, 2020 were \$558.2 million, reflecting a 13.5% positive change from the prior year due to a \$53.2 million increase in current assets and deferred outflows of resources as well as a \$13.4 million increase in capital assets. Liabilities and deferred inflows of resources increased by 16.3% (\$35.5 million). In addition to the \$32.1 million increase in long-term debt due largely to the issuance of Lease Revenue Bonds in December 2019, the City experienced an increase in net pension liability and related deferred inflows (\$4.5 million). Offsetting these increases somewhat was a \$3.8 million decrease in the City's OPEB (retiree medical obligations) liability and related deferred inflows.

The largest portion (approximately 59.4%) of the City's net position is its net investment in capital assets totaling \$181.5 million. Capital assets are the aggregate value of land, buildings, and improvements that are used to provide services. Their value is reported net of related debt because the funds to repay the debt come from other sources - the capital assets themselves cannot be used to liquidate these liabilities. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the City's net position, \$97.2 million (31.8%), represents resources that are subject to restrictions that may only be used for debt service, to construct specified capital projects, or within the confines of special revenue programs.

Unrestricted net position can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. The City's unrestricted net position on June 30, 2020 was approximately \$27.0 million, or 8.8% of total net position.

City of Burlingame Comparative Statement of Net Position June 30, 2020 and 2019 (Amounts In Millions)						
	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$203.78	\$156.61	\$84.11	\$75.80	\$287.89	\$232.41
Capital assets	141.17	130.03	111.06	108.84	252.23	238.87
Total assets:	344.95	286.64	195.17	184.64	540.12	471.28
Deferred Outflows:	14.62	16.22	3.47	4.15	18.09	20.37
Liabilities:						
Current liabilities	10.81	8.72	6.68	6.18	17.49	14.90
Other liabilities	2.70	2.85	1.54	1.51	4.24	4.36
Long term liabilities	166.35	135.92	54.58	59.28	220.93	195.20
Total liabilities:	179.86	147.49	62.80	66.97	242.66	214.46
Deferred Inflows:	8.19	2.26	1.64	0.28	9.83	2.54
Net Position:						
Net investment in capital assets	107.08	98.57	74.43	69.49	181.51	168.06
Restricted	77.14	28.85	20.02	15.48	97.16	44.33
Unrestricted	(12.70)	25.68	39.75	36.56	27.05	62.24
Total net position:	\$171.52	\$153.11	\$134.20	\$121.54	\$305.72	\$274.65

CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Governmental Activities

Governmental activities increased the City's net position by \$18.4 million, with a total net position of \$171.5 million at the end of the fiscal year. The increase was attributable to total governmental revenues that exceeded total expenses by \$10.2 million, prior to net transfers in of \$2.2 million and net investment income of \$6.0 million.

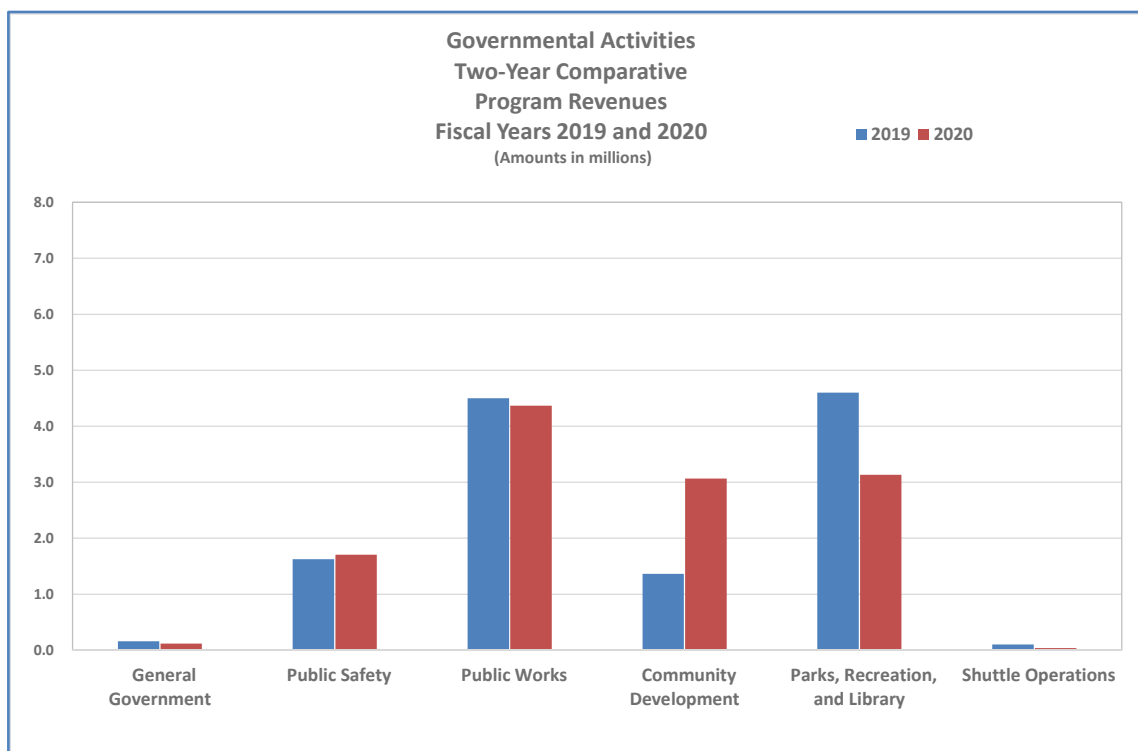
City of Burlingame Statement of Activities For the Fiscal Years Ended June 30, 2020 and 2019 (Amounts in millions)						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$11.81	\$11.21	\$42.63	\$42.47	\$54.44	\$53.68
Operating grants and contributions	0.42	0.63	-	-	0.42	0.63
Capital grants and contributions	0.20	0.51	-	-	0.20	0.51
General revenues:						
Property taxes	23.30	21.95	-	-	23.30	21.95
Sales taxes	14.80	17.82	-	-	14.80	17.82
Transient occupancy taxes	20.42	29.38	-	-	20.42	29.38
Other taxes	5.50	5.21	-	-	5.50	5.21
Other general revenue	0.39	0.46	0.83	0.20	1.22	0.66
Total revenues:	76.84	87.17	43.46	42.67	120.30	129.84
Expenses:						
Governmental Activities						
General government	6.71	6.18	-	-	6.71	6.18
Public safety	31.55	28.63	-	-	31.55	28.63
Public works	7.64	7.57	-	-	7.64	7.57
Community development	2.38	1.75	-	-	2.38	1.75
Parks, recreation and library	16.06	16.87	-	-	16.06	16.87
Shuttle operations	0.16	0.17	-	-	0.16	0.17
Interest	2.14	1.81	-	-	2.14	1.81
Business-Type Activities						
Water	-	-	15.11	14.85	15.11	14.85
Sewer service	-	-	12.22	11.87	12.22	11.87
Waste management	-	-	0.64	0.73	0.64	0.73
Landfill	-	-	0.21	0.22	0.21	0.22
Parking	-	-	1.00	0.93	1.00	0.93
Building inspection	-	-	2.35	2.49	2.35	2.49
Total expenses:	66.64	62.98	31.53	31.09	98.17	94.07
Increase/(decrease) in net position before transfers	10.20	24.19	11.93	11.58	22.13	35.77
Loss on disposal of capital assets	0.00	0.00	0.00	0.00	0.00	0.00
Investment income (expenses)	6.00	5.76	2.94	2.13	8.94	7.89
Transfers	2.21	2.16	(2.21)	(2.16)	-	-
Change in net position:	18.41	32.11	12.66	11.55	31.07	43.66
Net position - beginning	153.11	121.00	121.54	109.99	274.65	230.99
Net position - ending	\$171.52	\$153.11	\$134.20	\$121.54	\$305.72	\$274.65

**CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

General revenues decreased by nearly \$10.3 million (13.7%). The decrease was largely the result of a 30.5% (\$9.0 million) decrease in transient occupancy tax receipts: hotel occupancy remained on par with the prior fiscal year until February of 2020, when the first signs of the coronavirus curtailed international travel. The most rapid and steep decline occurred in mid-March, as California was among the first states to issue stay-at-home orders to prevent further spread of the virus. Sales taxes also declined precipitously in the last four months of the fiscal year, with only “essential businesses” allowed to operate fully. In all, sales tax revenues decreased by approximately \$3.0 million (16.9%) from the prior fiscal year. Property tax revenues remained strong, coming in \$1.3 million (6.1%) higher than in the prior year.

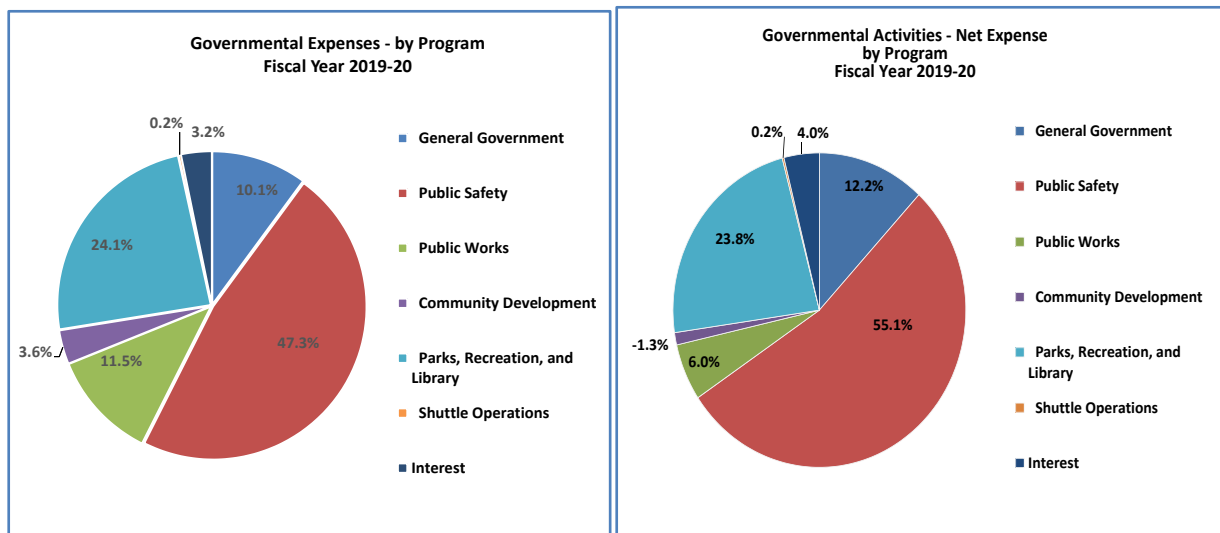
Expenses from governmental activities increased over \$3.6 million, for a total of \$66.6 million for the fiscal year. Expenses increased 10.2% (\$2.9 million) in the area of public safety, which includes the City’s Police Department as well as services provided by the Central County Fire Department. A 4.8% (\$0.8 million) decrease was experienced in the recreation, library, and shuttle programs, as these activities were dampened by the public health emergency. But expenses in all other functional areas increased due to staffing increases at mid-year. The addition of over \$1 million in new programs to assist the City’s small businesses and most impacted citizens in responding to the pandemic also added to the cost of governmental activities.

The majority of these governmental activities are financed from City taxes. However, the \$11.8 million collected in charges for services (reported as program revenues) for these various activities served to offset the departmental spending associated with some services. Overall, program revenues covered approximately 18.6% of governmental expenses over the fiscal year. Although program revenues from governmental activities were slightly higher when compared to fiscal year 2018-19, the composition of these revenues was quite different, as shown in the chart below. While the Community Development Department was able to process a high volume of project applications, the pandemic created an abrupt limitation of recreational offerings, and their associated revenues, in the last four months of the fiscal year.



**CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The charts of expenses and net cost of the City's various governmental activities shown below have been derived from the Statement of Activities. The first pie chart reflects expenses incurred in each area as a percentage of the total expense of governmental activities (\$66.6 million in fiscal year 2019-20). This compares with the relative net cost after applying program revenues derived from each area's activity shown in the second chart. The total net cost of governmental activities (\$54.2 million in fiscal year 2019-20) must be funded out of the City's general revenues – primarily taxes and investment earnings. Areas with the highest program revenues (i.e., planning permits and recreation offerings) are able to offset relatively more costs than activities that have fewer opportunities to derive program revenues (such as public safety).



Business-Type Activities

The net position for business-type activities increased by nearly \$12.7 million, or 10.4%, from a beginning net position of \$121.5 million. The increase is largely a result of the collection of revenues needed to fuel future utility infrastructure and improvements. In fiscal year 2019-20, enterprise operations produced total operating revenue (consisting largely of revenues from charges for services) of \$42.6 million, marking a mild (less than 0.4 %) increase from fiscal year 2018-19 operating revenues. The water utility showed the biggest boost in revenues (an increase of slightly under \$1 million – 4.8%), as the last of a series of rate increases was implemented January 1, 2019. Building activities also showed a revenue increase (\$0.6 million, or 19.9%) due largely to an increase in construction permitting activities. Other business-type revenues were down, most notably, parking fees totaled \$1.9 million, down from nearly \$2.8 million in fiscal year 2019-20. Charges for sewer services were down 3.7 percent, as the utility's larger hotel customers reduced operations in the latter portion of the fiscal year.

Business-type expenses totaled \$31.5 million. Operating expenses for these activities increased slightly (1.4%), from prior year expenses of \$31.1 million. This increase was largely attributable to expenses incurred with Water and Sewer utilities, although the cost of Parking operations also increased somewhat. These activities maintained fairly constant staffing levels throughout the year, despite any decrease in service demand due to the pandemic.

**CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The changes in net position reflected a relatively healthy increase for these enterprise activities. Unlike the governmental activities, program revenues cover total expenses in the business-type activities, with no contribution from City taxes. The City is able to adjust water, sewer, solid waste, parking rates, and building permit fees to cover expenditures and future liabilities.

Financial Analysis of City Funds

Governmental Funds

The Governmental Funds financial statements provide information on the short-term inflows, outflows, and balances of resources that are available for spending over the 12-month fiscal period. The goals of the funds are to have sufficient resources available to finance City services within each fiscal year. In particular, the unassigned fund balance may serve as a measure of City funds that are available for spending in the short-term. The General Fund, Capital Projects Fund, Storm Drainage Fund, and the Debt Service Fund, or collectively, the 'major funds,' are reported separately in the basic Financial Statements. A separate accounting of the City's nine non-major governmental funds can be found in the Combining Statements located in the Other Supplementary Information section of the CAFR.

Total Governmental Funds (Amounts In Millions)					
Fund Description	6/30/2020		7/1/2019		Change - Net Position/Fund Balance
	Net Position/Fund Balance	6/30/2020 Nonspendable	Net Position/Fund Balance	7/1/2019 Nonspendable	
General Fund	\$44.83	\$0.01	\$49.17	\$0.00	(\$4.34)
Capital Projects	61.09	-	56.56	-	4.53
Storm Drainage	7.09	-	5.57	-	1.52
Debt Service Fund	45.97	-	8.00	-	37.97
Non-Major Funds	12.98	-	9.55	-	3.43
Total	\$171.96	\$0.01	\$128.85	\$0.00	\$43.11

The General Fund is the City's main operating fund. Revenues and expenditures are monitored year-round to maintain a balanced budget. General Fund revenues totaled \$72.2 million in fiscal year 2019-20, reflecting a \$12.4 million (14.6%) decrease from the prior year's performance of \$84.5 million. Expenditures totaled \$58.2 million, which is \$2.4 million higher than in the prior year. Revenues less operating expenditures before transfers were nearly \$14.0 million. The General Fund transferred \$4.7 million out to the Debt Service Fund to pay for governmental debt, and nearly \$16.0 million to the Capital Projects Fund. The large contribution for capital spending was approved to pay for project-related expenditures (\$9.5 million), and to bolster the Capital Investment Reserve (\$6.5 million) established in past fiscal years in recognition of the City's large backlog of facility needs. Detailed notes on the transfers can be found in the Interfund Transfer section (Note 4) in the Notes to the Basic Financial Statements.

The General Fund balance as of June 30, 2020, was \$44.8 million, representing a decrease of \$4.3 million from the prior year fund balance of \$49.2 million. The City Council assigned \$21.7 million as reserves for specific purposes as described in Note 12 of the Notes to the Basic Financial Statements, of which approximately \$323,000 represents contractual obligations (encumbrances) and reappropriations of specific program funding that will carry forward to the next fiscal year. \$10.8 million of the ending General Fund balance reflects the amount of cash and investments restricted as to use for specific purposes – this is the amount held in the City's § 115 Trust Fund to pay required future pension contributions attributable to governmental funds. The remaining \$12.3 million represents unassigned amounts.

**CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Capital Projects Fund

The Capital Projects Fund accounts for the resources used to acquire, develop, and construct capital improvements or to purchase major capital equipment for governmental activities. The City capitalizes equipment with a cost basis of at least \$5,000 and that has an estimated useful life in excess of one year. Structures, improvements, and infrastructure with a value of at least \$250,000 are also capitalized. All capital assets are valued at historical cost. Major outlays for capital assets and improvements are capitalized as projects are constructed. For more information on capital assets, please refer to the Notes to the Basic Financial Statements under Capital Assets (Note 5).

The Capital Projects Fund had revenues of nearly \$393,000, which is nearly \$152,000 lower than the prior year. The lower amount was largely due to a decrease in grant reimbursements when compared to the prior year. In fiscal year 2019-20, projects were financed mainly by nearly \$19.3 million in transfers from other funds to support ongoing construction costs and to support previously appropriated projects. In addition to the General Fund contribution of \$16.0 million, \$1.4 million of Storm Drain bond proceeds and \$1.8 million from the Measure A and Gas Tax special revenue funds were transferred into the Capital Projects Fund.

Capital project expenditures totaled \$15.1 million, a decrease of \$943,000 from prior year expenditures. The Capital Projects fund balance at the end of the fiscal year was \$61.1 million, an increase of \$4.5 million from the prior year ending balance. Other than the \$24.7 million reserve for Capital Investment, the entire fund balance is assigned for the construction of specific capital projects.

During fiscal year 2019-20, major governmental capital projects exceeding \$100,000 in current year spending included the following:

- **New Community Center – \$3.8 million**
The City Council approved a list of pre-qualified bidders for the construction of the long-awaited Community Center early in the fiscal year; in April, the Council approved a contract with the successful bidder. Demolition of the existing Recreation Center was completed in June. The completed project is expected to cost nearly \$52.2 million.
- **Washington Park Playground/Sports Court/Picnic Areas - \$2.1 million**
Of the \$3.3 million spent on Parks & Recreation projects, much of the spending in fiscal year 2019-20 was at Washington Park. After years of community outreach meetings and master planning and design, site preparation work for the future Community Center began in earnest early in the new fiscal year. This included replacing and reconfiguring the existing outdoor facilities at Washington Park through the installation of a new playground, a sports court, and a small picnic area. Although this work was necessary to allow for the construction of the new Community Center, this was established as a standalone project for budgeting purposes.
- **Citywide Playgrounds – Murry Field Natural Playground- \$259,000**
After 19 years of use, the Murray Field Playground was out of compliance with ADA, and the surfacing was worn and no longer met the ASTM standards for fall safety. The fiscal year 2019-20 Budget included funding for the demolition and redesign of the playground. The project included relocating the existing playground to create a 60 x 40 grass practice area for soccer teams utilizing the field, while still providing a play area for siblings and/or other children visiting Murray Field. Now that the base project is complete, Parks Division staff continue to add additional natural elements to the playground for a unique play experience.

**CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

- **Bay Trail Fitness Equipment - \$197,000**
To enhance physical fitness opportunities along the bayside, the City installed fitness equipment at strategic locations along the Bay Trail. The project included the installation of concrete pads and outdoor fitness equipment, and provided for curbs, proper drainage, and landscaping. A consortium of hoteliers, the Burlingame Parks & Recreation Foundation, and other donors provided funding to allow for the upgrade of the equipment surfacing.
- **Fire Station 35 Rehab & HVAC System Upgrade - \$1.0 million**
This project consisted of making improvements to the Central County Fire Department Station 35, including renovations of station sleeping quarters, replacement of mechanical systems, hot water heaters, roofing, skylights, and electrical panel replacement.
- **Police Station Fuel Tank Replacement - \$583,000**
Two underground storage tanks (USTs) were removed from the Police Station at 1111 Trousdale Drive. The 12,000 gallon gasoline tank was used for refueling police vehicles, and a 4,000 gallon diesel tank was used for standby power for the generator. Associated work included obtaining a UST removal permit from San Mateo County, demolition of the refueling station, removal of contaminated soil, backfill with engineered fill, and restoration of the asphalt parking lot.
- **Neighborhood Storm Drain Projects #11 and #12 - \$940,000**
These projects are part of a series of projects identified as part of the Storm Drainage Master Plan to improve drainage and minimize localized flooding. Project work includes construction of new storm drain inlets, storm drain mains, curbs and gutters, sidewalks, valley gutters, concrete channels, medians, drainage structures, curb ramps, driveway approaches, and replacement of existing storm drain facilities in public rights-of-way and storm drain easements. While Storm Drain Project #11 was largely completed by fiscal year end, the construction phase of Project #12 encountered material supply delays.
- **Easton Drive Drainage Improvements - \$348,000**
This project improved the storm drainage system in the neighborhood around 2627 Easton Drive. Project work included construction of new storm drain piping, inlets, curb, and gutter in the public right-of-way and storm drain piping through an existing easement in private property
- **2019 Annual Street Resurfacing Program Project – \$1.9 million**
This project consisted of resurfacing 17 collector and residential streets. This project is part of a continuous effort to resurface older street segments. The work consisted of street base failure repair and resurfacing on various City streets within the city limits and two shared streets with the City of Millbrae. The project included asphalt concrete “dig-out” repairs, asphalt concrete overlay, curb drains, reconstruction, curb and gutter repair, curb ramp improvements, surface milling, traffic markings and striping, curb drains, traffic control, concrete base repair, and other related work.
- **2019 Sidewalk Repair Program – \$1.1 million**
The City’s Sidewalk Repair Program is part of the City’s ongoing effort to provide safe and ADA-compliant sidewalks for the community. Project work included removal and replacement of sidewalks, driveways, curb ramps, and curb and gutter removal of trees; grinding of stumps; and associated restoration work.

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- **New Financial System Project – \$222,000**
After selecting and procuring an agreement with Tyler Technologies for the Munis® Enterprise Resource Planning (ERP) System in the prior fiscal year, the Finance Department implemented the Accounting Modules of the new Financial System in fiscal year 2019-20, going live in October 2019. The Human Capital Management modules will constitute phase II of the implementation. Phase III will consist of the implementation of the Utility Billing System modules for the City's Water and Sewer utilities.

In all, capital projects spending included \$3.3 million in Parks and Tree projects, \$6.3 million in Facilities projects, \$4.1 in Pavement projects, and nearly \$1.5 million in Storm Drain capital improvements.

Debt Service Fund

The Debt Service Fund is used to account for resources used to repay general long-term debt and to record the payment of principal and interest as well as other expenditures related to debt administration.

In December 2019, the City issued lease revenue bonds to fund the construction of the long-planned Community Center, to replace the aging Recreation Center, in Washington Park. The \$31.4 million issuance netted \$39.2 million in bond proceeds; the \$7.8 million premium will be amortized over the life of the bonds. The bonds were structured to maintain an annual debt service payment of \$2 million per year for 30 years. Debt service on the issuance will be funded totally from the City's General Fund, bolstered by revenues from the Measure I ¼ percent transactions tax approved by voters in November 2017. Initial debt service on the bonds was made in June 2020, leaving a \$30.2 million principal balance on the issuance.

Total principal payments on outstanding debt reduced general government debt by over \$3.9 million. The General Fund contributed nearly \$4.7 million to the Debt Service Fund for governmental debt service payments. The Storm Drainage Fund paid nearly \$2.1 million as required to meet obligations relating to the Storm Drain Revenue Bonds. Taxable Build America Bonds comprised a significant portion of the 2010 Storm Drain Bonds; the Internal Revenue Service provided an annual interest subsidy of approximately \$157,000 for this issuance. Debt service expenditures represent principal payments, interest charges, and administrative costs of debt such as fiscal agent fees on existing governmental debt.

A more detailed description of the City's outstanding debt and the long-term obligations associated with each issue can be found in the Notes to the Basic Financial Statements under Long-Term Debt (Note 6).

Storm Drainage Fund

The Storm Drainage Fund was added as a special revenue fund in fiscal year 2009-10 to fund needed improvements to the City's infrastructure and to pay debt service on certain revenue bonds issued to fund storm drain capital projects. The voter-approved initiative requires that the funds be accounted for separately, given their intended purpose. The voters approved the new fee in May 2009, and revenues are collected through an assessment on property tax bills. The storm drain fee will sunset after 30 years.

Neighborhood storm drainage improvements continued in fiscal year 2019-20. The storm drain fee generated about \$3.0 million in revenue. The funds are dedicated to debt service on the use of storm drain revenue bonds and to fund improvements on a *pay-as-you-go* basis. Revenue bonds issued with a pledge of storm drain fee revenues are used as a funding source for these projects in the Capital Projects Fund.

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The fund balance increased by over \$1.5 million during the fiscal year, as revenues from storm drain fees and interest earnings were adequate to fund the \$2.1 million debt service expense for the fiscal year.

Non-Major Governmental Funds

Fiscal year 2019-20 marked the second full year of SB1 funding - the 2017 Road Repair and Accountability Act (SB1) allocations from the State. Gas Tax revenues increased nearly \$52,000 (to over \$1.2 million) due to SB1 inflows. Measure A revenues remained healthy, with an increase in this funding source of \$30,000 from the prior year. Together, Measure A and Gas Tax Funds provided over \$2.1 million of traffic and street improvements.

Non-major governmental fund balances in total increased approximately \$3.4 million, or 36.0%, during the fiscal year due to an increase in development fees of approximately \$2.2 million. In addition, a new fund was established to account for receipts from San Mateo County's Measure W tax. The ½ percent sales tax was approved by the voters in November 2018; the City receives a small allocation of Measure W receipts to be used for roadway improvements. As most of these funds are intended to fund capital projects, it is fitting that they accumulate to significant amounts before being appropriated to specific capital projects. For example, although annual expenditures of Measure A and Gas Tax Funds account for the majority of the City's non-major governmental funds' financing uses, the Development Fees Fund holds the preponderance (\$9.1 million) of the total \$13.0 million non-major governmental funds' balance.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements. Proprietary funds consist of the City's six enterprise funds (Water, Sewer, Waste Management, Landfill, Parking, and the Building Enterprise funds) and six Internal Service Funds (General Liability, Workers' Compensation, Facilities Services, Equipment Services, OPEB, and Information Technology Services funds). Operations of the City's Enterprise funds are accounted for as business activities.

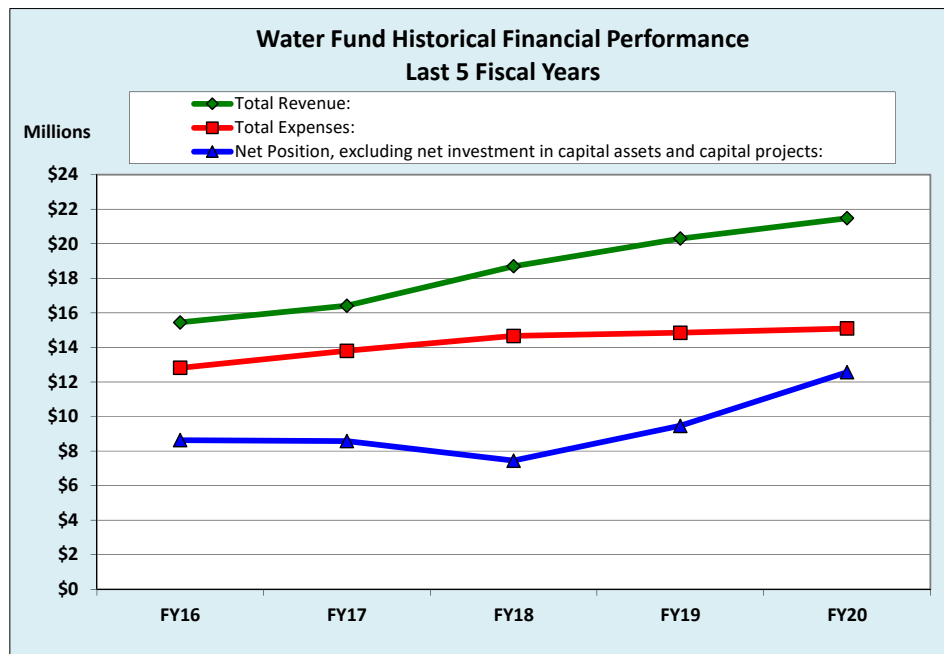
Total Enterprise Funds (Amounts In Millions)					
Fund Description	6/30/2020 Net Position	6/30/2020 Net Investment in Capital Assets	7/1/2019 Net Position	7/1/2019 Net Investment in Capital Assets	Yr-over-Yr Change - Net Position
Water	\$36.60	\$18.46	\$31.19	\$16.03	\$5.42
Sewer	66.06	48.40	62.73	46.02	3.31
Waste Management	4.35	-	3.96	-	0.39
Landfill	(1.11)	-	(1.46)	-	0.34
Parking	17.76	7.57	16.72	7.44	1.04
Building	10.55	-	8.40	-	2.15
Total	\$134.20	\$74.43	\$121.53	\$69.49	\$12.65

Water Fund

The Water Fund continues to maintain a stable financial position despite considerable variability in water consumption in recent years. As a result of the end of six consecutive years of drought in the winter of 2017, water consumption increased and has stabilized over the past three years, though certainly not to the level of pre-drought years. Assisted by 7.5% rate increases for each of three consecutive years (the last

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approved rate increase was effective starting January 1, 2019), the revenues of the water utility increased steadily over the years. Total operating revenues for the Water Fund increased \$958,000 (4.9%) in the 2019-20 fiscal year, while operating expenditures increased a modest \$284,000 (2.0%). The City continues to invest in updates to the aging water system. Total spending on capital projects (nearly \$3.1 million in fiscal year 2019-20) included \$1.3 million for completion of the East Burlingame Avenue and Anza Lagoon Bridge Improvements project. The project consisted of updating the domestic water main along Burlingame Avenue and installing a new water main at the Anza Lagoon Bridge. Also completed was Phase 2 of the Shoreland Subdivision Water Improvements, which replaced 4200 linear feet of pipelines originally installed in 1928. Residents in the surrounding area saw improved water quality, fire flow, and water pressure to their homes.



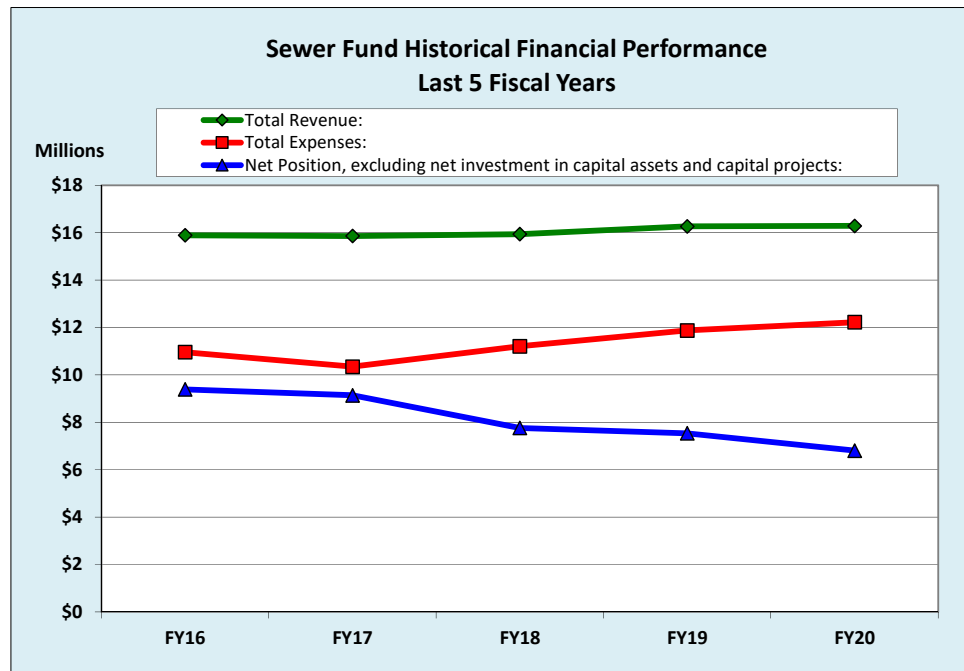
The net position of the Water Enterprise Fund increased by \$5.4 million, to \$36.6 million. The largest portion of net position (\$18.5 million) relates to the net investment in capital assets, representing 50.4% of the utility's total net position. Approximately 23.4% of the fund's net annual revenue is irrevocably pledged to the prompt payment of debt service relating to future payments of principal and interest on revenue bonds previously issued.

Sewer Fund

The Sewer Fund continues to be financially stable, with an increase in the fund's overall net position (including capital assets) of \$3.3 million, to \$66.1 million, due largely to operating income. A concerted effort to increase the fund's net investment in capital assets through improvements to the City's waste water collection system and the treatment plant will advance the fund's position further in the near future. Note that the largest portion of the net position (\$48.4 million) relates to this net investment in capital assets, representing 73.3% of the utility's total net position. Approximately 34.9% of the fund's net revenue is irrevocably pledged to the prompt payment of debt service relating to future payments of principal and interest on revenue bonds previously issued.

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As a large portion of sewer charges are based on water consumption, sewer service revenues decreased markedly in the second half of the year, as large commercial water use declined. Though rising in the first half of fiscal year 2019-20, revenues from sewer service charges declined 3.7% for the year as a whole. There has been no annual rate increase for sewer service imposed in calendar years 2012 through 2020. Total operating expenses of the Sewer Fund increased 3.6%, largely in the area of personnel costs.



As with the Water Fund, the Sewer Fund will also finance future capital improvements on a *pay-as-you-go* basis. The adopted budget for fiscal year 2019-20 included a set-aside of nearly \$5.1 million to pay for capital improvements to the Burlingame Wastewater Treatment Plant and repair and maintenance of the sewer collection system. Total actual spending on capital projects was closer to \$4.3 million, including nearly \$3.9 million on sanitary mains, pipe and pump replacements, and upgrades throughout the city. This spending includes \$1.3 million on the sanitary sewer work associated with the aforementioned East Burlingame Avenue and Anza Lagoon Bridge Improvements project. The remaining \$434,000 was spent on improvements at the City's Wastewater Treatment Plant, including work on the Wastewater Collection System Master Plan, currently nearing completion.

Parking Fund

The objectives of the Parking Fund are to cover the costs of operating and improving the City's parking districts and to produce sufficient revenue to re-invest in the capital assets of the Burlingame and Broadway Avenue shopping districts, which are served by the City's parking lots. The fund's overall ending net position, including capital assets, increased over \$1.0 million over the prior year ending net position of \$16.7 million. The City funded a \$2.5 million contribution toward a five-level parking garage on the City's former Parking Lot N (in conjunction with the development of the Village at Burlingame affordable workforce and senior apartment development on the adjacent lot) from the Parking Enterprise Fund. Hence, the fund's unrestricted net position is decreased, and the amount restricted for capital projects is increased from the prior year. Because much of the fund (\$7.6 million) is invested in capital assets, the overall increase in net position is reflected in higher cash balances.

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Revenue in the Parking Fund was fairly level with the prior year until the emergence of the coronavirus pandemic early in the spring of 2020. In an effort to assist the City's downtown businesses, parking restrictions were lifted for the remainder of the fiscal year, resulting in a loss of fee revenue. Operating revenues for the fund, at \$1.9 million, were down approximately 30% from the prior year. Operating expenses increased by \$79,000 (8.5%), largely due to increased personnel costs from full staffing in the current fiscal year. Investment income of \$452,000 on the fund's cash reserves helped bolster the fund's ending net position.

Waste Management and Landfill Funds

The City is a member of the South Bayside Waste Management Authority (SBWMA), a joint powers authority that contracts with external vendors for solid waste collection and disposal as well as collection of inert recyclable materials, yard waste, and other organic materials. The Waste Management Fund accounts for certain other services that the City provides or pays for directly. The costs of these services, which include the cleaning of sidewalks, parking lots, and garbage cans/liners, hazardous waste disposal, and street sweeping, are built into garbage collection rates for both residential and commercial customers. Operating revenues of the Waste Management fund totaled \$0.9 million in fiscal year 2019-20, 24.8% higher than reported in the prior fiscal year. Despite a 6% increase in solid waste rates as of January 1, 2020, fee revenues were flat due to a decrease in demand from commercial customers as business operations declined in response to the pandemic. However, revenues from the forfeiture of C&D deposits, largely from prior year development projects, increased significantly. These fees, shared equally with the Building Enterprise Fund, generated an additional \$210,000 for the fund (included as miscellaneous revenue).

The Waste Management fund's unrestricted net position largely reflects a rate stabilization reserve, built largely from prior year surpluses as a buffer to large rate swings. The City Council approved rate increases of 6% for the three calendar years beginning January 1, 2019 in order to mitigate continued draws on the rate stabilization reserve and to bolster the fund in anticipation of cost increases in waste management contracts in calendar year 2021.

A surcharge on garbage collection rates funds the costs associated with the long-term monitoring requirements of the former city landfill. The surcharge yielded \$480,000 in fiscal year 2019-20, level with the prior year revenues for the fund. The Landfill Fund continues to report a deficit position of nearly \$1.1 million due to the status of the City's obligation to mediate closure and post-closure activities relating to the City's old landfill. On an annual basis, the City reports to CalRecycle (Department of Resources Recycling and Recovery) the estimated costs of post-closure and corrective action as adjusted for inflation and current year expenditures pertaining to mitigation. The landfill closure and post-closure liability increased slightly (\$65,000) during the fiscal year due largely to the inflationary factors prescribed by CalRecycle, but the fund's ending net position increased by \$351,000 (24.0%) when compared to the prior year as expenses were kept to a minimum.

Internal Service Funds

The Internal Service Funds (ISFs) are allocated among the City's various functions and are therefore considered to account for governmental activities for financial statement purposes. The Internal Service Funds as a whole experienced an increase in net position of nearly \$1.3 million, but this amount reflects a wide variation in the change of net position of the various funds. The General Liability fund net position increased \$1.0 million, with only slight increases in liabilities when compared to the prior year, and no large claims pay-outs. Claims and litigation liabilities were adjusted based on an actuarial study completed in

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June 2019. The OPEB fund, which accounts for the cost of the City's retiree medical program, shows a balance of \$147,000 due to amounts accrued for contribution to the OPEB trust fund (for retiree medical benefit obligations), but not yet paid out at the end of the fiscal year. Although the Facilities Services ISF showed a slightly improved net position from operations, the fund's negative net position reflects the inclusion of large net OPEB liabilities and pension liabilities in the fund's balance sheet that were not sufficiently covered in the charges to departments of prior years. The costs of the services provided by these funds are carefully monitored, and the charges to the departments are adjusted each fiscal year as appropriate.

General Fund Budgetary Highlights

Detailed information on budget variances can be found in the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual. The adopted fiscal year 2019-20 General Fund budget assumed moderate gains in operating revenue, based on the continued, though slowing economic growth evidenced in recent years. Noting several positive anomalies in sales tax revenues experienced in the 2018-19 fiscal year, revenues were forecasted to remain fairly flat. However, due to the sudden onslaught of the pandemic in 2020, revenue budgets were amended to reflect a sizable decline from the revenues anticipated in the prior year adopted budget. Final collections totaled over \$72.2 million, a decrease of \$12.4 million (14.6%) over actual General Fund revenues experienced in fiscal year 2018-19.

Key revenue budgets were adjusted downward (by \$9.6 million total) at mid-year to reflect the impacts of the pandemic-induced recession on General Fund receipts in the spring of 2020. The highest adjustment was needed for the City's transient occupancy (hotel) tax - the budget for this revenue source was amended to be \$8.6 million lower than projected in the 2019-20 budget adopted in June 2019. Although a positive 4.3% revenue variance was realized for General Fund revenues, much of the greater-than-anticipated amount was due to an increase in the market value of the City's portfolio, reported as investment income.

City of Burlingame Historical General Fund Revenues (Amounts In Millions)					
	FY16	FY17	FY18	FY19	FY20
Total Revenue	\$66.16	\$68.04	\$71.72	\$84.54	\$72.16
Dollar Change	4.25	1.89	3.68	12.82	(12.38)
Percentage Change	6.86%	2.85%	5.40%	17.87%	-14.64%

The performance of the top three revenue sources compared to the adjusted budget is as follows:

- Transient Occupancy Tax (TOT) revenues declined rapidly and sharply as international air traffic began to slow early in 2020, and progressed downward as the pandemic brought most travel-related activities to a halt. Burlingame hotels, which had experienced very high occupancy rates in past years, were forced to cut staff, shutting off floors and even suspending operations for whole hotels. Many area hotels experienced single-digit occupancy rates in April and May. In an attempt to slow transmission of the virus, the County leased some hotel rooms in order to offer health care workers and patients an alternative to returning home. Other hotels were used to alleviate the density in homeless shelters, where the virus could also spread rapidly. But this temporary repurposing of rooms did very little to help the hospitality industry or the economy as a whole. As a

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result, TOT receipts were greatly diminished in fiscal year 2019-20. Overall, these revenues were down nearly \$9 million (30.5%) from the prior year, and exceeded the year's adjusted budget by 7.7% (approximately \$367,000).

- Sales and use tax revenues ended the year at \$14.8 million, approximately \$3 million lower than in the prior year, and approximately \$573,000 higher than forecast in the adjusted budget. As the 2018-19 fiscal year sales tax results contained a number of one-time anomalies, much of the decrease had been anticipated in the adopted budget. And as of mid-year, it appeared that an upward adjustment in the budget for sales tax revenues would be needed. However, swift reaction by consumers and businesses to the outbreak of the coronavirus caused a massive decrease in spending on certain goods and services. A review of Burlingame's second quarter data for 2020 indicates a decline in taxable transactions of approximately 33.6% from the second quarter of 2019. Not surprisingly, the industry group hardest hit as a percentage was Restaurants and Hotels, with a 68.3% decrease in taxable sales. The City's largest generator of sales tax, the Autos & Transportation Industry Group, suffered a 31.8% decline. Not surprisingly, taxes from online sales, allocated from the County's Pool account, actually grew by approximately 3.7%. These taxes comprised 29.6% of local sales tax collections in 2020's second quarter.

Nearly \$2.3 million of the total receipts for fiscal year 2019-20 were the result of the second full year of the City's Measure I transaction tax - a retail transactions and use tax of ¼ percent effective April 1, 2018. This tax fared slightly better than point-of-sales results because it is assessed at the place of delivery for online sales, as opposed to being allocated to all cities from the County Pool.

- Property tax revenues, at \$23.3 million, came in very slightly under budget (less than 0.6%), reflecting an increase of nearly 6.1% over prior year results. The secured property tax roll is well-established prior to the fiscal year budget being developed; this revenue is now only adjusted at mid-year for mild variances.

Burlingame's fiscal health relies largely on growth in assessed property values, health in the travel and tourism industry, and increased consumer confidence. Although property taxes are expected to remain relatively strong over the next fiscal year, recovery of TOT and sales tax revenues is inextricably linked to the nation's recovery from the current pandemic-induced recession.

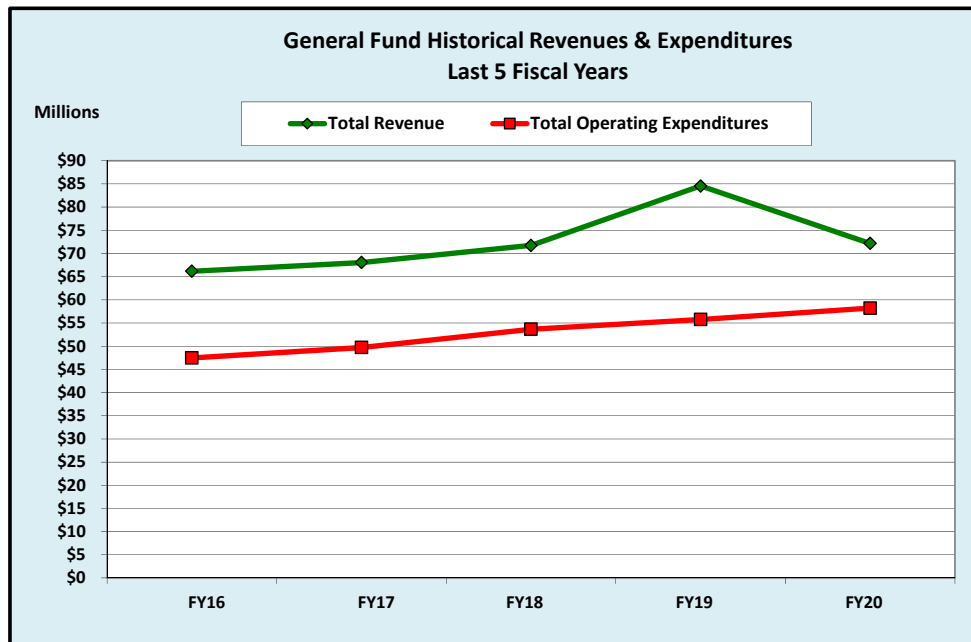
In recent years, General Fund expenditures have increased fairly consistently as shown below.

City of Burlingame Historical General Fund Expenditures (Amounts In Millions)					
	FY16	FY17	FY18	FY19	FY20
Total Operating Expenditures	\$47.46	\$49.71	\$53.64	\$55.76	\$58.21
Dollar Change	3.05	2.25	3.93	2.12	2.44
Percentage Change	6.88%	4.74%	7.91%	3.96%	4.38%

The fiscal year 2019-20 adopted General Fund budget assumed operating expenditures of nearly \$61.6 million, a growth of 3.3% from the prior year budget. At mid-year, the City made budget adjustments of \$1.5 million, largely for increases to personnel costs. Assembly Bill 5 (AB5), effective January 1, 2020, necessitated the adoption of new standards for the use of contract labor, increasing the City's employee

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head count, and decreasing the use of contract services. Later in the fiscal year an additional \$1 million was approved for the costs of responding to the impacts of the pandemic on the City's small businesses and most vulnerable residents. Budgets were closely monitored City wide, as reflected in positive budget variances in all functional areas. The extent of the budgetary savings that would result due to the reduction in operating activities, particularly in leisure and cultural services, was difficult to ascertain in real time. For example, City facilities were closed in response to the public health emergency, and, though most essential services were maintained, a large portion of the City's casual employees were furloughed in April 2020. Reopening and rehiring plans were put on hold by the end of the fiscal year. Actual expenditures totaled \$58.2 million; total budgetary (expenditure) savings for the fund were over \$5.8 million, or 9.1%.



General Fund Reserve Policy

The chart below illustrates the amounts of General Fund balance assigned as various reserves for the past five years. In January 2015, the Council adopted a General Fund Reserve Policy that established reserve levels based on an analysis of risks specific to the City, including vulnerability to extreme events and public safety concerns, revenue source stability, expenditure volatility, liquidity, leverage, and adequacy of infrastructure funding. The policy established targeted levels for an Economic Stability Reserve and a Catastrophic Reserve (24% and 2%-9% of budgeted revenues, respectively), as well as a Contingency Reserve amount of \$0.5 million. Based on an updated risk analysis, the policy was revised in October 2015 to replace the initial range for the Catastrophic Reserve to a fixed \$2 million. The actual reserve levels are adopted by resolution with each annual budget but may be modified by resolution throughout the year based on recommendations by the Finance Director as economic forecasts or other changes dictate. Each reserve is reported as an assignment of the City's General Fund balance.

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City of Burlingame City Council Assigned General Fund Reserves (Amounts In Millions)					
	FY16	FY17	FY18	FY19	FY20
Economic Stability Reserve	\$15.70	\$16.20	\$16.91	\$18.84	\$18.91
Catastrophic Reserve	2.00	2.00	2.00	2.00	2.00
OPEB Reserve	-	-	-	-	-
General Plan Reserve	-	-	-	-	-
Contingency Reserve	0.50	0.50	0.50	0.50	0.50
Total Reserves	18.20	18.70	19.41	21.34	21.41
Encumbrances and Reappropriations	0.44	0.69	0.52	0.24	0.32
Total Assigned Fund Balance	\$18.64	\$19.39	\$19.93	\$21.58	\$21.73

As a measure of the General Fund liquidity, it is useful to compare its unrestricted fund balance (including commitments and assignments of fund balance) to annual operating expenditures. As of June 30, 2020, the unrestricted fund balance of \$34.0 million (\$44.8 million less non-spendable and restricted fund balance of \$10.8 million) represents 58.4% of General Fund operating expenditures of \$58.2 million.

Up until the current fiscal year, fund balance in the General Fund has consistently increased in recent years:

City of Burlingame Historical General Fund Ending Fund Balance (Spendable) (Amounts In Millions)					
	FY16	FY17	FY18	FY19	FY20
Ending Spendable Fund Balance	\$29.64	\$33.06	\$36.37	\$53.96	\$49.86
Dollar Change	0.40	3.42	3.31	17.60	(4.10)
% of Expenses:	62.46%	66.50%	67.80%	96.78%	85.66%

Capital Assets and Debt Administration

Capital Assets

Improvements that lengthen an asset's useful life are not capitalized unless the improvements increase its service potential. Furthermore, maintenance costs are expensed in the period incurred. The City maintains an inventory of roads and parking lots and performs periodic assessments to establish the condition levels. The City uses the modified approach for roads and parking lots as an alternative to depreciation. Additional information can be found in the CAFR's Required Supplementary Information, Note 4 - Modified Approach for the City's Infrastructure.

As reported in the Statement of Net Position, capital assets for the governmental and business-type activities totaled \$252.2 million on June 30, 2020, net of depreciation, increasing 5.6% from the prior fiscal year. The investments in capital assets include: land, construction in progress, buildings, improvements, machinery, equipment, major software systems, facilities, roads, streets, utilities infrastructure, and storm drains.

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Capital Assets, Net of Accumulated Depreciation June 30, 2020 (Amounts In Millions)									
	Governmental Activities			Business-Type Activities			Total		
	2020	2019	% Change	2020	2019	% Change	2020	2019	% Change
Land and other assets not being depreciated	\$55.47	\$46.16	20.19%	\$13.22	\$13.93	-5.1%	\$68.70	\$60.09	14.33%
Facilities, infrastructure and equipment	\$85.69	\$83.87	2.17%	\$97.84	\$94.90	3.1%	\$183.53	\$178.78	2.66%
Total	\$141.17	\$130.03	8.6%	\$111.06	\$108.84	2.0%	\$252.23	\$238.86	5.6%

All depreciable capital assets were depreciated from their acquisition/completion date to the end of the current fiscal year for the government-wide financial statement presentation. Governmental fund financial statements record capital asset purchases as expenditures during the year. Ongoing projects are accounted for as "construction in progress." Additional information about Capital Assets can be found in the Notes to the Basic Financial Statements under Note 5 – Capital Assets.

Long-Term Obligations

As of June 30, 2020, the City had total long-term obligations of \$229 million, an increase of \$26.3 million from the prior year. The increase is largely due to the new \$31.4 million bonded debt, issued in December 2019, to support the construction of the City's New Community Center project. This increase in outstanding debt was offset somewhat by a \$10.8 million decrease in Net OPEB Liabilities.

In addition to the new debt, \$43.3 million of the City's total long-term outstanding debt relates to storm drain revenue bond financing and other governmental activities; the remainder (\$37.6 million) is comprised of loans and revenue bonds previously issued to support various capital projects overseen by the Water and Sewer enterprises. Short of additional debt financings, bonded debt obligations will decrease over time as principal amounts are paid off.

Outstanding Long-Term Obligations June 30, 2020 (Amounts In Millions)									
	Governmental Activities			Business-Type Activities			Total		
	2020	2019	% Change	2020	2019	% Change	2020	2019	% Change
Bonds Due in More than One Year	\$78.25	\$43.28	80.8%	\$34.88	\$38.24	-8.8%	\$113.13	\$81.52	38.8%
Bonds Due Within One Year	3.01	2.60	15.5%	2.71	2.61	3.9%	5.72	5.21	9.7%
Claims and Litigation	6.78	6.51	4.2%	-	-	0.0%	6.78	6.51	4.2%
Landfill Closure	-	-	0.0%	3.35	3.29	2.0%	3.35	3.29	2.0%
Net OPEB Liability ⁽¹⁾	21.87	30.59	-28.5%	5.18	7.24	-28.5%	27.04	37.83	-28.5%
Net Pension Liability	58.63	55.04	6.5%	10.99	10.43	5.4%	69.62	65.46	6.4%
Compensated Absences	2.90	2.48	17.1%	0.44	0.35	25.3%	3.34	2.83	18.1%
Total:	\$171.44	\$140.50	22.0%	\$57.55	\$62.16	-7.4%	\$228.99	\$202.65	13.0%

⁽¹⁾ During fiscal year 2017-18, the City implemented GASB Statement No. 75, which requires the recording of net OPEB liability and related deferred inflows and outflows of resources on the financial statements.

In addition, the City has several other long-term obligations. Landfill closure and post-closure liabilities are determined in order to capture the estimated cost of municipal solid waste landfill closure and post-closure care as required by federal and state regulations. Funds are set aside to ensure adequate funding for the post-closure costs of the former Burlingame landfill, including the annual costs of monitoring and

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maintenance as the costs are incurred. Funding for this liability is currently provided through a portion of solid waste rates charged to City ratepayers.

Additional information about the City's long term debt and other obligations can be found in the Notes to the Basic Financial Statements under Note 6 – Long Term Debt and Note 7 – Other Long-Term Liabilities.

The City's OPEB liabilities, which are comprised of retiree healthcare benefits, continue to be funded from a surcharge on each payroll. The cost of the City's former retiree medical benefits program is charged to all operations as a percentage of payroll, calculated to yield the actuarially determined contribution (both normal and accrued liability costs) of the plan. The proceeds of this surcharge are used first to pay actual retiree medical costs on a pay-as-you-go basis; remaining funds are deposited to a trust account established in 2013 for the purpose of funding the OPEB liabilities. As of the end of the fiscal year, there was a balance of nearly \$22.8 million in the California Employers' Retiree Benefit Trust, serving to offset the total liability. As there will be no new members added to this benefit plan – the City now offers a defined contribution plan for retiree health costs to its employees – this liability will be fully funded in 15 years. As of June 30, 2020, the net OPEB liability for the City was computed to be \$27.0 million.

The City's Statement of Net Position also reflects unfunded pension liabilities. Governmental accounting standards require the City to compute its unfunded liabilities by ascertaining "net pension liability," or the difference between a plan's total pension liability and the assets available to pay for such liability at a specific time. As of June 30, 2020, the net pension liability for the City was computed to be \$69.6 million, an increase over the prior year of \$4.2 million from the prior year. Concerned over growing pension liabilities and in response to the sharply increasing employer rates to support the pensions provided by CalPERS, the City implemented a plan, beginning in fiscal year 2017-18, to annually set aside additional funding in a § 115 Trust, at a rate that would smooth the projected increased employer contributions to CalPERS over the next 10-12 years. The balance in the pension trust fund as of June 30, 2020, was \$12.6 million. Unlike contributions to the OPEB trust fund, these contributions are not shown as expenditures and cannot be used to offset the liability as shown in the financial statements. Rather, amounts in the pension trust fund are reflected in each operating fund as restricted cash and investments.

A detailed explanation of the changes in the pension liabilities associated with the City's Safety and Miscellaneous Employee pension plans can be found in the Notes to the Basic Financial Statements under Notes 9 and 10, respectively.

Economic Factors and Next Year's Budget and Rates

The following factors were taken into consideration in preparing the fiscal year 2020-21 budget:

Revenue Projections: Each year, City staff prepares a five-year forecast of revenues and expenditures for the General Fund early in the budget process. In light of the continued presence of the virus and related economic impacts, the adopted budget for fiscal year 2020-21 assumed a second year of reductions (approximately \$7.7 million, or 11.2%) in total General Fund revenues. Although property tax receipts are expected to remain strong in the 2020-21 fiscal year, further reductions in TOT (30.2%) and sales tax revenues (15.7%) were anticipated in the adopted budget. The budget's revenue projections were based on fiscal year 2019-20 estimates that came in slightly higher than forecast; however, they also anticipated a slightly quicker recovery than is evidenced in the first two quarters of the year. With vaccines being readied for national distribution later in the fiscal year, the timing and strength of the City's revenue recovery is uncertain at best.

**CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Expenditures: General Fund operating expenditures are expected to grow approximately 0.9% when compared to the fiscal year 2019-20 *adjusted* budget. Fiscal year 2020-21 departmental budgets of \$63.3 million provide for a full year of increased full-time staffing assumed in the prior mid-year analysis. Increases in pension costs are also included in the adopted budget (reflected not only in the City's personnel budgets but also in the cost of Central County Fire Department services as well). Since personnel costs represent a large investment in the City's current and future resources, requests for increases in Full Time Equivalent (FTE) positions are carefully monitored to ensure they provide the best on-going value for the City.

In light of the reduced revenues anticipated for the fiscal year, the FY 2020-21 budget for capital projects was reduced by over \$6.0 million when compared to FY 2019-20. Work on the large number of previously funded capital projects will continue, including construction of the \$52.3 million New Community Center project, expected to be complete at the end of April 2022. Also, to minimize the General Fund operating deficit for the year, no contribution to the Capital Investment Reserve was included in the FY 2020-21 Budget. (The General Fund contributed \$6.5 million to the Capital Investment Reserve in fiscal year 2019-20.) In addition, the General Fund transfer for debt service was reduced by \$2 million by utilizing previously transferred funds from the 2018-19 fiscal year, set aside in anticipation of the 2019 Lease Revenue Bond issuance.

However, the 2020-21 fiscal year budget does provide for all the day-to-day operations and capital needs required to sustain high-quality services, and continues to set aside monies in the City's \$115 trust fund for pension liabilities - \$2.25 million from the General Fund alone. Funding of retiree medical obligations is also included in the departmental budgets in fiscal year 2020-21. In all, the budgeted deficit was limited to \$5.2 million, well within the \$12.3 million unassigned General Fund balance as of June 30, 2020.

General Fund Capital Improvements: The City Council earmarked nearly \$3.2 million in the 2020-21 fiscal year General Fund budget for capital improvements in the Five Year CIP Plan. Although this is well below the \$8.0 million provided in the prior year adopted budget, this funding covers the immediate capital needs of the City, including \$2.6 million for streets and sidewalk infrastructure improvements.

Water and Sewer Rate Adjustments: The most recent rate study for the water utility was completed in the fall of 2016. At that time, the drought that had begun in 2011 had worsened, and state-wide water restrictions had reduced water consumption to record lows. Based on the increased cost of water purchased from the San Francisco Public Utilities Commission (SFPUC), and to upgrade and maintain the aging water system, the City approved water rates increases for each of the years beginning January 1, 2017, 2018, and 2019. Beyond these water utility rate increases, no further rate adjustments have been approved. However, rates for the sewer utility have not been adjusted since 2012. A rate study is currently underway for this utility.

Solid Waste Rate Adjustments: The City provides solid waste services through a joint exercise of powers agreement (JPA) and a franchise with a private contractor. Rates are adjusted each calendar year based on updated costs of solid waste collection and material processing service, including landfill post-closure costs, street sweeping, recycling, and other diversion programs. Due to significant upheaval in global market conditions for recyclables, changes in both commercial and residential waste streams, a scarcity of landfill options, and increased diversion requirements and environmental regulation from the State, the cost of solid waste services has risen in recent years. Further cost increases were anticipated with a restated, 15-year franchise agreement for solid waste collection services effective January 1, 2021. Although a rate stabilization reserve within the City's Solid Waste Fund had allowed services to continue without a rate increase since 2012, solid waste rate increases of 6% were approved for each of the three calendar years 2019, 2020, and 2021.

**CITY OF BURLINGAME, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Requests for Information

This financial report is designed to provide Burlingame's citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Individuals are encouraged to make inquiries or requests for additional financial information at:

Burlingame Department of Finance
City Hall
501 Primrose Road,
Burlingame, CA 94010
(650) 558-7200



Comprehensive Annual Financial Report

June 30, 2020

CITY OF BURLINGAME, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 141,026,480	\$ 76,003,859	\$ 217,030,339
Receivables (net of uncollectible amounts)			
Due from consumers		5,691,464	5,691,464
Due from other governments	370,658	184,253	554,911
Other receivables	7,071,486	327,428	7,398,914
Inventory	245,963		245,963
Prepaid items and deposits	6,627		6,627
Cash and investments, restricted	55,054,088	1,911,059	56,965,147
Internal balance	2,166	(2,166)	
Capital assets:			
Land and other assets not being depreciated	55,473,935	13,223,491	68,697,426
Facilities, infrastructure, and equipment, net of depreciation	85,694,662	97,837,131	183,531,793
Total assets	344,946,065	195,176,519	540,122,584
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount of bond refunding		961,434	961,434
Deferred outflows related to OPEB	4,344,133	1,028,280	5,372,413
Deferred outflows related to pension	10,276,550	1,484,705	11,761,255
Total deferred outflows of resources	14,620,683	3,474,419	18,095,102
LIABILITIES			
Accounts payable	4,330,661	3,002,749	7,333,410
Retentions payable	420,746	227,898	648,644
Accrued payroll	898,470		898,470
Accrued interest	65,009	482,244	547,253
Deposits	2,698,362	1,502,377	4,200,739
Unearned revenue		42,640	42,640
Claims and litigation			
Due in one year	1,581,700		1,581,700
Due in more than one year	5,197,300		5,197,300
Compensated absences			
Due in one year	502,847	33,953	536,800
Due in more than one year	2,399,855	406,926	2,806,781
Landfill closure and post closure costs			
Due in one year		223,492	223,492
Due in more than one year		3,128,894	3,128,894
Long-term debt			
Due in one year	3,005,540	2,713,546	5,719,086
Due in more than one year	78,254,437	34,876,932	113,131,369
Net OPEB liability, due in more than one year	21,868,184	5,176,319	27,044,503
Net pension liability, due in more than one year	58,633,933	10,989,146	69,623,079
Total liabilities	179,857,044	62,807,116	242,664,160
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	5,767,562	1,365,213	7,132,775
Deferred inflows related to pension	2,422,775	278,385	2,701,160
Total deferred inflows of resources	8,190,337	1,643,598	9,833,935
NET POSITION			
Net investment in capital assets	107,082,922	74,431,578	181,514,500
Restricted for:			
Pension and employee benefit program	11,099,746	1,897,053	12,996,799
Debt service	4,006,024		4,006,024
Capital projects	49,048,768	18,123,238	67,172,006
Development fees	9,093,373		9,093,373
Burlingame Avenue Special Assessment District	419,430		419,430
Shuttle, Access TV and community programs	1,651,221		1,651,221
Street and sidewalk repair and maintenance	1,818,264		1,818,264
Total restricted net position	77,136,826	20,020,291	97,157,117
Unrestricted	(12,700,381)	39,748,355	27,047,974
Total net position	\$ 171,519,367	\$ 134,200,224	\$ 305,719,591

See accompanying Notes to the Basic Financial Statements

CITY OF BURLINGAME, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 6,710,119	\$ 115,485			\$ 115,485
Public safety	31,550,875	1,495,025	\$ 211,897		1,706,922
Public works	7,639,042	4,218,536		\$ 150,773	4,369,309
Community development	2,376,022	3,052,616	12,000		3,064,616
Parks, recreation, and library	16,062,021	2,925,033	164,164	45,000	3,134,197
Shuttle operations	155,770		36,000		36,000
Interest	2,143,775				
Total governmental activities	66,637,624	11,806,695	424,061	195,773	12,426,529
Business-type activities:					
Water	15,096,157	20,615,001			20,615,001
Sewer	12,223,785	15,127,320			15,127,320
Waste management	636,581	616,805			616,805
Landfill	212,952	480,021			480,021
Parking	1,004,676	1,929,956			1,929,956
Building	2,354,195	3,861,213			3,861,213
Total business-type activities	31,528,346	42,630,316			42,630,316
Total government-wide	\$ 98,165,970	\$ 54,437,011	\$ 424,061	\$ 195,773	\$ 55,056,845

General revenues:

Taxes:

Property taxes

Sales taxes

Transient occupancy tax

Other taxes

Other general revenue

Total general revenues

Investment income (expense)

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

See accompanying Notes to the Basic Financial Statements

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (6,594,634)		\$ (6,594,634)
(29,843,953)		(29,843,953)
(3,269,733)		(3,269,733)
688,594		688,594
(12,927,824)		(12,927,824)
(119,770)		(119,770)
(2,143,775)		(2,143,775)
(54,211,095)		(54,211,095)
	\$ 5,518,844	5,518,844
	2,903,535	2,903,535
	(19,776)	(19,776)
	267,069	267,069
	925,280	925,280
	1,507,018	1,507,018
	11,101,970	11,101,970
(54,211,095)	11,101,970	(43,109,125)
23,304,404		23,304,404
14,803,366		14,803,366
20,416,543		20,416,543
5,502,719		5,502,719
383,043	831,437	1,214,480
64,410,075	831,437	65,241,512
5,999,563	2,941,953	8,941,516
2,212,819	(2,212,819)	
72,622,457	1,560,571	74,183,028
18,411,362	12,662,541	31,073,903
153,108,005	121,537,683	274,645,688
\$ 171,519,367	\$ 134,200,224	\$ 305,719,591



Comprehensive Annual Financial Report

June 30, 2020

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The **General Fund** accounts for all financial resources necessary to carry out basic governmental activities of the City that are not accounted for in another fund. The General Fund supports essential City services such as police and fire protection, street maintenance, libraries, parks, and recreation.

The **Storm Drainage Fund** – This fund is to account for the storm drainage fees collected due to an assessment approved by the majority of the parcel owners in the City voting at a special election on May 5, 2009.

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs (other than those paid for by the Proprietary Funds).

The **Capital Projects Fund** accounts for City capital projects funded by the General Fund or other governmental funds, or any projects funded by multiple sources.

CITY OF BURLINGAME, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General Fund	Storm Drainage Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:						
Cash and investments	\$ 33,048,184	\$ 6,840,035	\$ 2,572,130	\$ 63,524,892	\$ 12,877,183	\$ 118,862,424
Accounts receivable	5,470,877	246,592	16,471	941,088	199,462	6,874,490
Due from other governments	370,658					370,658
Due from other funds	146,768		2,166	576,944		725,878
Prepays and deposits	6,627					6,627
Cash and investments, restricted	10,823,849		43,954,342			54,778,191
Total assets	<u>\$ 49,866,963</u>	<u>\$ 7,086,627</u>	<u>\$ 46,545,109</u>	<u>\$ 65,042,924</u>	<u>\$ 13,076,645</u>	<u>\$ 181,618,268</u>
Liabilities:						
Accounts payable	\$ 1,339,392			\$ 2,707,766	\$ 42,399	\$ 4,089,557
Due to other funds			\$ 576,944			576,944
Retentions payable				420,746		420,746
Accrued payroll	898,470					898,470
Deposits	2,698,362					2,698,362
Unearned revenue						
Total liabilities	<u>4,936,224</u>		<u>576,944</u>	<u>3,128,512</u>	<u>42,399</u>	<u>8,684,079</u>
Deferred Inflows:						
Unavailable revenue	104,039			819,488	51,958	975,485
Total deferred inflows	<u>104,039</u>			<u>819,488</u>	<u>51,958</u>	<u>975,485</u>
Fund Balances:						
Nonspendable	6,627					6,627
Restricted	10,823,849	\$ 7,086,627	45,968,165		12,982,288	76,860,929
Committed				36,438,924		36,438,924
Assigned	21,728,489			24,656,000		46,384,489
Unassigned	12,267,735					12,267,735
Total fund balances	<u>44,826,700</u>	<u>7,086,627</u>	<u>45,968,165</u>	<u>61,094,924</u>	<u>12,982,288</u>	<u>171,958,704</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 49,866,963</u>	<u>\$ 7,086,627</u>	<u>\$ 46,545,109</u>	<u>\$ 65,042,924</u>	<u>\$ 13,076,645</u>	<u>\$ 181,618,268</u>

See accompanying Notes to the Basic Financial Statements

CITY OF BURLINGAME, CALIFORNIA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
JUNE 30, 2020

Fund balance – total governmental funds	\$	171,958,704
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Amounts reported for governmental activities in the statement of net assets are different because:

CAPITAL ASSETS

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		139,133,527
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LONG TERM LIABILITIES

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences		(2,840,401)
Long-term debt		(81,259,977)
Net OPEB Liability		(\$20,875,651)
Net Pension Liability		(56,747,381)

Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due.		(65,009)
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DEFERRED INFLOWS AND OUTFLOWS

Deferred outflows are not current assets or financial resources; and deferred inflows are not due and payable in the current period and are therefore not reported in the governmental funds

Deferred Outflows		14,168,630
Deferred Inflows		(7,880,772)
Unavailable revenues		975,485

ALLOCATION OF INTERNAL SERVICES FUND NET ASSETS

Internal service funds are used by management to charge the costs of fleet management, building maintenance, information technology and risk management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statements of net assets.

\$14,952,212

Net assets of governmental activities

\$ 171,519,367

See accompanying Notes to the Basic Financial Statements.

CITY OF BURLINGAME, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Storm Drainage Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Property taxes	\$ 23,304,404					\$ 23,304,404
Sales and use taxes	14,803,366					14,803,366
Transient occupancy taxes	20,416,543					20,416,543
Other taxes	3,133,927					3,133,927
Charges for services - fees	5,471,236	\$ 2,993,956			\$ 2,791,077	11,256,269
Charges for services - licenses and permits	98,905					98,905
Fines, forfeitures, and penalties	793,281					793,281
Investment income	3,775,603	605,582	\$ 352,541		440,770	5,174,496
Intergovernmental taxes					2,368,792	2,368,792
Grants and subventions	177,564			\$ 150,773	114,610	442,947
Other revenue	183,030			242,288	127,226	552,544
Total revenues	72,157,859	3,599,538	352,541	393,061	5,842,475	82,345,474
EXPENDITURES:						
Current:						
General government	6,482,235		33,130			6,515,365
Public safety	28,573,977				55,978	28,629,955
Public works	5,970,041			623,209		6,593,250
Community development	2,197,977			176,469		2,374,446
Parks, recreation, and library	14,839,936			176,875	171,653	15,188,464
Shuttle operations					155,770	155,770
Capital Outlay	141,299			14,153,574		14,294,873
Debt service:						
Principal			3,928,954			3,928,954
Interest			2,697,166			2,697,166
Cost of Issuances			303,054			303,054
Total expenditures	58,205,465		6,962,304	15,130,127	383,401	80,681,297
REVENUES OVER (UNDER) EXPENDITURES	13,952,394	3,599,538	(6,609,763)	(14,737,066)	5,459,074	1,664,177
OTHER FINANCING SOURCES (USES):						
Bond issuance proceeds			39,231,615			39,231,615
Transfers in	2,543,819		6,776,902	19,267,014	143,500	28,731,235
Transfer out	(20,837,263)	(2,083,139)	(1,432,014)		(2,166,000)	(26,518,416)
Total other financing (uses) sources	(18,293,444)	(2,083,139)	44,576,503	19,267,014	(2,022,500)	41,444,434
Net change in fund balances	(4,341,050)	1,516,399	37,966,740	4,529,948	3,436,574	43,108,611
FUND BALANCES:						
Beginning of year	49,167,750	5,570,228	8,001,425	56,564,976	9,545,714	128,850,093
End of year	<u>\$ 44,826,700</u>	<u>\$ 7,086,627</u>	<u>\$ 45,968,165</u>	<u>\$ 61,094,924</u>	<u>\$ 12,982,288</u>	<u>\$ 171,958,704</u>

See accompanying Notes to the Basic Financial Statements

**CITY OF BURLINGAME, CALIFORNIA
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Net change in fund balances – total governmental funds **\$ 43,108,611**

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

CAPITAL ASSETS TRANSACTIONS

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay expenditures are added back to fund balance	14,294,873
Expenses being added due to difference in capital outlay and capital asset additions	337,099

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is deducted from the fund balance.	(3,099,108)
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LONG TERM DEBT PROCEEDS AND PAYMENTS

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Accrued interest calculated on bonds payable	598,447
Amortization of bond premium	257,998
Proceeds from bond issuance are deducted from fund balances	(39,231,615)
PG&E loans were funded by capital contribution	(337,099)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction, however, has no effect on net assets:	
Principal payments	3,928,954

ACCRUAL OF NON-CURRENT ITEMS

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

This change reflects a increase in compensated absences that occurred during the year	(409,302)
Pension Expense	(4,969,059)
Net other post-employment benefits obligation expense	2,624,150
Unavailable revenues recognized as revenue in prior year	45,115

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service funds are used by management to charge the costs of certain activities, such as fleet management, building maintenance, information technology and risk management to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in net position - All Internal Service Funds	1,262,298
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Change in net position of governmental activities	\$ 18,411,362
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See accompanying Notes to the Basic Financial Statements



Comprehensive Annual Financial Report

June 30, 2020

PROPRIETARY FUND FINANCIAL STATEMENTS

The ***Water Fund*** is used to account for the provision of water services to residents of Burlingame and some residents of areas adjacent to the City. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, financing, and billing/collections.

The ***Sewer Fund*** is used to account for the provision of sewer services to the residents of Burlingame and some residents of areas adjacent to the City. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, financing, and billing/collections.

The ***Waste Management Fund*** is used to account for the provision of solid waste services to the residents of Burlingame, excluding the revenues and expenditures associated with the collection, processing, and disposal of solid waste and recyclable materials which are provided by solid waste contractors servicing member cities of the South Bay Waste Management Authority.

The ***Landfill Fund*** is used to account for the landfill closure costs and post-closure monitoring services.

The ***Parking Fund*** is used to account for the activities of the City's parking districts.

The ***Building Fund*** was established to account for the activities of the City's building permits and inspection division.

CITY OF BURLINGAME, CALIFORNIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Enterprise Funds		
	Water Fund	Sewer Fund	Waste Management Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and investments	\$ 22,396,877	\$ 20,378,476	\$ 4,871,177
Receivables (net of uncollectible amounts):			
Due from other governments			184,253
Due from consumers	2,965,694	2,725,770	
Other receivables	83,497	79,962	19,612
Prepays and deposits			
Inventory			
Total current assets	<u>25,446,068</u>	<u>23,184,208</u>	<u>5,075,042</u>
Noncurrent assets:			
Cash and investments, restricted	586,555	934,940	85,378
Capital assets:			
Land and other assets not being depreciated	3,379,061	3,818,559	
Facilities, infrastructure, and equipment, net of depreciation	<u>31,600,130</u>	<u>64,689,755</u>	
Total noncurrent assets	<u>35,565,746</u>	<u>69,443,254</u>	<u>85,378</u>
Total assets	<u>61,011,814</u>	<u>92,627,462</u>	<u>5,160,420</u>
Deferred outflows of resources:			
Deferred amount on bond refunding	549,874	411,560	
Deferred outflows related to pensions	524,357	440,962	71,787
Deferred outflows related to OPEB	<u>417,436</u>	<u>339,537</u>	<u>59,634</u>
Total deferred outflows of resources	<u>1,491,667</u>	<u>1,192,059</u>	<u>131,421</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Current liabilities:			
Accounts payable	1,662,425	1,154,894	6,024
Due to other funds	1,083	1,083	
Accrued interest	161,850	320,394	
Retentions payable	113,675	114,223	
Deposits	20,340		
Unearned revenue	42,640		
Claims and litigation due in one year			
Bonds payable due in one year	1,108,682	1,604,864	
Compensated absences due in one year	18,387	7,967	1,275
Landfill closure and post-closure liability due in one year			
Total current liabilities	<u>3,129,082</u>	<u>3,203,425</u>	<u>7,299</u>
Noncurrent liabilities:			
Bonds payable	15,959,577	18,917,355	
Landfill closure and post closure liability			
Claims and litigation			
Compensated absences	176,731	136,439	13,509
Net pension liability	3,881,065	3,263,811	531,335
Net OPEB liability	<u>2,101,358</u>	<u>1,709,213</u>	<u>300,194</u>
Total noncurrent liabilities	<u>22,118,731</u>	<u>24,026,818</u>	<u>845,038</u>
Total liabilities	<u>25,247,813</u>	<u>27,230,243</u>	<u>852,337</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	98,318	82,681	13,460
Deferred inflows related to OPEB	<u>554,217</u>	<u>450,791</u>	<u>79,174</u>
Total deferred inflows of resources	<u>652,535</u>	<u>533,472</u>	<u>92,634</u>
NET POSITION			
Net investment in capital assets	18,460,806	48,397,655	
Restricted for capital projects	4,987,330	9,914,642	
Restricted for pension and benefits program	586,555	934,940	85,378
Unrestricted	<u>12,568,442</u>	<u>6,808,569</u>	<u>4,261,492</u>
Total net position	<u>\$ 36,603,133</u>	<u>\$ 66,055,806</u>	<u>\$ 4,346,870</u>

See accompanying Notes to the Basic Financial Statements

Enterprise Funds				Governmental
Landfill Fund	Parking Fund	Building Fund	Total	Activities- Internal Service Funds
\$ 2,267,638	\$ 11,943,460	\$ 14,146,231	\$ 76,003,859	\$ 22,164,056
			184,253	
			5,691,464	
43,517	46,546	54,294	327,428	196,996
				245,963
2,311,155	11,990,006	14,200,525	82,207,004	22,607,015
14,006	54,430	235,750	1,911,059	275,897
	6,025,871		13,223,491	
	1,547,246		97,837,131	2,035,070
14,006	7,627,547	235,750	112,971,681	2,310,967
2,325,161	19,617,553	14,436,275	195,178,685	24,917,982
			961,434	
858	240,382	206,359	1,484,705	254,885
9,670	37,607	164,396	1,028,280	197,168
10,528	277,989	370,755	3,474,419	452,053
26,765	60,982	91,659	3,002,749	241,104
			2,166	146,768
			482,244	
			227,898	
		1,482,037	1,502,377	
			42,640	
				1,581,700
			2,713,546	
	2,109	4,215	33,953	5,300
223,492			223,492	
250,257	63,091	1,577,911	8,231,065	1,974,872
3,128,894			34,876,932	
			3,128,894	
				5,197,300
	9,670	70,577	406,926	57,001
6,349	1,779,203	1,527,383	10,989,146	1,886,552
48,680	189,312	827,562	5,176,319	992,533
3,183,923	1,978,185	2,425,522	54,578,217	8,133,386
3,434,180	2,041,276	4,003,433	62,809,282	10,108,258
161	45,072	38,693	278,385	47,792
12,839	49,929	218,263	1,365,213	261,773
13,000	95,001	256,956	1,643,598	309,565
	7,573,117		74,431,578	2,035,070
	3,221,266		18,123,238	
	54,430	235,750	1,897,053	275,897
(1,111,491)	6,910,452	10,310,891	39,748,355	12,641,245
\$ (1,111,491)	\$ 17,759,265	\$ 10,546,641	\$ 134,200,224	\$ 14,952,212

CITY OF BURLINGAME, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Enterprise Funds		
	Water Fund	Sewer Fund	Waste Management Fund
OPERATING REVENUES:			
Water sales	\$ 20,379,319		
Sewer service charges:			
City of Burlingame users		\$ 13,558,548	
Other agencies		1,568,772	
Special surcharges			\$ 616,805
Parking fees			
Charges for services	235,682		
Other revenue	26,913	313,098	281,334
Total operating revenues	20,641,914	15,440,418	898,139
OPERATING EXPENSES:			
Salaries and benefits	3,098,052	2,747,380	436,270
Retiree medical benefit			
Supplies and services	1,328,700	5,636,820	199,171
Water purchases	7,766,238		
Depreciation	2,069,723	3,037,033	
Insurance claims and expenses	150,338	92,279	1,140
Total operating expenses	14,413,051	11,513,512	636,581
Operating income	6,228,863	3,926,906	261,558
NONOPERATING REVENUES (EXPENSES):			
Investment income	841,871	843,887	185,971
Interest expense	(683,106)	(710,273)	
Net nonoperating revenues (expenses)	158,765	133,614	185,971
Income before transfers	6,387,628	4,060,520	447,529
Transfers out	(970,815)	(738,815)	(58,000)
Net change in net position	5,416,813	3,321,705	389,529
NET POSITION:			
Net position - beginning (deficit)	31,186,320	62,734,101	3,957,341
Net position - end of year (deficit)	\$ 36,603,133	\$ 66,055,806	\$ 4,346,870

See accompanying Notes to the Basic Financial Statements

Enterprise Funds				Governmental Activities- Internal Service Funds
Landfill Fund	Parking Fund	Building Fund	Total	
			\$ 20,379,319	
			13,558,548	
			1,568,772	
\$ 480,021			1,096,826	
	\$ 1,929,956		1,929,956	
		\$ 3,861,213	4,096,895	\$ 11,131,603
		210,092	831,437	2,725
480,021	1,929,956	4,071,305	43,461,753	11,134,328
41,076	416,560	1,176,701	7,916,039	1,385,983
				4,652,150
171,876	452,349	1,174,162	8,963,078	2,235,237
			7,766,238	
	135,012		5,241,768	731,024
	755	3,332	247,844	1,692,703
212,952	1,004,676	2,354,195	30,134,967	10,697,097
267,069	925,280	1,717,110	13,326,786	437,231
84,209	451,865	534,150	2,941,953	825,067
			(1,393,379)	
84,209	451,865	534,150	1,548,574	825,067
351,278	1,377,145	2,251,260	14,875,360	1,262,298
	(337,189)	(108,000)	(2,212,819)	
351,278	1,039,956	2,143,260	12,662,541	1,262,298
(1,462,769)	16,719,309	8,403,381	121,537,683	13,689,914
<u>\$ (1,111,491)</u>	<u>\$ 17,759,265</u>	<u>\$ 10,546,641</u>	<u>\$ 134,200,224</u>	<u>\$ 14,952,212</u>

CITY OF BURLINGAME, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Enterprise Funds		
	Water Fund	Sewer Fund	Waste Management Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 20,759,179	\$ 16,011,175	\$ 770,568
Receipts from other funds			
Payments to other funds	(1,194)	(1,194)	
Payments to suppliers	(8,453,833)	(5,478,660)	(320,226)
Payments to retirees and trust			
Payments to claims			
Receipts from claims and litigation			
Payments to employees for services	(2,884,246)	(2,567,149)	(411,014)
Net cash provided by (used in) operating activities	9,419,906	7,964,172	39,328
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from other funds			
Transfers to other funds	(970,815)	(738,815)	(58,000)
Net cash provided by (used in) noncapital financing activities	(970,815)	(738,815)	(58,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(3,128,389)	(4,074,072)	
Principal paid on long-term debt	(1,431,328)	(1,829,254)	
Interest paid on long-term debt	(695,406)	(738,920)	
Net cash provided by (used in) capital and related financing activities	(5,255,123)	(6,642,246)	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	841,871	843,887	185,971
Net cash provided by (used in) investing activities	841,871	843,887	185,971
Net increase (decrease) in cash and equivalents	4,035,839	1,426,998	167,299
CASH AND CASH EQUIVALENTS:			
Beginning of year	18,947,593	19,886,418	4,789,256
End of year	<u>\$ 22,983,432</u>	<u>\$ 21,313,416</u>	<u>\$ 4,956,555</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income	\$ 6,228,863	\$ 3,926,906	\$ 261,558
Adjustments for noncash activities:			
Depreciation and amortization	2,069,723	3,037,033	
Changes in assets and liabilities:			
Receivables	118,166	570,757	(127,571)
Prepaid / Inventories			
Deferred outflows	264,164	213,987	28,439
Due to other funds	(1,194)	(1,194)	
Accounts payable	674,078	175,287	(119,915)
Retentions and Deposits payable	117,365	75,152	
Unearned revenue	(901)		
Compensated absences	37,752	32,130	10,652
Claims and litigations liabilities			
Net pension liabilities	199,007	167,357	27,245
Net OPEB Liabilities	(838,277)	(681,841)	(119,754)
Deferred inflows	551,160	448,598	78,674
Total adjustments	3,191,043	4,037,266	(222,230)
Net cash provided by (used in) operating activities	\$ 9,419,906	\$ 7,964,172	\$ 39,328
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and investments – current	\$ 22,396,877	\$ 20,378,476	\$ 4,871,177
Cash and investments, restricted	586,555	934,940	85,378
Cash and cash equivalents on statement of cash flows	\$ 22,983,432	\$ 21,313,416	\$ 4,956,555
Non-cash transactions			
Amortization of Bond Premiums	\$ 186,328	\$ 138,213	

See accompanying Notes to the Basic Financial Statements

Enterprise Funds				Governmental Activities- Internal Service Funds
Landfill Fund	Parking Fund	Building Fund	Total	
\$ 485,651	\$ 1,944,182	\$ 4,075,665	\$ 44,046,420	\$ 11,170,144
			(2,388)	
(159,047)	(434,727)	(1,642,543)	(16,489,036)	(2,959,826)
				(4,843,401)
				(643,080)
(46,570)	(270,359)	(1,116,426)	(7,295,764)	(1,277,883)
280,034	1,239,096	1,316,696	20,259,232	1,445,954
				146,768
	(337,189)	(108,000)	(2,212,819)	
	(337,189)	(108,000)	(2,212,819)	146,768
	(264,083)		(7,466,544)	(339,071)
64,952			(3,195,630)	
			(1,434,326)	
64,952	(264,083)		(12,096,500)	(339,071)
84,209	443,294	534,150	2,933,382	825,067
84,209	443,294	534,150	2,933,382	825,067
429,195	1,081,118	1,742,846	8,883,295	2,078,718
1,852,449	10,916,772	12,639,135	69,031,623	20,361,235
\$ 2,281,644	\$ 11,997,890	\$ 14,381,981	\$ 77,914,918	\$ 22,439,953
\$ 267,069	\$ 925,280	\$ 1,717,110	\$ 13,326,786	\$ 437,231
	135,012		5,241,768	731,024
5,630	5,655	4,360	576,997	35,816
	8,571		8,571	(192,891)
1,061	82,188	81,188	671,027	99,806
			(2,388)	
12,829	33,880	(501,052)	275,107	55,674
	(15,503)	36,003	213,017	
			(901)	
	(5,266)	13,843	89,111	13,708
				271,000
325	91,231	78,319	563,484	96,736
(19,420)	(75,520)	(330,132)	(2,064,944)	(362,626)
12,540	53,568	217,057	1,361,597	260,476
12,965	313,816	(400,414)	6,932,446	1,008,723
\$ 280,034	\$ 1,239,096	\$ 1,316,696	\$ 20,259,232	\$ 1,445,954
\$ 2,267,638	\$ 11,943,460	\$ 14,146,231	\$ 76,003,859	\$ 22,164,056
14,006	54,430	235,750	1,911,059	275,897
\$ 2,281,644	\$ 11,997,890	\$ 14,381,981	\$ 77,914,918	\$ 22,439,953

\$ 324,541

CITY OF BURLINGAME, CALIFORNIA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2020

	Agency Funds
ASSETS	
Cash and investments	\$ 273,862
Accounts receivable	1,313,810
Total assets	\$ 1,587,672
LIABILITIES	
Accounts payable	\$ 110,838
Due to other governmental units	1,476,834
Total liabilities	\$ 1,587,672

See accompanying Notes to the Basic Financial Statements

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Definition of the Reporting Entity

The City of Burlingame (the City) was incorporated in 1908 as a California general law city. Burlingame is a full-service city providing all municipal services, including police, fire, library, parks, recreation, street and storm drain maintenance, and water and sewage treatment. It is governed by a five member City Council, whose members are normally each elected to a four year term. The Mayor of the City is a one-year rotating chair of the City Council. As a government agency, the City is exempt from both federal income taxes and state franchise taxes.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the City as the primary government. For financial reporting purposes, the City's financial statements include all funds, boards and commissions, and authorities that are controlled by or are dependent on the City's legislative branch, the City Council. Control by or dependence on the City was determined on the basis of budget adoption, taxing authority, outstanding debt, or the City's obligation to fund any deficits that may occur.

Blended Component Units

The following unit is a legally separate component unit for which the City is financially accountable, and therefore, the related financial activities have been blended with the City's financial reporting:

Burlingame Financing Authority

In November 1995, the City formed an authority known as the Burlingame Financing Authority (Authority). The Authority provides services entirely to the City. The purpose of this Authority is to issue bonds to finance the construction of public capital improvements through the lease of certain land and existing improvements or a pledge of revenue. Facilities are leased by the Authority to the City pursuant to lease agreements.

The Authority is comprised of members of the City Council. The City and the Authority have a financial and operational relationship and the financial activities of the Authority have been included in the financial statements of the City as a blended component unit. The Authority's financial activities are presented in the Debt Service Fund as part of the governmental fund statements. The books and records of the Authority are maintained by the City. Additional financial data for the Authority may be obtained from the Finance Department, 501 Primrose Road, Burlingame, CA 94010.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Definition of the Reporting Entity (Continued)

Non-Disclosed Organizations

There are other agencies that provide services within the City, which are independently governed, and also maintain financial books and records that are separate from the City.

Agency Funds

The fiduciary fund consists of various agency funds, which account for various programs, activities, or funds held by the City in a custodial capacity or as an agent for individuals, private organizations, and other government units. The City's basic financial statements, except for certain cash held by the City as a fiscal agent, do not reflect, for example, the operations of the Burlingame School District, the Burlingame Library Trustees, nor the Hotel and Business Improvement Districts. A complete listing of agency funds can be found in the Fiduciary Fund Financial Statements.

Central County Fire Department

Effective July 1, 2010, City fire employees became employees of Central County Fire Department (CCFD). CCFD is a Joint Powers Authority (JPA) which provides fire, emergency medical, and disaster preparedness services to the City and the Town of Hillsborough. CCFDS also provide fire and emergency medical services to the City of Millbrae through a contract. CCFD is governed by a four member board of directors and a Chief Administrative Officer. As members of the CCFD JPA, Burlingame and Hillsborough fund 70% of the direct costs in support of the ongoing operations and maintenance of CCFD based on a 60/40 cost allocation as outlined in the JPA. The remaining 30% is funded by the City of Millbrae. The Town of Hillsborough maintains the books and records of the CCFD which is subject to a separate annual audit. This cost allocation is reflected as a receivable (if total actual direct costs are less than budgeted or expected direct costs) or payable (if total actual direct costs exceed budgeted or expected direct costs) on the City's Statement of Net Position. CCFD is a stand-alone employer recognized by the California Public Employees' Retirement System (CalPERS).

B. Basis of Accounting, Measurement Focus, and Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting, Measurement Focus, and Presentation (Continued)

GASB requires that the accounts of the City be organized on the basis of funds, each of which is considered a separate accounting entity. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Financial reporting standards established by GASB require that the financial statements described below be presented.

Government-Wide Financial Statements

The Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities, except for interfund services provided and used, which are not eliminated in the process of consolidation. These statements present summaries of Governmental and Business-Type Activities, and represent a consolidation of all financial activities for the entire City. Fiduciary activities of the City are not included in these statements.

The Government-Wide Financial Statements are presented on an economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Accordingly, all of the City's current and long-term assets and liabilities, including capital assets, infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position as of June 30. The Statement of Activities presents changes in net position since July 1, the beginning of the fiscal year.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows. For example, property tax revenue is recognized in the year of levy, and all other revenue is recognized when services have been rendered. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the qualifications for major fund reporting.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting, Measurement Focus, and Presentation (Continued)

Governmental Fund Financial Statements (Continued)

Major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10% of corresponding totals for all governmental or enterprise funds and at least 5% of the aggregate amount for all governmental and enterprise funds. The identification and separate reporting of major funds serves to highlight financial activities which may be particularly important to financial statement users. Nonmajor funds are reported in aggregate in a separate column in the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. It is used to account for all financial resources and transactions except those required to be accounted for in another fund.

The Storm Drainage Special Revenue Fund is used to account for the storm drainage fees collected as a result of an assessment approved by the majority of the parcel owners in the City voting at a special election on May 5, 2009.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs (other than those paid by the proprietary funds).

The Capital Projects Fund is used to account for resources used to acquire or develop facilities or major capital improvements.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current net position.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due.

The primary revenue sources, which have been treated as susceptible to accrual by the City, are taxpayer-assessed tax revenues (such as property taxes, sales taxes, transient occupancy taxes, and franchise taxes), certain grant revenues, and earnings on investments.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting, Measurement Focus, and Presentation (Continued)

Governmental Fund Financial Statements (Continued)

Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Other revenues which may be accrued include other taxes, intergovernmental revenues, interest, and charges for services.

Again, grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenses. It is the City's policy to first apply restricted resources to such programs, followed by unrestricted resources if necessary.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Fund Net Position; and a Statement of Cash Flows for each major proprietary fund. A column representing internal service funds is also presented in these statements. However, internal service fund balances and activities are combined with the Governmental Activities in the Government-Wide Financial Statements.

The City reports the following major proprietary (enterprise) funds:

The Water Fund is used to account for the activities of the City's water supply system.

The Sewer Fund is used to account for the activities of the City's sewage collection system and the Wastewater Treatment Plant.

The Waste Management Fund is used to account for the activities of the City's franchised garbage collections and recycling program.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting, Measurement Focus, and Presentation (Continued)

Proprietary Fund Financial Statements (Continued)

The Landfill Fund is used to account for the landfill closure costs and post-closure monitoring services. The Landfill Fund was created in 2014 by separating landfill activities from the Waste Management Fund.

The Parking Fund is used to account for the activities of the City's Parking Districts.

The Building Fund is used to account for activities of the City's building division.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. The primary operating revenues of the City's enterprise and internal service funds include water and sewer service, connection fees, sewer discharge permits, garbage and recycling collection surcharges, building inspections, parking fees and permits, information technology support, vehicle and facilities maintenance, and risk management activities provided to the various departments in the City. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

The Internal Service Funds are used to account for the servicing of self-insurance, allocation of funding for the retiree medical benefit trust fund, vehicle maintenance and acquisition, facilities maintenance, and information technology maintenance and acquisitions made for City departments or agencies on a cost-reimbursement basis.

Fiduciary Fund Financial Statements

The Fiduciary Funds are used to account for the resources held by the City in a custodial capacity or as an agent for individuals, private organizations, other government units such as the State of California, and/or other funds. The City maintains agency funds for the Library Trustees; Hotel, Downtown and Broadway Business Improvement Districts (BIDs) fees; and the elementary and high school district developer fees. Fiduciary Fund Financial Statements include a Statement of Net Position and represent the related activity for the City's Agency Funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City 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.

D. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

E. Capital Assets

Capital assets, which include land, roads and parking lots, buildings and structures, improvements other than buildings, machinery and equipment, infrastructure assets, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City capitalizes equipment and improvements having an estimated useful life in excess of one year and acquisition cost of at least \$5,000.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventories and Prepaid Items

Inventories are reported at a cost basis. The cost is recorded, using a weighted average, as an expenditure at the time an individual item is consumed rather than when purchased. Inventories are reflected as nonspendable in the General Fund balance and are, therefore, unavailable for appropriation. As of June 30, 2020, inventories on hand were immaterial.

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

The inventories and prepaid items recorded in the governmental funds do not reflect current appropriable resources and, thus, are reported as part of nonspendable fund balance.

G. Property Taxes

Property taxes are collected for a twelve-month period effective July 1 by the County Tax Collector. Property tax is levied each September 1 on the assessed values as of the prior January 1 for all real and personal property located in the City. Once the levy rates are approved, the actual claim to property taxes arises and is enforceable. Taxes are billed once a year in late October and are payable in two equal installments due by December 10 and April 10 (of the following year). Taxes are considered delinquent if paid after the due dates.

As a result of the implementation of Article XIII (a) of the California State Constitution in fiscal year 1978-1979, the City does not have the power to levy property taxes or to set property tax rates based on the financial requirements of the various funds. Instead, the City receives remittances from the County. These remittances are based either on a flat 1% rate applied to the fiscal year 1975-1976 full value of the property, or on 1% of the sales price of the property on sales transactions and construction which occur after the fiscal year 1975-1976 valuation. Values on properties (exclusive of increases related to sales transactions and construction) can rise at a maximum of 2% per year or the amount of increases to the California Consumer Price Index, whichever is less. City property tax revenues are recognized when levied to the extent that they result in current receivables.

Article XIII (a), Section 1B, of the California State Constitution allows property taxes in excess of the 1% limit to fund general obligation bond debt service when such bonds are approved by two-thirds of the local voters.

On October 12, 1993, the County Board of Supervisors adopted and implemented the Alternative Method of Tax Apportionment (Teeter Plan). The Teeter Plan applies to secured taxes only and provides a consistent predictable cash flow for taxes since they are apportioned to the City as if the tax levy had been collected in full.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Use of Estimates and Reclassifications

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. New Accounting Pronouncements

The City has implemented the requirements of the following GASB Pronouncement:

GASB Statement No. 95 – Postponement of the Effective Dates of Certain Authoritative Guidance. This Statement extended the implementation dates for 15 GASB Statements and Implementation Guides by 1 year or more. Of course, many of the Statements could be early-implemented, as applicable.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. Basis of Budgeting

A formal budget is employed as a management control device during the year for the City, and is adopted annually for all City funds, except for the fiduciary funds, Debt Service Fund and certain special revenue funds where appropriate. Consistent with most governmental entities, the City's budget is based on a modified accrual basis of accounting under which revenues are recognized in the period they become available and measurable, and expenditures are recognized in the period the related liability is incurred.

Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States (GAAP).

The City budget includes information regarding estimated costs (or outlays) and revenue (or cash inflows) for identified programs, projects, and levels of service to meet the needs of the City. All annual appropriations lapse at the end of the fiscal year except in the Capital Projects Fund because capital improvement projects typically span more than one fiscal year. Appropriations for capital projects lapse when projects are completed, placed into service, accounted for as capital assets, or abandoned at the discretion of the City and/or City Council.

Budget amendments that increase a fund's appropriations require majority approval by the City Council. Certain budgetary re-allocations within departments require approval by the Finance Director and department heads. Budget amendments between departments are approved by the Finance Director and City Manager. A mid-year budget status report and long-term financial forecast for the next five years is presented to the City Council as part of an ongoing assessment and evaluation of budgetary performance, with special attention to the General Fund and certain other major funds.

Budgetary financial data is included in the required supplementary information for the General Fund and Storm Drainage Fund. Final budgetary data excludes the amount reserved for encumbrances in order to properly compare these amounts to actual expenditures.

Budget Development and Adoption

The City Council encourages all Burlingame residents and business community members to participate in the development of the City budget. The Council holds public meetings to provide guidance on the budget.

Under Council's policy directives and guidance, departments prepare their budget requests in support of their programs in January for submission in early April. Expenditure assumptions are based on known factors such as collective bargaining agreements, current pay and benefit policies, consumer price indices, and other information available from expert third-parties or governing authorities.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (Continued)

A. Basis of Budgeting (Continued)

Budget requests are reviewed by the Finance Department for technical compliance to City budget instructions. The Proposed Budget is prepared and delivered to the City Council in May. The City Council reviews the Proposed Budget before the final budget is formally adopted in June at a public hearing, which gives residents an additional opportunity to comment on the spending plan.

A separate publication presenting this information is available from the City of Burlingame, Finance Department, 501 Primrose Road, Burlingame, CA 94010. General Fund and Storm Drainage Fund Budgetary Comparison Schedules are also included in the Required Supplementary Information, which has information regarding budget to actual performance for the General Fund and Storm Drainage Fund.

NOTE 3 – CASH AND INVESTMENTS

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. This pooled cash is invested to enhance interest earnings in accordance with City investment policy guidelines established by the City Treasurer. The pooled interest earned is allocated to the funds based on cash and investment balances in these funds at the end of each accounting period.

The City has the following cash and investments at June 30, 2020:

	Government-Wide Statement of Net Position			
	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and investments	\$ 141,026,480	\$ 76,003,859	\$ 273,862	\$ 217,304,201
Cash and investments, restricted		447,984		447,984
Cash and investments, restricted, held with fiscal agents	55,054,088	1,463,075		56,517,163
Total cash and investments	<u>\$ 196,080,568</u>	<u>\$ 77,914,918</u>	<u>\$ 273,862</u>	<u>\$ 274,269,348</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 3 – CASH AND INVESTMENTS (Continued)

The City's cash and investments at June 30, 2020 in more detail:

	Fair Value
<u>Deposits</u>	
Deposits - unrestricted	\$ 8,993,811
Deposits - restricted	56,667,566
Total deposits	65,661,377
<u>Investments -unrestricted</u>	
U.S. Treasury Bond/Note	38,846,977
Supranational Agency Bond/Note	4,532,124
Municipal Bond/Note	1,242,446
Federal Agency Obligations	35,390,050
Certificates of Deposit	10,811,114
Asset-Backed Security/Collateralized Mortgage	8,913,964
Corporate notes	24,541,469
California Asset Management Program (CAMP)	36,548,943
California Local Agency Investment Funds (LAIF)	47,780,884
Total investments	208,607,971
Total Cash and Investments	\$ 274,269,348
<u>Cash and Investments Held with Treasury</u>	
Unrestricted, held with Treasury	217,153,798
Restricted, held with Treasury	447,984
Total Cash and Investments Held With Treasury	217,601,782
<u>Restricted Cash and Investment Held with Fiscal Agent</u>	
Investment held with Pension Trust - PARS	12,562,820
Cash held by fiscal agent - US Bank	39,169,302
Cash held by fiscal agent - Bank of New York	4,785,040
Cash held by fiscal agent - J. P. Morgan Chase	127,858
Cash held by fiscal agent - Bank of America	22,546
Total restricted cash and investments held with fiscal agent	56,667,566
Total Cash and Investments	\$ 274,269,348

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 3 – CASH AND INVESTMENTS (Continued)

A. Deposits

Custodial Credit Risk

The carrying amounts of the City's cash deposits were \$8,993,812 at June 30, 2020. Bank balances before reconciling items were \$9,469,629. At that date, the total collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

Custodial credit risk for *deposits* is the risk that the City will not be able to recover its deposits or will not be able to recover collateral securities in the possession of an outside party if a depository institution fails. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit exposure to custodial credit risk for deposits or investments, other than the following provision applicable to deposits.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The fair value of pledged securities must equal at least 110% of the City's cash deposits. State law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

B. Investments

Pooled Investments and Investment by City Treasury

Cash of the respective funds is pooled and invested principally in U.S. Treasury and agency securities and short-term investments such as the State of California (State) Local Agency Investment Fund (LAIF) and the California Asset Management Program (CAMP).

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Investments (Continued)

The LAIF is a pool of State cash and investments and those of California cities and local agencies. The State's investment policy is consistent with the City's policy, and, although State and City investments are pooled, the State does not have access to City funds. The State Treasurer administers LAIF, which charges for the service by retaining a percentage of investment earnings. State regulations permit the City to place up to \$75,000,000 (effective January 1, 2020) in LAIF, plus any bond proceeds related to construction of a City facility.

Valuation

For the purposes of the Statement of Cash Flows, the City considers cash and cash equivalents to be cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less at the time of acquisition. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. Interest income from investment of pooled cash is allocated to the funds based on monthly cash balances.

Investments are presented at fair value except as noted below. The fair value of participants' position in the investment pools is the same as the value of the investment pools' shares and investment income includes changes in fair value (i.e., realized and unrealized gains or losses). Money market funds (such as short-term, highly liquid debt instruments including bankers' acceptances and securities notes, bills, and bonds of the U.S. government and its agencies), and participating interest-earning investment contracts (such as negotiable certificates of deposit, certificates of deposit, and repurchase agreements) that have a remaining maturity at the time of purchase of one year or less, are carried at amortized cost which approximates fair value.

Certain disclosures, if applicable, for deposits and investment risks such as interest rate risk and custodial credit risk are required to be disclosed in the financial statements:

- Fair Value Hierarchy
- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

In addition, other disclosures are specified, including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other information.

For purposes of the Statement of Cash Flows of the proprietary fund types, cash and cash equivalents include all investments, as the City operates an internal cash management pool which maintains the general characteristics of a demand deposit account.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Investments (Continued)

Fair Value Hierarchy

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

The following is a summary of the fair value hierarchy of the fair value of cash and investments of the City as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments by Fair Value Level:			
U.S. Treasury Bond/Note	\$ 38,846,977		\$ 38,846,977
Supranational Agency Bond/Note		\$ 4,532,124	4,532,124
Municipal Bond/Note		1,242,446	1,242,446
Federal Agency Obligations		35,390,050	35,390,050
Asset-Backed Security/ Collateralized Mortgage		8,913,964	8,913,964
Corporate notes		24,541,469	24,541,469
Total Investments	<u>\$ 38,846,977</u>	<u>\$ 74,620,053</u>	<u>\$ 113,467,030</u>
Investments measured at Amortized Cost:			
California Local Agency Investment Fund			\$ 47,780,884
California Asset Management Program			36,548,943
Certificates of Deposit			10,811,114
Total Investments			<u>\$ 208,607,971</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Investments (Continued)

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. Federal agency securities, Certificates of Deposit, Commercial paper totaling and Corporate notes classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The California Local Agency Investment Fund (LAIF) is classified as exempt in the fair value hierarchy, as it is valued at amortized cost, which is exempt from being classified under GASB 72. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian bank.

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. The City has the following investments in one issuer (other than money market funds and an external investment pool) that represent 5% or more of total City investments:

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>
Fannie Mae	Federal Agency Securities	\$ 23,874,042

Interest Rate Risk

To minimize exposure to fair value losses caused by rising interest rates and to meet the liquidity needs of the City, the City's investment policy limits its investment portfolio to a maturity of less than 5 years.

<u>Investment Type</u>	<u>12 Months or less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>Total</u>	<u>Percentage of Portfolio</u>
U.S. Treasury Bond/Note			\$ 38,846,977	\$ 38,846,977	18.62%
Supranational Agency Bond/Note	\$ 3,290,268	\$ 1,241,856		4,532,124	2.17%
Municipal Bond/Note			1,242,446	1,242,446	0.60%
Federal Agency Obligations		3,096,949	32,293,101	35,390,050	16.96%
Corporate notes	7,331,982	4,462,227	12,747,260	24,541,469	11.76%
Asset-Backed Security/ Collateralized Mortgage		530,573	8,383,391	8,913,964	4.27%
Certificates of Deposit	7,159,406	1,187,328	2,464,380	10,811,114	5.18%
California Asset Management Program	36,548,943			36,548,943	17.52%
California Local Agency Investment Fund	47,780,884			47,780,884	22.90%
Total Investments	<u>\$ 102,111,483</u>	<u>\$ 10,518,933</u>	<u>\$ 95,977,555</u>	<u>\$ 208,607,971</u>	<u>100.00%</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Investments (Continued)

Credit Risk

State law limits investments in commercial paper and corporate bonds to be rated in a category “A” or its equivalent or better by nationally recognized statistical rating organizations (NRSROs). It is the City’s policy to limit its investments in these investment types to the top rating issued by NRSROs, including raters Standard & Poor’s, Fitch Ratings, and Moody’s Investors Service (Moody’s).

Investment Type:	Fair Value:	Moody's Rating
U.S. Treasury Bond/Note	\$ 38,846,977	Aaa
Federal Agency Obligations	35,390,050	Aaa
Supranational Agency Bond/Note	4,532,124	Aaa
Municipal Bond/Note	1,242,446	Aa2
Asset-Backed Security/ Collateralized Mortgage	8,913,964	Aaa
Corporate Notes:		
Wells Fargo Corp Notes	978,234	A2
Bank of New York Mellon Corp	2,030,044	A1
Bank of America Corp Note	936,117	A2
Morgan Stanley Corp Notes	934,989	A3
Goldman Sachs GRP Inc. Corp NT	933,809	A3
Branch Banking & Trust	1,518,789	A3
Cisco System Inc. Corp Notes	1,450,241	A1
Citigroup Inc. Corp Note	947,518	A3
IBM Corp Bonds	2,064,468	A2
Walt Disney Company Notes	1,122,132	A2
Amazon.com Inc. Bonds	1,838,643	A2
JPMorgan Chase & Co Bonds	1,002,437	A2
Home Depot Inc. Corp Note	1,135,305	A2
Apple Inc Corporate Notes	721,946	Aa1
Apple Inc Corporate Notes	1,474,182	Aa1
US Bank NA Cincinnati Corp Notes	1,954,818	A1
Pfizer Inc Corp Notes	1,621,608	A1
Toyota Motor Credit Corp Corp Notes	392,510	A1
Toyota Motor Credit Corp Corp Notes	547,448	A1
Intel Corp Corporate Notes	936,231	A1
Certificates of Deposit	10,811,114	FDIC Insured
California Asset Management Program	36,548,943	Not Rated
California Local Agency Investment Fund	47,780,884	Not Rated
	<u><u>\$ 208,607,971</u></u>	

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 3 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the City's investments in securities are held in the name of the City. The City's custody agreement policy prohibits counterparties holding securities not in the City's name.

C. Investments in LAIF

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by the State, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, floating rate Securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills and corporations. As of June 30, 2020, these investments have an average maturity of 191 days.

D. California Asset Management Program

The City is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by a Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its participants to invest certain proceeds of debt issues and surplus funds. The Pool's investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share. At June 30, 2020, these investments have an average maturity of 53 days, and the fair value approximated was the City's cost.

NOTE 4 – INTERFUND TRANSFERS AND TRANSACTIONS

A. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to allocate resources from the fund that receives them to the fund where they will be spent without a requirement for repayment. Less often, a transfer may be made to open or close a fund.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 4 – INTERFUND TRANSFERS AND TRANSACTIONS (Continued)

Transfers between funds for the year ending June 30, 2020, are as follows:

Transfers Out	Transfers In				Total Out	
	General Fund	Debt Service Fund	Capital Projects Fund	Non Major		
General Fund		\$ 4,708,763	\$ 15,985,000	\$ 143,500	\$ 20,837,263	(c)(d)
Storm Drain Fund	\$ 15,000	2,068,139			2,083,139	(d)
Debt Service Fund			1,432,014		1,432,014	(b)
Non Major	316,000		1,850,000		2,166,000	(b)
Water Fund	970,815				970,815	(a)
Sewer Fund	738,815				738,815	(a)
Waste Management Fund	58,000				58,000	(a)
Parking Fund	337,189				337,189	(a)
Building Enterprise Fund	108,000				108,000	(a)
Total In	<u>\$ 2,543,819</u>	<u>\$ 6,776,902</u>	<u>\$ 19,267,014</u>	<u>\$ 143,500</u>	<u>\$ 28,731,235</u>	

- (a) To fund debt service and administrative support
- (b) To fund capital projects
- (c) To fund capital projects and various city services
- (d) To fund debt service

B. Interfund Receivables and Payables

During the course of operations, transactions may occur between funds to account for goods received or services rendered. Transactions between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as advances to/from other funds, which represent the noncurrent portion of any interfund loans. All other outstanding balances between funds are reported as due to/from other funds. Any other residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

C. Internal Balances

Internal balances are presented only in the government-wide financial statements. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

Due From	Due To				Total
	Governmental Fund	Enterprises Fund		Internal Services Fund	
	Debt Service Fund	Water Fund	Sewer Fund	OPEB Fund	
General Fund				\$ 146,768	\$ 146,768
Debt Service Fund		\$ 1,083	\$ 1,083		2,166
Capital Projects Fund	\$ 576,944				576,944
Total	\$ 576,944	\$ 1,083	\$ 1,083	\$ 146,768	\$ 725,878

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 5 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated acquisition value on the date contributed. Furthermore, the book value of grant-funded assets is shown net of any grant reimbursement revenue. Capital outlay is recorded as expenditures in the General, Capital Projects, and other governmental funds and as an asset in the government-wide financial statements to the extent that the City's capitalization threshold is met. Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of the capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Except for roads and parking lots covered by the modified approach, depreciation has been provided on capital assets excluding land and construction in progress. Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the Statement of Net Position as a reduction in the book value of capital assets.

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets.

<u>Type of Asset</u>	<u>Years</u>
Buildings and structures	10-100
Improvements	10-100
Machinery and equipment	5-15
Infrastructure	10-100

The modified approach is an alternative to depreciation that may be applied for eligible infrastructure capital assets. The City has elected to follow the modified approach for paved roads and parking lots. No depreciation is reported for these assets nor are amounts capitalized in connection with improvements that lengthen the lives of the roads and parking lots, unless the improvements also increase their service potential. Rather, costs for both maintenance and preservation of these assets are expensed in the period incurred. The City maintains an inventory of the roads and parking lots and performs periodic condition assessments to establish the condition levels of the systems. Additional information regarding the condition of paved roads can found in the required supplementary information.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 5 – CAPITAL ASSETS (Continued)

Intangible Assets

In 2010, the City adopted GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB Statement No. 51 established accounting and financial reporting requirements for intangible assets to reduce inconsistencies, enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The statement also provides authoritative guidance that specifically addresses the nature of the intangible assets that are internally created by the governmental entity. Examples of intangible assets include easements, land use rights, and computer software. The City capitalizes intangible assets with an acquisition cost of at least \$5,000 and an estimated useful life in excess of one year.

Artwork and historical artifacts of the City held for public exhibition or promotion of education and public service rather than financial gain are not capitalized and are expensed when incurred. As of June 30, 2020, the City does not have intangible assets.

A. Capital Asset Activity from Governmental Activities

Capital asset activity for the year ended June 30, 2020, relating to governmental activities was as follows:

	Balance July 01, 2019	Increases	Decreases	Transfers	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$ 6,407,198				\$ 6,407,198
Pavement accounted for using the modified approach	32,947,987				32,947,987
Construction in progress	6,800,759	\$ 14,334,686		\$ (5,016,695)	16,118,750
Total capital assets, not being depreciated	46,155,944	14,334,686		(5,016,695)	55,473,935
Capital assets being depreciated:					
Buildings and structures	42,100,412	337,100		213,399	42,650,911
Machinery and equipment	21,810,768	480,370	\$ (36,503)	170,772	22,425,407
Improvements and Infrastructure	108,180,592		(181,112)	4,632,524	112,632,004
Total capital assets, being depreciated	172,091,772	817,470	(217,615)	5,016,695	177,708,322
Less accumulated depreciation for:					
Buildings and structures	19,104,052	825,957			19,930,009
Machinery and equipment	18,046,464	1,247,621	(36,503)		19,257,582
Infrastructure & Improvements	51,069,514	1,756,555			52,826,069
Total accumulated depreciation	88,220,030	3,830,133	(36,503)		92,013,660
Total capital assets, being depreciated, net	83,871,742	(3,012,663)	181,112	5,016,695	85,694,662
Governmental activities capital assets, net	\$ 130,027,686	\$ 11,322,023	\$ 181,112		\$ 141,168,597

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 5 – CAPITAL ASSETS (Continued)

B. Capital Asset Activity from Business-Type Activities

Capital asset activity for the year ended June 30, 2020, relating to business-type activities was as shown below.

	Balance July 01, 2019	Increases	Transfers	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 6,357,188			\$ 6,357,188
Construction in progress	7,575,008	\$ 7,265,751	\$ (7,974,456)	6,866,303
Total capital assets, not being depreciated	13,932,196	7,265,751	(7,974,456)	13,223,491
Capital assets being depreciated:				
Buildings and structures	3,924,051			3,924,051
Improvements and Infrastructure	173,405,281	167,551	7,910,412	181,483,244
Machinery and equipment	7,434,271	33,242	64,044	7,531,557
Total capital assets, being depreciated	184,763,603	200,793	7,974,456	192,938,852
Less accumulated depreciation for:				
Buildings and structures	1,580,744	80,096		1,660,840
Improvements other than buildings	82,611,469	4,833,572		87,445,041
Machinery and equipment	5,667,740	328,100		5,995,840
Total accumulated depreciation	89,859,953	5,241,768		95,101,721
Total capital assets, being depreciated, net	94,903,650	(5,040,975)	7,974,456	97,837,131
Business-type activities capital assets, net	\$ 108,835,846	\$ 2,224,776		\$ 111,060,622

C. Depreciation Expense

Depreciation expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program for the current year were as follows:

	Depreciation	Less: ISF	Governmental Funds
Governmental activities:			
General government	\$ 145,851		\$ 145,851
Public safety	513,234		513,234
Public works	2,194,861	\$ (731,024)	1,463,837
Parks, recreation, and library	976,187		976,187
Total depreciation expense - governmental activities	\$ 3,830,133	\$ (731,024)	\$ 3,099,109
Business-type activities:			
Water	\$ 2,069,723		
Sewer	3,037,033		
Parking	135,012		
Total depreciation expense - business-type activities	\$ 5,241,768		

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT

Government-Wide Financial Statements

In the government-wide financial statements, long-term debt and other financial obligations are reported as liabilities in the appropriate activities or proprietary funds. Bond premiums, discounts, and deferred gains and losses at refunding are deferred and amortized over the life of the bonds using the straight-line method. Issuance costs are expensed in the year incurred.

Governmental Fund Financial Statements

The governmental fund financial statements do not present long-term debt, which is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

Governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (Continued)

The following is a summary of changes in long-term debt related to governmental and business-type activities during the fiscal year ended June 30, 2020:

Description	Beginning Balance June 30, 2019	Additions	Reductions	Ending Balance June 30, 2020	Amounts Due Within One Year
Governmental Activities - Bonds:					
Pension Obligation Bonds, Series 2006	\$ 8,510,000		\$ (505,000)	\$ 8,005,000	\$ 555,000
Storm Drainage Revenue Bonds, Series 2010	7,730,000		(275,000)	7,455,000	285,000
- Unamortized Premium	141,870		(7,790)	134,080	(7,790)
Storm Drainage Revenue Bonds, Series 2012	8,765,000		(325,000)	8,440,000	340,000
- Unamortized Premium	207,819		(10,657)	197,162	(10,657)
Lease Revenue Refunding Bonds, Series 2010	2,210,000		(1,085,000)	1,125,000	1,125,000
- Unamortized Premium	108,729		(54,365)	54,364	(54,364)
Lease Revenue Bonds, Series 2012	8,610,000		(245,000)	8,365,000	250,000
- Unamortized Premium	189,541		(8,066)	181,475	(8,066)
Storm Drainage Revenue Bonds, Series 2016	8,520,000		(295,000)	8,225,000	305,000
- Unamortized Premium	885,256		(46,593)	838,663	(46,593)
Lease Revenue Bonds, Series 2019		\$ 31,400,000	(1,160,000)	30,240,000	485,000
- Unamortized Premium		7,831,615	(130,527)	7,701,088	(261,054)
Total Governmental Activities-Bonds	45,878,215	39,231,615	(4,147,998)	80,961,832	2,956,476
Governmental Activities - Direct Borrowings:					
PG&E Loan - 2020	-	337,099	(38,954)	298,145	49,064
Total Governmental Type Activities - Direct Borrowings	-	337,099	(38,954)	298,145	49,064
Total Governmental Type Activities	\$ 45,878,215	\$ 39,568,714	\$ (4,186,952)	\$ 81,259,977	\$ 3,005,540
Business-Type Activities - Bonds:					
Water and Wastewater Refunding Bonds, Series 2011	\$ 3,600,000		\$ (330,000)	\$ 3,270,000	\$ 345,000
- Unamortized Premium	312,493		(34,722)	277,771	(34,722)
Water and Wastewater Refunding Bonds, Series 2013	9,805,000		(815,000)	8,990,000	845,000
- Unamortized Premium	902,163		(90,216)	811,947	(90,216)
Water and Wastewater Refunding Bonds, Series 2016	14,645,000		(950,000)	13,695,000	985,000
- Unamortized Premium	2,395,228		(199,603)	2,195,625	(199,603)
Total Business-Type Activities - Bonds	31,659,884		(2,419,541)	29,240,343	1,850,459
Business-Type Activities - Direct Borrowings:					
State Water Resource Loan - 2003	5,120,022		(586,075)	4,533,947	600,727
State Water Resource Loan - 2010	4,071,154		(254,966)	3,816,188	262,360
Total Business-Type Activities - Direct Borrowings	9,191,176		(841,041)	8,350,135	863,087
Total Business-Type Activities	\$ 40,851,060		\$ (3,260,582)	\$ 37,590,478	\$ 2,713,546

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (Continued)

A. Long-Term Debt from Governmental Activities

Pension Obligation Bonds, 2006 Series A Bonds – Original Issue \$32,975,000

In September 2006, the City issued \$32,975,000 in taxable pension obligation bonds. The City is obligated to make payments to the California Public Employees' Retirement System (CalPERS) as a result of retirement benefits accruing to members of CalPERS. The City's statutory obligation includes, among others, the requirement to amortize the unfunded accrued actuarial liability (UAAL) and to make contributions with respect to such retirement benefits. The proceeds of the bonds were used to provide funds to allow the City to refund its current UAAL with respect to retirement benefits accruing to members of CalPERS and to prepay a portion of its contribution to CalPERS for the fiscal year ended June 30, 2007. Principal on the bonds is payable annually on June 1. Interest on the bonds is payable semi-annually June 1 and December 1. During fiscal year 2020, the City made principal and interest payments totaling \$505,000 and \$471,500, respectively. The bonds mature on June 1, 2036, and the underlying serial and term bonds carry an interest rate that varies from 5.2% to 5.5%.

The bonds are payable from any source of available funds of the City. The bond covenants contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City. Remedies following an event of default include any remedy available at law or in equity. No such events of default occurred during the fiscal year ending June 30, 2020.

<u>For The Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 555,000	\$ 443,891	\$ 998,891
2022	605,000	413,550	1,018,550
2023	660,000	379,966	1,039,966
2024	725,000	343,329	1,068,329
2025	790,000	303,085	1,093,085
2026-2030	1,685,000	1,121,025	2,806,025
2031-2035	2,395,000	581,190	2,976,190
2036	590,000	32,751	622,751
	<u>\$ 8,005,000</u>	<u>\$ 3,618,787</u>	<u>\$ 11,623,787</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (Continued)

A. Long-Term Debt from Governmental Activities (Continued)

Lease Revenue Refunding Bonds, Series 2010 – Original Issue \$8,205,000

In 2010, the Authority issued \$8,205,000 of Lease Revenue Refunding Bonds, Series 2010 to refund and defease all of the Authority's outstanding Lease Revenue Bonds, Series 2001, which financed certain improvements to the City's Corporation Yard and paid the costs of issuance of the bonds. A premium of \$579,892 was paid and will be amortized over the life of the bonds. The transaction resulted in an economic gain of \$1,150,926 and a reduction of \$2,575,952 in future debt service payments. Principal is due annually on June 1, commencing on June 1, 2007. Interest on the bonds is payable semiannually on June 1 and December 1, commencing on December 1, 2010. During fiscal year 2020, the City made principal and interest payments totaling \$1,085,000 and \$82,775, respectively. The bonds mature on June 1, 2021, and the underlying serial and term bonds carry an interest rate that varies from 2.5% to 4.0%.

The bonds are limited obligations of the Burlingame Financing Authority and are payable by the Authority solely from the revenues, consisting primarily of base rental payments paid by the City to the Authority and from amounts on deposit in certain funds and accounts held under the trust agreement. The City has covenanted in the facilities sublease to include all base rental payments and additional payments needed in its annual budgets. Should the City default under the facilities sublease, the trustee may terminate the sublease and recover certain damages from the City, or may retain the facilities sublease and hold the City liable for base rental payments as they become due. Base Rental payments may not be accelerated upon a default under the facilities sublease. No such events of default occurred during the fiscal year ending June 30, 2020.

<u>For The Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,125,000	\$ 39,375	\$ 1,164,375
	<u>1,125,000</u>	<u>39,375</u>	<u>1,164,375</u>
Plus: Unamortized premium	<u>54,364</u>		<u>54,364</u>
	<u>\$ 1,179,364</u>	<u>\$ 39,375</u>	<u>\$ 1,218,739</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (Continued)

A. Long-Term Debt from Governmental Activities (Continued)

Storm Drainage Revenue Bonds, Series 2010 – Original Issue \$9,805,000
Series 2010A-1 Tax-Exempt \$2,635,000
Series 2010A-2 Taxable – Build America Bonds
\$7,170,000

The Authority issued Storm Drainage Revenue Bonds, Series 2010 to provide funds to the City to finance certain improvements to the City's Storm Drainage System and fund a reserve account for the bonds. The bonds include \$2,635,000 in tax-exempt bonds and \$7,170,000 in taxable Build America Bonds under the American Recovery and Reinvestment Act of 2009 (Recovery Act). Pursuant to the Recovery Act, the City expects to receive a cash subsidy payment from the United States Treasury up to 35% of the interest payable on the Series 2010A-2 bonds on or about each interest payment date. The Refundable Credits received by the City constitute system revenues and are pledged to the payment of installment payments under the Installment Sale Agreement. The tax-exempt series was issued at a premium of \$210,326, which will be amortized over the life of the bonds. Principal is due annually on July 1, commencing July 1, 2011. Interest on the bonds is payable semiannually on January 1 and July 1, commencing on January 1, 2011. During fiscal year 2020, the City made principal and interest payments on the tax-exempt series totaling \$275,000 and \$20,975, respectively. Principal and interest payments on the taxable series totaled \$0 and \$318,688, respectively, net of the Build America Bonds Interest subsidy. The bonds mature on July 1, 2038, and the underlying serial and term bonds carry interest rates which vary from 3.0% to 6.8%.

The bonds are limited obligations of the Burlingame Financing Authority and are payable by the Authority solely from the revenues generally consisting of installment payments paid by the City to the Authority and from amounts on deposit in certain funds and accounts held under the trust agreement. The installment payments are special obligations of the City under the 2010 Installment Sale Agreement and are separately secured by a pledge of the system revenues of the Storm Drainage System. System revenues are required to be at least equal to 110% of the maximum annual debt service for all outstanding installment payments and all outstanding parity obligations during each fiscal year. The system revenues consist primarily of the Storm Drainage Fees approved by a majority of the parcel owners in the City voting at a special election May 5, 2009. Failure by the City to pay installment payments constitutes an event of default under the installment sale agreement, and the trustee is permitted to pursue remedies at law or in equity to enforce the City's obligation to make such payments. The trustee has no right to accelerate the total unpaid principal amount of the installment payments. No such events of default occurred during the fiscal year ending June 30, 2020.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (Continued)

A. Long-Term Debt from Governmental Activities (Continued)

Storm Drainage Revenue Bonds, Series 2010 (continued)

Storm Drainage - Series 2010A-1 - Tax Exempt				
For The Year Ending June 30	Governmental			Total
	Principal	Interest		
2021	\$ 285,000	\$ 9,975		\$ 294,975
	285,000	9,975		294,975
Plus: Unamortized premium	134,080			134,080
	<u>\$ 419,080</u>	<u>\$ 9,975</u>		<u>\$ 429,055</u>

Storm Drainage - Series 2010B Taxable - Build America Bonds				
For The Year Ending June 30	Governmental			Total
	Principal	Interest	Subsidy*	
2021		\$ 475,245	\$ (156,522)	\$ 318,723
2022	\$ 295,000	475,245	(156,522)	613,723
2023	310,000	457,377	(153,580)	613,797
2024	320,000	438,600	(147,545)	611,055
2025	335,000	419,218	(141,261)	612,957
2026-2030	1,890,000	1,754,308	(494,018)	3,150,290
2031-2035	2,350,000	1,060,488	(423,370)	2,987,118
2036-2039	1,670,000	230,112	(154,486)	1,745,626
	<u>\$ 7,170,000</u>	<u>\$ 5,310,593</u>	<u>\$ (1,827,304)</u>	<u>\$ 10,653,289</u>

* Assumes sequestration rate of Federal subsidy of Build America Bonds remains at 2020 rate (5.9%)

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (Continued)

A. Long-Term Debt from Governmental Activities (Continued)

Lease Revenue Bonds, Series 2012 – Original Issue \$10,030,000

In December 2012, the Authority issued the Lease Revenue Bonds, Series 2012 to finance certain improvements to Downtown Burlingame Avenue in accordance with the City's Downtown Burlingame Avenue Streetscape Project and to pay the costs of issuance of the bonds. The bonds were issued at a premium of \$237,936, which will be amortized over the life of the bonds. Principal and interest are due annually on June 1, commencing on June 1, 2013. During fiscal year 2020, the City made principal and interest payments totaling \$245,000 and \$306,488, respectively. The bonds mature on June 1, 2042, and the underlying serial and term bonds carry an interest rate that varies from 2.0% to 5.0%.

The bonds are limited obligations of the Burlingame Financing Authority and are payable by the Authority solely from revenues consisting primarily of base rental payments paid by the City to the Authority and from amounts on deposit in certain funds and accounts held under the trust agreement. The City has covenanted in the facilities sublease to include all base rental payments and additional payments needed in its annual budgets. Should the City default under the facilities sublease, the trustee may terminate the sublease and recover certain damages from the City, or may retain the facilities sublease and hold the City liable for base rental payments as they become due. Base rental payments may not be accelerated upon a default under the facilities sublease. No such events of default occurred during the fiscal year ending June 30, 2020.

For The Year Ending June 30	Principal	Interest	Total
2021	\$ 250,000	\$ 296,688	\$ 546,688
2022	265,000	286,688	551,688
2023	275,000	276,088	551,088
2024	285,000	262,338	547,338
2025	300,000	248,088	548,088
2026-2030	1,675,000	1,069,512	2,744,512
2031-2035	1,955,000	793,431	2,748,431
2036-2040	2,315,000	431,725	2,746,725
2041-2042	1,045,000	55,125	1,100,125
	<u>8,365,000</u>	<u>3,719,683</u>	<u>12,084,683</u>
Plus: Unamortized premium	<u>181,475</u>		<u>181,475</u>
	<u>\$ 8,546,475</u>	<u>\$ 3,719,683</u>	<u>\$ 12,266,158</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (Continued)

A. Long-Term Debt from Governmental Activities (Continued)

Storm Drainage Revenue Bonds, Series 2012 – Original Issue \$10,615,000

In December 2012, the Authority issued Storm Drainage Revenue Bonds, Series 2012 to provide funds to the City to finance certain improvements to the City's Storm Drainage System and fund a reserve account for the bonds. Principal is due annually on July 1, commencing July 1, 2013. Interest on bonds is payable semiannually on January 1 and July 1, commencing on July 1, 2013. During fiscal year 2020, the City made principal and interest payments totaling \$325,000 and \$299,144, respectively. The bonds mature on July 1, 2038, and the underlying serial and term bonds carry interest rates which vary from 2.0% to 5.0%.

The bonds are limited obligations of the Burlingame Financing Authority and are payable by the Authority solely from the revenues generally consisting of installment payments paid by the City to the Authority and from amounts on deposit in certain funds and accounts held under the trust agreement. The installment payments are special obligations of the City under the 2012 Installment Sale Agreement and are separately secured by a pledge of the system revenues of the Storm Drainage System. System revenues are required to be at least equal to 110% of the maximum annual debt service for all outstanding installment payments and all outstanding parity obligations during each fiscal year. The system revenues consist primarily of the Storm Drainage Fees approved by a majority of the parcel owners in the City voting at a special election May 5, 2009. Failure by the City to pay installment payments constitutes an event of default under the installment sale agreement, and the trustee is permitted to pursue remedies at law or in equity to enforce the City's obligation to make such payments. The trustee has no right to accelerate the total unpaid principal amount of the installment payments. No such events of default occurred during the fiscal year ending June 30, 2020.

For The Year Ending June 30	Principal	Interest	Total
2021	\$ 340,000	\$ 286,144	\$ 626,144
2022	360,000	269,144	629,144
2023	370,000	251,144	621,144
2024	395,000	232,644	627,644
2025	410,000	212,894	622,894
2026-2030	2,230,000	892,657	3,122,657
2031-2035	2,580,000	538,226	3,118,226
2036-2038	1,755,000	115,376	1,870,376
	<u>8,440,000</u>	<u>2,798,229</u>	<u>11,238,229</u>
Plus: Unamortized premium	<u>197,162</u>		<u>197,162</u>
	<u>\$ 8,637,162</u>	<u>\$ 2,798,229</u>	<u>\$ 11,435,391</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (Continued)

A. Long-Term Debt from Governmental Activities (Continued)

Storm Drainage Revenue Bonds, Series 2016– Original Issue \$9,855,000

In February 2016, the Authority issued Storm Drainage Revenue Bonds, Series 2016 to provide funds to the City to finance certain improvements to the City's Storm Drainage System and fund a reserve account for the bonds. Principal is due annually on July 1, commencing July 1, 2016. Interest on bonds is payable semiannually on January 1 and July 1, commencing on July 1, 2017. During fiscal year 2020, the City made principal and interest payments totaling \$295,000 and \$357,875, respectively. The bonds mature on July 1, 2038, and the underlying serial and term bonds carry interest rates which vary from 2.0% to 5.0%.

The bonds are limited obligations of the Burlingame Financing Authority and are payable by the Authority solely from the revenues generally consisting of installment payments paid by the City to the Authority and from amounts on deposit in certain funds and accounts held under the trust agreement. The installment payments are special obligations of the City under the 2016 Installment Sale Agreement and are separately secured by a pledge of the system revenues of the Storm Drainage System. System revenues are required to be at least equal to 110% of the maximum annual debt service for all outstanding installment payments and all outstanding parity obligations during each fiscal year. The system revenues consist primarily of the Storm Drainage Fees approved by a majority of the parcel owners in the City voting at a special election May 5, 2009. Failure by the City to pay installment payments constitutes an event of default under the installment sale agreement, and the trustee is permitted to pursue remedies at law or in equity to enforce the City's obligation to make such payments. The trustee has no right to accelerate the total unpaid principal amount of the installment payments. No such events of default occurred during the fiscal year ending June 30, 2020.

For The Year Ending June 30	Principal	Interest	Total
2021	\$ 305,000	\$ 346,075	\$ 651,075
2022	310,000	333,875	643,875
2023	335,000	318,375	653,375
2024	345,000	301,625	646,625
2025	365,000	284,375	649,375
2026-2030	2,130,000	1,132,375	3,262,375
2031-2035	2,625,000	653,125	3,278,125
2036-2038	1,810,000	172,625	1,982,625
	<u>8,225,000</u>	<u>3,542,450</u>	<u>11,767,450</u>
Plus: Unamortized premium	838,663		838,663
	<u>\$ 9,063,663</u>	<u>\$ 3,542,450</u>	<u>\$ 12,606,113</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (Continued)

A. Long-Term Debt from Governmental Activities (Continued)

Lease Revenue Bonds, Series 2019– Original Issue \$31,400,000

In December 2019, the Authority issued the Lease Revenue Bonds, Series 2019 to finance the construction and equipping of a portion of the Burlingame Community Center to be located at 850 Burlingame Avenue and to pay the costs of issuance of the bonds. The bonds were issued at a premium of \$7,831,615, which will be amortized over the life of the bonds. Principal and interest are due annually on July 1, commencing on June 1, 2020. During fiscal year 2020, the City made principal and interest payments totaling \$1,160,000 and \$837,333, respectively. The bonds mature on July 1, 2049, and the underlying serial and term bonds carry an interest rate of 5.0%.

The bonds are limited obligations of the Burlingame Financing Authority and are payable by the Authority solely from revenues consisting primarily of base rental payments paid by the City to the Authority and from amounts on deposit in certain funds and accounts held under the trust agreement. The City has covenanted in the facilities sublease to include all base rental payments and additional payments needed in its annual budgets. Should the City default under the facilities sublease, the trustee may terminate the sublease and recover certain damages from the City, or may retain the facilities sublease and hold the City liable for base rental payments as they become due. Base rental payments may not be accelerated upon a default under the facilities sublease. No such events of default occurred during the fiscal year ending June 30, 2020.

For The Year Ending June 30	Principal	Interest	Total
2021	\$ 485,000	\$ 1,512,000	\$ 1,997,000
2022	510,000	1,487,750	1,997,750
2023	535,000	1,462,250	1,997,250
2024	560,000	1,435,500	1,995,500
2025	590,000	1,407,500	1,997,500
2026-2030	3,425,000	6,564,250	9,989,250
2031-2035	4,365,000	5,618,500	9,983,500
2036-2040	5,575,000	4,412,000	9,987,000
2041-2045	7,115,000	2,871,750	9,986,750
2046-2050	7,080,000	906,250	7,986,250
	<u>30,240,000</u>	<u>27,677,750</u>	<u>57,917,750</u>
Plus:			
Unamortized premium	<u>7,701,088</u>		<u>7,701,088</u>
	<u>\$37,941,088</u>	<u>\$27,677,750</u>	<u>\$65,618,838</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (Continued)

A. Long-Term Debt from Governmental Activities (Continued)

PG&E On-Bill Financing 2019 Loans (Direct Borrowing)

The City entered into several loan agreements with Pacific Gas & Electric Company (PG&E) through the On-Bill Financing (OBF) Program to retrofit City lighting with qualified energy-saving lights throughout the City. The notes are to be repaid with future energy savings over various periods at interest rates of 0%.

Under this program, the City's bill after the retrofits are completed will be kept constant, rather than reduced based on energy savings. PG&E will use the City's financial savings from lower energy bills to service the debt associated with the upgrades.

The annual requirements to repay the PG&E note outstanding as of June 30, 2020 are as follows:

<u>For The Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 49,064	\$ -	\$ 49,064
2022	49,064	-	49,064
2023	49,064	-	49,064
2024	36,916	-	36,916
2025	33,934	-	33,934
Thereafter	80,103	-	80,103
	<u>\$ 298,145</u>	<u>\$ -</u>	<u>\$ 298,145</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (Continued)

B. Long-Term Debt from Business-Type Activities

Water and Wastewater Refunding Revenue Bonds, Series 2011 – Original Issue \$5,935,000

In 2011, the Authority issued \$5,935,000 of Water and Wastewater Refunding Revenue Bonds, Series 2011 to refund and defease all of the Authority's outstanding Water and Wastewater Revenue Bonds, Series 2003, which financed certain improvements to the City's water and wastewater system, and to pay the costs of issuance of the bonds. Principal is payable annually on April 1, commencing April 1, 2012. Interest on the bonds is payable semiannually on April 1 and October 1, commencing April 1, 2012. For the current year, principal and interest paid on the Water and Wastewater Bonds, Series 2011 were \$330,000 and \$172,251, respectively. Of this amount, principal and interest payments made by the Water Enterprise Fund were \$210,000 and \$109,813, respectively. Principal and interest payments made by the Sewer Enterprise Fund were \$120,000 and \$62,438, respectively.

The bonds mature on April 1, 2028, with an interest rate that varies from 4.00 to 4.75%. A premium of \$575,800 was paid and will be amortized over the life of the bond. The refunding transaction resulted in an economic gain of \$450,734 and a reduction of \$1,429,732 in future debt service payments.

The bonds are limited obligations of the Burlingame Financing Authority and are payable by the Authority solely from the revenues generally consisting of separate installment payments paid by the City to the Authority. The bonds are secured by a pledge of the net revenue generated from the water system, wastewater system, and from amounts on deposit in certain funds held under the trust agreement. Net system revenues are required to be at least equal to 120% of the installment payments and debt service for any parity obligations during each fiscal year, and net system revenues (excluding connection fees and money transferred from any rate stabilization fund) will be equal to at least 100% of the installment payments and debt service on other parity obligation during each fiscal year. The City is not obligated to use system net revenues from one system to make up for a deficiency in the installment payments in connection with the other system. Failure by the City to pay installment payments constitutes an event of default under the installment sale agreement, and the trustee is permitted to pursue remedies at law or in equity to enforce the City's obligation to make such payments. Although the trustee has the right to accelerate the total unpaid principal amount of the installment payments, there is no assurance that the City would have sufficient funds to pay the accelerated amounts. No such events of default occurred during the fiscal year ending June 30, 2020.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (Continued)

B. Long-Term Debt from Business-Type Activities (Continued)

For The Year Ending June 30	Principal	Interest	Total
2021	\$ 345,000	\$ 155,751	\$ 500,751
2022	360,000	138,501	498,501
2023	380,000	120,501	500,501
2024	400,000	101,501	501,501
2025	415,000	81,501	496,501
2026-2028	<u>1,370,000</u>	<u>128,453</u>	<u>1,498,453</u>
	3,270,000	726,208	3,996,208
Plus: Unamortized premium	<u>277,771</u>		<u>277,771</u>
	<u>\$ 3,547,771</u>	<u>\$ 726,208</u>	<u>\$ 4,273,979</u>

Water and Wastewater Revenue Refunding Bonds, Series 2013 – Original Issue \$14,260,000

In 2013, the Authority issued \$14,260,000 of Water and Wastewater Revenue Refunding Bonds, Series 2013 to advance refund the Authority's outstanding Water and Wastewater Revenue Bonds, Series 2004, which financed certain improvements to the City's water and wastewater system, and to pay the costs of issuance of the bonds. Principal is payable annually on April 1, commencing April 1, 2013. Interest on the bonds is payable semi-annually on April 1 and October 1, commencing October 1, 2013. During fiscal year 2020, the City made principal and interest payments of \$815,000 and \$388,301, respectively. Of this amount, principal and interest payments made by the Water Enterprise Fund were \$540,000 and \$257,838, respectively. Principal and interest payments made by the Sewer Enterprise Fund were \$275,000 and \$130,463, respectively. The bonds mature on April 1, 2029, with underlying serial and term bonds carrying an interest rate that varies from 2.00% to 5.00%. The bond was issued a premium of \$1,533,676 which will be amortized over the life of the bond. The refunding transaction resulted in an economic gain of \$584,903.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (Continued)

B. Long-Term Debt from Business-Type Activities (Continued)

The bonds are limited obligations of the Burlingame Financing Authority and are payable by the Authority solely from the revenues generally consisting of separate installment payments paid by the City to the Authority. The bonds are secured by a pledge of the net revenue generated from the water system, wastewater system, and from amounts on deposit in certain funds held under the trust agreement. Net system revenues are required to be at least equal to 120% of the installment payments and debt service for any parity obligations during each fiscal year, and net system revenues (excluding connection fees and money transferred from any rate stabilization fund) will be equal to at least 100% of the installment payments and debt service on other parity obligation during each fiscal year. The City is not obligated to use system net revenues from one system to make up for a deficiency in the installment payments in connection with the other system. Failure by the City to pay installment payments constitutes an event of default under the installment sale agreement, and the trustee is permitted to pursue remedies at law or in equity to enforce the City's obligation to make such payments. Although the trustee has the right to accelerate the total unpaid principal amount of the installment payments, there is no assurance that the City would have sufficient funds to pay the accelerated amounts. No such events of default occurred during the fiscal year ending June 30, 2020.

For The Year Ending June 30	Principal	Interest	Total
2021	\$ 845,000	\$ 359,776	\$ 1,204,776
2022	875,000	325,976	1,200,976
2023	910,000	290,976	1,200,976
2024	950,000	254,576	1,204,576
2025	995,000	207,076	1,202,076
2026-2030	4,415,000	404,004	4,819,004
	<u>8,990,000</u>	<u>1,842,384</u>	<u>10,832,384</u>
Plus unamortized premium	811,947		811,947
	<u>\$ 9,801,947</u>	<u>\$ 1,842,384</u>	<u>\$ 11,644,331</u>

Water and Wastewater Revenue Refunding Bonds, Series 2016 – Original Issue \$17,585,000

In July 2016, the Authority issued \$17,585,000 of Water and Wastewater Revenue Refunding Bonds, Series 2016 to advance refund the Authority's outstanding Water and Wastewater Revenue Bonds, Series 2007, which financed certain improvements to the City's water and wastewater system, and to pay the costs of issuance of the bonds. Principal is payable annually on April 1, commencing April 1, 2017. Interest on the bonds is payable semi-annually on April 1 and October 1, commencing October 1, 2016. During fiscal year 2020, the City made principal and interest payments of \$950,000 and \$630,100, respectively. Of this amount, principal and interest payments made by the Water Enterprise Fund were \$495,000 and \$328,950, respectively. Principal and interest payments made by the Sewer Enterprise Fund were \$455,000 and \$301,150, respectively.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (Continued)

B. Long-Term Debt from Business-Type Activities (Continued)

The bonds mature on April 1, 2031, with underlying serial and term bonds carrying an interest rate that varies from 2.00% to 5.00%. The bond was issued a premium of \$2,994,038 which will be amortized over the life of the bond.

The bonds are limited obligations of the Burlingame Financing Authority and are payable by the Authority solely from the revenues generally consisting of separate installment payments paid by the City to the Authority. The bonds are secured by a pledge of the net revenue generated from the water system, wastewater system, and from amounts on deposit in certain funds held under the trust agreement. Net system revenues are required to be at least equal to 120% of the installment payments and debt service for any parity obligations during each fiscal year, and net system revenues (excluding connection fees and money transferred from any rate stabilization fund) will be equal to at least 100% of the installment payments and debt service on other parity obligation during each fiscal year. The City is not obligated to use system net revenues from one system to make up for a deficiency in the installment payments in connection with the other system. Failure by the City to pay installment payments constitutes an event of default under the installment sale agreement, and the trustee is permitted to pursue remedies at law or in equity to enforce the City's obligation to make such payments. Although the trustee has the right to accelerate the total unpaid principal amount of the installment payments, there is no assurance that the City would have sufficient funds to pay the accelerated amounts. No such events of default occurred during the fiscal year ending June 30, 2020.

<u>For The Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 985,000	\$ 592,100	\$ 1,577,100
2022	1,035,000	552,700	1,587,700
2023	1,080,000	500,950	1,580,950
2024	1,130,000	446,950	1,576,950
2025	1,185,000	390,450	1,575,450
2026-2030	6,760,000	1,136,400	7,896,400
2031	1,520,000	60,800	1,580,800
	<u>13,695,000</u>	<u>3,680,350</u>	<u>17,375,350</u>
Plus: Unamortized premium	2,195,625		2,195,625
	<u>\$ 15,890,625</u>	<u>\$ 3,680,350</u>	<u>\$ 19,570,975</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (Continued)

State Water Resources Control Board Loan, 2010 (Direct Borrowing) – Principal \$5,605,800

In 2010, the City entered into an agreement with CWRCB to receive financial assistance for the Influent Storm Water Retention Basin project at the City's wastewater treatment facility, which involves the construction of an influent storm water retention basin and associated pumping system, commencing in July 2011. The loan is due in annual installments payments at an interest of 2.9%, and the net revenues of the Sewer Fund are pledged for the prompt payment of debt service on the loan. Installment payments commenced July 2012 and shall be fully amortized in July 2031. The City is required to maintain compliance with all provisions of the loan. During fiscal year 2020, the City made principal and interest payments of \$254,966 and \$118,063, respectively.

For The Year Ending June 30	Principal	Interest	Total
2021	\$ 262,360	\$ 110,670	\$ 373,030
2022	269,968	103,062	373,030
2023	277,797	95,232	373,029
2024	285,854	87,176	373,030
2025	294,143	78,886	373,029
2026-2030	1,603,726	261,422	1,865,148
2031-2032	822,340	37,566	859,906
	<u>\$ 3,816,188</u>	<u>\$ 774,014</u>	<u>\$ 4,590,202</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (Continued)

B. Long-Term Debt from Business-Type Activities (Continued)

State Water Resources Control Board Loan, 2003 (Direct Borrowing) – Principal \$10,743,788

In 2003, the City entered into an agreement with the State of California Water Resources Control Board (CWRCB) to receive financial assistance for the improvement of the wastewater treatment plant which consists of upgrading the performance of several unit processes and increasing their reliability to help the plant meet discharge requirements. The loan is due in annual installment payments at an interest of 1.5%. Installment payments will start August 2007 and shall be fully amortized August 2026. The City is required to maintain compliance with all provisions of the loan. During fiscal year 2020, the City made principal and interest payments of \$586,075 and \$128,001, respectively.

For The Year Ending June 30	Principal	Interest	Total
2021	\$ 600,727	\$ 113,349	\$ 714,076
2022	615,745	98,331	714,076
2023	631,139	82,937	714,076
2024	646,918	67,158	714,076
2025	663,091	50,985	714,076
2026-2027	1,376,327	51,825	1,428,152
	<u>\$ 4,533,947</u>	<u>\$ 464,585</u>	<u>\$ 4,998,532</u>

C. Future Debt Requirements

The future outstanding debt of the City, net of amortized costs as of June 30, 2020, for governmental activities is as follows:

<u>TOTAL FUTURE DEBT REPAYMENTS - BONDS</u>				<u>TOTAL FUTURE DEBT REPAYMENTS - DIRECT BORROWINGS</u>			
For The Year Ending June 30	Principal	Interest	Total	For The Year Ending June 30	Principal	Interest	Total
2021	\$ 3,345,000	\$ 3,252,871	\$ 6,597,871	2021	\$ 49,064	\$ -	\$ 49,064
2022	2,345,000	3,109,730	5,454,730	2022	49,064	-	49,064
2023	2,485,000	2,991,620	5,476,620	2023	49,064	-	49,064
2024	2,630,000	2,866,491	5,496,491	2024	36,916	-	36,916
2025	2,790,000	2,733,899	5,523,899	2025	33,934	-	33,934
2026-2030	13,035,000	12,040,109	25,075,109	Thereafter	80,103	-	80,103
2031-2035	16,270,000	8,821,590	25,091,590		<u>\$ 298,145</u>	<u>\$ -</u>	<u>\$ 298,145</u>
2036-2040	13,715,000	5,240,103	18,955,103				
2041-2045	8,160,000	2,926,875	11,086,875				
2046-2049	7,080,000	906,250	7,986,250				
	<u>71,855,000</u>	<u>44,889,538</u>	<u>116,744,538</u>				
Plus:							
Unamortized premium	<u>9,106,832</u>		<u>9,106,832</u>				
	<u>\$80,961,832</u>	<u>\$44,889,538</u>	<u>\$ 125,851,370</u>				

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (Continued)

B. Long-Term Debt from Business-Type Activities (Continued)

The future outstanding debt of the City, net of amortized costs as of June 30, 2020, for business-type activities is as follows:

TOTAL FUTURE DEBT REPAYMENTS - BONDS				TOTAL FUTURE DEBT REPAYMENTS - DIRECT BORROWINGS			
For The Year Ending June 30	Principal	Interest	Total	For The Year Ending June 30	Principal	Interest	Total
2021	\$ 2,175,000	\$ 1,107,627	\$ 3,282,627	2021	\$ 863,087	\$ 224,019	\$ 1,087,106
2022	2,270,000	1,017,177	3,287,177	2022	885,713	201,393	1,087,106
2023	2,370,000	912,427	3,282,427	2023	908,936	178,169	1,087,105
2024	2,480,000	803,027	3,283,027	2024	932,772	154,334	1,087,106
2025	2,595,000	679,027	3,274,027	2025	957,234	129,871	1,087,105
2026-2030	12,545,000	1,668,857	14,213,857	2026-2030	2,980,053	313,247	3,293,300
2031-2032	1,520,000	60,800	1,580,800	2031-2032	822,340	37,566	859,906
	25,955,000	6,248,942	32,203,942		<u>\$ 8,350,135</u>	<u>\$ 1,238,599</u>	<u>\$ 9,588,734</u>
Plus unamortized premium	3,285,343		3,285,343				
	<u>\$ 29,240,343</u>	<u>\$ 6,248,942</u>	<u>\$ 35,489,285</u>				

D. Arbitrage Rebate Liability

Under U.S. Treasury Department regulations, all government tax – exempt debt issued after August 31, 1986, is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the excess of earnings from the investment of tax-exempt bond proceeds over related interest expenditure on the bonds must be remitted to the federal government on every fifth anniversary of each bond issue. The city has valued each outstanding debt obligation that is subjected to arbitrage rebate requirement and has determined that there is no arbitrage rebate liability as of June 30, 2020.

E. Credit Rating

The City carried underlying ratings of AA+ for the Water and Sewer Funds, AA+ for the Storm Drainage Fund, and AAA as the City's institutional credit rating for general obligation debt. These ratings were most recently affirmed by Standard & Poor's in August 2019.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (Continued)

F. Revenue Pledge

The City has pledged future revenues to debt service on previously issued revenue bonds to finance the capital programs related to the Water and Sewer Funds or defease previously issued revenue bonds: (1) Water and Wastewater Revenue Bonds, Series 2011; (2) Water and Wastewater Refunding Revenue Bonds, Series 2013; (3) Water and Wastewater Refunding Revenue Bonds, Series 2016.

Debt service on certain bonds are payable solely through the net revenue of the activities of the Water and Sewer Funds.

Under the provisions of GASB Statement No. 48, the City's net revenue for the year ended June 30, 2020, and net amounts available to pay debt service on the revenue bonds are as follows:

	Water Fund	Sewer Fund
Pledged revenue required for future principal and interest	\$ 18,812,746	\$ 22,979,930
Principal and interest paid during the year	1,941,601	2,431,156
Net revenue, excluding depreciation and amortization	8,298,586	6,963,939
Percentage of revenue pledged	23.40%	34.91%
Term of commitment	2031	2031

G. Debt Service Coverage

Under the terms of the City's Indenture, the Water and Sewer Funds are required to collect sufficient net revenues each fiscal year, which may include any other unappropriated enterprise funds available for expenditure on debt service. The Indenture requires that net revenues are, at minimum, equal to 1.20 times annual debt service for the applicable fiscal year.

For the year ended June 30, 2020, the Water and Sewer Funds had sufficient net revenues to satisfy the requirements of the Indenture.

Under the terms of the City's Indenture, the Storm Drainage Fund is required to collect sufficient net revenues each fiscal year, which may include any other unappropriated funds available for expenditure on debt service. The Indenture requires that net revenues are, at minimum, equal to 1.10 times annual debt service for the applicable fiscal year. For the year ended June 30, 2020, the Storm Drainage Fund had sufficient net revenues to satisfy the requirements of the Indenture.

Other obligations relating to governmental activities are paid solely from available revenue of the City, such as the Lease Revenue Bonds Series 2010 and the Pension Obligation Bonds Series 2006, which are subordinate to previously issued parity debt relating to the Water and Sewer Funds.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (Continued)

The following table summarizes debt service coverage levels for the Water Fund for the fiscal year ending June 30, 2020:

Water Fund	
Gross operating revenue	\$ 20,641,914
Less: Operating expenses, except depreciation and amortization	<u>(12,343,328)</u>
Net revenue	8,298,586
Debt Service	
Water Refunding Bonds, Series 2016	823,950
Water Refunding Bonds, Series 2011	319,813
Water Refunding Bonds, Series 2013	<u>797,838</u>
Parity Debt Service	<u>1,941,601</u>
Lease Revenue Bonds, Series 2010	385,366
Pension Obligation Bond, Series 2006	<u>122,063</u>
Total Debt Service	<u>\$ 2,449,030</u>
Parity Debt Service Coverage	4.27
Total Debt Service Coverage	3.39

The following table summarizes debt service coverage levels for the Sewer Fund for the fiscal year ending June 30, 2020:

Sewer Fund	
Gross operating revenue	\$ 15,440,418
Less: Operating expenses, except depreciation and amortization	<u>(8,476,479)</u>
Net revenue	6,963,939
Debt Service	
State Water Resource Board Loan, 2003	\$ 714,076
Wastewater Refunding Bonds, Series 2016	756,150
State Water Resource Board Loan, 2010	373,029
Wastewater Refunding Bonds, Series 2011	182,438
Wastewater Refunding Bonds, Series 2013	<u>405,463</u>
Parity Debt Service	<u>2,431,156</u>
Lease Revenue Bonds, Series 2010	385,366
Pension Obligation Bond, Series 2006	<u>122,063</u>
Total Debt Service	<u>\$ 2,938,585</u>
Parity Debt Service Coverage	2.86
Total Debt Service Coverage	2.37

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 6 – LONG-TERM DEBT (Continued)

The following table summarizes debt service coverage levels for the Storm Drainage Fund for the fiscal year ending June 30, 2020:

Storm Drainage Fund	
Net Revenue, Excluding Depreciation and Amortization	\$ 3,599,538
Debt Service	
Storm Drain Revenue Bond, Series 2010	614,663
Storm Drain Revenue Bond, Series 2012	624,144
Storm Drain Revenue Bond, Series 2016	<u>652,875</u>
Parity Debt Service	<u>\$ 1,891,682</u>
Parity Debt Service Coverage	1.90

NOTE 7 – OTHER LONG-TERM LIABILITIES

A. Compensated Absences

The City's compensated absences consist of accumulated vacation, compensatory time, and administrative leave for management employees. The estimated unpaid compensated absences at June 30, 2020 are recorded in the government-wide and proprietary fund financial statements.

The City permits its employees to accumulate vacation hours up to a maximum of two years of annual accrual. Depending on the bargaining unit, Sick leave is accumulated up to 2000 or 2080 hours. Upon retirement unused sick leave is reported to CalPERS and converted to service credit in accordance with CalPERS rules and procedures. Depending on the bargaining unit, an employee may elect to be compensated for up to 600 hours of unused sick leave and the remainder can be reported to CalPERS for conversion to service credit.

At retirement or termination, employees receive compensation for any unused vacation leave balance, any accrued compensatory time, and administrative leave for management employees. Such cash payments are recognized as expenditures of the government-wide and proprietary funds. The General Fund has been primarily used to liquidate the liability for compensated absences.

	<u>Governmental</u>	<u>Business</u>	<u>Total</u>
Balance on June 30, 2019	\$ 2,479,692	\$ 351,768	\$ 2,831,460
Additions	1,955,841	425,625	2,381,466
Payments	<u>(1,532,831)</u>	<u>(336,514)</u>	<u>(1,869,345)</u>
Balance on June 30, 2020	<u>\$ 2,902,702</u>	<u>\$ 440,879</u>	<u>\$ 3,343,581</u>
Due Within One Year	<u>\$ 502,847</u>	<u>\$ 33,953</u>	<u>\$ 536,800</u>
Noncurrent Portion	<u>\$ 2,399,855</u>	<u>\$ 406,926</u>	<u>\$ 2,806,781</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 7 – OTHER LONG-TERM LIABILITIES (Continued)

B. Pollution Remediation Obligation

Landfill Closure and Post-Closure Costs

The City closed the Burlingame Landfill located on Airport Boulevard in accordance with the California Code of Regulations under the jurisdiction of the California Integrated Waste Management Board in 1987. The landfill had been filled to capacity and has been reconstructed as a multi-use recreational facility.

State and federal laws and regulations require that the City perform certain maintenance and monitoring functions at the landfill site. These same regulations require the City to make annual contributions and/or provide an alternative funding mechanism to finance closure and post-closure costs. The City has collected a surcharge on solid waste collection fees in order to cover these costs. The City was also required by the Bay Area Air Quality Management Board to install a gas collection system.

In 1997, the City developed a post-closure plan that met all regulatory requirements. The post-closure estimate was \$3,660,000. In 2008, the City recognized an additional liability, as required by the State, for corrective action. The corrective action cost estimate was \$733,100. Consequently, the City recorded 100% of its closure and post-closure costs based upon these estimates. At June 30, 2020, the City's outstanding future post-closure and corrective action costs were estimated at \$3,352,386. This estimate is based upon the original estimates for post-closure and corrective action costs as reported to the California Department of Resources Recycling and Recovery (CalRecycle) as adjusted, based on changes in the implicit price deflator for the gross national product in accordance with Title 27 of the California Code of Regulations, reduced by any permitted 15 year amortization of post-closure costs, and adjusted for incurred costs and expected costs of remediation.

The City will fund ongoing post-closure costs with a combination of revenues from the surcharge and interest earnings. However, if these revenues are inadequate or additional post-closure care requirements are determined, these costs may need to be covered by additional garbage surcharges or from future tax revenue.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 8 – RISK MANAGEMENT

A. Self-Insurance and Contingent Liabilities

Effective July 1, 1976, and December 2, 1976, respectively, the City implemented a self-insurance program for workers' compensation and general liability. The City is a member of the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA), a joint powers insurance authority which consists of 28 member cities in the San Francisco Bay Area. PLAN JPA provides liability insurance with coverage, claims management, risk management services, and legal defense to its participating members. PLAN JPA is governed by a board of directors, which comprises officials appointed by each participating member. Premiums paid to PLAN JPA are subject to possible refund based on the results of actuarial studies and approval by PLAN JPA's board of directors. Premiums are assessed to the participants based on their individual loss experience. The PLAN JPA claim administrators set the reserve levels for known liability claims. General liability insurance coverage has been purchased by PLAN JPA for losses exceeding \$250,000 up to a maximum of \$10,000,000.

The workers' compensation program is administered by a third-party administrator (TPA). The TPA sets reserve levels for reported claims. Excess workers' compensation insurance has been purchased by the City for losses exceeding \$500,000 up to the maximum statutory limit.

The City's liabilities are reported when it is both probable that a loss has occurred and the amount of the loss can be reasonably estimated. The claims and litigation liabilities are reported in the governmental activities of the government-wide financial statements and in the internal service fund and include an amount for claims that have been incurred but not reported. The liabilities are re-evaluated annually using the results of actuarial studies. The estimated liability for claims and litigation is calculated considering recent claim settlement trends, amounts for claims incurred but not reported, current settlements, frequency of claims, past experience, and economic factors.

Changes in the balances of the City's claims liabilities were as follows:

	Balance July 1	Current Year Claims and Changes in Estimates	Payments for Current and Prior Fiscal Years	Balance June 30
2011-2012	\$ 6,640,000	\$ 1,516,265	\$ (1,085,265)	\$ 7,071,000
2012-2013	7,071,000	1,595,000	(1,892,000)	6,774,000
2013-2014	6,774,000	2,813,959	(1,692,959)	7,895,000
2014-2015	7,895,000	911,838	(1,791,838)	7,015,000
2015-2016	7,015,000	910,959	(1,507,959)	6,418,000
2016-2017	6,418,000	1,675,414	(1,558,414)	6,535,000
2017-2018	6,535,000	1,591,781	(1,461,781)	6,665,000
2018-2019	6,665,000	1,311,960	(1,468,960)	6,508,000
2019-2020	6,508,000	1,315,668	(1,044,668)	6,779,000

There have been no significant reductions in any insurance coverage, nor have there been any insurance related settlements that exceeded insurance coverage during the past nine fiscal years.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 8 – RISK MANAGEMENT (Continued)

In September 2016, an actuarial review was conducted and completed to identify the estimated liability for the City's Self-Insured General Liability Program as well as determine the various funding confidence levels to cover that liability. The study estimated the expected liability for outstanding claims to be \$753,000 as of June 30, 2020. The study recommends that the City set aside an amount in addition to the discounted expected loss costs to be set aside as a margin for contingencies. As of June 30, 2020, the City has funded the general liability program at the 90% confidence level noted in the actuarial report, or \$753,000.

In September 2016, an actuarial review was conducted and completed to identify the estimated liability for the City's Self-Insured Workers' Compensation Program as well as determine the various funding confidence levels to cover that liability as of June 30, 2020. The study estimated that the outstanding claims at June 30, 2020, were \$6,026,000. The study also recommends that an amount be set aside as a margin for contingencies. As of June 30, 2020, the City has funded the workers' compensation program at the 70% confidence level noted in the actuarial report, or \$6,026,000.

NOTE 9 – PENSION PLANS – COST-SHARING

A. General information about the Safety Pension Plan

The City's Safety Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan, which is administered by CalPERS. The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors two rate plans (Police Classic tier and Police PEPR tier) within the safety risk pool.

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's separate Safety Employee Pension plan, cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and the City's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 9 – PENSION PLANS – COST-SHARING (Continued)

A. General information about the Safety Pension Plan (Continued)

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 Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012.

The Plan’s provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Safety	
	Classic	PEPRA
	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of annual salary	3%	2.0 % - 2.7%
Required employee contribution rates	9%	12.75%
Required employer contribution rates	23.654%	13.786%

Beginning in fiscal year 2017, CalPERS collects employer contributions for the cost-sharing 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 and side fund. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability was \$1,755,134 in fiscal year 2020.

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an 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 are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 9 – PENSION PLANS – COST-SHARING (Continued)

A. General information about the Safety Pension Plan (Continued)

For the year ended June 30, 2020, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Safety - Classic</u>	<u>Safety - PEPRA</u>
Contributions - employer	\$ 2,500,434	\$ 267,098

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

As of June 30, 2020, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Safety	<u>\$ 29,524,728</u>

The net pension liability of the Plan is measured as of June 30, 2019, 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, 2018, rolled forward to June 30, 2019, using standard update procedures. The City's proportion of the net pension liability was based on a projection of City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For governmental funds, the General Fund has been primarily used to liquidate pension liabilities.

The City's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020, was as follows:

	<u>Safety</u>
Proportion - June 30, 2019	0.46735%
Proportion - June 30, 2020	0.47296%
Change - Increase (Decrease)	<u>0.00561%</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 9 – PENSION PLANS – COST-SHARING (Continued)

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

For the year ended June 30, 2020, the City recognized a pension expense of \$5,054,945 for the Safety Plan. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the Safety Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,767,532	
Differences between actual and expected experience	1,927,698	
Changes in assumptions	1,210,167	\$ (236,163)
Net differences between projected and actual earnings on plan investments		(406,163)
Change in proportion	438,315	(122,831)
Differences between actual contributions and proportionate share of contributions		(920,203)
Total	<u>\$ 6,343,712</u>	<u>\$ (1,685,360)</u>

\$2,767,532 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2021	\$ 1,783,711
2022	(234,689)
2023	262,772
2024	79,026
Total	<u>\$ 1,890,820</u>

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

The following presents the City's proportionate share of the net pension liability for the Plan as of the measurement date, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

	Safety
1% Decrease	6.15%
Net Pension Liability	\$ 43,026,675
Current Discount Rate	7.15%
Net Pension Liability	\$ 29,524,728
1% Increase	8.15%
Net Pension Liability	\$ 18,455,247

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 9 – PENSION PLANS – COST-SHARING (Continued)

Actuarial assumptions and information regarding the discount rate are discussed in Note 9D below.

D. Information Common to the Miscellaneous (Footnote 10) and Safety Plans

Actuarial Assumptions – For the measurement period ended June 30, 2019, the total pension liabilities were determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2018 total pension liabilities were based on the following actuarial assumptions:

	Miscellaneous and Safety Plans
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15%(1)
Mortality	Derived using CalPERS Membership Data for all Funds (2) The lesser of contract COLA or 2.50% until Purchasing Power Protection
Post Retirement Benefit Increase	Allowance Floor on Purchasing Power applies

(1) Net of pension investment and administrative expenses, including inflation

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on CalPERS website.

Change of Assumptions – In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017 for the period 1997 to 2015. The inflation assumption is reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increase and overall payroll growth are reduced from 3.00 percent to 2.75 percent. There were no changes in the discount rate. GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.15 percent used for the June 30, 2019 measurement date is without reduction of the 15 basis-point pension plan administrative expense.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 9 – PENSION PLANS – COST-SHARING (Continued)

D. Information Common to the Miscellaneous (Footnote 10) and Safety Plans (Continued)

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100%		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

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

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

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 10 – PENSION PLANS – MULTIPLE EMPLOYER

A. General information about the Miscellaneous Pension Plan

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City’s separate Miscellaneous Plan, agent multiple employer defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and the City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

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 California Public Employees’ Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012.

The Plan’s provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.0%	6.75%
Required employer contribution rates	11.377%	13.300%

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 10 – PENSION PLANS – MULTIPLE EMPLOYER (Continued)

A. General information about the Miscellaneous Pension Plan (Continued)

Employees Covered – As of the June 30, 2018 actuarial valuation date, the following employees were covered by the benefit terms for the Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	277
Inactive employees entitled to but not yet receiving benefits	149
Active employees	<u>187</u>
Total	<u><u>613</u></u>

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

B. Net Pension Liability

The City’s net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plans is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown in Note 9D above.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 10 – PENSION PLANS – MULTIPLE EMPLOYER (Continued)

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability for the Miscellaneous Plan follow:

	Increase (Decrease)		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
Balance at June 30, 2018	<u>\$ 148,239,707</u>	<u>\$ 110,197,456</u>	<u>\$ 38,042,251</u>
Changes in the year:			
Service cost	3,112,725		3,112,725
Interest on Total Pension Liability	10,492,653		10,492,653
Changes of Benefit Terms			
Changes in Assumptions			
Differences between Expected and Actual experience	962,894		962,894
Net Plan to Plan Resource Movement			
Contribution - Employer		4,093,017	(4,093,017)
Contribution - Employee		1,290,194	(1,290,194)
Net Investment Income		7,207,344	(7,207,344)
Benefit payments, including Refunds of Employee Contributions	(8,017,140)	(8,017,140)	
Administrative Expenses		(78,639)	78,639
Other Miscellaneous Income/(Expense) ¹		256	(256)
Net changes	<u>6,551,132</u>	<u>4,495,032</u>	<u>2,056,100</u>
Balance at June 30, 2019	<u><u>\$ 154,790,839</u></u>	<u><u>\$ 114,692,488</u></u>	<u><u>\$ 40,098,351</u></u>

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standard Board Statement (GASB) No.75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB statement No.68, Accounting and Financial Reporting for Pensions (GASB 68).

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 10 – PENSION PLANS – MULTIPLE EMPLOYER (Continued)

C. Changes in the Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 60,128,454
Current Discount Rate	7.15%
Net Pension Liability	\$ 40,098,351
1% Increase	8.15%
Net Pension Liability	\$ 23,518,980

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the City recognized a pension expense of \$8,597,120. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 4,647,118	
Change of Assumptions		\$ (375,031)
Differences between actual and expected experience	770,425	
Net differences between projected and actual earnings on plan investments		(640,769)
Total	<u>\$ 5,417,543</u>	<u>\$ (1,015,800)</u>

The combined total for all plans are:

	<u>Miscellaneous Plan Agent-Multiple</u>	<u>Safety Plan Cost-Sharing</u>	<u>Total</u>
Net pension liabilities	\$ 40,098,351	\$ 29,524,728	\$ 69,623,079
Deferred outflows of resources	5,417,543	6,343,712	11,761,255
Deferred inflows of resources	1,015,800	1,685,360	2,701,160
Pension expenses	8,597,120	5,054,945	13,652,065

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 10 – PENSION PLANS – MULTIPLE EMPLOYER (Continued)

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

\$4,647,118 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2020	\$ 483,720
2021	(699,764)
2022	(141,196)
2023	111,865
Total	<u>\$ (245,375)</u>

E. Payable to the Miscellaneous Pension Plan

At June 30, 2020, the City reported no payable for the outstanding amount of employer and member contributions to the Miscellaneous pension plan required for the year ended June 30, 2020.

NOTE 11 – OTHER -POST-EMPLOYMENT HEALTHCARE PLAN (OPEB)

A. Plan Description

The City of Burlingame has established a Retiree Healthcare Plan (Plan), and participates in an agent multiple-employer defined benefit retiree healthcare plan. The Plan provides post-employment healthcare benefits to eligible employees who retire directly from the City under CalPERS at the minimum age of 50 with at least 5 years of CalPERS service or disability. Retirees must make a retirement election with CalPERS within 120 days following the date of separation from the City. Benefit provisions are established and may be amended through agreements and memorandums of understanding (MOUs) between the City, its management employees, and unions representing City employees.

The City participates in the CalPERS healthcare program (PEMHCA) and allow retirees to continue participation in the medical insurance program after retirement. Under the Plan, the City pays retiree healthcare benefits up to a cap for eligible retirees and dependents based on bargaining unit and hire date. Employees hired on or after January 1, 2012 (or an earlier date as defined in the MOUs) are only eligible to receive a City contribution equal to the PEMHCA minimum upon retirement from the City. As stated above, an individual must also qualify as a CalPERS annuitant in order to receive this benefit. No dental, vision or life insurance benefits are provided.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 11 – OTHER - POST-EMPLOYMENT HEALTHCARE PLAN (Continued)

In addition, the City provides a defined contribution retiree healthcare plan for eligible employees. Employees hired after January 1, 2012 (or an earlier date as defined in the MOUs) are enrolled in a retiree health savings plan (RHS Plan) after meeting the service requirement defines in the MOUs. Upon enrollment, the City contributes 2.0% of the employee’s annual base pay into the RHS Plan based on the benefit provisions in the MOUs. Contributions cease upon termination from employment.

B. Employees Covered by Benefit Terms

At June 30, 2019 (the Valuation date), the benefit terms covered the following employees:

Active employees	216
Inactive employees, spouses, or beneficiaries	
currently receiving benefit payments	425
Inactive employees entitled to	
but not yet receiving benefit payments	<u>0</u>
Total	<u><u>641</u></u>

C. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability for the Plan used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019, using standard update procedures. For governmental funds, the General Fund has been primarily used to liquidate OPEB liabilities.

Actuarial Assumptions: The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date	June 30, 2019
Inflation	2.5%
Salary increases	2.75%. Additional merit-based increases based on CalPERS merit salary increase tables.
Investment rate of return	7.00%
Healthcare cost trend rates	7.00% in the first year. Trending down to 3.84% over 58 years
Mortality rate	Based on CalPERS tables

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 11 – OTHER - POST-EMPLOYMENT HEALTHCARE PLAN (Continued)

Change of Assumptions: The assumptions of inflation, salary increase, and mortality and retirement rates are based on CalPERS tables. In 2018, CalPERS demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. As a result, the inflation assumption is reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth are reduced from 3.00 percent to 2.75 percent. Discount rate changed to 7.00% from 7.28%.

Discount Rate: The discount rate used to measure the total OPEB liability is 7.00%. This is the expected long-term rate of return on City assets using investment strategy 1 within the California Employers' Retiree Benefit Trust (CERBT). The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position is projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

D. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at 6/30/2019:	\$ 54,666,359	\$ 16,833,224	\$ 37,833,135
Changes Recognized for the Measurement Period:			
Service Cost	1,165,244		1,165,244
Interest on the total OPEB liability	3,939,278		3,939,278
Expected investment income			
Contributions			
Employer - City's Contribution		5,064,694	(5,064,694)
Employer - Implicit Subsidy		675,769	(675,769)
Employee			
Net investment income		1,146,645	(1,146,645)
Administrative expenses		(3,777)	3,777
Difference between expected and actual experience	(6,552,966)		(6,552,966)
Changes of assumptions	(2,456,857)		(2,456,857)
Implicit rate subsidy fulfilled	(675,769)	(675,769)	
Benefit payments	(2,765,515)	(2,765,515)	
Net Changes	(7,346,585)	3,442,047	(10,788,632)
Balance at 6/30/2020: (Measurement Date 6/30/19)	\$ 47,319,774	\$ 20,275,271	\$ 27,044,503

Sensitivity of the net OPEB liability to changes in the discount rate: The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) follows:

Net OPEB Liability/(Asset)		
Discount Rate -1% (6.00%)	Discount Rate (7.00%)	Discount Rate +1% (8.00%)
\$ 31,970,348	\$ 27,044,503	\$ 22,853,481

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 11 – OTHER - POST-EMPLOYMENT HEALTHCARE PLAN (Continued)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00) or one percentage point higher (8.00%) than current healthcare cost trend rates follows:

Net OPEB Liability/(Asset)		
1% Decrease	Healthcare Cost Trend Rates	1% Increase
(6.00% decreasing to 2.84%)	(7.00% decreasing to 3.84%)	(8.0% decreasing to 4.84%)
<u>\$ 22,466,683</u>	<u>\$ 27,044,503</u>	<u>\$ 32,469,764</u>

D. OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized an OPEB expense of \$3,399,602. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Actual and Expected Experience		\$ (5,187,764)
Employer contributions made subsequent to the measurement date	\$ 5,234,710	
Net differences between Projected and Actual Earnings	91,254	
Changes of assumptions	46,449	(1,945,011)
Total	<u>\$ 5,372,413</u>	<u>\$ (7,132,775)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Annual Amortization
2021	\$ (1,863,514)
2022	(1,863,512)
2023	(1,819,018)
2024	(1,449,028)
Total	<u>\$ (6,995,072)</u>

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 11 – OTHER - POST-EMPLOYMENT HEALTHCARE PLAN (Continued)

F. Funding Policy

The contribution requirements of the Plan participants and the City are established and may be amended by the City.

In September 2013, the City established an irrevocable trust to prefund its unfunded actuarially accrued liability for retiree health care benefits. The California Benefit Trust Fund (CERBT), a multi-employer trust, is administered by CalPERS which also invests trust fund deposits made by the City on behalf of retirees. The City pre-funds the Plan by contributing the City's ADC every year to the CERBT. During fiscal year 2020, the City made deposits of \$1,828,009 to the trust. As of June 30, 2020, the cash balance in the City's account within the trust was \$22,832,869.

NOTE 12 – NET POSITION AND FUND BALANCES

A. Net Position

Net position is the excess of all the City's assets and deferred outflows over all its liabilities and deferred inflow, regardless of fund. Net position is divided into three captions on the Statement of Net Position. These captions apply only to net position, which is determined at the Government-wide level and proprietary funds and are described as follows:

Net investment in capital assets, describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements and funds restricted to low and moderate income purposes.

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

B. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified in accordance with GASB Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which requires the City to classify its fund balances based on the long-term amounts of loans and on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint as follows:

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances (Continued)

Nonspendable represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as inventories and prepaids, the long-term amounts of loans and notes receivable and land held for resale are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by resolution of the City Council, which may only be altered by resolution of the City Council. Nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designees and may be changed at the discretion of the City Council or its designees. The City Council has not delegated the authority to make assignments of fund balance. This category includes nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

Committed and Assigned Fund Balance

In 2015, the City Council adopted a General Fund Reserve Policy by resolution. The policy, based on an analysis of risks specific to the City, establishes targeted levels for an Economic Stability Reserve and a Catastrophic Reserve (24% of budgeted revenues), Catastrophic Reserve amount of \$2,000,000, as well as a Contingency Reserve amount of \$500,000. The actual reserve levels are adopted by resolution with each annual budget, or as recommended by the Finance Director based upon an update of the City's fiscal needs or forecasts during the year.

As the City Council and management can only use reserves for purposes consistent with the purposes described in the policy, these reserve amounts are reported as assignments of the General Fund's balance.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances (Continued)

The aggregate balance of the General Fund's assigned fund balance was \$21,728,489 as of June 30, 2020. The breakdown is shown below:

- The Economic Stability Reserve is available to protect and preserve City services from dramatic drops in General Fund revenues that are highly sensitive to economic conditions, mainly sales taxes and transient occupancy taxes. The balance at June 30, 2020, was \$18,905,000.
- The Catastrophic Reserve is available to make repairs and reconstruct City buildings and facilities that may be damaged by natural disasters or acts of war and terrorism. The balance at June 30, 2020, was \$2,000,000.
- The Contingency Reserve is available to cover unexpected expenses that may arise during the course of the fiscal year that were not considered during budget planning. The balance at June 30, 2020, was \$500,000.
- Encumbrances and Reappropriations represent commitments related to contracts not yet performed and purchase orders not yet filled or appropriations for specific activities approved late in the fiscal year that were not encumbered by contractual arrangements by the end of the fiscal year. The total of encumbrances and reappropriations at June 30, 2020 were \$323,489.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances (Continued)

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

Fund Balance Classifications	General Fund	Storm Drainage Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Nonspendable:						
Items not in spendable form:						
Prepays	\$ 6,627					\$ 6,627
Total Nonspendable Fund Balances	6,627					6,627
Restricted for:						
Employee benefits	10,823,849					10,823,849
Special revenue programs:						
Development fees					\$ 9,093,373	9,093,373
Local grants					556,172	556,172
Measure A and gas tax					1,504,840	1,504,840
Measure W					313,424	313,424
Special assessment district					419,430	419,430
Other					1,095,049	1,095,049
Capital projects		\$ 7,086,627	\$ 41,962,141			49,048,768
Debt service			4,006,024			4,006,024
Total Restricted Fund Balances	10,823,849	7,086,627	45,968,165		12,982,288	76,860,929
Committed to:						
Capital projects				\$ 36,438,924		36,438,924
Total Committed Fund Balances				36,438,924		36,438,924
Assigned to:						
Debt services						
Encumbrances and reappropriations	323,489					323,489
Contingency reserve	500,000					500,000
Economic stability reserve	18,905,000					18,905,000
Catastrophic event reserve	2,000,000					2,000,000
Capital projects				24,656,000		24,656,000
Total Assigned Fund Balances	21,728,489			24,656,000		46,384,489
Unassigned:	12,267,735					12,267,735
Total Fund Balances	\$ 44,826,700	\$ 7,086,627	\$ 45,968,165	\$ 61,094,924	\$ 12,982,288	\$ 171,958,704

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

C. PARS Trust

During fiscal year 2018, the City established an irrevocable trust with Public Agency Retirements Services (PARS) to set aside funds for pension liability.

At June 30, 2020, the balance in the trust was \$12,562,820. The City Council reserves the authority to review and amend this funding policy from time to time, in order to ensure the funding policy continues to best suit the circumstances of the City.

D. Deficit Fund Balance/Net Position

The following funds had a deficit fund balance/net position at June 30, 2020:

Funds	Deficit Net Position
Enterprise Fund:	
Landfill	\$ 1,111,491
Internal Service Fund:	
Facilities Services	1,050,771

The City expects future revenues to mitigate the deficit fund balance/net position in future years.

NOTE 13 – COMMITMENTS AND CONTINGENT LIABILITIES

A. Grant Programs

The City may, from time to time, participate in Federal and State grant programs. No cost allowances were proposed as a result of the City's financial audit. As of June 30, 2020, the City has not made an allowance for expenditures which may be disallowed by the granting agencies. Any disallowance for expenditures is expected to be immaterial.

B. Litigation

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney, there is one case pending in which there is at least a possibility that the plaintiff could be entitled to monetary damages. However, the City believes that its financial position would not be adversely affected due to the availability of reserves in the remote event that the plaintiff prevails.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 13 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

C. Bay Area Water Supply and Conservation Agency Revenue Bonds Surcharge

The City contracts with the City and County of San Francisco for the purchase of water from the Hetch Hetchy System operated by the San Francisco Public Utilities Commission (SFPUC). The City is also a member of the Bay Area Water Supply and Conservation Agency (BAWSCA) which represents the interests of all the 24 cities and water districts, as well as two private utilities, that purchase wholesale water from the SFPUC.

In 2009 the City entered into a new 25 year agreement with the SFPUC. Under the new agreement, the SFPUC issues revenue bonds and the debt service (which also includes an interest component) is paid for through rates over the life of the bonds.

During the transition from the old to the new contracts, one of the issues addressed was how to deal with the \$370 million in assets that were still being paid for by the wholesale customers under the old agreement. The assets were transferred to the new agreement, assigned a life with an agreed upon rate of return of 5.13%. Also negotiated was a provision to allow the wholesale customers to prepay any remaining existing assets' unpaid principal balance without penalty or premium. This prepayment was executed through the issuance of bonds by BAWSCA which provide a better interest rate given the favorable rate environment.

BAWSCA issued Revenue Bonds in the principal amount of \$335,780,000 in January 2013 to prepay the capital cost recovery payment obligation and fund a stabilization fund. The Bonds mature in October 2034 and are secured by surcharges to the monthly water purchase charges imposed upon the participating members. The Bonds are not a debt obligation of any member, and BAWSCA's failure to pay its Bonds would not constitute a default by any participating member.

Should any participating member fail to pay its share, BAWSCA will rely on the stabilization fund and will pursue all legal remedies to collect the shortfall from the delinquent member. In the interim, other participating members may have their portion adjusted to insure the continued payment of the debt service surcharge.

The risk of bearing the debt service expense of a defaulting member is not significantly different than the risk each member assumes currently for fluctuations in water purchase charges. Under the Bond indenture, BAWSCA maintains a stabilization fund. If surcharge revenues collected are less than needed (due to a member's failure to pay timely), BAWSCA uses the stabilization fund to fund the debt service deficiency, and increases the surcharge in the subsequent year to make up for the prior year shortfall and reimburse the stabilization fund account. Also, given that each participating agency's governing body adopted a Resolution to participate in the Bond issue, Management believes that default is generally very unlikely.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 13 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

C. Bay Area Water Supply and Conservation Agency Revenue Bonds Surcharge (Continued)

The annual debt service surcharges are a fixed amount for each participant and are calculated by taking the subsequent fiscal year's debt service, multiplied by each participant's actual water purchase as a percent of total wholesale customer water purchases from the prior fiscal year. One-twelfth of the annual surcharge is included in the monthly bill from SFPUC. Because each participant's share of the debt service surcharge is proportional to the amount of water purchased during the prior fiscal year, the City's share of the debt service will fluctuate from year to year.

The City paid its surcharge of \$637,929 during fiscal year 2020, which is included as a component of purchased water expenses in the Water Enterprise Fund. The surcharge for fiscal year 2021 is estimated to be \$683,964.

D. Contingent Liabilities

On September 29, 2018, the Governor of California approved Assembly Bill No. 1912, which requires member agencies of an agency established pursuant to a joint powers agreement that participates in, or contracts with, a public retirement system, prior to filing a notice of termination or upon notice of potential termination by the Board of Administration of the Public Employees' Retirement System (PERS), to mutually agree as to the apportionment of the agency's retirement obligations among themselves, provided that the agreement equals 100% of the retirement liability of the agency.

If the member agencies are unable to mutually agree to the apportionment, the bill requires the PERS board to apportion the retirement liability of the agency to each member agency, as specified, and would establish procedures allowing a member agency to challenge the board's determination through the arbitration process. This bill also requires the PERS board to enter into the above described agreement upon request of a member agency of a terminating agency formed under the Joint Exercise of Powers Act and providing that the member agencies of the terminating agency are liable to the system for inadequate funding of the benefits pursuant to the agreement.

This bill extends that liability and lien to all of the parties of a terminating agency that was formed under the Joint Exercise of Powers Act. In addition, the bill requires the PERS board, prior to exercising its authority to reduce benefits and to the extent consistent with its fiduciary duties, to consider and exhaust all options and necessary actions, including evaluating whether to bring a civil action against any member agencies to compel payment of the terminated public agency's pension obligations.

CITY OF BURLINGAME, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 13 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

D. Contingent Liabilities (Continued)

As of June 30, 2020, the City participated in the following joint powers agreements that participate in, or contracts with, a public retirement system:

- Central County Fire District – CCFD (fire, emergency medical, disaster preparedness)
- San Mateo County Pre-Hospital Emergency Services Group –SMCPHESG (pre-hospital emergency services, ambulance transport, first response)

The City is not aware that any of these agencies are in the process of termination or facing potential termination by the PERS board.



Comprehensive Annual Financial Report

June 30, 2020

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BURLINGAME, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 – COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN

Safety Plan, Cost-Sharing Multiple-Employer Defined Pension Plan
Last 10 Years*
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	Safety Plan					
Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Plan's Proportion of the Net Pension Liability/Asset	0.24850%	0.44660%	0.45659%	0.45193%	0.46735%	0.47296%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 15,465,681	\$ 18,401,988	\$ 23,647,731	\$ 27,003,552	\$ 27,421,719	\$ 29,524,728
Plan's Covered Payroll	\$ 4,498,186	\$ 4,478,926	\$ 4,671,613	\$ 4,834,326	\$ 4,880,736	\$ 4,684,900
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of it's Covered Payroll	343.82%	410.86%	506.20%	558.58%	561.84%	630.21%
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of the Plan's Total Pension Liability	18.58%	22.03%	27.54%	29.02%	28.73%	29.97%

* Fiscal year 2015 was the 1st year of GASB 68 implementation, therefore only five years are shown.

CITY OF BURLINGAME, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 – COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (Continued)

Safety Plan, Cost-Sharing Multiple-Employer Defined Pension Plan
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30	Safety Plan				
	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 1,686,060	\$ 1,923,807	\$ 2,106,261	\$ 2,369,301	\$ 2,767,532
Contributions in relation to the actuarially determined contributions	(1,686,060)	(1,923,807)	(2,106,261)	(2,369,301)	(2,767,532)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,671,613	\$ 4,834,326	\$ 4,880,736	\$ 4,684,900	\$ 5,083,094
Contributions as a percentage of covered payroll	36.09%	39.79%	43.15%	50.57%	54.45%
Notes to Schedule					
Valuation date:	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Methods and assumptions used to determine contribution rates:					
Actuarial cost method	Entry age				
Amortization method	Level percentage of payroll, closed				
Remaining amortization period	30 years				
Asset valuation method	5-year smoothed market				
Inflation	2.50%				
Salary increases	2.75 % Varies by Age, Service and Type of Employment				
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007				
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.				

* Fiscal year 2015 was the 1st year of GASB 68 implementation, therefore only five years are shown.

CITY OF BURLINGAME, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 – AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN

Miscellaneous Plan, an Agent Multiple-Employer Defined Pension Plan
 Last 10 Years*
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Total Pension Liability						
Service Cost	\$ 2,451,356	\$ 2,374,018	\$ 2,440,538	\$ 2,891,884	\$ 2,954,416	\$ 3,112,725
Interest	8,964,159	9,244,742	9,456,322	9,717,799	10,042,619	10,492,653
Changes of Benefit Terms						
Differences Between Expected and Actual Experience		(1,273,339)	(1,959,467)	(570,100)	332,948	962,894
Changes of Assumptions		(2,208,472)		7,865,663	(1,056,903)	-
Benefit Payments, including Refunds of Employee Contributions	(6,246,453)	(6,895,260)	(6,958,358)	(7,275,386)	(7,472,690)	(8,017,140)
Net Change in Total Pension Liability	5,169,062	1,241,689	2,979,035	12,629,860	4,800,390	6,551,132
Total Pension Liability - Beginning	121,419,671	126,588,733	127,830,422	130,809,457	143,439,317	148,239,707
Total Pension Liability - Ending (a)	\$ 126,588,733	\$ 127,830,422	\$ 130,809,457	\$ 143,439,317	\$ 148,239,707	\$ 154,790,839
Plan Fiduciary Net Position						
Contributions - Employer	\$ 2,214,366	\$ 2,605,414	\$ 2,936,966	\$ 3,362,448	\$ 3,612,106	\$ 4,093,017
Contributions - Employee	1,203,540	1,064,874	1,112,768	1,357,763	1,234,017	1,290,194
Net Investment Income	15,116,451	2,248,984	487,558	10,862,212	8,765,961	7,207,344
Benefit Payments, including Refunds of Employee Contributions	(6,246,453)	(6,895,260)	(6,958,358)	(7,275,386)	(7,472,690)	(8,017,140)
Net Plan to Plan Resource Movement		40,946	(98)	(397,322)	(256)	
Administration Expense		(111,650)	(60,485)	(142,865)	(162,887)	(78,639)
Other Miscellaneous Income/(Expense)					(309,326)	256
Net Change in Plan Fiduciary Net Position	12,287,904	(1,046,692)	(2,481,649)	7,766,850	5,666,925	4,495,032
Plan Fiduciary Net Position - Beginning	88,004,118	100,292,022	99,245,330	96,763,681	104,530,531	110,197,456
Plan Fiduciary Net Position - Ending (b)	\$ 100,292,022	\$ 99,245,330	\$ 96,763,681	\$ 104,530,531	\$ 110,197,456	\$ 114,692,488
Net Pension Liability - Ending (a)-(b)	\$ 26,296,711	\$ 28,585,092	\$ 34,045,776	\$ 38,908,786	\$ 38,042,251	\$ 40,098,351
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.23%	77.64%	73.97%	72.87%	74.34%	74.10%
Covered Payroll	\$ 13,078,081	\$ 13,191,923	\$ 13,560,054	\$ 14,918,921	\$ 15,717,707	\$ 16,412,886
Net Pension Liability as Percentage of Covered-Employee Payroll	201.07%	216.69%	251.07%	260.80%	242.03%	244.31%

Notes to Schedule:

Benefit changes. Figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. The inflation assumption is reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth are reduced from 3.00 percent to 2.75 percent. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, the discount rate was changed from 7.5% (net of administrative expenses) to 7.65%. In 2014, amounts reported were based on the 7.5 discount rate.

* - Fiscal year 2015 was the 1st year of GASB 68 implementation.

CITY OF BURLINGAME, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 – AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (Continued)

Miscellaneous Plan, an Agent Multiple-Employer Defined Pension Plan
Last 10 Years
SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 2,929,226	\$ 3,370,189	\$ 3,611,599	\$ 4,093,018	\$ 4,647,118
Contributions in relation to the actuarially determined contributions	(2,929,226)	(3,370,189)	(3,611,599)	(4,093,018)	(4,647,118)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,560,054	\$ 14,918,921	\$ 15,717,707	\$ 16,412,886	\$ 16,638,248
Contributions as a percentage of covered payroll	21.60%	22.59%	22.98%	24.94%	27.93%
Notes to Schedule					
Valuation date:	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Methods and assumptions used to determine contribution rates:					
Actuarial cost method	Entry age				
Amortization method	Level percentage of payroll				
Remaining amortization period	29 years				
Asset valuation method	Market Value of Assets				
Inflation	2.50%				
Salary increases	Varies by category, entry age, and duration of service.				
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study.				
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on the CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.				

* Fiscal year 2015 was the 1st year of GASB 68 implementation.

CITY OF BURLINGAME, CALIFORNIA`
REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Schedule of Changes in the Net OPEB Liability and Related Ratios
An Agent Multi-Employer Defined Benefits Retiree Healthcare Plan
Last 10 fiscal years*

Measurement Date	6/30/17	6/30/18	6/30/19
Total OPEB Liability (1)			
Service Cost	\$ 1,076,983	\$ 1,109,292	\$ 1,165,244
Interest	3,715,640	3,831,234	3,939,278
Changes of benefit terms			
Differences between expected and actual experience			(6,552,966)
Changes of assumptions		82,179	(2,456,857)
Implicit rate subsidy fulfilled	(627,012)	(672,658)	(675,769)
Benefit payments	(2,779,180)	(2,735,249)	(2,765,515)
Net change in total OPEB liability	1,386,431	1,614,798	(7,346,585)
Total OPEB liability - beginning	51,665,130	53,051,561	54,666,359
Total OPEB liability - ending (a)	\$ 53,051,561	\$ 54,666,359	\$ 47,319,774
OPEB fiduciary net position			
Net investment income	\$ 1,236,932	\$ 1,113,358	\$ 1,146,645
Contributions - employer	4,402,957	4,323,894	5,064,694
Contributions - Implicit Subsidy	627,012	672,658	675,769
Contributions - employee	-	-	-
Administrative expense	(5,990)	(7,856)	(3,777)
Implicit rate subsidy fulfilled	(627,012)	(672,658)	(675,769)
Benefit payments, including refunds of employee contributions	(2,779,180)	(2,735,249)	(2,765,515)
Net change in plan fiduciary net position	2,854,719	2,694,147	3,442,047
Plan fiduciary net position - beginning	11,284,358	14,139,077	16,833,224
Plan fiduciary net position - ending (b)	\$ 14,139,077	\$ 16,833,224	\$ 20,275,271
Net OPEB liability - ending (a)-(b)	\$ 38,912,484	\$ 37,833,135	\$ 27,044,503
Plan fiduciary net position as a percentage of the total OPEB liability	26.65%	30.79%	42.85%
Covered-employee payroll	\$ 21,235,525	\$ 20,450,015	\$ 19,742,257
Net OPEB liability as a percentage of covered-employee payroll	183.24%	185.00%	136.99%

Notes to schedule:

* - Fiscal year 2018 was the first year of GASB 75 implementation.

CITY OF BURLINGAME, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Schedule of Changes in the Net OPEB Liability and Related Ratios
An Agent Multi-Employer Defined Benefits Retiree Healthcare Plan
Last 10 fiscal years*
SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30,	2018	2019	2020
Actuarially Determined Contribution (ADC)	\$ 4,669,234	\$ 4,471,859	\$ 3,557,131
Less: Contributions in Relation to the ADC	<u>4,996,552</u>	<u>5,740,463</u>	<u>5,234,710</u>
Contribution Deficiency (Excess)	<u>\$ (327,318)</u>	<u>\$ (1,268,604)</u>	<u>\$ (1,677,579)</u>
Covered-employee payroll	<u>\$ 20,450,015</u>	<u>\$ 19,742,257</u>	<u>\$ 21,198,400</u>
Contributions as a percentage of Covered-employee payroll	24.43%	29.08%	24.69%

Notes to Schedule:

Assumptions and Methods

Actuarial Cost Method	Entry age normal, level percent of pay
Amortization Method	Closed period, level percent of pay
Amortization Period	15 years
Inflation	2.50%
Assumed Payroll Growth	2.75%
Healthcare Trend Rates	7.00%, trending down to 3.84%
Rate of Return on Assets	7.00%
Mortality & Retirement Rates	CalPERS Rates

* Fiscal year 2018 was the first year of implementation of GASB 75.

**CITY OF BURLINGAME, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 – MODIFIED APPROACH FOR THE CITY’S INFRASTRUCTURE

In accordance with GASB Statement No. 34, the City accounts for and reports infrastructure capital assets. The City defines infrastructure as the basic physical assets including the street system; park and recreation lands and improvement system; storm water collection system; and site amenities associated with buildings, such as parking and landscaped areas, used by the City in the conduct of its business. Each major infrastructure system is divided into subsystems. For example, the street system is divided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals, and pavement markings), landscaping, and land. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

The City has elected to use the modified approach, as defined by GASB Statement No. 34, for the Roads and Streets networks. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated.

In March 2019, the City’s consultant completed a study to update the physical condition assessment of the streets. The streets, primarily asphalt pavements, were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. City-owned streets are classified based on land use, access and traffic utilization into the following four classifications: (1) arterial/major, (2) collector, (3) residential, and (4) other (such as alleys and parking lots).

This condition assessment will be performed approximately every two years. For this inspection update, all the paved streets in the City’s system were re-inspected. A visual survey of approximately 82.28 centerline miles was evaluated in accordance with Metropolitan Transportation Commission (MTC) standards. Upon completion of this survey, a Pavement Condition Index (PCI) was calculated for each segment to reflect the overall pavement condition. Ranging between 0 – 100, a PCI of 0 would correspond to a badly deteriorated pavement with virtually no remaining life. A PCI of 100 would correspond to a new pavement with proper engineering design and construction at the beginning of its life cycle.

CITY OF BURLINGAME, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 – MODIFIED APPROACH FOR THE CITY’S INFRASTRUCTURE (Continued)

The following conditions were defined:

Condition	Rating	Description
Excellent	90-100	Little or no distress.
Very Good	70-89	Little or no distress, with the exception of utility patches in good condition, or minor to moderate hairline cracks; typically lightly weathered.
Good	50-69	Light to moderate weathering, light load-related base failure, moderate linear cracking.
Poor	25-49	Moderate to severe weathering, moderate levels of base failure, moderate to heavy linear cracking.
Very Poor	0-24	Extensive weathering, moderate to heavy base failure, failed patches, extensive network of moderate to heavy linear cracking.

The City’s policy is to achieve an average rating of 65 for all streets. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. As of June 30, 2020, the City’s street system was rated at a PCI index of 78 on a 100-point scale. The overall condition of the street pavement is in the lower range of MTC’s designation ‘Very Good’.

The following table details the network statistics and pavement condition by functional class.

Table 1 – Street Network Statistics and Average PCI by Functional Class

Table 1 Street Network Statistics and Average PCI by Functional Class

Functional Class	Centerline Miles	Lane Miles	# of Sections	% of Network (by Pavement Area)	Average PCI
Arterial	23.66	53.86	85	29.7%	80
Residential	37.5	67.28	249	41.3%	81
Collector	20.35	39.69	116	25.7%	82
Other	0.8	1.61	24	3.3%	74
Totals	82.31	162.44	474	100%	81

CITY OF BURLINGAME, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 – MODIFIED APPROACH FOR THE CITY’S INFRASTRUCTURE (Continued)

Table 2 details the percentage of the street network area by each PCI range or condition category.

Table 2 – Percent Network Area by Functional Class and Condition Class

Table 2 Percent Network Area by Functional Class and Condition Class

Condition Class	PCI Range	Arterial	Collector	Residential	Other	Total
Excellent/Very Good (I)	100-90	23.7%	21.6%	31.5%	2.2%	79.0%
Good/Fair (II/III)	89-50	6.0%	3.6%	7.7%	0.6%	17.9%
Poor (IV)	49-25	0.0%	0.3%	2.1%	0.5%	2.9%
Very Poor (V)	0-24	0.0%	0.1%	0.1%	0.0%	0.2%
Total		29.7%	25.6%	41.4%	3.3%	100.0%

The City’s street network replacement value is estimated at \$155 million. Replacement value is calculated as the current cost to reconstruct each street in the network.

The optimal network PCI is somewhere between low and mid 80’s, which is in the middle of the ‘excellent/very good’ condition category. This is recommended because streets with a PCI in the 80’s as opposed to 70’s will likely remain in the ‘excellent/very good’ condition category for a longer period of time if relatively inexpensive preventive maintenance treatments are used. Once PCI falls below 70, more expensive rehabilitation treatments will be needed.

The cost to repair and maintain a pavement depends on its current PCI. In the ‘excellent/very good’ category, it costs very little to apply preventative maintenance treatments. More than half (76.9%) of the City’s street network would benefit from these lower cost preventative maintenance treatments.

Approximately 97% of the City’s street network is considered in ‘good’ condition. Pavements in this range require more than a life-extending treatment. At this point, a well designed pavement will have served at least 75 percent of its life with the quality of the pavement dropping approximately 40%.

The remaining 3% of the City’s street network falls into the ‘poor’ or ‘very poor’ PCI ranges. These pavements are near the end of their service lives and often exhibit major forms of distress. At this stage a street usually requires either a thick overlay or reconstruction.

One of the key elements of a pavement repair strategy is to keep streets that are in the ‘good’ or ‘fair’ category from deteriorating. This is particularly true for streets in the ‘fair’ range, because they are at the point where pavement deterioration accelerates if left untreated.

The projected pavement budget for fiscal year 2020 through fiscal year 2024 is approximately \$2,000,000 per year or \$10,000,000 million. This investment level is estimated to maintain the current PCI level with a decrease of one point to 80 in 2023. Furthermore, under this investment level, the deferred maintenance backlog is projected to decrease from \$1.2 million in 2019 to \$0.9 million in 2023.

CITY OF BURLINGAME, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 – MODIFIED APPROACH FOR THE CITY’S INFRASTRUCTURE (Continued)

	2020	2021	2022	2023
Budget	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Rehabilitation	1,749,705	1,713,333	1,623,564	1,761,962
Preventative Maintenance	249,213	285,607	128,246	16,936
Deferred Maintenance	294,547	72,376	-	896,357
PCI	78	81	81	80

A schedule of estimated annual amounts calculated to maintain and preserve the City’s streets at the current level compared to actual expenditures for street maintenance for the last five years is presented below.

Fiscal Year	Maintenance Estimate	Actual Expenditures	PCI Rating
2015-2016	\$ 1,200,000	\$ 1,151,003	77
2016-2017	\$ 1,200,000	\$ 1,300,698	78
2017-2018	\$ 1,200,000	\$ 1,273,929	79
2018-2019	\$ 1,200,000	\$ 537,440	81
2019-2020	\$ 2,000,000	\$ 2,038,401	78

The City’s ongoing street rehabilitation program is funded in the Capital Improvement Program.

**CITY OF BURLINGAME, CALIFORNIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues				
Property taxes	\$ 23,270,000	\$ 23,435,600	\$ 23,304,404	\$ (131,196)
Sales and use taxes	14,760,000	14,230,000	14,803,366	573,366
Transient occupancy taxes	28,700,000	20,050,000	20,416,543	366,543
Other taxes	3,224,000	2,927,000	3,133,927	206,927
Licenses and permits	79,500	79,500	98,905	19,405
Fines, forfeitures and penalties	978,000	608,000	793,281	185,281
Charges for services	5,490,000	5,135,000	5,471,236	336,236
Other revenue	160,000	160,000	183,030	23,030
Grants and subventions	140,000	140,000	177,564	37,564
Investment income	1,970,000	2,400,000	3,775,603	1,375,603
Total revenues	78,771,500	69,165,100	72,157,859	2,992,759
Expenditures				
Current:				
General Government				
City Attorney	1,157,463	1,157,463	829,633	327,830
City Clerk	570,929	620,729	553,256	67,473
City Council	433,961	940,961	933,671	7,290
City Manager	914,184	895,965	789,447	106,518
Human Resources	939,016	983,266	909,451	73,815
Finance	2,648,026	2,706,226	2,466,777	239,449
Total General Government	6,663,579	7,304,610	6,482,235	822,375
Public safety:				
Fire	11,682,359	11,682,359	11,611,715	70,644
Fire - Disaster Preparedness	100,000	110,000	54,121	55,879
Police Communications Dispatch	1,686,355	1,746,355	1,696,510	49,845
Police - Parking Enforcement	714,802	718,702	629,969	88,733
Police	15,045,350	15,334,649	14,581,662	752,987
Total Public Safety	29,228,866	29,592,065	28,573,977	1,018,088
Public Works	6,741,478	6,921,949	5,970,041	951,908
Community Development	2,795,888	3,471,238	2,197,977	1,273,261
Parks, recreation, and library				
Library	5,740,951	5,823,351	5,626,875	196,476
Parks	5,162,082	5,376,682	4,848,966	527,716
Recreation and Aquatics	5,026,936	5,302,481	4,364,095	938,386
Total Leisure & Cultural Services	15,929,969	16,502,514	14,839,936	1,662,578
Capital outlay	218,500	258,500	141,299	117,201
Total Expenditures	61,578,280	64,050,876	58,205,465	5,845,411
Excess (deficiency) of revenues over expenditures	17,193,220	5,114,224	13,952,394	8,838,170
Other financing sources (uses)				
Transfers in	2,543,819	2,543,819	2,543,819	
Transfers out	(20,517,263)	(20,837,263)	(20,837,263)	
Total other financing sources (uses)	(17,973,444)	(18,293,444)	(18,293,444)	
Net change in fund balance	\$ (780,224)	\$ (13,179,220)	(4,341,050)	\$ 8,838,170
FUND BALANCE				
Beginning of year			49,167,750	
End of year			<u>\$ 44,826,700</u>	

See accompanying Notes to the Basic Financial Statements

**CITY OF BURLINGAME, CALIFORNIA
STORM DRAINAGE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Revenues				
Charges for services	\$ 3,017,000	\$ 3,017,000	\$ 2,993,956	\$ (23,044)
Investment income	311,000	190,000	605,582	415,582
Total revenues	<u>3,328,000</u>	<u>3,207,000</u>	<u>3,599,538</u>	<u>392,538</u>
Other financing sources (uses)				
Transfers out	(2,083,139)	(2,083,139)	(2,083,139)	
Total other financing sources (uses)	<u>(2,083,139)</u>	<u>(2,083,139)</u>	<u>(2,083,139)</u>	
Net change in fund balance	<u>\$ 1,244,861</u>	<u>\$ 1,123,861</u>	1,516,399	<u>\$ 392,538</u>
FUND BALANCE				
Beginning of year			5,570,228	
End of year			<u>\$ 7,086,627</u>	

See accompanying Notes to the Basic Financial Statements



Comprehensive Annual Financial Report

June 30, 2020

SUPPLEMENTAL INFORMATION
COMBINING FINANCIAL STATEMENTS



Comprehensive Annual Financial Report

June 30, 2020

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Measure A Fund – This fund accounts for the City's share of the special half-cent sales tax for transportation approved on the November 1988 ballot, effective January 1, 1989. Expenditures from this fund can only be incurred on transportation-related programs.

Gas Tax Fund – This fund is to account for revenue received from the State of California derived from gasoline taxes. These funds may only be used for street purposes as specified in the State Streets and Highway Code.

Special Assessment District Fund – This fund accounts for revenue from special assessments received from a special benefit district formed during fiscal year 2011-12 on Burlingame Avenue. The special benefit district revenues fund the lighting, landscape, and utility-related upgrades completed in 2014, and a portion of the related maintenance costs.

Train Shuttle Fund – This fund is to account for revenues received from the Peninsula Joint Powers Board, San Mateo County Transportation Authority, Bay Area Air Quality Management District, City/County Association of Governments of San Mateo County, Downtown Burlingame Business Association, and the Broadway Improvement District for a free shuttle bus program.

State/Federal Grants Funds – These funds are to account for grants from the State of California and the federal government, used or expended for a specific purpose, activity, or facility.

Local Grants Fund – This fund is to account for grants or donations from local sources other than the State or Federal government used or expended for a specific purpose, activity, or facility.

Development Fees Fund – This fund is to account for developers' fees that may be used for public improvements or facilities needed to support approved development projects in the City. This fund includes receipts from impact fees for specific improvement in the Bayfront and North Burlingame areas, as well as parking in lieu fees.

Public TV Access Fund – This fund is to account for the PEG Access funding through Cable TV Franchise agreement beginning January 1, 1999. The City uses these funds to finance capital improvements associated with the broadcast of municipal events.

Measure W Fund – This fund accounts for the City's share of the special half-cent sales tax for transportation approved on the November 2018 ballot, effective July 1, 2019. Expenditures from this fund can only be incurred for local safety, pothole & congestion relief improvements.

CITY OF BURLINGAME, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
JUNE 30, 2020

	Special Revenue Funds			
	Measure A Fund	Gas Tax Fund	Special Assessment District	Train Shuttle Fund
ASSETS				
Cash and investments	\$ 476,022	\$ 928,353	\$ 414,248	\$ 311,931
Receivables (net of uncollectible amount of \$0):				
Accounts and other receivables	59,208	41,257	21,140	
Total assets	<u>\$ 535,230</u>	<u>\$ 969,610</u>	<u>\$ 435,388</u>	<u>\$ 311,931</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable				\$ 36,174
Total liabilities				36,174
Deferred Inflows:				
Unavailable revenue			\$ 15,958	36,000
Total deferred inflows			15,958	36,000
Fund Balances:				
Restricted	\$ 535,230	\$ 969,610	419,430	239,757
Total fund balances	535,230	969,610	419,430	239,757
Total liabilities, deferred inflows and fund balances	<u>\$ 535,230</u>	<u>\$ 969,610</u>	<u>\$ 435,388</u>	<u>\$ 311,931</u>

Special Revenue Funds					Total Nonmajor Governmental Funds
State /Federal Grants Fund	Local Grants Fund	Development Fees Fund	Public TV Access Fund	Measure W Fund	
\$ 39,491	\$ 560,430	\$ 9,059,624	\$ 789,820	\$ 297,264	\$ 12,877,183
	1,967	33,749	25,981	16,160	199,462
<u>\$ 39,491</u>	<u>\$ 562,397</u>	<u>\$ 9,093,373</u>	<u>\$ 815,801</u>	<u>\$ 313,424</u>	<u>\$ 13,076,645</u>
	\$ 6,225				\$ 42,399
	6,225				42,399
					51,958
					51,958
<u>\$ 39,491</u>	<u>556,172</u>	<u>\$ 9,093,373</u>	<u>\$ 815,801</u>	<u>\$ 313,424</u>	<u>12,982,288</u>
<u>39,491</u>	<u>556,172</u>	<u>9,093,373</u>	<u>815,801</u>	<u>313,424</u>	<u>12,982,288</u>
<u>\$ 39,491</u>	<u>\$ 562,397</u>	<u>\$ 9,093,373</u>	<u>\$ 815,801</u>	<u>\$ 313,424</u>	<u>\$ 13,076,645</u>

CITY OF BURLINGAME, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	Measure A Fund	Gas Tax Fund	Special Assessment District	Train Shuttle Fund
REVENUES:				
Investment income	\$ 17,628	\$ 35,121	\$ 15,575	
Intergovernmental taxes	823,670	1,239,271		
Charges for services			294,136	
Donation				
Grants and subventions				\$ 36,000
Total revenues	841,298	1,274,392	309,711	36,000
EXPENDITURES:				
Current:				
General government				
Public safety				
Community development				
Parks, recreation, and library				
Shuttle operations				155,770
Total expenditures				155,770
REVENUES OVER (UNDER) EXPENDITURES	841,298	1,274,392	309,711	(119,770)
OTHER FINANCING SOURCES (USES):				
Transfers in				143,500
Transfer out	(750,000)	(1,106,000)	(310,000)	
Total other financing sources (uses)	(750,000)	(1,106,000)	(310,000)	143,500
Net change in fund balance	91,298	168,392	(289)	23,730
FUND BALANCE:				
Beginning of year	443,932	801,218	419,719	216,027
End of year	\$ 535,230	\$ 969,610	\$ 419,430	\$ 239,757

Special Revenue Funds					Total Nonmajor Governmental Funds
State /Federal Grants Fund	Local Grants Fund	Development Fees Fund	Public TV Access Fund	Measure W Fund	
	\$ 16,606	\$ 319,357	\$ 28,910	\$ 7,573	\$ 440,770
				305,851	2,368,792
		2,402,530	94,411		2,791,077
	127,226				127,226
\$ 32,443	46,167				114,610
32,443	189,999	2,721,887	123,321	313,424	5,842,475
31,482	24,496				55,978
2,819	168,834				171,653
					155,770
34,301	193,330				383,401
(1,858)	(3,331)	2,721,887	123,321	313,424	5,459,074
					143,500
					(2,166,000)
					(2,022,500)
(1,858)	(3,331)	2,721,887	123,321	313,424	3,436,574
41,349	559,503	6,371,486	692,480		9,545,714
\$ 39,491	\$ 556,172	\$ 9,093,373	\$ 815,801	\$ 313,424	\$ 12,982,288

CITY OF BURLINGAME, CALIFORNIA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Nonmajor Governmental Funds
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Special Revenue Funds					
	Measure A Fund			Gas Tax Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Investment income	\$ 2,000	\$ 17,628	\$ 15,628	\$ 7,000	\$ 35,121	\$ 28,121
Intergovernmental	760,000	823,670	63,670	1,176,000	1,239,271	63,271
Charges for services						
Grants revenue						
Total revenues	<u>762,000</u>	<u>841,298</u>	<u>79,298</u>	<u>1,183,000</u>	<u>1,274,392</u>	<u>91,392</u>
EXPENDITURES:						
Current:						
General government						
Public safety						
Parks, recreation, and library						
Community development						
Shuttle operations						
Total expenditures						
REVENUES OVER (UNDER) EXPENDITURES	<u>762,000</u>	<u>841,298</u>	<u>79,298</u>	<u>1,183,000</u>	<u>1,274,392</u>	<u>91,392</u>
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out	(750,000)	(750,000)		(1,106,000)	(1,106,000)	
Total other financing sources (uses)	<u>(750,000)</u>	<u>(750,000)</u>		<u>(1,106,000)</u>	<u>(1,106,000)</u>	
Net change in fund balance	<u>\$ 12,000</u>	<u>91,298</u>	<u>\$ 79,298</u>	<u>\$ 77,000</u>	<u>168,392</u>	<u>\$ 91,392</u>
FUND BALANCE:						
Beginning of year		443,932			801,218	
End of year		<u>\$ 535,230</u>			<u>\$ 969,610</u>	

Special Revenue Funds								
Special Assessment District			Train Shuttle Fund			State/Federal Grants Fund		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 5,000	\$ 15,575	\$ 10,575						
310,000	294,136	(15,864)	\$ 72,000	\$ 36,000	\$ (36,000)	\$ -	\$ 32,443	\$ 32,443
315,000	309,711	(5,289)	72,000	36,000	(36,000)		32,443	32,443
							31,482	(31,482)
							2,819	(2,819)
			215,500	155,770	59,730			
			215,500	155,770	59,730		34,301	(34,301)
315,000	309,711	(5,289)	(143,500)	(119,770)	23,730		(1,858)	(1,858)
(310,000)	(310,000)		143,500	143,500				
(310,000)	(310,000)		143,500	143,500				
\$ 5,000	(289)	\$ (5,289)		23,730	\$ 23,730	\$ -	(1,858)	\$ (1,858)
	419,719			216,027			41,349	
	\$ 419,430			\$ 239,757			\$ 39,491	

(Continued)

CITY OF BURLINGAME, CALIFORNIA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Nonmajor Governmental Funds
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Special Revenue Funds					
	Local Grant Funds			Development Fees Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Investment income	\$ -	\$ 16,606	\$ 16,606	\$ 82,000	\$ 319,357	\$ 237,357
Intergovernmental						
Charges for services		127,226	127,226		2,402,530	2,402,530
Grants revenue		46,167	46,167			
Total revenues		<u>189,999</u>	<u>189,999</u>	<u>82,000</u>	<u>2,721,887</u>	<u>2,639,887</u>
EXPENDITURES:						
Current:						
General government						
Public safety		24,496	(24,496)			
Parks, recreation, and library		168,834	(168,834)			
Community development						
Shuttle operations						
Total expenditures		<u>193,330</u>	<u>(193,330)</u>			
REVENUES OVER (UNDER) EXPENDITURES		<u>(3,331)</u>	<u>(3,331)</u>	<u>82,000</u>	<u>2,721,887</u>	<u>2,639,887</u>
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out						
Total other financing sources (uses)						
Net change in fund balance	<u>\$ -</u>	<u>(3,331)</u>	<u>\$ (3,331)</u>	<u>\$ 82,000</u>	<u>2,721,887</u>	<u>\$ 2,639,887</u>
FUND BALANCE:						
Beginning of year		<u>559,503</u>			<u>6,371,486</u>	
End of year		<u>\$ 556,172</u>			<u>\$ 9,093,373</u>	

Special Revenue Funds					
Public TV Access Fund			Measure W Fund		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 9,000	\$ 28,910	\$ 19,910	\$ -	\$ 7,573	\$ 7,573
			350,000	305,851	(44,149)
105,000	94,411	(10,589)			
114,000	123,321	9,321	350,000	313,424	(36,576)
114,000	123,321	(9,321)	350,000	313,424	36,576
\$ 114,000	123,321	\$ (9,321)	\$ 350,000	313,424	\$ 36,576
	692,480				
	\$ 815,801			\$ 313,424	



Comprehensive Annual Financial Report

June 30, 2020

INTERNAL SERVICE FUNDS

General Liability Fund – This fund accounts for the servicing of the general liability self-insurance program of the City. Included are costs associated with self-insurance and the purchase of excess insurance to adequately protect the City. User departments are charged for this program at rates based on loss experience (frequency and severity of claims).

Workers' Compensation Fund - This fund accounts for the funding of the City's Workers' Compensation costs. User departments are charged for workers' compensation at rates based on loss experience and on departmental personnel budgets.

OPEB (Other Post-Employment Benefits) Fund – This fund accounts for the costs of the City's retiree medical program and related liabilities. A percentage "surcharge" on actual payroll provides the fund's revenues; benefits are paid out of the fund and the remaining funds are swept to the irrevocable trust fund established to reduce the OPEB liability incurred in prior years.

Facilities Services Fund – This fund accounts for the costs of operation of the City's maintenance and repair of City building and custodial services on a cost reimbursement basis.

Equipment Services Fund – This fund accounts for the costs of operation, maintenance, and replacement of automotive equipment used by the various departments. Such costs are billed to the consuming departments at a rate that includes operation and maintenance, and an amount necessary to provide replacement of the equipment at a future date.

Information Technology Services Fund – This fund accounts for the costs of operating and maintaining the City's computer system, computer hardware acquisitions, telecommunication system, and connectivity to the Internet and Intranet. Such costs are billed to the consuming departments at a rate that includes operation and maintenance, and an amount necessary to provide for replacement of computers. Activities of the fund also cover cybersecurity, technology disaster recovery and administrative support, such as reception, printing and mailing.

CITY OF BURLINGAME, CALIFORNIA
Combining Statement of Net Position
Internal Service Funds
JUNE 30, 2020

	General Liability Fund	Workers' Compensation Fund	OPEB Fund	Facilities Services Fund	Equipment Services Fund	Information Technology Services Fund	Total
ASSETS							
Current assets:							
Cash and investments	\$ 7,095,031	\$ 7,332,540	\$ -	\$ 414,544	\$ 5,955,194	\$ 1,366,747	\$ 22,164,056
Receivable (net of uncollectible amounts of \$0):							
Other receivables	26,598	29,207	105,866	6,549	23,557	5,219	196,996
Prepaid and Inventory			205,483		40,480		245,963
Total current assets	7,121,629	7,361,747	311,349	421,093	6,019,231	1,371,966	22,607,015
Non-Current assets:							
Cash and investments, restricted				161,045	98,662	16,190	275,897
Capital assets:							
Facilities, infrastructure, and equipment, net of depreciation				75,221	1,869,876	89,973	2,035,070
Total noncurrent assets				236,266	1,968,538	106,163	2,310,967
Total assets	7,121,629	7,361,747	311,349	657,359	7,987,769	1,478,129	24,917,982
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions				150,415	97,570	6,900	254,885
Deferred outflows related to OPEB				112,821	73,065	11,282	197,168
Total deferred outflows of resources				263,236	170,635	18,182	452,053
LIABILITIES							
Current liabilities:							
Accounts payable	10,957	8,121		55,578	43,066	123,382	241,104
Due to other fund			146,768				146,768
Compensated absences due in one year				1,927	3,373		5,300
Claims and litigation due in one year	376,500	1,205,200					1,581,700
Total current liabilities	387,457	1,213,321	146,768	57,505	46,439	123,382	1,974,872
Noncurrent liabilities:							
Compensated absences				54,627	2,374		57,001
Claims and litigation	376,500	4,820,800					5,197,300
Net pension liability				1,113,308	722,175	51,069	1,886,552
Net OPEB liability				567,935	367,805	56,793	992,533
Total noncurrent liabilities	376,500	4,820,800		1,735,870	1,092,354	107,862	8,133,386
Total liabilities	763,957	6,034,121	146,768	1,793,375	1,138,793	231,244	10,108,258
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions				28,203	18,295	1,294	47,792
Deferred inflows related to OPEB				149,788	97,006	14,979	261,773
Total deferred outflows of resources				177,991	115,301	16,273	309,565
NET POSITION							
Net investment in capital assets				75,221	1,869,876	89,973	2,035,070
Restricted				161,045	98,662	16,190	275,897
Unrestricted (deficit)	6,357,672	1,327,626	164,581	(1,287,037)	4,935,772	1,142,631	12,641,245
Total net position	\$ 6,357,672	\$ 1,327,626	\$ 164,581	\$ (1,050,771)	\$ 6,904,310	\$ 1,248,794	\$ 14,952,212

CITY OF BURLINGAME, CALIFORNIA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Liability Fund	Workers' Compensation Fund	OPEB Fund	Facilities Services Fund	Equipment Services Fund	Information Technology Services Fund	Total
OPERATING REVENUES:							
Charges for services	\$ 1,510,000	\$ 848,622	\$ 4,630,616	\$ 1,809,111	\$ 1,175,255	\$ 1,157,999	\$ 11,131,603
Other revenue					2,725		2,725
Total operating revenue	<u>1,510,000</u>	<u>848,622</u>	<u>4,630,616</u>	<u>1,809,111</u>	<u>1,177,980</u>	<u>1,157,999</u>	<u>11,134,328</u>
OPERATING EXPENSES:							
Salaries and benefits				894,261	420,391	71,331	1,385,983
Retiree medical benefit			4,652,150				4,652,150
Supplies and services	28,495	119,591	11,830	895,605	164,130	1,015,586	2,235,237
Depreciation				17,091	677,026	36,907	731,024
Insurance claims and expenses	724,259	925,076		2,266	41,102		1,692,703
Total operating expenses	<u>724,259</u>	<u>925,076</u>	<u>4,663,980</u>	<u>1,809,223</u>	<u>1,302,649</u>	<u>1,123,824</u>	<u>10,697,097</u>
Operating income (loss)	<u>757,246</u>	<u>(196,045)</u>	<u>(33,364)</u>	<u>(112)</u>	<u>(124,669)</u>	<u>34,175</u>	<u>437,231</u>
NONOPERATING REVENUES (EXPENSES):							
Investment income (expense)	261,145	273,704		21,233	216,754	52,231	825,067
Net nonoperating revenues (expenses)	<u>261,145</u>	<u>273,704</u>		<u>21,233</u>	<u>216,754</u>	<u>52,231</u>	<u>825,067</u>
Net change in net position	<u>1,018,391</u>	<u>77,659</u>	<u>(33,364)</u>	<u>21,121</u>	<u>92,085</u>	<u>86,406</u>	<u>1,262,298</u>
NET POSITION:							
Total net position, beginning,	5,339,281	1,249,967	197,945	(1,071,892)	6,812,225	1,162,388	13,689,914
Total net position, ending	<u>\$ 6,357,672</u>	<u>\$ 1,327,626</u>	<u>\$164,581</u>	<u>\$ (1,050,771)</u>	<u>\$ 6,904,310</u>	<u>\$ 1,248,794</u>	<u>\$ 14,952,212</u>

CITY OF BURLINGAME, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Liability Fund	Workers' Compensation Fund	OPEB Fund	Facilities Services Fund	Equipment Services Fund	Information Technology Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from customers for service charges	\$ 1,530,649	\$ 853,997	\$ 4,612,686	\$ 1,817,661	\$ 1,190,497	\$ 1,164,654	\$ 11,170,144
Payments to claims	(62,033)	(581,047)					(643,080)
Payments to suppliers	(591,870)	(273,704)	(11,830)	(909,646)	(177,142)	(995,634)	(2,959,826)
Payments to retirees and trust			(4,843,401)				(4,843,401)
Payments to employees				(844,332)	(393,428)	(40,123)	(1,277,883)
Net cash provided by (used in) operating activities	876,746	(754)	(242,545)	63,683	619,927	128,897	1,445,954
CASH FLOWS FROM							
NONCAPITAL FINANCING ACTIVITIES:							
Interfund loans received (paid)			146,768				146,768
			146,768				146,768
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Acquisition and construction of capital assets					(318,734)	(20,337)	(339,071)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest received on investments	261,145	273,704		21,233	216,754	52,231	825,067
	261,145	273,704		21,233	216,754	52,231	825,067
Net increase (decrease) in cash and cash equivalents	1,137,891	272,950	(95,777)	84,916	517,947	160,791	2,078,718
CASH AND CASH EQUIVALENTS:							
Beginning of year	5,957,140	7,059,590	95,777	490,673	5,535,909	1,222,146	20,361,235
End of year	\$ 7,095,031	\$ 7,332,540	\$ -	\$ 575,589	\$ 6,053,856	\$ 1,382,937	\$ 22,439,953
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:							
Operating (loss) income	\$ 757,246	\$ (196,045)	\$ (33,364)	\$ (112)	\$ (124,669)	\$ 34,175	\$ 437,231
Adjustments for noncash activities:							
Depreciation and amortization				17,091	677,026	36,907	731,024
Changes in assets and liabilities:							
Receivables	20,649	5,375	(17,930)	8,550	12,517	6,655	35,816
Inventories and prepaid			(191,251)		(1,640)		(192,891)
Deferred outflows				58,614	38,012	3,180	99,806
Accounts payable	9,851	7,916		(11,775)	29,730	19,952	55,674
Compensated absences				11,651	2,057		13,708
Claims and litigations liabilities	89,000	182,000					271,000
Deferred inflows				149,138	96,589	14,749	260,476
Net pension liabilities				57,087	37,031	2,618	96,736
Net OPEB liabilities				(226,561)	(146,726)	10,661	(362,626)
Total adjustments	119,500	195,291	(209,181)	63,795	744,596	94,722	1,008,723
Net cash provided by (used in) operating activities	876,746	(754)	(242,545)	63,683	619,927	128,897	1,445,954
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION							
Cash and investments – current	\$ 7,095,031	\$ 7,332,540	\$ -	\$ 414,544	\$ 5,955,194	\$ 1,366,747	\$ 22,164,056
Cash and investments, restricted				161,045	98,662	16,190	275,897
Total cash and investments per Statement of Net Position	\$ 7,095,031	\$ 7,332,540	\$ -	\$ 575,589	\$ 6,053,856	\$ 1,382,937	\$ 22,439,953

FIDUCIARY FUNDS

Agency Funds

Hotel Business Improvement District (BID) Fees Fund – This fund accounts for fee collections received as an Agent for the San Mateo County Visitors and Convention Bureau.

Elementary School Development Fees Fund – This fund accounts for fee collections received as an Agent for the Burlingame Elementary School District.

High School Development Fees Fund – This fund accounts for fee collections received as an Agent for the San Mateo Union High School District.

Business Improvement District (BID) Fund – Broadway – This fund accounts for collections received as an Agent for the Broadway Business Improvement Project.

Library Foundation Account Fund – This fund accounts for collections and disbursements by the Library Foundation.

Downtown Business Improvement District Fund – This fund accounts for collections received for the Downtown Business Improvement District.

Deferred Compensation – Retirees Fund – This fund is for the collection of the City's closed out deferred compensation plans. Funds will be disbursed to the account beneficiaries.

Deferred Compensation – Administrative Services Fund – This fund is used to collect funding deposits from the City's deferred compensation plan vendor to pay the third party expenses associated with the City's fiduciary responsibilities in administering the plan.

CITY OF BURLINGAME
AGENCY FUNDS
COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Hotel BID Fees				
Assets:				
Cash and investments	\$ 191,715	\$ 2,180,108	\$ (2,249,612)	\$ 122,211
Accounts receivable	943,066	1,978,435	(1,635,822)	1,285,679
Total assets	\$ 1,134,781	\$ 4,158,543	\$ (3,885,434)	\$ 1,407,890
Liabilities:				
Accounts payable	\$ 200,047	\$ 1,101,679	\$ (1,281,500)	\$ 20,226
Due to other governmental units	934,734	452,930		1,387,664
Total liabilities	\$ 1,134,781	\$ 1,554,609	\$ (1,281,500)	\$ 1,407,890
Elementary School Development Fees				
Assets:				
Cash and investments	\$ 43,039	\$ 300,576	\$ (296,362)	\$ 47,253
Total assets	\$ 242,245	\$ 300,576	\$ (296,362)	\$ 47,253
Liabilities:				
Accounts payable	\$ 43,039	\$ 336,807	\$ (332,593)	\$ 47,253
Total liabilities	\$ 242,245	\$ 336,807	\$ (332,593)	\$ 47,253
High School Development Fees				
Assets:				
Cash and investments	\$ 35,150	\$ 206,191	\$ (208,982)	\$ 32,359
Total assets	\$ 35,150	\$ 206,191	\$ (208,982)	\$ 32,359
Liabilities:				
Accounts payable	\$ 35,150	\$ 234,485	\$ (237,276)	\$ 32,359
Total liabilities	\$ 35,150	\$ 234,485	\$ (237,276)	\$ 32,359

(continued)

CITY OF BURLINGAME
AGENCY FUNDS
COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
BID - Broadway				
Assets:				
Cash and investments	\$ 1,200	\$ 23,246	\$ (24,446)	\$ -
Total assets	\$ 1,200	\$ 23,246	\$ (24,446)	\$ -
Liabilities:				
Accounts payable	\$ 1,200	\$ 24,446	\$ (25,646)	\$ -
Total liabilities	\$ 1,200	\$ 24,446	\$ (25,646)	\$ -
Library Foundation Account Fund				
Assets:				
Cash and investments	\$ 1,540	\$ 11,514	\$ (13,054)	\$ -
Total assets	\$ 1,540	\$ 11,514	\$ (13,054)	\$ -
Liabilities:				
Accounts payable	\$ 1,540	\$ 11,514	\$ (13,054)	\$ -
Total liabilities	\$ 1,540	\$ 11,514	\$ (13,054)	\$ -
Downtown Business Improvement District				
Assets:				
Accounts receivable	\$ 9,953	\$ 88,603	\$ (81,523)	\$ 17,033
Total assets	\$ 9,953	\$ 88,603	\$ (81,523)	\$ 17,033
Liabilities:				
Accounts payable	\$ 2,145	\$ 71,673	\$ (73,818)	\$ -
Due to other governmental units	7,808	285,971	(276,746)	17,033
Total liabilities	\$ 9,953	\$ 357,644	\$ (350,564)	\$ 17,033
Deferred Comp - Retirees				
Assets:				
Cash and investments	\$ 6,428	\$ -	\$ -	\$ 6,428
Total assets	\$ 6,428	\$ -	\$ -	\$ 6,428
Liabilities:				
Due to other governmental units	\$ 6,428	\$ -	\$ -	\$ 6,428
Total liabilities	\$ 6,428	\$ -	\$ -	\$ 6,428

(continued)

CITY OF BURLINGAME
AGENCY FUNDS
COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Deferred Comp - Admin. Services				
Assets:				
Cash and investments	\$ 48,532	\$ 33,293	\$ (16,214)	\$ 65,611
Accounts receivable		11,098		11,098
Total assets	<u>48,532</u>	<u>\$ 44,391</u>	<u>\$ (16,214)</u>	<u>\$ 76,709</u>
Liabilities:				
Accounts payable	\$ -	\$ 25,750	\$ (14,750)	\$ 11,000
Due to other governmental units	48,532	33,293	(16,116)	65,709
Total liabilities	<u>\$ 48,532</u>	<u>\$ 59,043</u>	<u>\$ (30,866)</u>	<u>\$ 76,709</u>
Totals - All Agency Funds				
Assets:				
Cash and investments	\$ 327,604	\$ 2,754,928	\$ (2,808,670)	\$ 273,862
Accounts receivable	953,019	2,078,136	(1,717,345)	1,313,810
Total assets	<u>\$ 1,280,623</u>	<u>\$ 4,833,064</u>	<u>\$ (4,526,015)</u>	<u>\$ 1,587,672</u>
Liabilities:				
Accounts payable	\$ 283,121	\$ 1,806,354	\$ (1,978,637)	\$ 110,838
Due to other governmental units	997,502	772,194	(292,862)	1,476,834
Total liabilities	<u>\$ 1,280,623</u>	<u>\$ 2,578,548</u>	<u>\$ (2,271,499)</u>	<u>\$ 1,587,672</u>

STATISTICAL SECTION



Comprehensive Annual Financial Report

June 30, 2020

STATISTICAL SECTION

<u>Contents</u>	<u>Pages</u>
<u><i>Financial Trends</i></u>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	152-159
<u><i>Revenue Capacity</i></u>	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and other taxes.	160-166
<u><i>Debt Capacity</i></u>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	167-171
<u><i>Demographic and Economic Information</i></u>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	172-174
<u><i>Operating Information</i></u>	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	176-178

CITY OF BURLINGAME, CALIFORNIA
NET POSITION BY COMPONENT
Last Ten Fiscal Years (accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year			
	(1)	(1)	(1)	(2)
	2011	2012	2013	2014
Governmental activities:				
Net investment in capital assets	\$ 51,521	\$ 78,903	\$ 64,020	\$ 72,956
Restricted	8,674	12,102	26,400	45,863
Unrestricted - restated per GASB 75	49,259	27,234	34,841	14,732
Total governmental activities net position	<u>\$ 109,454</u>	<u>\$ 118,239</u>	<u>\$ 125,261</u>	<u>\$ 133,551</u>
Business-type activities:				
Net investment in capital assets	\$ 38,406	\$ 40,381	\$ 43,469	\$ 46,341
Restricted	-	5,014	5,050	451
Unrestricted - restated per GASB 75	17,736	14,788	16,093	27,092
Total business-type activities net position	<u>\$ 56,142</u>	<u>\$ 60,183</u>	<u>\$ 64,612</u>	<u>\$ 73,884</u>
Primary government:				
Net investment in capital assets	\$ 89,927	\$ 119,284	\$ 107,489	\$ 119,297
Restricted	8,674	17,116	31,450	46,314
Unrestricted	66,995	42,022	50,934	41,824
Total primary government net position	<u>\$ 165,596</u>	<u>\$ 178,422</u>	<u>\$ 189,873</u>	<u>\$ 207,436</u>

(1) Reclassifications in the categories were made to stay consistent and comparable with the presentation in the current year.

(2) 2012 reflects net position as originally stated and does not include the effect of implementation of GASB Statement No. 65 in 2013 which restated beginning net position.

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 74,346	\$ 79,019	\$ 82,624	\$ 87,689	\$ 98,575	\$ 107,083
36,446	38,414	43,383	26,901	28,852	77,137
(26,763)	(25,511)	(9,583)	6,415	25,681	(12,700)
<u>\$ 84,029</u>	<u>\$ 91,922</u>	<u>\$ 116,424</u>	<u>\$ 121,005</u>	<u>\$ 153,108</u>	<u>\$ 171,520</u>
\$ 50,485	\$ 54,587	\$ 61,071	\$ 66,077	\$ 69,494	\$ 74,432
451	12,367	11,963	12,155	15,485	20,020
22,038	26,002	30,125	31,760	36,559	39,748
<u>\$ 72,974</u>	<u>\$ 92,956</u>	<u>\$ 103,159</u>	<u>\$ 109,992</u>	<u>\$ 121,538</u>	<u>\$ 134,200</u>
\$ 124,831	\$ 133,606	\$ 143,695	\$ 153,766	\$ 153,766	\$ 181,515
36,897	50,781	55,346	39,056	39,056	97,157
(4,725)	491	20,542	38,176	38,176	27,048
<u>\$ 157,003</u>	<u>\$ 184,878</u>	<u>\$ 219,583</u>	<u>\$ 230,998</u>	<u>\$ 230,998</u>	<u>\$ 305,720</u>

CITY OF BURLINGAME, CALIFORNIA
CHANGE IN NET POSITION
Last Ten Fiscal Years (accrual basis accounting)
(amounts expressed in thousands)

	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government	\$ 6,803	\$ 6,358	\$ 6,188	\$ 7,295
Public safety	21,141	20,265	21,163	19,141
Public works	8,514	8,248	9,268	12,961
Community development	1,752	1,245	941	1,007
Parks, recreation and library	10,475	9,828	11,065	11,162
Shuttle operations	324	249	179	188
Financing and other activities	2,656	2,215	3,552	2,812
Total governmental activities expenses	<u>51,665</u>	<u>48,408</u>	<u>52,356</u>	<u>54,567</u>
Business-type activities:				
Water	9,569	11,082	12,127	10,745
Sewer	9,509	9,686	9,553	9,332
Waste management	936	681	634	467
Landfill	-	-	-	177
Parking	1,454	1,435	1,350	1,183
Building	1,141	1,222	1,317	1,254
Total business-type activities expenses	<u>22,608</u>	<u>24,107</u>	<u>24,980</u>	<u>23,158</u>
Total primary government expenses	<u>\$ 74,273</u>	<u>\$ 72,516</u>	<u>\$ 77,336</u>	<u>\$ 77,725</u>
Program Revenue				
Governmental activities:				
Charges for services:				
General government	\$ 616	\$ 2	\$ 117	\$ 302
Public safety	2,202	1,053	212	1,097
Public works	1,713	560	3,230	4,075
Community development	744	319	384	738
Parks, recreation and library	2,744	2,760	2,880	2,919
Shuttle operations	72	-	-	-
Operating grants and contributions	2,210	1,165	987	738
Capital grants and contributions	3,189	3,520	357	1,249
Total government activities program revenues	<u>13,490</u>	<u>9,379</u>	<u>8,167</u>	<u>11,118</u>
Business-types activities:				
Charges for services:				
Water	12,734	13,708	14,875	16,023
Sewer	14,566	16,157	16,791	16,931
Waste management	653	465	564	1,694
Landfill	-	-	-	350
Parking	1,802	1,950	2,428	2,477
Building	1,404	1,580	1,707	2,057
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>31,159</u>	<u>33,860</u>	<u>36,365</u>	<u>39,532</u>
Total primary governmental program revenues	<u>\$ 44,649</u>	<u>\$ 43,239</u>	<u>\$ 44,532</u>	<u>\$ 50,651</u>
Net (expenses)/revenue				
Government activities	\$ (38,175)	\$ (39,029)	\$ (44,189)	\$ (43,449)
Business-type activities	8,551	9,753	11,385	16,374
Total primary government net expenses	<u>\$ (29,624)</u>	<u>\$ (29,277)</u>	<u>\$ (32,804)</u>	<u>\$ (27,075)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 13,310	\$ 13,672	\$ 14,394	\$ 15,497
Sales tax	8,041	8,495	9,199	10,196
Transient occupancy tax	13,404	16,183	18,244	21,357
Other taxes	5,037	4,478	5,311	4,595
Other general revenue	-	-	-	344
Special Item - OPEB pre-funding	-	-	-	(6,600)
Investment earnings (expense)	805	472	148	576
Transfers	1,282	4,513	3,916	5,774
Total governmental activities	<u>41,879</u>	<u>47,813</u>	<u>51,212</u>	<u>51,739</u>
Business-type activities:				
Other taxes	-	228	314	-
Other general revenue	-	-	-	-
Investment earnings (expense)	(1,145)	(1,427)	(3,353)	(1,329)
Transfers	(1,282)	(4,513)	(3,916)	(5,774)
Total primary government	<u>(2,427)</u>	<u>(5,712)</u>	<u>(6,955)</u>	<u>(7,103)</u>
Change in Net Position				
Government activities	3,704	8,784	7,023	8,290
Business-type activities	6,124	4,041	4,430	9,271
Total primary government	<u>\$ 9,828</u>	<u>\$ 12,825</u>	<u>\$ 11,453</u>	<u>\$ 17,562</u>

2015	2016	2017	2018	2019	2020
\$ 4,231	\$ 4,275	\$ 4,757	\$ 5,785	\$ 6,181	\$ 6,710
23,005	26,296	25,710	27,244	28,634	31,551
8,267	8,312	7,353	7,929	7,574	7,639
1,145	1,162	1,386	1,817	1,755	2,376
15,832	13,786	14,581	16,925	16,875	16,062
135	137	150	191	168	156
2,422	2,639	3,075	2,210	1,814	2,144
55,037	56,607	57,012	62,101	63,001	66,638
11,471	12,822	13,806	14,671	14,855	15,096
10,144	10,960	10,345	11,205	11,874	12,224
481	487	676	789	728	637
67	56	77	406	224	213
1,296	445	635	1,053	926	1,005
1,368	1,420	2,054	1,580	2,495	2,354
24,827	26,190	27,593	29,704	31,102	31,529
\$ 79,864	\$ 82,797	\$ 84,605	\$ 91,805	\$ 94,103	\$ 98,167
\$ 116	\$ 123	\$ 122	\$ 119	\$ 109	\$ 115
1,066	1,009	1,075	1,140	1,386	1,496
3,870	3,477	4,316	4,186	4,122	4,219
657	890	5,900	702	1,332	3,053
3,372	3,405	3,860	4,208	4,261	2,924
-	150	-	-	-	-
1,127	591	978	830	629	424
740	439	150	1,218	508	196
10,948	10,084	16,401	12,403	12,347	12,427
15,425	15,158	16,375	18,623	19,664	20,615
15,679	15,634	15,798	15,837	15,715	15,127
943	778	780	700	617	617
445	437	447	465	483	480
2,573	2,649	2,766	2,820	2,773	1,930
1,980	2,257	4,087	4,413	3,221	3,861
-	42,858	42,630	-	-	-
37,045	79,771	82,883	42,858	42,473	42,630
\$ 47,993	\$ 89,855	\$ 99,284	\$ 55,261	\$ 54,820	\$ 55,057
\$ (44,089)	\$ (46,523)	\$ (40,611)	\$ (49,698)	\$ (50,654)	\$ (54,211)
12,218	53,581	55,290	13,154	11,371	11,101
\$ (31,871)	\$ 7,058	\$ 14,679	\$ (36,544)	\$ (39,283)	\$ (43,110)
\$ 16,677	\$ 17,645	\$ 18,933	\$ 20,335	\$ 21,956	\$ 23,304
11,101	12,828	12,089	12,820	17,820	14,803
23,698	26,092	26,263	27,936	29,384	20,417
4,697	4,589	4,407	4,869	5,214	5,503
1,254	233	427	381	466	383
-	-	-	-	-	-
481	1,292	266	624	5,758	6,000
3,127	(8,114)	2,730	2,863	2,157	2,213
61,037	54,565	65,115	69,828	82,755	72,623
-	-	-	-	-	-
-	382	144	185	203	831
(1,451)	762	128	235	2,127	2,942
(3,127)	8,114	(2,730)	(2,864)	(2,157)	(2,213)
(4,578)	9,258	(2,458)	(2,444)	173	1,560
16,947	7,893	24,503	20,132	32,103	18,411
7,640	19,982	10,202	10,709	11,545	12,663
\$ 24,587	\$ 27,875	\$ 34,705	\$ 30,841	\$ 43,648	\$ 31,074

CITY OF BURLINGAME, CALIFORNIA
FUND BALANCE OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years (modified accrual basis of accounting)
(amounts express in thousands)

	2011 (1)	2012	2013	2014	2015
General Fund:					
Nonspendable	\$ 3	\$ 1	\$ 217	\$ 221	\$ 224
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	10,200	11,927	12,300	9,413	18,773
Unassigned	1,665	3,591	7,430	13,251	10,465
Subtotal General Fund	<u>\$ 11,868</u>	<u>\$ 15,519</u>	<u>\$ 19,947</u>	<u>\$ 22,885</u>	<u>\$ 29,462</u>
All other governmental funds:					
Nonspendable	\$ 475	\$ 204	\$ 396	\$ 383	\$ 375
Restricted	5,756	11,898	26,004	17,417	10,851
Committed	-	-	19,412	28,063	25,220
Assigned	16,140	13,246	1,166	651	8,762
Unassigned	-	-	-	-	-
Subtotal all other governmental funds	<u>\$ 22,370</u>	<u>\$ 25,348</u>	<u>\$ 46,978</u>	<u>\$ 46,514</u>	<u>\$ 45,208</u>
Total governmental fund balance	<u>\$ 34,238</u>	<u>\$ 40,867</u>	<u>\$ 66,925</u>	<u>\$ 69,399</u>	<u>\$ 74,670</u>
	2016	2017	2018	2019	2020
General Fund:					
Nonspendable	\$ 337	\$ 215	\$ 6	\$ 4	\$ 7
Restricted	-	12	4,391	7,480	10,824
Committed	-	-	-	-	-
Assigned	18,638	19,386	19,930	21,582	21,728
Unassigned	11,003	13,659	12,046	20,102	12,268
Subtotal General Fund	<u>\$ 29,978</u>	<u>\$ 33,272</u>	<u>\$ 36,373</u>	<u>\$ 49,168</u>	<u>\$ 44,827</u>
All other governmental funds:					
Nonspendable	\$ 575	\$ -	\$ -	\$ -	\$ -
Restricted	21,034	25,196	22,325	21,117	66,037
Committed	20,874	22,359	27,005	27,765	36,439
Assigned	13,500	20,500	25,800	30,800	24,656
Unassigned	97	(5)	-	-	-
Subtotal all other governmental funds	<u>\$ 56,080</u>	<u>\$ 68,050</u>	<u>\$ 75,130</u>	<u>\$ 79,682</u>	<u>\$ 127,132</u>
Total governmental fund balance	<u>\$ 86,058</u>	<u>\$ 101,322</u>	<u>\$ 111,503</u>	<u>\$ 128,850</u>	<u>\$ 171,959</u>

(1) Beginning in fiscal year 2011, the City implemented GASB Statement No. 54 which provided updated guidance on fund balance designation and reporting.



Comprehensive Annual Financial Report

June 30, 2020

CITY OF BURLINGAME, CALIFORNIA
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years (modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2011	2012	2013	2014	2015
REVENUES:					
Property taxes	\$ 13,310	\$ 13,672	\$ 15,539	\$ 15,497	\$ 16,677
Sales and use taxes	8,041	8,495	9,199	10,196	11,101
Transient occupancy taxes	13,404	16,183	18,244	21,357	23,698
Other taxes	2,416	2,582	2,970	2,970	3,048
Licenses and permits	97	100	102	112	84
Fines, forfeitures, and penalties	1,025	889	933	874	921
Investment income	803	472	148	391	374
Motor vehicle in lieu tax	148	-	-	-	-
Intergovernmental	1,500	1,896	2,115	1,625	1,648
Charges for services	6,121	6,270	6,721	7,704	8,076
Grant and governmental revenues	662	1,216	267	1,987	1,867
Other revenue	845	904	370	345	1,255
Total revenues	48,371	52,680	56,608	63,058	68,749
EXPENDITURES:					
Current					
General government	5,458	6,669	5,699	5,989	4,434
Public safety	17,378	18,392	18,895	20,082	23,231
Public works	5,713	9,790	7,834	11,280	8,311
Community development	731	1,172	854	1,041	1,244
Parks, recreation and library	8,620	9,463	9,328	10,485	15,145
Shuttle operations	139	145	179	188	135
Other	17	-	-	-	-
Capital Outlay	4,023	-	6,447	3,205	6,594
Debt service:					
Principal	7,526	3,034	3,527	4,631	4,964
Interest	2,425	2,304	2,337	2,752	2,548
Cost of issuance					
Total expenditures	52,031	50,969	55,101	59,654	66,607
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,660)	1,711	1,507	3,404	2,142
OTHER FINANCING SOURCES (USES):					
Transfer in	26,312	29,276	33,209	33,520	33,694
Transfer out	(25,029)	(24,763)	(29,293)	(34,448)	(30,567)
Pension obligation bonds issued	-	-	-	-	-
Payment to PERS retirement	-	-	-	-	-
Refund bond issued	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Proceeds from issuance of debt	20,300	405	20,637	-	-
Payments to refunded bond escrow agent	(305)	-	-	-	-
Total other financing sources (uses)	21,278	4,918	24,553	(929)	3,127
Net change in fund balances	\$ 17,618	\$ 6,630	\$ 26,058	\$ 2,473	\$ 5,270
Debt service as a percentage of noncapital expenditures	21%	10%	12%	13%	13%

Fiscal Year				
2016	2017	2018	2019	2020
\$ 17,645	\$ 18,933	\$ 20,335	\$ 21,956	\$ 23,304
12,828	12,089	12,819	17,820	14,803
26,092	26,263	27,936	29,384	20,416
3,154	3,024	3,216	3,233	3,134
86	88	83	85	99
864	898	976	1,209	793
1,036	309	547	5,059	5,174
-	-	-	-	-
1,435	1,383	1,653	1,980	2,369
7,919	14,284	9,298	9,918	11,257
1,075	779	2,048	1,010	443
391	427	378	416	553
<u>72,525</u>	<u>78,477</u>	<u>79,289</u>	<u>92,070</u>	<u>82,345</u>
4,917	5,148	5,604	5,922	6,515
25,057	25,646	26,448	27,647	28,631
7,330	6,238	6,617	6,313	6,593
1,406	1,531	1,812	1,710	2,374
12,725	13,590	15,642	16,128	15,188
137	150	160	168	156
-	-	-	-	-
3,885	4,863	8,080	14,429	14,295
5,832	5,596	5,246	2,600	3,929
2,633	3,182	2,364	1,963	2,697
				303
<u>63,922</u>	<u>65,944</u>	<u>71,973</u>	<u>76,880</u>	<u>80,681</u>
<u>8,603</u>	<u>12,533</u>	<u>7,316</u>	<u>15,190</u>	<u>1,664</u>
30,150	26,378	29,605	28,964	28,731
(38,264)	(23,648)	(26,741)	(26,806)	(26,518)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,045	-	-	-	-
9,855	-	-	-	39,232
-	-	-	-	-
<u>2,786</u>	<u>2,730</u>	<u>2,864</u>	<u>2,158</u>	<u>41,445</u>
<u>\$ 11,389</u>	<u>\$ 15,263</u>	<u>\$ 10,180</u>	<u>\$ 17,348</u>	<u>\$ 43,109</u>
13%	14%	14%	7%	10%

CITY OF BURLINGAME, CALIFORNIA
ASSESSED VALUES OF TAXABLE PROPERTY
Last Ten Fiscal Years

Category	2010-11	2011-12	2012-13	2013-14	2014-15
Residential	\$4,964,900,673	\$5,067,435,558	\$5,292,630,080	\$5,657,587,039	\$ 6,106,922,682
Commercial	1,197,204,546	1,203,204,597	1,264,338,491	1,304,028,690	1,406,432,281
Industrial	445,945,589	449,409,192	469,569,724	487,612,064	491,904,917
Government	477,622	481,217	490,841	1,131,741	1,136,878
Institutional	5,108,197	5,179,683	5,313,527	5,686,994	6,739,774
Miscellaneous	47,603,695	46,149,474	47,731,445	52,216,889	52,541,265
Recreational	21,392,656	21,565,053	21,330,221	21,756,820	27,696,881
Vacant Land	50,379,786	44,684,470	53,260,644	61,242,201	42,238,634
SBE Nonunitary	3,680,597	2,560,452	2,560,452	2,560,452	2,560,452
Unsecured	274,429,627	270,906,684	275,840,943	302,712,785	307,284,506
Unknown	-	-	-	45,233,193	-
TOTALS	\$7,011,122,988	\$7,111,576,380	\$7,433,066,368	\$7,941,768,868	\$ 8,445,458,270
Total Direct Rate	0.14520	0.14519	0.14209	0.14205	0.14235

Note:

Exempt values are not included in the total.

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or

Source: San Mateo County Assessor 2010/11 - 2019/20 Combined Tax Rolls

2015-16	2016-17	2017-18	2018-19	2019-20
\$ 6,543,165,637	\$ 6,996,722,454	\$ 7,392,749,191	\$ 7,873,773,642	\$ 8,453,667,110
1,487,657,043	1,665,932,944	1,857,291,724	1,978,102,748	2,064,268,140
500,290,183	523,550,270	545,609,274	650,767,854	770,865,330
16,859,592	17,116,700	17,459,033	40,103,131	39,254,268
5,545,746	5,634,571	5,743,999	5,819,973	5,958,515
63,818,615	76,577,551	102,398,944	2,461,921	2,511,155
30,269,253	30,095,025	30,696,916	52,691,864	53,744,894
43,082,544	62,448,455	63,823,350	18,242,238	31,975,517
2,763,435	2,763,435	2,763,435	2,763,435	3,841,026
324,903,282	329,134,973	338,411,794	344,682,252	360,169,404
-	-	-	-	-
\$ 9,018,355,330	\$ 9,709,976,378	\$ 10,356,947,660	\$ 10,969,409,058	\$ 11,786,255,359
0.14250	0.14246	0.14245	0.14245	0.14242

CITY OF BURLINGAME, CALIFORNIA
NET TAXABLE ASSESSED VALUE HISTORY
Last Ten Fiscal Years

TAXABLE PROPERTY VALUES

LIEN YEAR	SECURED	UNSECURED	SBE NONUNITARY	NET TOTAL ASSESSED VALUE	% CHANGE
2010/11	\$ 6,733,012,764	\$ 274,429,627	\$ 3,680,597	\$ 7,011,122,988	0.64%
2011/12	6,838,109,244	270,906,684	2,560,452	7,111,576,380	1.43%
2012/13	7,154,664,973	275,840,943	2,560,452	7,433,066,368	4.52%
2013/14	7,636,495,631	302,712,785	2,560,452	7,941,768,868	6.84%
2014/15	8,135,613,312	307,284,506	2,560,452	8,445,458,270	6.34%
2015/16	8,690,688,613	324,903,282	2,763,435	9,018,355,330	6.78%
2016/17	9,378,077,970	329,134,973	2,763,435	9,709,976,378	7.67%
2017/18	10,015,772,431	338,411,794	2,763,435	10,356,947,660	6.66%
2018/19	10,621,963,371	344,682,252	2,763,435	10,969,409,058	5.91%
2019/20	11,422,244,929	360,169,404	3,841,026	11,786,255,359	7.45%

Source: San Mateo County Assessor

CITY OF BURLINGAME, CALIFORNIA
PROPERTY TAX RATES--DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
(per \$100 of assessed value)

Fiscal Year	General County, City and Schools ⁽¹⁾⁽²⁾	DEBT AND/OR SPECIAL ASSESSMENTS						Total Tax Rate	
						Community	Elementary		High
				Peninsula	College	School	School		
		City	County	Hospital	District	District	District		
	\$	\$	\$	\$	\$	\$	\$	\$	
2011	1.000000	0.000000	0.000000	0.000000	0.019300	0.132300	0.032200	1.183800	
2012	1.000000	0.000000	0.000000	0.000000	0.019900	0.138800	0.038300	1.197000	
2013	1.000000	0.000000	0.000000	0.000000	0.019400	0.144800	0.038100	1.202300	
2014	1.000000	0.000000	0.000000	0.000000	0.019400	0.177200	0.035500	1.232100	
2015	1.000000	0.000000	0.000000	0.000000	0.019000	0.101500	0.047500	1.168000	
2016	1.000000	0.000000	0.000000	0.000000	0.025000	0.090000	0.046600	1.161600	
2017	1.000000	0.000000	0.000000	0.000000	0.024700	0.082400	0.041500	1.148600	
2018	1.000000	0.000000	0.000000	0.000000	0.023500	0.103800	0.043300	1.170600	
2019	1.000000	0.000000	0.000000	0.000000	0.017500	0.097700	0.040700	1.155900	
2020	1.000000	0.000000	0.000000	0.000000	0.026600	0.092500	0.038500	1.157600	

City's Share of 1% Levy Per Prop 13 ⁽³⁾ 1.14472

Redevelopment Rate ⁽⁴⁾ 0.0000

Total Direct Rate 0.14242

Note:

(1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies in which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

(2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

(3) City's share of 1% levy is based on the City's share of the General Fund tax rate area with the largest net taxable value within the city. Educational Revenue Augmentation Fund (ERAF) General Fund tax shifts may not be included in tax ratio figures.

(4) Redevelopment Agency (RD) rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State Statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated RDA from the State of California for the fiscal year 2012/13 and years thereafter.

(5) Total Direct Rate is the weighted average of all individual direct rates applied to by the government preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013-14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012-13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

CITY OF BURLINGAME, CALIFORNIA
TOP TEN PROPERTY TAXPAYERS
June 30, 2020
(amounts expressed in thousands)

Taxpayer	2020				2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (1)		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (1)
HMC Burlingame Hotels LLC	\$ 226,565	1	1.92%	Bay Park Plaza Associates	\$ 90,000	1	1.28%
Burlingame Point LLC	181,115	2	1.54%	HMC Burlingame Hotel LLC	84,581	2	1.21%
EQR-NorthPark LP	127,919	3	1.09%	Host Marriott Corporation	70,754	3	1.01%
Inland American Lodging Burlingame LLC	117,215	4	0.99%	EQR-Skyline Terrace LP	46,485	4	0.66%
EW PG Airport Owner LLC	102,250	5	0.87%	Mills-Peninsula Health Services	40,521	5	0.58%
Shac Carolan Apartments LLC	64,915	6	0.55%	Felcor CSS Holdings LP	39,850	6	0.57%
Felcor CSS Holdings LP	60,383	7	0.51%	EQR-NorthPark LP	34,551	7	0.49%
IP Woodstock One Bay LLC	58,154	8	0.49%	Pauls Rollins Road LLC	34,000	8	0.48%
Pur Skyline MMC II LLC	48,999	9	0.42%	Harbor View Hotels Inc.	28,907	9	0.41%
Romel Chicago LLC	43,059	10	0.37%	350 Beach Road LLC	26,467	10	0.38%
	<u>\$ 1,030,573</u>		<u>8.75%</u>		<u>\$ 496,116</u>		<u>7.07%</u>

(1) 2019-20 Local Combined Assessed Valuation \$ 11,426,086

Source: San Mateo County Assessor Combined Tax Rolls and the SBE Non Unitary Tax Roll

CITY OF BURLINGAME, CALIFORNIA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Collected Within Year of Levy		Delinquent Tax Collections	Total Collections	
		Current Tax Collections	% of Levy		Total Tax Collections	% of Levy
2011	\$ 11,729,356	\$ 10,050,908	85.69%	-	\$ 10,050,908	85.69%
2012	11,900,220	10,976,456	92.24%	-	10,976,456	92.24%
2013	12,446,101	11,762,421	94.51%	-	11,762,421	94.51%
2014	13,312,310	12,745,227	95.74%	-	12,745,227	95.74%
2015	14,167,158	13,744,014	97.01%	-	13,744,014	97.01%
2016	15,144,338	14,512,541	95.83%	-	14,512,541	95.83%
2017	16,321,692	15,570,855	95.40%	-	15,570,855	95.40%
2018	17,425,188	16,758,071	96.17%	-	16,758,071	96.17%
2019	18,469,901	18,490,239	100.11%	-	18,490,239	100.11%
2020	19,862,525	19,780,067	99.58%	-	19,780,067	99.58%

Notes:

(1) Current tax collections are less than the levy due to roll corrections, county administrative charges, and other adjustments which may occur after the date of levy.

(2) The City participates in the Teeter Plan under California State law. Under the Teeter Plan, the County remits the entire tax levy and manages delinquent tax collections with the associated interest and penalties.

Source: San Mateo County Controller's Office; Audited City financial records

CITY OF BURLINGAME, CALIFORNIA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
 (accrual basis of accounting)
 (amounts expressed in thousands)

Fiscal year	Property Tax	Sales & Use Tax	Transient Occupancy Tax	Other Taxes	Inter-governmental Revenues	Total
2011	\$ 13,310	\$ 8,041	\$ 13,404	\$ 2,070	\$ 1,500	\$ 38,325
2012	13,672	8,495	16,183	2,582	1,896	42,828
2013	14,394	9,199	18,244	4,217	2,115	48,169
2014	15,497	10,196	21,357	2,970	1,625	51,645
2015	16,677	11,101	23,698	3,048	1,648	56,172
2016	17,645	12,828	26,092	3,154	1,435	61,154
2017	18,933	12,089	26,263	3,024	1,383	61,692
2018	20,335	12,820	27,936	3,216	1,653	65,960
2019	21,956	17,820	29,384	3,233	1,980	74,373
2020	23,304	14,803	20,417	3,134	2,369	64,027

Source: Audited City Financial records - Governmental Funds

CITY OF BURLINGAME, CALIFORNIA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Business-Type Activities		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	Lease Revenue Bond	Storm Drainage	Pension Obligation Bonds	Direct Borrowing ⁽²⁾	State Loans	Lease Purchase	Sewer Bonds	Water Bonds			
2011	\$ 11,555,000	\$ 9,805,000	\$ 26,010,000	\$ -	\$ 11,776,097	\$ 1,500,000	\$ 20,470,000	\$ 27,625,000	\$ 108,741,097	7.78%	3,736
2012	10,935,000	9,560,000	24,235,000	-	13,466,890	1,305,907	18,225,000	25,925,000	103,652,797	6.91%	3,522
2013	19,985,000	19,630,000	22,275,000	-	364,204	1,104,952	17,525,000	24,895,000	105,779,156	7.14%	3,563
2014	18,889,859	19,596,924	20,095,000	-	320,209	897,598	30,260,807	24,550,763	114,611,160	7.74%	3,861
2015	16,999,489	19,083,477	17,695,000	-	274,884	683,639	28,729,137	23,372,756	106,838,382	6.41%	3,597
2016	15,040,564	28,920,064	15,050,000	-	228,210	462,866	27,143,163	22,154,450	108,999,317	6.03%	3,667
2017	13,773,133	28,060,024	12,145,000	-	-	-	25,861,091	21,262,243	101,101,491	5.44%	3,353
2018	12,465,703	27,169,985	8,970,000	-	-	-	24,129,246	19,895,915	92,630,849	4.77%	3,058
2019	11,118,270	26,249,945	8,510,000	-	-	-	22,351,473	18,499,587	86,729,275	4.11%	2,861
2020	47,666,927	25,289,905	8,005,000	298,145	-	-	20,522,219	17,068,259	118,850,455	5.53%	3,946

Note:

(1) Details regarding the City's outstanding debt can be found in the Notes to the Basic Financial Statements. Furthermore, please reference the schedule of Demographic and Economic Statistics for personal income and per capita data. Data for calendar year 2018 is not available. Therefore, in order to present a useful estimate, personal income data for calendar year 2016 has been used.

(2) PG&E on-bill financing loans - issued in fiscal year 2020.

CITY OF BURLINGAME, CALIFORNIA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Net Total Assessed Value	Percentage of Estimated Actual Taxable Value of Property	Burlingame Population	Per Capita
2011	\$ 26,010,000	\$ 7,011,122,988	0.37%	29,342	\$ 886
2012	24,235,000	7,111,576,380	0.34%	29,106	833
2013	22,275,000	7,433,066,368	0.30%	29,426	757
2014	20,095,000	7,941,768,868	0.25%	29,685	677
2015	17,695,000	8,445,458,270	0.21%	29,700	596
2016	15,050,000	9,018,355,330	0.17%	29,724	506
2017	12,145,000	9,709,976,378	0.13%	30,148	403
2018	8,970,000	10,356,947,660	0.09%	30,294	296
2019	8,510,000	10,969,409,058	0.08%	30,317	281
2020	8,005,000	11,786,255,359	0.07%	30,118	266

Note:

The City has had no general obligations bonds outstanding over the last ten years. However, because the 2006 Pension Obligation Bonds are to be repaid with general government resources, they are shown as general obligation bonds included in this table.

CITY OF BURLINGAME, CALIFORNIA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT*
June 30, 2020

2018-19 Assessed Valuation** : \$ 11,786,255,359

	Total Debt June 30, 2020	Percent Applicable (1)	City's share of Debt June 30, 2020
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
San Mateo Community College District	\$ 766,683,503	4.925%	\$ 37,759,163
San Mateo Union High School District	623,906,623	14.111%	88,039,464
Burlingame School District	138,392,486	94.765%	131,147,639
Hillsborough School District	76,317,457	0.147%	112,187
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	\$ 1,605,300,069		\$ 257,058,453
<u>DIRECT AND OVERLAPPING LEASE OBLIGATION DEBT:</u>			
San Mateo County General Fund Obligations	\$ 515,920,256	4.925%	\$ 25,409,073
San Mateo County Board of Education Certificates of Participation	7,505,000	4.925%	369,621
City of Burlingame, direct debt	81,259,977	100.000%	81,259,977 (3)
TOTAL GROSS DIRECT AND OVERLAPPING LEASE OBLIGATION DEBT	\$ 604,685,233		\$ 107,038,671
Less: City of Burlingame General Fund Obligations supported from enterprise revenues			4,563,707 (3)
Less: City of Burlingame Pension Obligations supported by enterprise revenues			2,001,250 (3)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 100,473,714
TOTAL GROSS DIRECT DEBT			\$ 81,259,977
TOTAL NET DIRECT DEBT			\$ 74,695,020
TOTAL OVERLAPPING DEBT			\$ 282,837,147
GROSS COMBINED TOTAL DEBT			\$ 364,097,124 (2)
NET COMBINED TOTAL DEBT			\$ 357,532,167

Ratios to 2019-20 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.18%	* Source: California Municipal Statistics, Inc.
Total Gross Direct Debt	0.69%	** Total assessed valuation less other exemptions
Total Net Direct Debt	0.63%	Source: San Mateo County Assessor
Gross Combined Total Debt	3.09%	
Net Combined Total Debt	3.03%	

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Burlingame. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and, therefore responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total assessed value.

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

(3) Outstanding debt includes unamortized bond premium. Changed from source to reflect the amount shown in the Note 6 to the Financial Statement.

Source: California Municipal Statistics

CITY OF BURLINGAME, CALIFORNIA

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(amount expressed in thousands)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 266,684	\$ 295,550	\$ 295,550	\$ 297,816	\$ 299,010	\$ 323,138	\$ 351,979	\$ 379,416	\$ 402,843	\$ 433,980
Pension Obligation Bond	\$ 26,010	\$ 24,235	\$ 22,275	\$ 20,095	\$ 17,695	\$ 15,050	\$ 12,145	\$ 8,970	\$ 8,510	\$ 8,005
Total net debt applicable to the limit as a percentage of debt limit	9.8%	8.2%	7.5%	6.7%	5.9%	4.7%	3.5%	2.4%	2.1%	1.8%

Legal Debt Margin Calculation for Fiscal Year 2020

Gross Assessed Valuation	\$ 11,786,255,359
Multiplied by: (1)	0.0375
	441,984,576
Less: Amount of Debt Applicable	8,005,000
Legal Debt Margin	\$ 433,979,576

(1) California Government, Code Section 43605 sets the debt limit at 15%. The Code section was enacted when assessed valuations were based on 25% of full market value. This has since changed to 100% of full market value. Thus, the limit shown is 3.75% (one-fourth the limit of 15%).

CITY OF BURLINGAME, CALIFORNIA
PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years

Water Revenue Bonds						
Fiscal Year	Water Charges	Less:	Net	Debt Service		Coverage
		Operating Expenses	Available Revenue	Principal	Interest	
2011	12,734,554	7,747,436	4,987,118	975,000	1,218,998	2.27
2012	13,708,448	9,112,553	4,595,895	1,225,000	1,232,332	1.87
2013	14,874,705	9,577,242	5,297,463	1,220,000	1,295,085	2.11
2014	16,023,092	8,955,437	7,067,655	1,125,000	942,966	3.42
2015	15,425,234	9,507,833	5,917,401	1,095,000	964,149	2.87
2016	15,178,439	9,945,476	5,232,963	1,135,000	928,601	2.54
2017	16,385,236	10,933,600	5,451,636	1,240,000	705,220	2.80
2018	18,635,292	11,843,823	6,791,469	1,180,000	772,751	3.48
2019	19,683,908	12,043,332	7,640,576	1,210,000	737,151	3.92
2020	20,641,914	12,343,328	8,298,586	1,245,000	696,600	4.27

Wastewater Revenue Bonds						
Fiscal Year	Wastewater Charges	Less:	Net	Debt Service		Coverage
		Operating Expenses	Available Revenue	Principal	Interest	
2011	14,566,587	6,927,346	7,639,241	375,000	824,648	6.37
2012	16,157,287	6,932,146	9,225,141	405,000	786,381	7.74
2013	16,791,449	6,297,799	10,493,650	700,000	780,966	7.09
2014	16,931,432	6,448,667	10,482,765	750,000	693,981	7.26
2015	15,679,343	7,071,969	8,607,374	750,000	695,633	5.95
2016	15,634,340	6,973,545	8,660,795	785,000	668,183	5.96
2017	15,821,906	7,081,664	8,740,242	870,000	470,705	6.52
2018	15,866,790	7,421,431	8,445,359	795,000	541,101	6.32
2019	15,732,905	8,122,946	7,609,959	820,000	519,101	5.68
2020	15,440,418	8,476,479	6,963,939	850,000	494,050	5.18

Notes:

Details regarding the City's outstanding debt can be found in the Notes to the Basic Financial Statements.

Operating expenses, for purposes of calculating debt service coverage, do not include depreciation and amortization.

The above reference debt service only includes parity debt.

CITY OF BURLINGAME, CALIFORNIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Calendar Year	Population (1)	Personal Income (amounts expressed in thousands)(2)	Per Capita Personal Income (2)	% of Population 25+ with High School Degree (3)	% of Population 25+ with Bachelor's Degree (3)	Unemployment Rate (4)
2010	29,342	\$ 1,274,382	\$ 43,432	94.4%	51.8%	6.5%
2011	29,106	1,396,972	47,996	94.1%	53.4%	5.8%
2012	29,426	1,500,785	51,002	95.2%	54.1%	3.7%
2013	29,685	1,480,747	49,882	95.2%	54.6%	3.0%
2014	29,700	1,667,596	56,148	95.5%	58.3%	3.3%
2015	29,724	1,808,528	60,844	95.8%	58.0%	2.6%
2016	30,148	1,856,902	61,592	96.6%	58.5%	2.3%
2017	30,294	1,943,371	64,150	96.3%	60.5%	2.2%
2018	30,317	2,109,904	69,594	96.4%	63.6%	2.2%
2019	30,118	2,147,950	71,317	95.2%	65.3%	1.9%

Sources:

(1) California State Department of Finance

(2) Income Data: ESRI provided by HDL, Coren & Cone

(3) For 2008, education level attained for population 25 years of age and over was not available.

(4) State of California Employment Development Department for San Mateo County

CITY OF BURLINGAME, CALIFORNIA
PRINCIPAL EMPLOYERS
Last Fiscal Year and Nine Years Ago

Business Name	2019-20		2010-11
	Number of Employees	Percent of Total Employment (%)	Number of Employees (1)
Mills-Penninsula Medical Center - Sutter Health	1,980	11.72%	
Lufthansa Service Holding Group Sky Chefs Inc	561	3.32%	
Flying Food Group**	433	2.56%	
Hyatt Regency SF Airport*	364	2.15%	467
Burlingame School District	351	2.08%	
Lahlouh Inc.	330	1.95%	
Burlingame Long Term Care	295	1.75%	
Guittard Chocolate CO*	272	1.61%	
American Medical Response (AMR)*	265	1.57%	
Putnam Auto	158	0.93%	
Virgin America, Inc			2,056
Wright Medical technology Inc			1,200
United Natural Foods			555
Critchfield Mechanical, Inc			517
California Teachers Association			500
Getinge USA			500
Wine Warehouse			483
Berkeley Farms			463
ECC Remediation Services Corp			460
Total Top 10 Employers	5,009	29.64%	7,201
 Total City Labor Force (2)	 16,900		

Source: Avenu Insights & Analytics

Results based on direct correspondence with city's local businesses.

* Includes full and part time

** Includes 2 locations in Burlingame

(1) 2010-11 Prior year data provided by previous published CAFR.

(2) Total City Labor Force provided by EDD Labor Force Data.

CITY OF BURLINGAME, CALIFORNIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Function										
General government	18.00	18.00	18.00	18.00	19.00	19.63	19.88	19.88	19.88	23.53
Public safety										
Police:										
Officers	37.00	37.00	37.00	37.00	37.00	37.00	39.00	39.00	40.00	40.00
Civilians	18.25	18.25	17.25	19.25	19.25	20.00	20.00	20.00	20.00	20.00
Fire:										
Firefighters and officers	-	-	-	-	-	-	-	-	-	-
Civilians	-	-	-	-	-	-	-	-	-	-
Public works	61.15	61.15	61.14	61.75	62.74	62.99	62.99	64.99	64.99	64.99
Community development	10.00	10.00	10.00	11.00	11.00	11.75	12.75	12.75	12.75	17.00
Leisure and culture	49.77	49.77	49.52	51.67	52.18	53.93	54.38	54.38	54.63	55.50

Note:

The Central County Fire Department (CCFD) is a Joint Powers Authority shared by the Town of Hillsborough and City of Burlingame.

Please refer to the Notes to the Financial Statements which define the reporting entity. CCFD is a non-disclosed organization, independently governed, and therefore, no longer a reporting unit of the City.

Source: City of Burlingame



Comprehensive Annual Financial Report

June 30, 2020

CITY OF BURLINGAME, CALIFORNIA
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

	2011	2012	2013	2014	2015
Function					
Police					
Calls for Service	30,865	39,724	41,651	40,773	40,854
Physical arrests	348	508	560	634	586
Crimes Reported	1,516	1,879	1,799	1,787	1,878
Traffic Stops	3,683	5,692	8,057	9,455	6,506
Fire					
Number of calls answered	4,152	N/A	N/A	N/A	N/A
Inspections	4,195	5,700	5,662	N/A	N/A
Public works					
Street repair (sq. ft.)	14,154	10,678	15,560	12,600	13,650
Sidewalk & curb repair (sq. ft.)	5,468	2,539	1,985	2,100	43,789
City planning					
Plans checked	355	366	499	554	500
Planning applications reviewed	144	134	125	94	120
Building					
Permit issued	N/A	1,075	1,229	1,185	1,230
Inspections conducted	N/A	5,161	5,662	5,280	5,600
Leisure and culture					
Recreation Class Participants	13,821	13,657	11,982	13,428	13,424
Library circulation	696,096	721,132	761,795	753,694	647,128
Tree plantings	229	164	271	230	198
Tree trimmings	1,785	1,712	1,621	1,943	2,866
Water					
New connections	37	20	10	21	16
Main and valve repairs	19	19	15	17	26
Millions of gallons purchased (millions of gallons)	1,474	1,190	1,519	1,497	1,340
Wastewater					
Average daily sewage treatment (millions of gallons)	2.60	2.60	2.60	2.60	3.00
Preventive Maintenance, main cleaning (Feet)	404,488	299,212	330,586	270,000	366,774

Source: Various city department records.

Aquatic Center registrations are not included in fiscal year 2013, due to the transition of programming responsibility from the City of Burlingame to the Burlingame Aquatics Club.

Police statistical data has been presented on a calendar year basis.

Central County Fire Department data is now reported with the Central County Fire Department CAFR.

Recreation Class Participants in fiscal year 2020 - COVID restrictions affected enrollments.

2016	2017	2018	2019	2020
41,553	41,673	46,540	48,917	43,313
770	768	800	621	563
2,222	1,885	1,915	1,985	2,255
4,812	5,003	5,178	5,227	5,300
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
12,545	13,704	9,891	3,258	13,101
2,557	52,557	4,262	3,580	5,022
494	418	436	516	659
86	112	129	162	106
1,280	1,226	1,278	1,201	1,106
6,135	5,722	7,433	7,099	8,037
13,331	13,787	14,537	14,507	11,999*
720,000	688,058	658,754	730,751	676,723
271	240	257	248	232
1,520	1,830	2,081	2,076	1,424
20	4	2	3	5
16	22	21	22	17
1,164	1,058	1,232	1,235	1,269
2.81	3.55	2.82	3.11	2.40
220,192	202,812	342,422	380,405	457,941

CITY OF BURLINGAME, CALIFORNIA
CAPITAL ASSET STATISTICS BY FUNCTION
FOR FISCAL YEAR 2019-20 (COMPARED TO 5 YEARS AGO)

	2015	2020
Function		
Public works		
Streets (miles)	152	152
Streetlights	1,800	1,745
Traffic signals	14	18
Water		
Water mains (miles)	107	100
Fire hydrants	826	831
Maximum daily capacity (thousands of gallons)	2,850	2,850
Sewer		
Sanitary sewers (miles)	88	119
Storm sewers (miles)	42.0	46.6
Maximum daily treatment capacity (thousands of gallons)	4,100	4,100
Storm drain pump station	5	5

Note:

Historical data is not available.

Includes Hillside Fire Station which is currently closed.

Source: City of Burlingame

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and Members of City Council
of the City of Burlingame, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the City of Burlingame, California, as of and for the year ended June 30, 2020, and have issued our report thereon dated November 23, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated November 23, 2020 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Maze & Associates".

Pleasant Hill, California
November 23, 2020